

**CITY OF CHAMPAIGN, ILLINOIS**

**Champaign, Illinois**

**Comprehensive Annual Financial Report**

**For the Year Ended**

**June 30, 2012**

Prepared By:

Finance Department  
Richard Schnuer, Finance Director

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## **INTRODUCTORY SECTION**

### **(Unaudited)**

This section includes miscellaneous data regarding the City of Champaign including:

- Letter of Transmittal from the Finance Director and Financial Services Manager/City Accountant
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- List of Elected and Appointed Officials



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December 19, 2012

Honorable Mayor, Council Members,  
City Manager, and Citizens of Champaign  
Champaign, Illinois

The State of Illinois requires each general-purpose local government to issue an annual report on its financial position prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with this requirement, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Champaign, Illinois, for the fiscal year ended June 30, 2012.

This report is based on management's goal to present a complete financial picture of the operations and financial position of the City of Champaign to its citizens, elected officials, and all others interested in the financial status of the City. Consequently, management accepts full responsibility for the fairness, accuracy, and completeness of the information presented in this report. In refining and monitoring the City's financial systems, consideration is given to adequacy of internal accounting controls. The City of Champaign's system of internal control is supported by written policies and procedures and is periodically reviewed, evaluated, and modified to meet current needs.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and that transactions are recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that estimates and judgments by management are required to assess the expected benefits and costs of internal control procedures. It is management's belief that the City's system of internal accounting controls adequately safeguards assets and provides reasonable assurance of proper recording of transactions.

The City of Champaign's financial statements have been audited by the firm of Martin Hood Friese & Associates, LLC, licensed certified public accountants. The independent audit provides reasonable assurance that the financial statements of the City of Champaign for the fiscal year ended June 30, 2012, are free of material misstatement. This audit involved examining selected records to support amounts and disclosures in the financial statements, assessing the accounting principles applied and significant estimates made by management, and evaluating the overall

financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Champaign's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Champaign also fulfilled a federally-mandated Single Audit designed to meet the special needs of federal grantor agencies. Standards governing Single Audit engagements require that the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, especially as they pertain to the administration of federal awards. These reports are available in the City of Champaign's separately issued Report of Federal Financial Assistance.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Champaign's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Champaign**

The City of Champaign is a home-rule municipality incorporated in 1861 under the laws of the State of Illinois. It is located in east-central Illinois and shares the distinction with its twin city, Urbana, as home to the main campus of the University of Illinois, a major research University. The 2010 Census set the City of Champaign's population at 81,055. The City's corporate boundaries currently cover approximately 22.3 square miles of land, and the planning area extends about one and a half miles beyond the City limits.

The City of Champaign operates under the Council-Manager form of government, with policy-making and legislative authority vested in a governing council comprised of the Mayor and eight Council Members. The Mayor and Council Members are elected on a non-partisan basis and serve four-year staggered terms. Five of the Council Members are elected by district while the Mayor and the three remaining Council Members are elected at large. The City Council's responsibilities include setting policy, adopting resolutions and ordinances including the budget, appointing committees, and hiring the City Manager. The City Manager and the ten department heads who serve under his supervision are responsible for carrying out the policies and ordinances of the City Council and directing the administrative functions of the City.

The City of Champaign provides a full range of services, including police and fire protection, public works maintenance, improvements and construction of infrastructure, planning and zoning, community and economic development, library services, parking facilities, and general administration. Blended component units include the Champaign Police Pension Trust, the Champaign Firefighters' Pension Trust, and the Town of the City of Champaign. The Champaign Library Foundation is a discretely presented component unit. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

## **Financial Planning**

The annual budget serves as the foundation for the City of Champaign's financial planning and control. All departments of the City of Champaign submit budget requests to the Finance Department in January of each year, which are subsequently reviewed by the Finance Department and City Manager. The City Manager determines the proposed budget and presents it to the City Council by the end of April. The City Council reviews the proposed budget during several open meetings. The Council is required by state law to also hold a public hearing on the proposed budget and to adopt a final budget by the close of the City's fiscal year.

The appropriated budget is prepared by fund, department (e.g., police), activity (e.g., patrol), and classification (e.g., wages). The City Manager is authorized to transfer budget amounts between departments within any fund and between line items of any fund. However, any revisions that decrease the available contingency or increase total expenditures of any fund must be approved by the City Council, with very limited exceptions. City Council approval is also required for any individual purchases over \$17,500. Encumbrances are used to strengthen budgetary control and are required for all purchases over \$5,000. Outstanding encumbrances are shown as a reserve of the fund balance. At year end, open encumbrances lapse and are re-appropriated in the next year.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, these comparisons are presented as basic financial statements on pages 39-41 before the Notes to the Financial Statements. For other major governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report on pages 133-135. Comparisons for non-major governmental funds can be found starting on page 117.

## **Local Economy**

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the City of Champaign operates.

The City of Champaign has one of the most consistently stable economic environments in the State of Illinois. It is situated within a significant regional transportation network, as its boundaries provide entrances to three major interstate highways with north-south and east-west access. Railroads provide both cargo and passenger service. The Illinois Terminal, operated by the Champaign-Urbana Mass Transit District (CUMTD), provides a central transportation facility for the area's residents. Modes of transportation provided at the facility include passenger rail service (Amtrak), intra-city bus service (CUMTD), inter-city bus service, and taxi service. Regularly scheduled passenger and freight flights are available at University of Illinois/Willard Airport, approximately 5 miles south of Champaign.

The region has a varied economic base consisting of service, retail, manufacturing, and high technology industry that results in a comparatively low unemployment rate. However, the City has not been immune to the slow economic recovery. The unemployment rate for June 2012 was 9.0%, slightly lower than the 9.1% unemployment rate for June 2011. The University of Illinois at Urbana-Champaign is ranked among the top ten universities in the nation and dominates the local economy with over 10,800 employees. Champaign County, which includes the City of Champaign, smaller municipalities, and surrounding unincorporated areas, is a regional healthcare center with two hospitals (Carle Foundation Hospital and Provena Covenant Medical Center) and two large clinics (Carle Physician Group and Christie Clinic) in addition to smaller health care providers.

Prior to fiscal year 2008/09, the City had experienced considerable growth of retail, service, and entertainment industry in the northern part of the City, as well as residential growth in the north, south and southwest areas. The economic downturn slowed growth in Champaign as in other communities, but the City has enjoyed moderate growth since fiscal year 2010/11. While the value of construction for building permits issued in fiscal year 2011/12, at \$107 million, was slightly lower than the value of \$109 million in fiscal year 2010/11, it was still a significant increase compared with \$83 million in fiscal year 2009/10. Property tax is the second largest revenue source of the City. In FY2011/12, the equalized assessed value (EAV) of taxable property decreased by 1% to \$1,525,193,507, after being flat for the prior two levy years. Although the City's property tax rate had remained at \$1.2942 since FY2007/08, the City Council approved a property tax rate of \$1.3084 for the 2011 levy year. This minimal rate increase resulted from the same dollars being levied as in FY2010/11 but over a smaller tax base for FY2011/12.

Sales taxes are the City's largest revenue source, which, with property, income, and utility taxes comprise the four largest revenue sources of the City. Revenue from sales taxes continued to increase in fiscal year 2011/12, up 3.1% over fiscal year 2010/11. Fiscal year 2011/12 income taxes showed significant growth over the previous year, increasing 13.6%. This can be attributed partly to the income tax rate increase enacted by the State of Illinois that went into effect January 1, 2011, as well as the recovering economy. Utility taxes decreased by 3.5% in fiscal year 2011/12. This was caused by lower usage due to an extremely mild winter and continued conservation efforts by citizens. The City continues to make significant expenditure reductions to help keep the City in stable financial condition.

During the past ten years, the City's expenses related to public safety have increased not only in amount, but also as a percentage of total governmental expenditures (35.6 percent in 2012 compared with 33.1 percent in 2003). Much of this increase is due to the growth of the City, requiring additional fire stations, and pension benefits of police officers and firefighters growing at a significantly faster rate than other costs and City revenue increases. The level and type of municipal pension benefits are set, but not funded, by the State of Illinois.

Despite these challenges, the City's conservative fiscal practices, long-term financial planning, and relatively stable economic base have allowed it to maintain a continuous sound financial condition.

## Major Initiatives

During the current year, staff has continued to implement action plans to meet the City Council's long-term goals, of which economic and community development are a major focus. The City has adopted, or participates in, various economic development programs including public/private partnerships to encourage and manage community economic growth. These include the following:

- Three Tax Increment Financing (TIF) Districts (discussed below).
- A State authorized Enterprise Zone in which the City partners with Champaign County.
- An Industrial Development Incentive program that provides funding for infrastructure development for new industrial projects that add or retain at least 20 jobs paying two times or more the minimum wage.
- Two Metro Zones, North and South, developed to attract new industry while reducing unproductive competition between the Cities of Champaign, Urbana, and the Village of Savoy.
- University of Illinois South Research Park, a high-technology research-office development established by the University of Illinois to provide opportunities for faculty to take their research results to market and employment opportunities for graduates.
- A High Technology Incentive Program for businesses outside the University of Illinois Research Park that provides \$50,000 for infrastructure serving businesses engaged in advanced technologies and \$150,000 for addition of office space serving such businesses.
- An Infill Redevelopment Incentive Program to encourage redevelopment of larger commercial sites in older parts of the City.
- The City participates in, and is a major funder of, both the Champaign County Economic Development Corporation and the Champaign County Convention and Visitors Bureau. The City believes that a regional approach best serves the long-term interest of residents of Champaign and those of surrounding areas.

While building and construction has slowed in Champaign, major economic development projects during the reporting period included the following:

- Plans were announced in 2012 to construct a new 145-room Hyatt Place Hotel across the street from the M2 and One Main developments in the center of downtown. The nine-story building will provide the first downtown hotel for Champaign in many years and will greatly benefit local restaurants and nightlife establishments. Construction is expected to begin in Fall 2012 and be completed in 2013 or early 2014. The City will provide TIF and other tax reimbursements over a maximum seven-year period as an incentive for the hotel's construction.

- Also in the downtown area, a former hotel was purchased by Eden Supportive Living, which offers an innovative approach to assisted living housing for physically disabled individuals ages 22-64. By combining apartment-style housing with personal care and services, residents will live independently with dignity and privacy while avoiding the burden of maintaining a home. 24-hour support staff assists with residents' needs.
- The City completed a pedestrian improvement project in the Downtown TIF District in 2011. The improvements provide pedestrian "bump out" crosswalks, fully signalized intersections, refuges and bike lanes to encourage alternative forms of transportation and reduce vehicle traffic.
- Investment continues in the North Prospect Avenue area as new retailers establish themselves in newly constructed commercial buildings on existing excess parking lots of several large retailers. In addition, new retailers have purchased or leased, and invested in, several buildings that became vacant due to failure of national companies. For example, when Binny's Liquors established in Champaign its first store outside the Chicago metropolitan area (among more than 25 total stores), it made renovations of over \$750,000 after purchasing the former Border's building, and Jo-Ann's Fabrics made renovations costing in excess of \$1 million before opening in the building formerly occupied by Linens n Things. Also in 2012, building permits were issued for two major projects in this area: a new 112-room Residence Inn hotel and construction of a completely new 13-screen Carmike Theater.
- The University of Illinois Research Park (also part of the South Metro Zone), has grown over the past decade and now consists of approximately seventy companies employing over 1,300 people. During this time, Fox/Atkins Development, in cooperation with the University, developed the Park that boasts 12 buildings consisting of over 600,000 square feet, including a daycare center and the I Hotel and Conference Center. The developer has invested over \$63 million into the development of the Research Park. Companies in the Park include companies such as Archer Daniels Midland, Abbott, John Deere, Caterpillar, iCyt, National Center for Supercomputing Applications (NCSA), State Farm, Science Applications International Corporation (SAIC), Yahoo! and Wolfram Alpha. Long-term plans by the University and the developer of the Research Park include additional office and laboratory buildings, a commercial complex, restaurants, and a multi-purpose facility. The City provides an incentive of up to \$750,000 (cumulatively) for the creation of new office and lab space in the Research Park.

The City worked on the following major planning efforts during the period:

- The Champaign Center Partnership, a business association created through the merger of existing business districts in Downtown (Champaign Downtown Association), Campustown (Campustown Business Group) and the newly branded area of Midtown (in the East University TIF District) continues to develop. The goal of the Partnership

is to link the area both physically and economically through combined marketing and promotion. As an in-kind contribution, a city staff member serves one-half time as the Executive Director and reports to an established Board of Directors.

- In 2010, the Cities of Champaign and Urbana, in conjunction with the University of Illinois, received \$26.0 million in Federal and State grant funding, matched by \$3.4 million local funding, to install a fiber optic network throughout the Champaign-Urbana community including the main campus of the University of Illinois. Work continues on this project, now known as Urbana Champaign Big Broadband (UC2B). Construction is connecting 140 “anchor institutions” including schools, government facilities, and community services agencies. In addition, construction continues on the “fiber to the premise” connections for 2,500 properties in 11 census blocks where residents and businesses are underserved with respect to internet access.
- In addition to the UC2B project, the University of Illinois, the Cities of Champaign and Urbana and their residents pledged support for the 2012 Gig-a-byte Squared national competition. If selected, several million additional dollars will be invested to enable the entire community to receive fiber-optic broadband connectivity.

In addition to those noted above, major projects initiated during the reporting period include the following:

- The City Council gave approval for a stormwater utility fee to fund drainage services. The fee has been established to annually provide \$3 million dollars. This new revenue will allow the City to maintain existing systems and complete flood-prevention infrastructure improvements much more quickly than would be possible without the fee.
- Effective on May 1, 2012, the City Council enacted a local motor fuel tax in the amount of \$.04 per gallon. This new revenue source will provide approximately \$1.5 million annually in additional funding for the City’s transportation systems. The tax is also imposed on bulk purchasers who maintain storage facilities within the City limits. Therefore, the City itself is paying the tax on its fuel purchases.

### **Debt Administration**

The City of Champaign is a home-rule unit of government, and as such, has no legal limitation on its debt. At year-end, the City had nine general obligation bond series outstanding (including one Build America Bond issue) with outstanding principal totaling \$74.84 million. While these obligations are secured by property taxes, the City has paid all debt service expenses with other revenue sources. The City’s current general obligation bond rating by Fitch Ratings is AAA and the rating by Moody’s Investors’ Services is Aaa.

## **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Champaign for its CAFR for the fiscal year ended June 30, 2012. This was the twenty-first consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR in conformance with GAAP. The report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the current CAFR continues to meet the Certificate of Achievement program requirements and is submitting it to GFOA to determine eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2012. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report has been made possible due to contributions from many members of the Finance Department. We would like to express our appreciation to everyone who assisted and contributed to the preparation of this report. Credit must also be given to the City Manager, Mayor, and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Champaign's finances.

Respectfully submitted,



Richard A. Schnuer  
Finance Director



Leslie J. Lundy  
Financial Services Manager/City Accountant

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Champaign  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Enos*

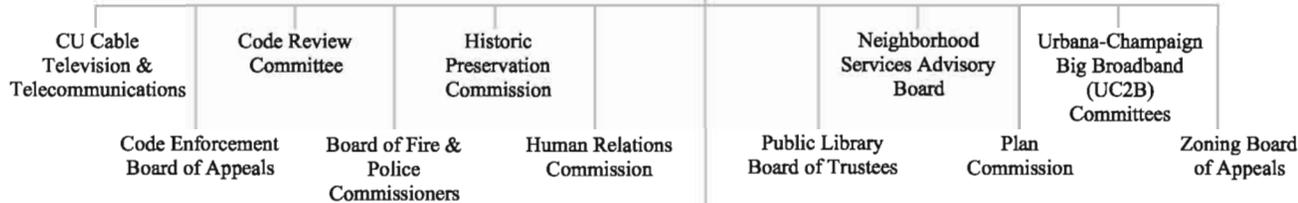
Executive Director

# CITIZENS OF CHAMPAIGN

Population: 81,055

## CITY COUNCIL

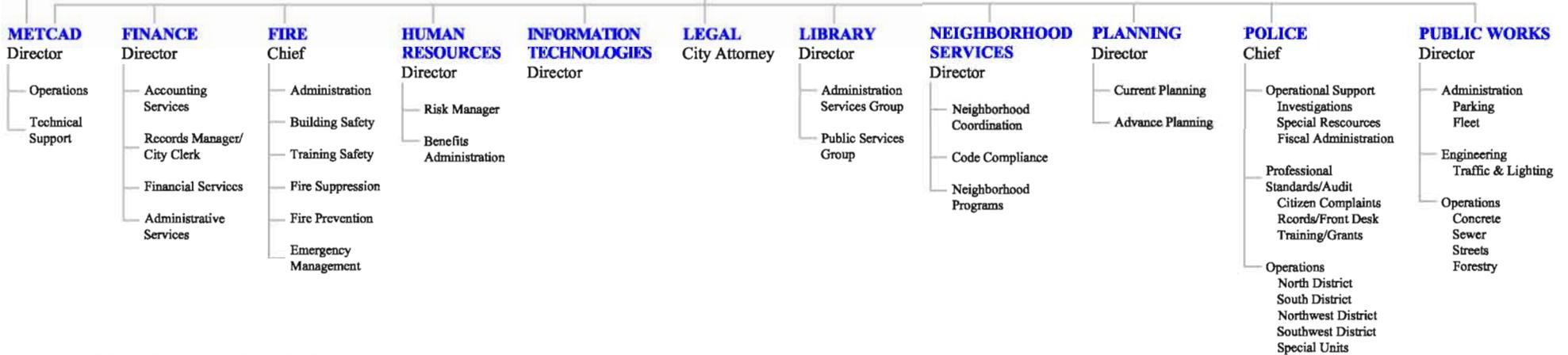
9 Council Members (Includes Mayor)



## CITY MANAGER'S OFFICE

Community Relations  
Economic Development

METCAD  
Policy Board



## 2011 Organizational Chart

Drawn By: Public Works Department Engineering Division  
Date: April 6, 2011  
File: Citytre-New.dwg

Data Sources:  
Council Boards and Commissions  
<http://ci.champaign.il.us/city-council/boards-and-commissions/>

City Departments  
<http://ci.champaign.il.us/departments/>

City of Champaign Population  
<http://www.census.gov/>

## **LIST OF ELECTED AND APPOINTED OFFICIALS**

### **LEGISLATIVE**

Mayor	Don Gerard
City Council Member at Large	Thomas Bruno
City Council Member at Large	Deborah Frank Feinen
City Council Member at Large	Karen Foster
City Council Member City No. 1	Will Kyles
City Council Member City No. 2	Michael LaDue
City Council Member City No. 3	Vic McIntosh
City Council Member City No. 4	Marci Dodds
City Council Member City No. 5	Paul Faraci

### **ADMINISTRATIVE**

City Manager	Steven Carter
Assistant City Manager	Dorothy Ann David
Deputy City Manager for Development	Craig Rost
Finance Director	Richard Schnuer
City Attorney	Frederick Stavins
Director of Public Works	Dennis Schmidt
Planning Director	Bruce Knight
Neighborhood Services Director	Kevin Jackson
Director of Human Resources	M. Chris Bezruki
Police Chief	Anthony Cobb
Fire Chief	Douglas Forsman
Library Director	Marsha Grove

## **FINANCIAL SECTION**

This section includes:

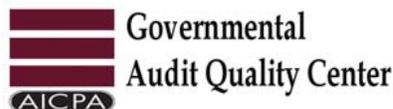
- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
City of Champaign, Illinois  
Champaign, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Champaign, Illinois, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Champaign, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, which is a pension trust fund reported as a fiduciary fund of the City of Champaign, Illinois, or the Police Pension Fund section of Note 4 to the financial statement. We have audited the other note disclosures applicable to the Police Pension Fund. The Police Pension Fund represents 53 percent, 53 percent, and 55 percent, respectively, of the assets, net plan assets, and additions of the pension trust funds. Those financial statements, and the Police Pension Fund section of Note 4, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in the financial statements for the Police Pension Fund, and the Police Pension Fund section of Note 4, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Champaign, Illinois as of June 30, 2012, the respective changes in financial position and, cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the City of Champaign, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 31, schedules of funding progress on pages 107 and 108, and schedules of employer contributions on page 109, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Champaign, Illinois's financial statements as a whole. The introductory section, combining and individual non-major and major fund financial statements and schedules and supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major and major fund financial statements and schedules and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Martin, Hood, Friese & Associates, LLC*

December 31, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis provides an overview of the City of Champaign's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on pages 1 - 8 and the City's financial statements, which begin on page 32.

## **FINANCIAL HIGHLIGHTS**

- At June 30, 2012, the City's total assets exceeded its liabilities by \$425.0 million. In accordance with governmental accounting standards, this includes all of the City's infrastructure assets (net of depreciation).
- Most of the City's net assets consist of \$348.6 million in capital assets, net of related debt. Restricted net assets of \$31.8 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of \$44.6 million in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- Expenses of \$103.4 million during the year were slightly less than revenues of \$103.5 million, increasing the City's total net assets by \$0.1 million. The increase in net assets consists of a \$0.1 million decrease in net assets of the City's governmental activities and a \$0.2 million increase in net assets related to the City's business-type activities.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$61.8 million, a \$2.5 million decrease from the prior year fund balances of \$64.3 million. The decrease is largely attributable to three reasons: a \$3.6 million decrease in the Debt Service Fund due to debt repayments and the final spend down of debt issued in FY10, a General Fund increase of \$2.9 million, primarily due to increased tax and intergovernmental revenues, and a net decrease of \$1.6 million in the Motor Fuel Tax, Stormwater Management, and Capital Improvements Funds as set-aside funds were expended on planned projects.
- At June 30, 2012, approximately \$33.9 million (or 55%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned and committed fund balances). Of that, 64% (\$21.7 million) is in the City's General Fund, 4% (\$1.3 million) is dedicated to capital projects, and 32% (\$10.9 million) is dedicated to special revenue funds (primarily those that support neighborhood and economic development). Over 50% of the unassigned and committed General Fund balance represents revenues owed the City as of June 30, 2012, but not received by June 30, 2012. Of the restricted funds, 56% (\$15.5 million) is restricted for capital projects, 24% (\$6.7 million) is restricted for special revenue funds, 4% (\$1.0 million) is restricted for the Champaign Public Library and 16% (\$4.6 million) is restricted for debt service.
- The City had \$90.5 million in total long-term debt at the end of the year, 83% of which was bonded general obligation debt. Other long-term debt includes the net pension obligation, net other post-employment benefit, compensated absences, landfill closure payable and Illinois Environmental Protection Agency (IEPA) loans. Outstanding bonded debt decreased by \$2.6 million, due to principal repayments.

## **USING THIS ANNUAL REPORT**

This discussion and analysis serves as an introduction to the City of Champaign's basic financial statements. These consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

This financial report includes not only the City of Champaign itself (known as the "primary government"), but also three additional entities, the Champaign Police Pension Trust, Champaign Firefighters Pension Trust, and Town of the City of Champaign (Township). Although legally separate, the City of Champaign includes these "blended component units" in its financial report in accordance with governmental accounting standards.

This report also includes the Champaign Public Library Foundation, shown as a "discretely presented component unit". The Foundation is a not-for-profit organization established to promote community enrichment and education by encouraging private support of the Library. The Foundation is included in the City of Champaign's report because of its relationship to the Champaign Public Library, which is included in the City's report as a Major Special Revenue fund.

In the case of the pension funds, the City is primarily responsible for meeting the funds' obligations. In the case of the Township, the membership of the governing body (Township Trustees) is the same as the membership of the City's governing body (City Council). Each of these component units has issued separate annual financial reports.

### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the City of Champaign's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 32-34 of this report.

The Statement of Net Assets reports information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Champaign is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City of Champaign's property tax base and the condition of the City's roads, is needed to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Champaign that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant

## **USING THIS ANNUAL REPORT – Continued**

portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Champaign include general government (including development planning and regulation, and economic development), public safety, public works (including streets, sidewalks, bridges, storm water management, and City buildings), public health and welfare (primarily housing rehabilitation), and culture and recreation (primarily library services). The business-type activities of the City include a sanitary sewer collection system, environmental services, and parking operations.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Champaign, as other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Champaign can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 22 individual governmental funds. The City considers the following six funds "major" funds: the General Fund, Champaign Public Library Fund, Motor Fuel Tax Fund, Debt Service Fund, Stormwater Management Fund, and Capital Improvements Fund. As such, the City presents information on these funds separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other 16 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its governmental funds. This report includes budgetary comparison statements for the major General Fund and major special revenue funds to

## **USING THIS ANNUAL REPORT – Continued**

demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 35 - 41 of this report.

### **Proprietary Funds**

The City of Champaign maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Champaign utilizes enterprise funds to account for its sanitary sewer collection system, environmental services, and parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Champaign's various functions.

The City of Champaign uses internal service funds to account for its fleet of vehicles and heavy equipment, and for its insurance programs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Parking, and Environmental Services Funds. The Sewer and Parking funds are considered to be major funds of the City. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its proprietary funds. This report includes a budgetary comparison schedule for the major funds to demonstrate compliance with the budget. The basic proprietary fund financial statements can be found on pages 42 - 44 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Champaign's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 45 - 46 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 - 106 of this report.

## **USING THIS ANNUAL REPORT – Continued**

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's employee pension obligations (Illinois Municipal Retirement Fund, Sheriff's Law Enforcement Personnel, Police Pension Fund, and Firefighters Pension Funds). Required supplementary information can be found on pages 107 - 109 of this report. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 110 - 150 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net Assets**

Net assets may serve as a useful indicator of changes in a government's financial position over time. The table below shows that the City's assets exceeded liabilities by \$425.0 million. The largest portion of the City of Champaign's net assets (\$348.6 million, or 82%) reflects its investment in capital assets (for example, streets, sewers, land, and buildings) less any related debt still outstanding that was used to acquire those assets. The City of Champaign uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that almost all of the resources needed to repay this debt must be provided from other sources, since the City cannot generally use the capital assets themselves to liquidate these liabilities.

An additional \$31.8 million (7%) of the City's net assets represents resources that are subject to external restrictions on their use. The remaining \$44.6 million (11%) represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

	Net Assets ( in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 91.9	\$ 87.2	\$ 6.3	\$ 6.2	\$ 98.2	\$ 93.4
Capital Assets	368.6	372.9	56.6	56.5	425.2	429.4
Total Assets	<u>460.5</u>	<u>460.1</u>	<u>62.9</u>	<u>62.7</u>	<u>523.4</u>	<u>522.8</u>
Long-Term Debt Outstanding	68.3	71.4	13.8	13.4	82.1	84.8
Other Liabilities	15.4	11.9	0.8	1.2	16.2	13.1
Total Liabilities	<u>83.7</u>	<u>83.3</u>	<u>14.6</u>	<u>14.6</u>	<u>98.3</u>	<u>97.9</u>
Net Assets:						
Invested in Capital Assets -						
Net of Debt	306.2	312.1	42.4	43.2	348.6	355.3
Restricted	31.8	29.2	-	-	31.8	29.2
Unrestricted (Deficit)	<u>38.7</u>	<u>35.5</u>	<u>5.9</u>	<u>4.9</u>	<u>44.6</u>	<u>40.4</u>
Total Net Assets	<u>\$ 376.7</u>	<u>\$ 376.8</u>	<u>\$ 48.3</u>	<u>\$ 47.3</u>	<u>\$ 425.0</u>	<u>\$ 424.9</u>

The following table shows that net assets increased by \$0.1 million over FY11.

	Changes in Net Assets ( in Millions)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenue:						
Program Revenues:						
Charges for Services	\$ 7.7	\$ 9.0	\$ 5.5	\$ 5.1	\$ 13.2	\$ 14.1
Operating Grants/Contributions	1.0	2.4	-	0.5	1.0	2.9
Capital Grants/ Contributions	14.0	10.3	0.4	0.5	14.4	10.8
General Revenues:						
Property Taxes	23.6	23.7	-	-	23.6	23.7
Sales Taxes	31.2	30.2	-	-	31.2	30.2
Income Taxes	7.8	6.9	-	-	7.8	6.9
Other General Revenues	12.4	11.9	(0.1)	0.1	12.3	12.0
Total Revenues	<u>97.7</u>	<u>94.4</u>	<u>5.8</u>	<u>6.2</u>	<u>103.5</u>	<u>100.6</u>
Expenses:						
General Government	12.0	11.9	-	-	12.0	11.9
Public Safety	34.8	34.7	-	-	34.8	34.7
Public Works	36.2	28.1	-	-	36.2	28.1
Public Health and Welfare	4.2	5.7	-	-	4.2	5.7
Culture and Recreation	8.1	8.2	-	-	8.1	8.2
Interest on Long-Term Debt	2.6	2.5	-	-	2.6	2.5
Parking	-	-	3.2	3.3	3.2	3.3
Sewer	-	-	1.9	1.7	1.9	1.7
Environmental Services	-	-	0.4	0.4	0.4	0
Total Expenses	<u>97.9</u>	<u>91.1</u>	<u>5.5</u>	<u>5.4</u>	<u>103.4</u>	<u>96.5</u>
Increase in Net Assets						
before Transfers	(0.2)	3.3	0.3	0.8	0.1	4.1
Transfers	0.1	-	(0.1)	-	-	-
Increase (Decrease) in						
Net Assets	<u>(0.1)</u>	<u>3.3</u>	<u>0.2</u>	<u>0.8</u>	<u>0.1</u>	<u>4.1</u>
Net Assets - Beginning (as						
Previous Reported)	376.8	371.5	48.1	47.3	424.9	418.8
Prior Period Adjustments	-	2.0	-	-	-	2.0
Net Assets - Beginning						
(as Restated)	<u>376.8</u>	<u>373.5</u>	<u>48.1</u>	<u>47.3</u>	<u>424.9</u>	<u>420.8</u>
Net Assets - Ending	<u>\$ 376.7</u>	<u>\$ 376.8</u>	<u>\$ 48.3</u>	<u>\$ 48.1</u>	<u>\$ 425.0</u>	<u>\$ 424.9</u>

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

### **Net Assets – Continued**

The City of Champaign's total net assets increased by \$0.1 million due to an FY12 decrease of \$0.1 million in the net assets of the City's governmental activities plus a \$0.2 million increase in net assets of business-type activities. The City of Champaign can generally use net assets of business-type activities to finance only sanitary sewer collection services, environmental services, and parking operations.

Net assets invested in capital assets (net of debt) decreased by \$6.7 million to \$348.6 million. The capital asset additions were offset by a decrease in construction in progress and by annual depreciation expense. Restricted net assets increased by \$2.6 million to \$31.8 million, while unrestricted net assets increased by \$4.2 million.

Total revenues increased by \$2.9 million, a 2.9 % increase. The change largely resulted from \$1.8 million in additional tax revenue and \$1.9 million in grant revenue which was offset by a \$0.9 million decrease primarily in charges for services. This was due to funds being received in the Capital Improvements Fund in FY10/11 for road projects that were completed during FY10/11. Expenses increased \$6.9 million (from \$96.5 million to \$103.4 million), primarily in Public Works. Results for specific types of revenues and expenses are discussed below.

### **Governmental Activities**

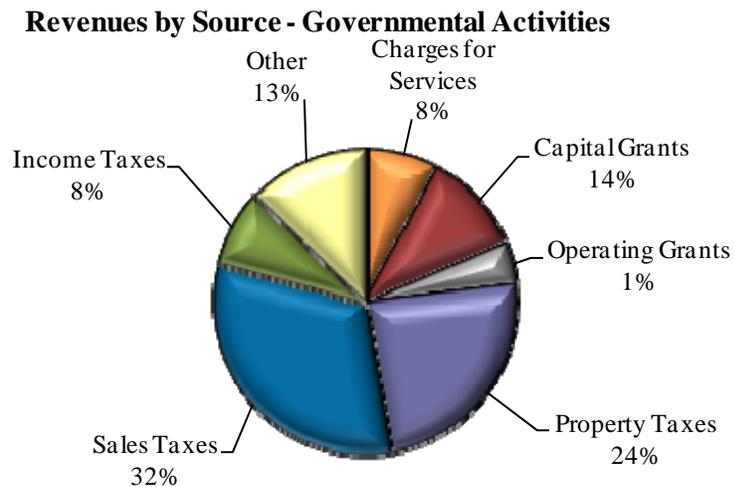
Revenues for governmental activities increased \$3.2 million (3.4%). This resulted primarily from increases in sales taxes (\$1.0 million), income taxes (\$0.9 million), and other general revenues (\$0.8 million). These increases were offset by a decrease in charges for services (\$1.3 million), which was due to funds being received in the Capital Improvements Fund in FY10/11 for road projects that were completed during FY10/11.

Total expenses for governmental activities increased \$6.9 million (7.6%) to \$98.0 million due to large projects such as construction of the UC2B broadband system. The increase in expenses was primarily in Public Works (\$8.1 million), which was offset by a decrease in Public Health and Welfare expenses (\$1.5 million).

The chart below depicts the City's major revenue sources for governmental activities. It shows the City's reliance on sales and property tax revenues to fund governmental activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

### Governmental Activities (continued)

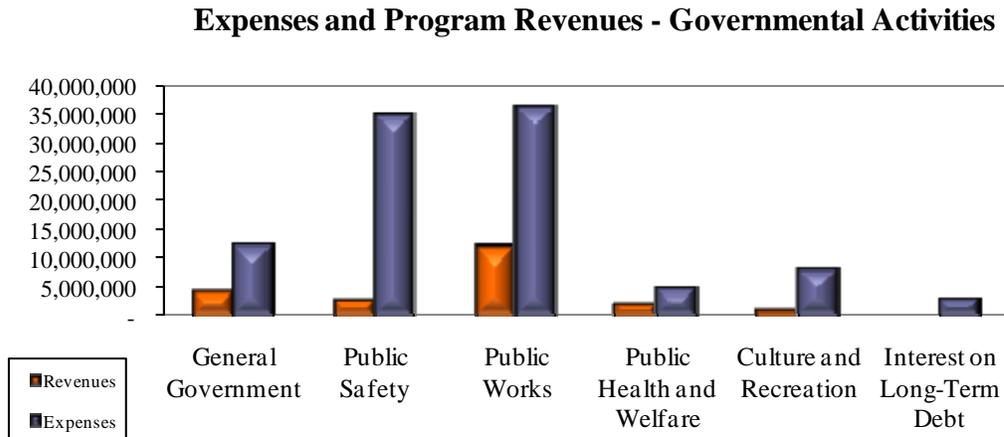


Sales tax revenues comprise 32% of all revenues for governmental activities. Significant reliance on a single revenue source, especially one subject to cyclical economic changes, results in greater revenue volatility than more diversified revenue sources. The impact on the City of Champaign, however, was somewhat mitigated by the relatively stable local economy due to the presence of the main campus of the University of Illinois in Champaign and in its twin city, Urbana.

The following chart compares program revenues with program expenses for governmental functions. Clearly, a relatively small portion of expenses for governmental functions are derived from program revenues.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

### Governmental Activities (continued)

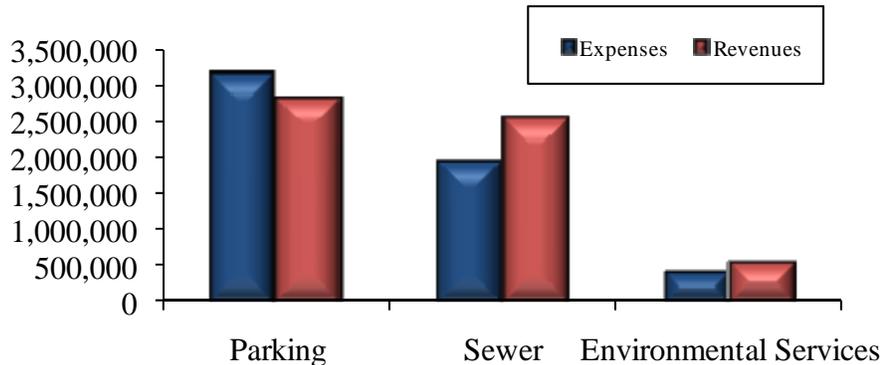


### Business-Type Activities

The City realized revenues of \$5.7 million from its business-type activities: parking, sanitary sewer, and environmental services. This represents a \$0.5 million decrease (8.1%) from the prior year. The decrease was due to an operating grant for environmental services (the City's multi-family recycling program) which was received in FY10/11, but not in FY11/12.

Overall, the City's net assets from business-type activities increased \$0.2 million. This largely resulted from a \$0.4 million positive difference between program revenues and expenses of such activities (\$5.9 million and \$5.5 million, respectively). This chart depicts the expenses and program revenues of the City's business-like activities, the Parking Fund, Sewer Fund and Environmental Services Fund.

### Expenses and Program Revenues - Business-Type Activities



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## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Champaign uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the FY12 fiscal year, the governmental funds reported combined ending fund balances of \$61.8 million, a decrease of \$2.5 million (3.9%) from the prior year.

These changes in fund balances from the prior year are notable:

- The ending fund balance of the Debt Service Fund decreased by \$3.6 million due to the final spend down of the \$25.6 million in Build America Bonds issued in FY10 and by principal repayments on outstanding debt.
- The General Fund experienced an increase in fund balance of \$2.9 million. The excess of revenues over expenditures increased to \$12.1 million (as opposed to \$10.5 million in FY11), which was then offset by net transfers to other funds of \$9.3 million.
- Two of the other major funds experienced decreases in fund balance: Capital Improvements Fund (\$3.0 million) and Stormwater Management Fund (\$1.4 million). These decreases were the result of planned project expenditures.
- Another major fund, Motor Fuel Tax, had an increase in fund balance of \$2.8 million. This is due to monies received from other jurisdictions for cost-sharing of transportation projects.

### Proprietary Funds

The City of Champaign's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Sanitary Sewer

Fund as a major proprietary fund. This fund accounts for the operations of the sanitary sewer collection system. (Sewage treatment is performed by a separate governmental entity, the Urbana & Champaign Sanitary District.) Net assets in this fund increased \$0.3 million to \$37.3 million as of June 30, 2012. This can be primarily attributed to \$0.4 million in Capital Contributions, which are sewer infrastructure donations from developers.

The Parking Fund, another major proprietary fund, saw a decrease in net assets of \$0.2 million at June 30, 2012. Increased operating income of \$0.2 million was offset by interest expense of \$0.5 million. The Fund ended the year with net assets of \$11.0 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The following table shows budgeted and actual amounts for the General Fund:

	Original Budget	Final Budget	Actual
<b>Revenues</b>			
Taxes	\$ 32,305,203	\$ 32,617,759	\$ 32,784,232
Intergovernmental	23,122,371	24,447,940	24,881,389
Licenses & Permits	1,865,535	1,867,517	2,005,315
Other	3,575,618	3,623,233	3,801,521
Total Revenues	<u>60,868,727</u>	<u>62,556,449</u>	<u>63,472,457</u>
<b>Expenditures and Transfers</b>			
Expenditures	53,974,026	52,771,888	51,290,810
Transfers Out	20,800,322	20,861,436	12,047,739
Transfers In	(7,421,950)	(7,156,832)	(2,728,677)
Total Expenditures and Transfers	<u>67,352,398</u>	<u>66,476,492</u>	<u>60,609,872</u>
<b>Change in Fund Balance</b>	<u>\$ (6,483,671)</u>	<u>\$ (3,920,043)</u>	<u>\$ 2,862,585</u>

The Champaign City Council amended the General Fund budget six times during the fiscal year. The most significant amendments included the following:

- Re-appropriation of unliquidated amounts in outstanding encumbrances at the end of the prior year to authorize their expenditure in the new fiscal year, increasing budgeted expenditures by about \$11,857,700. The majority of these re-budgets were for capital projects that progressed at a slower pace than had been anticipated.
- As it does each year, the City amended original budget revenues and expenditures during development of the budget for the following fiscal year. This results in a final budget that is somewhat closer to the current expectations at that point in time.

## GENERAL FUND BUDGETARY HIGHLIGHTS - Continued

Total actual revenues of \$63.5 million were higher than the final (estimated) budget of \$62.6 million and approximately \$0.6 million higher than the original budget. The variance between actual and the revised budget results from actual sales and income tax revenues higher than the anticipated revenue.

Total actual expenditures and transfers of \$60.6 million were 10.0% lower than the original budget and 8.8% lower than final budget. The difference is primarily due to reduced transfers in and out of the General Fund, because many of the budgeted interfund transfers are reclassified at year-end to other classifications such as Contractual Services.

### CAPITAL ASSETS

As shown on the following chart, the City of Champaign had a \$425.2 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation, as of June 30, 2012. Approximately 59% of this investment represents infrastructure including roads, sidewalks, bridges, and sewers, and almost a quarter of the City's capital assets are comprised of land. Overall, the City's investment in capital assets decreased by \$4.2 million or 1.0%.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 100.3	\$ 98.1	\$ 5.9	\$ 5.9	\$ 106.2	\$ 104.0
Construction in Progress	16.9	18.4	-	0.9	16.9	19.3
Buildings	31.8	32.9	11.5	11.8	43.3	44.7
Land Improvements	1.0	1.1	-	-	1.0	1.1
Improvements and Equipment	7.9	8.0	0.3	0.3	8.2	8.3
Infrastructure	210.7	214.4	38.5	37.2	249.2	251.6
Parking Meters	-	-	0.4	0.4	0.4	0.4
<b>Total Assets</b>	<b>\$ 368.6</b>	<b>\$ 372.9</b>	<b>\$ 56.6</b>	<b>\$ 56.5</b>	<b>\$ 425.2</b>	<b>\$ 429.4</b>

Changes to capital assets during the 2011/12 fiscal year included the following:

- Infrastructure decreased by \$2.4 million due to deteriorated pavement that is being replaced by ongoing transportation projects.
- Land increased by \$2.2 million due to property acquisitions for additional drainage projects.
- Construction in progress decreased \$2.4 million as significant sewer and drainage projects were completed.

## CAPITAL ASSETS - Continued

The additions to capital assets were offset by depreciation of \$19.5 million.

Readers desiring more detailed information on capital assets activity should refer to the discussion in Note 8 to these financial statements on pages 70 - 72.

## DEBT MANAGEMENT

The City's total outstanding bonded debt and IEPA loans as of June 30, 2012 (\$76.2 million) decreased \$1.5 million from June 30, 2011. The following table provides a detail of this outstanding debt, comparing the current fiscal year to the prior fiscal year.

	General Obligation Bonds and IEPA Loans (in Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 62.1	\$ 64.7	\$ 12.7	\$ 12.7	\$ 74.8	\$ 77.4
IEPA Loans Payable	0.1	-	1.3	0.3	1.4	0.3
Total Assets	<u>\$ 62.2</u>	<u>\$ 64.7</u>	<u>\$ 14.0</u>	<u>\$ 13.0</u>	<u>\$ 76.2</u>	<u>\$ 77.7</u>

No bonds were issued during the fiscal year. The City was awarded three IEPA loans in FY11. The drainage project was still under construction at June 30, 2012, while the two sewer projects were completed. A loan repayment for one of these completed projects occurred in FY12.

The City maintained the Moody's Investors Service rating of Aaa and the Fitch Ratings of AAA based on a stable economic base, diverse revenue stream, healthy fund balance levels, and strong financial management. Additional information on the City's long-term debt can be found in Notes 9 and 10 on pages 73 - 79 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The presence of the main campus of the University of Illinois and two regional health care providers offer a great deal of stability to the area's economy. The University is the area's largest employer (with over 10,000 employees) and purchases a variety of goods and services locally. The regional health care providers also provide a significant level of stable employment in the area.

This stability helps make Champaign's sales tax revenues more reliable than many other cities. Sales tax revenues increased 3.3% during fiscal year 2011/12 despite modest growth in the state and national economies. The City's sales tax revenues ended the year \$941,000 over the prior year's receipts.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued**

The equalized assessed value (EAV) of taxable property in the City for the 2011 levy year (valued as of January 1, 2011 and collected in 2012) decreased by 1% to \$1,525,193,507. The decrease in EAV resulted from the state of the markets for both residential and commercial properties and a low level of new taxable development. Lower sales prices led to lower assessed valuations of taxable properties. Under tax law applicable to the City, the EAV of taxable property should represent one-third of the market value, so the taxable value of property in the City exceeded \$4.6 billion. Residential and commercial properties made up 58% and 42%, respectively, of the EAV for the 2011 levy year.

While the construction value of building permits issued in fiscal year 2011/12, at \$107 million, was slightly lower than the value of \$109 million in fiscal year 2010/11, it was still a significant increase compared with \$83 million in fiscal year 2009/10. The assessed value of this construction will go on the property tax rolls for the 2013 levy and later years. Staff expects the assessed value of taxable property for the 2012 levy year to decrease by 1.53% from the prior year as the increased taxable value of new development failed to offset the continued decline in the assessed value of existing property. It should be noted that under Illinois law, the assessed value of taxable property represents an average of values for three years, and the valuation date is now 11 months in the past. For those reasons it is difficult to determine the extent to which the decline represents past events or a present trend.

The City's third largest revenue source, income taxes, is collected by the State with a portion allocated to local governments on a per-capita basis. Income tax revenues (including personal property replacement tax revenues, of which business income taxes are a large component) increased in fiscal year 2011/12 by 13.6%, or \$939,000, compared with the prior year. This can be attributed partly to a change in the timing of income tax revenue that resulted from the income tax rate increase enacted by the State of Illinois that went into effect January 1, 2011, as well as the recovering economy.

The City's management considered the following factors when preparing the budget for fiscal year 2012/13:

- The City Council has a policy of adopting structurally sound, sustainable budgets where recurring revenues exceed recurring expenditures, and the City budgets a 10% unassigned General Fund balance that can be used for any unforeseen event because it is not dedicated to a specific purpose. Given weak and/or declining revenues beginning in fiscal year 2008/09, Council has adopted close to \$17.1 million in budget balancing measures to achieve budgets consistent with these policies. The vast portion of the measures entailed expenditure reductions including eliminating 34 full time equivalent positions. These included significant reductions in funding for transportation systems, but Council restored some of that funding during this reporting period by adopting a Local Motor Fuel Tax with projected annual revenues of \$1.5 million. In addition, adoption of the Stormwater Management fee, estimated to raise \$3.0 million annually, will significantly accelerate completion of needed drainage improvements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued

The City's Five-Year Forecast in October 2011 showed that the mid-year fiscal year 2010/11 budget-balancing measures resulted in a balanced budget for that fiscal year. The Forecast projected a balanced budget for the then current fiscal year 2011/12. Unfortunately, the projection for fiscal year 2012/13 showed expenditures exceeding revenues. To keep expenditures in accordance with the City's policy limit, the Council approved a budget strategy that consisted of General Fund budget balancing measures estimated at about \$915,000 for fiscal year 2012/13.

Budget development for FY2012/13 was guided by fiscal policies that include keeping recurring expenditures at or below at 98.5% of recurring revenues and maintaining a minimum unassigned General Fund balance of 10% of expenditures not including transfers. The strategy to bring the adopted General Fund budget for FY2012/13 in conformance with policy was:

- \$350,000 from expenditure reductions,
- \$465,000 greater Property Tax revenues than projected in the Five-Year Forecast by levying the same dollar amount as in the prior year, despite that action causing the tax rate to increase,
- \$100,000 new revenues, and
- any new services or restoration of prior cuts would be funded with new revenues.

The national and local economies have been growing consistently for more than a year. However, the pace of growth in economic output will likely continue to be slow so the positive effects on job growth, household income, real estate prices, construction, and retail sales will be modest.

- Closer to home, the Illinois state economy is improving but at a lower rate than most other states. The University of Illinois Flash Index slowly climbed to 104.0 for October 2012 and leveled off at 103.9 for November 2012. This is positive since a reading above 100 indicates an expanding economy. Any reading below 100 indicates a contracting economy as occurred during the period November of 2008 through March of 2012, with a record 26-year low of 90.0 in September 2009. The pre-recession high was 107.4 in April 2007.
- Although the flash index is a positive indicator, it is important to remember that Illinois still lags in other indicators. As of October 2012, the State's unemployment rate was 8.8% while the nation's was 7.9%. The local economy has struggled, but not as badly as many due to the stability provided by the University of Illinois and the two regional health care providers, the conservative business practices by most local lenders, and other factors. Champaign's unemployment rate was 7.6% for October 2012, somewhat lower than the national and state rates. Some business closings, a drop in construction activity, and a decrease of the value of taxable property indicate slow economic growth.
- The City has diversified its revenue sources somewhat in recent years, so stagnation or decline of some revenues is sometimes mitigated by strength in others. The sales tax,

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued**

which is most susceptible among the City's major revenues to any economic downturn, remains the largest revenue resource for the City. This revenue has shown moderate growth during the past two fiscal years, including a 3.3% for fiscal year 2011/12 over fiscal year 2010/11. Also, this is the second year of steady sales tax revenue growth greater than 2% annually. The positive results in sales tax is somewhat offset by the decline in property values that affect the City property tax levy. Staff projects sales tax revenue to continue to grow in fiscal year 2012/13.

- During the beginning of the economic downturn the City's property tax levy provided good revenue growth. Because the equalized assessed value of taxable property (EAV) is based on the prior three years' valuations, robust growth leading up to the recession and construction in progress resulted in higher assessed values early in the economic downturn. The 2009 levy, however, increased just 0.5% over the 2008 levy and growth was virtually flat for the 2010 levy at 0.1%.
- For the 2011 levy (collected in calendar 2012), the EAV declined 1%. The City Council adopted the same amount of property taxes as the 2010 levy year. Therefore, while property tax revenues didn't fall, there was no increase to match increased costs. Moreover, due to increased pension funding costs, property tax revenue to the General Fund declined by about \$400,000. The General Fund supports the City's core services including Police, Fire, and Public Works. The Library Operating Fund was also impacted by the decline in assessed valuation of property because property tax revenue comprises approximately 90% of its total revenue.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the City's citizens, customers, investors, and creditors an overview of the City's finances, and to demonstrate the City's accountability for the money it receives. Additional information regarding the City's finances can be found on the City's website at <http://ci.champaign.il.us/departments/finance>. Questions concerning this report or requests for additional financial information should be directed to:

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Finance Director  
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Phone: 217/403-8943  
Email: [richard.schnuer@ci.champaign.il.us](mailto:richard.schnuer@ci.champaign.il.us)

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of financial statements include:

1. Government-Wide Financial Statements
2. Fund Financial Statements
  - a. Governmental Funds
  - b. Proprietary Funds
  - c. Fiduciary Funds

In addition, the Notes to the Financial Statements are included to provide information that is essential to a user's understanding of the basic financial statements.

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Net Assets

June 30, 2012

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 58,591,225	\$ 5,948,620	\$ 64,539,845	\$ 856,065
Receivables, Net:				
Property Taxes	-	-	-	-
Other Taxes	11,772,205	-	11,772,205	-
Accounts Receivable	2,314,971	366,309	2,681,280	-
Accrued Interest	37,213	3,889	41,102	-
Other Receivables	4,012,211	-	4,012,211	25,138
Internal Balances	69,691	(69,691)	-	-
Prepaid Expenses	623,702	11,881	635,583	-
Inventory	165,059	-	165,059	-
Restricted Assets:				
Cash and Investments	1,033,220	-	1,033,220	-
Total Current Assets	<u>78,619,497</u>	<u>6,261,008</u>	<u>84,880,505</u>	<u>881,203</u>
<i>Non-Current Assets</i>				
Net Pension Asset	13,280,523	-	13,280,523	-
Non-Depreciable Capital Assets	117,160,355	5,951,418	123,111,773	-
Depreciable Capital Assets	532,594,831	65,826,893	598,421,724	-
Accumulated Depreciation	(281,188,369)	(15,084,959)	(296,273,328)	-
Total Non-Current Assets	<u>381,847,340</u>	<u>56,693,352</u>	<u>438,540,692</u>	<u>-</u>
Total Assets	<u>460,466,837</u>	<u>62,954,360</u>	<u>523,421,197</u>	<u>881,203</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	4,081,683	125,749	4,207,432	-
Retainage Payable	909,680	-	909,680	-
Accrued Payroll	1,296,778	43,939	1,340,717	-
Claims Payable	3,120,540	-	3,120,540	-
Unearned Revenue	392,267	3,960	396,227	-
Other Liabilities	1,033,220	-	1,033,220	-
Compensated Absences Payable	988,963	41,294	1,030,257	-
Landfill Closure Payable	87,060	-	87,060	-
IEPA Loans Payable	-	115,615	115,615	-
General Obligation Bonds Payable, Net	3,450,599	507,155	3,957,754	-
Total Current Liabilities	<u>15,360,790</u>	<u>837,712</u>	<u>16,198,502</u>	<u>-</u>
<i>Non-Current Liabilities</i>				
Net Pension Obligation Payable	1,548,414	-	1,548,414	-
Net Other Post-employment Benefit Payable	3,319,471	-	3,319,471	-
Compensated Absences Payable	3,955,854	165,174	4,121,028	-
Landfill Closure Payable	600,000	-	600,000	-
IEPA Loans Payable	107,499	1,201,009	1,308,508	-
General Obligation Bonds Payable, Net	58,840,756	12,485,702	71,326,458	-
Total Non-Current Liabilities	<u>68,371,994</u>	<u>13,851,885</u>	<u>82,223,879</u>	<u>-</u>
Total Liabilities	<u>83,732,784</u>	<u>14,689,597</u>	<u>98,422,381</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	306,167,963	42,383,871	348,551,834	-
Restricted:				
Tax Levy Expenditures	449,002	-	449,002	-
Special Revenue Purposes				
Public Works	20,617,409	-	20,617,409	-
Public Health and Welfare	2,530,835	-	2,530,835	-
Culture and Recreation	1,043,124	-	1,043,124	-
Public Safety	399,636	-	399,636	-
Debt Service	4,553,715	-	4,553,715	-
Capital Projects	2,201,395	-	2,201,395	-
Donor Restricted Purposes	-	-	-	138,552
Unrestricted	<u>38,770,974</u>	<u>5,880,892</u>	<u>44,651,866</u>	<u>742,651</u>
Total Net Assets	<u>\$ 376,734,053</u>	<u>\$ 48,264,763</u>	<u>\$ 424,998,816</u>	<u>\$ 881,203</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Activities

For the Year Ended June 30, 2012

	Expenses	Program Revenues			Net (Expense)/Revenue		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 12,005,620	\$ 3,703,660	\$ 174,526	\$ -	\$ (8,127,434)	\$ -	\$ (8,127,434)
Public Safety	34,868,337	2,296,558	211,601	-	(32,360,178)	-	(32,360,178)
Public Works	36,180,015	1,159,277	-	13,990,073	(21,030,665)	-	(21,030,665)
Public Health and Welfare	4,256,322	161,708	426,322	-	(3,668,292)	-	(3,668,292)
Culture and Recreation	8,099,384	375,358	178,970	-	(7,545,056)	-	(7,545,056)
Interest on Long-Term Debt	2,580,612	-	-	-	(2,580,612)	-	(2,580,612)
Total Governmental Activities	<u>97,990,290</u>	<u>7,696,561</u>	<u>991,419</u>	<u>13,990,073</u>	<u>(75,312,237)</u>	<u>-</u>	<u>(75,312,237)</u>
Business-Type Activities:							
Parking	3,176,006	2,837,241	-	-	-	(338,765)	(338,765)
Sewer	1,947,803	2,133,379	-	408,839	-	594,415	594,415
Environmental Services	381,176	521,234	6,000	-	-	146,058	146,058
Total Business-Type Activities	<u>5,504,985</u>	<u>5,491,854</u>	<u>6,000</u>	<u>408,839</u>	<u>-</u>	<u>401,708</u>	<u>401,708</u>
	<u>\$ 103,495,275</u>	<u>\$ 13,188,415</u>	<u>\$ 997,419</u>	<u>\$ 14,398,912</u>	<u>(75,312,237)</u>	<u>401,708</u>	<u>(74,910,529)</u>
General Revenues							
Taxes:							
					23,596,172	-	23,596,172
					14,589,041	-	14,589,041
					1,621,938	-	1,621,938
					1,212,132	-	1,212,132
					2,595,279	-	2,595,279
					3,141,430	-	3,141,430
					219,569	-	219,569
					106,073	-	106,073
Intergovernmental without Restrictions:							
					16,570,642	-	16,570,642
					7,844,998	-	7,844,998
					2,077,334	-	2,077,334
					247,679	-	247,679
					794,728	78,935	873,663
					423,833	-	423,833
					12,196	(173,788)	(161,592)
					98,730	(98,730)	-
					<u>75,151,774</u>	<u>(193,583)</u>	<u>74,958,191</u>
Change in Net Assets					(160,463)	208,125	47,662
Net Assets - Beginning of Year					<u>376,894,516</u>	<u>48,056,638</u>	<u>424,951,154</u>
Net Assets - End of Year					<u>\$ 376,734,053</u>	<u>\$ 48,264,763</u>	<u>\$ 424,998,816</u>

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Activities - Component Unit

For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Contributions	\$ 40,560	\$ 79,683	\$ -	\$ 120,243
Contributions In-Kind	90,537	-	-	90,537
Investment Income	516	7,851	-	8,367
Miscellaneous	2,123	-	-	2,123
Net Assets Released from Restrictions	348,363	(348,363)	-	-
Total Support and Revenue	<u>482,099</u>	<u>(260,829)</u>	<u>-</u>	<u>221,270</u>
<b>Expenses</b>				
Program Services	355,623	-	-	355,623
Supporting Services:				
Management and General	35,630	-	-	35,630
Fund Raising	78,895	-	-	78,895
Total Support Services	<u>114,525</u>	<u>-</u>	<u>-</u>	<u>114,525</u>
Total Expenses	<u>470,148</u>	<u>-</u>	<u>-</u>	<u>470,148</u>
Change in Net Assets	11,951	(260,829)	-	(248,878)
<b>Net Assets, Beginning of Year</b>	<u>730,700</u>	<u>379,381</u>	<u>20,000</u>	<u>1,130,081</u>
<b>Net Assets, End of Year</b>	<u>\$ 742,651</u>	<u>\$ 118,552</u>	<u>\$ 20,000</u>	<u>\$ 881,203</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Balance Sheet

Governmental Funds

June 30, 2012

Major Funds

	General	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Investments	\$ 11,324,839	\$ 1,323,353	\$ 14,257,619	\$ 4,100,457	\$ 1,502,235	\$ 3,513,492	\$ 17,944,353	\$ 53,966,348
Receivables - Net of Allowances:								
Property Taxes	5,469,838	2,891,232	-	-	675,155	440,168	1,920,964	11,397,357
Other Taxes	11,772,205	-	-	-	-	-	-	11,772,205
Accrued Interest	7,953	-	7,962	3,258	1,524	2,228	11,548	34,473
Prepays	84,928	-	-	-	3,151	-	-	88,079
Other	432,550	-	147,654	450,000	91,743	980,723	204,216	2,306,886
Due from Other Funds	197,159	-	-	-	-	-	1,210,743	1,407,902
Restricted Assets:								
Cash and Investments	-	-	-	-	1,033,220	-	-	1,033,220
<b>Total Assets</b>	<b>\$ 29,289,472</b>	<b>\$ 4,214,585</b>	<b>\$ 14,413,235</b>	<b>\$ 4,553,715</b>	<b>\$ 3,307,028</b>	<b>\$ 4,936,611</b>	<b>\$ 21,291,824</b>	<b>\$ 82,006,470</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 676,197	\$ 58,948	\$ 1,098,001	\$ -	\$ 257,069	\$ 1,564,636	\$ 368,878	\$ 4,023,729
Retainage Payable	-	-	48,124	-	24,973	820,061	16,522	909,680
Accrued Payroll	1,121,933	130,492	-	-	-	-	28,788	1,281,213
Due to Other Fund	-	-	-	-	-	-	1,210,743	1,210,743
Deferred Revenue	5,723,926	2,982,021	-	-	682,547	474,312	1,926,818	11,789,624
Other Liabilities	-	-	-	-	1,033,220	-	-	1,033,220
<b>Total Liabilities</b>	<b>7,522,056</b>	<b>3,171,461</b>	<b>1,146,125</b>	<b>-</b>	<b>1,997,809</b>	<b>2,859,009</b>	<b>3,551,749</b>	<b>20,248,209</b>
Fund Balances:								
Non-Spendable	84,928	-	-	-	-	-	-	84,928
Restricted	-	1,043,124	13,267,110	4,553,715	-	2,077,602	6,841,354	27,782,905
Committed	5,929,744	-	-	-	1,309,219	-	12,233,754	19,472,717
Unassigned	15,752,744	-	-	-	-	-	(1,335,033)	14,417,711
<b>Total Fund Balances</b>	<b>21,767,416</b>	<b>1,043,124</b>	<b>13,267,110</b>	<b>4,553,715</b>	<b>1,309,219</b>	<b>2,077,602</b>	<b>17,740,075</b>	<b>61,758,261</b>
<b>Total Liabilities and     Fund Balances</b>	<b>\$ 29,289,472</b>	<b>\$ 4,214,585</b>	<b>\$ 14,413,235</b>	<b>\$ 4,553,715</b>	<b>\$ 3,307,028</b>	<b>\$ 4,936,611</b>	<b>\$ 21,291,824</b>	<b>\$ 82,006,470</b>

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2012

Total Fund Balance - Governmental Funds	\$ 61,758,261
- Remove property taxes receivable not earned.	(11,397,357)
- Add grant receivable for grant revenue earned on accrual basis.	4,012,211
- Debt issuance costs are expensed over the term of the related debt rather than in the year of payment.	220,590
- Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	366,711,667
- The net pension asset in the governmental activities is not a financial resource and therefore is not reported in the funds.	13,280,523
- Internal service funds are used by the City to charge the costs of internal services provided to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	3,551,070
- Remove deferred revenue for property taxes not received.	11,397,357
- Long-term liabilities not due and payable in the current period and therefore not reported in the funds:	
Net Pension Obligation Payable	(1,548,414)
Net Other Post-employment Benefit Payable	(3,319,471)
Compensated Absences Payable	(4,846,470)
Landfill Closure and Post-Closure Payable	(687,060)
General Obligation Bonds Payable	(62,140,000)
IEPA Loans Payable	(107,499)
Unamortized Bond Premium	<u>(151,355)</u>
Net Assets of Governmental Activities	<u><u>\$ 376,734,053</u></u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2012

	Major Funds						Non-Major Governmental Funds	Total Governmental Funds
	General	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements		
<b>Revenues</b>								
Intergovernmental	\$ 24,881,389	\$ 259,897	\$ 7,224,121	\$ -	\$ -	\$ 5,117,133	\$ 1,462,987	\$ 38,945,527
Taxes	32,784,232	5,944,653	-	-	1,349,949	974,617	6,028,183	47,081,634
Licenses, Permits, and Fees	2,005,315	-	-	-	31,135	-	210,000	2,246,450
Charges for Services	1,271,486	99,547	-	-	-	-	-	1,371,033
Fines and Forfeitures	1,403,379	275,811	-	-	-	-	190,900	1,870,090
Refunds and Reimbursements	793,792	-	4,714	-	773,591	32,338	192,655	1,797,090
Interest	211,993	3,754	160,403	64,671	26,170	-	264,258	731,249
Miscellaneous	88,321	116,156	-	-	-	-	217,471	421,948
<b>Total Revenues</b>	<b>63,439,907</b>	<b>6,699,818</b>	<b>7,389,238</b>	<b>64,671</b>	<b>2,180,845</b>	<b>6,124,088</b>	<b>8,566,454</b>	<b>94,465,021</b>
<b>Expenditures</b>								
Current:								
General Government	10,682,916	-	-	-	-	-	643,557	11,326,473
Public Safety	34,913,403	-	-	-	-	-	288,380	35,201,783
Public Works	5,405,720	-	1,008,971	-	2,299,039	1,886,430	546,583	11,146,743
Public Health and Welfare	283,772	-	-	-	-	-	3,971,200	4,254,972
Culture and Recreation	-	6,173,786	-	-	-	-	339	6,174,125
Capital Outlay	4,999	320,418	3,567,058	-	7,138,569	11,101,123	2,089,405	24,221,572
Debt Service:								
Principal Retirement	-	-	-	2,595,000	-	-	-	2,595,000
Interest and Fiscal Charges	-	-	-	2,601,211	-	-	-	2,601,211
<b>Total Expenditures</b>	<b>51,290,810</b>	<b>6,494,204</b>	<b>4,576,029</b>	<b>5,196,211</b>	<b>9,437,608</b>	<b>12,987,553</b>	<b>7,539,464</b>	<b>97,521,879</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,149,097	205,614	2,813,209	(5,131,540)	(7,256,763)	(6,863,465)	1,026,990	(3,056,858)
<b>Other Financing Sources (Uses)</b>								
Disposal of Capital Assets	32,550	-	-	-	-	-	232,187	264,737
Proceeds from IEPA Loan	-	-	-	-	107,499	-	-	107,499
Transfers In	2,728,677	-	-	5,665,000	7,761,675	4,000,332	1,913,710	22,069,394
Transfers Out	(12,047,739)	(258,721)	-	(4,166,030)	(2,055,378)	(156,475)	(3,193,878)	(21,878,221)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,286,512)</b>	<b>(258,721)</b>	<b>-</b>	<b>1,498,970</b>	<b>5,813,796</b>	<b>3,843,857</b>	<b>(1,047,981)</b>	<b>563,409</b>
<b>Net Change in Fund Balances</b>	<b>2,862,585</b>	<b>(53,107)</b>	<b>2,813,209</b>	<b>(3,632,570)</b>	<b>(1,442,967)</b>	<b>(3,019,608)</b>	<b>(20,991)</b>	<b>(2,493,449)</b>
<b>Fund Balances, Beginning of Year</b>	<b>18,904,831</b>	<b>1,096,231</b>	<b>10,453,901</b>	<b>8,186,285</b>	<b>2,752,186</b>	<b>5,097,210</b>	<b>17,761,066</b>	<b>64,251,710</b>
<b>Fund Balances, End of Year</b>	<b>\$ 21,767,416</b>	<b>\$ 1,043,124</b>	<b>\$ 13,267,110</b>	<b>\$ 4,553,715</b>	<b>\$ 1,309,219</b>	<b>\$ 2,077,602</b>	<b>\$ 17,740,075</b>	<b>\$ 61,758,261</b>

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	(2,493,449)
- Governmental activities recognize grant revenue as it is earned regardless of when the funds are received.		
		2,884,117
- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlays		13,964,487
Depreciation Expense		(17,513,959)
Disposals - Cost Net of Accumulated Depreciation		(270,163)
- Increase in Net Pension Asset		
		1,551,085
- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.		
Decrease in Net Pension Obligation		482,104
Additions to Net Other Post-employment Benefit Payable		(875,662)
Additions to Compensated Absences Payable		(16,700)
Deductions to Landfill Closure and Post-Closure Payable		30,807
Amortization of Deferred Debt Issuance Costs		(13,170)
Retirement of General Obligation Bonds		2,595,000
Amortization of Unamortized Bond Premium		20,599
- Governmental funds report loans as revenue. However, in the Statement of Activities, the loan receipts are recognized as loans payable.		
		(107,499)
- Internal service funds are used by the City to charge the costs of internal services provided to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
		<u>(398,060)</u>
Changes in Net Assets of Governmental Activities	\$	<u><u>(160,463)</u></u>

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## General Fund

For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
<b>Revenues</b>				
Taxes	\$ 32,305,203	\$ 32,617,759	\$ 32,784,232	\$ 166,473
Intergovernmental	23,122,371	24,447,940	24,881,389	433,449
Licenses, Permits, and Fees	1,865,535	1,867,517	2,005,315	137,798
Charges for Services	1,103,832	1,251,575	1,271,486	19,911
Fines and Forfeitures	1,420,552	1,293,745	1,403,379	109,634
Refunds and Reimbursements	795,110	819,758	793,792	(25,966)
Interest	165,000	170,300	211,993	41,693
Miscellaneous	71,125	75,855	88,321	12,466
Total Revenues	<u>60,848,728</u>	<u>62,544,449</u>	<u>63,439,907</u>	<u>895,458</u>
<b>Expenditures</b>				
Current:				
General Government	13,158,204	11,348,360	10,682,916	(665,444)
Public Safety	33,892,277	35,060,209	34,913,403	(146,806)
Public Works	6,601,801	6,007,636	5,405,720	(601,916)
Public Health and Welfare	321,744	355,683	283,772	(71,911)
Capital Outlay	-	-	4,999	4,999
Total Expenditures	<u>53,974,026</u>	<u>52,771,888</u>	<u>51,290,810</u>	<u>(1,481,078)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>6,874,702</u>	<u>9,772,561</u>	<u>12,149,097</u>	<u>2,376,536</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	20,000	12,000	32,550	20,550
Transfers In	7,421,950	7,156,832	2,728,677	(4,428,155)
Transfers Out	(20,800,322)	(20,861,436)	(12,047,739)	8,813,697
Total Other Financing Sources (Uses)	<u>(13,358,372)</u>	<u>(13,692,604)</u>	<u>(9,286,512)</u>	<u>4,406,092</u>
<b>Net Change in Fund Balance</b>	<u>\$ (6,483,670)</u>	<u>\$ (3,920,043)</u>	<u>2,862,585</u>	<u>\$ 6,782,628</u>
<b>Fund Balance, Beginning of Year</b>			<u>18,904,831</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 21,767,416</u>	

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Champaign Public Library - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual	Variance (Actual - Final Budget)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property Taxes	\$ 6,087,085	\$ 5,983,805	\$ 5,944,653	\$ (39,152)
Intergovernmental:				
Capital Grants	-	-	-	-
Other Grants	88,092	96,872	178,970	82,098
Replacement Taxes	71,634	71,634	80,927	9,293
Charges for Services	85,000	92,000	99,547	7,547
Fines and Forfeitures	300,000	280,000	275,811	(4,189)
Interest	8,705	5,326	3,754	(1,572)
Miscellaneous	100,250	181,624	116,156	(65,468)
Total Revenues	<u>6,740,766</u>	<u>6,711,261</u>	<u>6,699,818</u>	<u>(11,443)</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	6,512,070	6,169,010	6,173,786	4,776
Capital Outlay	290,680	435,363	320,418	(114,945)
Total Expenditures	<u>6,802,750</u>	<u>6,604,373</u>	<u>6,494,204</u>	<u>(110,169)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(61,984)	106,888	205,614	98,726
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(258,721)</u>	<u>(258,721)</u>	<u>(258,721)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (320,705)</u>	<u>\$ (151,833)</u>	<u>(53,107)</u>	<u>\$ 98,726</u>
<b>Fund Balance, Beginning of Year</b>			<u>1,096,231</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,043,124</u>	

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Motor Fuel Tax - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
<b>Revenues</b>				
Intergovernmental	\$ 8,014,106	\$ 2,615,004	\$ 7,224,121	\$ 4,609,117
Refunds and Reimbursements	-	4,713	4,714	1
Interest	63,006	-	160,403	160,403
Total Revenues	<u>8,077,112</u>	<u>2,619,717</u>	<u>7,389,238</u>	<u>4,769,521</u>
<b>Expenditures</b>				
Current:				
Public Works:				
Personnel Services	187,581	196,677	245,871	49,194
Commodities	-	2,500	-	(2,500)
Contractual Services	1,247,314	1,241,335	763,100	(478,235)
Capital Outlay	10,404,821	11,919,969	3,567,058	(8,352,911)
Total Expenditures	<u>11,839,716</u>	<u>13,360,481</u>	<u>4,576,029</u>	<u>(8,784,452)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,762,604)</u>	<u>(10,740,764)</u>	<u>2,813,209</u>	<u>13,553,973</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (3,762,604)</u>	<u>\$ (10,740,764)</u>	<u>2,813,209</u>	<u>\$ 13,553,973</u>
<b>Fund Balance, Beginning of Year</b>			<u>10,453,901</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 13,267,110</u>	

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Net Assets

## Proprietary Funds

June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major	Totals	Internal Service
	Parking	Sewer	Environmental Services		
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 5,544,922	\$ 403,698	\$ -	\$ 5,948,620	\$ 4,624,877
Receivables - Net of Allowances:					
Accounts	1,650	319,223	45,436	366,309	8,085
Accrued Interest	3,755	200	(66)	3,889	2,740
Inventory	-	-	-	-	165,059
Prepays	10,951	-	930	11,881	315,033
Total Current Assets	5,561,278	723,121	46,300	6,330,699	5,115,794
Capital Assets:					
Non-Depreciable Capital Assets	4,798,777	1,152,641	-	5,951,418	-
Depreciable Capital Assets	16,557,456	49,269,437	-	65,826,893	9,310,823
Accumulated Depreciation	(2,735,007)	(12,349,952)	-	(15,084,959)	(7,455,673)
Total Capital Assets	18,621,226	38,072,126	-	56,693,352	1,855,150
Total Assets	24,182,504	38,795,247	46,300	63,024,051	6,970,944
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	62,918	18,586	44,245	125,749	57,954
Retainage Payable	-	-	-	-	-
Accrued Payroll	25,469	16,389	2,081	43,939	15,565
Due to Other Fund	-	-	69,691	69,691	127,468
Claims Payable	-	-	-	-	3,120,540
Unearned Revenue	3,960	-	-	3,960	-
Compensated Absences Payable	19,475	21,418	401	41,294	18,011
General Obligation Bonds Payable - Net	507,155	-	-	507,155	-
IEPA Loan Payable	-	115,615	-	115,615	-
Total Current Liabilities	618,977	172,008	116,418	907,403	3,339,538
Long-Term Liabilities:					
Compensated Absences Payable	77,899	85,670	1,605	165,174	80,336
General Obligation Bonds Payable - Net	12,485,702	-	-	12,485,702	-
IEPA Loan Payable	-	1,201,009	-	1,201,009	-
Total Long-Term Liabilities	12,563,601	1,286,679	1,605	13,851,885	80,336
Total Liabilities	13,182,578	1,458,687	118,023	14,759,288	3,419,874
<b>NET ASSETS</b>					
Invested in Capital Assets - Net of Related Debt	5,628,369	36,755,502	-	42,383,871	1,855,150
Unrestricted	5,371,557	581,058	(71,723)	5,880,892	1,695,920
Total Net Assets	\$ 10,999,926	\$ 37,336,560	\$ (71,723)	\$ 48,264,763	\$ 3,551,070

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Revenues, Expenses, and Changes in Net Assets

## Proprietary Funds

For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major	Totals	Internal Service
	Parking	Sewer	Environmental Services		
<b>Operating Revenues</b>					
Charges for Services	\$ 2,828,183	\$ 2,007,018	\$ 521,234	\$ 5,356,435	\$ 4,965,638
<b>Operating Expenses</b>					
Personnel Services	1,634,872	700,102	103,412	2,438,386	1,060,989
Contractual Services	497,694	464,399	276,459	1,238,552	2,963,310
Commodities	42,644	71,382	248	114,274	782,209
Capital Outlay	-	27,266	-	27,266	-
Depreciation and Amortization	468,333	671,950	-	1,140,283	802,460
Total Operating Expenses	2,643,543	1,935,099	380,119	4,958,761	5,608,968
Operating Income (Loss)	184,640	71,919	141,115	397,674	(643,330)
<b>Non-Operating Revenues (Expenses)</b>					
Intergovernmental	-	-	6,000	6,000	-
Reimbursements from Outside Agencies	9,058	126,361	-	135,419	254,727
Interest Income	78,935	-	-	78,935	63,479
Interest Expense	(532,463)	(12,704)	(1,057)	(546,224)	-
Miscellaneous Income	-	-	-	-	1,885
Disposal of Capital Assets	-	(173,788)	-	(173,788)	17,622
Total Non-Operating Revenues (Expenses)	(444,470)	(60,131)	4,943	(499,658)	337,713
Income (Loss) Before Transfers	(259,830)	11,788	146,058	(101,984)	(305,617)
<b>Transfers In</b>	200,000	-	-	200,000	-
<b>Transfers Out</b>	(170,894)	(89,897)	(37,939)	(298,730)	(92,443)
<b>Capital Contribution</b>	-	408,839	-	408,839	-
<b>Change in Net Assets</b>	(230,724)	330,730	108,119	208,125	(398,060)
<b>Net Assets, Beginning of Year</b>	11,230,650	37,005,830	(179,842)	48,056,638	3,949,130
<b>Net Assets, End of Year</b>	\$ 10,999,926	\$ 37,336,560	\$ (71,723)	\$ 48,264,763	\$ 3,551,070

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Cash Flows

## Proprietary Funds

For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major		Activities
	Parking	Sewer	Environmental Services	Totals	Internal Service
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 2,833,403	\$ 2,363,341	\$ 498,923	\$ 5,695,667	\$ 4,967,523
Payment to Employees	(1,628,932)	(669,016)	(104,436)	(2,402,384)	(955,810)
Payment to Suppliers	(530,293)	(436,686)	(250,636)	(1,217,615)	(2,763,593)
Net Cash Provided by (Used in) Operating Activities	674,178	1,257,639	143,851	2,075,668	1,248,120
<b>Cash Flows from Non-Capital Financing Activities</b>					
Transfers In	200,000	-	-	200,000	-
Advances from Other Funds	-	-	69,691	69,691	127,468
Payments to Other Funds	-	-	(174,355)	(174,355)	(188,426)
Interest Paid on Operating Advances	-	-	(1,057)	(1,057)	-
Transfers Out	(170,894)	(89,897)	(37,939)	(298,730)	(92,443)
Net Cash Provided by (Used in) Non-Capital Financing Activities	29,106	(89,897)	(143,660)	(204,451)	(153,401)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from Sales of Capital Assets	-	3,915	-	3,915	24,796
Purchase of Capital Assets	(42,521)	(2,061,585)	-	(2,104,106)	(294,849)
Interest Paid on Capital Debt	(532,463)	(12,704)	-	(545,167)	-
Principal Advanced on Capital Debt	-	1,047,625	-	1,047,625	-
Principal Paid on Capital Debt	-	(77,487)	-	(77,487)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(574,984)	(1,100,236)	-	(1,675,220)	(270,053)
<b>Cash Flows from Investing Activities</b>					
Interest Received	82,638	318	(191)	82,765	64,880
<b>Net Change in Cash and Cash Equivalents</b>	210,938	67,824	-	278,762	889,546
<b>Cash and Cash Equivalents, Beginning of Year</b>	5,333,984	335,874	-	5,669,858	3,735,331
<b>Cash and Cash Equivalents, End of Year</b>	\$ 5,544,922	\$ 403,698	\$ -	\$ 5,948,620	\$ 4,624,877
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating Income (Loss)	\$ 184,640	\$ 71,919	\$ 141,115	\$ 397,674	\$ (650,504)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and Amortization Expense	468,333	671,950	-	1,140,283	802,460
(Gain) Loss on Disposal of Equipment	-	-	-	-	7,174
Other Income/Expense	9,058	126,361	6,000	141,419	256,612
(Increase) Decrease in Assets	(5,731)	356,323	(23,241)	327,351	(6,823)
Increase (Decrease) in Liabilities	17,878	31,086	19,977	68,941	839,201
Net Cash Provided by (Used in) Operating Activities	\$ 674,178	\$ 1,257,639	\$ 143,851	\$ 2,075,668	\$ 1,248,120
<b>Supplemental Disclosure of Non-Cash Capital</b>					
Donated Property and Equipment	\$ -	\$ 408,839	\$ -	\$ 408,839	\$ -

See Accompanying Notes

## CITY OF CHAMPAIGN, ILLINOIS

## Statement of Net Assets

## Fiduciary Funds

June 30, 2012

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,297,134
Investments:	
U.S. Government and Agency Securities	28,687,053
State and Local Obligations	2,156,962
Mutual Funds	54,935,694
Insurance Company Contracts	10,036,834
Common Stock	25,960,749
Corporate Bonds	3,218,417
Receivables:	
Accrued Interest	223,287
Contributions from Plan Members	29,148
Prepays	<u>19,633</u>
Total Assets	<u>127,564,911</u>
<b>LIABILITIES</b>	
Due To Treasury Fund	476
Accounts Payable	<u>44,144</u>
Total Liabilities	<u>44,620</u>
<b>NET ASSETS</b>	
Net Plan Assets Held in Trust for Pension Benefits	<u><u>\$ 127,520,291</u></u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Changes in Net Assets

Fiduciary Funds

For the Year Ended June 30, 2012

	<u>Pension Trust</u>
<b>Additions</b>	
Contributions - Employer	\$ 7,929,838
Contributions - Plan Members	1,504,373
Other Income	7,561
Total Contributions	<u>9,441,772</u>
Investment Income:	
Interest Earned	2,391,156
Net Change in Fair Value	(779,273)
Total Investment Income	<u>1,611,883</u>
Less: Investment Expenses	<u>(466,430)</u>
Net Investment Income	<u>1,145,453</u>
Total Additions	<u>10,587,225</u>
<b>Deductions</b>	
Administrative Expenses	192,413
Benefits and Refunds	<u>8,195,778</u>
Total Deductions	<u>8,388,191</u>
<b>Change in Net Assets</b>	2,199,034
<b>Net Plan Assets Held in Trust for Pension Benefits, Beginning of Year</b>	<u>125,321,257</u>
<b>Net Plan Assets Held in Trust for Pension Benefits, End of Year</b>	<u><u>\$ 127,520,291</u></u>

See Accompanying Notes

**CITY OF CHAMPAIGN, ILLINOIS**

**Notes to Financial Statements**

**June 30, 2012**

**1. Summary of Significant Accounting Policies**

The City of Champaign, Illinois (the City), incorporated in 1861, is a municipal corporation that operates under the Council-Manager form of government. The City's major operations include police and fire safety, highway and street construction, reconstruction, and maintenance, building code enforcement, public improvements, neighborhood and economic development, planning and zoning, parking services and general administrative services. The City is a home-rule unit of government as provided for by Illinois statutes.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. In the government-wide financial statements and fund financial statements for the proprietary funds, FASB pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989 are not applied. The more significant accounting policies established by GAAP and used by the City are discussed below.

a. Financial Reporting Entity

The City's reporting entity consists of the following:

Primary Government:	City of Champaign
Blended Component Unit:	Town of the City of Champaign
Discrete Component Unit:	Champaign Public Library Foundation
Fiduciary Fund Component Units:	Police Pension Employees Retirement System Firefighters' Pension Employees Retirement System

The definition of what constitutes the entity of the City of Champaign, Illinois is based on the guidelines set forth in GASB Statement Number 14. The primary government of the City consists of the funds presented herein as governmental, proprietary, and fiduciary funds.

According to GASB Statement No. 14, a legally separate organization should be included as a component unit of the primary government if the primary government is financially accountable for the organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government.
2. The primary government appoints a voting majority of the organization's governing body, and:
  - It is able to impose its will on the organization.
  - The organization provides financial benefits or imposes financial burdens on the primary government.

As required by GAAP, these financial statements present the financial reporting entity of the City, including the Champaign Public Library Foundation (the Foundation), a discretely presented component unit. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the Champaign Public Library (the Library), which is a special revenue fund of the City. The Library has the ability to access those resources, and those resources are significant to the Library.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits A and C. The Foundation issues financial statements, which may be obtained by contacting the Champaign Public Library Foundation, 200 West Green Street, Champaign, Illinois 61820-5193.

b. Blended Component Unit and Fiduciary Fund Component Units

*Blended Component Unit*

Town of the City of Champaign

The Town of the City of Champaign (the Township) is a body corporate and politic established under Illinois Compiled Statutes governed by an elected Board of Trustees and Supervisor. The Board of Trustees is comprised of the members of the City Council of the City of Champaign, Illinois. Separate financial statements are available for the Township by contacting the Township office at 603 South Randolph, Champaign, Illinois 61820. The Township is reported as a special revenue fund.

## *Fiduciary Fund Component Units*

### Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn police officers. The PPERS is reported as a pension trust fund.

### Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Mayor, two elected from active participants of FPERS, and one elected pension beneficiary constitute the Pension Board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a pension trust fund.

#### c. Basic Financial Statements

The City's basic financial statements include both government-wide financial statements (reporting the City as a whole) and fund financial statements (reporting the City's major and other funds).

#### Government-Wide Statements

The Statement of Net Assets and Statement of Activities display information about the City as a whole. They include all funds of the City, the Township, which is a blended component unit, and the Champaign Public Library Foundation, which is a discretely presented component unit. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Assets and the Statement of Activities include the governmental activities, business-type activities, and the discretely presented component unit. Governmental activities generally are

financed through taxes, licenses, fees, permits, intergovernmental revenues, and other non-exchange revenues. Internal balances and activities within the City's governmental funds and proprietary funds, respectively, are eliminated in the government-wide financial statements. Activities between the City's primary government and the discretely presented component unit are not eliminated.

The City's governmental activities include: police and fire safety; highway and street construction, reconstruction, and maintenance; forestry; building code enforcement; public improvements; neighborhood and economic development; planning and zoning; and general administrative services. The City's business-type activities include parking, environmental, and sanitary sewer services.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.d).

### Fund Financial Statements

Fund Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The City's funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 1.d).

The proprietary fund financial statements and the fiduciary funds financial statements are reported on the accrual basis of accounting (as described in Note 1.d).

The fund types of the City are described below:

#### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

*General Fund* – The General Fund is the main operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City maintains two major special revenue funds and thirteen non-major special revenue funds.

The Major Special Revenue Funds are:

Champaign Public Library Fund – The Champaign Public Library Fund is used to account for the operations and maintenance of the public library within the City of Champaign.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for the revenues received from the City’s allocation of state gasoline taxes and the expenditures for street construction and maintenance, which must be authorized by the Illinois Department of Transportation.

*Debt Service Funds* – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The City maintains one debt service fund, the Debt Service Fund. The City’s management has chosen to present this fund as major due to its general importance to the overall operation of the City.

*Capital Projects Funds* – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by business-type/proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The City maintains two major capital projects funds and three non-major capital projects funds.

The Major Capital Projects Funds are:

Stormwater Management Fund – The Stormwater Management Fund is used to provide a funding source for maintenance and rehabilitation of the Boneyard Creek and all related storm sewer and drainage facilities, as well as funding other city drainage improvements. The City’s management has chosen to present this fund as major due to its general importance to the overall operation of the City.

Capital Improvements Fund – The Capital Improvements Fund accounts for all resources used for the acquisition of capital assets by the City except those financed by Proprietary Funds or accounted for in another capital projects fund.

*Proprietary Funds* – The focus of proprietary fund measurement is based upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds – Enterprise Funds account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two major and one non-major enterprise funds.

The Major Enterprise Funds are:

Parking Fund – The Parking Fund is used to account for the provision of public parking facilities in the downtown and campus areas. Revenues are generated primarily from parking meter charges, meter violation fines, parking space rental charges, and the downtown parking deck. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

Sewer Fund – The Sewer Fund is used to account for the provision of sanitary sewer repair and improvement services to the residents of the City. Revenues are derived from a sanitary sewer user fee. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

Internal Service Funds – Internal Service Funds are used to account for the financing of fleet services, workers compensation liability payments, and retained risk liability payments provided internally by a City fund to departments, funds or component units of the City on a cost-reimbursement basis. The City maintains three internal service funds that are all non-major.

The City's internal service funds are presented in the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.).

### *Fiduciary Funds*

Fiduciary Funds – Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds. The City has two fiduciary funds which are pension trust funds.

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police and Firefighters' Pension Funds account for the accumulation of resources to pay pension costs.

The City's pension trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of pension participants and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

#### d. Basis of Accounting

##### *Accrual*

Governmental activities and business-type activities in the government-wide financial statements, the enterprise funds financial statements, the internal service funds financial statements, and the fiduciary funds financial statements are presented on the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Property taxes are recognized as revenue in the year for which they are levied. Replacement tax is recognized as revenue as soon as the tax is collected by the State of Illinois. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

##### *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers receipts within 60 days of year end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

Various state and local taxes and grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end. All other revenue items are considered to be measured and available when cash is received by the City.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and cash held by a fiscal agent. For purposes of the proprietary funds' statements of cash flow, cash and cash equivalents include cash on hand, demand deposits, and cash held by a fiscal agent as well as short-term investments with original maturities at issuance of three months or less.

f. Investments

Investments in bonds, notes, and negotiable certificates of deposit are held at fair value. Other investments are held at cost as cost varies immaterially from fair value.

g. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers. Receivables are stated at the amount management expects to collect on outstanding balances. Based on management's review of receivable balances at year end, and recent payment histories of third-party payers, an allowance of \$145,607 has been recorded in the General Fund against miscellaneous receivables, an allowance of \$46,352 has been recorded in the Sewer Fund against sewer receivables, and an allowance of \$89,736 has been recorded in the Environmental Services Fund against recycling fee receivable. No other allowance for uncollectible receivables has been recorded at year end as management expects to collect all but an immaterial amount of all other reported receivables.

h. Inventory

Inventory is valued at cost, which approximates market using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

i. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time but beyond one year from June 30, 2012, as well as other long-term receivables, are offset by restricted fund balance because they do not represent expendable, available financial resources.

j. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are deferred and expended/expensed over the term when the services are received.

k. Capital Assets

Capital assets valued at or above \$5,000 (\$50,000 for certain assets) and land of any value are capitalized. Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their fair market value on the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental funds at the time of purchase. Governmental capital assets are reported in the government-wide statement of net assets offset by accumulated depreciation. Library materials are capitalized based on the group value of additions and all other assets are capitalized based on individual item values.

Capital assets in the proprietary funds are capitalized in the fund in which the capital assets are utilized.

Depreciation is calculated on all capital assets (other than land and assets that appreciate in value) using the straight-line method with the following estimated useful lives:

	<u>Years</u>
Land Improvements	20 - 30
Buildings and Improvements	10 - 50
Machinery and Equipment	3 - 30
Infrastructure	40 - 75
Library Materials	2 - 10

l. Restricted Assets

Restricted assets consist of cash and investments held on behalf of a third party. The financial statements include an equivalent liability in other liabilities.

m. Unearned and Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

n. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or

proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

o. Restricted Net Assets

Assets that are not available to finance general operations of the City are reported as restricted on the Statement of Net Assets. The City's policy is to apply restricted resources first when an expense is incurred for a purpose for which restricted and unrestricted net assets are available.

p. Fund Balance

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

**Non-Spendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact

**Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, state or federal laws, or externally imposed conditions by grantors or creditors

**Committed** – Amounts that can be used only for specific purposes determined by a formal action or resolution by the City Council

**Assigned** – Amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed

**Unassigned** – All amounts not included in other spendable classifications

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred

for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

q. Program Revenues

Program Revenues on the Statement of Activities include the following:

Charges for Services:

Governmental Activities	Amounts remitted to the City by entities and persons making use of legal privileges issued by the City or by violators of City ordinances
Business-Type Activities	Fees paid by the public for parking, sanitary sewer services, and multi-family recycling
Operating Grants and Contributions	Grants and contributions used for material purchases and various City programs
Capital Grants and Contributions	Grants and contributions used for the acquisition of capital assets

r. Operating and Non-Operating Revenues and Expenses of Proprietary Funds

Operating revenues and expenses for the proprietary funds are those that result from providing services. Non-operating revenues and expenses are all revenues and expenses related to capital financing, non-capital financing, or investing activities.

s. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees that have reached certain longevity milestones are eligible to receive a percentage of their accumulated sick leave upon departure from employment with the City. The City calculates the liability for unused sick leave using the vesting method. All vacation and compensation-eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

t. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **2. Reconciliation of Fund Statements to Government-Wide Statements**

A reconciliation is provided with the balance sheet - governmental funds (Exhibit D-1) to explain the differences between total fund balances in the Balance Sheet - Governmental Funds and Net Assets for governmental activities on the government-wide statement of net assets. The major differences are due to:

- a. Property taxes receivable and an equivalent deferred revenue for the amount of the 2011 tax levy that will be received and recorded as revenue in the next fiscal year
- b. Grant receivables earned, which are not reported in the governmental funds because funds are not available for receipt at yearend
- c. The value of capital assets, which are not reported in governmental funds
- d. The net pension asset resulting from pension contributions in excess of the annual required contribution, which is not reported in the governmental funds
- e. The value of various long-term debt, debt issuance costs, and liabilities, which are not reported in governmental funds
- f. The assets and liabilities of the internal service funds, which are part of the proprietary funds in the fund financial statements, but are included in the governmental activities column of the statement of net assets

A reconciliation is provided with the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit E-1) to explain the difference between the change in fund balances in the governmental funds and the change in net assets for governmental activities on the government-wide statement of activities. The major differences are due to:

- a. Capital outlay expenditures are not reported in the statement of activities, while depreciation expense and gains/losses on disposal of capital assets are not reported in governmental funds
- b. The change in certain accrued grant revenue is not reported in governmental funds
- c. The change in the net pension asset is part of the governmental activities but does not impact governmental fund expenditures
- d. Bond payments are not expenses on the Statement of Activities.
- e. The changes in various other long-term liabilities are not governmental fund expenditures, while they are expenses on the Statement of Activities.

- f. The revenues and expenses of the Internal Service Funds are part of the proprietary funds in the fund financial statements, but the expenses and non-interfund revenues are included in the governmental activities column of the statement of activities and the interfund revenue reduces interfund expenditures of the governmental funds.

### **3. Budgets and Budgetary Basis of Accounting**

#### **a. Budgetary Process**

Annual appropriated budgets are adopted for all City funds presented in the financial statements. The City follows statutory and local ordinances in establishing the annual appropriated budget.

During the last half of April, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1 along with revised budget estimates for the current fiscal year. These budgets include proposed expenditures and the means of financing them.

A separately issued budget document is available for public inspection prior to passage of the annual appropriations ordinance and a public hearing is conducted in May to obtain public comment.

During June, the budget for the next fiscal year is legally enacted through the passage of an ordinance and the revised estimates for the current fiscal year budget become the adopted budget, as amended.

#### **b. Legal Level of Budgetary Control**

Formal budgetary accounting is employed as a management control for all funds of the City. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

#### **c. Amendments to the Budget**

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, revisions that decrease the fund balance contingency or increase total expenditures of any fund must be approved by the City Council, with extremely limited exceptions. Annual budgetary appropriations that are unused and unencumbered at year end lapse. The City Council approved six budget amendments during fiscal year 2012.

#### **d. Budgetary Basis of Accounting**

Budgets are adopted on a basis materially consistent with generally accepted accounting principles, as appropriate, for each fund.

e. Encumbrances

Encumbrances represent commitments for unperformed contracts for goods and services at year end. Encumbrance accounting is utilized in all funds, meaning that encumbrances at year end will be re-appropriated as part of the following year's appropriation budget.

Encumbrance balances were as follows at June 30, 2012:

Fund	Amount
Motor Fuel Tax	\$ 7,266,033
Capital Improvements	5,463,453
Non-Major Governmental	1,916,499
Stormwater Management	1,905,592
General	472,533
Parking	407,876
Sewer	18,251
Total Encumbrances	<u>\$ 17,450,237</u>

f. Expenditures in Excess of Budgets and Appropriations

The following City fund had total expenditures and transfers for the fiscal year ended June 30, 2012 that materially exceeded budget by the noted amount:

Fund	Amount
Workers Compensation Fund	\$ 452,606
Police Pension Fund	461,902

The above overexpenditure in the Workers Compensation Fund was due to greater than anticipated loss events occurring within the fiscal year. The above overspent amount in the Police Pension Fund was due to greater than anticipated benefits and refunds.

**4. Deposits and Investments**

*All City Funds, including funds held on behalf of METCAD (See Note 16), except the Champaign Public Library Fund and the Pension Funds*

At June 30, 2012, the City held the following investments:

Illinois Metropolitan Investment Fund - Convenience Fund	\$ 21,220,222
Mutual Fund - Short-Term Federal Securities Bonds and Notes - Not Primary Obligations of the U.S. Government:	17,286,709
Federal Home Loan Bank	4,004,280
Federal Home Loan Mortgage Corporation	3,000,750
Federal National Mortgage Association	16,048,880
U.S. Treasury Notes	2,206,880
Certificates of Deposit - Non-Negotiable	246,960
Illinois Funds	4,216
	<u>\$ 64,018,897</u>

*Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's bank deposits may not be recovered. The City's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 100 percent of the uninsured amount. At June 30, 2012, \$4,048,919 of the City's bank balance of \$4,929,354 was exposed to custodial credit risk but mitigated as follows:

Uninsured but Collateral Pledged and Held by the Bank's Trust Department Not in the City's Name	<u>\$ 4,048,919</u>
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At June 30, 2012, the City held \$21,220,222 in the Illinois Metropolitan Investment Fund (IMET) Convenience Fund. IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and is governed and managed by a Board of Trustees elected from participating members, which are mainly local government units and pension plans. The fair value of the City's position in the IMET Convenience Fund is equal to the value of the City's fund shares. The IMET Convenience Fund is not rated by the nationally recognized statistical rating organizations. The assets of the IMET Convenience Fund are invested in fully collateralized certificates of deposit. Generally, assets not invested in certificates of deposit are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

At June 30, 2012, the City held \$6,868 in the Illinois Funds Money Market Fund. The fair value of the City's position in the fund is equal to the value of the City's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has a AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

*Custodial Credit Risk – Investments*

At June 30, 2012, the City had no custodial credit risk in that all of its investments were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm.

*Credit Risk – Investments*

Credit risk is the risk that the issuer of a bond or note security will not repay the principal or pay the interest due on the debt. The credit risk of investments is addressed by the City's investment policy by limiting investments to a select group of investment types. Following are the more prominent of the allowable investments:

- Certificates of deposit that are fully insured by FDIC insurance or are collateralized by City-approved collateral
- U.S. Treasury bills and notes
- Securities backed by the full faith and credit of the U.S. Government (such as GNMA securities) with maximum maturities of five years
- Obligations of U.S. Government sponsored agencies, excluding mortgage backed securities, with a maximum maturity of five years
- Investment pools administered by the State of Illinois or private parties, including Bank common trust funds regulated by the Comptroller of the Currency and intergovernmental investment trusts established pursuant to the Illinois Municipal Code
- AAA-rated, SEC registered money market mutual funds whose investment objective includes maintaining the one dollar share value, and whose portfolio consist of dollar denominated securities, including U.S. Treasury, other government, and prime funds
- Managed accounts, including SEC registered bond mutual funds and portfolios managed by investment advisors, all with weighted-average maturities under three years

At June 30, 2012, the City held the following investments subject to credit risk:

	<u>Credit Rating</u>	<u>Carrying Value</u>
Mutual Fund - Short-Term Federal Securities	Aaa	\$ 17,286,709
Federal National Mortgage Association Notes	Aaa	16,048,880
Federal Home Loan Bank Notes	Aaa	4,004,280
Federal Home Loan Mortgage Corporation Notes	Aaa	3,000,750
		<u>\$ 40,340,619</u>

*Interest Rate Risk – Investments*

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. The City's investment policy addresses interest rate risk by setting the maximum weighted average maturity of the portfolio at two years.

At June 30, 2012, the City held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Mutual Fund - Short-Term Federal Securities	\$ 17,286,709	2.4
Federal National Mortgage Association Notes	16,048,880	4.5
Federal Home Loan Bank Notes	4,004,280	4.5
Federal Home Loan Mortgage Corporation Notes	3,000,750	4.3
U.S. Treasury Notes	2,206,880	3.9
	<u>\$ 42,547,499</u>	

*Concentration of Credit Risk – Investments*

Concentration of credit risk is the risk of having a large percentage of investments in debt securities of an issuer that is not backed by the full faith and credit of the United States. The City's investment policy addresses concentration of credit risk by requiring that various allowable investment categories be limited to maximum percentages in the total portfolio.

The City's investment policy allows up to fifty percent of the total investment portfolio to be held in securities of U.S. Agencies and Instrumentalities, which are not backed by the full faith and credit of the United States. At June 30, 2012, the City had more than five percent of its investments in the debt securities of the following issuers that are not backed by the full faith and credit of the United States:

	<u>Percent of Investments</u>
Federal National Mortgage Association	25.07%
Federal Home Loan Bank Notes	6.26%

### *Champaign Public Library Fund*

At June 30, 2012, the Library held no investments.

### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 100 percent of the uninsured amount. At June 30, 2012, \$1,046,025 of the Library's bank balance of \$1,629,082 was exposed to custodial credit risk. The \$1,046,025 was fully collateralized at June 30, 2012 by securities pledged by the bank. The pledged securities, which had a fair value of \$2,819,145 at June 30, 2012, are held by the bank's agent, but are not held in the Library's name.

### *Police Pension Fund*

#### Permitted Deposits and Investments

The deposits and investments of the Fund are held separately from those of the City.

Statutes and the Fund's investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

#### Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

#### Investments Exceeding 5 Percent of Plan Net Assets

As of June 30, 2012, the Fund's investment in the Goldman Sachs Financial Square Treasury Obligation Fund (a money market mutual fund) totaling \$3,751,437 exceeded 5.0 percent of net assets available for benefits. Other than U.S. Government securities, the Fund held no other individual investments exceeding 5.0 percent of net assets available for benefits as of June 30, 2012.

## Fund Investments

The following table presents the fair value of investments and maturities of the Fund's debt securities as of June 30, 2012:

	Fair Value	Investment Maturities - In Years			
		< 1	1-5	6-10	>10
U.S. Treasury Notes	\$ 9,232,776	\$ 3,647,044	\$ 2,574,971	\$ 3,010,761	\$ -
U.S. Treasury Bonds	1,683,010	-	250,844	-	1,432,166
Government National					
Mortgage Assoc.	1,336,160	-	81,560	-	1,254,600
Federal Farm Credit Bank	465,495	202,540	262,955	-	-
Federal Home Loan					
Mortgage Corp	4,999,575	125,230	1,234,439	545,354	3,094,552
Federal National					
Mortgage Assoc.	10,970,036	-	2,619,102	1,436,252	6,914,682
Corporate Bonds	3,218,417	152,160	1,618,479	1,086,856	360,922
Municipal Bonds	2,156,962	210,269	1,259,606	226,080	461,007
	<u>\$ 34,062,431</u>	<u>\$ 4,337,243</u>	<u>\$ 9,901,956</u>	<u>\$ 6,305,303</u>	<u>\$ 13,517,929</u>

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The Fund's investment policy also limits its municipal debt investments to a quality rating of at least AA. The Fund's policy also requires that pension funds be invested in fixed income securities, equity securities that meet specific restrictions, or mutual funds. The investments in U.S. government and agency obligations are not subject to credit risk. Other investments are invested as permitted by the Illinois Pension Code of the Illinois Compiled Statutes. Foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment, is expected to be minor based on investment allocations.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and equity mutual funds are not subject to custodial credit risk.

The Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle as follows:

<u>Asset Class</u>	<u>Target</u>
Bonds	<u>50.5%</u>
Total Fixed Income	<u>50.5%</u>
Core Equity	11.5%
Large Cap Equity	11.5%
Mid-Cap Equity	6.5%
Small-Cap Equity	5.0%
International Equity	<u>15.0%</u>
Total Equity	<u>49.5%</u>
Total Asset Class	<u><u>100.0%</u></u>

*Firefighters' Pension Fund*

The deposits and investments of the Fund are held separately from those of other City funds. Statutes authorize the Fund to make deposits and invest in interest-bearing direct obligations of the United States of America; interest-bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America; interest-bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America; interest-bearing savings accounts or certificates of deposit issued by federally or State of Illinois-chartered banks or savings and loan associations, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government; interest-bearing bonds of the State of Illinois; pooled interest-bearing accounts managed by the Illinois Treasurer in accordance with the Deposit of State Moneys Act and interest-bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pool accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois; interest-bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel, subject to certain conditions and limitations; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided that the portfolio is limited to specified restrictions; general accounts of life insurance companies authorized to transact business in Illinois and separate accounts managed by life insurance companies and mutual funds, both subject to certain restrictions, and corporate bonds managed through an investment advisor, also subject to specific restrictions. Pension funds of at least \$10 million that have appointed an investment advisor may, through that investment advisor, invest up to fifty percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

As of June 30, 2012, the Fund had the following investment in fixed income:

	<u>Fair Value</u>
Mutual Funds - Bond	<u>\$ 27,380,229</u>

*Custodial Credit Risk – Investments*

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Fund may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund does not have a formal written policy with regards to custodial credit risk for investments. At June 30, 2012, the Fund had no custodial credit risk in that all of its investments were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

At June 30, 2012, the Fund held the following investments subject to interest rate risk:

	<u>Fair Market Value</u>	<u>Average Maturity Years</u>
Mutual Funds - Bonds	<u>\$ 27,380,229</u>	<u>4.0</u>

The Fund also diversifies the portfolio so that the impact of a potential drop in the market value of a particular type of security will be minimized. The Fund's investment policy has the following goals concerning types of investments:

	<u>Fair Value</u>	<u>Percent Total</u>	<u>Percent Policy Minimum</u>	<u>Percent Policy Maximum</u>	<u>Percent Policy Target</u>
Fixed Income	\$27,380,229	53.7%	45.0%	55.0%	50.0%
U.S. Equity	22,057,556	33.4%	30.0%	40.0%	35.0%
International Equity	6,359,543	10.4%	7.5%	17.5%	12.5%
Real Estate	1,587,420	2.5%	0.0%	5.0%	2.5%
Total	<u>\$57,384,748</u>				

All investments at June 30, 2012 are within the Fund's investment policy.

*Credit Risk - Investments*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by investing in securities issued by the United States Treasury and agencies of the United States government that are explicitly guaranteed by the United States government. The Fund has no other formal policy for reducing credit risk.

At June 30, 2012, the Fund held the following investment subject to credit risk:

	Credit Rating	Carrying Value
Mutual Funds - Bond	Aaa	\$ 27,380,229

**5. Property Tax Cycle**

a. Assessments

Property is assessed by the elected township assessor at one-third the market value as of January 1 each year. This is the date, called the lien date, on which property taxes “attach” to the property. The township assessor’s books are turned into the County Supervisor of Assessments by April 15. The Board of Review, a three-member panel appointed by the County Board, takes action on assessment complaints and applies individual township multipliers to those townships, which are not assessed at one-third. This process equalizes the average ratio of assessments to market value among townships. The Illinois Department of Revenue analyzes the work of the Board of Review and may assign a countywide multiplier to bring the entire County’s ratio into line with other counties throughout the state.

b. Taxpayer Appeals

Taxpayers may file a complaint with the Board of Review if they believe assessments are too high and may make further appeal to the state Property Tax Appeals Board. However, tax levies are determined by local governments not by assessors.

c. Property Tax Levies

Fifty percent of the calendar 2010 levy and fifty percent of the calendar 2011 levy relate to fiscal year 2012. Both levies were adopted within the Illinois statutory deadline (the third Tuesday in December). In the governmental fund financial statements, property tax levies are reported as receivables, net of an allowance for uncollectible amounts, in the year in which they are adopted. Property tax distributions received within the fiscal year are recognized in that fiscal year as revenue in the governmental funds, up to fifty percent of the calendar year levies noted above. The balance is deferred revenue to the next fiscal year for the governmental funds and eliminated for the governmental activities.

Fiscal year 2012 property tax revenue on the statement of activities consists of fifty percent of the calendar year 2010 levy and fifty percent of the calendar year 2011 levy, less allowances. For fiscal year 2012, property tax revenue on the statement of activities (on the accrual basis) and property tax revenue on the statement of revenue, expenditures, and changes in fund balances (on the modified accrual basis) have been left as equal since actual revenue recognition differences are immaterial.

d. Tax Bills

Illinois statutes require the payment of property taxes in two installments due June 1 and September 1 and require that tax bills be mailed 30 days prior to the first installment. Property tax bills mailed in 2012 were based on equalized assessed value as of January 1, 2011 and on tax levies set in December 2011.

e. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. In 2011, all property taxes were distributed by November 13. Interest earned on taxes before distribution goes to the local governments.

**6. Property Taxes Receivable**

Property taxes receivable for the governmental funds consists of property taxes levied in 2011, for which a legal claim exists in 2012. The revenue associated with up to fifty percent of the 2011 levy is recognized in the governmental funds if received within the fiscal year. The property taxes received beyond fiscal year end are deferred until the next fiscal year end. A summary of property taxes receivable by fund type at June 30, 2012 is shown below:

Fund Type	Property Taxes Levied and for TIF Districts	Property Taxes Receivable	Deferred Revenue
General	\$ 11,263,554	\$ 5,469,838	\$ 5,631,777
Special Revenue:			
Non-TIF	6,517,985	3,165,990	3,251,173
TIF	2,878,591	1,439,295	1,439,295
Capital Projects	2,739,248	1,322,234	1,369,624
Total	<u>\$ 23,399,378</u>	<u>\$ 11,397,357</u>	<u>\$ 11,691,869</u>

Based on past collection experience, the City has applied no allowance for doubtful collections against the property tax receivable as the estimated allowance is considered immaterial by the City's management.

**7. Unearned and Deferred Revenue**

Unearned revenue on the Statement of Net Assets at June 30, 2012 consists of the following:

Unearned Property Taxes	\$ 294,512
Unearned Parking Revenue	3,960
Unearned Grant Revenue	82,755
Unearned Other Revenue	15,000
Total	<u>\$ 396,227</u>

Deferred revenue on the Balance Sheet – Governmental Funds at June 30, 2012 consists of the following:

Deferred Property Taxes	\$ 11,691,869
Unearned Other Revenue	97,755
Total	<u>\$ 11,789,624</u>

**8. Capital Assets**

*Governmental Activities*

Governmental capital asset activity for the year ended June 30, 2012 was as follows:

	June 30, 2011	Additions	Deductions	June 30, 2012
<b>Non-Depreciable</b>				
<b>Capital Assets:</b>				
Land	\$ 98,108,058	\$ 2,172,206	\$ 19,156	\$ 100,261,108
Construction in Progress	18,409,542	6,713,362	8,223,657	16,899,247
	<u>116,517,600</u>	<u>8,885,568</u>	<u>8,242,813</u>	<u>117,160,355</u>
<b>Depreciable</b>				
<b>Capital Assets:</b>				
Buildings	47,510,000	400,162	-	47,910,162
Land Improvements Improvements and Equipment	1,242,518	-	-	1,242,518
Infrastructure	24,329,510	2,320,154	1,357,938	25,291,726
	449,331,951	10,896,265	2,077,791	458,150,425
	<u>522,413,979</u>	<u>13,616,581</u>	<u>3,435,729</u>	<u>532,594,831</u>
<b>Less: Accumulated</b>				
<b>Depreciation:</b>				
Buildings	14,573,799	1,531,165	-	16,104,964
Land Improvements Improvements and Equipment	186,363	62,121	-	248,484
Infrastructure	16,338,523	2,414,134	1,348,995	17,403,662
	234,931,657	14,308,999	1,809,397	247,431,259
	<u>266,030,342</u>	<u>18,316,419</u>	<u>3,158,392</u>	<u>281,188,369</u>
<b>Total Depreciable Capital Assets</b>	<u>256,383,637</u>	<u>(4,699,838)</u>	<u>277,337</u>	<u>251,406,462</u>
<b>Total Capital Assets</b>	<u>\$ 372,901,237</u>	<u>\$ 4,185,730</u>	<u>\$ 8,520,150</u>	<u>\$ 368,566,817</u>

Depreciation expense was charged to governmental activities for fiscal year 2012 as follows:

General Government	\$ 471,121
Culture and Recreation	1,880,860
Public Safety	846,643
Public Workks	15,112,801
Public Health and Welfare	4,994
	<u>\$ 18,316,419</u>

*Business-Type Activities*

Business-type capital asset activity for the year ended June 30, 2012 was as follows:

	June 30, 2011	Increases	Decreases	June 30, 2012
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 5,951,418	\$ -	\$ -	\$ 5,951,418
Construction in Progress	881,370	-	881,370	-
	<u>6,832,788</u>	<u>-</u>	<u>881,370</u>	<u>5,951,418</u>
<b>Depreciable Capital Assets:</b>				
Buildings	12,468,509	-	-	12,468,509
Improvements and Equipment	1,015,457	73,894	-	1,089,351
Parking Meters	721,235	-	-	721,235
Infrastructure	49,715,849	2,328,786	496,837	51,547,798
	<u>63,921,050</u>	<u>2,402,680</u>	<u>496,837</u>	<u>65,826,893</u>
<b>Less: Accumulated Depreciation:</b>				
Buildings	686,425	311,713	-	998,138
Improvements and Equipment	728,078	45,847	-	773,925
Parking Meters	296,570	34,378	-	330,948
Infrastructure	12,530,581	770,500	319,133	12,981,948
	<u>14,241,654</u>	<u>1,162,438</u>	<u>319,133</u>	<u>15,084,959</u>
<b>Total Depreciable Capital Assets</b>	<u>49,679,396</u>	<u>1,240,242</u>	<u>177,704</u>	<u>50,741,934</u>
<b>Total Capital Assets</b>	<u>\$ 56,512,184</u>	<u>\$ 1,240,242</u>	<u>\$ 1,059,073</u>	<u>\$ 56,693,352</u>

Depreciation Expense was charged to business-type activities as follows:

Parking	\$ 490,488
Sewer	671,950
Total Depreciation	<u>\$ 1,162,438</u>

## 9. Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities of the governmental activities for the year ended June 30, 2012:

	June 30, 2011	Issued	Retired	June 30, 2012	Due Within One Year
General Obligation					
Bonds	\$ 64,735,000	\$ -	\$ 2,595,000	\$ 62,140,000	\$ 3,430,000
IEPA Loan Payable	-	107,499	-	107,499	-
Claims Payable	2,314,610	2,363,027	1,557,097	3,120,540	3,120,540
Accrued Compensated					
Absences	4,919,826	4,123,426	4,098,435	4,944,817	988,963
Net Other Post-					
Employment Liability	2,443,809	1,098,024	222,362	3,319,471	-
Net Pension Obligation	2,030,518	3,339,071	3,821,175	1,548,414	-
Landfill Closure and					
Post-Closure Liability	717,867	-	30,807	687,060	87,060
Unamortized Bond					
Premiums	171,954	-	20,599	151,355	20,599
Total Long-					
Term Debt	<u>\$ 77,333,584</u>	<u>\$ 11,031,047</u>	<u>\$ 12,345,475</u>	<u>\$ 76,019,156</u>	<u>\$ 7,647,162</u>

Claims payable are considered to be current liabilities because the liability includes known claims that management expects to liquidate within the next fiscal year.

The following is a summary of changes in the City's long-term liabilities of the business-type activities for the year ended June 30, 2012:

	June 30, 2011	Issued	Retired	June 30, 2012	Due Within One Year
General Obligation					
Bonds	\$ 12,700,000	\$ -	\$ -	\$ 12,700,000	\$ 485,000
IEPA Loans Payable	346,486	1,047,625	77,487	1,316,624	115,615
Unamortized Bond					
Premiums	315,013	-	22,156	292,857	22,155
Accrued Compensated					
Absences	179,272	165,450	138,254	206,468	41,294
Total Long-					
Term Debt	<u>\$ 13,540,771</u>	<u>\$ 1,213,075</u>	<u>\$ 237,897</u>	<u>\$ 14,515,949</u>	<u>\$ 664,064</u>

Payments on long-term liabilities are made as follows: the Debt Service Fund and Parking Fund retire the general obligation bonds; payments on the IEPA Loans are made by the Sewer Fund; compensated absences for the governmental activities are liquidated by all funds with payroll expenditures; net other post-employment liability and net pension obligation costs are expended primarily by the General Fund; landfill closure and post-closure liability costs are expended in the Capital Improvements Fund.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end, \$98,347 of internal service funds compensated absences are included in the above governmental activities amounts.

## 10. Long-Term Debt

### *General Obligation Bonds*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding as of June 30, 2012 are as follows:

Issue	Fund Debt Retired By	June 30, 2011	Issuances	Retirements	June 30, 2012
\$2,915,000 General Obligation Bonds of 2004A, due in annual installments of \$20,000 to \$445,000, plus interest at 5.00 percent through maturity on January 1, 2024	Debt Service	\$ 2,915,000	\$ -	\$ -	\$ 2,915,000
\$4,900,000 General Obligation Demand Bonds of 2004B, due in annual installments of \$105,000 to \$435,000, plus variable rate of interest through maturity on December 1, 2020	Debt Service	1,075,000	-	-	1,075,000
\$24,015,000 General Obligation Bonds of 2005, due in annual installments of \$155,000 to \$1,765,000, plus interest at 3.25 percent to 4.375 percent through maturity on December 15, 2025	Debt Service	21,505,000	-	1,245,000	20,260,000
\$7,025,000 General Obligation Refunding Bonds of 2007A, due due in annual installments of \$355,000 to \$1,115,000, plus interest at 3.75 percent to 6.00 percent through maturity on December 15, 2023	Debt Service	7,025,000	-	-	7,025,000

Issue	Fund Debt Retired By	June 30, 2011	Issuances	Retirements	June 30, 2012
\$9,280,000 General Obligation Refunding Bonds of 2009, due in annual installments of \$795,000 to \$1,420,000, plus interest at 2.00 percent to 2.75 percent through maturity on December 15, 2016	Debt Service	6,595,000	-	1,350,000	5,245,000
\$25,620,000 General Obligation (Build America) Bonds of 2010, due in annual installments of \$515,000 to \$2,670,000, plus interest ranging from 2.00 percent to 5.60 percent through maturity on December 15, 2029, with sinking fund requirements for years 2020 through 2024	Debt Service	25,620,000	-	-	25,620,000
\$2,750,000 General Obligation Bonds of 2007B, due in annual installments of \$255,000 to \$710,000, plus interest at 3.75 percent through maturity on December 15, 2016	Parking	2,750,000	-	-	2,750,000
\$9,950,000 General Obligation Bonds of 2008, due in annual installments of \$440,000 to \$1,415,000, plus interest at 4.00 percent to 5.75 percent through maturity on December 15, 2027	Parking	9,950,000	-	-	9,950,000
Total		<u>\$ 77,435,000</u>	<u>\$ -</u>	<u>\$ 2,595,000</u>	<u>\$ 74,840,000</u>

*IEPA Loans Payable*

The City has loans from the Illinois Environmental Protection Agency (IEPA) that provided low interest financing for sewerage and drainage improvements. IEPA loans outstanding at June 30, 2012 are as follows:

Issue	Fund Debt Retired By	June 30, 2011	Issuances	Retirements	June 30, 2012
\$384,071 loan due March 1, 2015, at 3.015 percent payable semi-annually	Sewer	\$ 98,011	\$ -	\$ 23,414	\$ 74,597
\$741,188 loan due August 16, 2016, at 2.815 percent payable semi-annually	Sewer	248,475	-	42,383	206,092
\$514,456 loan due June 23, 2031, at 1.25 percent payable semi-annually	Sewer	-	514,456	11,690	502,766
\$533,169 loan due August 28, 2031, at 1.25 percent payable semi-annually	Sewer	-	533,169	-	533,169
\$107,499 loan due June 29, 2032, at 1.25 percent payable semi-annually	Governmental	-	107,499	-	107,499
		<u>\$ 346,486</u>	<u>\$ 1,155,124</u>	<u>\$ 77,487</u>	<u>\$ 1,424,123</u>

The City has one loan from IEPA that is open for the City to continue borrowing up to a total of \$726,357. Under the terms of the loan, the City does not repay 25 percent of the principal borrowed, which would be \$181,589 if the full amount is borrowed. The City recognizes this portion of the loan as grant revenue as it is utilized. The first payment is due when the loan is substantially closed and approved by IEPA. The note payable matures on June 29, 2032. At June 30, 2012, the City recorded grant revenue of \$181,589 in fiscal year 2012 and a liability of \$107,499 for outstanding principal related to this note as shown above. At June 30, 2012, \$437,269 remains available to borrow in future fiscal years.

*Demand Bonds*

The 2004B General Obligation Bonds are demand bonds.

### *Interest*

For fiscal year 2012, total interest incurred and expensed/expended by the governmental activities/governmental funds was \$2,580,612 and total interest expense incurred and expensed by the enterprise funds was \$546,224.

### *Landfill Closure and Post-Closure*

The City's old landfill, known as the Old Champaign Landfill, is not officially closed; however, the estimated costs to be incurred for certain modifications to the site to enable it to be closed under EPA standards as of June 30, 1997 were estimated to be \$3,000,000 and expected to be incurred over a four-year period beginning in calendar year 1998. After the site is closed, the City will also be required to maintain the site for 15 years, with an estimated annual cost of \$50,000. The maintenance would include testing of water quality and inspection of vegetation, drainage and site security. At June 30, 2012, the estimated remaining liability is \$687,060. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimates were based on a closure and post-closure care plan prepared by an environmental engineering firm and were allocated based on landfill capacity.

Total capacity of the landfill has been used and therefore, the landfill has no remaining useful life. The City has applied GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*, and has included the liability for the estimated costs to close and maintain the landfill.

### *Legal Debt Margin*

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. That section states:

“The General Assembly may limit the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness, which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality and thus is not currently subject to a statutory debt limit.

### *Industrial Development Revenue Bonds/Private Activity Bonds*

The issuance of Industrial Development Revenue Bonds/Private Activity Bonds by the City is to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, equipping, betterment, or extension of any economic development project in order to encourage economic development within or near the City.

Industrial Development Revenue Bonds/Private Activity Bonds are not a debt of the City. The entity using the bond proceeds to finance a construction or improvement project is liable for the bonds. Since the City does not act as an agent for Industrial Development Revenue Bonds, the transactions relating to the bonds and property do not appear in the City's financial statements. The amount outstanding at year end is not readily determinable.

In March 2012, the City Council approved the ceding of 2012 private activity bond authority to the Eastern Illinois Economic Development Authority with a cap amount of \$7,700,225.

*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		General Obligation Bonds		IEPA Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,430,000	\$ 2,528,969	\$ 485,000	\$ 523,369	\$ 115,614	\$ 20,365
2014	4,065,000	2,438,619	635,000	502,369	118,183	17,796
2015	3,390,000	2,326,076	710,000	477,150	120,817	15,163
2016	3,510,000	2,207,389	665,000	451,369	97,127	12,659
2017	3,510,000	2,073,608	1,225,000	406,231	74,553	10,692
2018	3,050,000	1,942,945	1,345,000	339,938	50,984	9,720
2019	4,160,000	1,800,526	1,330,000	279,712	51,624	9,081
2020	4,230,000	1,631,873	1,415,000	224,813	52,271	8,434
2021	3,495,000	1,470,303	1,220,000	172,112	52,926	7,778
2022	3,930,000	1,308,763	440,000	138,913	53,590	7,115
2023	4,265,000	1,129,096	470,000	120,712	54,262	6,443
2024	4,420,000	938,658	490,000	101,513	54,942	5,762
2025	3,690,000	760,374	520,000	81,312	55,631	5,073
2026	3,825,000	588,344	545,000	60,013	56,329	4,376
2027	2,080,000	444,160	585,000	37,266	57,035	3,669
2028	2,020,000	336,060	620,000	12,710	57,750	2,954
2029	2,400,000	215,520	-	-	58,474	2,230
2030	2,670,000	74,760	-	-	59,208	1,497
2031	-	-	-	-	59,950	755
2032	-	-	-	-	15,354	96
<b>Total</b>	<b>\$ 62,140,000</b>	<b>\$ 24,216,043</b>	<b>\$ 12,700,000</b>	<b>\$ 3,929,502</b>	<b>\$ 1,316,624</b>	<b>\$ 151,658</b>

Subsequent to June 30, 2012, the City refinanced two General Obligation Bond issuances: the 2004A Bonds and a portion of the 2005 Library Bonds. As of June 30, 2012, future bond principal and interest payments, included in the table above, for the 2004A Bonds and 2005 Library Bonds are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Total
	Principal	Interest	
2013	\$ 1,300,000	\$ 944,931	\$ 2,244,931
2014	1,405,000	896,406	2,301,406
2015	1,490,000	842,344	2,332,344
2016	1,610,000	781,956	2,391,956
2017	1,455,000	719,406	2,174,406
2018-22	8,420,000	2,613,163	11,033,163
2023-26	7,495,000	651,853	8,146,853
Total	<u>\$ 23,175,000</u>	<u>\$ 7,450,059</u>	<u>\$ 30,625,059</u>

Subsequent to the refinancing, future bond principal and interest payments for the remaining portion of the 2005 Library Bonds and the 2012 refinancing bond are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Total
	Principal	Interest	
2013	\$ 1,310,000	\$ 694,686	\$ 2,004,686
2014	1,405,000	682,806	2,087,806
2015	1,600,000	630,519	2,230,519
2016	1,720,000	573,556	2,293,556
2017	1,555,000	515,331	2,070,331
2018-22	8,860,000	1,668,538	10,528,538
2023-26	7,590,000	304,741	7,894,741
Total	<u>\$ 24,040,000</u>	<u>\$ 5,070,177</u>	<u>\$ 29,110,177</u>

## 11. Restricted Net Assets

At June 30, 2012, the City had restricted net assets for the following purposes:

Restricted Due to Enabling Legislation:

Unspent Tax Levies	\$ 449,002
Culture and Recreation	1,043,124
Public Health and Welfare	2,530,835
Public Safety	399,636
Public Works	20,617,409
Debt Service	4,553,715
Capital Projects	2,201,395
Total	<u><u>\$ 31,795,116</u></u>

## 12. Non-Spendable, Restricted, Committed, and Deficit Fund Equity

### a. Non-Spendable, Restricted, and Committed

In the fund financial statements, governmental funds report non-spendable, restrictions of, and commitments of fund balance for amounts that are not available for appropriation, are restricted by outside parties for use for a specific purpose, or are committed for a specific purpose by an action of the City Council, respectively. As of June 30, 2012, such fund balances are composed of the following:

	General Fund	Other Major Governmental Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Non-Spendable:</b>				
Prepaid Items	\$ 84,928	\$ -	\$ -	\$ 84,928
<b>Restricted:</b>				
Public Safety	-	-	399,636	399,636
Library Improvements	-	-	123,793	123,793
Tax Levy Expenditures	-	-	775,142	775,142
Housing Development	-	-	862,483	862,483
Neighborhood Revitalization	-	-	2,180,363	2,180,363
Cultural and Recreation	-	1,043,124	-	1,043,124
Capital Projects	-	15,344,712	2,499,937	17,844,649
Debt Service	-	4,553,715	-	4,553,715
	<u>-</u>	<u>20,941,551</u>	<u>6,841,354</u>	<u>27,782,905</u>
<b>Committed:</b>				
Campustown Improvements	-	-	4,470,634	4,470,634
Vehicles and Equipment	-	-	7,763,120	7,763,120
General Government	1,100,070	-	-	1,100,070
Public Safety	677,583	-	-	677,583
Housing Development	449,574	-	-	449,574
Other Capital Projects	3,702,517	1,309,219	-	5,011,736
	<u>5,929,744</u>	<u>1,309,219</u>	<u>12,233,754</u>	<u>19,472,717</u>
Total Non-Spendable, Restricted, and Committed	<u><u>\$ 6,014,672</u></u>	<u><u>\$ 22,250,770</u></u>	<u><u>\$ 19,075,108</u></u>	<u><u>\$ 47,340,550</u></u>

**b. Deficit Fund Equity**

At June 30, 2012, the following funds had deficit fund equity:

- UC2B Fund - \$111,568
- ARRA Grant Fund - \$1,223,465
- Environmental Services Fund - \$71,723

These deficits are expected to be eliminated in fiscal year 2013.

**13. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables consist of the following as of June 30, 2012:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General	Fleet Services	\$ 127,468
General	Non-Major Proprietary	69,691
Non-Major Governmental	Non-Major Governmental	1,210,743
Total Interfund Balances		<u>\$ 1,407,902</u>

Interfund advances are made to cover short-term shortfalls in cash balances as needed in various funds. Management of the City expects all interfund balances to be repaid within the next fiscal year.

Interfund transfers made during the year ended June 30, 2012 are summarized below:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Champaign Public Library	\$ 258,721
General	Parking	150,000
General	Sewer	(17,619)
General	Non-Major Governmental	2,264,075
General	Workers Compensation	73,500
Stormwater Management	General	3,595,645
Stormwater Management	Debt Service	4,166,030
Capital Improvements	General	4,000,332
Debt Service	General	2,704,622
Debt Service	Stormwater Management	2,055,378
Debt Service	Capital Improvement	156,475
Debt Service	Non-Major Governmental	748,525
Non-Major Governmental	General	1,747,140

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Non-Major Governmental	Parking	20,894
Non-Major Governmental	Sewer	107,516
Non-Major Governmental	Non-Major Governmental	19,217
Non-Major Governmental	Fleet Services	18,943
Parking	Non-Major Governmental	200,000
Total Interfund Transfers		<u>\$ 22,269,394</u>

Transfers are used to:

- Move revenues from the fund that a statute or the City budget requires collection in to the fund that a statute or the City budget requires expenditure from
- Move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due
- Utilize unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

#### **14. Risk Management**

The City is exposed to various risks of loss due to torts, theft, damage to assets, errors and omissions, natural disasters, and injuries to City employees. The City is self-insured and accounts for losses and risk management expenses in two internal service funds, the Retained Risk Fund and the Workers Compensation Fund.

Retained Risk Fund – The City’s risk management program for general liabilities encompasses a wide range of City activities, and the City has elected to retain all exposure to risk of loss up to \$250,000 with an aggregate limit of \$5,000,000 for public officials and \$10,000,000 for all other liability types arising out of the normal course of the City’s activities.

Workers Compensation Fund – The City has an agreement with a third-party to provide claims administration and adjustment services for the City’s self-insured workers’ compensation plan. Under this plan, the City is self-insured up to \$600,000 per occurrence with no aggregate limit and has supplemental per-occurrence coverage with a commercial carrier for all amounts over \$600,000.

A claim liability is recorded in these funds when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred and reported. An estimate is not provided for incurred but not reported claims and the estimated claims do not include incremental claim adjustment expenses.

The claims liability is not an exact amount as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims trends, and

other economic and social factors. The ultimate outcome is not determinable in relation to claims for which a liability has been recorded in these internal services funds at June 30, 2012. It is the opinion of the City's management that resolution of these matters will not have a significant impact beyond the liabilities recorded at June 30, 2012. The amount of settlements in both funds did not exceed insurance coverage in fiscal year 2012 or the previous two fiscal years.

Changes in the claim liability amounts in fiscal years 2012 and 2011 were as follows:

	2012		2011	
	Retained Risk	Workers' Compensation	Retained Risk	Workers' Compensation
Claims Liability - July 1	\$ 224,055	\$ 2,090,555	\$ 408,265	\$ 1,609,210
Claims Incurred	314,676	2,048,351	274,182	1,860,706
Claims Paid	<u>(307,258)</u>	<u>(1,249,839)</u>	<u>(458,392)</u>	<u>(1,379,361)</u>
Claims Liability - June 30	<u>\$ 231,473</u>	<u>\$ 2,889,067</u>	<u>\$ 224,055</u>	<u>\$ 2,090,555</u>

## 15. Contingent Liabilities

### *Litigation*

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### *Grants*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

## 16. Joint Ventures

### *Champaign-Urbana Solid Waste Disposal System*

The City participates in the Champaign-Urbana Solid Waste Disposal System (CUSWDS), which consists of the cities of Champaign and Urbana. CUSWDS operated a sanitary landfill for the disposal of the solid waste generated in the metropolitan area

with revenue derived primarily from user charges.

The co-directors of CUSWDS are the City Manager of the City of Champaign and the Mayor of Urbana who have equal voting rights with respect to the operations of the landfill. The annual operating budget of the landfill is approved by both City Councils.

Effective June 1, 1987, CUSWDS ceased operations, however, it is responsible for overseeing the closing and maintenance of the landfill site until the year 2018. Financial participation in CUSWDS is based on the relative populations of Champaign and Urbana. Champaign is responsible for 61.8 percent and Urbana is responsible for 38.2 percent of the CUSWDS's obligations.

Separate financial statements are available for CUSWDS by contacting the City of Urbana, Illinois, Finance Department (Lead Agency) at 400 South Vine, Urbana, Illinois 61801. Summary financial information for CUSWDS as of and for the year ended June 30, 2012 is as follows:

Total Assets	<u>\$ 168,832</u>	Total Revenues	\$ 41,539
		Total Expenses	<u>25,530</u>
Total Liabilities	\$ 33,178	Net Income (Loss)	16,009
Total Equity	<u>135,654</u>	Total Equity - July 1	<u>119,645</u>
Total Liabilities and Equity	<u>\$ 168,832</u>	Total Equity - June 30	<u>\$ 135,654</u>

#### *HOME Program*

Federal HOME Investment Partnership Act (HOME) funds have been granted to the Urbana Consortium for affordable housing activities. The Urbana Consortium consists of the City of Urbana, the City of Champaign, and Champaign County. Urbana serves as the lead agency of the Urbana Consortium. As such, Urbana is responsible for reporting to the Department of Housing and Urban Development (HUD) and ensuring that all HOME expenditures meet HUD guidelines. A small part of the fund is used to pay Consortium administrative expenses incurred by Urbana and expenses related to HOME-funded activities in Urbana, Champaign, and Champaign County.

HUD regulations require that each year's grant funds be contractually obligated within two years of the grant award and spent within five years. Thus, closeout of the fiscal years 2008 through 2012 allocations is not expected until the years 2013 through 2017, respectively.

Federal regulations require the set-aside of HOME funds for exclusive use by certain private non-profit organizations known as community housing development organizations (CHDO). The set-aside is calculated as 15 percent of each year's grant.

The CHDO set-aside funds are allocated by consensus of Urbana, Champaign, and Champaign County. The Consortium currently recognizes and funds three CHDO's, the Homestead Corporation, the Illinois Center for Citizen Involvement, and Habitat for Humanity of Champaign County.

Separate financial statements are available for the HOME program by contacting the Finance Department of the City of Urbana, Illinois (Lead Agency) at 400 South Vine, Urbana, Illinois 61801. Summary financial information for the HOME Program as of and for the year ended June 30, 2012 is as follows:

Total Assets	<u>\$ 56,197</u>	Total Revenues	\$ 1,031,379
		Total Expenses	<u>1,031,379</u>
Total Liabilities	\$ 56,197	Net Income (Loss)	-
Total Equity	<u>-</u>	Total Equity - July 1	<u>-</u>
Total Liabilities and Equity	<u>\$ 56,197</u>	Total Equity - June 30	<u>\$ -</u>

#### *Metropolitan Computer Aided Dispatch*

The City participates in the Metropolitan Computer Aided Dispatch (METCAD) agency, which consists of the cities of Champaign and Urbana, Champaign County, and the University of Illinois. METCAD is a consolidated metropolitan emergency dispatching service, with revenues derived primarily from service charges. The METCAD Policy Board consists of two representatives from each member. One of the two representatives is designated as an "administrative representative" and the other is an employee of a member police or fire department. The Board also includes a representative from a rural fire protection district and a representative from a village police department. The annual operating budget must be unanimously approved by all the administrative representatives of the members. The City of Champaign is the lead agency, and is therefore responsible for the overall administrative operation of METCAD. METCAD participates in the City's risk management program and bargaining unit contracts. Each member is responsible for a pro-rata share of METCAD's operating budget and expenses based on a cost-sharing formula established by the members and approved annually by a unanimous vote of the administrative representatives of the members.

Separate financial statements are available for METCAD by contacting City of Champaign, Illinois Finance Department (Lead Agency) at 102 North Neil Street, Champaign, Illinois 61820. Summary financial information for METCAD as of and for the year ended June 30, 2012 is as follows:

Total Assets	<u>\$ 10,202,137</u>	Total Revenues	\$ 4,010,612
Total Liabilities	\$ 358,627	Total Expenses	<u>4,480,962</u>
Total Equity	<u>9,843,510</u>	Net Income (Loss)	(470,350)
Total Liabilities and Equity	<u>\$ 10,202,137</u>	Total Equity - July 1	<u>10,313,860</u>
		Total Equity - June 30	<u>\$ 9,843,510</u>

**17. Related Party Transactions**

The Library Improvement Fund, a non-major capital projects fund, has recorded miscellaneous income of \$200,000 for the year ended June 30, 2012 received from the Champaign Public Library Foundation, a discretely presented component unit of the City. The payment was a partial reimbursement of the City’s funding for the new Library Building.

The Champaign Public Library Fund, a major special revenue fund, provided donated services to the Foundation. Donated services consist of salaries of Library personnel assigned to perform management and fund raising services for the Foundation. For the year ended June 30, 2012, the amount contributed and included as in-kind revenue and expense in the financial statements of the Foundation totaled \$90,537.

The Foundation provided financial support to the Champaign Public Library Fund for its programs and materials acquisitions. The total revenue from the Foundation recorded by the Champaign Public Library Fund for the year ended June 30, 2012 was \$155,623.

**18. Defined Benefit Pension Plans**

The City contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), the Sheriff’s Law Enforcement Personnel Fund (SLEP), the Police Pension Plan, and the Firefighters’ Pension Plan.

*Illinois Municipal Retirement System – City Excluding Town of the City of Champaign Township Employees*

Plan Description - The City’s defined benefit pension plan for regular employees (other than those covered by the Police or Firefighters’ pension funds) provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

Funding Policy - As set by statute, the City's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 11.28 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For the fiscal year ending June 30, 2012, the City's annual pension cost of \$2,182,368 for the regular plan was equal to the City's required and actual contributions.

**Three-Year Trend Information for the Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 2,182,368	100%	\$ -
6/30/11	2,221,754	100%	-
6/30/10	1,890,925	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress - As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 78.48 percent funded. The actuarial accrued liability for benefits was \$60,708,987 and the actuarial value of assets was \$47,646,234, resulting in an underfunded actuarial accrued (UAAL) of \$13,062,753. The covered payroll for calendar 2011 (annual payroll of active employees covered by the plan) was \$19,783,899 and the ratio of the UAAL to the covered payroll was 66 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information

about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Illinois Municipal Retirement System – Town of the City of Champaign Township (the Township) Employees*

*Plan Description* – The Township’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy* – As set by statute, the Township’s Regular Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the Township was 9.49 percent of annual covered payroll because IMRF allowed a lower rate to phase-in the rate increase. The employer annual required contribution rate for calendar year 2011 was 11.58 percent. In future years, the Township will contribute the full employer annual required rate instead of the lower phase-in rate. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost* – For fiscal year ending June 30, 2012, the Township’s actual contribution for pension cost for the Regular Plan members was \$27,528. The Township’s required contribution for fiscal year 2012 was \$34,163.

**Three-Year Trend Information for the Regular Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 34,163	81%	\$ 8,048
6/30/11	28,347	98%	1,413
6/30/10	24,352	97%	713

The City has not recorded the immaterial net pension obligation on the government-wide financial statements as management expects to reduce this obligation to \$0 in fiscal year 2013.

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial

assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of the Township's Regular Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The Township's Regular Plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress* - As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 80.64 percent funded. The actuarial accrued liability for benefits was \$1,043,411 and the actuarial value of assets was \$841,376, resulting in an underfunded actuarial accrued liability (UAAL) of \$202,035. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$308,586 and the ratio of UAAL to the covered payroll was 65 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Township provides no other postemployment benefits to employees.

#### *Sheriff's Law Enforcement Personnel Fund*

*Plan Description* - The City's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

*Funding Policy* - As set by statute, the City's Sheriff's Law Enforcement Personnel Fund members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 18.50 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost* - For the fiscal year ending June 30, 2012, the City's annual

pension cost of \$21,698 for the regular plan was equal to its employer's required and actual contributions.

**Three-Year Trend Information for the Fund**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 21,698	100%	\$ -
6/30/11	26,158	100%	-
6/30/10	25,293	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the City's Sheriff's Law Enforcement Personnel Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer Sheriff's Law Enforcement Personnel Plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress - As of December 31, 2011, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel Plan was 61.22 percent funded. The actuarial accrued liability for benefits was \$416,808 and the actuarial value of assets was \$255,154, resulting in an underfunded actuarial accrued (UAAL) of \$161,654. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$143,380 and the ratio of the UAAL to the covered payroll was 113 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Police Pension Plan*

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City's funding of the plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan's separately issued report.

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois Legislature. The City accounts for the plan as a pension trust fund. The Police Pension Plan issues a separate report containing audited financial statements, disclosures, and required supplementary information. Contact information for the Police Pension Fund is available at the Fund's website: <http://Champaignpolicepensionfund.org/index.html>.

At June 30, 2012 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits and Terminated Employees entitled to benefits but not yet receiving them	103
Current Employees:	
Vested	83
Non-Vested	39
Total Membership	225

*Plan Description* – The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to 50 percent of the salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus lesser of 1/2 of the annual change in the Consumer Price Index or 3

percent compounded. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit.

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

*Funding Policy* – Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. Effective January 2, 2011, the City has until the year 2040 to fund 90 percent of the past service cost for the Plan.

*Annual Pension Cost* – For the fiscal year ending June 30, 2012, the City contributed an amount in excess of the annual pension cost of \$2,745,266.

**Three-Year Trend Information for the Pension Plan**

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 2,745,266	150%	\$ (13,280,523)
2011	2,755,582	144%	(11,917,126)
2010	2,413,846	139%	(10,794,477)

The pension liability (asset) for the Police Pension Plan is as follows:

Annual Required Contribution (ARC)	\$ 2,893,465
Interest on the NPO	(834,199)
Adjustment to the ARC	686,000
Annual Pension Cost	2,745,266
Actual Contribution	4,108,663
Increase to the NPO	(1,363,397)
Beginning of Year NPO	(11,729,438)
Change in June 30, 2011 Estimate	(187,688)
End of Year NPO	<u>\$ (13,280,523)</u>

The required contribution for 2012 was determined as part of the July 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2011 included (a) 7.00 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year,

attributable to inflation, and (c) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the Police Pension Plan’s assets was determined using techniques that spread the effects of short-term volatility in the market value of investments. The Plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis through 2020. The remaining amortization period at the July 1, 2011 valuation was 9 years.

*Funded Status and Funding Progress* – As of July 1, 2011, the most recent actuarial valuation date, the Police Pension Plan was 73.0 percent funded. The actuarial accrued liability for benefits was \$91,320,000 and the actuarial value of assets was \$66,623,613 resulting in an underfunded actuarial accrued (UAAL) of \$24,696,387. The covered payroll (annual payroll of active employees covered by the plan) was \$8,669,724 and the ratio of the UAAL to the covered payroll was 284.9 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

*Firefighters’ Pension Plan*

The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and contribution requirements of the plan members and the City are governed by Illinois Compiled Statutes (ILCS) and may only be amended by the Illinois legislature. Administrative costs are financed through investment earnings. The City accounts for the plan as a pension trust fund. The Firefighters’ Pension Plan issues a separate report containing audited financial statements, disclosures, and required supplementary information, which may be obtained by writing to the City at 102 North Neil Street, Champaign, Illinois 61820.

At June 30, 2012, the Firefighters’ Pension Plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	76
Active Plan Members:	
Vested	77
Non-Vested	20
Total Membership	<u>173</u>

Plan Description - The following is a summary of the Firefighters’ Pension Plan as provided for in ILCS.

The Fund provides retirement, disability, and death benefits, as well as automatic annual cost of living adjustments, to plan members and their beneficiaries under two tiers.

Covered employees under Tier 1 (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75 percent of such salary. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retires after January 1, 1977, shall, upon either the first of the month following the first anniversary of the date of retirement if 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, be increased by one-twelfth of 3 percent of the originally granted monthly pension for each full month that has elapsed since the pension began, and by an additional 3 percent in each January thereafter.

Covered employees under Tier 2 (those hired after January 1, 2011) attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent for each year of service times the final average salary. Final average salary means the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. The annual salary under tier 2 shall not exceed \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3 percent compounded. The annual pension shall be increased by 2.5 percent of such salary for each additional year over 20 years of service through 30 years of service, to a maximum of 75 percent of such salary. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 50 and receive a reduced benefit. The monthly pension of a firefighter shall be increased annually at age 60 on January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. The increase is the lesser of 3 percent or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

*Funding Policy* - Covered employees are required to contribute 9.455 percent of their base salary to the Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Fund as actuarially determined by an enrolled actuary. The City has adopted a policy to make contributions such that the past service cost for the Fund is fully funded by 2029. The City is presently amortizing a portion of this liability through the year 2020 and a smaller portion through 2029; this contribution method is above and beyond that required by the State.

*Annual Pension Cost* – For the fiscal year ending June 30, 2012, the City contributed an amount more than the annual pension cost of \$3,339,071.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 3,339,071	110%	\$ 1,548,414
2011	3,865,208	90%	2,030,518
2010	3,657,755	88%	1,651,709

The pension liability (asset) for the Firefighters' Pension Plan is as follows:

Annual Required Contribution (ARC)	\$ 3,459,609
Interest on the NPO	142,136
Adjustment to the ARC	<u>(262,674)</u>
Annual Pension Cost	3,339,071
Actual Contribution	<u>3,821,175</u>
Increase to the NPO	(482,104)
Beginning of Year NPO	2,030,518
Change in June 30, 2011 Estimate	-
End of Year NPO	<u><u>\$ 1,548,414</u></u>

The required contribution for 2012 was determined as part of the July 1, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2011 included (a) 7.0 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, and (c) cost-of-living adjustment at 3.0 percent compounded annually. The actuarial value of the Firefighters' Pension Plan's assets was determined using the market value method. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at the July 1, 2011 valuation was 11.5 years.

*Funded Status and Funding Progress* - As of July 1, 2011, the most recent actuarial valuation date, the Firefighters' Pension Plan was 78.2 percent funded. The actuarial accrued liability for benefits was \$75,351,909 and the actuarial value of assets was \$58,887,635 resulting in an underfunded actuarial accrued (UAAL) of \$16,464,274. The covered payroll (annual payroll of active employees covered by the plan) was \$7,091,001 and the ratio of the UAAL to the covered payroll was 232.2 percent.

Prior to July 1, 1993, the annual actuarial requirements had been based on a 40-year amortization from January 1, 1980 with level dollar payments. After July 1, 1993, the board adopted a policy of continuing to use a 40-year amortization from January 1, 1980 with level dollar payments. In May of 2005, the board adopted a policy to amortize the increase in unfunded liability due to the benefit increase enacted under Public Act 93-0689 over a 25-year period beginning July 1, 2004 with level dollar payments.

Thus, an annual actuarial requirement was determined for the year beginning July 1, 2009 using a period of 25 years from July 1, 2004 to amortize the increase in unfunded liability attributable to the benefit increases enacted under Public Act 93-0689 through level dollar payments. The balance of the unfunded liability will continue to be amortized over a 40 year period from January 1, 1980 through level dollar payments.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

*Summary of Significant Accounting Policies and Plan Asset Matters – Police and Firefighters’ Pension Plans*

➤ Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

➤ Methods Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments, if any, that do not have any established market are reported at estimated fair value.

➤ Significant Investments

At year-end, the Police Pension Fund has over 5 percent of net assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested as follows:

Goldman Sachs Financial Square Treasury Obligation Fund	<u>\$ 3,751,437</u>
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At year-end, the Firefighters’ Pension Fund has over 5 percent of net assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested as follows:

Met Life Group Annuity Contract	<u>\$ 10,036,834</u>
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➤ Related-Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

## 19. Other Post-Employment Benefit Plan

### *Plan Descriptions, Provisions, and Funding Policies*

In addition to providing the pension benefits described in other notes, the City provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's General Fund and the Champaign Public Library special revenue fund.

To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. All retirees contribute 100 percent of their premium cost of the plan. Active employees do not contribute to the plan until retirement.

At June 30, 2012, membership for purposes of the actuarial liability calculation consisted of:

Retirees and beneficiaries currently receiving benefits and terminated benefits and terminated employees entitled to benefits but not yet receiving them	69
Active Employees	458
Total	<u>527</u>
Participating Employers	<u><u>1</u></u>

The City does not currently have a funding policy for the OPEB Plan.

The City had a full actuarial valuation performed for the plan as of June 30, 2011 to determine the funded status of the plan as of that date as well as the employer's annual OPEB cost for the fiscal year ended June 30, 2011. An interim update of that actuarial analysis was done for June 30, 2012 to determine the OPEB cost for fiscal year 2012.

**Three-Year Trend Information for the Plan**

Fiscal Year Ending June 30	Annual OPEB Cost	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,098,024	20%	\$ 3,319,471
2011	1,108,842	18%	2,443,809
2010	1,094,511	31%	1,538,969

The net OPEB obligation (NOPEBO) as of June 30, 2012 was calculated as follows:

Annual Required Contribution	\$ 1,127,238
Interest on the NOPEBO	122,190
Adjustment to the ARC	<u>(151,404)</u>
Annual OPEB Cost	1,098,024
Actual Contribution	<u>222,362</u>
Increase in the NOPEBO	875,662
NOPEBO - July 1, 2011	<u>2,443,809</u>
NOPEBO - June 30, 2012	<u><u>\$ 3,319,471</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2012, was as follows:

Actuarial Accrued Liability (AAL)	\$ 10,611,693
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,611,693
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 29,825,063
AAL as a percent of Covered Payroll (Active Plan Members)	36%

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (including a 2.5 percent inflation assumption) and an annual healthcare cost trend rate of 9.0 percent with an ultimate rate of 5.0 percent after five years. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period used for the June 30, 2012 valuation was 30 years.

**20. Discretely Presented Component Unit**

The following notes are provided for the Library's component unit, Champaign Public Library Foundation:

**a. Nature of Organization**

The Champaign Public Library Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois to develop philanthropic support for the Champaign Public Library (the Library). The Foundation is considered a component unit of the Library under the accounting standards followed by the Library; however, the Foundation is a separate legal entity. The Foundation's only program relates to the support of the operational and capital needs of the Library that lack adequate funding through the Library's available resources.

The Foundation's major sources of revenue and support are contributions from donors and investment income.

**b. Summary of Significant Accounting Policies**

Following is a summary of the significant accounting policies of the Foundation:

1. The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of the Foundation and changes therein are classified and reported as follows:
  - *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations
  - *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board of Directors and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.
  - *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned for general or specific purposes.
2. Cash consists of deposits in checking accounts and money market accounts.
3. Investments are carried at fair market value based on quoted market prices in active markets. Unrealized gains and losses are included in the change in net assets.
4. Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:
  - Would typically need to be purchased by the Foundation if the services had not been provided by contribution
  - Require specialized skills
  - Are provided by individuals with those skills
5. Pledges receivable consists of unconditional promises to give to the Foundation. The carrying amount of pledges receivable may be reduced by a valuation allowance based on management's assessment of the collectability of specific pledge balances.

6. The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.
7. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
8. As of June 30, 2012, the federal and Illinois tax filings that fall within the applicable statutes of limitation remain open for review by tax authorities.
9. The Foundation's management has reviewed subsequent events through September 19, 2012, which is the date the financial statements were available to be issued.
10. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**c. Cash**

Cash at June 30, 2012 consists of the following:

Checking Accounts	\$ 21,583
Money Market Accounts	9,384
Total	\$ 30,967

At June 30, 2012, the Foundation's bank deposits total of \$21,580, which reconciled to the book balance of \$21,583, was held in one bank and was fully insured by federal deposit insurance. The Foundation's money market accounts are not insured.

**d. Investments**

Investments at June 30, 2012 consist of the following:

Mutual Funds	\$ 235,500
U.S. Government Securities	187,163
Common Stocks	170,710
Corporate Bonds	137,846
Municipal Government Securities	81,200
Mortgage Backed Securities	12,679
Total	\$ 825,098

Investment Income on the Statement of Activities consists of the following:

Interest Income	\$	20,986
Net Realized and Unrealized Gains and (Losses)		(21,745)
Dividends		9,126
Total	\$	<u>8,367</u>

**e. Pledges Receivable**

Pledges receivable consists of the following at June 30, 2012:

Current Portion	\$	15,138
Non-Current Portion - Receivable from 1 to 5 Years		10,000
Total	\$	<u>25,138</u>

All pledges receivable are considered collectible, thus no allowance for uncollectible pledges has been recorded. The Foundation has not discounted the non-current pledges as the estimated discount amount is immaterial.

**f. Unrestricted Net Assets**

Unrestricted net assets at June 30, 2012 consist of the following:

Board Designated:		
Endowment	\$	424,130
Schwartz Fund for Library Material		279,982
Undesignated		38,539
Total	\$	<u>742,651</u>

**g. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2012 are available for the following purposes:

Richard McDonald Endowment	\$	51,528
Friends of the Library		19,345
Children's Programming		16,191
R.D. Burnham Trust - Library Materials		9,003
J.F. Burnham Trust - Library Materials		8,948
Books Today		5,249
Grants		4,207
Art Fund		2,448
Read Me a Future		1,404
Read Me a Future		229
Total	\$	<u>118,552</u>

**h. Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2012 are held to generate income for the following purposes:

R.D. Burnham Trust - Library Materials	\$	10,000
J.F. Burnham Trust - Library Materials		10,000
Total	\$	<u>20,000</u>

**i. Endowments**

The Foundation has endowment funds established for the purpose of funding the acquisition of Library materials and to support Library programs. The endowments consist of donor-restricted funds as well as Board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management believes it is following the Uniform Prudent Management of Institutional Funds Act adopted by the State of Illinois based on consultations with an attorney. As a result, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the Foundation. The

Foundation has not yet developed a policy for the appropriation of endowment assets for expenditure.

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return a percentage equivalent with nationally recognized indexes for each investment category. Actual returns in any given year may vary from this objective. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and high quality fixed income securities to achieve its long-term return objectives within prudent risk parameters.

Endowment net asset composition by type of fund at June 30, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Donor-Restricted	\$ -	\$ 17,951	\$ 20,000	\$ 37,951
Unrestricted - Board Designated	424,130	-	-	424,130
Total	<u>\$ 424,130</u>	<u>\$ 17,951</u>	<u>\$ 20,000</u>	<u>\$ 462,081</u>

Changes in endowment funds for the year ended June 30, 2012 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment Net Assets, Beginning of Year	\$ 406,341	\$ 19,023	\$ 20,000	\$ 445,364
Contributions	30,446	-	-	30,446
Reclassification of Prior Year Contribution	5,000	-	-	5,000
Interest and Dividends	13,226	1,173	-	14,399
Net Appreciation (Depreciation)	(12,130)	(1,118)	-	(13,248)
Expenditures	(18,753)	(1,127)	-	(19,880)
Endowment Net Assets, End of Year	<u>\$ 424,130</u>	<u>\$ 17,951</u>	<u>\$ 20,000</u>	<u>\$ 462,081</u>

**j. Fair Value Measurements**

The fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Securities	<u>\$ 825,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,098</u>

Level 1 – Fair value measurements are based on quoted market prices in active markets for identical assets.

Level 2 – Fair value measurements are based on significant other observable inputs.

Level 3 – Fair value measurements are based on significant unobservable inputs.

There were no changes in the valuation techniques used for measuring fair value during the year ended June 30, 2012.

**k. Related Party Transactions**

The Champaign Public Library provided donated services to the Foundation. Donated services consist of salaries of Library personnel assigned to perform management and fund raising services for the Foundation. For the year ended June 30, 2012, the amount contributed and included as in-kind revenues totaled \$90,537. An equivalent expense is included in the Statement of Activities with \$22,889 in “Management and General” and \$67,648 in “Fund Raising”.

Program Services expense for the year ended June 30, 2012 includes \$200,000 paid to the City of Champaign as reimbursement of the City’s funding for the new Library Building. One seat on the Library’s Board of Directors always comes from the membership of the City of Champaign’s City Council. The remaining \$155,623 of program expense was monetary support provided to the Library for materials and programs.

**l. Concentrations**

Contributions from one donor (not related to the Foundation) accounted for \$36,950 or approximately 17 percent of the total support and revenue for the year ended June 30, 2012.

**21. Voluntary Separation Incentive Plan**

In March 2011, the City of Champaign began a voluntary separation incentive program (VSIP) for eligible employees. Eligible employees are certain non-bargaining unit and AFSCME employees. When an employee’s application is approved, he/she will receive a separation benefit equal to two weeks of pay for every year of service up to a maximum of \$45,000.

For the year ended June 30, 2012, the VSIP expense/expenditure was \$658,431. At June 30, 2012, the City had an accrued liability of \$28,272 included in the current accrued payroll. This liability is not discounted at June 30, 2012 as it is expected to be paid fully in fiscal year 2013.

**22. Construction Commitments**

Through the date of the independent auditors' report, the City has the following significant construction or repair project commitments. The expenditures/expenses for these commitments will be incurred mainly in fiscal year 2013 from capital project funds and the Sewer Fund:

<u>Purpose</u>	<u>Commitment</u>
North and South Fourth Street Extension Plan	\$ 5,325,378
Fiber Optic Connection	2,783,885
Staley Road	2,194,914
Curtis Road	1,306,985
Storm Sewer Rehabilitation and Maintenance	912,071
Town Center Boulevard Intersection	533,919
Concrete Street Maintenance	1,326,132
Storm Sewer Cleaning and Televising Project	518,305
Sewer Lining Project	583,349

**23. Subsequent Event**

Subsequent to June 30, 2012, the City entered into an intergovernmental agreement with the Housing Authority of Champaign County for the first phase of the City's Bristol Park Revelopment Plan, which will relocate residents in order to acquire and demolish existing properties. The Bristol Place neighborhood will be redeveloped to create desirable, affordable housing in this area. The City of Champaign is expected to contribute \$6,354,748 to the project using Community Development Block Grant, Urban Renewal and HOME Investment Partnership Program funds. The Housing Authority of Champaign County is expected to contribute \$1,092,000 in cash and/or housing vouchers for relocation assistance. The time period to complete the project is uncertain as of the date of auditors' report, but is expected to span more than one fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

1. Schedules of Funding Progress (Unaudited)
  - a. Illinois Municipal Retirement Fund – Excluding Township Employees
  - b. Illinois Municipal Retirement Fund – Township Employees
  - c. Sheriff's Law Enforcement Personnel Fund
  - d. Police Pension Fund
  - e. Firefighters' Pension Fund
  - f. Other Post-Employment Benefit Plan
2. Schedules of Employer Contributions (Unaudited)
  - a. Police Pension Fund
  - b. Firefighters' Pension Fund

Required Supplementary Information

SCHEDULES OF FUNDING PROGRESS  
(Unaudited)

**Illinois Municipal Retirement Fund – Excluding Township Employees**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/11	\$ 47,646,234	\$ 60,708,987	\$ 13,062,753	78.48%	\$ 19,783,899	66.03%
12/31/10	50,363,920	61,784,560	11,420,640	81.52%	19,876,857	57.46%
12/31/09	47,938,228	58,804,407	10,866,179	81.52%	19,585,787	55.48%

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$45,220,834.  
On a market basis, the funded ratio would be 74.49 percent.

**Illinois Municipal Retirement Fund – Township Employees**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/11	\$ 841,376	\$ 1,043,411	\$ 202,035	80.64%	\$ 308,586	65.47%
12/31/10	734,342	945,581	211,239	77.66%	301,713	70.01%
12/31/09	682,395	843,103	160,708	80.94%	303,691	52.92%

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$791,241.  
On a market basis, the funded ratio would be 75.83 percent.

**Sheriff's Law Enforcement Personnel Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/11	\$ 255,154	\$ 416,808	\$ 161,654	61.22%	\$ 143,380	112.75%
12/31/10	215,618	377,864	162,246	57.06%	143,096	113.38%
12/31/09	173,574	327,125	153,551	53.06%	138,918	110.53%

On a market value basis, the actuarial value of assets as of December 31, 2011 was \$247,816.  
On a market basis, the funded ratio would be 59.46 percent.

### Police Pension Fund

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City's funding of the plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan's separately issued report.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
06/30/11	\$ 66,623,613	\$ 91,320,000	\$ 24,696,387	72.96%	\$ 8,669,724	284.86%
06/30/10	57,901,666	86,627,280	28,725,614	66.84%	8,447,873	340.03%
06/30/09	52,600,828	83,415,642	30,814,814	63.06%	8,249,582	373.53%
06/30/08	55,488,801	80,079,990	24,591,189	69.29%	8,033,356	306.11%
06/30/07	56,633,283	74,952,610	18,319,327	75.56%	7,192,078	254.72%
06/30/06	49,925,449	71,985,672	22,060,223	69.35%	7,273,004	303.32%

### Firefighters' Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
06/30/11	\$ 58,887,635	\$ 75,351,909	16,464,274	78.15%	\$ 7,091,001	232.19%
06/30/10	54,144,243	72,951,486	18,807,243	74.22%	7,017,586	268.00%
06/30/09	52,125,331	70,880,310	18,754,979	73.54%	7,196,912	260.60%
06/30/08	50,393,274	67,687,588	17,294,314	74.45%	6,623,914	261.09%
06/30/07	47,396,949	64,364,423	16,967,474	73.64%	6,489,359	261.47%
06/30/06	44,065,639	61,773,778	17,708,139	71.33%	5,744,071	308.29%

### Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
06/30/12	\$ -	\$ 10,611,693	\$ 10,611,693	0.00%	\$ 29,825,063	35.58%
06/30/11	-	9,797,928	9,797,928	0.00%	28,816,486	34.00%
06/30/10	-	10,023,094	10,023,094	0.00%	32,024,139	31.30%

Required Supplementary Information

SCHEDULES OF EMPLOYER CONTRIBUTIONS  
(Unaudited)

**Police Pension Fund**

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City's funding of the plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan's separately issued report.

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contributions	Percent Contributed
2012	\$ 4,108,663	\$ 2,893,465	142.00%
2011	3,689,647	2,674,007	137.98%
2010	3,363,916	2,528,050	133.06%
2009	3,277,517	2,267,217	144.56%
2008	3,336,381	2,324,722	143.52%
2007	3,169,450	2,247,474	141.02%

**Firefighters' Pension Fund**

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contributions	Percent Contributed
2012	\$ 3,821,175	\$ 3,459,609	110.45%
2011	3,486,399	3,865,208	90.20%
2010	3,202,615	3,738,786	85.66%
2009	2,997,872	3,264,497	91.83%
2008	2,798,657	3,163,746	88.46%
2007	2,417,120	2,827,252	85.49%

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial schedules, which are not required by the GASB, but are presented for purposes of additional analysis.

Such schedules include:

- Combining Statements and Schedules – Non-Major Governmental Funds
- Budgetary Comparison Schedules – Non-Major Special Revenue Funds and Capital Improvement Funds
- Budgetary Comparison Schedules – Major Debt Service Fund and Capital Improvement Funds
- Budgetary Comparison Schedules – General Fund Detail Revenues and Expenditures
- Combining Statements – Internal Service Funds
- Budgetary Comparison Schedules – Internal Service Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds

**OTHER SUPPLEMENTARY INFORMATION –  
NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**NON-MAJOR SPECIAL REVENUE FUNDS**

**Community Development Fund**

The Community Development Fund is used to account for the federal revenue received under the Community Development Block Grant Program. These funds are used to preserve the City's housing stock and to eliminate blight, primarily for the benefit of citizens with low to moderate incomes. The Community Development Fund is a non-major fund. Activities include:

- Acquisition and demolition of dilapidated structures
- Rehabilitation of substandard homes
- Capital improvements within eligible areas
- Relocation of individuals or families displaced by redevelopment

**Food and Beverage Tax Fund**

The Food and Beverage Tax Fund is used to account for a portion of the revenues derived from a 0.5 percent tax on food and alcoholic beverages for immediate consumption. Revenues are used to fund infrastructure and building improvements in the University of Illinois Campustown area. The Food and Beverage Tax Fund is a non-major fund.

**North Campus Area TIF District Fund**

The North Campus Area TIF District Fund is used to account for incremental property tax revenues from properties located in the North Campus Area Tax Increment Financing (TIF) District. Established in 2002, the City's third TIF District's funds are being used to reduce or eliminate blight in the North Campustown area and provide grants for businesses. The North Campus Area TIF District Fund is a non-major fund.

**Urban Renewal Fund**

The Urban Renewal Fund is used to account for a portion of the revenues derived from a tax on utility usage to fund the construction and rehabilitation of capital improvements and housing projects, which eliminate blight and conditions of deterioration throughout the City. The Urban Renewal Fund is a non-major fund.

### **Town of the City of Champaign Fund**

The Town of the City of Champaign Fund is used to account for the transactions of the township. Revenue consists primarily of property and replacement taxes. Expenditures are for general assistance to community members, assessor's costs and all other operating costs. The Town of the City of Champaign Fund is a non-major fund.

### **Downtown TIF Fund**

The Downtown TIF Fund is used to account for the revenues derived from the property tax on increased assessed valuation of property in the City's downtown area. Established in 1981 under the Real Property Tax Increment Redevelopment Act, the funds are used within the City for capital improvement projects, grants for businesses and other revitalization activities aimed at reducing or eliminating blighted conditions. The Downtown TIF Fund is a non-major fund.

### **East University Avenue TIF Fund**

The East University Avenue TIF Fund is used to account for incremental property tax revenues from properties located in the East University Avenue area. Established in 1986, the City's second Tax Increment Financing District's funds are being used to reduce or eliminate blight in the East University Avenue area and provide grants for businesses. The East University Avenue TIF Fund is a non-major fund.

### **Urban Development Action Grant Fund**

The Urban Development Action Grant Fund is used to account for the revenues received under the Urban Development Action Grant Program. These funds are used to promote economic development and neighborhood conservation and revitalization through activities designed to benefit low and moderate-income persons. The Urban Development Action Grant Fund is a non-major fund.

### **Foreign Fire Insurance Tax Fund**

The Foreign Fire Insurance Tax Fund is used to account for the revenues from a tax on fire insurance policies sold by foreign (out of state) insurance companies, and to account for the expenditures of those revenues for the operation and maintenance of the fire department. The Foreign Fire Insurance Tax Fund is a non-major fund.

### **Narcotics Forfeitures Fund**

The Narcotics Forfeitures Fund is used to account for the revenues generated through street enforcement action against suspected and known drug dealers and users. Through declaration of the court, money or property seized during enforcement action is forfeited to the City and is used for the enforcement of the Cannabis Control Act and the Controlled Substance Act. The Narcotics Forfeitures Fund is a non-major fund.

## **Urbana Champaign Big Broadband (UC2B) Operations Fund**

The Urbana Champaign Big Broadband (UC2B) Operations Fund is used to account for the receipt and disbursement of monies received as a sub-grantee of federal funds awarded to the University of Illinois. UC2B is a fiber optic infrastructure that delivers the fastest, most state-of-the-art network communication technology on the planet. UC2B is an intergovernmental consortium of the University of Illinois and the cities of Champaign and Urbana.

## **Local Motor Fuel Tax Fund**

The Local Motor Fuel Tax Fund is used to account for the revenues derived from the City's four cent per gallon tax on retail purchases of gasoline in the City. The tax is also charged on bulk fuel purchases (including those made by the City itself) if the fuel is stored within the City limits. By ordinance, the funds provide additional resources to help pay for transportation infrastructure projects per the City's 10-year Street Improvements Plan.

## **ARRA Grant Fund**

The ARRA Grant Fund is used to account for the revenues of the Community Development Block Grant received from stimulus funding provided by the American Recovery and Revitalization Act. Similar to the Community Development Fund, these funds are used to preserve the City's housing stock and to eliminate blight, primarily for the benefit of citizens with low to moderate incomes. The ARRA Grant Fund is a non-major fund.

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by business-type/proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

## **NON-MAJOR CAPITAL PROJECTS FUNDS**

### **Vehicle Replacement Fund**

The Vehicle Replacement Fund is used to account for the resources allocated to provide a source of capital funds to replace vehicles on a timely schedule. The Vehicle Replacement Fund is a non-major fund.

### **Library Improvement Fund**

The Library Improvement Fund is used to provide a funding source for maintenance and capital improvement activities for the Champaign Public Library. The Library Improvement Fund is a non-major fund.

## **Equipment Replacement Fund**

The Equipment Replacement Fund is used to account for the resources allocated to provide funding for the long-term replacement program for major capital equipment, other than vehicles, owned and operated by the City. The Equipment Replacement Fund is a non-major fund.

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Balance Sheet

## Non-Major Governmental Funds

June 30, 2012

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 10,004,847	\$ 7,939,506	\$ 17,944,353
Receivables - Net of Allowances:			
Property Taxes	1,714,054	206,910	1,920,964
Accrued Interest	6,359	5,189	11,548
Prepaid Expenses	-	-	-
Due from Other Funds	1,210,743	-	1,210,743
Other	204,216	-	204,216
	<u>\$ 13,140,219</u>	<u>\$ 8,151,605</u>	<u>\$ 21,291,824</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 316,950	\$ 51,928	\$ 368,878
Retainage Payable	16,522	-	16,522
Accrued Payroll	28,788	-	28,788
Due to Other Funds	1,210,743	-	1,210,743
Deferred Revenue	1,714,054	212,764	1,926,818
Total Liabilities	<u>3,287,057</u>	<u>264,692</u>	<u>3,551,749</u>
Fund Balance:			
Non-Spendable	-	-	-
Restricted	6,717,561	123,793	6,841,354
Committed	4,470,634	7,763,120	12,233,754
Unassigned	(1,335,033)	-	(1,335,033)
Total Fund Balances	<u>9,853,162</u>	<u>7,886,913</u>	<u>17,740,075</u>
	<u>\$ 13,140,219</u>	<u>\$ 8,151,605</u>	<u>\$ 21,291,824</u>

CITY OF CHAMPAIGN, ILLINOIS

Combining Balance Sheet

Non-Major Special Revenue Funds

June 30, 2012

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	Town of the City of Champaign	Downtown TIF	East University Avenue TIF	Urban Development Action Grant	Foreign Fire Insurance Tax	Narcotics Forfeitures	UC2B	Local Motor Fuel Tax	ARRA Grant	Total Non- Major Special Revenue Funds
<b>ASSETS</b>														
Cash and Investments	\$ 211,303	\$ 3,200,511	\$ 118,112	\$ 2,271,380	\$ 791,522	\$ 481,902	\$ 1,533,399	\$ 882,998	\$ 197,191	\$ 219,153	\$ -	\$ 97,376	\$ -	\$ 10,004,847
Receivables - Net of Allowances:														
Property Taxes	-	-	448,440	-	274,758	904,054	86,802	-	-	-	-	-	-	1,714,054
Accrued Interest	-	2,883	(57)	1,473	-	171	990	590	132	145	-	32	-	6,359
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	1,210,743	-	-	-	-	-	-	-	-	-	-	-	1,210,743
Other	-	(10,782)	-	76,279	15,888	-	-	-	-	-	-	122,831	-	204,216
<b>Total Assets</b>	<b>\$ 211,303</b>	<b>\$ 4,403,355</b>	<b>\$ 566,495</b>	<b>\$ 2,349,132</b>	<b>\$ 1,082,168</b>	<b>\$ 1,386,127</b>	<b>\$ 1,621,191</b>	<b>\$ 883,588</b>	<b>\$ 197,323</b>	<b>\$ 219,298</b>	<b>\$ -</b>	<b>\$ 220,239</b>	<b>\$ -</b>	<b>\$ 13,140,219</b>
<b>LIABILITIES AND FUND BALANCES</b>														
Liabilities:														
Accounts Payable	\$ 36,932	\$ 50,311	465.00	\$ 54,611	\$ 17,070	\$ -	\$ -	\$ 21,105	\$ 13,431	\$ 3,554	\$ 80,363	\$ -	\$ 39,108	\$ 316,950
Retainage Payable	-	-	-	14,823	-	-	-	-	-	-	-	-	1,699	16,522
Accrued Payroll	10,470	-	-	-	15,198	-	-	-	-	-	3,120	-	-	28,788
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	28,085	-	1,182,658	1,210,743
Deferred Revenue	-	-	448,440	-	274,758	904,054	86,802	-	-	-	-	-	-	1,714,054
<b>Total Liabilities</b>	<b>47,402</b>	<b>50,311</b>	<b>448,905</b>	<b>69,434</b>	<b>307,026</b>	<b>904,054</b>	<b>86,802</b>	<b>21,105</b>	<b>13,431</b>	<b>3,554</b>	<b>111,568</b>	<b>-</b>	<b>1,223,465</b>	<b>3,287,057</b>
Fund Balances:														
Non-Spendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	163,901	-	-	2,279,698	775,142	482,073	1,534,389	862,483	183,892	215,744	-	220,239	-	6,717,561
Committed	-	4,353,044	117,590	-	-	-	-	-	-	-	-	-	-	4,470,634
Unassigned	-	-	-	-	-	-	-	-	-	-	(111,568)	-	(1,223,465)	(1,335,033)
<b>Total Fund Balances</b>	<b>163,901</b>	<b>4,353,044</b>	<b>117,590</b>	<b>2,279,698</b>	<b>775,142</b>	<b>482,073</b>	<b>1,534,389</b>	<b>862,483</b>	<b>183,892</b>	<b>215,744</b>	<b>(111,568)</b>	<b>220,239</b>	<b>(1,223,465)</b>	<b>9,853,162</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 211,303</b>	<b>\$ 4,403,355</b>	<b>\$ 566,495</b>	<b>\$ 2,349,132</b>	<b>\$ 1,082,168</b>	<b>\$ 1,386,127</b>	<b>\$ 1,621,191</b>	<b>\$ 883,588</b>	<b>\$ 197,323</b>	<b>\$ 219,298</b>	<b>\$ -</b>	<b>\$ 220,239</b>	<b>\$ -</b>	<b>\$ 13,140,219</b>

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Balance Sheet

## Non-Major Capital Projects Funds

June 30, 2012

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,853,472	\$ 129,528	\$ 3,956,506	\$ 7,939,506
Receivables - Net of Allowances:				
Property Taxes	-	206,910	-	206,910
Accrued Interest	2,448	119	2,622	5,189
Total Assets	<u>\$ 3,855,920</u>	<u>\$ 336,557</u>	<u>\$ 3,959,128</u>	<u>\$ 8,151,605</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 181	\$ -	\$ 51,747	\$ 51,928
Deferred Revenue	-	212,764	-	212,764
Total Liabilities	<u>181</u>	<u>212,764</u>	<u>51,747</u>	<u>264,692</u>
Fund Balances:				
Restricted	-	123,793	-	123,793
Committed	3,855,739	-	3,907,381	7,763,120
Total Fund Balances	<u>3,855,739</u>	<u>123,793</u>	<u>3,907,381</u>	<u>7,886,913</u>
Total Liabilities and Fund Balances	<u>\$ 3,855,920</u>	<u>\$ 336,557</u>	<u>\$ 3,959,128</u>	<u>\$ 8,151,605</u>

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Non-Major Governmental Funds

For the Year Ended June 30, 2012

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 5,599,140	\$ 429,043	\$ 6,028,183
Intergovernmental	1,462,987	-	1,462,987
Fines and Forfeitures	190,900	-	190,900
Reimbursements from Outside Agencies	192,655	-	192,655
Franchise Fees	-	210,000	210,000
Interest Income	140,638	123,620	264,258
Miscellaneous	17,471	200,000	217,471
Total Revenues	<u>7,603,791</u>	<u>962,663</u>	<u>8,566,454</u>
<b>Expenditures</b>			
Current:			
General Government	643,557	-	643,557
Public Safety	288,380	-	288,380
Public Works	240,885	305,698	546,583
Public Health and Welfare	3,971,200	-	3,971,200
Culture and Recreation	-	339	339
Capital Outlay	986,403	1,103,002	2,089,405
Total Expenditures	<u>6,130,425</u>	<u>1,409,039</u>	<u>7,539,464</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,473,366</u>	<u>(446,376)</u>	<u>1,026,990</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	180,450	51,737	232,187
Transfers In	-	1,913,710	1,913,710
Transfers Out	(964,603)	(2,229,275)	(3,193,878)
Total Other Financing Sources (Uses)	<u>(784,153)</u>	<u>(263,828)</u>	<u>(1,047,981)</u>
<b>Net Change in Fund Balances</b>	689,213	(710,204)	(20,991)
<b>Fund Balances, Beginning of Year</b>	<u>9,163,949</u>	<u>8,597,117</u>	<u>17,761,066</u>
<b>Fund Balances, End of Year</b>	<u>\$ 9,853,162</u>	<u>\$ 7,886,913</u>	<u>\$ 17,740,075</u>

CITY OF CHAMPAIGN, ILLINOIS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2012

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	Town of the City of Champaign	Downtown TIF
<b>Revenues</b>						
Taxes	\$ -	\$ 682,110	\$ 906,771	\$ 856,668	\$ 565,201	\$ 1,826,670
Intergovernmental	881,529	-	-	-	87,130	-
Fines and Forfeitures	-	-	-	-	-	-
Reimbursements from Outside Agencies	15,360	30,947	-	13,416	13,120	-
Interest Income	-	62,765	2,330	29,149	275	2,288
Miscellaneous	5,160	-	-	-	1,265	-
<b>Total Revenues</b>	<u>902,049</u>	<u>775,822</u>	<u>909,101</u>	<u>899,233</u>	<u>666,991</u>	<u>1,828,958</u>
<b>Expenditures</b>						
Current:						
General Government	-	145,017	-	-	498,540	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Health and Welfare	816,716	-	16,717	692,566	68,305	1,225,927
Capital Outlay	-	-	-	148,271	-	803,987
<b>Total Expenditures</b>	<u>816,716</u>	<u>145,017</u>	<u>16,717</u>	<u>840,837</u>	<u>566,845</u>	<u>2,029,914</u>
<b>Excess (Deficiency) of Revenues Over Over (Under) Expenditures</b>	<u>85,333</u>	<u>630,805</u>	<u>892,384</u>	<u>58,396</u>	<u>100,146</u>	<u>(200,956)</u>
<b>Other Financing Sources (Uses)</b>						
Disposal of Capital Assets	151,008	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(1,195)	-	(748,525)	-	-	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<u>149,813</u>	<u>-</u>	<u>(748,525)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
<b>Net Change in Fund Balances</b>	<u>235,146</u>	<u>630,805</u>	<u>143,859</u>	<u>58,396</u>	<u>100,146</u>	<u>(400,956)</u>
<b>Fund Balances, Beginning of Year</b>	<u>(71,245)</u>	<u>3,722,239</u>	<u>(26,269)</u>	<u>2,221,302</u>	<u>674,996</u>	<u>883,029</u>
<b>Fund Balances, End of Year</b>	<u>\$ 163,901</u>	<u>\$ 4,353,044</u>	<u>\$ 117,590</u>	<u>\$ 2,279,698</u>	<u>\$ 775,142</u>	<u>\$ 482,073</u>

East University Avenue TIF	Urban Development Action Grant	Foreign Fire Insurance Tax	Narcotics Forfeitures	UC2B	Local Motor Fuel Tax	ARRA Grant	Total Non- Major Special Revenue Funds
\$ 436,078	\$ -	\$ 106,073	\$ -	\$ -	\$ 219,569	\$ -	\$ 5,599,140
-	82,992	-	-	17,699	-	393,637	1,462,987
-	-	-	190,900	-	-	-	190,900
-	8,220	-	-	111,370	-	222	192,655
25,021	11,687	2,969	3,236	248	670	-	140,638
-	11,046	-	-	-	-	-	17,471
<u>461,099</u>	<u>113,945</u>	<u>109,042</u>	<u>194,136</u>	<u>129,317</u>	<u>220,239</u>	<u>393,859</u>	<u>7,603,791</u>
-	-	-	-	-	-	-	643,557
-	-	125,576	162,804	-	-	-	288,380
-	-	-	-	240,885	-	-	240,885
218,860	225,733	-	-	-	-	706,376	3,971,200
-	-	-	-	-	-	34,145	986,403
<u>218,860</u>	<u>225,733</u>	<u>125,576</u>	<u>162,804</u>	<u>240,885</u>	<u>-</u>	<u>740,521</u>	<u>6,130,425</u>
<u>242,239</u>	<u>(111,788)</u>	<u>(16,534)</u>	<u>31,332</u>	<u>(111,568)</u>	<u>220,239</u>	<u>(346,662)</u>	<u>1,473,366</u>
-	-	-	-	-	-	29,442	180,450
-	-	-	-	-	-	-	-
-	-	-	(14,883)	-	-	-	(964,603)
-	-	-	(14,883)	-	-	29,442	(784,153)
242,239	(111,788)	(16,534)	16,449	(111,568)	220,239	(317,220)	689,213
<u>1,292,150</u>	<u>974,271</u>	<u>200,426</u>	<u>199,295</u>	<u>-</u>	<u>-</u>	<u>(906,245)</u>	<u>9,163,949</u>
<u>\$ 1,534,389</u>	<u>\$ 862,483</u>	<u>\$ 183,892</u>	<u>\$ 215,744</u>	<u>\$ (111,568)</u>	<u>\$ 220,239</u>	<u>\$ (1,223,465)</u>	<u>\$ 9,853,162</u>

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

## Non-Major Capital Projects Funds

For the Year Ended June 30, 2012

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Funds
<b>Revenues</b>				
Taxes	\$ -	\$ 429,043	\$ -	\$ 429,043
Reimbursements from Outside Agencies	-	-	-	-
Franchise Fees	-	-	210,000	210,000
Interest Income	54,687	(685)	69,618	123,620
Miscellaneous	-	200,000	-	200,000
Total Revenues	<u>54,687</u>	<u>628,358</u>	<u>279,618</u>	<u>962,663</u>
<b>Expenditures</b>				
Current:				
Public Works	305,698	-	-	305,698
Culture and Recreation	-	339	-	339
Capital Outlay	61,933	250,000	791,069	1,103,002
Total Expenditures	<u>367,631</u>	<u>250,339</u>	<u>791,069</u>	<u>1,409,039</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(312,944)</u>	<u>378,019</u>	<u>(511,451)</u>	<u>(446,376)</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	51,247	-	490	51,737
Transfers In	1,285,501	-	628,209	1,913,710
Transfers Out	(250,000)	(1,191,279)	(787,996)	(2,229,275)
Total Other Financing Sources (Uses)	<u>1,086,748</u>	<u>(1,191,279)</u>	<u>(159,297)</u>	<u>(263,828)</u>
<b>Net Change in Fund Balances</b>	773,804	(813,260)	(670,748)	(710,204)
<b>Fund Balances, Beginning of Year</b>	<u>3,081,935</u>	<u>937,053</u>	<u>4,578,129</u>	<u>8,597,117</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,855,739</u>	<u>\$ 123,793</u>	<u>\$ 3,907,381</u>	<u>\$ 7,886,913</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Community Development - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ 804,470	\$ 768,917	\$ 881,529
Reimbursements from Outside Agencies	22,600	22,600	15,360
Interest Income	-	-	-
Miscellaneous	14,300	164,858	5,160
Total Revenues	<u>841,370</u>	<u>956,375</u>	<u>902,049</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	562,350	408,469	468,886
Contractual Services	443,193	538,311	343,988
Commodities	8,400	8,400	3,842
Capital Outlay	-	-	-
Total Expenditures	<u>1,013,943</u>	<u>955,180</u>	<u>816,716</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(172,573)</u>	<u>1,195</u>	<u>85,333</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets			151,008
Transfers In	-	-	-
Transfers Out	(1,195)	(1,195)	(1,195)
Total Other Financing Sources (Uses)	<u>(1,195)</u>	<u>(1,195)</u>	<u>149,813</u>
<b>Net Change in Fund Balance</b>	<u>\$ (173,768)</u>	<u>\$ -</u>	235,146
<b>Fund Balance, Beginning of Year</b>			<u>(71,245)</u>
<b>Fund Balance, End of Year</b>			<u>\$ 163,901</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Food and Beverage Tax - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Food and Beverage Tax	\$ 603,241	\$ 639,567	\$ 682,110
Reimbursements from Outside Agencies	281,504	30,947	30,947
Interest Income	61,921	40,071	62,765
Total Revenues	<u>946,666</u>	<u>710,585</u>	<u>775,822</u>
<b>Expenditures</b>			
Current:			
General Government:			
Personnel Services	45,750	45,775	46,313
Contractual Services	254,900	334,018	98,704
Capital Outlay	-	-	-
Total Expenditures	<u>300,650</u>	<u>379,793</u>	<u>145,017</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	646,016	330,792	630,805
<b>Other Financing Sources (Uses)</b>			
Transfers Out	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ 646,016</u>	<u>\$ 330,792</u>	630,805
<b>Fund Balance, Beginning of Year</b>			<u>3,722,239</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,353,044</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## North Campus Area TIF District - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 917,535	\$ 823,574	\$ 906,771
Interest Income	773	955	2,330
Miscellaneous	-	-	-
Total Revenues	<u>918,308</u>	<u>824,529</u>	<u>909,101</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Contractual Services	50,000	50,000	16,717
Capital Outlay	-	-	-
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>16,717</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>868,308</u>	<u>774,529</u>	<u>892,384</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(748,525)	(748,525)	(748,525)
Total Other Financing Sources (Uses)	<u>(748,525)</u>	<u>(748,525)</u>	<u>(748,525)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 119,783</u>	<u>\$ 26,004</u>	143,859
<b>Fund Balance, Beginning of Year</b>			<u>(26,269)</u>
<b>Fund Balance, End of Year</b>			<u>\$ 117,590</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Urban Renewal - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Utility Taxes	\$ 950,041	\$ 917,695	\$ 856,668
Reimbursements from Outside Agencies	-	3,380	13,416
Interest Income	13,302	13,026	29,149
Total Revenues	<u>963,343</u>	<u>934,101</u>	<u>899,233</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	451,925	355,759	325,480
Contractual Services	176,811	330,615	305,566
Commodities	91,836	78,176	61,520
Capital Outlay	147,993	1,006,126	148,271
Total Expenditures	<u>868,565</u>	<u>1,770,676</u>	<u>840,837</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	94,778	(836,575)	58,396
<b>Other Financing Sources (Uses)</b>			
Transfers Out	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ 94,778</u>	<u>\$ (836,575)</u>	58,396
<b>Fund Balance, Beginning of Year</b>			<u>2,221,302</u>
<b>Fund Balance, End of Year</b>			<u>\$ 2,279,698</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Town of the City of Champaign - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes:			
Property Taxes	\$ 554,092	\$ 554,092	\$ 565,201
Intergovernmental:			
Other Taxes	73,018	73,018	87,130
Reimbursements from Outside Agencies	25,000	25,000	13,120
Interest Income	-	-	275
Miscellaneous	1,000	1,000	1,265
Total Revenues	<u>653,110</u>	<u>653,110</u>	<u>666,991</u>
<b>Expenditures</b>			
General Government:			
Personnel Services	427,361	427,361	427,451
Commodities	17,300	14,800	8,749
Contractual Services	137,228	140,928	62,340
Public Health and Welfare:			
Contractual Services	153,700	153,700	68,305
Total Expenditures	<u>735,589</u>	<u>736,789</u>	<u>566,845</u>
<b>Net Change in Fund Balance</b>	<u>\$ (82,479)</u>	<u>\$ (83,679)</u>	100,146
<b>Fund Balance, Beginning of Year</b>			<u>674,996</u>
<b>Fund Balance, End of Year</b>			<u>\$ 775,142</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Downtown TIF - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 1,847,548	\$ 1,692,081	\$ 1,826,670
Reimbursements from Outside Agencies	-	-	-
Interest Income	76	2,790	2,288
Total Revenues	<u>1,847,624</u>	<u>1,694,871</u>	<u>1,828,958</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	175,662	174,950	174,780
Contractual Services	1,198,531	1,255,914	1,051,147
Commodities	-	-	-
Capital Outlay	645,490	803,987	803,987
Total Expenditures	<u>2,019,683</u>	<u>2,234,851</u>	<u>2,029,914</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(172,059)	(539,980)	(200,956)
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (372,059)</u>	<u>\$ (739,980)</u>	(400,956)
<b>Fund Balance, Beginning of Year</b>			<u>883,029</u>
<b>Fund Balance, End of Year</b>			<u>\$ 482,073</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## East University Avenue TIF - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 187,964	\$ 468,446	\$ 436,078
Interest Income	2,439	12,641	25,021
Total Revenues	<u>190,403</u>	<u>481,087</u>	<u>461,099</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	68,600	32,941	69,959
Contractual Services	678,495	458,347	148,901
Commodities	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>747,095</u>	<u>491,288</u>	<u>218,860</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(556,692)</u>	<u>(10,201)</u>	<u>242,239</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (556,692)</u>	<u>\$ (10,201)</u>	<u>242,239</u>
<b>Fund Balance, Beginning of Year</b>			<u>1,292,150</u>
<b>Fund Balance, End of Year</b>			<u>\$ 1,534,389</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Urban Development Action Grant - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental Grants	\$ 433,758	\$ 433,758	\$ 82,992
Reimbursements from Outside Agencies	15,000	15,000	8,220
Interest Income	25,651	15,000	11,687
Miscellaneous	14,525	14,525	11,046
Total Revenues	<u>488,934</u>	<u>478,283</u>	<u>113,945</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	63,802	63,802	7,389
Contractual Services	1,339,173	271,796	218,344
Total Expenditures	<u>1,402,975</u>	<u>335,598</u>	<u>225,733</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(914,041)</u>	<u>142,685</u>	<u>(111,788)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (914,041)</u>	<u>\$ 142,685</u>	<u>(111,788)</u>
<b>Fund Balance, Beginning of Year</b>			<u>974,271</u>
<b>Fund Balance, End of Year</b>			<u>\$ 862,483</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Foreign Fire Insurance Tax - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Foreign Fire Insurance Tax	\$ 108,000	\$ 106,073	\$ 106,073
Interest Income	3,500	2,000	2,969
Total Revenues	<u>111,500</u>	<u>108,073</u>	<u>109,042</u>
<b>Expenditures</b>			
Public Safety:			
Commodities	126,257	126,257	106,457
Contractual Services	21,500	24,700	19,119
Capital Outlay	-	-	-
Total Expenditures	<u>147,757</u>	<u>150,957</u>	<u>125,576</u>
<b>Net Change in Fund Balance</b>	<u>\$ (36,257)</u>	<u>\$ (42,884)</u>	(16,534)
<b>Fund Balance, Beginning of Year</b>			<u>200,426</u>
<b>Fund Balance, End of Year</b>			<u>\$ 183,892</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Narcotics Forfeitures - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Drug Forfeitures	\$ 150,000	\$ 153,875	\$ 190,900
Interest Income	6,000	2,000	3,236
Total Revenues	<u>156,000</u>	<u>155,875</u>	<u>194,136</u>
<b>Expenditures</b>			
Public Safety:			
Commodities	37,537	67,162	64,815
Contractual Services	<u>126,568</u>	<u>101,556</u>	<u>97,989</u>
Total Expenditures	<u>164,105</u>	<u>168,718</u>	<u>162,804</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(8,105)	(12,843)	31,332
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(14,883)</u>	<u>(14,883)</u>	<u>(14,883)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (22,988)</u>	<u>\$ (27,726)</u>	16,449
<b>Fund Balance, Beginning of Year</b>			<u>199,295</u>
<b>Fund Balance, End of Year</b>			<u>\$ 215,744</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## UC2B - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ 17,699
Reimbursements from Outside Agencies	-	171,067	111,370
Interest Income	-	500	248
Total Revenues	-	171,567	129,317
<b>Expenditures</b>			
Public Works:			
Personnel Services	-	85,725	85,413
Contractual Services	-	251,450	142,910
Commodities	-	8,200	12,562
Total Expenditures	-	345,375	240,885
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(173,808)	(111,568)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	173,808	-
<b>Net Change in Fund Balance</b>	\$ -	\$ -	(111,568)
<b>Fund Balance, Beginning of Year</b>			-
<b>Fund Balance, End of Year</b>			\$ (111,568)

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## LMFT - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Local Motor Fuel Tax	\$ -	\$ 125,000	\$ 219,569
Interest Income	-	-	670
Total Revenues	<u>-</u>	<u>125,000</u>	<u>220,239</u>
<b>Expenditures</b>			
Capital Outlay	-	125,000	-
Total Expenditures	<u>-</u>	<u>125,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	220,239
<b>Fund Balance, Beginning of Year</b>			<u>-</u>
<b>Fund Balance, End of Year</b>			<u>\$ 220,239</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## ARRA Grant - Special Revenue Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ 1,339,809	\$ 1,998,233	\$ 393,637
Interest Income	-	-	-
Reimbursements from Outside Agencies	-	222	222
<b>Total Revenues</b>	<u>1,339,809</u>	<u>1,998,233</u>	<u>393,859</u>
<b>Expenditures</b>			
Public Health and Welfare:			
Personnel Services	-	2,968	1,992
Contractual Services	64,825	1,076,718	704,384
Capital Outlay	-	60,028	34,145
<b>Total Expenditures</b>	<u>64,825</u>	<u>1,139,714</u>	<u>740,521</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,274,984</u>	<u>858,519</u>	<u>(346,662)</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	-	-	29,442
Transfers Out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>29,442</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,274,984</u>	<u>\$ 858,519</u>	(317,220)
<b>Fund Balance, Beginning of Year</b>			<u>(906,245)</u>
<b>Fund Balance, End of Year</b>			<u>\$ (1,223,465)</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Vehicle Replacement - Capital Projects Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Interest Income	\$ 85,000	\$ 40,000	\$ 54,687
<b>Expenditures</b>			
Public Works:			
Contractual Services	26,439	30,000	305,698
Commodities	-	-	-
Capital Outlay	2,411,423	1,037,798	61,933
Total Expenditures	<u>2,437,862</u>	<u>1,067,798</u>	<u>367,631</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,352,862)</u>	<u>(1,027,798)</u>	<u>(312,944)</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	86,600	86,600	51,247
Transfers In	1,333,775	1,324,851	1,285,501
Transfers Out	(250,000)	(250,000)	(250,000)
Total Other Financing Sources (Uses)	<u>1,170,375</u>	<u>1,161,451</u>	<u>1,086,748</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,182,487)</u>	<u>\$ 133,653</u>	773,804
<b>Fund Balance, Beginning of Year</b>			<u>3,081,935</u>
<b>Fund Balance, End of Year</b>			<u>\$ 3,855,739</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Library Improvement - Capital Projects Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 435,675	\$ 435,675	\$ 429,043
Interest Income	1,904	1,251	(685)
Miscellaneous	200,000	200,000	200,000
Total Revenues	<u>637,579</u>	<u>636,926</u>	<u>628,358</u>
<b>Expenditures</b>			
Culture and Recreation:			
Contractual Services	-	-	339
Capital Outlay	250,000	250,000	250,000
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>250,339</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	387,579	386,926	378,019
<b>Other Financing (Uses)</b>			
Transfers Out	<u>(1,191,279)</u>	<u>(1,191,279)</u>	<u>(1,191,279)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (803,700)</u>	<u>\$ (804,353)</u>	<u>(813,260)</u>
<b>Fund Balance, Beginning of Year</b>			<u>937,053</u>
<b>Fund Balance, End of Year</b>			<u>\$ 123,793</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Equipment Replacement - Capital Projects Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Franchise Fees	\$ -	\$ 210,490	\$ 210,000
Interest Income	73,000	65,000	69,618
Total Revenues	<u>73,000</u>	<u>275,490</u>	<u>279,618</u>
<b>Expenditures</b>			
Public Works:			
Contractual Services	-	-	-
Capital Outlay	2,088,024	1,409,858	791,069
Total Expenditures	<u>2,088,024</u>	<u>1,409,858</u>	<u>791,069</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,015,024)</u>	<u>(1,134,368)</u>	<u>(511,451)</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	-	-	490
Transfers In	773,516	670,729	628,209
Transfers Out	(787,996)	(787,996)	(787,996)
Total Other Financing Sources (Uses)	<u>(14,480)</u>	<u>(117,267)</u>	<u>(159,297)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,029,504)</u>	<u>\$ (1,251,635)</u>	<u>(670,748)</u>
<b>Fund Balance, Beginning of Year</b>			<u>4,578,129</u>
<b>Fund Balance, End of Year</b>			<u>\$ 3,907,381</u>

**OTHER SUPPLEMENTARY INFORMATION –  
MAJOR GOVERNMENTAL FUNDS**

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Debt Service Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Interest Income	\$ 33,930	\$ 33,343	\$ 64,671
<b>Expenditures</b>			
Debt Service:			
Principal Retirement	3,045,000	3,045,000	2,595,000
Interest and Fiscal Charges	2,609,732	2,609,732	2,601,211
Total Expenditures	5,654,732	5,654,732	5,196,211
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,620,802)</u>	<u>(5,621,389)</u>	<u>(5,131,540)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	5,665,000	5,665,000	5,665,000
Transfers Out	(2,154,785)	(4,166,027)	(4,166,030)
Total Other Financing Sources (Uses)	3,510,215	1,498,973	1,498,970
<b>Net Change in Fund Balance</b>	<u>\$ (2,110,587)</u>	<u>\$ (4,122,416)</u>	<u>(3,632,570)</u>
<b>Fund Balance, Beginning of Year</b>			<u>8,186,285</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,553,715</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual

## Stormwater Management - Capital Projects Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 1,328,111	\$ 1,358,677	\$ 1,349,949
Licenses, Permits, and Fees	138,897	81,139	31,135
Reimbursements from Outside Agencies	1,451,925	863,675	773,591
Interest Income	1,562	-	26,170
Total Revenues	<u>2,920,495</u>	<u>2,303,491</u>	<u>2,180,845</u>
<b>Expenditures</b>			
Public Works:			
Personnel Services	1,528,680	1,561,000	1,456,762
Contractual Services	1,302,140	2,042,040	842,048
Commodities	5,000	5,183	229
Capital Outlay	7,278,959	8,770,862	7,138,569
Total Expenditures	<u>10,114,779</u>	<u>12,379,085</u>	<u>9,437,608</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(7,194,284)</u>	<u>(10,075,594)</u>	<u>(7,256,763)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from IEPA Loan	-	-	107,499
Transfers In	5,715,518	7,745,994	7,761,675
Transfers Out	(2,055,378)	(2,055,378)	(2,055,378)
Total Other Financing Sources (Uses)	<u>3,660,140</u>	<u>5,690,616</u>	<u>5,813,796</u>
<b>Net Change in Fund Balance</b>	<u>\$ (3,534,144)</u>	<u>\$ (4,384,978)</u>	<u>(1,442,967)</u>
<b>Fund Balance, Beginning of Year</b>			<u>2,752,186</u>
<b>Fund Balance, End of Year</b>			<u>\$ 1,309,219</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

## Capital Improvements - Capital Projects Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 961,896	\$ 944,166	\$ 974,617
Intergovernmental	474,871	10,832,239	5,117,133
Reimbursements from Outside Agencies	1,191,407	1,014,679	32,338
Interest Income	37,028	52,278	-
Total Revenues	<u>2,665,202</u>	<u>12,843,362</u>	<u>6,124,088</u>
<b>Expenditures</b>			
Public Works:			
Personnel Services	292,789	307,777	274,574
Contractual Services	1,389,509	2,750,338	1,507,813
Commodities	188,676	252,032	104,043
Capital Outlay	2,750,189	17,252,112	11,101,123
Total Expenditures	<u>4,621,163</u>	<u>20,562,259</u>	<u>12,987,553</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,955,961)</u>	<u>(7,718,897)</u>	<u>(6,863,465)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	3,790,332	4,000,332	4,000,332
Transfers Out	(531,346)	(374,475)	(156,475)
Total Other Financing Sources (Uses)	<u>3,258,986</u>	<u>3,625,857</u>	<u>3,843,857</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,303,025</u>	<u>\$ (4,093,040)</u>	<u>(3,019,608)</u>
<b>Fund Balance, Beginning of Year</b>			<u>5,097,210</u>
<b>Fund Balance, End of Year</b>			<u>\$ 2,077,602</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues -  
Budget and Actual

## General Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 11,181,696	\$ 11,140,776	\$ 11,163,190
Home Rule Taxes	14,162,599	14,393,892	14,589,041
Utility Taxes	2,538,526	2,447,190	2,284,762
Telecommunications Taxes	2,463,981	2,568,515	2,595,279
Hotel/Motel Taxes	1,460,762	1,560,320	1,621,938
Other Taxes	497,639	507,066	530,022
Total Taxes	<u>32,305,203</u>	<u>32,617,759</u>	<u>32,784,232</u>
<b>Intergovernmental</b>			
State Sales and Use Taxes	16,086,277	16,348,986	16,570,642
Income Taxes	6,711,178	7,534,641	7,844,998
Other Taxes	79,622	79,622	79,622
Public Safety Grants	230,294	256,932	211,601
Other Grants	15,000	227,759	174,526
Total Intergovernmental	<u>23,122,371</u>	<u>24,447,940</u>	<u>24,881,389</u>
<b>Licenses, Permits, and Fees</b>			
Licenses and Permits	1,153,300	1,178,425	1,303,036
Public Safety Service Fees	712,235	689,092	702,279
Total Licenses, Permits, and Fees	<u>1,865,535</u>	<u>1,867,517</u>	<u>2,005,315</u>
<b>Charges for Services</b>	<u>1,103,832</u>	<u>1,251,575</u>	<u>1,271,486</u>
<b>Fines and Forfeitures</b>	<u>1,420,552</u>	<u>1,293,745</u>	<u>1,403,379</u>
<b>Reimbursements from Outside Agencies</b>	<u>795,110</u>	<u>819,758</u>	<u>793,792</u>
<b>Interest Income</b>	<u>165,000</u>	<u>170,300</u>	<u>211,993</u>
<b>Miscellaneous</b>	<u>71,125</u>	<u>75,855</u>	<u>88,321</u>
<b>Total Revenues</b>	<u>\$ 60,848,728</u>	<u>\$ 62,544,449</u>	<u>\$ 63,439,907</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Expenditures -  
Budget and Actual

## General Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>General Government</b>			
Mayor and Council	\$ 187,437	\$ 171,507	\$ 174,169
City Manager's Office	2,122,044	2,320,791	2,112,356
Legal	865,392	937,510	894,789
Finance	3,046,149	1,603,585	1,417,621
Human Resources	725,136	667,453	662,104
Risk Management	2,574,912	2,574,912	2,574,912
Planning	617,527	590,800	619,731
Neighborhood Services	617,915	588,211	564,460
Information Technologies	2,401,692	1,893,591	1,662,774
Total General Government	<u>13,158,204</u>	<u>11,348,360</u>	<u>10,682,916</u>
<b>Public Safety</b>			
Police	19,177,735	19,210,424	19,119,284
Fire	14,666,762	15,816,260	15,767,234
Emergency Services Disaster Agency	47,780	33,525	26,885
Total Public Safety	<u>33,892,277</u>	<u>35,060,209</u>	<u>34,913,403</u>
<b>Public Works</b>	<u>6,601,801</u>	<u>6,007,636</u>	<u>5,405,720</u>
<b>Public Health and Welfare</b>	<u>321,744</u>	<u>355,683</u>	<u>283,772</u>
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>4,999</u>
<b>Total Expenditures</b>	<u>\$ 53,974,026</u>	<u>\$ 52,771,888</u>	<u>\$ 51,290,810</u>

**OTHER SUPPLEMENTARY INFORMATION –  
INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of the City to other departments or agencies on a cost-reimbursement basis.

**Fleet Services Fund**

The Fleet Services Fund is used to account for the goods and services provided by the City's municipal garage to other departments of the City on a cost-reimbursement basis. The Fleet Services Fund is a non-major fund.

**Retained Risk Fund**

The Retained Risk Fund is used to account for the City's self-insured general liability program. The Retained Risk Fund is a non-major fund.

**Workers Compensation Fund**

The Workers Compensation Fund is used to account for the City's self-insured workers compensation program. The Workers Compensation Fund is a non-major fund.

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Net Assets

## Internal Service Funds

June 30, 2012

	<u>Fleet Services</u>	<u>Retained Risk</u>	<u>Workers'</u> <u>Compensation</u>	<u>Totals</u>
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ -	\$ 3,044,469	\$ 1,580,408	\$ 4,624,877
Receivables - Net of Allowances:				
Accounts	-	6,336	1,749	8,085
Accrued Interest	(80)	1,936	884	2,740
Inventory	165,059	-	-	165,059
Prepays	-	242,920	72,113	315,033
Total Current Assets	<u>164,979</u>	<u>3,295,661</u>	<u>1,655,154</u>	<u>5,115,794</u>
Non-Current Assets:				
Capital Assets:				
Depreciable Capital Assets	9,310,823	-	-	9,310,823
Accumulated Depreciation	<u>(7,455,673)</u>	<u>-</u>	<u>-</u>	<u>(7,455,673)</u>
Total Non-Current Assets	<u>1,855,150</u>	<u>-</u>	<u>-</u>	<u>1,855,150</u>
Total Assets	<u>2,020,129</u>	<u>3,295,661</u>	<u>1,655,154</u>	<u>6,970,944</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	54,609	-	3,345	57,954
Accrued Payroll	15,565	-	-	15,565
Due to Other Fund	127,468	-	-	127,468
Claims Payable	-	231,473	2,889,067	3,120,540
Compensated Absences Payable	<u>18,011</u>	<u>-</u>	<u>-</u>	<u>18,011</u>
Total Current Liabilities	<u>215,653</u>	<u>231,473</u>	<u>2,892,412</u>	<u>3,339,538</u>
Non-Current Liabilities:				
Compensated Absences Payable	<u>80,336</u>	<u>-</u>	<u>-</u>	<u>80,336</u>
Total Liabilities	<u>295,989</u>	<u>231,473</u>	<u>2,892,412</u>	<u>3,419,874</u>
<b>Net Assets</b>				
Invested in Capital Assets	1,855,150	-	-	1,855,150
Unrestricted	<u>(131,010)</u>	<u>3,064,188</u>	<u>(1,237,258)</u>	<u>1,695,920</u>
Total Net Assets	<u>\$ 1,724,140</u>	<u>\$ 3,064,188</u>	<u>\$ (1,237,258)</u>	<u>\$ 3,551,070</u>

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Revenues, Expenses, and Changes in Net Assets

## Internal Service Funds

For the Year Ended June 30, 2012

	Fleet Services	Retained Risk	Workers' Compensation	Totals
<b>Operating Revenues</b>				
Charges for Services	\$ 2,055,798	\$ 934,920	\$ 1,974,920	\$ 4,965,638
<b>Operating Expenses</b>				
Personnel Services	801,391	43,414	216,184	1,060,989
Contractual Services	163,306	689,549	2,110,455	2,963,310
Commodities	782,209	-	-	782,209
Depreciation	802,460	-	-	802,460
Total Operating Expenses	<u>2,549,366</u>	<u>732,963</u>	<u>2,326,639</u>	<u>5,608,968</u>
Operating Income (Loss)	<u>(493,568)</u>	<u>201,957</u>	<u>(351,719)</u>	<u>(643,330)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income (Expense)	(2,339)	45,086	20,732	63,479
Reimbursements from Outside Agencies	685	124,139	129,903	254,727
Miscellaneous Income	1,885	-	-	1,885
Disposal of Capital Assets	17,622	-	-	17,622
Total Non-Operating Revenues (Expenses)	<u>17,853</u>	<u>169,225</u>	<u>150,635</u>	<u>337,713</u>
Income (Loss) Before Transfers	(475,715)	371,182	(201,084)	(305,617)
<b>Transfers In</b>	-	-	-	-
<b>Transfers Out</b>	<u>(13,293)</u>	<u>(5,650)</u>	<u>(73,500)</u>	<u>(92,443)</u>
<b>Change in Net Assets</b>	(489,008)	365,532	(274,584)	(398,060)
<b>Net Assets, Beginning of Year</b>	<u>2,213,148</u>	<u>2,698,656</u>	<u>(962,674)</u>	<u>3,949,130</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,724,140</u>	<u>\$ 3,064,188</u>	<u>\$ (1,237,258)</u>	<u>\$ 3,551,070</u>

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Cash Flows

## Internal Service Funds

For the Year Ended June 30, 2012

	Fleet Services	Retained Risk	Workers' Compensation	Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 2,057,683	\$ 934,920	\$ 1,974,920	\$ 4,967,523
Payments to Employees	(790,123)	(43,414)	(122,273)	(955,810)
Payments to Suppliers	(920,847)	(562,262)	(1,280,484)	(2,763,593)
Net Cash Provided by (Used in) Operating Activities	<u>346,713</u>	<u>329,244</u>	<u>572,163</u>	<u>1,248,120</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Advances from Other Fund	127,468	-	-	127,468
Payments to Other Fund	(188,426)	-	-	(188,426)
Transfers Out	(13,293)	(5,650)	(73,500)	(92,443)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(74,251)</u>	<u>(5,650)</u>	<u>(73,500)</u>	<u>(153,401)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Sales of Capital Assets	24,796	-	-	24,796
Purchase of Capital Assets	(294,849)	-	-	(294,849)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(270,053)</u>	<u>-</u>	<u>-</u>	<u>(270,053)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	(2,409)	46,411	20,878	64,880
<b>Net Change in Cash and Cash Equivalents</b>	-	370,005	519,541	889,546
<b>Cash and Cash Equivalents, Beginning of Year</b>	-	2,674,464	1,060,867	3,735,331
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ -</u>	<u>\$ 3,044,469</u>	<u>\$ 1,580,408</u>	<u>\$ 4,624,877</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ (500,742)	\$ 201,957	\$ (351,719)	\$ (650,504)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation Expense	802,460	-	-	802,460
(Gain) Loss on Disposal of Equipment	7,174	-	-	7,174
Other Income	2,570	124,139	129,903	256,612
(Increase) Decrease in Assets	5,042	(3,999)	(7,866)	(6,823)
Increase (Decrease) in Liabilities	30,209	7,147	801,845	839,201
Net Cash Provided by (Used in) Operating Activities	<u>\$ 346,713</u>	<u>\$ 329,244</u>	<u>\$ 572,163</u>	<u>\$ 1,248,120</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Fleet Services - Internal Service Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 1,744,853	\$ 1,685,078	\$ 2,055,798
<b>Operating Expenses</b>			
Personnel Services	839,185	781,333	801,391
Contractual Services	164,761	161,417	163,306
Commodities	743,864	733,902	782,209
Capital Outlay	77,903	-	-
Depreciation	-	-	802,460
Total Operating Expenses	1,825,713	1,676,652	2,549,366
Operating Income (Loss)	(80,860)	8,426	(493,568)
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income (Expense)	6,000	-	(2,339)
Reimbursements from Outside Agencies	-	410	685
Miscellaneous Income	-	2,045	1,885
Disposal of Capital Assets	-	-	17,622
Total Non-Operating Revenues (Expenses)	6,000	2,455	17,853
Income (Loss) Before Transfers	(74,860)	10,881	(475,715)
<b>Transfers In</b>	-	-	-
<b>Transfers Out</b>	(13,293)	(13,293)	(13,293)
<b>Change in Net Assets</b>	\$ (88,153)	\$ (2,412)	(489,008)
<b>Net Assets, Beginning of Year</b>			2,213,148
<b>Net Assets, End of Year</b>			\$ 1,724,140

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Retained Risk - Internal Service Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 928,297	\$ 933,920	\$ 934,920
<b>Operating Expenses</b>			
Personnel Services	61,601	43,414	43,414
Contractual Services	1,093,891	1,094,012	689,549
Total Operating Expenses	1,155,492	1,137,426	732,963
Operating Income (Loss)	(227,195)	(203,506)	201,957
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	49,885	49,885	45,086
Reimbursements from Outside Agencies	152,739	152,739	124,139
Total Non-Operating Revenues (Expenses)	202,624	202,624	169,225
Income (Loss) Before Transfers	(24,571)	(882)	371,182
<b>Transfers Out</b>	(45,000)	(45,000)	(5,650)
<b>Changes in Net Assets</b>	\$ (69,571)	\$ (45,882)	365,532
<b>Net Assets, Beginning of Year</b>			2,698,656
<b>Net Assets, End of Year</b>			\$ 3,064,188

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Workers Compensation - Internal Service Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 1,974,920	\$ 1,974,920	\$ 1,974,920
<b>Operating Expenses</b>			
Personnel Services	303,984	261,548	216,184
Contractual Services	1,612,486	1,612,485	2,110,455
Commodities	-	-	-
Total Operating Expenses	1,916,470	1,874,033	2,326,639
Operating Income (Loss)	58,450	100,887	(351,719)
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	10,199	10,199	20,732
Reimbursements from Outside Agencies	316,799	316,799	129,903
Total Non-Operating Revenues (Expenses)	326,998	326,998	150,635
Income (Loss) Before Transfers	385,448	427,885	(201,084)
<b>Transfers Out</b>	(73,500)	(73,500)	(73,500)
<b>Change in Net Assets</b>	\$ 311,948	\$ 354,385	(274,584)
<b>Net Assets, Beginning of Year</b>			(962,674)
<b>Net Assets, End of Year</b>			\$ (1,237,258)

**OTHER SUPPLEMENTARY INFORMATION –  
MAJOR PROPRIETARY FUNDS**

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Parking - Enterprise Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Parking Fees	\$ 3,185,250	\$ 2,718,800	\$ 2,828,183
<b>Operating Expenses</b>			
Personnel Services	1,911,747	1,779,966	1,634,872
Contractual Services	855,670	795,960	497,694
Commodities	191,040	60,059	42,644
Capital Outlay	882,946	200,000	-
Depreciation and Amortization	22,156	22,156	468,333
Total Operating Expenses	<u>3,863,559</u>	<u>2,858,141</u>	<u>2,643,543</u>
Operating Income (Loss)	<u>(678,309)</u>	<u>(139,341)</u>	<u>184,640</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	-	-	9,058
Interest Income	59,568	-	78,935
Interest Expense	(532,463)	(522,489)	(532,463)
Disposal of Capital Assets	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(472,895)</u>	<u>(522,489)</u>	<u>(444,470)</u>
Income (Loss) Before Transfers	(1,151,204)	(661,830)	(259,830)
<b>Transfers In</b>	200,000	200,000	200,000
<b>Transfers Out</b>	<u>(36,127)</u>	<u>(63,414)</u>	<u>(170,894)</u>
<b>Change in Net Assets</b>	<u>\$ (987,331)</u>	<u>\$ (525,244)</u>	(230,724)
<b>Net Assets, Beginning of Year</b>			<u>11,230,650</u>
<b>Net Assets, End of Year</b>			<u>\$ 10,999,926</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Sewer - Enterprise Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Sewer Charges	\$ 2,077,618	\$ 2,077,618	\$ 2,007,018
<b>Operating Expenses</b>			
Personnel Services	794,815	580,487	700,102
Contractual Services	588,245	602,678	464,399
Commodities	178,162	76,493	71,382
Capital Outlay	760,043	1,728,353	27,266
Depreciation	-	-	671,950
Total Operating Expenses	2,321,265	2,988,011	1,935,099
Operating Income (Loss)	(243,647)	(910,393)	71,919
<b>Non-Operating Revenues (Expenses)</b>			
Intergovernmental	525,702	1,466,023	-
Reimbursements from Outside Agencies	57,140	106,139	126,361
Interest Expense	(11,755)	-	(12,704)
Disposal of Capital Assets	-	-	(173,788)
Total Non-Operating Revenues (Expenses)	571,087	1,572,162	(60,131)
Income (Loss) Before Transfers	327,440	661,769	11,788
<b>Transfers In</b>	-	-	-
<b>Transfers Out</b>	(207,516)	(207,516)	(89,897)
<b>Capital Contribution</b>	-	-	408,839
<b>Change in Net Assets</b>	\$ 119,924	\$ 454,253	330,730
<b>Net Assets, Beginning of Year</b>			37,005,830
<b>Net Assets, End of Year</b>			\$ 37,336,560

**OTHER SUPPLEMENTARY INFORMATION –  
NON-MAJOR PROPRIETARY FUND**

**NON-MAJOR ENTERPRISE FUND**

**Environmental Services Fund**

The Environmental Services Fund is used primarily to account for the revenues and expenses related to the City's multi-family recycling program, as well as other sustainability programs.

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues, Expenses, and Changes in Net Assets -  
Budget and Actual

## Environmental Services - Enterprise Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Recycling Fee	\$ 543,688	\$ 543,688	\$ 521,234
<b>Operating Expenses</b>			
Personnel Services	155,585	138,387	103,412
Contractual Services	354,731	440,051	276,459
Commodities	11,125	625	248
Total Operating Expenses	521,441	579,063	380,119
Operating Income (Loss)	22,247	(35,375)	141,115
<b>Non-Operating Revenues (Expenses)</b>			
Intergovernmental	-	6,000	6,000
Interest Expense	(3,000)	(2,400)	(1,057)
Total Non-Operating Revenues (Expenses)	(3,000)	3,600	4,943
Income (Loss) Before Transfers	19,247	(31,775)	146,058
<b>Transfers Out</b>	(3,139)	(3,139)	(37,939)
<b>Change in Net Assets</b>	\$ 16,108	\$ (34,914)	108,119
<b>Net Assets, Beginning of Year</b>			(179,842)
<b>Net Assets, End of Year</b>			\$ (71,723)

**OTHER SUPPLEMENTARY INFORMATION –  
FIDUCIARY FUNDS**

**TRUST AND AGENCY FUNDS**

**PENSION TRUST FUNDS**

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments.

**Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

**Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Net Plan Assets

Pension Trust Funds

June 30, 2012

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 26,128	\$ 2,271,006	\$ 2,297,134
Investments:			
U.S. Government and Agency Securities	28,687,053	-	28,687,053
State and Local Obligations	2,156,962	-	2,156,962
Mutual Funds	13,206,287	41,729,407	54,935,694
Insurance Company Contracts	-	10,036,834	10,036,834
Common Stock	20,342,242	5,618,507	25,960,749
Corporate Bonds	3,218,417	-	3,218,417
Receivables:	-		
Accrued Interest	223,287	-	223,287
Contributions from Plan Members	29,148	-	29,148
Prepays	19,633	-	19,633
	67,909,157	59,655,754	127,564,911
<b>LIABILITIES</b>			
Due To Treasury Fund	-	476	476
Accounts Payable	34,647	9,497	44,144
	34,647	9,973	44,620
<b>NET ASSETS</b>			
Net Plan Assets Held in Trust for Pension Benefits	\$ 67,874,510	\$ 59,645,781	\$ 127,520,291

## CITY OF CHAMPAIGN, ILLINOIS

## Combining Statement of Changes in Net Plan Assets

## Pension Trust Funds

For the Year Ended June 30, 2012

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ 4,108,663	\$ 3,821,175	\$ 7,929,838
Contributions - Plan Members	831,375	672,998	1,504,373
Other Income	-	7,561	7,561
Total Contributions	<u>4,940,038</u>	<u>4,501,734</u>	<u>9,441,772</u>
Investment Income:			
Interest Earned	1,953,469	437,687	2,391,156
Net Change in Fair Value	(732,666)	(46,607)	(779,273)
Total Investment Income	<u>1,220,803</u>	<u>391,080</u>	<u>1,611,883</u>
Less: Investment Expenses	(316,976)	(149,454)	(466,430)
Net Investment Income	<u>903,827</u>	<u>241,626</u>	<u>1,145,453</u>
Total Additions	<u>5,843,865</u>	<u>4,743,360</u>	<u>10,587,225</u>
<b>Deductions</b>			
Administrative Expenses	151,589	40,824	192,413
Benefits and Refunds	<u>4,441,380</u>	<u>3,754,398</u>	<u>8,195,778</u>
Total Deductions	<u>4,592,969</u>	<u>3,795,222</u>	<u>8,388,191</u>
<b>Change in Net Assets</b>	1,250,896	948,138	2,199,034
<b>Net Plan Assets, Beginning of Year</b>	<u>66,623,614</u>	<u>58,697,643</u>	<u>125,321,257</u>
<b>Net Plan Assets, End of Year</b>	<u>\$ 67,874,510</u>	<u>\$ 59,645,781</u>	<u>\$ 127,520,291</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Changes in Net Plan Assets -  
Budget and Actual

## Police Pension - Pension Trust Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 4,069,228	\$ 4,131,067	\$ 4,108,663
Contributions - Plan Members	-	-	831,375
Other Income	-	-	-
Total Contributions	<u>4,069,228</u>	<u>4,131,067</u>	<u>4,940,038</u>
Investment Income:			
Interest Earned	-	-	1,953,469
Net Change in Fair Value	-	-	(732,666)
Total Investment Income	<u>-</u>	<u>-</u>	<u>1,220,803</u>
Less: Investment Expenses	-	-	(316,976)
Net Investment Income	<u>-</u>	<u>-</u>	<u>903,827</u>
Total Additions	<u>4,069,228</u>	<u>4,131,067</u>	<u>5,843,865</u>
<b>Deductions</b>			
Administrative Expenses	-	-	151,589
Benefits and Refunds	<u>4,069,228</u>	<u>4,131,067</u>	<u>4,441,380</u>
Total Deductions	<u>4,069,228</u>	<u>4,131,067</u>	<u>4,592,969</u>
<b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	1,250,896
<b>Net Plan Assets, Beginning of Year</b>			<u>66,623,614</u>
<b>Net Plan Assets, End of Year</b>			<u>\$ 67,874,510</u>

## CITY OF CHAMPAIGN, ILLINOIS

Schedule of Changes in Net Plan Assets -  
Budget and Actual

## Firefighters' Pension - Pension Trust Fund

For the Year Ended June 30, 2012

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 3,884,414	\$ 3,783,321	\$ 3,821,175
Contributions - Plan Members	660,000	660,000	672,998
Other Income	-	-	7,561
Total Contributions	<u>4,544,414</u>	<u>4,443,321</u>	<u>4,501,734</u>
Investment Income:			
Interest Earned	450,000	454,891	437,687
Net Change in Fair Value	<u>2,500,000</u>	<u>2,500,000</u>	<u>(46,607)</u>
Total Investment Income	<u>2,950,000</u>	<u>2,954,891</u>	<u>391,080</u>
Less: Investment Expenses	<u>(142,000)</u>	<u>(137,000)</u>	<u>(149,454)</u>
Net Investment Income	<u>2,808,000</u>	<u>2,817,891</u>	<u>241,626</u>
Total Additions	<u>7,352,414</u>	<u>7,261,212</u>	<u>4,743,360</u>
<b>Deductions</b>			
Administrative Expenses	8,775	30,550	40,824
Benefits and Refunds	<u>3,728,654</u>	<u>3,717,176</u>	<u>3,754,398</u>
Total Deductions	<u>3,737,429</u>	<u>3,747,726</u>	<u>3,795,222</u>
<b>Change in Net Assets</b>	<u>\$ 3,614,985</u>	<u>\$ 3,513,486</u>	948,138
<b>Net Plan Assets, Beginning of Year</b>			<u>58,697,643</u>
<b>Net Plan Assets, End of Year</b>			<u>\$ 59,645,781</u>

**STATISTICAL SECTION**  
**(Unaudited)**

This part of the City of Champaign, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**Financial Trend Schedules - Schedule 41 through Schedule 44**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity Schedules - Schedule 45 through Schedule 50**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

**Debt Capacity Schedules - Schedule 51 through Schedule 54**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information Schedules - Schedule 55 and Schedule 56**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information Schedules - Schedule 57 through Schedule 60**

These schedules contain service and infrastructure information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

*Sources – Unless otherwise noted on the Schedules, the information in these Schedules is derived from the comprehensive annual financial reports for relevant years.*



CITY OF CHAMPAIGN, ILLINOIS

Changes in Net Assets  
Last Ten Fiscal Years  
(Unaudited)

Accrual Basis of Accounting

	2003	2004	2005	2006	2007	2008	2009	2010	2011	(1) 2012
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government		\$ 10,383,475	\$ 10,117,659	\$ 26,643,673	\$ 26,967,534	\$ 27,470,878	\$ 28,374,127	\$ 25,053,945	\$ 11,908,847	\$ 12,005,620
Public Safety		23,129,316	25,816,784	27,953,689	28,928,846	30,859,387	32,445,764	33,518,572	34,675,122	34,868,337
Public Works		8,414,214	10,669,018	14,043,056	13,377,570	15,182,509	14,608,311	10,361,197	28,106,711	36,180,015
Public Health and Welfare		3,523,211	2,764,797	3,218,608	3,286,854	3,455,929	3,570,883	3,116,510	5,652,333	4,256,322
Culture and Recreation		4,728,193	6,107,887	5,393,791	5,720,914	6,977,674	8,727,487	8,100,600	8,211,390	8,099,384
Interest on Long-Term Debt		804,180	989,594	2,002,350	1,978,522	2,003,464	1,997,004	1,937,398	2,547,854	2,580,612
Total Governmental Activities		50,982,589	56,465,739	79,255,167	80,260,240	85,949,841	89,723,576	82,088,222	91,102,257	97,990,290
<b>Business-Type Activities:</b>										
Parking		1,682,435	1,169,294	1,228,843	1,346,506	1,237,600	2,052,596	2,482,144	3,305,432	3,176,006
Sewer		1,358,037	1,491,549	1,643,878	2,022,687	2,334,841	2,069,803	2,007,743	1,712,616	1,947,803
Environmental Services		-	-	-	-	-	-	21,305	429,440	381,176
Total Business-Type Activities		3,040,472	2,660,843	2,872,721	3,369,193	3,572,441	4,122,399	4,511,192	5,447,488	5,504,985
Total Primary Government Expenses		54,023,061	59,126,582	82,127,888	83,629,433	89,522,282	93,845,975	86,599,414	96,549,745	103,495,275
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government		2,932,363	3,338,242	4,217,665	5,001,025	4,647,907	5,359,733	2,989,633	3,533,997	3,703,660
Public Safety		1,602,429	1,656,062	1,891,465	1,862,730	1,789,122	1,795,972	2,010,723	2,290,542	2,296,558
Public Works		104,828	505,228	1,719,611	1,130,618	1,316,934	145,364	2,615,881	2,703,356	1,159,277
Public Health and Welfare		176,928	281,720	98,435	187,411	30,213	40,708	147,126	62,943	161,708
Culture and Recreation		218,478	291,708	216,909	225,647	238,350	301,117	307,097	394,785	375,358
Operating Grants and Contributions		2,071,630	2,353,369	2,707,652	1,825,637	1,349,429	1,106,851	2,382,305	2,428,744	991,419
Capital Grants and Contributions		122,503	312,836	139,200	12,171,448	12,530,729	13,301,529	6,521,242	10,308,912	13,990,073
Total Governmental Activities		7,229,159	8,739,165	10,990,937	22,404,516	21,902,684	22,051,274	16,974,007	21,723,279	22,678,053
Business-Type Activities:										
Charges for Services:										
Parking		2,414,318	2,520,077	2,605,048	2,359,053	2,523,646	2,935,263	2,879,411	2,803,093	2,837,241
Sewer		1,820,751	1,950,699	2,233,306	2,232,610	2,256,737	1,613,004	2,043,484	2,042,869	2,133,379
Environmental Services		-	-	-	-	-	-	-	286,388	521,234
Operating Grants and Contributions		-	563,563	-	689,566	-	-	-	434,802	6,000
Capital Grants and Contributions		-	-	-	-	1,688,811	447,420	-	506,751	408,839
Total Business-Type Activities		4,235,069	5,034,339	4,838,354	5,281,229	6,469,194	4,995,687	4,922,895	6,073,903	5,906,693
Total Primary Government Program Revenues		11,464,228	13,773,504	15,829,291	27,685,745	28,371,878	27,046,961	21,896,902	27,797,182	28,584,746
<b>Net (Expense) Revenue</b>										
Governmental Activities		(43,753,430)	(47,726,574)	(68,264,230)	(57,855,724)	(64,047,157)	(67,672,302)	(65,114,215)	(69,378,978)	(75,312,237)
Business-Type Activities		1,194,597	2,373,496	1,965,633	1,912,036	2,896,753	873,288	411,703	626,415	401,708
Total Primary Government Net (Expense) Revenue		(42,558,833)	(45,353,078)	(66,298,597)	(55,943,688)	(61,150,404)	(66,799,014)	(64,702,512)	(68,752,563)	(74,910,529)
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property Taxes		12,792,348	14,513,612	16,135,528	18,382,602	20,056,963	21,895,060	22,897,278	23,710,716	23,596,172
Home Rule Sales Taxes		-	-	-	-	-	-	-	-	14,589,041
Hotel/Motel Taxes		962,236	1,035,297	1,045,992	1,185,373	1,403,567	1,452,562	1,425,198	1,491,306	1,621,938
Food and Beverage Taxes		853,654	920,500	994,347	1,028,984	1,090,962	1,098,374	606,686	620,163	1,212,132
Telecommunications Taxes		1,652,517	2,289,458	2,762,936	2,721,309	2,729,475	2,776,705	2,716,397	2,532,760	2,595,279
Utility Taxes		2,569,596	2,909,424	3,328,903	3,121,319	3,208,575	3,291,675	3,100,689	3,256,595	3,141,430
Local Motor Fuel Taxes		-	-	-	-	-	-	-	-	219,569
Foreign Fire Insurance Taxes		-	-	-	-	-	-	-	-	106,073
Intergovernmental:										
Sales Taxes and Use Taxes		24,058,568	26,345,124	29,282,829	30,058,556	30,742,138	29,642,446	29,154,241	30,218,339	16,570,642
Income Taxes		4,639,846	5,588,823	6,240,629	7,151,328	8,161,593	7,262,288	6,593,639	6,905,954	7,844,998
Motor Fuel Taxes		1,992,811	2,001,675	2,004,147	2,071,621	2,138,538	1,980,616	1,937,243	1,936,006	2,077,334
Other Taxes		311,993	361,834	335,118	308,132	333,768	366,221	848,583	888,324	247,679
Interest Income		424,264	521,468	1,692,504	2,896,269	2,486,470	1,541,276	960,673	624,958	794,728
Miscellaneous		1,551,125	1,330,981	1,090,705	2,423,231	2,679,118	1,068,426	640,612	650,294	423,833
Disposal of Capital Assets		-	-	-	-	-	-	-	-	12,196
Internal Activity - Transfers		515,887	634,843	826,891	658,418	494,157	270,119	332,782	(20,948)	98,730
Total Governmental Activities		52,324,845	58,453,039	65,740,529	72,007,142	75,525,324	72,645,768	71,214,021	72,814,467	75,151,774
Business-Type Activities:										
Taxes:										
Property Taxes		595,754	643,333	300,174	(212,534)	-	-	-	-	-
Interest Income		39,366	28,459	41,156	111,967	288,962	315,410	106,615	63,430	78,935
Miscellaneous		-	390,417	-	-	-	(36,644)	-	-	-
Disposal of Capital Assets		-	-	-	-	-	-	-	-	(173,788)
Internal Activity - Transfers		(515,887)	(634,843)	(826,891)	(658,418)	(494,157)	(270,119)	(332,782)	20,948	(98,730)
Total Business-Type Activities		119,233	(485,366)	(485,561)	(758,985)	(205,195)	8,647	(226,167)	84,378	(193,583)
Total Primary Government General Revenues and Other Changes in Net Assets		52,444,078	58,880,405	65,254,968	71,248,157	75,320,129	72,654,415	70,987,854	72,898,845	74,958,191
<b>Change in Net Assets</b>										
Governmental Activities		8,571,415	10,726,465	(2,523,701)	14,151,418	11,478,167	4,973,466	6,099,806	3,435,489	(160,463)
Business-Type Activities		1,313,830	2,800,862	1,480,072	1,153,051	2,691,558	881,935	185,536	710,793	208,125
Total Change in Net Assets		\$ 9,885,245	\$ 13,527,327	\$ (1,043,629)	\$ 15,304,469	\$ 14,169,725	\$ 5,855,401	\$ 6,285,342	\$ 4,146,282	\$ 47,662

Notes: (1) Sales Taxes and Use Taxes for 2004-2011 includes Home Rules Taxes. Other Taxes for 2004-2011 includes Foreign Fire Insurance Taxes. Local Motor Fuel Taxes began in 2012.

CITY OF CHAMPAIGN, ILLINOIS

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

Modified Accrual Basis of Accounting

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>PRE-GASB 54 CONVERSION</b>										
General Fund										
Reserved	\$ 914,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,134	\$ -	\$ -
Unreserved	11,550,997	13,206,559	16,615,018	18,698,999	18,460,497	19,408,702	17,550,062	15,139,247	-	-
Total General Fund	<u>\$ 12,465,432</u>	<u>\$ 13,206,559</u>	<u>\$ 16,615,018</u>	<u>\$ 18,698,999</u>	<u>\$ 18,460,497</u>	<u>\$ 19,408,702</u>	<u>\$ 17,550,062</u>	<u>\$ 15,157,381</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 9,751,871	\$ 2,993,876	\$ 2,963,957	\$ 22,149,457	\$ 10,613,560	\$ 5,620,783	\$ 4,533,016	\$ 21,472,480	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	(4,256,459)	(1,123,295)	5,923,940	8,971,716	10,597,404	10,704,511	11,920,440	15,102,368	-	-
Capital Projects Funds	13,159,631	16,062,803	11,665,872	13,985,807	15,198,901	19,231,249	17,881,539	17,433,134	-	-
Total All Other Governmental Funds	<u>\$ 18,655,043</u>	<u>\$ 17,933,384</u>	<u>\$ 20,553,769</u>	<u>\$ 45,106,980</u>	<u>\$ 36,409,865</u>	<u>\$ 35,556,543</u>	<u>\$ 34,334,995</u>	<u>\$ 54,007,982</u>	<u>\$ -</u>	<u>\$ -</u>
<b>POST-GASB 54 CONVERSION</b>										
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,966	\$ 84,928
Committed	-	-	-	-	-	-	-	-	-	5,929,744
Unassigned	-	-	-	-	-	-	-	-	18,892,865	15,752,744
Total General Fund	<u>\$ -</u>	<u>\$ 18,904,831</u>	<u>\$ 21,767,416</u>							
All Other Governmental Funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940	\$ -
Restricted	-	-	-	-	-	-	-	-	28,100,740	27,782,905
Committed	-	-	-	-	-	-	-	-	18,249,898	13,542,973
Unassigned	-	-	-	-	-	-	-	-	(1,004,699)	(1,335,033)
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 45,346,879</u>	<u>\$ 39,990,845</u>							

- FSI -

Note: Prior to Fiscal Year 2011, fund balance information in the GASB 54 format is not readily available.

## CITY OF CHAMPAIGN, ILLINOIS

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

## Modified Accrual Basis of Accounting

	2003	2004	2005	2006	2007	2008	2009	2010	2011	(1) 2012
<b>Revenues</b>										
Taxes	\$ 48,806,079	\$ 49,833,569	\$ 55,965,747	\$ 62,130,429	\$ 66,029,224	\$ 69,865,579	\$ 69,765,947	\$ 69,279,954	\$ 71,560,163	\$ 47,081,634
Intergovernmental	2,060,964	2,194,133	2,666,205	2,846,852	2,024,846	2,237,721	2,101,218	5,260,527	7,870,080	38,945,527
Licenses, Permits, and Fees	810,127	1,308,247	1,604,430	1,894,778	1,893,676	2,017,250	1,732,653	1,744,435	1,977,598	2,246,450
Charges for Services	715,475	841,352	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033
Fines and Forfeitures	1,166,549	1,316,070	1,356,510	1,571,115	1,549,510	1,436,495	1,401,466	1,590,640	1,900,865	1,870,090
Investment Income	611,873	390,543	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249
Miscellaneous	7,552,630	2,486,625	3,135,037	4,302,866	4,181,606	5,700,991	3,932,089	3,850,283	3,999,546	2,219,038
Total Revenues	<u>61,723,697</u>	<u>58,370,539</u>	<u>65,985,154</u>	<u>75,138,414</u>	<u>79,222,331</u>	<u>84,500,367</u>	<u>81,306,062</u>	<u>83,776,414</u>	<u>89,190,883</u>	<u>94,465,021</u>
<b>Expenditures</b>										
General Government	13,309,140	8,871,275	9,695,717	10,372,876	11,595,038	11,543,107	12,007,990	12,555,079	11,119,970	11,326,473
Public Safety	22,036,653	23,064,957	24,884,237	26,727,479	28,522,105	30,566,526	32,250,638	32,900,497	33,839,760	35,201,783
Public Works	7,907,557	8,620,897	12,616,994	13,613,298	12,903,067	16,692,612	13,326,716	11,475,962	12,558,433	11,146,743
Public Health and Welfare	2,545,351	3,504,881	2,762,144	3,200,406	3,271,874	3,442,950	3,727,077	3,220,880	5,642,467	4,254,972
Culture and Recreation	4,442,553	4,334,832	5,501,586	4,953,318	5,320,934	6,127,030	6,668,037	6,498,950	6,342,081	6,174,125
Capital Outlay	14,000,708	13,044,908	9,088,295	11,774,994	25,056,339	17,788,740	14,345,840	21,888,965	18,929,824	24,221,572
Debt Service:										
Principal	1,450,842	1,475,000	1,555,000	1,640,000	1,725,000	4,970,000	2,080,000	2,780,000	2,935,000	2,595,000
Interest and Fiscal Charges	872,848	789,279	978,391	1,978,168	1,944,690	2,003,464	2,005,237	1,850,598	2,969,447	2,601,211
Total Expenditures	<u>66,565,652</u>	<u>63,706,029</u>	<u>67,082,364</u>	<u>74,260,539</u>	<u>90,339,047</u>	<u>93,134,429</u>	<u>86,411,535</u>	<u>93,170,931</u>	<u>94,336,982</u>	<u>97,521,879</u>
<b>Excess (Deficit) of</b>										
<b>Revenues Over Expenditures</b>	<u>(4,841,955)</u>	<u>(5,335,490)</u>	<u>(1,097,210)</u>	<u>877,875</u>	<u>(11,116,716)</u>	<u>(8,634,062)</u>	<u>(5,105,473)</u>	<u>(9,394,517)</u>	<u>(5,146,099)</u>	<u>(3,056,858)</u>
<b>Other Financing Sources (Uses)</b>										
Disposal of Capital Assets	74,697	75,674	75,311	372,665	1,929,143	479,920	808,103	98,722	145,529	264,737
Proceeds from IEPA Loan	-	-	-	-	-	-	-	-	-	107,499
Debt Issuance	-	2,915,000	4,900,000	24,015,000	-	7,025,000	9,280,000	25,620,000	-	-
Debt Issuance Premium	-	30,569	-	-	-	139,957	114,923	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	(9,060,000)	-	-	-
Transfers In	12,521,300	15,625,281	18,124,024	21,409,947	31,747,555	25,938,910	18,423,126	25,437,333	29,009,545	22,069,394
Transfers Out	(11,256,381)	(13,918,375)	(16,189,863)	(20,038,295)	(30,651,210)	(24,854,842)	(17,540,867)	(24,481,232)	(28,922,628)	(21,878,221)
Total Other Financing Sources (Uses):	<u>1,339,616</u>	<u>4,728,149</u>	<u>6,909,472</u>	<u>25,759,317</u>	<u>3,025,488</u>	<u>8,728,945</u>	<u>2,025,285</u>	<u>26,674,823</u>	<u>232,446</u>	<u>563,409</u>
<b>Net Change in Fund Balances</b>	<u>\$ (3,502,339)</u>	<u>\$ (607,341)</u>	<u>\$ 5,812,262</u>	<u>\$ 26,637,192</u>	<u>\$ (8,091,228)</u>	<u>\$ 94,883</u>	<u>\$ (3,080,188)</u>	<u>\$ 17,280,306</u>	<u>\$ (4,913,653)</u>	<u>\$ (2,493,449)</u>
<b>Debt Service as a Percent of Non-Capital Expenditures</b>	<u>4.42%</u>	<u>4.47%</u>	<u>4.37%</u>	<u>5.79%</u>	<u>6.91%</u>	<u>11.13%</u>	<u>7.27%</u>	<u>6.08%</u>	<u>7.77%</u>	<u>6.22%</u>

Notes: (1) - Prior to 2012, the Taxes Revenue line included the City's share of state mandated taxes. For 2012, state mandated taxes that are shared with the City are included in the Intergovernmental Revenue line.

## CITY OF CHAMPAIGN, ILLINOIS

General Government Revenues by Source  
Last Ten Fiscal Years  
(Unaudited)

## Modified Accrual Basis of Accounting

Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	(1) 2012
Taxes	\$ 48,806,079	\$ 49,833,569	\$ 55,965,747	\$ 62,130,429	\$ 66,029,224	\$ 69,865,579	\$ 69,765,947	\$ 69,279,954	\$ 71,560,163	\$ 47,081,634
Intergovernmental	2,060,964	2,194,133	2,666,205	2,846,852	2,024,846	2,237,721	2,101,218	5,260,527	7,870,080	38,945,527
Licenses, Permits, and Fees	810,127	1,308,247	1,604,430	1,894,778	1,893,676	2,017,250	1,732,653	1,744,435	1,977,598	2,246,450
Charges for Services	715,475	841,352	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033
Fines and Forfeitures	1,166,549	1,316,070	1,356,510	1,571,115	1,549,510	1,436,495	1,401,466	1,590,640	1,900,865	1,870,090
Interest	611,873	390,543	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249
Miscellaneous	<u>7,552,630</u>	<u>2,486,625</u>	<u>3,135,037</u>	<u>4,302,866</u>	<u>4,181,606</u>	<u>5,700,991</u>	<u>3,932,089</u>	<u>3,850,283</u>	<u>3,999,546</u>	<u>2,219,038</u>
Total	<u>\$ 61,723,697</u>	<u>\$ 58,370,539</u>	<u>\$ 65,985,154</u>	<u>\$ 75,138,414</u>	<u>\$ 79,222,331</u>	<u>\$ 84,500,367</u>	<u>\$ 81,306,062</u>	<u>\$ 83,776,414</u>	<u>\$ 89,190,883</u>	<u>\$ 94,465,021</u>

Notes: (1) - Prior to 2012, the Taxes Source line included the City's share of state mandated taxes. For 2012, state mandated taxes that are shared with the City are included in the Intergovernmental Source line.

## CITY OF CHAMPAIGN, ILLINOIS

General Government Expenditures By Function  
Last Ten Fiscal Years  
(Unaudited)

## Modified Accrual Basis of Accounting

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	\$ 13,309,140	\$ 8,871,275	\$ 9,695,717	\$ 10,372,876	\$ 11,595,038	\$ 11,543,107	\$ 12,007,990	\$ 12,555,079	\$ 11,119,970	\$ 11,326,473
Public Safety	22,036,653	23,064,957	24,884,237	26,727,479	28,522,105	30,566,526	32,250,638	32,900,497	33,839,760	35,201,783
Public Works	7,907,557	8,620,897	12,616,994	13,613,298	12,903,067	16,692,612	13,326,716	11,475,962	12,558,433	11,146,743
Public Health and Welfare	2,545,351	3,504,881	2,762,144	3,200,406	3,271,874	3,442,950	3,727,077	3,220,880	5,642,467	4,254,972
Culture and Recreation	4,442,553	4,334,832	5,501,586	4,953,318	5,320,934	6,127,030	6,668,037	6,498,950	6,342,081	6,174,125
Capital Outlay	14,000,708	13,044,908	9,088,295	11,774,994	25,056,339	17,788,740	14,345,840	21,888,965	18,929,824	24,221,572
Debt Service:										
Principal Retirement	1,450,842	1,475,000	1,555,000	1,640,000	1,725,000	4,970,000	2,080,000	2,780,000	2,935,000	2,595,000
Interest and Fiscal Charges	872,848	789,279	978,391	1,978,168	1,944,690	2,003,464	2,005,237	1,850,598	2,969,447	2,601,211
Total	<u>\$ 66,565,652</u>	<u>\$ 63,706,029</u>	<u>\$ 67,082,364</u>	<u>\$ 74,260,539</u>	<u>\$ 90,339,047</u>	<u>\$ 93,134,429</u>	<u>\$ 86,411,535</u>	<u>\$ 93,170,931</u>	<u>\$ 94,336,982</u>	<u>\$ 97,521,879</u>

CITY OF CHAMPAIGN, ILLINOIS

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years  
(Unaudited)

Tax Levy Year	Fiscal Year	Residential Property	Farm	Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate	Actual Value	Assessed Value as a Percent of Actual Value
2011	2011/2012	\$ 884,706,072	\$ 557,110	\$ 626,671,114	\$ 12,351,850	\$ 1,524,286,146	\$ 907,361	\$ 1,525,193,507	1.3084	\$ 4,575,580,521	33.33%
2010	2010/2011	902,553,042	515,170	624,502,192	13,537,720	1,541,108,124	807,525	1,541,915,649	1.2942	4,625,746,947	33.33%
2009	2009/2010	904,749,950	472,480	620,905,933	13,330,860	1,539,459,223	747,330	1,540,206,553	1.2942	4,620,619,659	33.33%
2008	2008/2009	914,636,140	538,130	604,280,501	12,940,420	1,532,395,191	608,574	1,533,003,765	1.2942	4,599,011,295	33.33%
2007	2007/2008	879,192,204	457,210	554,431,171	13,121,150	1,447,201,735	511,677	1,447,713,412	1.2942	4,343,140,236	33.33%
2006	2006/2007	798,244,474	323,850	513,119,952	12,438,140	1,324,126,416	474,016	1,324,600,432	1.2659	3,973,801,296	33.33%
2005	2005/2006	711,817,507	463,300	466,974,314	11,127,730	1,190,382,851	437,157	1,190,820,008	1.3120	3,572,460,024	33.33%
2004	2004/2005	586,361,596	614,590	433,511,282	10,814,070	1,031,301,538	462,928	1,031,764,466	1.3120	3,095,293,398	33.33%
2003	2003/2004	553,118,365	361,860	411,078,408	9,083,478	973,642,111	509,102	974,151,213	1.3120	2,922,453,639	33.33%
2002	2002/2003	514,447,110	404,270	393,578,418	8,946,940	917,376,738	492,268	917,869,006	1.3120	2,753,607,018	33.33%

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years  
(Unaudited)

	Levy Year Fiscal Years	2002 2002/2003	2003 2003/2004	2004 2004/2005	2005 2005/2006	2006 2006/2007	2007 2007/2008	2008 2008/2009	2009 2009/2010	2010 2010/2011	2011 2011/2012
City of Champaign											
Corporate		0.2348	0.1996	0.1680	0.1409	0.1259	0.1324	0.2071	0.1678	0.1062	0.0902
Library		0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3903
Library Capital		0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0279
Fire Pension		0.1363	0.1265	0.1372	0.1774	0.1878	0.1855	0.1890	0.1941	0.2221	0.2321
Police Pension		0.2485	0.2349	0.2464	0.2383	0.2280	0.2168	0.1933	0.2099	0.2326	0.2560
IMRF		0.0942	0.1576	0.1649	0.1705	0.1493	0.1434	0.1422	0.1545	0.1610	0.1602
Capital Improvement		0.1760	0.1712	0.1733	0.1627	0.1527	0.1939	0.1404	0.1457	0.1501	0.1517
Total Direct Tax Rate		<u>1.3120</u>	<u>1.3120</u>	<u>1.3120</u>	<u>1.3120</u>	<u>1.2659</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.3084</u>
County		0.7117	0.7048	0.7981	0.7801	0.7616	0.7389	0.7426	0.7487	0.7688	0.7841
Forest Preserve		0.0850	0.0840	0.0839	0.0818	0.0800	0.0779	0.0783	0.0790	0.0817	0.0843
Township		0.0397	0.0387	0.0380	0.0368	0.0357	0.0350	0.0350	0.0357	0.0371	0.0385
Park		0.6754	0.6843	0.6782	0.6597	0.6414	0.6190	0.6157	0.6300	0.6529	0.6789
Public Health		0.1152	0.1135	0.1126	0.1087	0.1060	0.1049	0.1052	0.1071	0.1075	0.1102
Parkland College		0.4652	0.4838	0.4847	0.4776	0.4720	0.4688	0.5115	0.5082	0.5064	0.5120
School Unit 4		4.0214	3.9645	3.9271	3.8288	3.7273	3.6296	3.6554	3.6546	3.7238	3.8805
Mass Transit		<u>0.2728</u>	<u>0.2695</u>	<u>0.2677</u>	<u>0.2623</u>	<u>0.2592</u>	<u>0.2544</u>	<u>0.2575</u>	<u>0.2619</u>	<u>0.2725</u>	<u>0.2831</u>
Total		<u><u>7.6984</u></u>	<u><u>7.6551</u></u>	<u><u>7.7023</u></u>	<u><u>7.5478</u></u>	<u><u>7.3491</u></u>	<u><u>7.2227</u></u>	<u><u>7.2954</u></u>	<u><u>7.3194</u></u>	<u><u>7.4449</u></u>	<u><u>7.6800</u></u>

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Note: Tax rates per \$100 of assessed value

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS

Principal Property Taxpayers

Current Tax Levy Year and Nine Years Ago  
(Unaudited)

Name of Company	2011			2002		
	Taxable Assessed Valuation	Rank	Percent of Total City Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total City Assessed Valuation
Champaign Market Place, LLC	\$ 23,988,140	1	1.57%	\$ 19,638,470	1	2.14%
Campus Property Management	20,334,850	2	1.33%	15,492,500	2	1.69%
Bankier Family	13,256,120	3	0.87%	7,633,020	3	0.83%
Shapland Realty, LLC	12,631,140	4	0.83%	6,985,890	4	0.76%
Regency Consolidated	9,538,640	5	0.63%			
Nadbol	8,411,620	6	0.55%			
Dan Hamelberg	8,166,300	7	0.54%			
Clinton Atkins	8,116,490	8	0.53%			
Baytowne Apartments, LLC	7,395,320	9	0.48%	5,143,380	6	0.56%
The Carle Foundation	7,222,010	10	0.47%			
Wal-Mart Store, Inc.				5,400,720	5	0.59%
Larson Co				5,139,490	7	0.56%
Par 3 Development				5,123,150	8	0.56%
Jeffrey R. Hartman				4,897,180	9	0.53%
Par 3 Development, LLC				4,712,560	10	0.51%
<b>Total</b>	<u>\$119,060,630</u>		<u>7.81%</u>	<u>\$80,166,360</u>		<u>8.73%</u>

Source: Champaign County Clerk

## CITY OF CHAMPAIGN, ILLINOIS

## Property Tax Levies and Collections

Last Ten Fiscal Years  
(Unaudited)

Fiscal Years Ended June 30	Total Tax Levy for Fiscal Years	Collected Within the First Listed Fiscal Year		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percent Levy		Amount	Percent Levy
2011/2012	\$ 19,955,632	\$ 10,263,484	51.43%	N/A	\$ 10,263,484	51.43%
2010/2011	19,955,472	10,142,608	50.83%	9,751,085	19,893,693	99.69%
2009/2010	19,933,353	10,004,754	50.19%	9,796,232	19,800,986	99.34%
2008/2009	19,840,134	9,880,397	49.80%	9,844,355	19,724,752	99.42%
2007/2008	18,736,307	9,402,062	50.18%	9,218,966	18,621,028	99.38%
2006/2007	16,768,114	8,505,840	50.73%	8,213,314	16,719,154	99.71%
2005/2006	15,623,559	8,052,571	51.54%	7,563,454	15,616,025	99.95%
2004/2005	13,536,750	6,941,680	51.28%	6,539,186	13,480,866	99.59%
2003/2004	12,780,864	6,401,297	50.09%	6,360,349	12,761,646	99.85%
2002/2003	12,042,441	6,170,325	51.24%	5,854,595	12,024,920	99.85%

CITY OF CHAMPAIGN, ILLINOIS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	Population	Personal Income	Percentage of Personal Income	Per Capita
	General Obligation Bonds	IEPA Loans	IEPA Loans	General Obligation Bonds							
2012	\$ 62,140,000	\$ 107,499	\$ 1,316,623	\$ 12,700,000	\$ 76,264,122	\$ 1,525,193,507	5.00%	81,055	\$ 3,018,974,530	2.53%	\$ 940.89
2011	64,735,000	-	346,486	12,700,000	77,781,486	1,541,915,649	5.04%	81,055	2,788,129,890	2.79%	959.61
2010	67,670,000	-	410,424	12,700,000	80,780,424	1,540,206,553	5.24%	75,254	2,623,279,186	3.08%	1,073.44
2009	44,830,000	-	472,556	12,700,000	58,002,556	1,533,003,765	3.78%	75,254	2,613,044,642	2.22%	770.76
2008	46,690,000	-	532,933	12,700,000	59,922,933	1,447,713,412	4.14%	75,254	2,478,264,728	2.42%	796.28
2007	44,635,000	-	591,605	-	45,226,605	1,324,600,432	3.41%	75,254	2,331,444,174	1.94%	600.99
2006	46,360,000	-	648,620	-	47,008,620	1,190,820,008	3.95%	72,140	2,140,538,080	2.20%	651.63
2005	23,985,000	-	704,024	-	24,689,024	1,031,764,466	2.39%	71,426	2,198,206,576	1.12%	345.66
2004	20,640,000	-	757,864	-	21,397,864	974,151,213	2.20%	70,718	2,224,788,280	0.96%	302.58
2003	19,200,000	-	810,183	-	20,010,183	917,869,006	2.18%	70,018	1,965,965,404	1.02%	285.79

Source: Champaign County Clerk

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CHAMPAIGN, ILLINOIS  
Ratio of Net General Bonded Debt Outstanding

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Less Amount	Net General Bonded Debt	Percent of Estimated Actual Taxable Property Value	Per Capita
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Available in Debt Service Funds			
2012	\$ 62,140,000	\$ 12,700,000	\$ 74,840,000	\$ 3,915,000	\$ 70,925,000	4.65%	\$ 875.02
2011	64,735,000	12,700,000	77,435,000	2,595,000	74,840,000	4.85%	923.32
2010	67,670,000	12,700,000	80,370,000	2,510,000	77,860,000	5.06%	1,034.63
2009	44,830,000	12,700,000	57,530,000	2,530,000	55,000,000	3.59%	730.86
2008	46,690,000	12,700,000	59,390,000	2,080,000	57,310,000	3.96%	761.55
2007	44,635,000	-	44,635,000	1,820,000	42,815,000	3.23%	568.94
2006	46,360,000	-	46,360,000	1,725,000	44,635,000	3.75%	618.73
2005	23,985,000	-	23,985,000	1,640,000	22,345,000	2.17%	312.84
2004	20,640,000	-	20,640,000	1,555,000	19,085,000	1.96%	269.87
2003	19,200,000	-	19,200,000	1,475,000	17,725,000	1.93%	253.15

Note: Demographic information for population is presented in Schedule 55.  
Actual taxable property value is presented in Schedule 47.

Source: City of Champaign

## CITY OF CHAMPAIGN, ILLINOIS

## Direct and Overlapping Governmental Activities Debt

## General Obligation Debt

June 30, 2012  
(Unaudited)

Governmental Unit	Bonded Debt Outstanding	Percentage of Debt Applicable to the City	Amount Applicable to the City (2)
Champaign County	\$ 45,976,757	43.19%	\$ 19,857,361
Champaign Park District	5,335,000	99.45%	5,305,658
Champaign School District Unit #4	97,693,086	78.80%	76,982,152
Champaign Urbana Public Health District	3,054,239	69.83%	2,132,775
Parkland College	66,545,000	31.88%	21,214,546
Champaign County Forest Preserve	1,083,000	42.70%	462,441
Subtotal, Overlapping Debt (1)	219,687,082		125,954,933
City of Champaign	62,140,000	100.00%	62,140,000
Total Direct and Overlapping Debt	\$ 281,827,082		\$ 188,094,933

Source: City of Champaign and overlapping government records

## Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This estimate produces a schedule that recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- (2) Computed by dividing the City's assessed value by the assessed value of the overlapping governments and multiplying this rate by the overlapping governments' outstanding debt. An overlapping government unit is any that levies a tax on a citizen of the City. This schedule does not include revenue-supported debt.

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenue Supported Bond Coverage  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Revenue	Expense	Available for Debt Service	Principal	Interest	Total	Coverage
2012	Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. The City has						
2011	not had revenue bonds outstanding for any of the last ten fiscal years.						
2010							
2009	Source: City of Champaign						
2008							
2007							
2006							
2005							
2004							
2003							

## CITY OF CHAMPAIGN, ILLINOIS

## Demographic and Economic Statistics

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	(1) Population	Personal Income Expressed in Thousands	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2012	81,055	\$ 3,018,975	\$ 37,246	25	9,496	9.0%
2011	81,055	2,788,130	34,398	26	9,421	9.0%
2010	75,254	2,623,279	34,859	24	9,497	9.5%
2009	75,254	2,613,045	34,723	24	9,400	8.4%
2008	75,254	2,478,265	32,932	25	9,329	6.5%
2007	75,254	2,331,444	30,981	25	9,342	4.8%
2006	72,140	2,140,538	29,672	25	9,346	4.2%
2005	71,426	2,198,207	30,776	25	9,382	4.7%
2004	70,718	2,224,788	31,460	25	9,345	4.8%
2003	70,018	1,965,965	28,078	25	9,300	5.0%

Notes: (1) Population for 2011 and 2012 is from the 2010 census. Population for 2007 - 2010 is from a Special Census conducted by the U.S. Bureau of the Census. 2003 - 2006 population is calculated by adding 1 percent per annum to the 2000 census.

(2) U.S. Department of Commerce Bureau of Economic Analysis

(3) U.S. Census Bureau

(4) Champaign Unit 4 School District

(5) U.S. Department of Labor, Bureau of Labor Statistics

## CITY OF CHAMPAIGN, ILLINOIS

## Principal Employers

Current Fiscal Year and Nine Fiscal Years Earlier  
(Unaudited)

Name of Company	2012			2003 (3)		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
University of Illinois at Urbana-Champaign (1)	10,820	1	27.2%	10,500	1	28.5%
Champaign Unit 4 School District	1,739	2	4.4%	1,000	3	2.7%
Parkland College	1,367	3	3.4%	882	4	2.4%
Kraft Foods, Inc. (2)	1,200	4	3.0%	1,500	2	4.1%
Christie Clinic Association	790	5	2.0%	725	5	2.0%
Hobbico, Inc.	700	6	1.8%	700	6	1.9%
PlastiPak Packaging, Inc. (2)	650	7	1.6%	550	7	1.5%
City of Champaign	584	8	1.5%	500	8	1.4%
Busey Bank	552	9	1.4%			
Horizon Hobby, Inc.	550	10	1.4%			
U.S. Army Corps of Engineering CERL				450	9	1.2%
U.S. Postal Service				409	10	1.1%
Total	<u>18,952</u>		<u>47.7%</u>	<u>17,216</u>		<u>46.8%</u>

Source: Economic Development Commission and Bureau of Labor Statistics.

Note: (1) The University of Illinois is located in both Champaign and Urbana.

Note: (2) Located in an unincorporated area adjacent to the City.

Note: (3) Data for June 30, 2003 is not available. Data is as of December 31, 1999.

## CITY OF CHAMPAIGN, ILLINOIS

## Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years  
(Unaudited)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Administration	12	12	12	12	12	11	12	9	8	8
Economic Development	1	-	-	1	1	2	2	2	2	2
Legal	11	10	10	10	10	10	10	10	8	9
Finance	15	15	15	15	16	16	16	16	16	15
Human Resources	6	6	6	6	6	6	6	6	6	5
Risk Management	2	2	2	2	2	2	2	2	2	1
Planning	12	11	11	11	12	12	12	12	10	10
Neighborhood Services	14	9	10	11	11	11	11	12	10	10
Information Technology	7	7	8	8	8	10	10	10	10	9
Public Safety:										
Police:										
Sworn	112	112	113	115	117	119	119	118	120	120
Civilian	38	37	38	38	37	37	37	37	33	31
Fire:										
Sworn	93	93	93	105	108	108	108	108	107	107
Civilian	14	13	13	14	14	15	15	14	13	12
Public Works:										
Engineering	23	23	21	21	23	23	24	22	19	20
Transportation	15	15	15	15	15	15	15	14	14	13
Other	41	40	43	43	44	45	45	44	39	39
Public Health & Welfare	4	8	7	7	7	7	7	7	6	6
Culture & Recreation	68	67	67	68	81	82	82	82	82	74
Parking	13	15	16	16	15	15	15	15	15	15
Sewer	11	11	10	10	10	10	10	10	8	8
Environmental Services	-	-	-	-	-	-	-	-	1	2
Total	<u>512</u>	<u>506</u>	<u>510</u>	<u>528</u>	<u>549</u>	<u>556</u>	<u>558</u>	<u>550</u>	<u>529</u>	<u>516</u>

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS  
Operating Indicators by Function/Program

Last Ten Fiscal Years  
(Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety:</b>										
Fire (1):										
Number of Fire Calls	325	292	327	301	334	288	289	228	274	250
Number of EMS/Rescue Calls	2,822	2,916	2,938	2,954	3,115	3,421	3,388	3,532	3,518	3,680
ISO Rating	2	2	2	2	2	2	2	2	2	2
Police:										
Arrests	6,394	6,286	6,972	6,691	6,769	7,153	6,823	6,151	6,185	5,439
Parking Violations	4,142	3,014	2,240	1,854	1,617	1,285	970	1,621	1,563	740
Traffic Violations (1)	10,959	10,453	11,300	11,059	11,590	10,848	11,672	8,186	8,486	6,709
<b>Public Works:</b>										
Street Resurfacing Miles	N/A	N/A	N/A	13.54	12.30	4.20	4.60	10.40	11.00	12.50
Potholes Repaired	11,311	14,978	12,752	19,213	13,103	17,703	18,208	17,768	22,401	18,854
Street Lights Maintained (2)	3,020	3,278	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513
<b>Community Development:</b>										
Number of Building Permits Issued	588	635	962	1,112	873	638	507	505	494	534
Number of Building Inspections	2,490	2,348	3,134	4,503	3,697	3,261	3,191	2,837	2,735	2,781
<b>Culture &amp; Recreation:</b>										
Total Circulation	1,338,251	1,449,668	1,536,847	1,668,652	1,786,773	1,980,259	2,492,033	2,640,627	2,495,499	2,260,836
Materials (Print and Non-Print)	238,350	242,556	250,860	246,709	256,533	355,129	396,906	374,005	373,054	409,458
Library Cards Issued	N/A	4,922	5,828	5,631	5,129	8,808	7,441	6,316	5,840	5,478
Library Visits - Main Library/Bookmobile	516,775	546,165	553,316	578,604	585,059	626,342	760,137	804,424	912,582	967,997
Library Visits - Douglass Branch	88,308	92,245	74,914	61,717	69,568	70,920	59,092	61,210	61,404	48,470

N/A: Not Available

Source: City of Champaign

Notes: Indicators are not available for the general government functions.

- (1) 2002 are traffic tickets and warnings. 2003-2012 are traffic tickets only.
- (2) The number of street lights maintained have included City owned and IP leased, but should have included City owned only. The number of IP leased street lights has been approximately 1,330 since at least 2000. Subtract 1,330 from total through 2005 to estimate City owned street lights. Actual numbers used for 2006-2012.

CITY OF CHAMPAIGN, ILLINOIS  
Capital Asset Statistics by Function/Program

Last Ten Fiscal Years  
(Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A									
Fire Stations	5	5	5	5	6	6	6	6	6	6
Public Works:										
Streets (Miles) (1)	220	598	598	642	642	685	684	696	696	718
Sidewalks (Miles)	N/A									
Streetlights (2)	3,020	3,278	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513
Sewer:										
Sanitary Sewers (Miles)	191	191	193	193	195	205	209	209	211	213
Manholes	4,775	4,775	4,825	4,825	4,875	5,128	5,215	5,216	5,275	5,325

N/A: Not Available

Source: City of Champaign

Notes:

- (1) Center line miles were reported through 2003, and lane miles were reported starting in 2004.
- (2) The number of street lights maintained have included City owned and IP leased, but should have included City owned only. The number of IP leased street lights has been approximately 1,330 since at least 2000. Subtract 1,330 from total through 2005 to estimate City owned street lights. Actual numbers used for 2006-2012.

## CITY OF CHAMPAIGN, ILLINOIS

## City Awards Received

Last Ten Fiscal Years  
(Unaudited)

Award Received	Awarded By
Distinguished Budget Presentation Award	Government Finance Officers Association
Certificate of Achievement for Excellence in Financial Reporting	Government Finance Officers Association
First Place Award - 2011 Hometown Video Award "Champaign Fire Department: Ready to Serve"	Alliance for Community Media
Public Works Project of the Year (2012) - (Environment, \$10 Million to \$100 Million) "Second Street Detention and Logan Street Storm Sewer Improvements"	American Public Works Association (APWA)
Tree City USA Award	National Arbor Day Foundation
The Champaign Public Library was named among America's top libraries with a 4-star rating	<i>Library Journal</i> magazine
Community Broadband Project of the Year (Urbana Champaign Broadband - UC2B)	National Association of Telecommunications Officers and Advisors (NATOA)