

CITY OF CHAMPAIGN, ILLINOIS

Champaign, Illinois

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2013

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



November 20, 2013

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, 2013.

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, 2013, 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 unmodified opinion that the City of Champaign's financial statements for the fiscal year ended June 30, 2013, 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 and the Champaign Firefighters' Pension Trust. The Town of the City of Champaign and the Champaign Library Foundation are discretely presented component units. 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 in May. 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 147-149. Comparisons for non-major governmental funds can be found starting on page 132.

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

2013 was 8.7%, slightly lower than the 9.0% unemployment rate for June 2012. The University of Illinois at Urbana-Champaign is ranked among the top fifteen 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 Presence 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. The value of construction for building permits issued in fiscal year 2012/13, at \$114 million, was higher than the value of \$107 million in fiscal year 2011/12, and a significant increase compared with \$83 million in fiscal year 2009/10. Property tax is the second largest revenue source of the City. In FY2012/13, the equalized assessed value (EAV) of taxable property decreased by 0.5% to \$1,517,364,644, after decreasing 1.0% and 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 \$1.3152 for the 2012 levy year. This minimal rate increase resulted from the same dollars being levied as in FY2011/12 but over a smaller tax base for FY2012/13.

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 2012/13, up 2.2% over fiscal year 2011/12. Fiscal year 2012/13 income taxes showed significant growth over the previous year, increasing 15.4%. 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 increased by 11.0% in fiscal year 2012/13. This was caused by higher usage than in the previous fiscal year, which had unusually low 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 (37.2 percent in 2013 compared with 36.2 percent in 2004). 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 began in Fall 2012 and is expected to be completed in early 2014. The City will provide TIF benefits and other tax rebate incentives over a maximum seven-year period or up to \$3M, whichever occurs first. 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. Construction began in FY 2013 and is expected to be completed in the Fall of 2013.

- Redevelopment of multiple vacant parcels in the North Prospect area began in FY2013 to provide for relocation of the Worden Martin Carriage Center car dealerships (Ford, Nissan, Lincoln, and Mercury) from South Neil Street in Champaign and Savoy. This new location is visible from Interstate 74 and is expected to generate additional incremental sales taxes. The City approved a development agreement to return a portion of the sales taxes generated from this new location up to \$6.2M or over 12 years, whichever occurs first. The agreement also provides incentives for redevelopment of the vacated site on South Neil. This location is expected to be redeveloped in FY 2014 with multiple commercial businesses that will generate additional sales and property taxes.
- The area of Champaign known as “Campustown” has experienced significant investment and redevelopment in recent years and several projects are currently under construction or have been approved for development. Building on the momentum of the high-rise projects constructed at 309 East Green Street and 310 W. Springfield Avenue in 2009, several projects are advancing the City’s goals for infill redevelopment. Projects currently under construction include 112 East Green Street which is a five-story, mixed-use development with first floor commercial and 50 upper-story apartments. This project is valued at \$5M. Also under construction is 519 East Green Street which will be a 14-story mixed-use development with first floor commercial and 40 upper story residential apartments. This project is valued at \$10M. Approved for development at 308-312 East Green Street is a 22-story mixed-use project that will include first floor commercial and 145 apartments on the upper floors. Finally, a building permit is currently being reviewed for 526 East Green Street which is currently a city-owned parking lot. Approved for development on this lot is a 12-story mixed-use building with a hotel, commercial space, 290 apartments and a public parking garage valued at \$50M. With the exception of 526 East Green Street (which includes a public parking structure) none of the development projects in Campustown received public subsidy or incentives proving the strength of that market.
- 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 City continues to implement a plan to redevelop the Bristol Place Neighborhood in northeast Champaign. This challenged 22-acre area has experienced disinvestment and declining property values over the years. To improve the area and provide new housing opportunities for residents, the City is currently in the process of land acquisition and clearance utilizing Urban Renewal funding. Master Planning efforts are currently underway to envision a redeveloped neighborhood that may become LEED-ND and provide a mix of housing types for residents. It is anticipated that a selection process for a developer to build the neighborhood will commence as early as 2017.
- 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 200 “anchor institutions” including schools, government facilities, and community services agencies. In addition, construction continued on the “fiber to the premise” connections for 1,100+ properties in 11 census blocks where residents and businesses are underserved with respect to internet access.

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

- Billing began for the stormwater utility fee, which City Council had previously approved. The fee will provide an additional \$3 million dollars annually to fund drainage services. 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.

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 \$71.78 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-second 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, 2013. 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



Carrie Siems
Staff Accountant



Government Finance Officers Association

**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, 2012

Executive Director/CEO

CITIZENS OF CHAMPAIGN

Population: 81,055

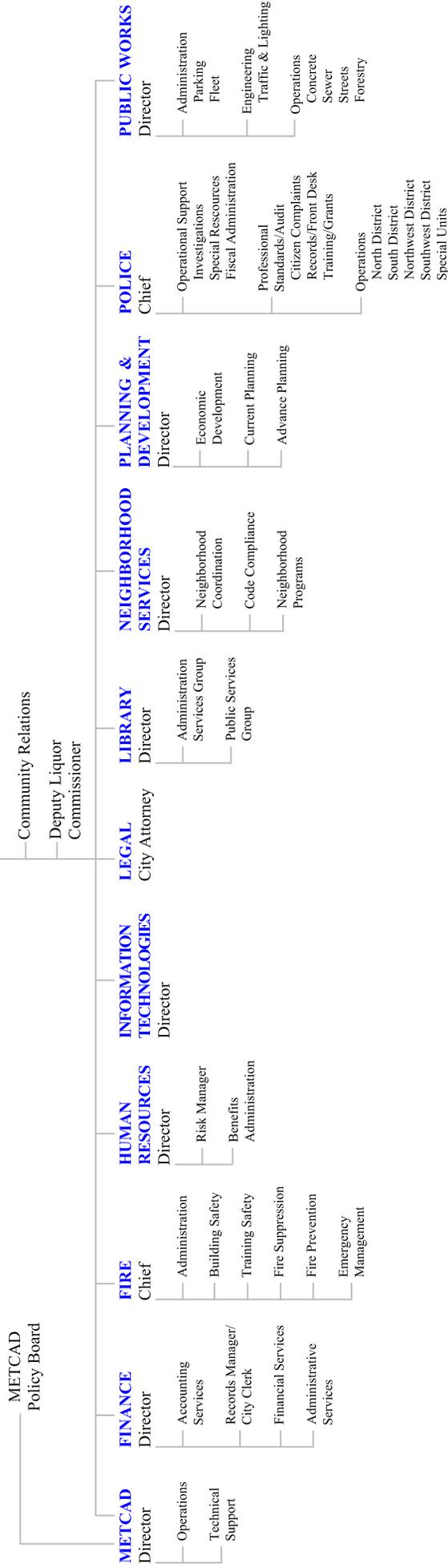
CITY COUNCIL

9 Council Members (Includes Mayor)



CITY MANAGER'S OFFICE

- Community Relations
- Deputy Liquor Commissioner



2013 Organizational Chart

Drawn By: Public Works Department Engineering Division
 Date: July 9, 2013
 File: Cityyre-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 (2010 Census)
<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	Dorothy Ann David
Deputy City Manager	Craig Rost
Deputy City Manager	Joan Walls
Finance Director	Richard Schnuer
City Attorney	Frederick Stavins
Director of Public Works	Dennis Schmidt
Planning and Economic Development Director	Bruce Knight
Neighborhood Services Director	Kevin Jackson
Acting Director of Human Resources	Lori Bluhm
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

Report on the Financial Statements

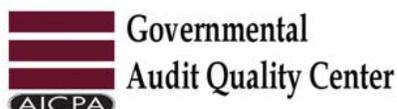
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Champaign, Illinois, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 statements, which represents 53 percent, 53 percent, and 54 percent, respectively, of the assets, plan net position, 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 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 solely on the report of the other auditors. We have audited the other note disclosures applicable to the Police Pension Fund. 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. The financial statements of the Firefighters'



Pension Fund, the Police Pension Fund, and the City's discretely presented component units (Town of the City of Champaign, Illinois and Champaign Public Library Foundation) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Champaign, Illinois as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 121-123, and schedules of employer contributions on page 124, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Champaign, Illinois' basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures by us and the other auditors, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 procedures performed as describe above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, 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* in considering the City of Champaign, Illinois' internal control over financial reporting and compliance.

Marta J. Hood, Frisco & Associates, LLC

Champaign, Illinois
November 21, 2013

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, 2013. 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, 2013, the City's total assets exceeded its liabilities by \$418.6 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 position consists of \$341.4 million net investment in capital assets. Restricted net position of \$25.3 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of \$51.9 million in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- Expenses of \$102.1 million during the year were more than revenues of \$96.7 million, decreasing the City's total net position by \$5.4 million. The decrease in net position consists of a \$4.5 million decrease in net position of the City's governmental activities and a \$0.9 million decrease in net position related to the City's business-type activities.
- There was a prior period adjustment of \$1.0 million in FY13. This resulted from implementation of Governmental Accounting Standards Board (GASB) Statement #61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which requires that the Town of the City of Champaign now be discretely presented. In previous years, it had been reported as a blended component unit. The City also implemented *GASB #65, Items Previously Reported as Assets and Liabilities*, which requires the City to present deferred outflows and deferred inflows of resources.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$61.9 million, a \$0.1 million increase from the prior year fund balances of \$61.8 million. The increase is largely attributable to the following: a \$2.7 million increase in the Tax Increment Financing (TIF), Local Motor Fuel Tax and ARRA Grant Funds due to higher tax revenues and receipt of remaining ARRA grant funds; a General Fund increase of \$1.1 million, primarily due to increased tax and intergovernmental revenues; a Champaign Public Library increase of \$0.3 million, primarily due to a transfer from the City's Library Improvement Fund; and a net decrease of \$4.2 million in the Motor Fuel Tax, Stormwater Management, and Capital Improvements Funds as set-aside funds were expended on planned projects.
- At June 30, 2013, approximately \$39.4 million (or 64%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned and committed fund balances). Of that, 58% (\$22.9 million) is in the City's General Fund, 29% (\$11.3 million) is dedicated to capital projects, and 13% (\$5.2 million) is dedicated to special revenue funds (primarily those that support neighborhood and economic development). Over 50% of the unassigned and committed General Fund

FINANCIAL HIGHLIGHTS - Continued

balance represents revenues owed the City as of June 30, 2013, but not received by June 30, 2013. Of the restricted funds, 42% (\$9.5 million) is restricted for capital projects, 31% (\$6.9 million) is restricted for special revenue funds, 6% (\$1.4 million) is reserved for the Champaign Public Library and 21% (\$4.7 million) is restricted for debt service.

- The City had \$87.6 million in total long-term debt at the end of the year, 82% 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, Illinois Environmental Protection Agency (IEPA) loans, and claims payable. Outstanding debt decreased by \$2.9 million, primarily 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 two additional entities, the Champaign Police Pension Trust, and the Champaign Firefighters Pension Trust. 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 two “discretely presented component units”: the Town of the City of Champaign (Township) and the Champaign Public Library Foundation. In past years, the Township was a “blended component unit”. However, the City implemented GASB #61 and the Township no longer meets the criteria for blending, and is now being presented discretely. 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.

USING THIS ANNUAL REPORT – Continued

The Statement of Net Position reports information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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.

USING THIS ANNUAL REPORT – Continued

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 21 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 15 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 a budgetary comparison statement for the major funds to 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 statement 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.

USING THIS ANNUAL REPORT – Continued

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 fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 - 120 of this report.

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 121 - 124 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 125 - 164 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position 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 \$418.7 million. The largest portion of the City of Champaign's net assets (\$341.4 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 \$25.3 million (6%) of the City's net position represents resources that are subject to external restrictions on their use. The remaining \$51.9 million (12%) represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Net Position (in Millions)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 91.8	\$ 91.9	\$ 5.4	\$ 6.3	\$ 97.2	\$ 98.2
Capital Assets	358.4	368.6	56.1	56.6	414.5	425.2
Total Assets	<u>450.2</u>	<u>460.5</u>	<u>61.5</u>	<u>62.9</u>	<u>511.7</u>	<u>523.4</u>
Deferred Outflows of Resources	1.0	-	-	-	1.0	-
Total Assets and Deferred Outflows of Resources	<u>451.2</u>	<u>460.5</u>	<u>61.5</u>	<u>62.9</u>	<u>512.7</u>	<u>523.4</u>
Long-Term Debt Outstanding	65.5	68.3	13.1	13.8	78.6	82.1
Other Liabilities	14.3	15.4	0.9	0.8	15.2	16.2
Total Liabilities	<u>79.8</u>	<u>83.7</u>	<u>14.0</u>	<u>14.6</u>	<u>93.8</u>	<u>98.3</u>
Deferred Inflows of Resources	0.2	-	-	-	0.2	-
Total Liabilities and Deferred Inflows of Resources	<u>80.0</u>	<u>83.7</u>	<u>14.0</u>	<u>14.6</u>	<u>94.0</u>	<u>98.3</u>
Net Position:						
Net Investment in Capital Assets	299.0	306.2	42.4	42.4	341.4	348.6
Restricted	25.3	31.8	-	-	25.3	31.8
Unrestricted	<u>46.9</u>	<u>38.7</u>	<u>5.0</u>	<u>5.9</u>	<u>51.9</u>	<u>44.6</u>
Total Net Position	<u>\$ 371.2</u>	<u>\$ 376.7</u>	<u>\$ 47.4</u>	<u>\$ 48.3</u>	<u>\$ 418.6</u>	<u>\$ 425.0</u>

The following table shows that net position decreased by \$6.4 million over FY12.

	Changes in Net Position (in Millions)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenue:						
Program Revenues:						
Charges for Services	\$ 8.1	\$ 7.7	\$ 5.3	\$ 5.5	\$ 13.4	\$ 13.2
Operating Grants/Contributions	1.3	1.0	-	-	1.3	1.0
Capital Grants/ Contributions	5.6	14.0	0.1	0.4	5.7	14.4
General Revenues:						
Property Taxes	23.0	23.6	-	-	23.0	23.6
Sales Taxes	31.7	31.2	-	-	31.7	31.2
Income Taxes	8.5	7.8	-	-	8.5	7.8
Other General Revenues	13.1	12.4	-	(0.1)	13.1	12.3
Total Revenues	<u>91.3</u>	<u>97.7</u>	<u>5.4</u>	<u>5.8</u>	<u>96.7</u>	<u>103.5</u>
Expenses:						
General Government	11.0	12.0	-	-	11.0	12.0
Public Safety	34.1	34.8	-	-	34.1	34.8
Public Works	36.9	36.2	-	-	36.9	36.2
Public Health and Welfare	3.6	4.2	-	-	3.6	4.2
Culture and Recreation	8.3	8.1	-	-	8.3	8.1
Interest on Long-Term Debt	2.3	2.6	-	-	2.3	2.6
Parking	-	-	3.3	3.2	3.3	3.2
Sewer	-	-	2.2	1.9	2.2	1.9
Environmental Services	-	-	0.4	0.4	0.4	0.4
Total Expenses	<u>96.2</u>	<u>97.9</u>	<u>5.9</u>	<u>5.5</u>	<u>102.1</u>	<u>103.4</u>
Increase in Net Position						
before Transfers	(4.9)	(0.2)	(0.5)	0.3	(5.4)	0.1
Transfers	0.4	0.1	(0.4)	(0.1)	-	-
Increase (Decrease) in						
Net Position	<u>(4.5)</u>	<u>(0.1)</u>	<u>(0.9)</u>	<u>0.2</u>	<u>(5.4)</u>	<u>0.1</u>
Net Position - Beginning (as						
Previous Reported)	376.7	376.8	48.3	48.1	425.0	424.9
Prior Period Adjustments	(1.0)	-	-	-	(1.0)	-
Net Position - Beginning						
(as Restated)	<u>375.7</u>	<u>376.8</u>	<u>48.3</u>	<u>48.1</u>	<u>424.0</u>	<u>424.9</u>
Net Position - Ending	<u>\$ 371.2</u>	<u>\$ 376.7</u>	<u>\$ 47.4</u>	<u>\$ 48.3</u>	<u>\$ 418.6</u>	<u>\$ 425.0</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net Position – Continued

The City of Champaign's total net position decreased by \$6.4 million due to an FY13 decrease of \$5.5 million in the net position of the City's governmental activities plus a \$0.9 million decrease in net assets of business-type activities. The City of Champaign can generally only use net position of business-type activities to finance sanitary sewer collection services, environmental services, and parking operations.

Net position invested in capital assets (net of debt) decreased by \$7.2 million to \$341.4 million. The capital asset additions were offset primarily by decreases in construction in progress (\$4.9 million) and depreciation expense (\$1.0 million). Restricted net position decreased by \$6.5 million to \$25.3 million, while unrestricted net position increased by \$7.3 million.

Total revenues decreased by \$6.7 million, a 6.5 % decrease. The change largely resulted from \$1.2 million in additional tax revenue offset by a decrease of \$7.9 million in grant revenue. Expenses decreased \$1.3 million (from \$103.4 million to \$102.1 million), primarily in General Government, Public Safety and Public Health and Welfare. Results for specific types of revenues and expenses are discussed below.

Governmental Activities

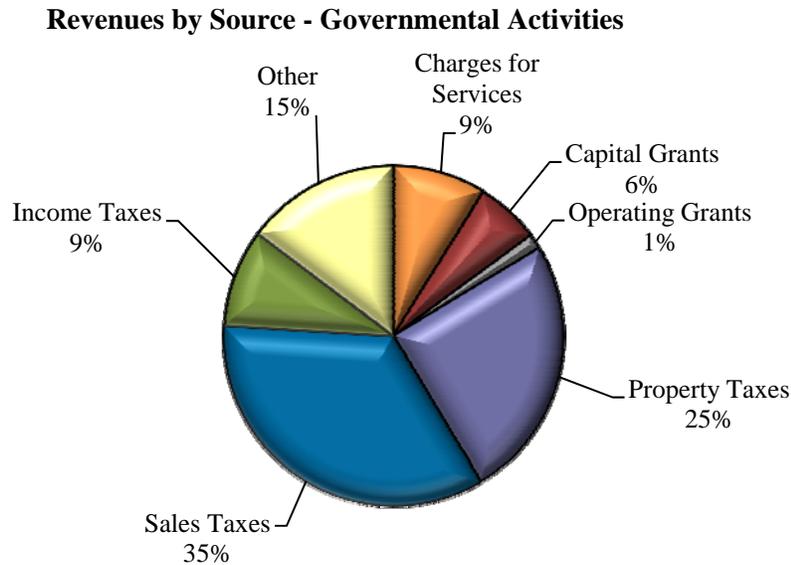
Revenues for governmental activities decreased \$6.4 million (6.6%). This resulted primarily from decreases in grant revenues (\$8.1 million) that were offset by the following changes in taxes: local motor fuel tax – increase of \$1.0 million, income taxes - increase of \$0.7 million, property tax - decrease of \$0.6 million, and sales tax – increase of \$0.5 million.

Total expenses for governmental activities decreased \$1.7 million (1.7%) to \$96.2 million primarily in General Government and Public Safety (as a result of staffing reductions that were taken in the three previous fiscal years) and Public Health and Welfare due to the completion of a neighborhood stabilization grant. The increase in expenses was mainly in Public Works (\$0.7 million), as a result of many large capital projects under construction

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)



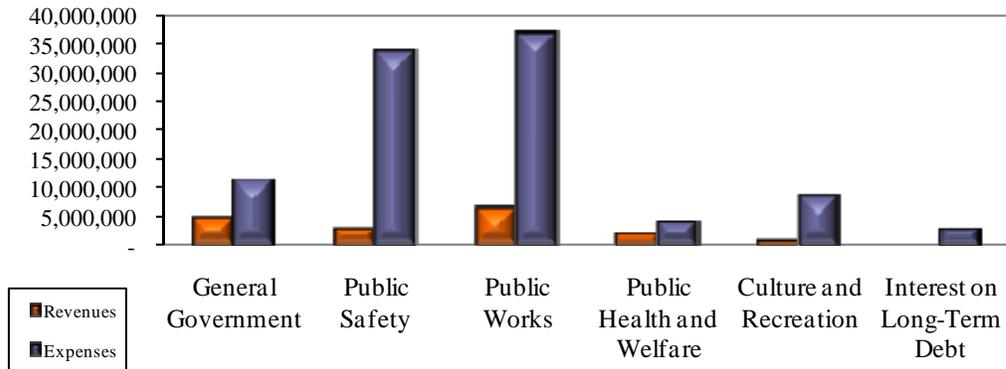
Sales tax revenues comprise 35% of all revenues for governmental activities. Significant reliance on a single revenue source, especially one subject to cyclical economic changes, results in greater revenue volatility than more diversified revenue sources. The impact on the City of Champaign, however, 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)

Expenses and Program Revenues - Governmental Activities

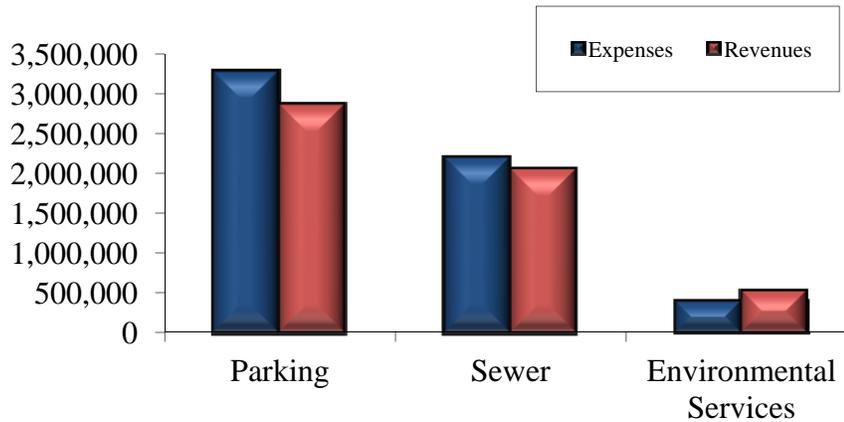


Business-Type Activities

The City realized revenues of \$5.5 million from its business-type activities: parking, sanitary sewer, and environmental services. This represents a \$0.3 million decrease (5.1%) from the prior year. The decrease was due to a capital grant for sanitary sewers which was received from the Illinois Environmental Protection Agency (IEPA) in FY11/12, but not in FY12/13.

Overall, the City’s net position from business-type activities decreased \$0.9 million. This largely resulted from a \$0.4 million negative difference between program revenues and expenses of such activities (\$5.5 million and \$5.9 million, respectively), coupled with an increase in transfers out of \$0.4 million. 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



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 2013 fiscal year, the governmental funds reported combined ending fund balances of \$61.9 million, a slight increase of \$0.2 million (0.3%) from the prior year.

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

- The General Fund experienced an increase in fund balance of \$1.1 million. The excess of revenues over expenditures remained constant at \$12.1 million, which was then offset by net transfers to other funds of \$11.0 million.
- The Stormwater Management Fund had an increase in fund balance of \$1.7 million, and the Non-major funds also experienced an increase in fund balance of \$2.7 million. These increases were the result of setting aside resources for planned project expenditures.
- Another major fund, Motor Fuel Tax, had a decrease in fund balance of \$5.6 million. This is due to monies spent on major transportation projects such as the extension of South Fourth Street to Windsor Road.

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 position in this fund decreased \$0.4 million to \$36.9 million as of June 30, 2013. This can be primarily attributed to a reduction of \$0.3 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 \$0.6 million at June 30, 2013. Operating income was flat, while operating expenses increased by \$0.1 million, interest income decreased by \$0.1 million, and transfers out increased by \$0.2 million. The Fund ended the year with net assets of \$10.4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 33,010,137	\$ 33,088,982	\$ 33,098,496
Intergovernmental	24,544,440	25,260,131	25,788,374
Licenses & Permits	1,954,423	2,071,643	2,170,530
Other	3,807,188	4,229,831	3,597,336
Total Revenues	63,316,188	64,650,587	64,654,736
Expenditures and Transfers			
Expenditures	57,362,639	55,557,769	52,521,568
Transfers Out	22,021,412	21,979,317	12,059,348
Transfers In	(5,226,605)	(5,286,791)	(1,073,500)
Total Expenditures and Transfers	74,157,446	72,250,295	63,507,416
Change in Fund Balance	\$ (10,841,258)	\$ (7,599,708)	\$ 1,147,320

The Champaign City Council amended the General Fund budget nine 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 \$7,350,000. 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 \$64.7 million were the same as the final (estimated) budget and approximately \$1.4 million higher than the original budget. The variance between the actual and the revised budget results from sales, income, and utility tax revenues higher than the previous year.

Total actual expenditures and transfers of \$63.5 million were 14.4% lower than the original budget and 12.1% 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 \$414.5 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation, as of June 30, 2013. Approximately 59% of this investment represents infrastructure including roads, sidewalks, bridges, and sewers, and a quarter of the City's capital assets are comprised of land. Overall, the City's investment in capital assets decreased by \$10.7 million or 2.5%.

	Capital Assets - Net of Depreciation (in Millions)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 100.2	\$ 100.3	\$ 6.0	\$ 5.9	\$ 106.2	\$ 106.2
Construction in Progress	12.0	16.9	-	-	12.0	16.9
Buildings	30.8	31.8	11.1	11.5	41.9	43.3
Land Improvements	0.9	1.0	-	-	0.9	1.0
Improvements and Equipment	7.6	7.9	0.3	0.3	7.9	8.2
Infrastructure	206.9	210.7	38.3	38.5	245.2	249.2
Parking Meters	-	-	0.4	0.4	0.4	0.4
Total Assets	\$ 358.4	\$ 368.6	\$ 56.1	\$ 56.6	\$ 414.5	\$ 425.2

Changes to capital assets during the 2012/13 fiscal year included the following:

- Infrastructure decreased by \$4.0 million due to deteriorated pavement that is being replaced by ongoing transportation projects.
- Construction in progress decreased \$4.9 million as significant road and drainage projects were completed.

CAPITAL ASSETS - Continued

The additions to capital assets were offset by depreciation of \$18.5 million.

Readers desiring more detailed information on capital assets activity should refer to the discussion in Note 8 to these financial statements on pages 73 - 75.

DEBT MANAGEMENT

The City's total outstanding bonded debt and IEPA loans as of June 30, 2013 (\$73.4 million) decreased \$2.8 million from June 30, 2012. The following table provides a detail of this outstanding debt, comparing the current fiscal year to the previous fiscal year.

	General Obligation Bonds and IEPA Loans (in Millions)					
	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 59.6	\$ 62.1	\$ 12.2	\$ 12.7	\$ 71.8	\$ 74.8
IEPA Loans Payable	0.4	0.1	1.2	1.3	1.6	1.4
Total Assets	<u>\$ 60.0</u>	<u>\$ 62.2</u>	<u>\$ 13.4</u>	<u>\$ 14.0</u>	<u>\$ 73.4</u>	<u>\$ 76.2</u>

Bonds were issued in the amount of \$9.9 million during the fiscal year to refinance the remaining 2004A series and a portion of the 2005 series. A major drainage project that was partly financed with an IEPA loan was completed during the fiscal year.

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 75 - 81 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 1.6% during fiscal year 2012/13 as modest growth continues in the state and national economies. The City's sales tax revenues ended the year \$530,000 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 2012 levy year (valued as of January 1, 2012 and collected in 2013) decreased by 0.5% to \$1,517,364,644. 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 approximated \$4.6 billion. Residential and commercial properties made up 57% and 42%, respectively, of the EAV for the 2012 levy year.

The value of construction for building permits issued in fiscal year 2012/13, at \$114 million, was higher than the value of \$107 million in fiscal year 2011/12, and 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 2013 levy year to decrease by 0.88% 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 23 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 2012/13 by 8.56%, or \$667,200, compared with the prior year. 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.

The City's management considered the following factors when preparing the budget for fiscal year 2013/14:

- 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.
- Between FY2008/09 and FY2012/13, the City Council adopted approximately \$18 million in budget balancing measures to keep City expenditures in line with available revenues. Budget balancing measures included a major organizational downsizing, eliminating the equivalent of 48 fulltime positions, the equivalent of 8% of the City's workforce including the Library. This allowed the City to achieve a level of financial stability through challenging economic times

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued

The City's Five-Year Forecast in October 2012 for fiscal year 2012/13 projected year-end unassigned General Fund fund balance to exceed the budgeted fund balance. This is expected to provide revenues for one-time only expenditures.

Budget development for FY2013/14 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 FY2013/14 in conformance with policy was:

- adopt the 2012 property tax levy at the same dollar amount as the overall 2011 levy, and
- use the established budget process to incorporate any changes to the level of services currently funded by the General Fund on a recurring basis,

In the FY2013/14 budget adoption, Council increased the home rule sales tax by 0.25% . This will enable the City to restore some of the budget balancing measures taken during the economic downturn, specifically to rehire for police and fire vacant positions and provide additional funding for the Library

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 has climbed to 107.0 for September 2013. This is positive since a reading above 100 indicates an expanding economy. This is the highest point since March 2008.
- Although the flash index is a positive indicator, it is important to remember that Illinois still lags in other indicators. As of August 2013, the State's unemployment rate was 9.0%, while the nation's was 7.3%. The local economy has struggled, but not as badly as others 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 miscellaneous factors. Champaign's unemployment rate was 8.7% for August 2013, somewhat lower than the state rate.
- 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, 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 1.6% increase for fiscal year 2012/13 over fiscal year 2011/12. This is the third year of steady sales tax revenue growth.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - Continued

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 2013/14.

- 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. Both the 2011 and 2012 levies have decreased by 1.0% and 0.5%, respectively.

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:

Richard A. Schnuer
Finance Director
102 N. Neil Street
Champaign, IL 61820
Phone: 217/403-8943
Email: 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 Position

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Champaign Public Library Foundation	Town of the City of Champaign
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 55,267,565	\$ 5,005,770	\$ 60,273,335	\$ 894,893	\$ 865,438
Receivables, Net:					
Property Taxes	-	-	-	-	-
Other Taxes	11,577,493	-	11,577,493	-	17,175
Accounts Receivable	4,845,257	404,941	5,250,198	-	-
Accrued Interest	30,312	2,773	33,085	-	-
Other Receivables	2,743,906	-	2,743,906	18,946	2,205
Internal Balances	42,952	(42,952)	-	-	-
Prepaid Expenses	339,434	-	339,434	-	-
Inventory	174,143	-	174,143	-	-
Restricted Assets:					
Cash and Investments	1,361,329	-	1,361,329	-	-
Total Current Assets	76,382,391	5,370,532	81,752,923	913,839	884,818
<i>Non-Current Assets</i>					
Net Pension Asset	15,442,681	-	15,442,681	-	-
Non-Depreciable Capital Assets	112,177,963	5,985,207	118,163,170	-	-
Depreciable Capital Assets	543,683,241	66,268,047	609,951,288	-	215,602
Accumulated Depreciation	(297,459,904)	(16,177,464)	(313,637,368)	-	(185,250)
Total Non-Current Assets	373,843,981	56,075,790	429,919,771	-	30,352
Total Assets	450,226,372	61,446,322	511,672,694	913,839	915,170
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	971,325	-	971,325	-	-
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	2,700,223	69,292	2,769,515	-	12,415
Retainage Payable	508,595	308	508,903	-	-
Accrued Payroll	1,446,376	55,516	1,501,892	-	11,424
Claims Payable	3,019,886	-	3,019,886	-	-
Unearned Revenue	83,266	3,960	87,226	12,338	-
Other Liabilities	1,361,329	-	1,361,329	-	-
Compensated Absences Payable	915,263	48,083	963,346	-	10,906
Landfill Closure Payable	91,468	-	91,468	-	-
IEPA Loans Payable	19,756	118,183	137,939	-	-
General Obligation Bonds Payable, Net	4,100,131	657,155	4,757,286	-	-
Total Current Liabilities	14,246,293	952,497	15,198,790	12,338	34,745
<i>Non-Current Liabilities</i>					
Net Pension Obligation Payable	1,078,661	-	1,078,661	-	-
Net Other Post-employment Benefit Payable	4,033,132	-	4,033,132	-	-
Compensated Absences Payable	3,661,051	192,336	3,853,387	-	-
Landfill Closure Payable	550,000	-	550,000	-	-
IEPA Loans Payable	413,619	1,082,826	1,496,445	-	-
General Obligation Bonds Payable, Net	55,784,542	11,828,547	67,613,089	-	-
Total Non-Current Liabilities	65,521,005	13,103,709	78,624,714	-	-
Total Liabilities	79,767,298	14,056,206	93,823,504	12,338	34,745
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	184,175	-	184,175	-	-
NET POSITION					
Net Investment in Capital Assets	299,054,577	42,389,079	341,443,656	-	30,352
Restricted:					
Tax Levy Expenditures	-	-	-	-	480,404
Special Revenue Purposes					
Public Works	12,372,407	-	12,372,407	-	-
Public Health and Welfare	4,657,028	-	4,657,028	-	369,669
Culture and Recreation	1,411,021	-	1,411,021	-	-
Public Safety	292,476	-	292,476	-	-
Debt Service	4,745,262	-	4,745,262	-	-
Capital Projects	1,790,927	-	1,790,927	-	-
Donor Restricted Purposes	-	-	-	134,820	-
Unrestricted	46,922,526	5,001,037	51,923,563	766,681	-
Total Net Position	\$ 371,246,224	\$ 47,390,116	\$ 418,636,340	\$ 901,501	\$ 880,425

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Activities

For the Year Ended June 30, 2013

	Program Revenues			Net (Expense)/Revenue and Changes in Net Position			Component Unit Town of the City of Champaign	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Government			Total
					Governmental Activities	Business-Type Activities		
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General Government	\$ 10,966,280	\$ 4,502,141	\$ 61,455	\$ -	\$ (6,402,684)	\$ -	\$ -	
Public Safety	34,047,633	2,143,246	145,513	-	(31,758,874)	-	(31,758,874)	
Public Works	36,883,136	673,770	-	5,564,307	(30,645,059)	-	(30,645,059)	
Public Health and Welfare	3,632,531	418,818	1,009,193	-	(2,204,520)	-	(2,204,520)	
Culture and Recreation	8,307,345	362,977	92,196	-	(7,852,172)	-	(7,852,172)	
Interest on Long-Term Debt	2,333,208	-	-	-	(2,333,208)	-	(2,333,208)	
Total Governmental Activities	<u>96,170,133</u>	<u>8,100,952</u>	<u>1,308,357</u>	<u>5,564,307</u>	<u>(81,196,517)</u>	<u>-</u>	<u>(81,196,517)</u>	
Business-Type Activities:								
Parking	3,285,006	2,867,094	-	-	(417,912)	-	(417,912)	
Sewer	2,207,155	1,959,663	-	99,060	(148,432)	-	(148,432)	
Environmental Services	399,330	533,866	-	-	134,536	-	134,536	
Total Business-Type Activities	<u>5,891,491</u>	<u>5,360,623</u>	<u>-</u>	<u>99,060</u>	<u>(431,808)</u>	<u>-</u>	<u>(431,808)</u>	
Total Primary Government	\$ 102,061,624	\$ 13,461,575	\$ 1,308,357	\$ 5,663,367	(81,196,517)	(431,808)	(81,628,325)	
Component Unit:								
Town of the City of Champaign	\$ 606,866	-	-	-	-	-	(606,866)	
General Revenues								
Taxes:								
Property Taxes					23,013,015		23,013,015	
Home Rule Taxes					14,755,821		14,755,821	
Hotel/Motel Taxes					1,677,045		1,677,045	
Food and Beverage Taxes					1,229,223		1,229,223	
Telecommunications Taxes					2,404,207		2,404,207	
Utility Taxes					3,447,290		3,447,290	
Local Motor Fuel Taxes					1,223,010		1,223,010	
Foreign Fire Insurance Taxes					102,057		102,057	
Intergovernmental without Restrictions:								
State Sales and Use Taxes					16,933,670		16,933,670	
Income Taxes					8,512,203		8,512,203	
Motor Fuel Taxes					2,024,893		2,024,893	
Other Taxes					221,186		221,186	
Interest and Investment Income (Loss)					(173,585)		(173,585)	
Miscellaneous					945,528		945,528	
Internal Activity - Transfers					(421,366)		(421,366)	
Total General Revenues					<u>76,736,929</u>		<u>76,736,929</u>	
Change in Net Position					<u>(4,459,588)</u>		<u>(4,459,588)</u>	
Net Position - Beginning of Year, as Previously Reported					376,734,053	48,264,763	424,998,816	
Prior Period Adjustment					(1,028,241)	-	(1,028,241)	
Net Position - Beginning of Year, as Restated					<u>375,705,812</u>	<u>48,264,763</u>	<u>423,970,575</u>	
Net Position - End of Year					<u>\$ 371,246,224</u>	<u>\$ 47,390,116</u>	<u>\$ 418,636,340</u>	

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS
Statement of Activities - Component Unit -
Champaign Public Library Foundation
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	\$ 23,297	\$ 120,124	\$ -	\$ 143,421
Contributions In-Kind	105,381	-	-	105,381
Grants	-	2,962	-	2,962
Investment Income	51,593	5,955	-	57,548
Miscellaneous	100	2,205	-	2,305
Net Assets Released from Restrictions	134,978	(134,978)	-	-
Total Support and Revenue	<u>315,349</u>	<u>(3,732)</u>	<u>-</u>	<u>311,617</u>
Expenses				
Program Services	155,486	-	-	155,486
Supporting Services:				
Management and General	36,974	-	-	36,974
Fund Raising	98,859	-	-	98,859
Total Support Services	<u>135,833</u>	<u>-</u>	<u>-</u>	<u>135,833</u>
Total Expenses	<u>291,319</u>	<u>-</u>	<u>-</u>	<u>291,319</u>
Change in Net Assets	24,030	(3,732)	-	20,298
Net Assets, Beginning of Year	<u>742,651</u>	<u>118,552</u>	<u>20,000</u>	<u>881,203</u>
Net Assets, End of Year	<u>\$ 766,681</u>	<u>\$ 114,820</u>	<u>\$ 20,000</u>	<u>\$ 901,501</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Balance Sheet

Governmental Funds

June 30, 2013

Major Funds

	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 1,576,286	\$ 8,407,364	\$ 4,742,342	\$ 2,989,581	\$ -	\$ 20,551,236	\$ 50,053,576
Receivables - Net of Allowances:							
Property Taxes	2,936,581	-	-	675,567	451,327	1,841,240	11,424,644
Other Taxes	-	-	-	-	-	-	11,577,493
Accrued Interest	-	4,730	2,920	1,975	(168)	10,733	27,754
Prepays	-	-	-	-	-	-	6,936
Other	77,859	141,472	-	312,381	3,552,832	290,647	4,837,172
Due from Other Funds	-	-	-	-	-	-	913,874
Restricted Assets:							
Cash and Investments	-	-	-	1,361,329	-	-	1,361,329
Total Assets	\$ 4,590,726	\$ 8,553,566	\$ 4,745,262	\$ 5,340,833	\$ 4,003,991	\$ 22,693,856	\$ 80,202,778

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities:							
Accounts Payable	\$ 386,542	\$ 51,050	\$ -	\$ 266,890	\$ 725,714	\$ 394,816	\$ 2,662,770
Retainage Payable	-	-	-	1,538	503,813	3,244	508,595
Accrued Payroll	1,282,585	128,819	-	-	-	17,972	1,429,376
Due to Other Fund	-	-	-	-	633,435	-	633,435
Unearned Revenue	72,638	10,628	-	-	-	-	83,266
Other Liabilities	-	-	-	1,361,329	-	-	1,361,329
Total Liabilities	1,741,765	190,497	-	1,629,757	1,862,962	416,032	6,678,771
Deferred Inflows of Resources:							
Unavailable Revenue -							
Property Taxes	5,618,043	2,989,208	-	682,624	474,366	1,844,578	11,608,819
Fund Balances:							
Non-Spendable	6,936	-	-	-	-	-	6,936
Restricted	-	1,411,021	4,745,262	-	1,666,663	6,986,461	22,525,215
Committed	5,948,495	-	-	3,028,452	-	13,455,718	22,432,665
Unassigned	16,959,305	-	-	-	-	(8,933)	16,950,372
Total Fund Balances	22,914,736	1,411,021	4,745,262	3,028,452	1,666,663	20,433,246	61,915,188
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,590,726	\$ 8,553,566	\$ 4,745,262	\$ 5,340,833	\$ 4,003,991	\$ 22,693,856	\$ 80,202,778

CITY OF CHAMPAIGN, ILLINOIS

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

June 30, 2013

Total Fund Balance - Governmental Funds	\$ 61,915,188
- Remove property taxes receivable not earned.	(11,424,644)
- Add grant receivable for grant revenue earned on accrual basis.	2,743,906
- Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	356,809,428
- The net pension asset in the governmental activities is not a financial resource and therefore is not reported in the funds.	15,442,681
- 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 Position.	3,909,020
- Remove unearned revenue for property taxes not received.	11,424,644
- Long-term liabilities not due and payable in the current period and therefore not reported in the funds:	
Net Pension Obligation Payable	(1,078,661)
Net Other Post-employment Benefit Payable	(4,033,132)
Compensated Absences Payable	(4,474,015)
Landfill Closure and Post-Closure Payable	(641,468)
General Obligation Bonds Payable	(59,565,000)
IEPA Loans Payable	(433,375)
Unamortized Deferred Charge on Refunding	971,325
Unamortized Bond Premium	<u>(319,673)</u>
Net Position of Governmental Activities	<u>\$ 371,246,224</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, 2013

	Major Funds							Total Governmental Funds
	General	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements	Non-Major Governmental Funds	
Revenues								
Intergovernmental	\$ 25,788,374	\$ 177,849	\$ 2,383,464	\$ -	\$ -	\$ 5,139,388	\$ 2,661,810	\$ 36,150,885
Taxes	33,098,496	5,954,353	-	-	1,350,259	976,169	6,472,391	47,851,668
Licenses, Permits, and Fees	2,170,530	-	-	-	558,972	-	-	2,729,502
Charges for Services	1,276,414	101,667	-	-	-	-	110,085	1,488,166
Fines and Forfeitures	1,263,558	261,310	-	-	-	-	107,014	1,631,882
Refunds and Reimbursements	776,293	-	4,713	-	718,613	-	418,818	1,918,437
Interest and Investment Income (Loss)	(8,361)	3,147	(61,423)	(22,456)	(5,950)	(35,912)	(33,247)	(164,202)
Miscellaneous	268,038	429,486	-	-	12,500	26,052	18,442	754,518
Total Revenues	64,633,342	6,927,812	2,326,754	(22,456)	2,634,394	6,105,697	9,755,313	92,360,856
Expenditures								
Current:								
General Government	11,174,137	-	-	-	-	-	172,965	11,347,102
Public Safety	35,089,264	-	-	-	-	-	298,887	35,388,151
Public Works	5,709,637	-	1,194,842	-	1,950,942	1,479,620	975,863	11,310,904
Public Health and Welfare	298,530	-	-	-	-	-	3,327,444	3,625,974
Culture and Recreation	250,000	6,184,916	-	-	-	-	341	6,435,257
Capital Outlay	-	98,892	6,683,214	-	1,552,638	7,487,139	2,222,902	18,044,785
Debt Service:								
Principal Retirement	-	-	-	3,440,000	-	-	-	3,440,000
Interest and Fiscal Charges	-	-	-	2,279,090	-	-	-	2,279,090
Bond Issuance Costs	-	-	-	127,570	-	-	-	127,570
Total Expenditures	52,521,568	6,283,808	7,878,056	5,846,660	3,503,580	8,966,759	6,998,402	91,998,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,111,774	644,004	(5,551,302)	(5,869,116)	(869,186)	(2,861,062)	2,756,911	362,023
Other Financing Sources (Uses)								
Disposal of Capital Assets	21,394	-	-	-	-	-	33,543	54,937
Refunding Bonds Issued	-	-	-	9,900,000	-	-	-	9,900,000
Premium on Refunding Bonds Issued	-	-	-	188,917	-	-	-	188,917
Payment to Refunding Bond Escrow Agent	-	-	-	(10,081,042)	-	-	-	(10,081,042)
Transfers In	1,073,500	-	-	6,052,788	5,256,072	4,456,542	1,997,861	18,836,763
Transfers Out	(12,059,348)	(276,107)	-	-	(2,667,653)	(2,006,419)	(1,320,002)	(18,329,529)
Total Other Financing Sources (Uses)	(10,985,844)	(276,107)	-	6,060,663	2,588,419	2,450,123	711,402	570,046
Net Change in Fund Balances	1,147,320	367,897	(5,551,302)	191,547	1,719,233	(410,939)	3,468,313	932,069
Fund Balances, Beginning of Year, as Previously Reported	21,767,416	1,043,124	13,267,110	4,553,715	1,309,219	2,077,602	17,740,075	61,758,261
Prior Period Adjustment	-	-	-	-	-	-	(775,142)	(775,142)
Fund Balance, Beginning of Year, as Restated	21,767,416	1,043,124	13,267,110	4,553,715	1,309,219	2,077,602	16,964,933	60,983,119
Fund Balances, End of Year	22,914,736	1,411,021	7,715,808	4,745,262	3,028,452	1,666,663	20,433,246	61,915,188

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	932,069
- Governmental activities recognize grant revenue as it is earned regardless of when the funds are received.		(1,268,305)
- 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		6,817,209
Depreciation Expense		(16,615,244)
Disposals - Cost Net of Accumulated Depreciation		(71,695)
- Increase in Net Pension Asset		2,162,158
- 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		469,753
Additions to Net Other Post-employment Benefit Payable		(713,661)
Decrease in Compensated Absences Payable		372,455
Deductions to Landfill Closure and Post-Closure Payable		45,592
Retirement of General Obligation Bonds		3,440,000
Issuance of Refunding Bond		(9,900,000)
Refunding Payments		9,035,000
Increase in Deferred Charge on Refunding		1,046,042
Amortization of Deferred Charge on Refunding		(74,717)
Increase in Bond Premiums		(188,917)
Amortization of Unamortized Bond Premiums		20,599
- Governmental funds report loans as revenue. However, in the Statement of Activities, the loan receipts are recognized as loans payable.		(325,876)
- 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>357,950</u>
Changes in Net Position of Governmental Activities	\$	<u><u>(4,459,588)</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, 2013

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
Taxes	\$ 33,010,137	\$ 33,088,982	\$ 33,098,496	\$ 9,514
Intergovernmental	24,544,440	25,260,131	25,788,374	528,243
Licenses, Permits, and Fees	1,954,423	2,071,643	2,170,530	98,887
Charges for Services	1,181,551	1,218,584	1,276,414	57,830
Fines and Forfeitures	1,333,270	1,405,217	1,263,558	(141,659)
Refunds and Reimbursements	1,028,107	1,114,412	776,293	(338,119)
Interest and Investment Income (Loss)	170,300	184,000	(8,361)	(192,361)
Miscellaneous	78,960	290,118	268,038	(22,080)
Total Revenues	<u>63,301,188</u>	<u>64,633,087</u>	<u>64,633,342</u>	<u>255</u>
Expenditures				
Current:				
General Government	14,036,854	13,117,740	11,174,137	(1,943,603)
Public Safety	35,999,438	35,754,822	35,089,264	(665,558)
Public Works	6,986,405	6,278,573	5,709,637	(568,936)
Public Health and Welfare	339,942	406,634	298,530	(108,104)
Culture and Recreation	-	-	250,000	250,000
Capital Outlay	-	-	-	-
Total Expenditures	<u>57,362,639</u>	<u>55,557,769</u>	<u>52,521,568</u>	<u>(3,036,201)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,938,549</u>	<u>9,075,318</u>	<u>12,111,774</u>	<u>3,036,456</u>
Other Financing Sources (Uses)				
Disposal of Capital Assets	15,000	17,500	21,394	3,894
Transfers In	5,226,605	5,286,791	1,073,500	(4,213,291)
Transfers Out	(22,021,412)	(21,979,317)	(12,059,348)	9,919,969
Total Other Financing Sources (Uses)	<u>(16,779,807)</u>	<u>(16,675,026)</u>	<u>(10,964,454)</u>	<u>5,710,572</u>
Net Change in Fund Balance	<u>\$ (10,841,258)</u>	<u>\$ (7,599,708)</u>	<u>1,147,320</u>	<u>\$ 8,747,028</u>
Fund Balance, Beginning of Year			<u>21,767,416</u>	
Fund Balance, End of Year			<u>\$ 22,914,736</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, 2013

	Budget		Actual	Variance (Actual - Final Budget)
	Original	Final		
Revenues				
Taxes:				
Property Taxes	\$ 5,922,813	\$ 5,841,723	\$ 5,954,353	\$ 112,630
Intergovernmental:				
Capital Grants	-	-	-	-
Other Grants	86,842	89,342	92,196	2,854
Replacement Taxes	73,067	73,067	85,653	12,586
Charges for Services	94,300	96,500	101,667	5,167
Fines and Forfeitures	287,000	262,500	261,310	(1,190)
Interest and Investment Income (Loss)	6,500	2,900	3,147	247
Miscellaneous	372,677	377,887	429,486	51,599
Total Revenues	<u>6,843,199</u>	<u>6,743,919</u>	<u>6,927,812</u>	<u>183,893</u>
Expenditures				
Current:				
Culture and Recreation	6,170,956	6,227,465	6,184,916	(42,549)
Capital Outlay	159,125	203,183	98,892	(104,291)
Total Expenditures	<u>6,330,081</u>	<u>6,430,648</u>	<u>6,283,808</u>	<u>(146,840)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	513,118	313,271	644,004	330,733
Other Financing Sources (Uses)				
Transfers Out	<u>(276,107)</u>	<u>(276,107)</u>	<u>(276,107)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 237,011</u>	<u>\$ 37,164</u>	367,897	<u>\$ 330,733</u>
Fund Balance, Beginning of Year			<u>1,043,124</u>	
Fund Balance, End of Year			<u>\$ 1,411,021</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, 2013

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
Revenues				
Intergovernmental	\$ 7,844,079	\$ 2,571,672	\$ 2,383,464	\$ (188,208)
Refunds and Reimbursements	-	-	4,713	4,713
Interest and Investment Income (Loss)	7,494	111,054	(61,423)	(172,477)
Total Revenues	<u>7,851,573</u>	<u>2,682,726</u>	<u>2,326,754</u>	<u>(355,972)</u>
Expenditures				
Current:				
Public Works:				
Personnel Services	345,252	411,219	414,408	3,189
Contractual Services	538,324	1,323,954	780,434	(543,520)
Capital Outlay	6,168,483	14,543,677	6,683,214	(7,860,463)
Total Expenditures	<u>7,052,059</u>	<u>16,278,850</u>	<u>7,878,056</u>	<u>(8,400,794)</u>
Net Change in Fund Balance	<u>\$ 799,514</u>	<u>\$ (13,596,124)</u>	<u>(5,551,302)</u>	<u>\$ 8,044,822</u>
Fund Balance, Beginning of Year			<u>13,267,110</u>	
Fund Balance, End of Year			<u>\$ 7,715,808</u>	

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Net Position

Proprietary Funds

June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major	Totals	Internal Service
	Parking	Sewer	Environmental Services		
ASSETS					
Current Assets:					
Cash and Investments	\$ 4,906,148	\$ 99,622	\$ -	\$ 5,005,770	\$ 5,213,989
Receivables - Net of Allowances:					
Accounts	8,450	262,911	133,580	404,941	8,085
Accrued Interest	2,754	33	(14)	2,773	2,558
Inventory	-	-	-	-	174,143
Prepays	-	-	-	-	332,498
Total Current Assets	4,917,352	362,566	133,566	5,413,484	5,731,273
Capital Assets:					
Non-Depreciable Capital Assets	4,821,525	1,163,682	-	5,985,207	-
Depreciable Capital Assets	16,557,456	49,710,591	-	66,268,047	9,453,754
Accumulated Depreciation	(3,224,376)	(12,953,088)	-	(16,177,464)	(7,861,882)
Total Capital Assets	18,154,605	37,921,185	-	56,075,790	1,591,872
Total Assets	23,071,957	38,283,751	133,566	61,489,274	7,323,145
LIABILITIES					
Current Liabilities:					
Accounts Payable	36,388	10,328	22,576	69,292	37,453
Retainage Payable	-	308	-	308	-
Accrued Payroll	28,882	21,400	5,234	55,516	17,000
Due to Other Fund	-	-	42,952	42,952	237,487
Claims Payable	-	-	-	-	3,019,886
Unearned Revenue	3,960	-	-	3,960	-
Compensated Absences Payable	25,349	21,993	741	48,083	20,460
General Obligation Bonds Payable - Net	657,155	-	-	657,155	-
IEPA Loan Payable	-	118,183	-	118,183	-
Total Current Liabilities	751,734	172,212	71,503	995,449	3,332,286
Long-Term Liabilities:					
Compensated Absences Payable	101,397	87,974	2,965	192,336	81,839
General Obligation Bonds Payable - Net	11,828,547	-	-	11,828,547	-
IEPA Loan Payable	-	1,082,826	-	1,082,826	-
Total Long-Term Liabilities	11,929,944	1,170,800	2,965	13,103,709	81,839
Total Liabilities	12,681,678	1,343,012	74,468	14,099,158	3,414,125
NET POSITION					
Net Investment in Capital Assets	5,668,903	36,720,176	-	42,389,079	1,591,872
Unrestricted	4,721,376	220,563	59,098	5,001,037	2,317,148
Total Net Position	\$ 10,390,279	\$ 36,940,739	\$ 59,098	\$ 47,390,116	\$ 3,909,020

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major	Totals	Activities
	Parking	Sewer	Environmental Services		Internal Service
Operating Revenues					
Charges for Services	\$ 2,858,036	\$ 1,956,909	\$ 533,776	\$ 5,348,721	\$ 5,257,801
Operating Expenses					
Personnel Services	1,697,621	721,374	119,387	2,538,382	1,236,378
Contractual Services	539,951	487,089	279,004	1,306,044	2,590,869
Commodities	56,850	52,900	939	110,689	756,216
Capital Outlay	-	205,296	-	205,296	-
Depreciation and Amortization	467,215	678,881	-	1,146,096	666,207
Total Operating Expenses	2,761,637	2,145,540	399,330	5,306,507	5,249,670
Operating Income (Loss)	96,399	(188,631)	134,446	42,214	8,131
Non-Operating Revenues (Expenses)					
Reimbursements from Outside Agencies	9,058	2,754	90	11,902	438,627
Interest and Investment Income (Loss)	(19,965)	(1,404)	(154)	(21,523)	(9,383)
Interest Expense	(523,369)	(20,366)	-	(543,735)	-
Miscellaneous Income	50	-	-	50	6,443
Disposal of Capital Assets	-	(41,249)	-	(41,249)	-
Total Non-Operating Revenues (Expenses)	(534,226)	(60,265)	(64)	(594,555)	435,687
Income (Loss) Before Transfers	(437,827)	(248,896)	134,382	(552,341)	443,818
Transfers In	200,000	-	-	200,000	-
Transfers Out	(371,820)	(245,985)	(3,561)	(621,366)	(85,868)
Capital Contribution	-	99,060	-	99,060	-
Change in Net Position	(609,647)	(395,821)	130,821	(874,647)	357,950
Net Position, Beginning of Year	10,999,926	37,336,560	(71,723)	48,264,763	3,551,070
Net Position, End of Year	\$ 10,390,279	\$ 36,940,739	\$ 59,098	\$ 47,390,116	\$ 3,909,020

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major		Activities
	Parking	Sewer	Environmental Services	Totals	Internal Service
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 2,851,286	\$ 2,013,221	\$ 445,722	\$ 5,310,229	\$ 5,264,244
Payment to Employees	(1,664,836)	(713,484)	(114,534)	(2,492,854)	(1,230,991)
Payment to Suppliers	(623,287)	(743,935)	(300,836)	(1,668,058)	(3,065,545)
Net Cash Provided by (Used in) Operating Activities	563,163	555,802	30,352	1,149,317	967,708
Cash Flows from Non-Capital Financing Activities					
Transfers In	200,000	-	-	200,000	-
Advances from Other Funds	-	-	42,952	42,952	237,487
Payments to Other Funds	-	-	(69,691)	(69,691)	(127,468)
Transfers Out	(371,820)	(245,985)	(3,561)	(621,366)	(85,868)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(171,820)	(245,985)	(30,300)	(448,105)	24,151
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sales of Capital Assets	-	-	-	-	-
Purchase of Capital Assets	(22,749)	(478,079)	-	(500,828)	(402,929)
Interest Paid on Capital Debt	(523,369)	(20,366)	-	(543,735)	-
Principal Paid on Capital Debt	(485,000)	(115,615)	-	(600,615)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,031,118)	(614,060)	-	(1,645,178)	(402,929)
Cash Flows from Investing Activities					
Interest Received	1,001	167	(52)	1,116	182
Net Change in Cash and Cash Equivalents	(638,774)	(304,076)	-	(942,850)	589,112
Cash and Cash Equivalents, Beginning of Year	5,544,922	403,698	-	5,948,620	4,624,877
Cash and Cash Equivalents, End of Year	\$ 4,906,148	\$ 99,622	\$ -	\$ 5,005,770	\$ 5,213,989
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 96,399	\$ (188,631)	\$ 134,446	\$ 42,214	\$ 8,131
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and Amortization Expense	467,215	678,881	-	1,146,096	666,207
(Gain) Loss on Disposal of Equipment	-	-	-	-	-
Other Income/Expense	(10,857)	1,350	(64)	(9,571)	435,687
(Increase) Decrease in Assets	4,151	56,312	(87,214)	(26,751)	(26,549)
Increase (Decrease) in Liabilities	6,255	7,890	(16,816)	(2,671)	(115,768)
Net Cash Provided by (Used in) Operating Activities	\$ 563,163	\$ 555,802	\$ 30,352	\$ 1,149,317	\$ 967,708
Supplemental Disclosure of Non-Cash Capital					
Donated Property and Equipment	\$ -	\$ 99,060	\$ -	\$ 99,060	\$ -

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,339,291
Investments:	
Police Pension:	
U.S. Government and Agency Securities	24,345,974
State and Local Obligations	3,389,426
Mutual Funds	16,536,274
Corporate Equity Securities	27,050,947
Corporate Bonds	3,277,966
Firefighters' Pension:	
Fixed Income	24,474,419
U.S. Equities	23,949,729
Non-U.S. Equities	8,037,449
Core Real Estate and REITs	5,005,922
Global Tactical Asset Allocation	3,217,503
Receivables:	
Accrued Interest	210,515
Contributions from Plan Members	32,510
Prepays	<u>8,534</u>
 Total Assets	 <u>140,876,459</u>
LIABILITIES	
Due To Treasury Fund	722
Accounts Payable	<u>61,309</u>
Total Liabilities	<u>62,031</u>
PLAN NET POSITION	
Plan Net Position Restricted for Pension Benefits	<u><u>\$ 140,814,428</u></u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2013

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 8,079,250
Contributions - Plan Members	1,506,359
Other Income	187,394
Total Contributions	<u>9,773,003</u>
Investment Income:	
Interest Earned	3,015,878
Net Change in Fair Value	10,073,370
Total Investment Income	<u>13,089,248</u>
Less: Investment Expenses	<u>(499,476)</u>
Net Investment Income	<u>12,589,772</u>
Total Additions	<u>22,362,775</u>
Deductions	
Administrative Expenses	130,043
Benefits and Refunds	<u>8,938,594</u>
Total Deductions	<u>9,068,637</u>
Change in Plan Net Position	13,294,138
Plan Net Position Restricted for Pension Benefits, Beginning of Year	<u>127,520,290</u>
Plan Net Position Restricted for Pension Benefits, End of Year	<u><u>\$ 140,814,428</u></u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS

Notes to Financial Statements

June 30, 2013

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, 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*.

For the year ended June 30, 2013, the City implemented the following Governmental Accounting Standards Board Statements:

- Governmental Accounting Standards Board Statement Number 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The City has presented the Township of the City of Champaign, Illinois (the Township) as a discrete component unit in fiscal year 2013 based on the requirements of GASB 61. The Township's financial statements are presented separate from the City's financial statements in fiscal year 2013. In previous fiscal years the Township qualified as a blended component unit, which meant the Township was essentially a fund of the City and thus included in the City's financial statements.
- Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard had no quantitative impact on the financial reporting for the City for the year ended June 30, 2013.
- Governmental Accounting Standards Board Statement Number 65, *Items Previously Reported as Assets and Liabilities*. The City has presented deferred outflows of resources and deferred inflows of resources beginning in this fiscal year based on the requirements of GASB Statement Number 65.

a. Financial Reporting Entity

The City's reporting entity consists of the following:

Primary Government:	City of Champaign
Discrete 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, as amended by GASB Statement 61. The primary government of the City consists of the funds presented herein as governmental, proprietary, and fiduciary funds.

According to GASB Statement Number 14, as amended by Statement Number 61, a legally separate organization should be included as a component unit of the primary government if the primary government is financially accountable for the legally separate organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
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, or
 - There is a potential for the organization to provide specific financial benefits to, or impose specific 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) and the Town of the City of Champaign (the Township), discretely presented component units. 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 Township is a discretely presented component unit because the members of the Township's

Board of Trustees are the members of the City Council of the City of Champaign, Illinois, but there is no financial burden or benefit relationship between the Township and the City, nor does the City's management have operational responsibility for the Township.

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.

The assets, liabilities, net position, revenue, and expenses of the Township are included in the basic financial statements presented in Exhibits A and B. The Township issues financial statements, which may be obtained by contacting the Town of the City of Champaign, 603 South Randolph, Champaign, Illinois 61820.

b. 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 Position and Statement of Activities display information about the City as a whole. They include all funds of the City, the Township and the Champaign Public Library Foundation, which are discretely presented component units. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Position and the Statement of Activities include the governmental activities, business-type activities, and the discretely presented component units. 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; 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.

2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 twelve 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.

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 position, 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 position and changes in net position 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 \$161,647 has been recorded in the General Fund against miscellaneous receivables, an allowance of \$85,055 has been recorded in the Stormwater Management Fund against stormwater utility fee receivables, an allowance of \$26,518 has been recorded in the Sewer Fund against sewer receivables, an allowance of \$5,684 has been recorded in the UC2B Fund against internet subscriber fee receivables, and an allowance of \$16,614 has been recorded in the Environmental Services Fund against recycling fee receivables. 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, 2013, 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 recorded as assets 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 is 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 position 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 Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

n. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category as of June 30, 2013. The item, deferred charge on refunding, is reported in the Statement of Net Position. The amount represents the excess of cash paid to the refunding bond escrow agent over the amount of refunding principal payments. The amount is deferred and recognized as an outflow of resources (expense) over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category at June 30, 2013. The item, unavailable revenue, is reported in the Statement of Net Position and in the governmental funds balance sheet. The amount represents unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources (revenue) in the period in which the property taxes become available.

o. Bond Premiums and Discounts

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 position. Bond premiums and discounts are capitalized 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

p. Use of Restricted Resources

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. 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 resolution of 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

r. 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

s. 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.

t. 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.

u. 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 Position for governmental activities on the government-wide statement of net position. The major differences are due to:

- a. Property taxes receivable and an equivalent unearned revenue for property taxes for the amount of the 2012 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 year end
- 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 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 position

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 position 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 proceeds are not revenue and bond payments (including bond refunding 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 May, 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 nine budget amendments during fiscal year 2013.

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. 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, 2013:

Fund	Amount
Capital Improvements	\$ 5,499,326
Motor Fuel Tax	5,290,513
Non-Major Governmental	3,598,054
Stormwater Management	1,345,767
General	881,370
Parking	205,679
Sewer	128,692
Total Encumbrances	<u>\$ 16,949,401</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, 2013 that materially exceeded budget by the noted amount:

Fund	Amount
Police Pension Fund	\$ 925,683

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, 2013, the City held the following investments:

Illinois Metropolitan Investment Fund - Convenience Fund	\$ 17,362,720
Mutual Fund - Short-Term Federal Securities	17,270,060
Bonds and Notes - Not Primary Obligations of the U.S. Government:	
Federal Home Loan Bank	3,947,840
Federal National Mortgage Association	21,657,480
U.S. Treasury Notes	2,150,620
Illinois Funds	(1,219)
	<u>\$ 62,387,501</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, 2013, \$3,670,212 of the City’s bank balance of \$3,920,212 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>\$ 3,670,212</u>
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At June 30, 2013, the City held \$17,362,720 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, 2013, the City held \$1,858 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, 2013, 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, 2013, the City held the following investments subject to credit risk:

	<u>Credit Rating</u>	<u>Carrying Value</u>
Federal National Mortgage Association Notes	Aaa	\$ 21,657,480
Mutual Fund - Short-Term Federal Securities	Aaa	17,270,060
Federal Home Loan Bank	Aaa	3,947,840
		<u>\$ 42,875,380</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, 2013, the City held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal National Mortgage Association Notes	\$ 21,657,480	4.4
Mutual Fund - Short-Term Federal Securities	17,270,060	2.9
Federal Home Loan Bank Notes	3,947,840	4.7
U.S. Treasury Notes	2,150,620	2.9
	<u>\$ 45,026,000</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, 2013, 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 Notes	34.71%
Federal Home Loan Bank Notes	6.33%

Champaign Public Library Fund

At June 30, 2013, 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, 2013, \$2,915,703 of the Library’s bank balance of \$3,415,703 was exposed to custodial credit risk. The \$2,915,703 was fully collateralized at June 30, 2013 by securities pledged by the bank. The pledged securities, which had a fair value of \$3,105,618 at June 30, 2013, 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, certificates of deposit, 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 a major credit rating service, 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 in existence for at least five years.

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 (FDIC). The FDIC currently insures the first \$250,000 of deposits. At June 30, 2013, the carrying amount of the Fund's demand deposits was \$261,171 and the bank balance totaled \$263,255. At June 30, 2013, \$13,255 of the Fund's bank balance of \$263,255 was uninsured and uncollateralized.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Fund's formal investment policy utilizes institutional investors and a third party consultant to maintain a balance of assets designated to meet its actuarial assumed rate of return while complying with statutory and investment policy guidelines. The Fund believes this process helps to diversify its investments by security type and across varying maturities in order to meet the required funding and benefits of the Fund. The investment policy does not limit the maximum maturity length of investment in the Fund. Information about the exposure of the Fund's debt type investments utilizing the segmented time distribution model and the fair value of each type of investment at June 30, 2013 is as follows:

	Fair Value	Investment Maturities - In Years			
		< 1	1-5	6-10	>10
U.S. Treasury Bills	\$ 899,709	\$ 899,709	\$ -	\$ -	\$ -
U.S. Treasury Notes	7,192,985	1,625,286	2,423,756	3,143,943	-
U.S. Treasury Bonds	879,023	-	-	-	879,023
Government National					
Mortgage Assoc.	1,416,945	-	46,817	-	1,370,128
Federal Farm Credit Bank	250,831	-	250,831	-	-
Federal Home Loan					
Mortgage Corp	3,700,388	-	813,759	1,233,264	1,653,365
Federal National					
Mortgage Assoc.	10,006,093	-	2,924,359	1,261,635	5,820,099
Corporate Bonds	3,277,966	-	1,542,885	1,735,081	-
Municipal Bonds	3,389,426	-	2,515,017	874,409	-
	<u>\$ 31,013,366</u>	<u>\$ 2,524,995</u>	<u>\$ 10,517,424</u>	<u>\$ 8,248,332</u>	<u>\$ 9,722,615</u>

Custodial Credit Risk

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 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.

Credit Risk of Debt Securities

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. 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.

At June 30, 2013, the Fund held the following investments subject to credit risk:

<u>Average Rating</u>	<u>Corporate Debt</u>	<u>Municipal Bonds</u>
AAA	\$ 1,331,118	\$ 1,069,050
AA	1,946,847	2,320,376
Total	<u>\$ 3,277,965</u>	<u>\$ 3,389,426</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The Fund's policy for reducing this risk is limit any single debt security from comprising more than 10 percent of the portfolio, no more than 8 percent for large capitalization core equities at the time of purchase and no more than 10 percent of the equity allocation of the portfolio after accounting for price appreciation, no more than 5 percent for large capitalization growth equities, mid-cap value equities and small capitalization growth equities at the time of purchase and no more than 10 percent of the equity allocation of the portfolio after accounting for price appreciation for all three. As of June 30, 2013, the Fund's investment in the Goldman Sachs Financial Square Treasury Obligation Fund (a money market mutual fund) totaling \$5,147,672 represents approximately 6.9 percent of the Fund's total investments.

Realized Gains and Losses

During the year ended June 30, 2013, the Fund realized a net gain of \$2,245,309 from the sale of investments. The calculation of realized gains is independent of the calculation of the net appreciation in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments as of June 30, 2013 was \$6,989,626. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The net appreciation on investments at June 30, 2013 was \$2,969,058.

Fund Investments

The Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to 55 percent equities and 55 percent bonds and fixed income with a minimum of 45 percent in each category. The target for both equity and bonds and fixed income is 50 percent.

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 net position in common and preferred stocks that meet specific restrictions.

As of June 30, 2013, the Fund had the following investment in fixed income:

	<u>Fair Value</u>
Bond Mutual Fund	\$ 11,129,400
Corporate Bonds	7,242,842
U.S. Treasury Notes	4,531,084
Federal Home Loan Mortgage Corp Participation Certificates	1,071,690
Municipal Bonds	<u>499,403</u>
Total Fixed Income Investments	<u><u>\$ 24,474,419</u></u>

Custodial Credit Risk – Cash and Cash Equivalents

At June 30, 2013, \$1,078,120 of cash and cash equivalents was held in money market mutual funds, which are not insured by federal deposit insurance. However, at June 30, 2013, the Fund had no custodial credit risk as all of its money market mutual funds were held through Securities Investor Protection Corporation (SIPC) member brokerage firms.

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, 2013, 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, 2013, the Fund held the following investments subject to interest rate risk:

	Fair Market Value	Average Maturity (Years)
Bond Mutual Fund	\$ 11,129,400	3.70
Corporate Bonds	7,242,842	4.99
U.S. Treasury Notes	4,531,084	3.87
Federal Home Loan Mortgage Corp. Participation Certificates	1,071,690	22.53
Municipal Bonds	499,403	12.80
Total Fixed Income Investments	<u>\$ 24,474,419</u>	

The table above assumes callable securities will not be called early. At June 30, 2013, \$338,504 of the corporate bonds and \$327,622 of the municipal bonds are subject to call options. The average maturity years for these investment categories are 4.98 and 6.48, respectively, when all call options are assumed to be acted on by the issuer.

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:

	Fair Value	Percent Total	Percent Policy Minimum	Percent Policy Maximum	Percent Policy Target
Fixed Income	\$ 24,474,419	37.8%	35.0%	45.0%	40.0%
U.S. Equity	23,949,729	37.0%	30.0%	40.0%	35.0%
International Equity	8,037,449	12.4%	7.5%	17.5%	12.5%
Real Estate	5,005,922	7.8%	2.5%	12.5%	7.5%
Global Tactical Asset	3,217,503	5.0%	0.0%	10.0%	5.0%
	<u>\$ 64,685,022</u>				
Total	<u>\$ 64,685,022</u>				

All investments at June 30, 2013 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, 2013, the Fund held the following investment subject to credit risk:

	<u>Credit Rating</u>	<u>Carrying Value</u>
Bond Mutual Fund	Aa2	\$11,129,400
Corporate Bonds:	Aa1	368,889
	Aa3	494,640
	A1	1,492,565
	A2	1,713,858
	A3	1,033,483
	Baa1	276,265
	Baa2	1,709,994
	Baa3	153,148
Federal Home Loan Mortgage Corp Participation Certificates	No Rating	1,071,690
Municipal Bonds:	Aaa	80,275
	Aa1	150,908
	No Rating	268,220
Total Fixed Income Investments Subject to Credit Risk		<u>\$19,943,335</u>

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 2011 levy and fifty percent of the calendar 2012 levy relate to fiscal year 2013. 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. Fifty percent of the tax levy is a deferred inflow of resources to the next fiscal year for the governmental funds and eliminated for the government-wide financial statements.

Fiscal year 2013 property tax revenue on the statement of activities consists of fifty percent of the calendar year 2011 levy and fifty percent of the calendar year 2012 levy, less allowances. For fiscal year 2013, 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 2013 were based on equalized assessed value as of January 1, 2012 and on tax levies set in December 2012.

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 2012, 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 2012, for which a legal claim exists in 2013. The revenue associated with up to fifty percent of the 2012 levy is recognized in the governmental funds if received within the fiscal year. The property taxes received beyond fiscal year end are considered unavailable until the next fiscal year end. A summary of property taxes receivable by fund type at June 30, 2013 is shown below:

<u>Fund Type</u>	<u>Property Taxes Levied and for TIF Districts</u>	<u>Property Taxes Receivable</u>	<u>Unavailable Revenue</u>
General	\$ 11,236,085	\$ 5,519,929	\$ 5,618,043
Special Revenue:			
Non-TIF	5,978,417	2,936,581	2,989,208
TIF	3,261,260	1,630,630	1,630,630
Capital Projects	2,741,878	1,337,504	1,370,938
Total	<u>\$ 23,217,640</u>	<u>\$ 11,424,644</u>	<u>\$ 11,608,819</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 Revenue

Unearned revenue on the Statement of Net Position at June 30, 2013 consists of the following:

Unearned Parking Revenue	\$ 3,960
Unearned Grant Revenue	64,953
Unearned Other Revenue	18,313
Total	<u>\$ 87,226</u>

Unearned revenue on the Balance Sheet – Governmental Funds at June 30, 2013 consists of the following:

Unearned Grant Revenue	\$ 64,953
Unearned Other Revenue	18,313
Total	<u>\$ 83,266</u>

8. Capital Assets

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2013 was as follows:

	June 30, 2012 (as Restated)	Additions	Deductions	June 30, 2013
Non-Depreciable				
Capital Assets:				
Land	\$ 100,261,108	\$ -	\$ 67,200	\$ 100,193,908
Construction in Progress	16,899,247	3,967,247	8,882,439	11,984,055
	<u>117,160,355</u>	<u>3,967,247</u>	<u>8,949,639</u>	<u>112,177,963</u>
Depreciable				
Capital Assets:				
Buildings	47,716,897	261,808	-	47,978,705
Land Improvements Improvements and Equipment	1,242,518	-	-	1,242,518
Infrastructure	25,269,389	1,959,206	831,318	26,397,277
	458,150,425	9,914,316	-	468,064,741
	<u>532,379,229</u>	<u>12,135,330</u>	<u>831,318</u>	<u>543,683,241</u>
Less: Accumulated				
Depreciation:				
Buildings	15,941,056	1,295,602	-	17,236,658
Land Improvements Improvements and Equipment	248,484	62,120	-	310,604
Infrastructure	17,384,477	2,209,930	826,823	18,767,584
	247,429,102	13,715,956	-	261,145,058
	<u>281,003,119</u>	<u>17,283,608</u>	<u>826,823</u>	<u>297,459,904</u>
Total Depreciable				
Capital Assets	<u>251,376,110</u>	<u>(5,148,278)</u>	<u>4,495</u>	<u>246,223,337</u>
Total Capital Assets	<u>\$ 368,536,465</u>	<u>\$ (1,181,031)</u>	<u>\$ 8,954,134</u>	<u>\$ 358,401,300</u>

Depreciation expense was charged to governmental activities for fiscal year 2013 as follows:

General Government	\$ 205,781
Culture and Recreation	1,849,501
Public Safety	800,982
Public Works	14,424,974
Public Health and Welfare	2,370
	<u>\$ 17,283,608</u>

Business-Type Activities

Business-type capital asset activity for the year ended June 30, 2013 was as follows:

	June 30, 2012	Increases	Decreases	June 30, 2013
Non-Depreciable				
Capital Assets:				
Land	\$ 5,951,418	\$ -	\$ -	\$ 5,951,418
Construction in Progress	-	33,789	-	33,789
	<u>5,951,418</u>	<u>33,789</u>	<u>-</u>	<u>5,985,207</u>
Depreciable				
Capital Assets:				
Buildings	12,468,509	-	-	12,468,509
Improvements and Equipment	1,089,351	-	-	1,089,351
Parking Meters	721,235	-	-	721,235
Infrastructure	51,547,798	558,150	116,996	51,988,952
	<u>65,826,893</u>	<u>558,150</u>	<u>116,996</u>	<u>66,268,047</u>
Less: Accumulated				
Depreciation:				
Buildings	998,138	311,713	-	1,309,851
Improvements and Equipment	773,925	44,218	-	818,143
Parking Meters	330,948	34,378	-	365,326
Infrastructure	12,981,948	777,943	75,747	13,684,144
	<u>15,084,959</u>	<u>1,168,252</u>	<u>75,747</u>	<u>16,177,464</u>
Total Depreciable				
Capital Assets	<u>50,741,934</u>	<u>(610,102)</u>	<u>41,249</u>	<u>50,090,583</u>
Total Capital Assets	<u>\$ 56,693,352</u>	<u>\$ (576,313)</u>	<u>\$ 41,249</u>	<u>\$ 56,075,790</u>

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

Parking	\$ 489,370
Sewer	678,882
Total Depreciation	<u>\$ 1,168,252</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, 2013:

	June 30, 2012	Issued	Retired	June 30, 2013	Due Within One Year
General Obligation					
Bonds	\$ 62,140,000	\$ 9,900,000	\$ 12,475,000	59,565,000	\$ 4,065,000
IEPA Loan Payable	107,499	325,876	-	433,375	19,756
Claims Payable	3,120,540	1,848,444	1,949,098	3,019,886	3,019,886
Accrued Compensated					
Absences	4,944,817	4,167,591	4,536,094	4,576,314	915,263
Net Other Post-					
Employment Liability	3,319,471	990,012	276,351	4,033,132	-
Net Pension Obligation	1,548,414	3,282,533	3,752,286	1,078,661	-
Landfill Closure and					
Post-Closure Liability	687,060	-	45,592	641,468	91,468
Unamortized Bond					
Premiums	151,355	188,917	20,599	319,673	35,131
Total Long-Term Debt	<u>\$ 76,019,156</u>	<u>\$ 20,703,373</u>	<u>\$ 23,055,020</u>	<u>\$ 73,667,509</u>	<u>\$ 8,146,504</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, 2013:

	June 30, 2012	Issued	Retired	June 30, 2013	Due Within One Year
General Obligation					
Bonds	\$ 12,700,000	\$ -	\$ 485,000	\$ 12,215,000	\$ 635,000
IEPA Loans Payable	1,316,624	-	115,615	1,201,009	118,183
Unamortized Bond					
Premiums	292,857	-	22,155	270,702	22,155
Accrued Compensated					
Absences	206,468	164,440	130,489	240,419	48,083
Total Long-Term Debt	<u>\$ 14,515,949</u>	<u>\$ 164,440</u>	<u>\$ 753,259</u>	<u>\$ 13,927,130</u>	<u>\$ 823,421</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, \$102,299 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, 2013 are as follows:

Issue	Fund Debt Retired By	June 30, 2012	Issuances	Retirements	June 30, 2013
\$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	-	750,000	325,000
\$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	20,260,000	-	7,400,000	12,860,000

Issue	Fund Debt Retired By	June 30, 2012	Issuances	Retirements	June 30, 2013
\$7,025,000 General Obligation Refunding Bonds of 2007A, 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
\$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	5,245,000	-	1,380,000	3,865,000
\$25,620,000 General Obligation (Build America) Bonds of 2010, due in annual installments of \$30,000 to \$2,100,000, 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
\$9,900,000 General Obligation Refunding Bonds of 2012, due in annual installments of \$65,000 to \$2,100,000, plus interest at 1.0 to 2.125 percent through maturity on December 15, 2025	Debt Service	-	9,900,000	30,000	9,870,000
\$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	-	485,000	2,265,000
\$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>\$ 74,840,000</u>	<u>\$ 9,900,000</u>	<u>\$ 12,960,000</u>	<u>\$ 71,780,000</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, 2013 are as follows:

Issue	Fund Debt Retired By	June 30, 2012	Issuances	Retirements	June 30, 2013
\$384,071 loan due March 1, 2015, at 3.015 percent payable semi-annually	Sewer	\$ 74,597	\$ -	\$ 24,126	\$ 50,471
\$741,188 loan due August 16, 2016, at 2.815 percent payable semi-annually	Sewer	206,092	-	43,584	162,508
\$514,456 loan due June 23, 2031, at 1.25 percent payable semi-annually	Sewer	502,766	-	23,599	479,167
\$533,169 loan due August 28, 2031, at 1.25 percent payable semi-annually	Sewer	533,169	-	24,306	508,863
\$433,375 loan due June 29, 2032, at 1.25 percent payable semi-annually	Governmental	107,499	325,876	-	433,375
		<u>\$ 1,424,123</u>	<u>\$ 325,876</u>	<u>\$ 115,615</u>	<u>\$ 1,634,384</u>

Demand Bonds

The 2004B General Obligation Bonds are demand bonds.

Interest

For fiscal year 2013, total interest incurred and expensed/expended by the governmental activities/governmental funds was \$2,333,208 and total interest expense incurred and expensed by the enterprise funds was \$543,735.

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, 2013, the estimated remaining liability is \$641,468. 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 April 2013, the City Council approved the ceding of 2012 private activity bond authority to the Eastern Illinois Economic Development Authority with a cap amount of \$3,861,323.

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			
	General Obligation Bonds		IEPA Loans Payable	
	Principal	Interest	Principal	Interest
2014	\$ 4,065,000	\$ 2,226,644	\$ 19,756	\$ 5,356
2015	3,500,000	2,117,251	20,004	5,108
2016	3,620,000	2,003,364	20,255	4,857
2017	3,610,000	1,874,533	20,509	4,603
2018	3,150,000	1,748,320	20,766	4,346
2019	4,255,000	1,611,301	21,026	4,086
2020	4,320,000	1,449,198	21,290	3,822
2021	3,575,000	1,295,378	21,557	3,555
2022	4,005,000	1,142,713	21,827	3,285
2023	4,330,000	984,840	22,101	3,011
2024	4,450,000	836,126	22,378	2,734
2025	3,710,000	701,368	22,659	2,453
2026	3,805,000	568,276	22,943	2,169
2027	2,080,000	444,160	23,230	1,881
2028	2,020,000	336,060	23,522	1,590
2029	2,400,000	215,520	23,817	1,295
2030	2,670,000	74,760	24,115	997
2031	-	-	24,418	694
2032	-	-	24,724	388
2033	-	-	12,478	78
Total	\$ 59,565,000	\$ 19,629,810	\$ 433,375	\$ 56,307

Fiscal Year Ending June 30	Business-Type Activities			
	General Obligation Bonds		IEPA Loans Payable	
	Principal	Interest	Principal	Interest
2014	\$ 635,000	\$ 502,369	\$ 118,183	\$ 17,796
2015	710,000	477,150	120,817	15,163
2016	665,000	451,369	97,127	12,659
2017	1,225,000	406,231	74,553	10,692
2018	1,345,000	339,938	50,984	9,720
2019	1,330,000	279,712	51,624	9,081
2020	1,415,000	224,813	52,271	8,434
2021	1,220,000	172,112	52,926	7,778
2022	440,000	138,913	53,590	7,115
2023	470,000	120,712	54,262	6,443
2024	490,000	101,513	54,942	5,762
2025	520,000	81,312	55,631	5,073
2026	545,000	60,013	56,329	4,376
2027	585,000	37,266	57,035	3,669
2028	620,000	12,710	57,750	2,954
2029	-	-	58,474	2,230
2030	-	-	59,208	1,497
2031	-	-	59,950	755
2032	-	-	15,353	96
2033				
Total	\$ 12,215,000	\$ 3,406,133	\$ 1,201,009	\$ 131,293

On August 8, 2012, the City issued \$9,900,000 of general obligation refunding bonds to reduce debt payments over the term of two existing general obligation bonds. The cash flow required to service the new debt over its life is \$11,930,376 and the cash flow required to service the old debt over its life would have been \$13,372,385. The advance refunding transaction resulted in an economic gain of approximately \$1,218,000, which is not an amount reflected on the City's financial statements. A deferred charge on refunding of \$1,046,042 has been recorded on the statement of net position, which will be amortized over the life of the new bonds.

The City defeased the general obligation bonds by placing \$10,081,043, the proceeds of new bonds, in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2013, \$9,015,000 of defeased debt principal remains outstanding.

11. Restricted Net Position

At June 30, 2013, the City had restricted net position for the following purposes:

Culture and Recreation	\$ 1,411,021
Public Health and Welfare	4,657,028
Public Safety	292,476
Public Works	12,372,407
Debt Service	4,745,262
Capital Projects	1,790,927
Total	<u><u>\$ 25,269,121</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, 2013, such fund balances are composed of the following:

	General Fund	Other Major Governmental Funds	Nonmajor Governmental Funds	Total Governmental Funds
Non-Spendable:				
Prepaid Items	\$ 6,936	\$ -	\$ -	\$ 6,936
Restricted:				
Public Safety	-	-	292,476	292,476
Library Improvements	-	-	124,264	124,264
Housing Development	-	-	798,190	798,190
Neighborhood Revitalization	-	-	2,733,652	2,733,652
Cultural and Recreation	-	1,411,021	-	1,411,021
Capital Projects	-	9,382,471	3,037,879	12,420,350
Debt Service	-	4,745,262	-	4,745,262
	<u>-</u>	<u>15,538,754</u>	<u>6,986,461</u>	<u>22,525,215</u>
Committed:				
Campustown Improvements	-	-	5,227,529	5,227,529
Vehicles and Equipment	-	-	8,228,189	8,228,189
General Government	1,908,831	-	-	1,908,831
Public Safety	441,676	-	-	441,676
Other Capital Projects	3,597,988	3,028,452	-	6,626,440
	<u>5,948,495</u>	<u>3,028,452</u>	<u>13,455,718</u>	<u>22,432,665</u>
Total Non-Spendable, Restricted, and Committed	<u><u>\$ 5,955,431</u></u>	<u><u>\$ 18,567,206</u></u>	<u><u>\$ 20,442,179</u></u>	<u><u>\$ 44,964,816</u></u>

b. Deficit Fund Equity

At June 30, 2013, the following funds had deficit fund equity:

- UC2B Fund - \$8,933
- Workers Compensation Fund - \$655,639

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, 2013:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General	Fleet Services	\$ 237,487
General	Non-Major Proprietary	42,952
General	Capital Improvement	633,435
Total Interfund Balances		<u>\$ 913,874</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, 2013 are summarized below:

Transfer In	Transfer Out	Amount
General	Champaign Public Library	\$ 276,107
General	Parking	150,000
General	Sewer	150,000
General	Non-Major Governmental	423,893
General	Workers Compensation	73,500
Stormwater Management	General	3,656,072
Stormwater Management	Capital Improvement	1,600,000
Capital Improvements	General	4,256,542
Capital Improvements	Parking	200,000
Debt Service	General	2,331,775
Debt Service	Stormwater Management	2,637,663
Debt Service	Capital Improvement	406,419
Debt Service	Non-Major Governmental	676,931
Non-Major Governmental	General	1,814,959
Non-Major Governmental	Stormwater Management	29,990
Non-Major Governmental	Parking	21,820
Non-Major Governmental	Sewer	95,985
Non-Major Governmental	Non-Major Governmental	22,739
Non-Major Governmental	Fleet Services	12,368
Parking	Non-Major Governmental	200,000
Total Interfund Transfers		<u>\$ 19,036,763</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, 2013. 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, 2013. The amount of settlements in both funds did not exceed insurance coverage in fiscal year 2013 or the previous two fiscal years.

Changes in the claim liability amounts in fiscal years 2013 and 2012 were as follows:

	2013		2012	
	Retained Risk	Workers' Compensation	Retained Risk	Workers' Compensation
Claims Liability - July 1	\$ 231,473	\$ 2,889,067	\$ 224,055	\$ 2,090,555
Claims Incurred	508,797	1,339,647	314,676	2,048,351
Claims Paid	<u>(256,913)</u>	<u>(1,692,185)</u>	<u>(307,258)</u>	<u>(1,249,839)</u>
Claims Liability - June 30	<u>\$ 483,357</u>	<u>\$ 2,536,529</u>	<u>\$ 231,473</u>	<u>\$ 2,889,067</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, 2013 is as follows:

Total Assets	<u>\$ 187,147</u>	Total Revenues	\$ 78,185
Total Liabilities	\$ -	Total Expenses	<u>26,692</u>
Total Equity	<u>187,147</u>	Net Income (Loss)	51,493
Total Liabilities and Equity	<u>\$ 187,147</u>	Total Equity - July 1	<u>135,654</u>
		Total Equity - June 30	<u>\$ 187,147</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, 2013 is as follows:

Total Assets	<u>\$ 231,253</u>	Total Revenues	\$ 1,329,950
Total Liabilities	\$ 231,253	Total Expenses	<u>1,329,950</u>
Total Equity	<u>-</u>	Net Income (Loss)	-
Total Liabilities and Equity	<u>\$ 231,253</u>	Total Equity - July 1	<u>-</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, 2013 is as follows:

Total Assets	<u>\$ 9,782,057</u>	Total Revenues	\$ 4,010,161
Total Liabilities	\$ 285,025	Total Expenses	<u>4,356,639</u>
Total Equity	<u>9,497,032</u>	Net Income (Loss)	(346,478)
Total Liabilities and Equity	<u>\$ 9,782,057</u>	Total Equity - July 1	<u>9,843,510</u>
		Total Equity - June 30	<u>\$ 9,497,032</u>

17. Related Party Transactions

The Champaign Public Library Fund, a major special revenue fund, provided donated services to the Champaign Public Library 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, 2013, the amount contributed and included as in-kind revenue and expense in the financial statements of the Foundation totaled \$105,381.

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, 2013 was \$155,144.

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

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.

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 2012 was 11.42 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, 2013, the City's annual pension cost of \$2,289,243 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>
6/30/13	\$ 2,289,243	100%	\$ -
6/30/12	2,182,368	100%	-
6/30/11	2,221,754	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the regular plan was 78.62 percent funded. The actuarial accrued liability for benefits was \$60,447,251 and the actuarial value of assets was \$47,522,297, resulting in an underfunded actuarial accrued (UAAL) of \$12,924,954. The covered payroll for calendar 2012 (annual payroll of active employees covered by the plan) was \$18,957,283 and the ratio of the UAAL to the covered payroll was 68 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.

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.

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 2012 was 18.76 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, 2013, the City's annual pension cost of \$0 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>
6/30/13	\$ -	0%	\$ -
6/30/12	21,698	100%	-
6/30/11	26,158	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel Plan was zero percent funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$(238,657), resulting in an underfunded actuarial accrued (UAAL) of \$238,657. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$44,826 and the ratio of the UAAL to the covered payroll was 532 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, 2013 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits and Terminated Employees entitled to benefits but not yet receiving them	110
Current Employees:	
Vested	78
Non-Vested	35
Total Membership	<u>223</u>

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 equal to 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 the average monthly 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 (i.e. 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on January 1st 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, 2013, the City contributed \$1,937,162 in excess of the annual pension cost of \$2,389,802.

Three-Year Trend Information for the Pension Plan

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 2,389,802	181%	\$ (15,442,681)
2012	2,520,353	163%	(13,505,519)
2011	2,566,998	144%	(11,917,126)

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

Annual Required Contribution (ARC)	\$ 2,749,188
Interest on the NPO	(945,386)
Adjustment to the ARC	586,000
Annual Pension Cost	<u>2,389,802</u>
Actual Contribution	<u>4,326,964</u>
Increase to the NPO	(1,937,162)
Beginning of Year NPO	(13,280,523)
Change in June 30, 2012 Estimate	<u>(224,996)</u>
End of Year NPO	<u><u>\$ (15,442,681)</u></u>

The required contribution for 2013 was determined as part of the July 1, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2012 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) 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, 2012 valuation was 8 years.

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date, the Police Pension Plan was 74.4 percent funded. The actuarial accrued liability for benefits was \$94,995,432 and the actuarial value of assets was \$67,874,509 resulting in an underfunded actuarial accrued (UAAL) of \$27,120,923. The covered payroll (annual payroll of active employees covered by the plan) was \$8,118,801 and the ratio of the UAAL to the covered payroll was 334.05 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, 2013, the Firefighters' Pension Plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	83
Active Plan Members:	
Vested	73
Non-Vested	20
Total Membership	<u>176</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 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later.

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, 2013, the City contributed \$469,753 more than the annual pension cost of \$3,282,534.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 3,282,534	114%	\$ 1,078,661
2012	3,339,071	114%	1,548,414
2011	3,865,208	90%	2,030,518

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

Annual Required Contribution (ARC)	\$ 3,381,486
Interest on the NPO	108,389
Adjustment to the ARC	(207,342)
Annual Pension Cost	3,282,533
Actual Contribution	3,752,286
Increase to the NPO	(469,753)
Beginning of Year NPO	1,548,414
Change in June 30, 2012 Estimate	-
End of Year NPO	<u>\$ 1,078,661</u>

The required contribution for 2013 was determined as part of the July 1, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2012 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, 2012 valuation was 10.5 years.

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date, the Firefighters' Pension Plan was 79.8 percent funded. The actuarial accrued liability for benefits was \$76,947,315 and the actuarial value of assets was \$61,429,036 resulting in an underfunded actuarial accrued (UAAL) of \$15,518,279. The covered payroll (annual payroll of active employees covered by the plan) was \$6,770,301 and the ratio of the UAAL to the covered payroll was 229.2 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 and the funds have been collected by the City. 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 position available for retirement benefits (other than U.S. Government guaranteed obligations) invested as follows:

Goldman Sachs Financial Square Treasury Obligation Fund	<u>\$ 5,147,672</u>
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At year-end, the Firefighters' Pension Fund has over 5 percent of net position available for retirement benefits (other than U.S. Government guaranteed obligations) invested as follows:

NTGI Intermediate Government Bond Index Fund	\$ 11,129,400
MetLife S&P 500 Index Fund	10,819,432
Manning and Napier Overseas Fund	6,369,411
Vanguard Mid Cap Index Fund	6,280,551
U.S. Treasury Notes	4,511,965
Principal US Property Separate Account Annuity Contract	3,339,708
	<u>\$ 42,450,467</u>

➤ 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 Description, Provisions, and Funding Policy

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, 2013, 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	81
Active Employees	424
Total	<u>505</u>
Participating Employers	<u>1</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, 2013 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, 2013.

Three-Year Trend Information for the Plan

Fiscal Year Ending June 30	Annual OPEB Cost	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 990,012	28%	\$ 4,033,132
2012	1,098,024	20%	3,319,471
2011	1,108,842	18%	2,443,809

The net OPEB obligation (NOPEBO) as of June 30, 2013 was calculated as follows:

Annual Required Contribution	\$ 1,029,691
Interest on the NOPEBO	165,975
Adjustment to the ARC	(205,653)
Annual OPEB Cost	<u>990,013</u>
Actual Contribution	<u>276,352</u>
Increase in the NOPEBO	713,661
NOPEBO - July 1, 2012	3,319,471
NOPEBO - June 30, 2013	<u>\$ 4,033,132</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, 2013, was as follows:

Actuarial Accrued Liability (AAL)	\$ 9,242,930
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,242,930
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 27,505,512
AAL as a percent of Covered Payroll (Active Plan Members)	34%

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, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return 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 advanced 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, 2013 valuation was for a defined period of time.

20. Discretely Presented Component Unit – Champaign Public Library Foundation

The following notes are provided for the City'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. The Foundation records investment income earned on temporarily and permanently restricted assets as temporarily restricted revenue.
5. 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
6. 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.
7. Unearned grant revenue results from grants for which funds have been received from the grantor, but support revenue has not been recognized as of June 30, 2013 because the funds have not yet been spent for the restricted purpose of the grant.
8. The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.
9. 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.
10. As of June 30, 2013, the federal and Illinois tax filings that fall within the applicable statutes of limitation remain open for review by tax authorities.
11. The Foundation's management has reviewed subsequent events through September 11, 2013, which is the date the financial statements were available to be issued.
12. 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, 2013 consists of the following:

Checking Accounts	\$	25,829
Money Market Accounts		7,689
Total	\$	<u>33,518</u>

At June 30, 2013, the Foundation's bank deposits total of \$25,979, which reconciled to the book balance of \$25,829, 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, 2013 consist of the following:

Mutual Funds	\$	246,546
Common Stocks		187,943
U.S. Government Securities		147,173
Corporate Bonds		129,506
Municipal Government Securities		79,175
Debt Securities of U.S. Government Sponsored Entities		60,931
Mortgage Backed Securities		10,101
Total	\$	<u>861,375</u>

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

Interest Income	\$	17,703
Net Realized and Unrealized Gains and (Losses)		30,747
Dividends		9,098
Total	\$	<u>57,548</u>

All investments are at risk of loss of market value due to numerous economic factors. Investments in debt securities are also at risk of loss due to the potential default of the issuer of the debt. Credit ratings provide a measure of the creditworthiness of debt issuers. Credit ratings are assigned by various third-party credit rating agencies and fall into the following categories, which are presented from the least risk to most risk: Prime, High Grade, Upper Medium Grade, Lower Medium Grade, Non-Investment Grade, Highly Speculative, Substantial Risk, Extremely Speculative, and In Default.

The Foundation's debt based investments at June 30, 2013 have the following ratings:

Prime	\$ 208,104
High Grade	21,166
Upper Medium Grade	116,185
Lower Medium Grade	45,015
Not Rated	36,416
Total	<u>\$ 426,886</u>

e. Pledges Receivable

Pledges receivable consists of the following at June 30, 2013:

Current Portion	\$ 11,946
Non-Current Portion - Receivable from 1 to 4 Years	7,000
Total	<u>\$ 18,946</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, 2013 consist of the following:

Board Designated:	
Endowment	\$ 446,055
Schwartz Fund for Library Material	290,071
Undesignated	30,555
Total	<u>\$ 766,681</u>

g. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 are available for the following purposes:

Richard McDonald Endowment	\$	52,240
Books Today		26,876
R.D. Burnham Trust - Library Materials		9,693
J.F. Burnham Trust - Library Materials		9,638
Friends of the Library		7,301
Children's Programming		3,656
Civility		3,164
Art Fund		1,729
Teen Fund		523
Total	\$	<u>114,820</u>

h. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2013 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 Board of Directors annually approves 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, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Donor-Restricted	\$ -	\$ 19,331	\$ 20,000	\$ 39,331
Unrestricted - Board Designated	446,055	-	-	446,055
	<u>\$ 446,055</u>	<u>\$ 19,331</u>	<u>\$ 20,000</u>	<u>\$ 485,386</u>

Changes in endowment funds for the year ended June 30, 2013 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment Net Assets, Beginning of Year	\$ 424,130	\$ 17,951	\$ 20,000	\$ 462,081
Contributions	12,205	-	-	12,205
Reclassification of Prior Year Contribution	(5,000)	-	-	(5,000)
Interest and Dividends	13,429	1,191	-	14,620
Net Appreciation, (Depreciation)	16,567	1,460	-	18,027
Expenditures	<u>(15,276)</u>	<u>(1,271)</u>	<u>-</u>	<u>(16,547)</u>
Endowment Net Assets, End of Year	<u>\$ 446,055</u>	<u>\$ 19,331</u>	<u>\$ 20,000</u>	<u>\$ 485,386</u>

j. Fair Value Measurements

The fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Securities	<u>\$ 861,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,375</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, 2013.

k. Related Party Transactions

The Champaign Public Library provided donated services to the Foundation. Donated services consist of salaries and benefits of Library personnel assigned to perform management and fund raising services for the Foundation. For the year ended June 30, 2013, the amount contributed and included as in-kind revenues totaled \$105,381. An equivalent expense is included in the Statement of Activities with \$26,959 in “Management and General” and \$78,422 in “Fund Raising”.

The \$155,144 of program expense was monetary support provided to the Library for materials and programs.

l. Concentrations

Contributions from one donor accounted for \$56,800 or approximately 18 percent of the total support and revenue for the year ended June 30, 2013.

21. Discretely Presented Component Unit – Town of the City of Champaign

The following notes are provided for the City’s component unit, Town of the City of Champaign:

a. Summary of Significant Policies

The financial statements of the City of Champaign, Illinois (the Township) 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*.

For the year ended June 30, 2013, the Township implemented Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard had no impact on the financial reporting of the Township for the year ended June 30, 2013.

The Township also implemented Governmental Accounting Standards Board Statement Number 65, *Items Previously Reported as Assets and Liabilities*. The Township has presented deferred inflows of resources beginning in this fiscal year based on the requirements of GASB Statement Number 65.

1. Financial Reporting Entity

The Township is a body corporate and politic established under Illinois Compiled Statutes governed by an elected Board of Trustees and an elected Supervisor. The Township is considered to be a discrete component unit of the City of Champaign, Illinois (the City), based on the operational criteria in GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements 14 and 34*. The members of the Township's Board of Trustees are the members of the City Council of the City of Champaign, Illinois, but there is no financial burden or benefit relationship between the Township and the City and the City's management does not have operational responsibility for the Township.

2. Basic Financial Statements

Government-Wide Statements

The Statement of Net Position and Statement of Activities display information about the Township as a whole. They include all funds of the Township. The Statement of Net Position and the Statement of Activities include governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Internal balances and activities within the Township's funds are eliminated in the government-wide financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 21.a.3).

Fund Financial Statements

Fund financial statements of the Township 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. The Township's funds fall into the governmental fund category. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds
- b. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the aggregated 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 21.a.3).

The fund types of the Township are described below:

Governmental Funds

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

The General Fund is the general operating fund of the Township 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 are used to account for 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 Township maintains one major special revenue fund.

➤ Major Special Revenue Fund

General Assistance Fund – The General Assistance Fund accounts for property tax revenues used to provide basic needs assistance to Township citizens that meet specific need criteria.

3. Basis of Accounting

Accrual

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Property taxes are recognized as revenues 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.

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 Township 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.

Personal property replacement tax is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end. All other revenue items, including property tax, are considered to be measured and available when cash is received by the Township.

4. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivable are based upon historical trends and the periodic aging of receivable. Major receivables balances for governmental activities include personal property

replacement tax. At June 30, 2013, the estimated receivable allowance equaled \$0.

5. Interfund Balances

Short-term receivables and payables between funds are reported as due from and due to other funds, respectively. Non-current amounts are reported as advances to/from other funds. In governmental funds, advances to other funds as well as other long-term receivables are offset by non-spendable fund balance because they do not represent expendable, available financial resources.

6. Capital Assets

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 financial statements offset by accumulated depreciation. 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. Equipment and vehicles, buildings and improvements, and land improvements valued over \$5,000, and land of any value are capitalized. Assets that appreciate in value are capitalized if valued at more than \$5,000.

Depreciation is calculated on all assets other than land and assets that appreciate in value using the straight-line method, mid-month convention with the following estimated useful lives:

Land Improvements	10 Years
Buildings and Improvements	50 Years
Equipment and Vehicles	3-20 Years

7. Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay sick leave amounts when employees separate from service. All vacation leave is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds only if it has been realized or paid, for example, as a result of employee resignations or retirements.

8. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

9. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no item that qualifies for reporting in this category as of June 30, 2013.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item that qualifies for reporting in this category at June 30, 2013, which arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources (revenue) in the period that property taxes become available.

10. Fund Balance

Fund balances are classified 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 Township 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 Board of Trustees

Assigned – Amounts that are designated by the Township Supervisor for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Trustees

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 Township considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Township's Board of Trustees has provided otherwise in its commitment or assignment actions.

11. 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.

b. Budgets and Budgetary Basis of Accounting

Legal budgets are prepared in the form of an appropriations ordinance for Township funds using the same accounting basis and practices as are used to account for and prepare financial statements. Unexpended appropriations lapse at the end of the fiscal year. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board of Trustees after a public notice and hearing. Appropriations transfers between budget line items may be presented to the Board at their regular meetings. Each transfer must have Board approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. There were no transfers made after fiscal year end.

A comparison of budget to actual expenditures is provided for the major governmental funds.

c. Bank Deposits

The Township maintains a cash account that is available for use by all Township funds. Illinois statutes authorize the Township 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, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. The Township's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a written pledge of securities from the depository bank. At June 30, 2013, \$622,691 of the Township's bank balance of \$872,691 was exposed to custodial credit risk and was fully collateralized by a pledge of securities from the depository bank. The pledged securities, which had a fair value in excess of \$622,691 at June 30, 2013, are held by the bank's agent for the benefit of the Township, but are not held in the Township's name.

d. Property Tax Cycle

1. 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 that 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.

2. 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.

3. Property Tax Levies

The calendar 2011 property tax levy passed in December 2011 and the calendar 2012 property tax levy passed in December 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. The balance is deferred inflows of resources to the next fiscal year for the governmental funds and eliminated for the government-wide financial statements.

Fiscal year 2013 property tax revenue on the statement of activities consists of fifty percent of the calendar 2011 levy and fifty percent of the calendar 2012 levy, less allowances. For fiscal year 2013, 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 as actual revenue recognition differences are immaterial.

4. 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 2013 were based on equalized assessed value as of January 1, 2012, and on tax levies set in December 2012.

5. 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 2012, all property taxes were distributed by November 13. Interest earned on taxes before distribution goes to the local governments.

e. Property Taxes Receivable

Property taxes receivable for the governmental funds consists of property taxes levied in 2012, for which a legal claim exists in 2013. The revenue associated with the 2012 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. A summary of property taxes receivable by fund type at June 30, 2013 is shown below:

<u>Fund Type</u>	<u>Property Taxes Levied</u>	<u>Property Taxes Receivable</u>	<u>Unavailable Revenue</u>
General	\$ 464,714	\$ 231,079	\$ 231,079
Special Revenue	112,703	57,947	57,947
Total	<u>\$ 577,417</u>	<u>\$ 289,026</u>	<u>\$ 289,026</u>

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

f. Capital Assets

Governmental capital asset activity for the year was as follows:

	June 30, 2012	Additions	Disposals	June 30, 2013
Depreciable Capital Assets:				
Buildings and Improvements	\$ 193,265	\$ -	\$ -	\$ 193,265
Equipment and Vehicles	22,337	-	-	22,337
	<u>215,602</u>	<u>-</u>	<u>-</u>	<u>215,602</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(163,908)	(1,959)	-	(165,867)
Equipment and Vehicles	(19,185)	(198)	-	(19,383)
	<u>(183,093)</u>	<u>(2,157)</u>	<u>-</u>	<u>(185,250)</u>
Total Depreciable Capital Assets	<u>\$ 32,509</u>	<u>\$ (2,157)</u>	<u>\$ -</u>	<u>\$ 30,352</u>

Depreciation expense of \$2,157 was charged to the general government function in fiscal year 2013.

g. Changes in Long-Term Debt

The following is a summary of changes in the Township's long-term debt of the governmental activities for the year ended June 30, 2013.

	June 30, 2012	Issued	Retired	June 30, 2013	Due Within One Year
Accrued Compensated Absences	<u>\$ 9,512</u>	<u>\$ 15,547</u>	<u>\$ 14,153</u>	<u>\$ 10,906</u>	<u>\$ 10,906</u>

Accrued compensated absences are paid from the General Fund.

h. Restricted Net Position and Restricted Fund Balance

At June 30, 2013, the Township had restricted net position and restricted fund balance that are restricted due to enabling legislation as follows:

Unspent Tax Levy Allocations for:	
General Assistance Expenditures	\$ 467,601
IMRF Expenditures	<u>12,803</u>
Total	<u>\$ 480,404</u>

i. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables at June 30, 2013, are summarized below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 468,739
General Assistance	468,739	-
Total	<u>\$ 468,739</u>	<u>\$ 468,739</u>

The General Fund holds the cash of the Township. The General Assistance Fund's receivable from the General Fund is considered fully current as the General Fund holds sufficient cash at June 30, 2013 to honor the interfund balance.

There were no interfund transfers during the year ended June 30, 2013.

j. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended June 30, 2013, there were no significant reductions in coverage. There have been no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

k. Defined Benefit Pension Plan

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.

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 annual required contribution rate for calendar year 2012 was 12.33 percent. 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 – The required contribution for calendar year 2012 was \$39,089. Through June 30, 2013, the Township’s net pension obligation was \$8,048. The Township’s management considers this an immaterial and temporary amount that will be funded within the next fiscal year and has not recorded a liability or expense for this net pension obligation on the government-wide financial statements.

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 39,809	100%	\$ 8,048
12/31/11	35,734	82%	8,048
12/31/10	27,637	94%	1,599

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular Plan was 80.28 percent funded. The actuarial accrued liability for benefits was \$1,163,287 and the actuarial value of assets was \$933,856, resulting in an underfunded actuarial accrued liability (UAAL) of \$229,431. The covered payroll (annual payroll of active employees covered by the Plan) was \$322,861 and the ratio of UAAL to the covered payroll was 71 percent.

The IMRF schedule of funding progress, presented as RSI 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 post-employment benefits to employees.

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 2014 from capital project funds:

<u>Purpose</u>	<u>Commitment</u>
Fiber Optic Connection	\$ 3,823,631
South Fourth Street Extension	2,276,665
Market Street Improvements	2,265,220
Curtis Road	1,306,985
Asphalt Overlay	804,372
Concrete Street Maintenance	636,525
Fourth Street	498,370
Storm Sewer Rehabilitation and Maintenance	469,101

23. Subsequent Event

The City is a member of the Urbana-Champaign Broadband (UC2B) Consortium along with the City of Urbana, Illinois and the University of Illinois. The UC2B Consortium has been responsible for the oversight of construction of a fiber-optic network over the past two years mainly using funding from a federal grant. Each member has been responsible for construction of the network within its jurisdiction. The City has not capitalized these construction costs on the government-wide financial statements because the City did not, and will not, have legal ownership of the constructed assets within its boundaries. Total construction costs for the UC2B project incurred by the City through June 30, 2013 was \$12,188,684. Subsequent to June 30, 2013, the UC2B Consortium members approved an agreement to transfer the constructed assets to a newly created UC2B Not-for-Profit (NFP). This agreement transfers responsibility for, and operation of, the fiber-optic network to the NFP. The NFP will be a jointly governed organization. The City, along with the other Consortium members, will have two board appointments to the NFP's governing board of six, but will have no ongoing financial interest in, or ongoing financial responsibility for the NFP.

Additionally, the City plans to issue debt in December 2013. This will be a negotiated bank-qualified sale, and the proceeds will refinance a portion of the 2005 Bond Series that paid for the construction of the new Main Library.

Finally, the City council has approved a resolution that intends to establish a new Tax Increment Financing (TIF) District. This District will encompass the old AC Humko plant, located on Mattis Avenue and adjacent to the Kraft Foods plant. This will allow improvements to be made to develop this site, which Kraft may purchase to expand their facilities.

25. Prior Period Adjustment

The statement of activities includes a prior period adjustment to account for the implementation of Governmental Accounting Standards Board Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This standard is applied retroactively and any previously capitalized bond issuance costs will be recognized as an expense in the period incurred. This change reduced total net position on the statement of activities as of June 30, 2012 by \$220,590. The effect of adopting the new accounting principle decreased the change in net position for the year ended June 30, 2013 by \$110,148. The effect of adopting the new accounting principle increased the change in net position for the year ended June 30, 2012 by \$13,170.

The statement of activities includes a prior period adjustment to account for the implementation of Governmental Accounting Standards Board Statement Number 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The City has presented the Town of the City of Champaign, Illinois (the Township) as a discrete component unit in fiscal year 2013 based on the requirements of GASB 61. The Township's financial statements are presented separate from the City's financial statements in fiscal year 2013. In previous fiscal years the Township qualified as a blended component unit, which meant the Township was essentially a fund of the City and thus included in the City's financial statements. The effect of adopting the new accounting principle reclassified \$807,651 of net position on the statement of activities from governmental activities to the component unit as of June 30, 2012.

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

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
12/31/2012	\$ 47,522,297	\$ 60,447,251	\$ 12,924,954	78.62%	\$ 18,957,283	68.18%
12/31/2011	47,646,234	60,708,987	13,062,753	78.48%	19,783,899	66.03%
12/31/2010	50,363,920	61,784,560	11,420,640	81.52%	19,876,857	57.46%

On a market value basis, the actuarial value of assets as of December 31, 2012 was \$49,356,103. On a market basis, the funded ratio would be 81.65 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

Illinois Municipal Retirement Fund – Town of the City of Champaign Component Unit

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
12/31/2012	\$ 933,856	\$ 1,163,287	\$ 229,431	80.28%	\$ 322,861	71.06%
12/31/2011	841,376	1,043,411	202,035	80.64%	308,586	65.47%
12/31/2010	734,342	945,581	211,239	77.66%	301,713	70.01%

On a market value basis, the actuarial value of assets as of December 31, 2012 was \$971,049. On a market basis, the funded ratio would be 83.47 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Town of the City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

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
12/31/2012	\$ (238,657)	\$ -	\$ 238,657	0.00%	\$ 44,826	532.41%
12/31/2011	255,154	416,808	161,654	61.22%	143,380	112.75%
12/31/2010	215,618	377,864	162,246	57.06%	143,096	113.38%

On a market value basis, the actuarial value of assets as of December 31, 2012 was \$(207,993).
On a market basis, the funded ratio would be zero percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

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
6/30/2012	\$ 67,874,509	\$ 94,995,432	\$ 27,120,923	71.45%	\$ 8,118,801	334.05%
6/30/2011	66,623,613	91,320,000	24,696,387	72.96%	8,669,724	284.86%
6/30/2010	57,901,666	86,627,280	28,725,614	66.84%	8,447,873	340.03%
6/30/2009	52,600,828	83,415,642	30,814,814	63.06%	8,249,582	373.53%
6/30/2008	55,488,801	80,079,990	24,591,189	69.29%	8,033,356	306.11%
6/30/2007	56,633,283	74,952,610	18,319,327	75.56%	7,192,078	254.72%

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
6/30/2012	\$ 61,429,036	\$ 76,947,315	15,518,279	79.83%	\$ 6,770,301	229.21%
6/30/2011	58,887,635	75,351,909	16,464,274	78.15%	7,091,001	232.19%
6/30/2010	54,144,243	72,951,486	18,807,243	74.22%	7,017,586	268.00%
6/30/2009	52,125,331	70,880,310	18,754,979	73.54%	7,196,912	260.60%
6/30/2008	50,393,274	67,687,588	17,294,314	74.45%	6,623,914	261.09%
6/30/2007	47,396,949	64,364,423	16,967,474	73.64%	6,489,359	261.47%

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
6/30/2013	\$ -	\$ 9,242,930	\$ 9,242,930	0.00%	\$ 27,505,512	33.60%
6/30/2012	-	10,611,693	10,611,693	0.00%	29,825,063	35.58%
6/30/2011	-	9,797,928	9,797,928	0.00%	28,816,486	34.00%

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
2013	\$ 4,326,964	\$ 2,749,188	157.39%
2012	4,108,746	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%

Firefighters' Pension Fund

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contributions	Percent Contributed
2013	\$ 3,752,286	\$ 3,381,486	110.97%
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%

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.

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, 2013

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
ASSETS			
Cash and Investments	\$ 12,173,481	\$ 8,377,755	\$ 20,551,236
Receivables - Net of Allowances:			
Property Taxes	1,630,630	210,610	1,841,240
Accrued Interest	6,295	4,438	10,733
Due from Other Funds	-	-	-
Other	290,647	-	290,647
	<u>\$ 14,101,053</u>	<u>\$ 8,592,803</u>	<u>\$ 22,693,856</u>
Total Assets			
	<u>\$ 14,101,053</u>	<u>\$ 8,592,803</u>	<u>\$ 22,693,856</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 368,414	\$ 26,402	\$ 394,816
Retainage Payable	3,244	-	3,244
Accrued Payroll	17,972	-	17,972
Due to Other Funds	-	-	-
Total Liabilities	<u>389,630</u>	<u>26,402</u>	<u>416,032</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	<u>1,630,630</u>	<u>213,948</u>	<u>1,844,578</u>
Fund Balances:			
Restricted	6,862,197	124,264	6,986,461
Committed	5,227,529	8,228,189	13,455,718
Unassigned	(8,933)	-	(8,933)
Total Fund Balances	<u>12,080,793</u>	<u>8,352,453</u>	<u>20,433,246</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,101,053</u>	<u>\$ 8,592,803</u>	<u>\$ 22,693,856</u>

CITY OF CHAMPAIGN, ILLINOIS
 Combining Balance Sheet
 Non-Major Special Revenue Funds

June 30, 2013

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	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
Cash and Investments	\$ 86,841	\$ 4,891,913	\$ 352,071	\$ 1,947,068	\$ 1,097,094	\$ 1,618,777	\$ 808,617	\$ 175,207	\$ 133,913	\$ 13,041	\$ 1,048,003	\$ 936	\$ 12,173,481
Receivables - Net of Allowances:													
Property Taxes	-	-	469,141	-	1,066,369	95,120	-	-	-	-	-	-	1,630,630
Accrued Interest	-	2,664	146	1,087	356	879	446	99	76	(5)	547	-	6,295
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(10,782)	-	125,579	-	-	200	-	-	80,561	94,989	-	290,647
Total Assets	\$ 86,841	\$ 4,883,795	\$ 821,358	\$ 2,073,734	\$ 2,163,819	\$ 1,714,776	\$ 809,263	\$ 175,306	\$ 133,989	\$ 93,697	\$ 1,143,539	\$ 936	\$ 14,101,053

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities:													
Accounts Payable	\$ 33,733	\$ 8,483	-	\$ 170,200	\$ 23,543	\$ -	\$ 11,073	\$ 3,665	\$ 13,154	\$ 97,677	\$ 6,886	\$ -	\$ 368,414
Retainage Payable	-	-	-	3,244	-	-	-	-	-	-	-	-	3,244
Accrued Payroll	13,019	-	-	-	-	-	-	-	-	4,953	-	-	17,972
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	46,752	8,483	-	173,444	23,543	-	11,073	3,665	13,154	102,630	6,886	-	389,630
Deferred Inflows of Resources:													
Unavailable Revenue - Property Taxes	-	-	469,141	-	1,066,369	95,120	-	-	-	-	-	-	1,630,630
Fund Balances:													
Restricted	40,089	-	-	1,900,290	1,073,907	1,619,656	798,190	171,641	120,835	-	1,136,653	936	6,862,197
Committed	-	4,875,312	352,217	-	-	-	-	-	-	-	-	-	5,227,529
Unassigned	-	-	-	-	-	-	-	-	-	(8,933)	-	-	(8,933)
Total Fund Balances	40,089	4,875,312	352,217	1,900,290	1,073,907	1,619,656	798,190	171,641	120,835	(8,933)	1,136,653	936	12,080,793
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 86,841	\$ 4,883,795	\$ 821,358	\$ 2,073,734	\$ 2,163,819	\$ 1,714,776	\$ 809,263	\$ 175,306	\$ 133,989	\$ 93,697	\$ 1,143,539	\$ 936	\$ 14,101,053

CITY OF CHAMPAIGN, ILLINOIS

Combining Balance Sheet

Non-Major Capital Projects Funds

June 30, 2013

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Funds
ASSETS				
Cash and Investments	\$ 4,282,551	\$ 127,549	\$ 3,967,655	\$ 8,377,755
Receivables - Net of Allowances:				
Property Taxes	-	210,610	-	210,610
Accrued Interest	2,257	53	2,128	4,438
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,284,808</u>	<u>\$ 338,212</u>	<u>\$ 3,969,783</u>	<u>\$ 8,592,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 24,414	\$ -	\$ 1,988	\$ 26,402
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	-	213,948	-	213,948
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Restricted	-	124,264	-	124,264
Committed	4,260,394	-	3,967,795	8,228,189
Total Fund Balances	<u>4,260,394</u>	<u>124,264</u>	<u>3,967,795</u>	<u>8,352,453</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,284,808</u>	<u>\$ 338,212</u>	<u>\$ 3,969,783</u>	<u>\$ 8,592,803</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, 2013

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
Revenues			
Taxes	\$ 6,046,924	\$ 425,467	\$ 6,472,391
Intergovernmental	2,661,810	-	2,661,810
Fines and Forfeitures	107,014	-	107,014
Reimbursements from Outside Agencies	418,818	-	418,818
Charges for Services:			
Internet Fee	110,085	-	110,085
Interest and Investment Income (Loss)	(12,321)	(20,926)	(33,247)
Miscellaneous	18,442	-	18,442
Total Revenues	<u>9,350,772</u>	<u>404,541</u>	<u>9,755,313</u>
Expenditures			
Current:			
General Government	172,965	-	172,965
Public Safety	298,887	-	298,887
Public Works	923,921	51,942	975,863
Public Health and Welfare	3,327,444	-	3,327,444
Culture and Recreation	-	341	341
Capital Outlay	728,673	1,494,229	2,222,902
Total Expenditures	<u>5,451,890</u>	<u>1,546,512</u>	<u>6,998,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,898,882</u>	<u>(1,141,971)</u>	<u>2,756,911</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	33,543	33,543
Transfers In	-	1,997,861	1,997,861
Transfers Out	(896,109)	(423,893)	(1,320,002)
Total Other Financing Sources (Uses)	<u>(896,109)</u>	<u>1,607,511</u>	<u>711,402</u>
Net Change in Fund Balances	<u>3,002,773</u>	<u>465,540</u>	<u>3,468,313</u>
Fund Balances, Beginning of Year as Previously Reported	9,853,162	7,886,913	17,740,075
Prior Period Adjustment	<u>(775,142)</u>	<u>-</u>	<u>(775,142)</u>
Fund Balance, Beginning of Year as Restated	<u>9,078,020</u>	<u>7,886,913</u>	<u>16,964,933</u>
Fund Balances, End of Year	<u>\$ 12,080,793</u>	<u>\$ 8,352,453</u>	<u>\$ 20,433,246</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, 2013

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	Town of the City of Champaign	Downtown TIF
Revenues						
Taxes	\$ -	\$ 704,877	\$ 920,352	\$ 940,076	\$ -	\$ 1,971,961
Intergovernmental	560,520	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Reimbursements from Outside Agencies	15,613	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Interest and Investment Income (Loss)	-	(9,644)	4,457	(9,299)	-	4,286
Miscellaneous	4,530	-	-	4,000	-	-
Total Revenues	580,663	695,233	924,809	934,777	-	1,976,247
Expenditures						
Current:						
General Government	-	172,965	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Health and Welfare	701,232	-	13,251	606,203	-	1,184,413
Capital Outlay	-	-	-	707,982	-	-
Total Expenditures	701,232	172,965	13,251	1,314,185	-	1,184,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,569)	522,268	911,558	(379,408)	-	791,834
Other Financing Sources (Uses)						
Disposal of Capital Assets	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(3,243)	-	(676,931)	-	-	(200,000)
Total Other Financing Sources (Uses)	(3,243)	-	(676,931)	-	-	(200,000)
Net Change in Fund Balances	(123,812)	522,268	234,627	(379,408)	-	591,834
Fund Balances, Beginning of Year, as Previously Reported	163,901	4,353,044	117,590	2,279,698	775,142	482,073
Prior Period Adjustment	-	-	-	-	(775,142)	-
Fund Balance, Beginning of Year as Restated	163,901	4,353,044	117,590	2,279,698	-	482,073
Fund Balances, End of Year	\$ 40,089	\$ 4,875,312	\$ 352,217	\$ 1,900,290	\$ -	\$ 1,073,907

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
\$ 184,591	\$ -	\$ 102,057	\$ -	\$ -	\$ 1,223,010	\$ -	\$ 6,046,924
-	227,505	-	-	221,168	-	1,652,617	2,661,810
-	-	-	107,014	-	-	-	107,014
-	-	-	-	403,195	-	10	418,818
-	-	-	-	110,085	-	-	110,085
(3,272)	(3,011)	(583)	(826)	(443)	6,014	-	(12,321)
-	9,912	-	-	-	-	-	18,442
<u>181,319</u>	<u>234,406</u>	<u>101,474</u>	<u>106,188</u>	<u>734,005</u>	<u>1,229,024</u>	<u>1,652,627</u>	<u>9,350,772</u>
-	-	-	-	-	-	-	172,965
-	-	113,725	185,162	-	-	-	298,887
-	-	-	-	611,311	312,610	-	923,921
96,052	298,699	-	-	-	-	427,594	3,327,444
-	-	-	-	20,059	-	632	728,673
<u>96,052</u>	<u>298,699</u>	<u>113,725</u>	<u>185,162</u>	<u>631,370</u>	<u>312,610</u>	<u>428,226</u>	<u>5,451,890</u>
<u>85,267</u>	<u>(64,293)</u>	<u>(12,251)</u>	<u>(78,974)</u>	<u>102,635</u>	<u>916,414</u>	<u>1,224,401</u>	<u>3,898,882</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(15,935)	-	-	-	(896,109)
-	-	-	(15,935)	-	-	-	(896,109)
<u>85,267</u>	<u>(64,293)</u>	<u>(12,251)</u>	<u>(94,909)</u>	<u>102,635</u>	<u>916,414</u>	<u>1,224,401</u>	<u>3,002,773</u>
1,534,389	862,483	183,892	215,744	(111,568)	220,239	(1,223,465)	9,853,162
-	-	-	-	-	-	-	(775,142)
<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>9,078,020</u>
<u>\$ 1,619,656</u>	<u>\$ 798,190</u>	<u>\$ 171,641</u>	<u>\$ 120,835</u>	<u>\$ (8,933)</u>	<u>\$ 1,136,653</u>	<u>\$ 936</u>	<u>\$ 12,080,793</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, 2013

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Projects Funds
Revenues				
Taxes	\$ -	\$ 425,467	\$ -	\$ 425,467
Interest and Investment Income (Loss)	(8,212)	(762)	(11,952)	(20,926)
Total Revenues	<u>(8,212)</u>	<u>424,705</u>	<u>(11,952)</u>	<u>404,541</u>
Expenditures				
Current:				
Public Works	51,942	-	-	51,942
Culture and Recreation	-	341	-	341
Capital Outlay	889,281	-	604,948	1,494,229
Total Expenditures	<u>941,223</u>	<u>341</u>	<u>604,948</u>	<u>1,546,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(949,435)</u>	<u>424,364</u>	<u>(616,900)</u>	<u>(1,141,971)</u>
Other Financing Sources (Uses)				
Disposal of Capital Assets	33,543	-	-	33,543
Transfers In	1,320,547	-	677,314	1,997,861
Transfers Out	-	(423,893)	-	(423,893)
Total Other Financing Sources (Uses)	<u>1,354,090</u>	<u>(423,893)</u>	<u>677,314</u>	<u>1,607,511</u>
Net Change in Fund Balances	404,655	471	60,414	465,540
Fund Balances, Beginning of Year	<u>3,855,739</u>	<u>123,793</u>	<u>3,907,381</u>	<u>7,886,913</u>
Fund Balances, End of Year	<u>\$ 4,260,394</u>	<u>\$ 124,264</u>	<u>\$ 3,967,795</u>	<u>\$ 8,352,453</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 924,598	\$ 958,863	\$ 560,520
Reimbursements from Outside Agencies	20,000	20,000	15,613
Miscellaneous	7,300	7,300	4,530
Total Revenues	<u>951,898</u>	<u>986,163</u>	<u>580,663</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	475,351	446,859	309,826
Contractual Services	464,943	575,941	387,500
Commodities	8,400	8,400	3,906
Total Expenditures	<u>948,694</u>	<u>1,031,200</u>	<u>701,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,204	(45,037)	(120,569)
Other Financing Sources (Uses)			
Transfers Out	<u>(3,243)</u>	<u>(3,243)</u>	<u>(3,243)</u>
Net Change in Fund Balance	<u>\$ (39)</u>	<u>\$ (48,280)</u>	(123,812)
Fund Balance, Beginning of Year			<u>163,901</u>
Fund Balance, End of Year			<u>\$ 40,089</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Food and Beverage Tax	\$ 651,893	\$ 715,515	\$ 704,877
Reimbursements from Outside Agencies	30,000	-	-
Interest and Investment Income (Loss)	40,247	24,798	(9,644)
Total Revenues	<u>722,140</u>	<u>740,313</u>	<u>695,233</u>
Expenditures			
Current:			
General Government:			
Personnel Services	50,893	62,217	-
Contractual Services	653,494	693,043	172,965
Total Expenditures	<u>704,387</u>	<u>755,260</u>	<u>172,965</u>
Net Change in Fund Balance	<u>\$ 17,753</u>	<u>\$ (14,947)</u>	522,268
Fund Balance, Beginning of Year			<u>4,353,044</u>
Fund Balance, End of Year			<u>\$ 4,875,312</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 829,194	\$ 829,194	\$ 920,352
Interest and Investment Income (Loss)	299	-	4,457
Total Revenues	<u>829,493</u>	<u>829,194</u>	<u>924,809</u>
Expenditures			
Current:			
Public Health and Welfare:			
Contractual Services	<u>210,000</u>	<u>210,000</u>	<u>13,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>619,493</u>	<u>619,194</u>	<u>911,558</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(826,400)</u>	<u>(708,931)</u>	<u>(676,931)</u>
Total Other Financing Sources (Uses)	<u>(826,400)</u>	<u>(708,931)</u>	<u>(676,931)</u>
Net Change in Fund Balance	<u>\$ (206,907)</u>	<u>\$ (89,737)</u>	234,627
Fund Balance, Beginning of Year			<u>117,590</u>
Fund Balance, End of Year			<u>\$ 352,217</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Utility Taxes	\$ 925,432	\$ 924,543	\$ 940,076
Reimbursements from Outside Agencies	-	4,000	-
Interest and Investment Income (Loss)	8,400	10,000	(9,299)
Miscellaneous	-	-	4,000
Total Revenues	<u>933,832</u>	<u>938,543</u>	<u>934,777</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	404,557	374,704	347,409
Contractual Services	585,471	586,334	200,410
Commodities	63,000	82,760	58,384
Capital Outlay	447,993	729,360	707,982
Total Expenditures	<u>1,501,021</u>	<u>1,773,158</u>	<u>1,314,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(567,189)	(834,615)	(379,408)
Other Financing Sources (Uses)			
Transfers In	<u>100,000</u>	-	-
Net Change in Fund Balance	<u>\$ (467,189)</u>	<u>\$ (834,615)</u>	(379,408)
Fund Balance, Beginning of Year			<u>2,279,698</u>
Fund Balance, End of Year			<u>\$ 1,900,290</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 1,699,085	\$ 1,699,085	\$ 1,971,961
Interest and Investment Income (Loss)	3,169	4,488	4,286
Total Revenues	<u>1,702,254</u>	<u>1,703,573</u>	<u>1,976,247</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	167,102	167,102	167,102
Contractual Services	1,499,881	1,493,450	1,017,311
Capital Outlay	31,000	31,000	-
Total Expenditures	<u>1,697,983</u>	<u>1,691,552</u>	<u>1,184,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,271	12,021	791,834
Other Financing Sources (Uses)			
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net Change in Fund Balance	<u>\$ (195,729)</u>	<u>\$ (187,979)</u>	591,834
Fund Balance, Beginning of Year			<u>482,073</u>
Fund Balance, End of Year			<u>\$ 1,073,907</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 470,233	\$ 465,735	\$ 184,591
Interest and Investment Income (Loss)	13,388	5,816	(3,272)
Total Revenues	<u>483,621</u>	<u>471,551</u>	<u>181,319</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	15,470	15,470	15,470
Contractual Services	192,330	520,595	80,582
Capital Outlay	200,000	-	-
Total Expenditures	<u>407,800</u>	<u>536,065</u>	<u>96,052</u>
Net Change in Fund Balance	<u>\$ 75,821</u>	<u>\$ (64,514)</u>	85,267
Fund Balance, Beginning of Year			<u>1,534,389</u>
Fund Balance, End of Year			<u>\$ 1,619,656</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental Grants	\$ 300,803	\$ 303,558	\$ 227,505
Reimbursements from Outside Agencies	15,000	15,000	-
Interest and Investment Income (Loss)	15,000	15,000	(3,011)
Miscellaneous	160,525	230,525	9,912
Total Revenues	<u>491,328</u>	<u>564,083</u>	<u>234,406</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	57,691	57,691	11,612
Contractual Services	1,316,161	524,665	287,087
Total Expenditures	<u>1,373,852</u>	<u>582,356</u>	<u>298,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(882,524)</u>	<u>(18,273)</u>	<u>(64,293)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(100,000)</u>	-	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	-	-
Net Change in Fund Balance	<u>\$ (982,524)</u>	<u>\$ (18,273)</u>	<u>(64,293)</u>
Fund Balance, Beginning of Year			<u>862,483</u>
Fund Balance, End of Year			<u>\$ 798,190</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Foreign Fire Insurance Tax	\$ 107,000	\$ 102,057	\$ 102,057
Interest and Investment Income (Loss)	2,000	954	(583)
Total Revenues	<u>109,000</u>	<u>103,011</u>	<u>101,474</u>
Expenditures			
Current:			
Public Safety:			
Commodities	109,738	125,982	97,673
Contractual Services	23,000	23,000	16,052
Total Expenditures	<u>132,738</u>	<u>148,982</u>	<u>113,725</u>
Net Change in Fund Balance	<u>\$ (23,738)</u>	<u>\$ (45,971)</u>	(12,251)
Fund Balance, Beginning of Year			<u>183,892</u>
Fund Balance, End of Year			<u>\$ 171,641</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Drug Forfeitures	\$ 150,000	\$ 120,000	\$ 107,014
Interest and Investment Income (Loss)	2,000	1,323	(826)
Total Revenues	<u>152,000</u>	<u>121,323</u>	<u>106,188</u>
Expenditures			
Current:			
Public Safety:			
Commodities	52,007	61,507	72,392
Contractual Services	<u>126,770</u>	<u>122,670</u>	<u>112,770</u>
Total Expenditures	<u>178,777</u>	<u>184,177</u>	<u>185,162</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,777)	(62,854)	(78,974)
Other Financing Sources (Uses)			
Transfers Out	<u>(15,935)</u>	<u>(15,935)</u>	<u>(15,935)</u>
Net Change in Fund Balance	<u>\$ (42,712)</u>	<u>\$ (78,789)</u>	(94,909)
Fund Balance, Beginning of Year			<u>215,744</u>
Fund Balance, End of Year			<u>\$ 120,835</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 400,557	\$ 499,515	\$ 221,168
Reimbursements from Outside Agencies	235,531	352,378	403,195
Charges for Services	-	136,000	110,085
Interest and Investment Income (Loss)	-	(249)	(443)
Miscellaneous	-	11,000	-
Total Revenues	<u>636,088</u>	<u>998,644</u>	<u>734,005</u>
Expenditures			
Current:			
Public Works:			
Personnel Services	122,588	240,773	240,106
Contractual Services	481,500	788,941	348,927
Commodities	32,000	42,000	22,278
Capital Outlay	-	19,900	20,059
Total Expenditures	<u>636,088</u>	<u>1,091,614</u>	<u>631,370</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (92,970)</u>	102,635
Fund Balance, Beginning of Year			<u>(111,568)</u>
Fund Balance, End of Year			<u>\$ (8,933)</u>

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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Local Motor Fuel Tax	\$ 1,500,000	\$ 1,193,534	\$ 1,223,010
Interest and Investment Income (Loss)	-	1,719	6,014
Total Revenues	<u>1,500,000</u>	<u>1,195,253</u>	<u>1,229,024</u>
Expenditures			
Current:			
Public Works			
Contractual Services	-	561,385	312,610
Capital Outlay	<u>1,500,000</u>	<u>938,615</u>	-
Total Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>312,610</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (304,747)</u>	916,414
Fund Balance, Beginning of Year			<u>220,239</u>
Fund Balance, End of Year			<u>\$ 1,136,653</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 76,007	\$ 1,652,617	\$ 1,652,617
Reimbursements from Outside Agencies	-	10	10
Total Revenues	<u>76,007</u>	<u>1,652,617</u>	<u>1,652,627</u>
Expenditures			
Current:			
Public Health and Welfare:			
Personnel Services	-	118,060	118,060
Contractual Services	28,510	310,478	309,534
Capital Outlay	-	2,331	632
Total Expenditures	<u>28,510</u>	<u>430,869</u>	<u>428,226</u>
Net Change in Fund Balance	<u>\$ 47,497</u>	<u>\$ 1,221,748</u>	1,224,401
Fund Balance, Beginning of Year			<u>(1,223,465)</u>
Fund Balance, End of Year			<u>\$ 936</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Interest and Investment Income (Loss)	\$ 50,000	\$ 30,000	\$ (8,212)
Expenditures			
Current:			
Public Works:			
Contractual Services	31,949	31,949	51,942
Capital Outlay	3,878,413	2,882,659	889,281
Total Expenditures	<u>3,910,362</u>	<u>2,914,608</u>	<u>941,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,860,362)</u>	<u>(2,884,608)</u>	<u>(949,435)</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	78,675	78,675	33,543
Transfers In	1,340,548	1,365,547	1,320,547
Total Other Financing Sources (Uses)	<u>1,419,223</u>	<u>1,444,222</u>	<u>1,354,090</u>
Net Change in Fund Balance	<u>\$ (2,441,139)</u>	<u>\$ (1,440,386)</u>	404,655
Fund Balance, Beginning of Year			<u>3,855,739</u>
Fund Balance, End of Year			<u>\$ 4,260,394</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 442,871	\$ 422,392	\$ 425,467
Interest and Investment Income (Loss)	1,453	589	(762)
Total Revenues	<u>444,324</u>	<u>422,981</u>	<u>424,705</u>
Expenditures			
Current:			
Culture and Recreation:			
Contractual Services	-	-	341
Excess (Deficiency) of Revenues Over (Under) Expenditures	444,324	422,981	424,364
Other Financing (Uses)			
Transfers Out	<u>(423,893)</u>	<u>(423,893)</u>	<u>(423,893)</u>
Net Change in Fund Balance	<u>\$ 20,431</u>	<u>\$ (912)</u>	471
Fund Balance, Beginning of Year			<u>123,793</u>
Fund Balance, End of Year			<u>\$ 124,264</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Interest and Investment Income (Loss)	\$ 50,000	\$ -	\$ (11,952)
Expenditures			
Capital Outlay	1,791,250	1,766,264	604,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,741,250)	(1,766,264)	(616,900)
Other Financing Sources (Uses)			
Transfers In	598,562	700,062	677,314
Net Change in Fund Balance	<u>\$ (1,142,688)</u>	<u>\$ (1,066,202)</u>	60,414
Fund Balance, Beginning of Year			<u>3,907,381</u>
Fund Balance, End of Year			<u>\$ 3,967,795</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Interest and Investment Income (Loss)	\$ 30,250	\$ 33,343	\$ (22,456)
Expenditures			
Debt Service:			
Principal Retirement	2,980,000	12,860,000	3,440,000
Interest and Fiscal Charges	2,532,244	2,119,988	2,279,090
Issuance Costs	-	418,419	127,570
Total Expenditures	5,512,244	15,398,407	5,846,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,481,994)</u>	<u>(15,365,064)</u>	<u>(5,869,116)</u>
Other Financing Sources (Uses)			
Refunding Bond Issued	-	9,900,000	9,900,000
Premium on Bond Issuance	-	418,419	188,917
Payment to Bond Refunding Escrow Agent	-	-	(10,081,042)
Transfers In	6,509,263	6,495,644	6,052,788
Transfers Out	-	(229,502)	-
Total Other Financing Sources (Uses)	6,509,263	16,584,561	6,060,663
Net Change in Fund Balance	<u>\$ 1,027,269</u>	<u>\$ 1,219,497</u>	191,547
Fund Balance, Beginning of Year			<u>4,553,715</u>
Fund Balance, End of Year			<u>\$ 4,745,262</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 1,372,264	\$ 1,348,139	\$ 1,350,259
Licenses, Permits, and Fees	524,598	423,907	558,972
Reimbursements from Outside Agencies	838,000	489,670	718,613
Interest and Investment Income (Loss)	419,522	382,084	(5,950)
Miscellaneous	(6,734)	8,526	12,500
Total Revenues	<u>3,147,650</u>	<u>2,652,326</u>	<u>2,634,394</u>
Expenditures			
Current:			
Public Works:			
Personnel Services	1,236,566	1,252,761	1,148,312
Contractual Services	1,324,446	2,467,464	802,313
Commodities	5,000	4,020	317
Capital Outlay	1,726,036	2,403,018	1,552,638
Total Expenditures	<u>4,292,048</u>	<u>6,127,263</u>	<u>3,503,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,144,398)</u>	<u>(3,474,937)</u>	<u>(869,186)</u>
Other Financing Sources (Uses)			
Transfers In	5,250,883	5,243,573	5,256,072
Transfers Out	<u>(2,637,663)</u>	<u>(2,686,453)</u>	<u>(2,667,653)</u>
Total Other Financing Sources (Uses)	<u>2,613,220</u>	<u>2,557,120</u>	<u>2,588,419</u>
Net Change in Fund Balance	<u>\$ 1,468,822</u>	<u>\$ (917,817)</u>	1,719,233
Fund Balance, Beginning of Year			<u>1,309,219</u>
Fund Balance, End of Year			<u>\$ 3,028,452</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, 2013

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 953,607	\$ 954,011	\$ 976,169
Intergovernmental	283,208	1,139,694	5,139,388
Reimbursements from Outside Agencies	94,727	7,854,419	-
Interest and Investment Income (Loss)	34,099	8,512	(35,912)
Miscellaneous	-	25,812	26,052
Total Revenues	<u>1,365,641</u>	<u>9,982,448</u>	<u>6,105,697</u>
Expenditures			
Current:			
Public Works:			
Personnel Services	245,643	298,895	133,434
Contractual Services	1,440,120	2,956,345	1,297,478
Commodities	169,126	269,588	48,708
Capital Outlay	3,551,088	12,340,401	7,487,139
Total Expenditures	<u>5,405,977</u>	<u>15,865,229</u>	<u>8,966,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,040,336)</u>	<u>(5,882,781)</u>	<u>(2,861,062)</u>
Other Financing Sources (Uses)			
Transfers In	4,256,542	4,256,542	4,456,542
Transfers Out	<u>(2,052,221)</u>	<u>(2,009,977)</u>	<u>(2,006,419)</u>
Total Other Financing Sources (Uses)	<u>2,204,321</u>	<u>2,246,565</u>	<u>2,450,123</u>
Net Change in Fund Balance	<u>\$ (1,836,015)</u>	<u>\$ (3,636,216)</u>	(410,939)
Fund Balance, Beginning of Year			<u>2,077,602</u>
Fund Balance, End of Year			<u>\$ 1,666,663</u>

CITY OF CHAMPAIGN, ILLINOIS

Schedule of Revenues -
Budget and Actual

General Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 11,183,445	\$ 11,225,822	\$ 11,229,863
Home Rule Taxes	14,625,150	14,656,041	14,755,821
Utility Taxes	2,460,287	2,329,911	2,507,214
Telecommunications Taxes	2,568,515	2,548,199	2,404,207
Hotel/Motel Taxes	1,575,923	1,653,638	1,677,045
Other Taxes	596,817	675,371	524,346
Total Taxes	<u>33,010,137</u>	<u>33,088,982</u>	<u>33,098,496</u>
Intergovernmental			
State Sales and Use Taxes	16,783,712	16,819,163	16,933,670
Income Taxes	7,436,808	8,112,293	8,512,203
Other Taxes	135,533	135,533	135,533
Public Safety Grants	183,887	179,642	145,513
Other Grants	4,500	13,500	61,455
Total Intergovernmental	<u>24,544,440</u>	<u>25,260,131</u>	<u>25,788,374</u>
Licenses, Permits, and Fees			
Licenses and Permits	1,205,400	1,312,300	1,397,856
Public Safety Service Fees	749,023	759,343	772,674
Total Licenses, Permits, and Fees	<u>1,954,423</u>	<u>2,071,643</u>	<u>2,170,530</u>
Charges for Services	<u>1,181,551</u>	<u>1,218,584</u>	<u>1,276,414</u>
Fines and Forfeitures	<u>1,333,270</u>	<u>1,405,217</u>	<u>1,263,558</u>
Reimbursements from Outside Agencies	<u>1,028,107</u>	<u>1,114,412</u>	<u>776,293</u>
Interest and Investment Income (Loss)	<u>170,300</u>	<u>184,000</u>	<u>(8,361)</u>
Miscellaneous	<u>78,960</u>	<u>290,118</u>	<u>268,038</u>
Total Revenues	<u>\$ 63,301,188</u>	<u>\$ 64,633,087</u>	<u>\$ 64,633,342</u>

CITY OF CHAMPAIGN, ILLINOIS

Schedule of Expenditures -
Budget and Actual

General Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
General Government			
Mayor and Council	\$ 190,090	\$ 186,238	\$ 182,293
City Manager's Office	2,466,932	2,544,686	2,241,125
Legal	875,513	949,820	887,254
Finance	2,523,500	1,964,518	1,369,272
Human Resources	2,812,148	2,812,148	786,818
Risk Management	895,750	927,097	2,812,148
Planning	792,548	694,133	725,596
Neighborhood Services	1,008,498	952,057	579,408
Information Technologies	2,471,875	2,087,043	1,590,223
Total General Government	<u>14,036,854</u>	<u>13,117,740</u>	<u>11,174,137</u>
Public Safety			
Police	20,242,494	19,462,503	19,010,245
Fire	15,712,522	16,257,495	16,051,859
Emergency Services Disaster Agency	44,422	34,824	27,160
Total Public Safety	<u>35,999,438</u>	<u>35,754,822</u>	<u>35,089,264</u>
Public Works	<u>6,986,405</u>	<u>6,278,573</u>	<u>5,709,637</u>
Public Health and Welfare	<u>339,942</u>	<u>406,634</u>	<u>298,530</u>
Culture and Recreation	<u>-</u>	<u>-</u>	<u>250,000</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 57,362,639</u>	<u>\$ 55,557,769</u>	<u>\$ 52,521,568</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 Position

Internal Service Funds

June 30, 2013

	<u>Fleet Services</u>	<u>Retained Risk</u>	<u>Workers'</u> <u>Compensation</u>	<u>Totals</u>
Assets				
Current Assets:				
Cash and Investments	\$ -	\$ 3,408,049	\$ 1,805,940	\$ 5,213,989
Receivables - Net of Allowances:				
Accounts	-	6,336	1,749	8,085
Accrued Interest	(153)	1,781	930	2,558
Inventory	174,143	-	-	174,143
Prepays	-	257,169	75,329	332,498
Total Current Assets	<u>173,990</u>	<u>3,673,335</u>	<u>1,883,948</u>	<u>5,731,273</u>
Non-Current Assets:				
Capital Assets:				
Depreciable Capital Assets	9,453,754	-	-	9,453,754
Accumulated Depreciation	<u>(7,861,882)</u>	<u>-</u>	<u>-</u>	<u>(7,861,882)</u>
Total Non-Current Assets	<u>1,591,872</u>	<u>-</u>	<u>-</u>	<u>1,591,872</u>
Total Assets	<u>1,765,862</u>	<u>3,673,335</u>	<u>1,883,948</u>	<u>7,323,145</u>
Liabilities				
Current Liabilities:				
Accounts Payable	32,111	2,284	3,058	37,453
Accrued Payroll	17,000	-	-	17,000
Due to Other Fund	237,487	-	-	237,487
Claims Payable	-	483,357	2,536,529	3,019,886
Compensated Absences Payable	<u>20,460</u>	<u>-</u>	<u>-</u>	<u>20,460</u>
Total Current Liabilities	<u>307,058</u>	<u>485,641</u>	<u>2,539,587</u>	<u>3,332,286</u>
Non-Current Liabilities:				
Compensated Absences Payable	<u>81,839</u>	<u>-</u>	<u>-</u>	<u>81,839</u>
Total Liabilities	<u>388,897</u>	<u>485,641</u>	<u>2,539,587</u>	<u>3,414,125</u>
Net Position				
Net Investment in Capital Assets	1,591,872	-	-	1,591,872
Unrestricted	<u>(214,907)</u>	<u>3,187,694</u>	<u>(655,639)</u>	<u>2,317,148</u>
Total Net Position	<u>\$ 1,376,965</u>	<u>\$ 3,187,694</u>	<u>\$ (655,639)</u>	<u>\$ 3,909,020</u>

CITY OF CHAMPAIGN, ILLINOIS

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2013

	Fleet Services	Retained Risk	Workers' Compensation	Totals
Operating Revenues				
Charges for Services	\$ 2,092,720	\$ 975,070	\$ 2,190,011	\$ 5,257,801
Operating Expenses				
Personnel Services	826,519	43,827	366,032	1,236,378
Contractual Services	185,590	893,609	1,511,670	2,590,869
Commodities	756,216	-	-	756,216
Depreciation	666,207	-	-	666,207
Total Operating Expenses	<u>2,434,532</u>	<u>937,436</u>	<u>1,877,702</u>	<u>5,249,670</u>
Operating Income (Loss)	<u>(341,812)</u>	<u>37,634</u>	<u>312,309</u>	<u>8,131</u>
Non-Operating Revenues (Expenses)				
Reimbursements from Outside Agencies	1,002	92,008	345,617	438,627
Interest and Investment Income (Loss)	(440)	(6,136)	(2,807)	(9,383)
Miscellaneous Income	6,443	-	-	6,443
Total Non-Operating Revenues (Expenses)	<u>7,005</u>	<u>85,872</u>	<u>342,810</u>	<u>435,687</u>
Income (Loss) Before Transfers	<u>(334,807)</u>	<u>123,506</u>	<u>655,119</u>	<u>443,818</u>
Transfers In	-	-	-	-
Transfers Out	<u>(12,368)</u>	<u>-</u>	<u>(73,500)</u>	<u>(85,868)</u>
Change in Net Position	<u>(347,175)</u>	<u>123,506</u>	<u>581,619</u>	<u>357,950</u>
Net Position, Beginning of Year	<u>1,724,140</u>	<u>3,064,188</u>	<u>(1,237,258)</u>	<u>3,551,070</u>
Net Position, End of Year	<u>\$ 1,376,965</u>	<u>\$ 3,187,694</u>	<u>\$ (655,639)</u>	<u>\$ 3,909,020</u>

CITY OF CHAMPAIGN, ILLINOIS

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2013

	Fleet Services	Retained Risk	Workers' Compensation	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,099,163	\$ 975,070	\$ 2,190,011	\$ 5,264,244
Payments to Employees	(821,132)	(43,827)	(366,032)	(1,230,991)
Payments to Suppliers	(972,826)	(567,818)	(1,524,901)	(3,065,545)
Net Cash Provided by (Used in) Operating Activities	<u>305,205</u>	<u>363,425</u>	<u>299,078</u>	<u>967,708</u>
Cash Flows from Non-Capital Financing Activities				
Advances from Other Fund	237,487	-	-	237,487
Payments to Other Fund	(127,468)	-	-	(127,468)
Transfers Out	(12,368)	-	(73,500)	(85,868)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>97,651</u>	<u>-</u>	<u>(73,500)</u>	<u>24,151</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sales of Capital Assets	-	-	-	-
Purchase of Capital Assets	(402,929)	-	-	(402,929)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(402,929)</u>	<u>-</u>	<u>-</u>	<u>(402,929)</u>
Cash Flows from Investing Activities				
Interest Received	73	155	(46)	182
Net Change in Cash and Cash Equivalents	-	363,580	225,532	589,112
Cash and Cash Equivalents, Beginning of Year	-	3,044,469	1,580,408	4,624,877
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 3,408,049</u>	<u>\$ 1,805,940</u>	<u>\$ 5,213,989</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	\$ (341,812)	\$ 37,634	\$ 312,309	\$ 8,131
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation Expense	666,207	-	-	666,207
(Gain) Loss on Disposal of Equipment	-	-	-	-
Other Income	7,005	85,872	342,810	435,687
(Increase) Decrease in Assets	(9,084)	(14,249)	(3,216)	(26,549)
Increase (Decrease) in Liabilities	(17,111)	254,168	(352,825)	(115,768)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 305,205</u>	<u>\$ 363,425</u>	<u>\$ 299,078</u>	<u>\$ 967,708</u>

CITY OF CHAMPAIGN, ILLINOIS

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

Fleet Services - Internal Service Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,784,748	\$ 1,783,060	\$ 2,092,720
Operating Expenses			
Personnel Services	618,539	826,568	826,519
Contractual Services	163,810	163,810	185,590
Commodities	752,933	752,933	756,216
Capital Outlay	84,842	-	-
Depreciation	-	-	666,207
Total Operating Expenses	1,620,124	1,743,311	2,434,532
Operating Income (Loss)	164,624	39,749	(341,812)
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	-	-	1,002
Interest and Investment Income (Loss)	-	(651)	(440)
Miscellaneous Income	2,250	-	6,443
Total Non-Operating Revenues (Expenses)	2,250	(651)	7,005
Income (Loss) Before Transfers	166,874	39,098	(334,807)
Transfers In	-	-	-
Transfers Out	(12,368)	(12,368)	(12,368)
Change in Net Position	\$ 154,506	\$ 26,730	(347,175)
Net Position, Beginning of Year			1,724,140
Net Position, End of Year			\$ 1,376,965

CITY OF CHAMPAIGN, ILLINOIS

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

Retained Risk - Internal Service Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 969,072	\$ 970,310	\$ 975,070
Operating Expenses			
Personnel Services	43,827	43,827	43,827
Contractual Services	1,128,290	1,128,290	893,609
Total Operating Expenses	1,172,117	1,172,117	937,436
Operating Income (Loss)	(203,045)	(201,807)	37,634
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	166,948	166,948	92,008
Interest and Investment Income (Loss)	57,495	66,000	(6,136)
Total Non-Operating Revenues (Expenses)	224,443	232,948	85,872
Income (Loss) Before Transfers	21,398	31,141	123,506
Transfers Out	(45,000)	(45,000)	-
Changes in Net Position	\$ (23,602)	\$ (13,859)	123,506
Net Position, Beginning of Year			3,064,188
Net Position, End of Year			\$ 3,187,694

CITY OF CHAMPAIGN, ILLINOIS

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

Workers Compensation - Internal Service Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 2,190,011	\$ 2,190,011	\$ 2,190,011
Operating Expenses			
Personnel Services	265,716	265,716	366,032
Contractual Services	1,677,822	1,677,822	1,511,670
Commodities	-	-	-
Total Operating Expenses	1,943,538	1,943,538	1,877,702
Operating Income (Loss)	246,473	246,473	312,309
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	334,052	334,052	345,617
Interest and Investment Income (Loss)	10,454	10,454	(2,807)
Total Non-Operating Revenues (Expenses)	344,506	344,506	342,810
Income (Loss) Before Transfers	590,979	590,979	655,119
Transfers Out	(73,500)	(73,500)	(73,500)
Change in Net Position	\$ 517,479	\$ 517,479	581,619
Net Position, Beginning of Year			(1,237,258)
Net Position, End of Year			\$ (655,639)

**OTHER SUPPLEMENTARY INFORMATION –
MAJOR PROPRIETARY FUNDS**

CITY OF CHAMPAIGN, ILLINOIS

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

Parking - Enterprise Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services:			
Parking Fees	\$ 2,865,910	\$ 2,905,000	\$ 2,858,036
Operating Expenses			
Personnel Services	1,951,796	1,838,612	1,697,621
Contractual Services	1,262,164	1,469,380	539,951
Commodities	183,746	73,557	56,850
Capital Outlay	106,789	242,435	-
Depreciation and Amortization	(22,156)	(22,156)	467,215
Total Operating Expenses	<u>3,482,339</u>	<u>3,601,828</u>	<u>2,761,637</u>
Operating Income (Loss)	<u>(616,429)</u>	<u>(696,828)</u>	<u>96,399</u>
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	-	-	9,058
Interest and Investment Income (Loss)	-	31,857	(19,965)
Interest Expense	(523,369)	(523,369)	(523,369)
Miscellaneous Income	-	-	50
Total Non-Operating Revenues (Expenses)	<u>(523,369)</u>	<u>(491,512)</u>	<u>(534,226)</u>
Income (Loss) Before Transfers	(1,139,798)	(1,188,340)	(437,827)
Transfers In	200,000	200,000	200,000
Transfers Out	<u>(44,568)</u>	<u>(44,568)</u>	<u>(371,820)</u>
Change in Net Position	<u>\$ (984,366)</u>	<u>\$ (1,032,908)</u>	(609,647)
Net Position, Beginning of Year			<u>10,999,926</u>
Net Position, End of Year			<u>\$ 10,390,279</u>

CITY OF CHAMPAIGN, ILLINOIS

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

Sewer - Enterprise Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services:			
Sewer Charges	\$ 2,099,250	\$ 2,556,033	\$ 1,956,909
Operating Expenses			
Personnel Services	748,867	1,288,930	721,374
Contractual Services	666,312	663,476	487,089
Commodities	121,205	81,855	52,900
Capital Outlay	571,986	929,037	205,296
Depreciation	-	-	678,881
Total Operating Expenses	2,108,370	2,963,298	2,145,540
Operating Income (Loss)	(9,120)	(407,265)	(188,631)
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	-	2,844	2,754
Interest and Investment Income (Loss)	10,000	5,829	(1,404)
Interest Expense	-	-	(20,366)
Disposal of Capital Assets	-	-	(41,249)
Total Non-Operating Revenues (Expenses)	10,000	8,673	(60,265)
Income (Loss) Before Transfers	880	(398,592)	(248,896)
Transfers In	-	-	-
Transfers Out	(245,985)	(245,985)	(245,985)
Capital Contribution	-	-	99,060
Change in Net Position	\$ (245,105)	\$ (644,577)	(395,821)
Net Position, Beginning of Year			37,336,560
Net Position, End of Year			\$ 36,940,739

**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 Position -
Budget and Actual

Environmental Services - Enterprise Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services:			
Recycling Fee	\$ 575,000	\$ 517,776	\$ 533,776
Operating Expenses			
Personnel Services	169,304	114,428	119,387
Contractual Services	332,379	435,629	279,004
Commodities	12,850	3,050	939
Total Operating Expenses	514,533	553,107	399,330
Operating Income (Loss)	60,467	(35,331)	134,446
Non-Operating Revenues (Expenses)			
Reimbursements from Outside Agencies	-	-	90
Interest and Investment Income (Loss)	1,500	612	(154)
Total Non-Operating Revenues (Expenses)	1,500	612	(64)
Income (Loss) Before Transfers	61,967	(34,719)	134,382
Transfers Out	(3,561)	(3,561)	(3,561)
Change in Net Position	\$ 58,406	\$ (38,280)	130,821
Net Position, Beginning of Year			(71,723)
Net Position, End of Year			\$ 59,098

**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 Fiduciary Net Position

Pension Trust Funds

June 30, 2013

	Police Pension	Firefighters' Pension	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 261,171	\$ 1,078,120	\$ 1,339,291
Investments:			
U.S. Government and Agency Securities	24,345,974	-	24,345,974
State and Local Obligations	3,389,426	-	3,389,426
Mutual Funds	16,536,274	-	16,536,274
Corporate Equity Securities	27,050,947	-	27,050,947
Fixed Income	-	24,474,419	24,474,419
U.S. Equities	-	23,949,729	23,949,729
Non-U.S. Equities	-	8,037,449	8,037,449
Core Real Estate and REITs	-	5,005,922	5,005,922
Global Tactical Asset Allocation	-	3,217,503	3,217,503
Corporate Bonds	3,277,966	-	3,277,966
Receivables:			
Accrued Interest	210,515	-	210,515
Contributions from Plan Members	32,510	-	32,510
Prepays	8,534	-	8,534
	<u>75,113,317</u>	<u>65,763,142</u>	<u>140,876,459</u>
LIABILITIES			
Due To Treasury Fund	-	722	722
Accounts Payable	50,277	11,032	61,309
	<u>50,277</u>	<u>11,754</u>	<u>62,031</u>
PLAN NET POSITION			
Plan Net Position Restricted for Pension Benefits	<u>\$ 75,063,040</u>	<u>\$ 65,751,388</u>	<u>\$ 140,814,428</u>

CITY OF CHAMPAIGN, ILLINOIS

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Year Ended June 30, 2013

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 4,326,964	\$ 3,752,286	\$ 8,079,250
Contributions - Plan Members	829,340	677,019	1,506,359
Other Income	148,629	38,765	187,394
Total Contributions	<u>5,304,933</u>	<u>4,468,070</u>	<u>9,773,003</u>
Investment Income:			
Interest Earned	1,890,847	1,125,031	3,015,878
Net Change in Fair Value	5,214,367	4,859,003	10,073,370
Total Investment Income	7,105,214	5,984,034	13,089,248
Less: Investment Expenses	(346,242)	(153,234)	(499,476)
Net Investment Income	<u>6,758,972</u>	<u>5,830,800</u>	<u>12,589,772</u>
Total Additions	<u>12,063,905</u>	<u>10,298,870</u>	<u>22,362,775</u>
Deductions			
Administrative Expenses	105,645	24,398	130,043
Benefits and Refunds	4,769,729	4,168,865	8,938,594
Total Deductions	<u>4,875,374</u>	<u>4,193,263</u>	<u>9,068,637</u>
Change in Plan Net Position	7,188,531	6,105,607	13,294,138
Plan Net Position, Beginning of Year	<u>67,874,509</u>	<u>59,645,781</u>	<u>127,520,290</u>
Plan Net Position, End of Year	<u>\$ 75,063,040</u>	<u>\$ 65,751,388</u>	<u>\$ 140,814,428</u>

CITY OF CHAMPAIGN, ILLINOIS

Schedule of Changes in Fiduciary Net Position -
Budget and Actual

Police Pension - Pension Trust Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 4,335,416	\$ 4,295,933	\$ 4,326,964
Contributions - Plan Members	-	-	829,340
Other Income	-	-	148,629
Total Contributions	<u>4,335,416</u>	<u>4,295,933</u>	<u>5,304,933</u>
Investment Income:			
Interest Earned	-	-	1,890,847
Net Change in Fair Value	-	-	5,214,367
Total Investment Income	<u>-</u>	<u>-</u>	<u>7,105,214</u>
Less: Investment Expenses	-	-	(346,242)
Net Investment Income	<u>-</u>	<u>-</u>	<u>6,758,972</u>
Total Additions	<u>4,335,416</u>	<u>4,295,933</u>	<u>12,063,905</u>
Deductions			
Administrative Expenses	-	-	105,645
Benefits and Refunds	<u>4,335,416</u>	<u>4,295,933</u>	<u>4,769,729</u>
Total Deductions	<u>4,335,416</u>	<u>4,295,933</u>	<u>4,875,374</u>
Change in Plan Net Position	<u>\$ -</u>	<u>\$ -</u>	7,188,531
Plan Net Position, Beginning of Year			<u>67,874,509</u>
Plan Net Position, End of Year			<u>\$ 75,063,040</u>

CITY OF CHAMPAIGN, ILLINOIS

Schedule of Changes in Fiduciary Net Position -
Budget and Actual

Firefighters' Pension - Pension Trust Fund

For the Year Ended June 30, 2013

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 3,731,337	\$ 3,741,309	\$ 3,752,286
Contributions - Plan Members	660,000	682,000	677,019
Other Income	-	-	38,765
Total Contributions	<u>4,391,337</u>	<u>4,423,309</u>	<u>4,468,070</u>
Investment Income:			
Interest Earned	450,000	1,250,000	1,125,031
Net Change in Fair Value	<u>2,500,000</u>	<u>3,500,000</u>	<u>4,859,003</u>
Total Investment Income	2,950,000	4,750,000	5,984,034
Less: Investment Expenses	<u>(135,000)</u>	<u>(180,000)</u>	<u>(153,234)</u>
Net Investment Income	<u>2,815,000</u>	<u>4,570,000</u>	<u>5,830,800</u>
Total Additions	<u>7,206,337</u>	<u>8,993,309</u>	<u>10,298,870</u>
Deductions			
Administrative Expenses	35,950	35,850	24,398
Benefits and Refunds	<u>3,580,299</u>	<u>4,100,000</u>	<u>4,168,865</u>
Total Deductions	<u>3,616,249</u>	<u>4,135,850</u>	<u>4,193,263</u>
Change in Plan Net Position	<u>\$ 3,590,088</u>	<u>\$ 4,857,459</u>	6,105,607
Plan Net Position, Beginning of Year			<u>59,645,781</u>
Plan Net Position, End of Year			<u>\$ 65,751,388</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 40 through Schedule 43

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 44 through Schedule 49

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

Debt Capacity Schedules - Schedule 50 through Schedule 53

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 54 and Schedule 55

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 56 through Schedule 59

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

Net Position by Component
Last Ten Fiscal Years
(Unaudited)

Accrual Basis of Accounting

	2004	2005	2006	2007	2008	2009	2010	2011	2012	(1) 2013
Governmental Activities										
Net Investment in Capital Assets	\$ 60,144,896	\$ 62,593,414	\$ 287,896,301	\$ 301,573,900	\$ 306,786,895	\$ 315,565,419	\$ 316,864,651	\$ 312,109,692	\$ 306,167,963	\$ 299,054,577
Restricted	23,383,380	20,254,221	26,241,714	28,357,405	33,290,768	34,068,087	37,896,845	29,228,834	31,795,116	25,269,121
Unrestricted	8,589,909	17,577,206	20,778,318	20,976,283	22,308,092	17,725,715	18,697,531	35,555,990	38,770,974	46,922,526
Total Governmental Activities, Net Position	\$ 92,118,185	\$ 100,424,841	\$ 334,916,333	\$ 350,907,588	\$ 362,385,755	\$ 367,359,221	\$ 373,459,027	\$ 376,894,516	\$ 376,734,053	\$ 371,246,224
Business-Type Activities										
Net Investment in Capital Assets	\$ 14,468,346	\$ 16,488,071	\$ 40,740,067	\$ 41,323,953	\$ 46,156,247	\$ 42,266,662	\$ 42,201,436	\$ 43,150,685	\$ 42,383,871	\$ 42,389,079
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	105,429	886,566	1,693,698	2,262,863	122,127	4,893,647	5,144,409	4,905,953	5,880,892	5,001,037
Total Business-Type Activities, Net Position	\$ 14,573,775	\$ 17,374,637	\$ 42,433,765	\$ 43,586,816	\$ 46,278,374	\$ 47,160,309	\$ 47,345,845	\$ 48,056,638	\$ 48,264,763	\$ 47,390,116
Primary Government										
Net Investment in Capital Assets	\$ 74,613,242	\$ 79,081,485	\$ 328,636,368	\$ 342,897,853	\$ 352,943,142	\$ 357,832,081	\$ 359,066,087	\$ 355,260,377	\$ 348,551,834	\$ 341,443,656
Restricted	23,383,380	20,254,221	26,241,714	28,357,405	33,290,768	34,068,087	37,896,845	29,228,834	31,795,116	25,269,121
Unrestricted	8,695,338	18,463,772	22,472,016	23,239,146	22,430,219	22,619,362	23,841,940	40,461,943	44,651,866	51,923,563
Total Primary Government, Net Position	\$ 106,691,960	\$ 117,799,478	\$ 377,350,098	\$ 394,494,404	\$ 408,664,129	\$ 414,519,530	\$ 420,804,872	\$ 424,951,154	\$ 424,998,816	\$ 418,636,340

Notes:

(1) 2004 through 2012 present debt issuance costs under pre GASB 65 format and include the Town of the City of Champaign as a blended component unit. In 2013 debt issuance costs are expensed and the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS

Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

Accrual Basis of Accounting

	2004	2005	2006	2007	2008	2009	2010	2011	2012	(2) 2013
Expenses										
Governmental Activities:										
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	\$ 10,966,280
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	34,047,633
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	36,883,136
Public Health and Welfare	3,523,211	2,764,797	3,218,608	3,286,854	3,455,929	3,116,510	5,652,333	6,622,333	4,256,322	3,632,531
Culture and Recreation	4,728,193	6,107,887	5,935,791	4,728,914	8,727,487	8,100,600	8,211,390	8,099,384	8,099,384	8,307,345
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	2,333,208
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	96,170,133
Business-Type Activities:										
Parking	1,682,435	1,169,294	1,228,843	1,346,596	1,237,600	2,052,596	2,482,144	3,305,432	3,176,006	3,385,006
Sewer	1,358,037	1,491,549	2,022,687	2,022,687	2,334,841	2,069,805	2,007,743	1,712,616	1,947,803	2,307,155
Environmental Services	-	-	-	-	-	-	-	-	-	-
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	5,504,988	5,891,491
Program Revenues	54,025,061	59,126,582	82,127,888	83,629,433	89,522,282	93,845,975	86,599,414	96,549,745	103,495,275	102,061,624
Governmental Activities:										
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	4,302,141
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	2,143,246
Public Works	104,828	505,228	1,719,611	1,130,618	1,316,934	145,364	2,615,881	1,159,277	7,370,770	673,770
Public Health and Welfare	176,928	281,720	98,435	187,411	30,213	40,708	147,126	62,943	161,708	418,818
Culture and Recreation	218,478	291,708	216,909	225,647	238,350	301,117	394,785	376,358	362,977	369,977
Operating Grants and Contributions	2,071,630	2,353,569	2,707,652	1,349,429	1,349,429	1,349,429	2,382,305	2,428,744	991,419	991,419
Capital Grants and Contributions	122,503	312,856	1,302,000	1,217,448	12,530,729	13,301,529	6,521,242	10,308,912	13,990,073	5,564,307
Total Governmental Activities	7,229,139	8,739,165	10,990,937	22,404,516	21,902,684	22,051,274	16,974,007	21,723,279	22,678,653	14,973,616
Business-Type Activities:										
Charges for Services:										
Parking	2,414,318	2,520,077	2,605,048	2,359,053	2,523,646	2,935,265	2,879,411	2,803,093	2,837,241	2,867,094
Sewer	1,830,751	1,950,699	2,235,306	2,232,610	2,256,737	1,613,004	2,043,484	2,042,869	2,133,379	1,959,663
Environmental Services	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	689,566	-	447,420	-	-	434,802	6,000
Capital Grants and Contributions	4,235,069	5,084,339	4,838,354	5,281,229	4,469,194	4,995,687	4,922,895	5,906,693	408,859	99,060
Total Business-Type Activities	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	20,433,299
Net (Expense) Revenue	(43,753,430)	(47,726,574)	(68,264,230)	(57,855,724)	(64,047,157)	(67,672,337)	(65,114,212)	(69,378,978)	(75,312,237)	(81,196,517)
Governmental Activities	1,194,597	2,373,496	1,912,036	1,912,036	2,896,753	873,288	411,703	626,415	401,708	(431,808)
Business-Type Activities	(42,558,833)	(45,353,078)	(66,298,977)	(55,943,688)	(61,150,404)	(66,799,014)	(64,702,512)	(68,752,563)	(74,910,529)	(81,628,325)
General Revenues and Other Changes in Net Position										
Taxes:	12,795,348	14,513,612	16,135,528	18,382,602	20,056,963	21,895,060	22,897,278	23,710,716	23,596,172	23,013,015
Property Taxes	963,236	1,035,297	1,045,992	1,185,373	1,403,567	1,452,562	1,423,198	1,491,306	1,621,938	1,677,045
Home Rule Sales Taxes	853,654	920,500	994,347	1,028,984	1,090,962	1,098,574	606,686	620,163	1,212,132	1,229,223
Hotel/Motel Taxes	1,652,517	2,889,458	2,762,936	2,721,309	2,729,475	2,776,705	2,716,397	2,532,760	2,595,279	2,404,207
Food and Beverage 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	3,447,290
Utility Taxes	-	-	-	-	-	-	-	-	-	-
Local Motor Fuel Taxes	-	-	-	-	-	-	-	-	-	-
Foreign Fire Insurance Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental:	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	16,933,670
Sales Taxes and Use 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	8,312,203
Income 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	2,024,893
Motor Fuel Taxes	311,993	361,834	335,118	308,132	333,768	366,221	888,324	247,679	888,324	221,186
Other Taxes	424,264	521,468	1,692,504	2,896,269	1,541,276	960,673	624,958	794,728	624,958	(173,585)
Interest and Investment Income (Loss)	1,551,125	1,330,981	1,090,705	2,423,231	2,679,118	1,068,426	640,612	423,833	945,528	945,528
Miscellaneous	515,887	634,843	826,891	638,418	494,157	270,119	332,782	(20,948)	98,730	421,366
Disposal of Capital Assets	52,328,845	58,453,039	65,746,529	72,007,142	75,525,524	72,645,768	71,214,021	72,814,467	75,151,774	76,516,929
Total Governmental Activities	59,575,754	64,333,333	72,007,142	72,007,142	75,525,524	72,645,768	71,214,021	72,814,467	75,151,774	76,516,929
Business-Type Activities:	39,306	595,754	300,174	(212,534)	288,962	315,410	106,615	63,430	78,935	(21,523)
Property Taxes	-	39,306	411,556	390,417	-	(36,644)	-	-	-	50
Interest and Investment Income (Loss)	-	-	-	-	-	-	-	-	-	-
Miscellaneous	(615,887)	(119,233)	(826,891)	(658,418)	(494,157)	(270,119)	(332,782)	20,948	(98,730)	(421,366)
Internal Activity - Transfers	119,233	427,366	(485,561)	(205,195)	(205,195)	8,647	(226,167)	84,378	(193,583)	(442,839)
Total Business-Type Activities	39,306	595,754	300,174	(212,534)	288,962	315,410	106,615	63,430	78,935	(21,523)
Total Primary Government Revenues and Other Changes in Net Position	\$ 15,304,469	\$ 15,304,469	\$ 14,169,725	\$ 15,304,469	\$ 14,169,725	\$ 5,855,440	\$ 6,285,342	\$ 4,146,282	\$ 47,662	\$ (5,334,235)
Change in Net Position	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)	(4,459,588)
Governmental Activities	1,313,830	2,800,862	1,480,072	1,153,051	2,691,558	881,935	185,536	710,793	208,125	(874,647)
Business-Type Activities	9,885,245	13,527,327	(1,043,629)	15,304,469	14,169,725	5,855,440	6,285,342	4,146,282	47,662	(5,334,235)

Notes: (1) Sales Taxes and Use Taxes for 2004-2011 includes Home Rules Taxes. Local Motor Fuel Taxes began in 2012.
 (2) 2004 through 2012 present debt issuance costs under pre GASB 65 format and include the Town of the City of Champaign as a blended component unit. In 2013 debt issuance costs are expensed and the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS

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

Modified Accrual Basis of Accounting

	2004	2005	2006	2007	2008	2009	(1) 2010	2011	2012	(2) 2013
PRE-GASB 54 CONVERSION										
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,134	\$ -	\$ -	\$ -
Unreserved	13,206,559	16,615,018	18,698,999	18,460,497	19,408,702	17,550,062	15,139,247	-	-	-
Total General Fund	\$ 13,206,559	\$ 16,615,018	\$ 18,698,999	\$ 18,460,497	\$ 19,408,702	\$ 17,550,062	\$ 15,157,381	\$ -	\$ -	\$ -
All Other Governmental Funds										
Reserved	\$ 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	(1,123,295)	5,923,940	8,971,716	10,597,404	10,704,511	11,920,440	15,102,368	-	-	-
Capital Projects Funds	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	\$ 17,933,384	\$ 20,553,769	\$ 45,106,980	\$ 36,409,865	\$ 35,556,543	\$ 34,334,995	\$ 54,007,982	\$ -	\$ -	\$ -
POST-GASB 54 CONVERSION										
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,966	\$ 84,928	\$ 6,936
Committed	-	-	-	-	-	-	-	-	5,929,744	5,948,495
Unassigned	-	-	-	-	-	-	-	18,892,865	15,752,744	16,959,305
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,904,831	\$ 21,767,416	\$ 22,914,736
All Other Governmental Funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	28,100,740	27,782,905	22,525,215
Committed	-	-	-	-	-	-	-	18,249,898	13,542,973	16,484,170
Unassigned	-	-	-	-	-	-	-	(1,004,699)	(1,335,033)	(8,933)
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,346,879	\$ 39,990,845	\$ 39,000,452

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

(1) Prior to Fiscal Year 2011, fund balance information in the GASB 54 format is not readily available.

(2) 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

Modified Accrual Basis of Accounting

	2004	2005	2006	2007	2008	2009	2010	2011	(1) 2012	(2) 2013
Revenues										
Taxes	\$ 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	\$ 47,851,668
Intergovernmental	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	36,150,885
Licenses, Permits, and Fees	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	2,729,502
Charges for Services	841,352	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033	1,488,166
Fines and Forfeitures	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	1,631,882
Interest and Investment Income (Loss)	390,543	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249	(164,202)
Miscellaneous	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	2,672,955
Total Revenues	58,370,539	65,985,154	75,138,414	79,222,331	84,500,367	81,306,062	83,776,414	89,190,883	94,465,021	92,360,856
Expenditures										
General Government	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	11,347,102
Public Safety	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	35,388,151
Public Works	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	11,310,904
Public Health and Welfare	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	3,625,974
Culture and Recreation	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	6,435,257
Capital Outlay	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	18,044,785
Debt Service:										
Principal	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	3,440,000
Interest and Fiscal Charges	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	2,279,090
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	127,570
Total Expenditures	63,706,029	67,082,364	74,260,539	90,339,047	93,134,429	86,411,535	93,170,931	94,336,982	97,521,879	91,998,833
Excess (Deficit) of Revenues Over Expenditures	(5,335,490)	(1,097,210)	877,875	(11,116,716)	(8,634,062)	(5,105,473)	(9,394,517)	(5,146,099)	(3,056,858)	362,023
Other Financing Sources (Uses)										
Disposal of Capital Assets	75,674	75,311	372,665	1,929,143	479,920	808,103	98,722	145,529	264,737	54,937
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	-	-	9,900,000
Debt Issuance Premium	30,569	-	-	-	139,957	114,923	-	-	-	188,917
Payment to Escrow Agent	-	-	-	-	-	(9,060,000)	-	-	-	(10,081,042)
Transfers In	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	19,066,306
Transfers Out	(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)	(18,559,072)
Total Other Financing Sources (Uses):	4,728,149	6,909,472	25,759,317	3,025,488	8,728,945	2,025,285	26,674,823	232,446	563,409	570,046
Net Change in Fund Balances	\$ (607,341)	\$ 5,812,262	\$ 26,637,192	\$ (8,091,228)	\$ 94,883	\$ (3,080,188)	\$ 17,280,306	\$ (4,913,653)	\$ (2,493,449)	\$ 932,069
Debt Service as a Percent of Non-Capital Expenditures	4.47%	4.37%	5.79%	6.91%	11.13%	7.27%	6.08%	7.77%	6.22%	6.71%

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.
(2) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS

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

Modified Accrual Basis of Accounting

Source	2004	2005	2006	2007	2008	2009	2010	2011	(1) 2012	(2) 2013
Taxes	\$ 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	\$ 47,851,668
Intergovernmental	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	36,150,885
Licenses, Permits, and Fees	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	2,729,502
Charges for Services	841,352	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033	1,488,166
Fines and Forfeitures	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	1,631,882
Interest	390,543	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249	(164,202)
Miscellaneous	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	2,672,955
Total	\$ 58,370,539	\$ 65,985,154	\$ 75,138,414	\$ 79,222,331	\$ 84,500,367	\$ 81,306,062	\$ 83,776,414	\$ 89,190,883	\$ 94,465,021	\$ 92,360,856

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.

(2) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS

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

Modified Accrual Basis of Accounting

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	(1) 2013
General Government	\$ 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	\$ 11,347,102
Public Safety	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	35,388,151
Public Works	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	11,310,904
Public Health and Welfare	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	3,625,974
Culture and Recreation	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	6,435,257
Capital Outlay	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	18,044,785
Debt Service:										
Principal Retirement	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	3,440,000
Interest and Fiscal Charges	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	2,279,090
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	127,570
Total	\$ 63,706,029	\$ 67,082,364	\$ 74,260,539	\$ 90,339,047	\$ 93,134,429	\$ 86,411,535	\$ 93,170,931	\$ 94,336,982	\$ 97,521,879	\$ 91,998,833

Notes: (1) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

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
2012	2012/2013	\$ 865,569,902	\$ 1,576,320	\$ 636,365,774	\$ 12,924,540	\$ 1,516,436,536	\$ 928,108	\$ 1,517,364,644	1.3152	\$ 4,552,093,932	33.33%
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%

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Levy Year	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Fiscal Years										
City of Champaign										
Corporate	0.1996	0.1680	0.1409	0.1259	0.1324	0.2071	0.1678	0.1062	0.0902	0.0788
Library	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3903	0.3940
Library Capital	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0279	0.0282
Fire Pension	0.1265	0.1372	0.1774	0.1878	0.1855	0.1890	0.1941	0.2221	0.2321	0.2206
Police Pension	0.2349	0.2464	0.2383	0.2280	0.2168	0.1933	0.2099	0.2326	0.2560	0.2676
IMRF	0.1576	0.1649	0.1705	0.1493	0.1434	0.1422	0.1545	0.1610	0.1602	0.1735
Capital Improvement	0.1712	0.1733	0.1627	0.1527	0.1939	0.1404	0.1457	0.1501	0.1517	0.1525
Total Direct Tax Rate	1.3120	1.3120	1.3120	1.2659	1.2942	1.2942	1.2942	1.2942	1.3084	1.3152
County	0.7048	0.7981	0.7801	0.7616	0.7389	0.7426	0.7487	0.7688	0.7841	0.8138
Forest Preserve	0.0840	0.0839	0.0818	0.0800	0.0779	0.0783	0.0790	0.0817	0.0843	0.0880
Township	0.0387	0.0380	0.0368	0.0357	0.0350	0.0350	0.0357	0.0371	0.0385	0.0404
Park	0.6843	0.6782	0.6597	0.6414	0.6190	0.6157	0.6300	0.6529	0.6789	0.7088
Public Health	0.1135	0.1126	0.1087	0.1060	0.1049	0.1052	0.1071	0.1075	0.1102	0.1163
Parkland College	0.4838	0.4847	0.4776	0.4720	0.4688	0.5115	0.5082	0.5064	0.5120	0.5191
School Unit 4	3.9645	3.9271	3.8288	3.7273	3.6296	3.6554	3.6546	3.7238	3.8805	4.1185
Mass Transit	0.2695	0.2677	0.2623	0.2592	0.2544	0.2575	0.2619	0.2725	0.2831	0.2966
Total	7.6551	7.7023	7.5478	7.3491	7.2227	7.2954	7.3194	7.4449	7.6800	8.0167

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	2012			2003		
	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	1.58%	\$ 20,050,880	1	2.06%
Campus Property Management	19,526,260	2	1.29%	16,557,130	2	1.70%
Shapland Realty, LLC	11,867,740	3	0.78%	7,851,130	3	0.81%
Bankier Family	10,486,760	4	0.69%	7,793,330	4	0.80%
Regency Consolidated	9,298,890	5	0.61%			
Nadbol	8,411,620	6	0.55%			
Dan Hamelburg	7,899,590	7	0.52%			
Baytowne Apartments, LLC	7,395,320	8	0.49%	5,251,400	6	0.54%
Pickus Companies	7,066,850	9	0.47%			
Christie Management Co Inc	6,661,320	10	0.44%			
Christie Building, Inc.				5,252,130	5	0.54%
Larson Co				5,247,450	7	0.54%
Par 3 Development				5,000,030	8	0.51%
Jeffrey R. Hartman				4,517,100	9	0.46%
Par 3 Development, LLC				4,260,600	10	0.44%
Total	<u>\$112,602,490</u>		<u>7.42%</u>	<u>\$81,781,180</u>		<u>8.40%</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
2012/2013	\$ 19,956,380	\$ 10,153,014	50.88%	N/A	\$ 10,153,014	50.88%
2011/2012	19,955,632	10,263,484	51.43%	9,654,576	19,918,060	99.81%
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%

Source: City of Champaign

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							
2013	\$ 59,565,000	\$ 433,375	\$ 1,201,009	\$ 12,215,000	\$ 73,414,384	\$ 1,517,364,644	4.84%	82,517	\$ 3,225,259,462	2.28%	\$ 889.69
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

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			
2013	\$ 59,565,000	\$ 12,215,000	\$ 71,780,000	\$ 4,700,000	\$ 67,080,000	4.42%	\$ 812.92
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

Note: Demographic information for population is presented in Schedule 54.
Actual taxable property value is presented in Schedule 46.

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS

Direct and Overlapping Governmental Activities Debt

General Obligation Debt

June 30, 2013

(Unaudited)

Governmental Unit	Bonded Debt Outstanding	Percentage of Debt Applicable to the City	Amount Applicable to the City (2)
Champaign County	\$ 44,871,342	42.96%	\$ 19,276,729
Champaign Park District	1,051,000	99.22%	1,042,802
Champaign School District Unit #4	10,140,000	78.74%	7,984,236
Champaign Urbana Public Health District	2,137,252	74.62%	1,594,817
Parkland College	65,440,000	31.51%	20,620,144
Champaign County Forest Preserve	889,000	42.55%	378,270
Subtotal, Overlapping Debt (1)	124,528,594		50,896,998
City of Champaign	59,565,000	100.00%	59,565,000
Total Direct and Overlapping Debt	\$ 184,093,594		\$ 110,461,998

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
2013	Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. The City has									
2012	not had revenue bonds outstanding for any of the last ten fiscal years.									
2011										
2010	Source: City of Champaign									
2009										
2008										
2007										
2006										
2005										
2004										

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
2013	82,517	\$ 3,225,259	\$ 39,086	26	9,362	9.3%
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%

Notes: (1) Population for 2011-2013 is from the 2010 census. Population for 2007 - 2010 is from a Special Census conducted by the U.S. Bureau of the Census. 2004 - 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	2013			2004 (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	27.3%	10,500	1	28.5%
Champaign Unit 4 School District	1,351	2	3.4%	1,000	3	2.7%
Kraft Foods, Inc. (2)	1,350	3	3.4%	1,500	2	4.1%
Parkland College	930	4	2.4%	882	4	2.4%
PlastiPak Packaging, Inc. (2)	810	5	2.0%	550	7	1.5%
Christie Clinic Association	750	6	1.9%	725	5	2.0%
Hobbico, Inc.	700	7	1.8%	700	6	1.9%
Busey Bank	555	8	1.4%			
City of Champaign	540	9	1.4%	500	8	1.4%
Horizon Hobby, Inc.	450	10	1.1%			
U.S. Army Corps of Engineering CERL				450	9	1.2%
U.S. Postal Service				409	10	1.1%
Total	<u>18,256</u>		<u>46.1%</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) Employer data is not available for 6/30/04. Data as of 6/30/99 was used.

CITY OF CHAMPAIGN, ILLINOIS
Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years
(Unaudited)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Administration	12	12	12	12	11	12	9	8	8	10
Economic Development	-	-	1	1	2	2	2	2	2	-
Legal	10	10	10	10	10	10	10	8	9	9
Finance	15	15	15	16	16	16	16	16	15	15
Human Resources	6	6	6	6	6	6	6	6	5	5
Risk Management	2	2	2	2	2	2	2	2	1	1
Planning	11	11	11	12	12	12	12	10	10	10
Neighborhood Services	9	10	11	11	11	11	12	10	10	10
Information Technology	7	8	8	8	10	10	10	10	9	10
UC2B	-	-	-	-	-	-	-	-	-	3
Public Safety:										
Police:										
Sworn	112	113	115	117	119	119	118	120	120	120
Civilian	37	38	38	37	37	37	37	33	31	31
Fire:										
Sworn	93	93	105	108	108	108	108	107	107	107
Civilian	13	13	14	14	15	15	14	13	12	12
Public Works:										
Engineering	23	21	21	23	23	24	22	19	20	20
Transportation	15	15	15	15	15	15	14	14	13	13
Other	40	43	43	44	45	45	44	39	39	40
Public Health & Welfare	8	7	7	7	7	7	7	6	6	5
Culture & Recreation	67	67	68	81	82	82	82	82	74	74
Parking	15	16	16	15	15	15	15	15	15	15
Sewer	11	10	10	10	10	10	10	8	8	8
Environmental Services	-	-	-	-	-	-	-	1	2	2
Total	506	510	528	549	556	558	550	529	516	520

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS

Operating Indicators by Function/Program

Last Ten Fiscal Years
(Unaudited)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:										
Fire (1):										
Number of Fire Calls	292	327	301	334	288	289	228	274	250	241
Number of EMS/Rescue Calls	2,916	2,938	2,954	3,115	3,421	3,388	3,532	3,518	3,680	4,027
ISO Rating	2	2	2	2	2	2	2	2	2	2
Police:										
Arrests	6,286	6,972	6,691	6,769	7,153	6,823	6,151	6,185	5,439	6,352
Parking Violations	3,014	2,240	1,854	1,617	1,285	970	1,621	1,563	740	780
Traffic Violations (1)	10,453	11,300	11,059	11,590	10,848	11,672	8,186	8,486	6,709	5,587
Public Works:										
Street Resurfacing Miles	N/A	N/A	13.54	12.30	4.20	4.60	10.40	11.00	12.50	6.00
Potholes Repaired	14,978	12,752	19,213	13,103	17,703	18,208	17,768	22,401	18,854	21,015
Street Lights Maintained (2)	3,278	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513	3,578
Community Development:										
Number of Building Permits Issued	635	962	1,112	873	638	507	505	494	534	485
Number of Building Inspections	2,348	3,134	4,503	3,697	3,261	3,191	2,837	2,735	2,781	2,868
Culture & Recreation:										
Total Circulation	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	2,236,736
Materials (Print and Non-Print)	242,556	250,860	246,709	256,533	355,129	396,906	374,005	373,054	409,458	429,943
Library Cards Issued	4,922	5,828	5,631	5,129	8,808	7,441	6,316	5,840	5,478	5,300
Library Visits - Main Library/Bookmobile	546,165	553,316	578,604	585,059	626,342	760,137	804,424	912,582	967,997	999,651
Library Visits - Douglass Branch	92,245	74,914	61,717	69,568	70,920	59,092	61,210	61,404	48,470	50,655

N/A: Not Available

Source: City of Champaign

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

(1) 2004-2013 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 2006-2013.

CITY OF CHAMPAIGN, ILLINOIS

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years
(Unaudited)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A									
Fire Stations	5	5	5	6	6	6	6	6	6	6
Public Works:										
Streets (Miles) (1)	598	598	642	642	685	684	696	696	718	718
Sidewalks (Miles)	N/A									
Streetlights (2)	3,278	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513	3,578
Sewer:										
Sanitary Sewers (Miles)	191	193	193	195	205	209	209	211	213	214
Manholes	4,775	4,825	4,825	4,875	5,128	5,215	5,216	5,275	5,325	5,350

N/A: Not Available

Source: City of Champaign

Notes:

(1) 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 2006-2013.

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
Honorable Mention	National Association of Telecommunications Officers and Advisors (NATOA)
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)
Bicycle Friendly Community - Bronze Level	League of American Bicyclists
The Champaign Public Library was named among America's top libraries with a 4-star rating	<i>Library Journal</i> magazine
Friends of the Library Award	The Association of Library Trustees, Advocates, Friends and Foundations (ALTAFF)
Honorable Mention Award for the video "Champaign: So Much to Do, So Much to Love"	National Association of Telecommunications Officers and Advisors (NATOA)
Honorable Mention Award for the CGTV Online section of the City of Champaign website	National Association of Telecommunications Officers and Advisors (NATOA)