

**TOWN OF THE  
CITY OF CHAMPAIGN, ILLINOIS**  
A Component Unit of the City of Champaign, Illinois  
**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

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## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Town of the City of Champaign, Illinois's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

October 12, 2015

Board of Trustees  
Town of the City of Champaign, Illinois  
Champaign, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of the City of Champaign, Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of the City of Champaign'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 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 Town of the City of Champaign'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 Town of the City of Champaign'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of the City of Champaign, Illinois, as of June 30, 2015, and the respective changes in financial position 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 as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 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 Town of the City of Champaign, Illinois', financial statements as a whole. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
LAUTERBACH & AMEN, LLP

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

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis**  
**June 30, 2015**

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Our discussion and analysis of the Town of the City of Champaign's (Township's) financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Township's financial statements, which begin on page 3.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2015, the Town of the City of Champaign's total assets/deferred outflow of resources exceeded total liabilities/deferred inflows of resources by \$961.7 thousand.
- Net position of governmental activities decreased by \$22.4 thousand, or approximately 2.27 percent.
- During the year, taxes and other revenues were \$721.0 thousand while expenses were \$743.4 thousand.
- The governmental funds reported combined fund balances of \$882.3 thousand, of which \$508.8 thousand was unassigned and is available for spending at the Township's discretion.

**USING THIS ANNUAL REPORT**

This Annual Report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 – 5) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements begin on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operation in more detail than the government-wide statements by providing information about the Township's most significant funds.

**Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The government wide financial statements can be found on pages 3 – 5 of this report.



**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis  
June 30, 2015**

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**USING THIS ANNUAL REPORT - Continued**

**Government-Wide Financial Statements - Continued**

The Statement of Net Position reports information on all of the Township's assets/deferred outflows and liabilities/deferred inflows, 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 Township is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Township's property tax base, is needed to assess the overall health of the Township.

The Statement of Activities presents information showing how the government'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).

The governmental activities of the Township include general government and public welfare. Property taxes and governmental revenues finance these activities.

**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 Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are classified as governmental 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 Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis  
June 30, 2015**

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**USING THIS ANNUAL REPORT - Continued**

**Governmental Funds – Continued**

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the General Assistance Fund, both of which are considered major funds. Individual fund data for each of these major governmental funds is provided in the form of schedules elsewhere in this report.

The Township adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6 – 9 of this report.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 10 – 25 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 Township's Illinois Municipal Retirement Fund (I.M.R.F.) pension obligations. Required supplementary information can be found on pages 26 – 27 of this report. The schedules referred to earlier in connection with major governmental funds are presented immediately following the required supplementary information on pensions. Individual fund budgetary comparison schedules can be found on pages 28 – 32 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Township, assets/deferred outflows exceeded liabilities/deferred inflows by \$961.7 thousand, increasing 2.27 percent from the previous year.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis**  
**June 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

Net Position (in Thousands)

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 1,213.3	\$ 1,210.1
Capital Assets	26.0	28.2
Total Assets	1,239.3	1,238.3
Deferred Outflows of Resources	96.6	289.6
Total Assets and Deferred Outflows of Resources	1,335.9	1,527.9
Other Liabilities	34.4	46.6
Long-Term Debt Outstanding	40.1	14.1
Total Liabilities	74.5	60.7
Deferred Inflows of Resources	299.7	289.6
Total Liabilities and Deferred Inflows of Resources	374.2	350.3
Net Position		
Net Investment in Capital Assets	26.0	28.2
Restricted	366.7	421.6
Unrestricted	569.0	438.2
Total Net Position	\$ 961.7	\$ 888.0
	2.70%	3.18%

The Township's investment in capital assets (e.g., land, buildings, and automobiles) accounts for 2.71 percent of the Township's net position. The Township uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. The Township has no debt in relationship to its capital assets.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis**  
**June 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

An additional portion, or 38.13 percent of the Township's net position, represents resources that are subject to external restrictions on how they may be used. The remaining 59.17 percent, or \$569.0 thousand, represents unrestricted net position and may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the Township was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities.

Changes in Net Position (in Thousands)

	Governmental Activities	
	2015	2014
Revenues		
General Revenues		
Property Taxes	\$ 592.1	\$ 577.8
Replacement Taxes	96.9	90.0
Interest Income	0.1	0.2
Miscellaneous	31.9	6.5
Total Revenues	721.0	674.5
Expenses		
General Government	615.1	536.0
Public Welfare	128.3	130.9
Total Expenses	743.4	666.9
Increase (Decrease) in Net Position	(22.4)	7.6
Net Position - Beginning (as Restated)	984.1	880.4
Net Position - Ending	\$ 961.7	\$ 888.0

Net position of the Township's governmental activities decreased by 2.27 percent (\$984.1 thousand compared to \$961.7 thousand). Unrestricted net position, the part of net position which can be used for day-to-day operations without constraints, increased by 29.85 percent (\$569.0 thousand compared to \$438.2 thousand).

Total revenues increased by 6.89 percent (\$46.5 thousand). This can be attributed to an increase in general assistance received from the State of Illinois. The total cost of all programs and services increased by 10.29 percent (\$743.4 thousand compared to \$666.9 thousand), this is due to an increase in the net pension liability.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

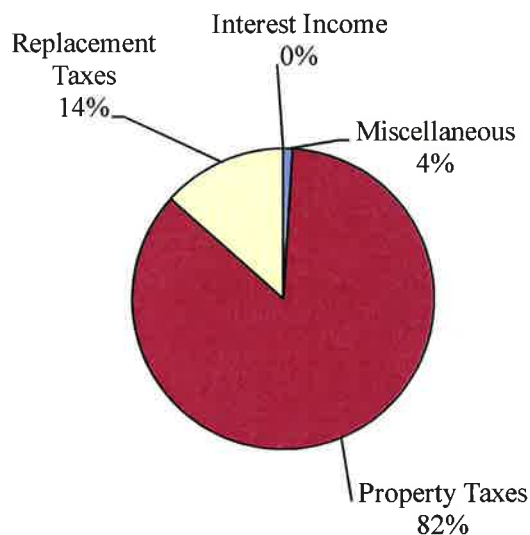
**Management's Discussion and Analysis**  
**June 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

The following pie chart demonstrates graphically the major revenue sources of the Township. It depicts very clearly the reliance on property taxes to fund governmental activities.

**Revenues by Source - Governmental Activities**



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds**

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$882.3 thousand, which is .96 percent higher than last year's total of \$873.9 thousand. This increase can be explained by adding the Township's General Fund balance increase of \$58.7 thousand with a decrease in the General Assistance Fund of \$50.4 thousand.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis  
June 30, 2015**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund expenditures were below the budgeted amount by \$116.4 thousand (\$512.5 thousand actual compared to \$628.9 thousand budgeted) due to unspent budgeted capital improvements.

General Fund revenues exceeded the budgeted amount by \$68.7 thousand. The difference is because actual property taxes were higher than budget by \$68.2 thousand, or 16.8%.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Township's investment in capital assets as of June 30, 2015 was \$26.0 thousand (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, and vehicles.

**Capital Assets - Net of Depreciation (in Thousands)**

	Governmental Activities	
	2015	2014
Buildings & Improvements	\$ 23.5	25.4
Equipment & Vehicles	2.5	2.8
Total	<u>\$ 26.0</u>	<u>28.2</u>

Additional information on the Township's capital assets can be found in Note 3 on page 16 of this report.

**Debt**

At year end, the Town of the City of Champaign had no outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Township receives most of its revenue from property taxes. The property tax base of the Township continues to remain stable, allowing the Township to budget consistently for fiscal year 2015-2016. The economy has continued to recover, but is still growing at a slow pace.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Management's Discussion and Analysis  
June 30, 2015**

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**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of the City of Champaign's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Township Supervisor, Town of the City of Champaign, 603 South Randolph Street, Champaign, Illinois, 61820-5139.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. 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.



**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Statement of Net Position  
June 30, 2015**

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**See Following Page**

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Statement of Net Position**  
**June 30, 2015**

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<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 904,406
Receivables - Net of Allowances	
Property Taxes	283,993
Replacement Taxes	15,895
Other	2,234
Prepaid	<u>6,781</u>
Total Current Assets	<u>1,213,309</u>
Noncurrent Assets	
Capital Assets	
Depreciable Capital Assets	215,602
Accumulated Depreciation	<u>(189,563)</u>
Total Noncurrent Assets	<u>26,039</u>
Total Assets	1,239,348
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>96,599</u>
Total Assets and Deferred Outflows of Resources	<u>1,335,947</u>

The notes to the financial statements are an integral part of this statement.

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<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 5,379
Accrued Payroll and Benefits	24,995
Accrued Compensated Absences	3,098
Deferred/Unearned Revenue	<u>970</u>
Total Current Liabilities	<u>34,442</u>
Noncurrent Liabilities	
Accrued Compensated Absences	12,390
Net Pension Liability	<u>27,721</u>
Total Noncurrent Liabilities	<u>40,111</u>
Total Liabilities	74,553
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>299,706</u>
Total Liabilities and Deferred Inflows of Resources	<u>374,259</u>
<b>NET POSITION</b>	
Investment in Capital Assets	26,039
Restricted for IMRF	8,096
Restricted for Public Welfare	358,551
Unrestricted	<u>569,002</u>
Total Net Position	<u><u>961,688</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Statement of Activities**  
**Year Ended June 30, 2015**

		Program Revenues			Net (Expenses)
		Charges	Operating	Capital	Revenues and
		for	Grants/	Grants/	Changes in
	Expenses	Services	Contributions	Contributions	Net Position
Governmental Activities					
General Government	\$ 615,041	-	-	-	(615,041)
Public Welfare	128,328	-	-	-	(128,328)
Total	743,369	-	-	-	(743,369)

General Revenues	
Taxes	
Property Taxes	592,113
Replacement Taxes	96,832
Interest Income	136
Miscellaneous	31,925
	<u>721,006</u>
Change in Net Assets	(22,363)
Net Position - Beginning as Restated	<u>984,051</u>
Net Position - Ending	<u>961,688</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Balance Sheet - Governmental Funds**  
**June 30, 2015**

	General	General Assistance	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 542,393	362,013	904,406
Receivables - Net of Allowances			
Property Taxes	227,032	56,961	283,993
Replacement Taxes	15,895	-	15,895
Other	-	2,234	2,234
Prepays	6,781	-	6,781
Total Assets	792,101	421,208	1,213,309
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	4,754	625	5,379
Accrued Payroll and Benefits	23,049	1,946	24,995
Other Payables	970	-	970
Total Liabilities	28,773	2,571	31,344
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	239,620	60,086	299,706
Total Liabilities and Deferred Inflows of Resources	268,393	62,657	331,050
<b>FUND BALANCES</b>			
Fund Balances			
Nonspendable	6,781	-	6,781
Restricted	8,096	358,551	366,647
Unassigned	508,831	-	508,831
Total Fund Balances	523,708	358,551	882,259
Total Liabilities, Deferred Inflows of Resources and and Fund Balances	792,101	421,208	1,213,309

The notes to the financial statements are an integral part of this statement.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**June 30, 2015**

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<b>Total Governmental Fund Balances</b>	<b>\$ 882,259</b>
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	26,039
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Deferred Outflows (Inflows) of Resources related to IMRF not reported in the funds.	
Difference Between Expected and Actual Experience	5,446
Change of Assumptions	53,481
Difference Between Projected and Actual Earnings	20,730
Pension Contributions made Subsequent to the Measurement	16,942

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Liability	(27,721)
Compensated Absences	<u>(15,488)</u>

<b>Net Position of Governmental Activities</b>	<b><u>961,688</u></b>
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**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2015**

	General	General Assistance	Totals
Revenues			
Taxes	\$ 571,141	117,804	688,945
Interest	98	38	136
Miscellaneous	-	31,925	31,925
Total Revenues	571,239	149,767	721,006
Expenditures			
General Government	512,518	71,801	584,319
Public Welfare	-	128,328	128,328
Total Expenditures	512,518	200,129	712,647
Net Change in Fund Balances	58,721	(50,362)	8,359
Fund Balances - Beginning	464,987	408,913	873,900
Fund Balances - Ending	523,708	358,551	882,259

The notes to the financial statements are an integral part of this statement.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

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

**Year Ended June 30, 2015**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 8,359**

Amounts reported for governmental activities in the Statement of Activities  
are different because:

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	-
Depreciation Expense	(2,157)

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.

Additions to Compensated Absences Payable	(1,393)
Additions to Net Pension Liability	(65,508)
Changes in Deferred Items Related to IMRF	<u>38,336</u>

**Changes in Net Position of Governmental Activities** **(22,363)**



**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of the City of Champaign, Illinois (Township) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Township's accounting policies established in GAAP and used by the Township are described below.

**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 component unit of the City of Champaign, Illinois. The members of the Township Board of Trustees are the members of the City Council of the City of Champaign, Illinois.

**BASIS OF PRESENTATION**

**Government-Wide Statements**

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

In the government-wide Statement of Net Position, the governmental activities columns are: (a) presented on a consolidated basis, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (general government and public welfare). The functions are supported by general government revenues (property and replacement taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs by function are normally covered by general revenue (property and replacement taxes, certain intergovernmental revenues, etc.).

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**BASIS OF PRESENTATION – Continued**

**Fund Financial Statements**

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

The emphasis in fund financial statements is on the major governmental funds. Nonmajor funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is used by the Township:

**Governmental Funds**

The focus of the governmental funds' measurement (in the fund 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 Township:

**General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Township maintains one major special revenue fund, the General Assistance Fund, which is used to account for property taxes revenues used to provide basic needs assistance to Township citizens that meet specific need criteria.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus is used.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to estimate reasonably the amount. Available means collectible within the current period or within sixty days after year-end. The Township recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are recognized when due.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash and Investments**

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with a fiscal agent.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

**Cash and Investments – Continued**

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.

**Receivables**

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

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Township as a whole. When purchased, such assets are recorded as expenditures in the governmental funds. Infrastructure such as streets, traffic signals and signs is capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

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

**Compensated Absences**

The Township accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick leave by benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation 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 and retirements.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

**Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with a consumption of fund balance/net position that applies to a future period. As of year-end, the Township reports property taxes related to next year's levy as a deferred inflow of resources.

**Fund Equity**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted—All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Legal budgets are prepared in the form of an appropriations ordinance for Township funds using the same accounting basis and practices that 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 (Board) 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 at the fund level.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**DEPOSITS AND INVESTMENTS**

The Township maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments."

Permitted Deposits and Investments – Statutes authorize the Township to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. Illinois Funds was rated AAAm by Standard & Poor's Investors Service.

**Credit Risk, Custodial Credit Risk and Concentration Risk**

**Deposits.** At year-end the carrying amount of the Township's deposits totaled \$41,234 and the bank balances totaled \$43,003. Additionally, the Township has \$863,172 invested in the Illinois Funds at year-end, with an average maturity of less than one year.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy states that the portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law allows for the investment of funds in Illinois Funds. The Township's investment policy does not further limit investment instrument choices

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The entire amount of the bank balances of deposits were covered by federal depository insurance. The Township's investment policy states that deposits in excess of the amount insured by FDIC will be collateralized at 105% of the deposit amount.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investment in Illinois Funds is not subject to credit risk.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy states that the portfolio shall be diversified to avoid unreasonable risks.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**PROPERTY TAXES**

Property taxes for the 2014 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are collected in two installments in June and September. The County collects such taxes and remits them periodically.

**CAPITAL ASSETS**

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
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	167,825	1,959	-	169,784
Equipment and Vehicles	19,581	198	-	19,779
	<u>187,406</u>	<u>2,157</u>	<u>-</u>	<u>189,563</u>
Total Depreciable Capital Assets	<u>28,196</u>	<u>(2,157)</u>	<u>-</u>	<u>26,039</u>

Depreciation expense was charged to the general government function.

**LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Changes in long-term liabilities during the fiscal year were as follows:

	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Compensated Absences	\$ 14,095	2,786	1,393	15,488	3,098
Net Pension Liability	(37,787)	65,508	-	27,721	-
	<u>(23,692)</u>	<u>68,294</u>	<u>1,393</u>	<u>43,209</u>	<u>3,098</u>

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE CLASSIFICATIONS**

In the governmental funds financial statements, the Township considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Township first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	General Assistance	Totals
Fund Balances			
Nonspendable - Prepaids	\$ 6,781	-	6,781
Restricted			
Property Tax Levies			
IMRF	8,096	-	8,096
General Assistance	-	358,551	358,551
	8,096	358,551	366,647
Unassigned	508,831	-	508,831
Total Fund Balances	523,708	358,551	882,259

**NET POSITION RESTATEMENT**

Net Position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 888,001	984,051	96,050



**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 4 – OTHER INFORMATION**

**RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2014, the Township, a component unit of the City, entered into an agreement with the City to pay the City for legal, financial and payroll, human resources, and information technologies services provided to the Township. Under the terms of the agreement, the Township will annually compensate the City for these services \$25,000 plus an annual increase, at the same rate as any cost of living compensation increase provided by the City to its non-bargaining unit employees. The agreement may be terminated by the City Manager or Township Supervisor upon written notice not less than 60 days prior to the desired termination date, or it may be terminated at any time upon the mutual agreement of the City Manager and Township Supervisor.

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. These risks are covered by insurance purchased from independent third parties. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous three fiscal years.

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

**Illinois Municipal Retirement System**

**Plan Description**

*Plan Administration.* 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Plan Membership.* As of December 31, 2014, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	6
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>7</u>
Total	<u><u>17</u></u>

*Contributions.* As set by statute, the Township's Regular Plan Members are required to contribute 4.5% 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 Township's annual contribution rate for calendar year 2014 was 12.58%. For the fiscal year ended June 30, 2015, the Township contributed \$41,321 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability.* The Township's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Plan Description – Continued**

*Actuarial Assumptions – Continued.*

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	27%	3.00%
Domestic Equities	38%	7.60%
International Equities	17%	7.80%
Real Estate	8%	6.15%
Blended	9%	5.25%
Cash and Cash Equivalents	1%	2.25%

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

**Discount Rate Sensitivity**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 258,307	27,721	(164,276)

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 1,764,619	1,802,406	(37,787)
Changes for the Year:			
Service Cost	34,643	-	34,643
Interest on the Total Pension Liability	131,214	-	131,214
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual			
Experience of the Total Pension Liability	7,933	-	7,933
Changes of Assumptions	77,901	-	77,901
Contributions - Employer	-	41,321	(41,321)
Contributions - Employees	-	15,547	(15,547)
Net Investment Income	-	109,704	(109,704)
Benefit Payments, including Refunds			
of Employee Contributions	(64,833)	(64,833)	-
Other (Net Transfer)	-	19,611	(19,611)
Net Changes	186,858	121,350	65,508
Balances at December 31, 2014	1,951,477	1,923,756	27,721

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement System – Continued**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the Township recognized pension expense of \$27,172. At June 30, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts to be Recognized in Pension Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 5,446	-	5,446
Changes of Assumptions	53,481	-	53,481
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,730	-	20,730
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	79,657	-	79,657
Pension Contributions made Subsequent to the Measurement Date	16,942	-	16,942
Total Deferred Amounts Related to Pensions	96,599	-	96,599

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 49,032
2016	32,090
2017	10,298
2018	5,179
2019	-
Thereafter	-
Total	96,599

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS  
A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Notes to the Financial Statements  
June 30, 2015**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS**

The Township has evaluated its current potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Township are required to pay 100% of the current premium. One former employee has chosen to stay on the Township's health insurance plan, but this amount has been calculated to be immaterial in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Township had no former employees for which the Township was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Township has not recorded any postemployment benefit liability as of June 30, 2015.



## **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:

- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – General Assistance – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**June 30, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 41,321	\$ 41,321	\$ -	\$ 345,497	11.96%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	29 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	3.0%
Salary Increases	4.4% - 16.0%
Investment Rate of Return	7.5%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**  
**Schedule of Changes in the Employer's Net Pension Liability**  
**June 30, 2015**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 34,643
Interest	131,214
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	7,933
Change of Assumptions	77,901
Benefit Payments, Including Refunds of Member Contributions	<u>(64,833)</u>
Net Change in Total Pension Liability	186,858
Total Pension Liability - Beginning	<u>1,764,619</u>
Total Pension Liability - Ending	<u><u>1,951,477</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 41,321
Contributions - Members	15,547
Net Investment Income	109,704
Benefit Payments, Including Refunds of Member Contributions	(64,833)
Other (Net Transfer)	<u>19,611</u>
Net Change in Plan Fiduciary Net Position	121,350
Plan Net Position - Beginning	<u>1,802,406</u>
Plan Net Position - Ending	<u><u>1,923,756</u></u>
Employer's Net Pension Liability	<u><u>\$ 27,721</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.58%
Covered-Employee Payroll	\$ 345,497
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	8.02%

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**General Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 406,157	406,157	474,309
Personal Property Replacement	95,349	95,349	96,832
Interest	1,000	1,000	98
Total Revenues	502,506	502,506	571,239
Expenditures			
General Government			
Administrative	283,577	283,577	210,324
Assessor's Office	345,337	345,337	302,194
Total Expenditures	628,914	628,914	512,518
Net Change in Fund Balance	(126,408)	(126,408)	58,721
Fund Balance - Beginning			464,987
Fund Balance - Ending			523,708

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**General Assistance - Special Revenue Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 115,841	115,841	117,804
Interest	-	-	38
Miscellaneous	25,000	25,000	31,925
Total Revenues	140,841	140,841	149,767
Expenditures			
General Government			
Administrative	163,969	163,969	71,801
Public Welfare			
Relief Assistance	189,000	189,000	128,328
Total Expenditures	352,969	352,969	200,129
Net Change in Fund Balance	(212,128)	(212,128)	(50,362)
Fund Balance - Beginning			408,913
Fund Balance - Ending			358,551

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
  - General Fund
  - General Assistance – Special Revenue Fund

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**General Fund**

**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		
	Original	Final	Actual
General Government			
Administrative			
Salaries	\$ 99,868	99,868	98,814
Group Medical and Life Insurance	7,396	7,396	8,073
Township IMRF/SURS Payments	11,884	11,884	10,881
Township FICA Payments	7,640	7,640	7,463
Township SUI Payments	253	253	603
Office Supplies	1,750	1,750	1,143
Activity Specific Supplies	500	500	105
Small Tools and Equipment	4,000	4,000	2,818
Professional Services	5,500	5,500	5,896
Professional Memberships	1,500	1,500	1,517
Professional Development	1,000	1,000	774
Misc. Contractual Services	33,500	33,500	29,236
Printing and Document Processing	3,000	3,000	3,701
Disposal and Recycling Services	1,000	1,000	863
Postage and Express Charges	500	500	446
Insurance Premiums	7,786	7,786	6,260
Unit 4 SYEP/Youth Programs	20,000	20,000	20,000
Utilities	10,000	10,000	3,887
Repairs and Maintenance Services	2,500	2,500	857
Contingency	14,000	14,000	6,669
Capital Improvement	50,000	50,000	318
Total Administrative	283,577	283,577	210,324
Assessor's Office			
Salaries	205,158	205,158	204,149
Group Medical and Life Insurance	35,812	35,812	39,249
Township IMRF/SURS Payments	24,414	24,414	22,955
Township FICA Payments	15,695	15,695	15,311
Township SUI Payments	758	758	1,808
Office Supplies	2,500	2,500	451
Motor Vehicle Parts	500	500	252
Small Tools and Equipment	7,000	7,000	6,701
Professional Services	500	500	-
Professional Memberships	1,000	1,000	279
Misc. Contractual Services	3,500	3,500	3,004

**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**  
**Year Ended June 30, 2015**

	Budget		Actual
	Original	Final	
General Government - Continued			
Assessor's Office - Continued			
Printing and Document Processing	\$ 1,000	1,000	813
Postage and Express Charges	4,000	4,000	1,736
Utilities	4,500	4,500	3,815
Repair and Maintenance Services	2,000	2,000	1,164
Contingency	12,000	12,000	-
Capital Improvement	25,000	25,000	507
Total Assessor's Office	345,337	345,337	302,194
 Total Expenditures	 628,914	 628,914	 512,518



**TOWN OF THE CITY OF CHAMPAIGN, ILLINOIS**  
**A COMPONENT UNIT OF THE CITY OF CHAMPAIGN**

**General Assistance - Special Revenue Fund**

**Schedule of Expenditures - Budget and Actual**  
**Year Ended June 30, 2015**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Salaries	\$ 45,061	45,061	46,565
Group Medical and Life Insurance	7,396	7,396	8,073
Township IMRF/SURS Payments	5,362	5,362	5,182
Township FICA	3,447	3,447	3,492
Township SUI Payments	253	253	748
Office Supplies	1,000	1,000	278
Small Tools and Equipment	2,500	2,500	-
Professional Development	2,500	2,500	572
Misc. Contractual Services	1,250	1,250	911
Printing and Document Processing	1,500	1,500	779
Postage and Express Charges	500	500	49
Insurance Premiums	28,200	28,200	3,175
Contingency	15,000	15,000	1,977
Capital Improvement	50,000	50,000	-
Total Administrative	163,969	163,969	71,801
Public Welfare			
Relief Assistance			
General Relief	150,000	150,000	125,218
Medical and Hospital	27,000	27,000	-
Funeral and Burial	3,000	3,000	-
Emergency	7,000	7,000	3,110
Scholarship	2,000	2,000	-
Total Public Welfare	189,000	189,000	128,328
Total Expenditures	352,969	352,969	200,129