

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**FINANCIAL STATEMENTS
JUNE 30, 2014**

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**FINANCIAL STATEMENTS
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Cunningham
205 West Green Street
Urbana, Illinois 61801

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Town of Cunningham, Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Township'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 an opinion 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 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 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Town of Cunningham, Illinois, as of June 30, 2014, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cunningham, Illinois's basic financial statements. The Budgetary Comparison Schedules on pages 20-21, the IMRF Analysis of Funding Progress on page 23 and the Schedule of Assessed Valuations, Rates, Extensions and Collections on page 24, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Kemper CPA Group LLP

Kemper CPA Group, LLP
Champaign, Illinois
August 22, 2014

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Statement of Net Position - Modified Cash Basis
June 30, 2014

	Primary Government	
	Governmental	
	Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 2,025,429	\$ 2,025,429
Capital Assets, Net of Accumulated Depreciation	53,116	53,116
Total Assets	2,078,545	2,078,545
LIABILITIES		
Payroll Withholdings	-	-
Total Liabilities	-	-
NET POSITION		
Invested in Capital Assets	53,116	53,116
Restricted	1,151,484	1,151,484
Unrestricted	873,945	873,945
Total Net Position	\$ 2,078,545	\$ 2,078,545

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

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total
Primary Government:						
Governmental activities:						
General Government	\$ 540,758	\$ -	\$ -	\$ -	\$ (540,758)	\$ (540,758)
Social Services	473,859	62,495	-	-	(411,364)	(411,364)
Total Governmental Activities	<u>1,014,617</u>	<u>62,495</u>	<u>-</u>	<u>-</u>	<u>(952,122)</u>	<u>(952,122)</u>
	<u>\$ 1,014,617</u>	<u>\$ 62,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(952,122)</u>	<u>(952,122)</u>
General Revenues:						
Taxes:						
					1,231,880	1,231,880
					28,151	28,151
					2,473	2,473
					433	433
					<u>1,262,937</u>	<u>1,262,937</u>
					310,815	310,815
					<u>1,767,730</u>	<u>1,767,730</u>
					<u>\$ 2,078,545</u>	<u>\$ 2,078,545</u>

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

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2014

	Town Fund	General Assistance Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 873,947	\$ 1,151,482	\$ 2,025,429
Total Assets	873,947	1,151,482	2,025,429
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll Withholdings	-	-	-
Total Liabilities	-	-	-
Fund Balance:			
Restricted for:			
General Assistance	-	938,902	938,902
Assigned to:			
Contingent Repayment of Property Tax	266,804	212,582	479,386
Unassigned	607,141	-	607,141
Total Fund Balances	873,945	1,151,484	2,025,429
Total Liabilities and Fund Balances	\$ 873,945	\$ 1,151,484	

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds.

53,116

Net Assets of Governmental Activities

\$ 2,078,545

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

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Statement of Revenue, Expenditures, and
Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended June 30, 2014

	<u>Town Fund</u>	<u>General Assistance Fund</u>	<u>Total Governmental Funds</u>
REVENUE			
Property Taxes	\$ 612,177	\$ 619,703	\$ 1,231,880
Replacement Tax	14,076	14,076	28,152
Interest Income	207	226	433
SSI Reimbursements	-	62,495	62,495
Miscellaneous	1,199	1,274	2,473
Total Revenues	<u>627,659</u>	<u>697,774</u>	<u>1,325,433</u>
EXPENDITURES			
Current:			
General Government	531,792	-	531,792
Social Services	65,000	408,859	473,859
Capital Outlay	16,840	-	16,840
Total Expenditures	<u>613,632</u>	<u>408,859</u>	<u>1,022,491</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	14,027	288,915	302,942
Fund Balances - Beginning	859,918	862,569	1,722,487
Fund Balances - Ending	<u>\$ 873,945</u>	<u>\$ 1,151,484</u>	<u>\$ 2,025,429</u>

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

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	302,942
<p>Amounts Reported for <i>Governmental Activities</i> in the Statement of Activities are Different Because:</p>		
<p>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 as Depreciation Expense.</p>		
Capital Outlays		16,840
Deperciation Expense		(8,967)
		16,840
		(8,967)
Change in Net Assets of Governmental Activities	\$	310,815

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

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies

Town of Cunningham, Illinois (the "Township") operates under the Township organization article of 60 ILCS. It provides the following services as authorized by statute: general assistance, property tax assessment, health and social services, and general administrative services. Since the Township is coterminous with the City of Urbana, duties that would normally be associated with a Township Road District or Highway Commissioner are not applicable to the Township.

The accounting policies and presentation of the basic financial statements of the Township have been prepared in conformity with the modified cash basis, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

The Township has adopted the provisions of GASB No. 14, *The Financial Reporting Entity* as amended, under which these financial statements include all organizations, activities, functions, funds and component units for which the Township is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Township's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Township. No entities have been determined to be a component unit of the Township.

Basis of Presentation

The Township's basic financial statements consist of government-wide statements including the statement of net position and statement of activities and fund financial statements, which provide a more detailed level of financial information.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Government-Wide Financial Statements

The government-wide focus is on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Township as a whole. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Township's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as property taxes, are presented as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each Township function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

The financial transactions of the Township are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for the governmental funds. The emphasis of fund financial statements is on major governmental funds; therefore each is displayed in a separate column.

Funds are classified into the following category: Governmental.

Governmental funds are used to account for all or most of the Township's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus

The government-wide statements report using the economic resources measurement focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the government-wide presentation) a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The Township maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources in the appropriate fund on the date received.

B. Fund Types and Major Funds

The Township reports the following major governmental funds:

Town Fund – reports as the primary fund of the Township. This fund is used to account for all financial resources not reported in other funds.

General Assistance Fund – accounts for the accumulation of financial resources for assistance provided to Township residents who meet certain requirements. The Township annually levies a tax restricted for the payment of these costs.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

C. Subsequent Events

Management has evaluated subsequent events through August 22, 2014, the date which the financial statements were available to be issued.

D. Encumbrances

Encumbrance accounting is not used by the Township.

E. Cash and Cash Equivalents

The Township maintains cash balances to meet current operating requirements. Cash in excess of current requirements is invested in interest bearing deposit accounts and is included in the financial statements as Cash and Cash Equivalents.

F. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated on the government-wide statements.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and software are reported in the government-wide financial statements. The Township currently has no infrastructure assets. Capital assets are defined by the Township as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful of one year or more, with the exception of buildings and improvements, which are defined as capital assets with an individual cost of more than \$10,000. Such assets are recorded at historical costs if purchased or constructed, except for assets acquired before January 1, 2004, for which historical cost was not available which are valued based on insured value at that date, adjusted for inflation to the date of acquisition. Donated capital assets are not recorded because they did not result from a cash transaction. The Township writes off fully depreciated capital assets.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

G. Capital Assets and Depreciation (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	– 40
Vehicles	– 5
Software	– 5

H. Net Position

The government-wide financial statements utilize a net position presentation. Net position is presented in three components – invested in capital assets (net of related debt), restricted, and unrestricted.

Invested in Capital Assets (net of related debt) - This component of net position consists of capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component consists of net positions that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. The Township would typically use restricted resources first, as appropriate opportunities arise, but reserves the right to selectively defer use of these funds. The government-wide statement of net position reports \$1,151,484 of restricted net position, all of which is restricted by enabling legislation for general assistance.

Unrestricted - This component consists of net positions that do not meet the definition of “invested in capital assets, net of related debt” and “restricted”

I. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy. The hierarchy is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

I. Fund Balance (continued)

Nonspendable - This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact. The Township did not have any nonspendable resources as of June 30, 2014.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (1) externally imposed by creditors (such as through a debt covenant), grantors contributions, or laws or regulations or other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The Township has restricted resources for general assistance (social services).

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Township's highest level of decision making authority, the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Township did not have any committed resources as of June 30, 2014.

Assigned - This classification includes amounts that are constrained by the Township's intent for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to the Township Supervisor through the budgetary process. The Township has assigned funds that are to be used for the potential repayment of Carle property tax.

Unassigned - This classification includes the residual fund balance for the Town Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Township would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 1: Summary of Significant Accounting Policies (Continued)

I. Fund Balance (continued)

As of June 30, 2014, The Township has the following balances presented in the fund financial statements:

Town Fund - The Town Fund has an Unassigned Fund Balance of \$607,141 and has Assigned Funds of \$266,804 for the potential repayment of property taxes paid under protest for which repayment will be determined by the Supreme Court of Illinois.

General Assistance Fund - The General Assistance Fund has Restricted Funds totaling \$938,902. The funds are restricted for the purpose of providing health and social services. Additionally, the General Assistance Fund has Assigned Funds of \$212,582 for the potential repayment of property taxes paid under protest for which repayment will be determined by the Supreme Court of Illinois.

J. Use of Estimates

The preparation of basic financial statements in conformity with the modified cash basis of accounting requires Township's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2: Cash and Cash Equivalents

The Township's cash deposits consist of checking, money market, and prime fund accounts. These deposits are stated at cost. The Township is authorized by State statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and commercial paper noted within the three highest classifications by at least two standard rating services, obligations of state and their political subdivisions, savings accounts, credit union shares, and The Illinois Funds or such other officially recognized funds.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 2: Cash and Cash Equivalents (Continued)

The Township maintains deposits in The Illinois Funds. The activities of The Illinois Funds are governed by the Treasurer's published investment policies, which were developed in accordance with the State statute and the desire to maintain The Illinois Funds' AAAM rating from Standard & Poor's. The investment policy requires all time deposits and other interest-bearing deposits to have collateral equal to at least 105% of the amount of the deposit not covered by federal deposit insurance. Securities eligible to be pledged as collateral are U.S. Treasury obligations. Securities pledged as collateral to secure repurchase agreements are required to have a market value of at least 102% of the agreement. As of June 30, 2014, \$2,012,311 was deposited into accounts with The Illinois Funds.

The carrying amount and the bank balance of the Township's remaining deposits at June 30, 2014, were \$13,118 and \$24,828, respectively. These funds were fully covered by federal depository insurance.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township has a policy for custodial credit risk. The policy includes obtaining monthly notification from the financial institution the amount of collateral that is pledged to the Township. The amount of collateral is reviewed for adequacy and changed as needed.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 3: Changes in Capital Assets

The following is a summary of changes in capital assets:

	Beginning Balance	Additions	Deductions	Ending Balance
Depreciable Capital				
Assets:				
Buildings	\$ 124,324	\$ 16,840	\$ -	\$ 141,164
Vehicles	19,127	-	-	19,127
Software	22,000	-	-	22,000
	<u>165,451</u>	<u>16,840</u>	<u>-</u>	<u>182,291</u>
Less: Accumulated				
Depreciation				
Buildings	94,880	2,335	-	97,215
Vehicles	16,895	2,232	-	19,127
Software	8,433	4,400	-	12,833
	<u>120,208</u>	<u>8,967</u>	<u>-</u>	<u>129,175</u>
 Total Depreciable Capital Assets	 <u>\$ 45,243</u>	 <u>\$ 7,873</u>	 <u>\$ -</u>	 <u>\$ 53,116</u>

Depreciation expense of \$8,967 for governmental activities is charged to general government expenses in the Statement of Activities.

Note 4: Defined Benefit Pension Plan – Illinois Municipal Retirement 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.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 4: Defined Benefit Pension Plan – Illinois Municipal Retirement Plan (Continued)

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 2013 used by the employer was 17.30 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 2013 was \$59,816.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 59,816	100%	\$ 0
12/31/12	46,989	100%	0
12/31/11	12,554	445%	0

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Township’s Regular plan assets was determined using techniques that spread the effects of the short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Township’s Regular plan’s unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 4: Defined Benefit Pension Plan – Illinois Municipal Retirement Plan (Continued)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$345,474 and the actuarial value of assets was \$(136,338), resulting in an underfunded actuarial accrued liability (UAAL) of \$481,812. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$345,760 and the ratio of the UAAL to the covered payroll was 139 percent.

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

Note 5: Other Post-Employment Benefits (OPEB)

The Township provides limited health care coverage for eligible retired employees (employees are eligible after working for at least 10 continuous years) by allowing these retired employees to remain on the Township's health insurance plan. These employees are required to pay 100% of the current premium cost. The benefit levels are the same as provided to active employees.

The Township's health care coverage is obtained under the City of Urbana's health care plan. Additional information including plan membership, schedule of funding progress, annual OPEB cost and OPEB obligation at June 30, 2014 are included in the City of Urbana's Comprehensive Annual Financial Report which is publicly available at <http://urbanaillinois.us/cafr>.

Note 6: Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in November of the prior year and are payable in two installments on June 1st and September 1st. Property taxes are billed and collected by the County, which in turn, remits them to the appropriate taxing authorities. Payments are typically made by the County during the period May through November.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Financial Statements
June 30, 2014**

Note 7: 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; and natural disasters. The Township is a member of a public entity risk pool which is described below that provided insurance coverage for those risks.

Town of Cunningham is a member of the Township Officials of Illinois Risk Management Association (TOIRMA), an insurance pool whose members are all Illinois townships. TOIRMA provides risk management services and insures all the Township's property, general liability, automobile, employee dishonesty, and excess liability claims up to specified limits.

TOIRMA is a separate entity which sets rates and purchases commercial excess and stop loss coverage for townships electing excess and stop loss coverage. Town of Cunningham pays annual premiums to TOIRMA for coverage. Supplementary payments may also be required by TOIRMA's Board of Directors should the premiums paid be insufficient to fund operations. No such supplemental payments have been required. Settled claims have not exceeded the coverage in any of the past three years and there has not been a significant reduction in coverage during the year ended June 30, 2014.

Note 8: Related Government

As described in Note 1, the Township is coterminous with the City of Urbana. The City Council of Urbana also serves as the governing board of the Township. In addition, the City Clerk of Urbana serves as the Town Clerk of Cunningham and the mayor of the City of Urbana serves as Chair of the Board of Trustees. During the year ended June 30, 2014, the Township paid \$3,128 for data processing, \$5,900 for janitorial services, \$73,499 for health insurance, and \$18,554 for the Build Urbana to the City of Urbana. Build Urbana is a tax rebate program which helps to encourage the creation of new subdivisions and the expansion of existing subdivisions in Urbana.

Note 9: Contingency

The Carle Foundation has paid real estate taxes to Champaign County under protest for 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011. The Carle Foundation maintains that certain properties should be exempt from real estate taxes due to its charitable status. If Carle's case were to prevail, the Township could be required to repay up to \$479,386 for its share of property taxes collected by the County of Champaign. On March 7, 2013, the IL Dept of Revenue ruled that Carle Foundation will not be required to pay future real estate taxes to Champaign County beginning with the 2012 tax year.

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
Town Fund
For the Year Ended June 30, 2014
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Over (Under)</u>
REVENUE				
Property Taxes	\$ 607,763	\$ 541,956	\$ 612,177	\$ 70,221
Replacement Tax	10,000	10,000	14,076	4,076
Interest Income	1,000	1,000	207	(793)
Miscellaneous	(50)	(50)	1,199	1,249
Total Revenues	<u>618,713</u>	<u>552,906</u>	<u>627,659</u>	<u>74,753</u>
General Government				
Supervisor's Office				
Salaries	110,085	106,157	106,351	194
Employee Benefits	48,022	48,022	44,049	(3,973)
Office Supplies	3,600	6,328	5,470	(858)
Dues and Subscriptions	1,100	1,100	1,126	26
Legal Services	50,000	50,000	50,417	417
Accounting Services	9,500	9,500	8,051	(1,449)
Repairs and Maintenance	2,096	2,096	3,057	961
Build Urbana	18,554	18,554	18,554	-
Janitor Services	1,500	1,500	1,475	(25)
Computer Services	200	300	-	(300)
Utilities	6,000	6,000	4,924	(1,076)
Insurance	9,500	9,500	7,890	(1,610)
Capital Outlay	32,500	32,500	16,840	(15,660)
Carle Property Tax Refund	119,846	119,846	-	(119,846)
Total Supervisor's Office	<u>412,503</u>	<u>411,403</u>	<u>268,204</u>	<u>(143,199)</u>
Assessor's office				
Salaries	185,403	185,403	181,177	(4,226)
Employee Benefits	82,300	82,300	80,585	(1,715)
Office Supplies	6,250	6,250	5,116	(1,134)
Dues and Subscriptions	4,000	4,000	2,607	(1,393)
Travel and Training	4,100	4,100	23	(4,077)
Repairs and Maintenance	800	800	588	(212)
Janitor Services	1,500	1,500	1,475	(25)
Computer Services	6,050	6,050	5,491	(559)
Appraisals	1,000	1,000	-	(1,000)
Telephone	4,000	4,000	3,368	(632)
Capital Outlay	4,000	4,000	-	(4,000)
Carle Property Tax Refund	119,846	119,846	-	(119,846)
Total Assessor's Office	<u>419,249</u>	<u>419,249</u>	<u>280,430</u>	<u>(138,819)</u>
Total General Government	<u>831,752</u>	<u>830,652</u>	<u>548,634</u>	<u>(282,018)</u>
Social Services				
Grants	<u>100,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Total Expenditures	<u>931,752</u>	<u>895,652</u>	<u>613,634</u>	<u>(282,018)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (313,039)</u>	<u>\$ (342,746)</u>	<u>14,025</u>	<u>\$ 356,771</u>
Fund Balances - Beginning			<u>859,920</u>	
Fund Balances - Ending			<u>\$ 873,945</u>	

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
General Assistance Fund
For the Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUE				
Property Taxes	\$ 641,081	\$ 575,274	\$ 619,703	\$ 44,429
Replacement Tax	10,000	10,000	14,076	4,076
Interest Income	12,000	12,000	226	(11,774)
SSI Reimbursements	25,000	25,000	62,495	37,495
Miscellaneous	1,000	1,000	1,274	274
Total Revenues	<u>689,081</u>	<u>623,274</u>	<u>697,774</u>	<u>74,500</u>
Social services				
Salaries	65,000	62,500	60,335	(2,165)
Employee Benefits	34,200	34,200	28,614	(5,586)
Office Supplies	4,000	4,293	7,604	3,311
Miscellaneous Expense	50	50	-	(50)
Work/Training Supplies	10,000	9,300	1,320	(7,980)
Dues and Subscriptions	50	50	92	42
Travel and Training	300	1,100	424	(676)
Medical Care	220,000	181,000	90,195	(90,805)
Personal Allowances	450,000	425,000	213,463	(211,537)
Janitor Services	3,000	3,000	2,950	(50)
Computer Services	500	500	-	(500)
Repairs and Maintenance	700	700	513	(187)
Telephone	4,000	4,000	3,349	(651)
Capital Outlay	3,500	3,500	-	(3,500)
Carle Property Tax Refund	239,693	239,693	-	(239,693)
Total Social Services	<u>1,034,993</u>	<u>968,886</u>	<u>408,859</u>	<u>(560,027)</u>
Total Expenditures	<u>1,034,993</u>	<u>968,886</u>	<u>408,859</u>	<u>(560,027)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (345,912)</u>	<u>\$ (345,612)</u>	288,915	<u>\$ 634,527</u>
Fund Balances - Beginning			862,569	
Fund Balances - Ending			<u>\$ 1,151,484</u>	

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS**

**Notes to Supplementary Information
June 30, 2014**

Note 1: Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Town Board a proposed operating budget, for the fiscal year commencing July 1.
2. A public hearing is conducted at an advertised location to obtain taxpayer comments.
3. The budget must be adopted in ordinance form by the end of the first quarter of the fiscal year.

**TOWN OF CUNNINGHAM
URBANA, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2014
(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)	ANNUAL COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
12/31/2013	\$ (136,338)	\$ 345,474	\$ 481,812	0.00%	\$ 345,760	139.35%
12/31/2012	\$ 205,732	\$ 640,032	\$ 434,300	32.14%	\$ 326,997	132.81%
12/31/2011	\$ 119,822	\$ 562,774	\$ 442,952	21.29%	\$ 300,337	147.48%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$54,938. On a market basis, the funded ratio would be 15.90%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Cunningham Township. They do not include accounts for retirees. The actuarial accrued liability for retirees is 100% funded.

TOWN OF CUNNINGHAM
URBANA, ILLINOIS
Schedule of Assessed Valuations, Rates, Extensions and Collections
For the Year Ended June 30, 2014
(Unaudited)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed Valuations	<u>\$ 527,290,271</u>	<u>\$ 576,355,669</u>	<u>\$ 592,826,657</u>	<u>\$ 605,906,421</u>	<u>\$ 600,468,717</u>
Tax Rates:					
Town Fund	0.1248	0.1053	0.1015	0.1117	0.1061
General Assistance Fund	0.1224	0.1111	0.1015	0.0825	0.0824
	<u>0.2472</u>	<u>0.2164</u>	<u>0.2030</u>	<u>0.1942</u>	<u>0.1885</u>
Tax Extensions:					
Town Fund	\$ 658,058	\$ 606,903	\$ 601,719	\$ 676,797	\$ 637,097
General Assistance Fund	645,403	640,331	601,719	499,873	494,786
	<u>\$ 1,303,461</u>	<u>\$ 1,247,234</u>	<u>\$ 1,203,438</u>	<u>\$ 1,176,670</u>	<u>\$ 1,131,883</u>
Tax Collections:					
Town Fund	\$ 351,625	\$ 539,129	\$ 598,227	\$ 673,249	\$ 634,524
General Assistance Fund	344,863	568,826	598,227	497,232	492,658
	<u>\$ 696,488</u>	<u>\$ 1,107,955</u>	<u>\$ 1,196,454</u>	<u>\$ 1,170,481</u>	<u>\$ 1,127,182</u>