

BASIC FINANCIAL STATEMENTS

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2010

Exhibit I

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash	\$31,330,599	\$1,008,919	\$32,339,518
Investments	1,311,000	0	1,311,000
Receivables, Net of Uncollectible Amounts:			
Patient Accounts	0	2,338,650	2,338,650
Property Taxes	26,331,815	1,001,704	27,333,519
Intergovernmental	8,116,715	0	8,116,715
Program Loans--Current Portion	481,535	0	481,535
Accrued Interest	15,632	0	15,632
Other	62,654	0	62,654
Internal Balances	855,923	(855,923)	0
Inventories	25,870	23,042	48,912
Prepaid Expenses	0	7,277	7,277
Deferred Charges	493,084	0	493,084
Resident Trust Accounts	9,868	6,566	16,434
Program Loans Receivable--Long Term Portion	5,206,186	0	5,206,186
Investment in Joint Venture	1,883,997	0	1,883,997
Capital Assets Not Being Depreciated	7,705,594	0	7,705,594
Capital Assets, Net of Accumulated Depreciation	68,275,061	21,922,288	90,197,349
Total Assets	152,105,533	25,452,523	177,558,056
<u>LIABILITIES</u>			
Accrued Salaries Payable	1,320,568	290,841	1,611,409
Accounts Payable	4,649,695	1,939,949	6,589,644
Accrued Interest Payable	1,101,923	0	1,101,923
Intergovernmental Payable	2,529	0	2,529
Funds Held for Others	86,526	6,566	93,092
Unearned Revenue	26,770,393	1,001,704	27,772,097
Compensated Absences Payable	2,805,836	399,967	3,205,803
Noncurrent Liabilities:			
Due Within One Year	3,280,037	0	3,280,037
Due in More Than One Year	52,355,992	104,781	52,460,773
Total Liabilities	92,373,499	3,743,808	96,117,307
<u>NET ASSETS</u>			
Invested In Capital Assets, Net of Related Debt	42,770,362	21,922,288	64,692,650
Restricted for:			
Capital Projects, Net of Related Debt	998,595	0	998,595
Debt Service	3,982,326	0	3,982,326
Justice & Public Safety	4,076,513	0	4,076,513
Health & Education	5,776,042	0	5,776,042
Development & General Government	9,032,905	0	9,032,905
Highways & Bridges	6,404,915	0	6,404,915
Insurance & Fringe Benefits	1,294,341	0	1,294,341
Unrestricted (Deficit)	(14,603,965)	(213,573)	(14,817,538)
Total Net Assets	59,732,034	21,708,715	81,440,749

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

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

Exhibit II

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fines, Permits & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$10,564,189	\$2,856,129	\$259,974	\$0	(\$7,448,086)	\$0	(\$7,448,086)
Justice & Public Safety	29,047,985	5,568,228	3,416,079	157,016	(19,906,662)	0	(19,906,662)
Health	8,764,776	125,903	1,608,732	0	(7,030,141)	0	(7,030,141)
Education	6,191,934	24,225	6,874,578	0	706,869	0	706,869
Social Services	100,339	41,607	0	0	(58,732)	0	(58,732)
Development	10,875,655	698,129	10,256,869	0	79,343	0	79,343
Highways & Bridges	7,189,441	187,474	3,525,132	1,779,435	(1,697,400)	0	(1,697,400)
Interest on Long-Term Debt	2,652,066	0	0	0	(2,652,066)	0	(2,652,066)
Total Governmental Activities	75,386,385	9,501,695	25,941,364	1,936,451	(38,006,875)	0	(38,006,875)
BUSINESS-TYPE ACTIVITIES:							
Nursing Home	14,714,586	14,249,919	0	0	0	(464,667)	(464,667)
Total Business-Type Activities	14,714,586	14,249,919	0	0	0	(464,667)	(464,667)
Total Government	90,100,971	23,751,614	25,941,364	1,936,451	(38,006,875)	(464,667)	(38,471,542)
General Revenues:							
Property Taxes					26,201,877	966,154	27,168,031
Public Safety Sales Taxes					4,330,009	0	4,330,009
Hotel/Motel & Auto Rental Taxes					42,132	0	42,132
Grants & Contributions Not Restricted to Specific Programs					10,595,802	0	10,595,802
Investment Earnings					131,525	3,548	135,073
Miscellaneous					683,881	9,076	692,957
Gain on Disposal of Capital Assets					0	2,032	2,032
Transfers					326,164	(326,164)	0
Total General Revenues and Transfers					42,311,390	654,646	42,966,036
Change in Net Assets					4,304,515	189,979	4,494,494
Net Assets - Beginning					55,427,519	21,518,736	76,946,255
Net Assets - Ending					59,732,034	21,708,715	81,440,749

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
NOVEMBER 30, 2010

Exhibit III

	----- Major Funds -----					All Other (Non-Major) Governmental Funds	Total Governmental Funds
	General Fund	Mental Health Fund	Developmental Disability Fund	County Motor Fuel Tax Fund	Regional Planning Comm Fund		
ASSETS							
Cash	\$2,583,926	\$1,886,977	\$1,505,311	\$5,659,347	\$297,015	\$17,249,716	\$29,182,292
Investments	0	0	0	0	0	1,311,000	1,311,000
Receivables, Net of Uncollectible Amounts:							
Property Taxes	8,057,006	3,638,827	3,564,942	0	0	11,071,040	26,331,815
Intergovernmental	1,223,568	0	0	234,583	824,163	1,056,558	3,338,872
Program Loans--Current Portion	0	0	0	0	0	481,535	481,535
Accrued Interest	0	0	0	0	0	15,632	15,632
Other	46,711	25	0	90	3,282	11,008	61,116
Due From Other Funds	1,009,852	0	0	0	111,351	1,563,280	2,684,483
Inventories	25,870	0	0	0	0	0	25,870
Resident Trust Accounts	9,868	0	0	0	0	0	9,868
Advances to Other Funds	0	0	0	0	165,000	0	165,000
Program Loans Receivable--Long Term Portion	0	0	0	0	0	5,206,186	5,206,186
Total Assets	12,956,801	5,525,829	5,070,253	5,894,020	1,400,811	37,965,955	68,813,669
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accrued Salaries Payable	869,447	15,227	0	5,216	164,052	266,626	1,320,568
Accounts Payable	829,558	19,415	0	716,528	682,148	966,645	3,214,294
Intergovernmental Payable	0	0	0	0	0	2,529	2,529
Due To Other Funds	269,151	4,819	0	58,157	97,397	1,568,765	1,998,289
Funds Held for Others	9,868	0	0	0	0	0	9,868
Deferred Revenues	8,079,122	3,638,827	3,564,942	0	0	11,487,502	26,770,393
Advances from Other Funds	0	0	0	0	0	165,000	165,000
Total Liabilities	10,057,146	3,678,288	3,564,942	779,901	943,597	14,457,067	33,480,941
FUND BALANCES (DEFICITS):							
Reserved for Debt Service	268,856	0	0	0	0	2,436,638	2,705,494
Reserved for Long Term Receivables	0	0	0	0	165,000	5,206,186	5,371,186
Unreserved, Reported in:							
General Fund	2,630,799	0	0	0	0	0	2,630,799
Special Revenue Funds	0	1,847,541	1,505,311	5,114,119	292,214	12,947,325	21,706,510
Debt Service Funds	0	0	0	0	0	1,765,086	1,765,086
Capital Projects Funds	0	0	0	0	0	1,153,653	1,153,653
Total Fund Balances (Deficits)	2,899,655	1,847,541	1,505,311	5,114,119	457,214	23,508,888	35,332,728
Total Liabilities & Fund Balances	12,956,801	5,525,829	5,070,253	5,894,020	1,400,811	37,965,955	68,813,669

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

COUNTY OF CHAMPAIGN, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS FOR GOVERNMENTAL ACTIVITIES
NOVEMBER 30, 2010

Exhibit III-a

Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III)	35,332,728
Capital assets, net of depreciation, used in governmental activities	75,980,655
Investment in Joint Ventures related to governmental activities	1,883,997
Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability	123,775
Receivables for revenue accruals related to governmental activities	4,699,648
Payables for expense accruals related to governmental activities	(2,512,528)
Liability for compensated absences accruals related to governmental activities	(2,805,836)
Deferred bond issuance costs related to governmental activities	493,084
Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds	<u>(53,463,489)</u>
Net Assets of Governmental Activities (See Exhibit I)	<u><u>59,732,034</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS

Exhibit IV

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	Major Funds					All Other	Total
	General	Mental	Developmental	County	Regional	(Non-Major)	
	Fund	Health	Disability	Motor Fuel	Planning	Governmental	Governmental
		Fund	Fund	Tax Fund	Comm Fund	Funds	Funds
REVENUES:							
Property Taxes	\$8,715,946	\$3,522,992	\$3,450,733	\$0	\$0	\$10,512,206	\$26,201,877
Public Safety Sales Taxes	0	0	0	0	0	4,304,939	4,304,939
Hotel/Motel & Auto Rental Taxes	42,132	0	0	0	0	0	42,132
Intergovernmental Revenue	13,353,851	290,397	0	3,295,895	9,645,333	9,866,088	36,451,564
Fines & Forfeitures	1,070,108	0	0	0	0	76,909	1,147,017
Licenses & Permits	848,662	0	0	0	0	343,745	1,192,407
Charges for Services	4,151,842	0	0	0	987,491	2,369,422	7,508,755
Rents and Royalties	587,699	0	0	0	0	0	587,699
Interest on Program Loans	0	0	0	0	0	216,216	216,216
Investment Earnings	49,718	5,883	4,297	9,872	271	54,607	124,648
Miscellaneous	120,811	46,394	1,000	0	44,540	471,136	683,881
Total Revenues	28,940,769	3,865,666	3,456,030	3,305,767	10,677,635	28,215,268	78,461,135
EXPENDITURES:							
Current: General Government	8,207,446	0	0	0	0	2,018,676	10,226,122
Justice & Public Safety	20,809,047	0	0	0	0	6,993,693	27,802,740
Health	0	3,759,846	3,495,499	0	0	1,803,650	9,058,995
Education	0	0	0	0	0	6,350,356	6,350,356
Social Services	45,821	0	0	0	0	34,204	80,025
Development	377,012	0	0	0	11,002,701	117,347	11,497,060
Highways & Bridges	0	0	0	6,954,923	0	3,416,182	10,371,105
Debt Service: Principal Retirement	207,500	0	0	0	0	2,985,558	3,193,058
Interest & Fiscal Charges	154,241	0	0	0	0	2,456,769	2,611,010
Total Expenditures	29,801,067	3,759,846	3,495,499	6,954,923	11,002,701	26,176,435	81,190,471
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(860,298)	105,820	(39,469)	(3,649,156)	(325,066)	2,038,833	(2,729,336)
OTHER FINANCING SOURCES (USES):							
Transfers In	2,215,919	20,852	0	0	381,664	2,123,476	4,741,911
Transfers Out	(309,865)	0	0	0	(284,633)	(3,842,964)	(4,437,462)
Net Other Financing Sources (Uses)	1,906,054	20,852	0	0	97,031	(1,719,488)	304,449
NET CHANGE IN FUND BALANCES	1,045,756	126,672	(39,469)	(3,649,156)	(228,035)	319,345	(2,424,887)
FUND BALANCES--Beginning of Year	1,853,899	1,720,869	1,544,780	8,763,275	685,249	23,189,543	37,757,615
FUND BALANCES--End of Year	2,899,655	1,847,541	1,505,311	5,114,119	457,214	23,508,888	35,332,728

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

COUNTY OF CHAMPAIGN, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES FOR GOVERNMENTAL ACTIVITIES
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

Exhibit IV-a

Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV)	(\$2,424,887)
Remove expenditures for acquisition of capital assets	6,131,631
Include revenue for capital assets acquired through gift or grant	1,936,451
Include gain (loss) on disposal of capital assets	(95,066)
Include depreciation expense	(6,046,449)
Include change in investment in joint ventures	58,054
Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities	1,026,606
Remove revenues related to prior periods; include revenues earned but not available in the current period	404,289
Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period	128,776
Amortize bond premium and deferred amount on refunding against debt interest expense	36,845
Amortize debt issuance costs over the life of the debt	(44,793)
Remove debt principal repayment expenditures	3,193,058
Change in Net Assets of Governmental Activities (See Exhibit II)	4,304,515

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

COUNTY OF CHAMPAIGN, ILLINOIS
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	----- General Fund -----			----- Mental Health Fund -----			----- Developmental Disability Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:									
Property Taxes	\$8,715,946	\$8,684,222	\$8,682,943	\$3,522,992	\$3,540,733	\$3,540,733	\$3,450,733	\$3,463,084	\$3,463,084
Public Safety Sales Taxes	0	0	0	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	42,132	48,500	48,500	0	0	0	0	0	0
Intergovernmental Revenue	13,353,851	13,759,505	13,327,364	290,397	290,601	290,601	0	0	0
Fines & Forfeitures	1,070,108	1,005,500	1,005,500	0	0	0	0	0	0
Licenses & Permits	848,662	733,196	733,196	0	0	0	0	0	0
Charges for Services	4,151,842	4,782,912	4,614,412	0	0	0	0	0	0
Rents and Royalties	587,699	553,677	553,677	0	0	0	0	0	0
Interest on Program Loans	0	0	0	0	0	0	0	0	0
Investment Earnings	49,718	73,000	73,000	5,883	20,000	20,000	4,297	0	0
Miscellaneous	120,811	121,454	118,454	46,394	6,000	6,000	1,000	0	0
Total Revenues	28,940,769	29,761,966	29,157,046	3,865,666	3,857,334	3,857,334	3,456,030	3,463,084	3,463,084
EXPENDITURES:									
Current: General Government	8,271,864	8,706,833	8,592,445	0	0	0	0	0	0
Justice & Public Safety	20,809,047	21,269,772	21,635,695	0	0	0	0	0	0
Health	0	0	0	3,759,846	3,882,334	3,882,334	3,495,499	3,499,084	3,463,084
Education	0	0	0	0	0	0	0	0	0
Social Services	45,821	51,237	25,587	0	0	0	0	0	0
Development	377,012	384,025	376,117	0	0	0	0	0	0
Highways & Bridges	0	0	0	0	0	0	0	0	0
Debt Service: Principal Retirement	207,500	207,500	207,500	0	0	0	0	0	0
Interest & Fiscal Charges	154,241	155,706	155,706	0	0	0	0	0	0
Total Expenditures	29,865,485	30,775,073	30,993,050	3,759,846	3,882,334	3,882,334	3,495,499	3,499,084	3,463,084
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(924,716)	(1,013,107)	(1,836,004)	105,820	(25,000)	(25,000)	(39,469)	(36,000)	0
OTHER FINANCING SOURCES (USES):									
Transfers In	2,280,337	2,251,301	2,297,565	20,852	25,000	25,000	0	0	0
Transfers Out	(309,865)	(326,325)	(460,889)	0	0	0	0	0	0
Net Other Financing Sources (Uses)	1,970,472	1,924,976	1,836,676	20,852	25,000	25,000	0	0	0
NET CHANGE IN FUND BALANCES	1,045,756	911,869	672	126,672	0	0	(39,469)	(36,000)	0
FUND BALANCES--Beginning of Year	1,853,899	1,853,899	1,853,899	1,720,869	1,720,869	1,720,869	1,544,780	1,544,780	1,544,780
FUND BALANCES--End of Year	2,899,655	2,765,768	1,854,571	1,847,541	1,720,869	1,720,869	1,505,311	1,508,780	1,544,780

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

COUNTY OF CHAMPAIGN, ILLINOIS
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	----- County Motor Fuel Tax Fund -----			----- Regional Planning Commission Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety Sales Taxes	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	0	0	0	0	0	0
Intergovernmental Revenue	3,295,895	3,449,143	3,449,143	9,645,333	18,500,063	15,915,063
Fines & Forfeitures	0	0	0	0	0	0
Licenses & Permits	0	0	0	0	0	0
Charges for Services	0	0	0	987,491	1,611,751	1,483,251
Rents and Royalties	0	0	0	0	0	0
Interest on Program Loans	0	0	0	0	0	0
Investment Earnings	9,872	150,000	150,000	271	12,000	12,000
Miscellaneous	0	0	0	44,540	59,600	59,600
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	3,305,767	3,599,143	3,599,143	10,677,635	20,183,414	17,469,914
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:						
Current: General Government	0	0	0	0	0	0
Justice & Public Safety	0	0	0	0	0	0
Health	0	0	0	0	0	0
Education	0	0	0	0	0	0
Social Services	0	0	0	0	0	0
Development	0	0	0	11,002,701	21,089,618	18,240,618
Highways & Bridges	6,954,923	7,054,240	7,054,136	0	0	0
Debt Service: Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	6,954,923	7,054,240	7,054,136	11,002,701	21,089,618	18,240,618
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,649,156)	(3,455,097)	(3,454,993)	(325,066)	(906,204)	(770,704)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):						
Transfers In	0	0	0	394,549	700,100	694,100
Transfers Out	0	0	0	(284,633)	(377,100)	(357,100)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Other Financing Sources (Uses)	0	0	0	109,916	323,000	337,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(3,649,156)	(3,455,097)	(3,454,993)	(215,150)	(583,204)	(433,704)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES--Beginning of Year	8,763,275	8,763,275	8,763,275	131,775	131,775	131,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES--End of Year	5,114,119	5,308,178	5,308,282	(83,375)	(451,429)	(301,929)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 NOVEMBER 30, 2010

Exhibit VI

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	<u>Fund</u>	<u>Service Funds</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$1,008,919	\$2,148,307
Investments	0	0
Receivables, Net of Uncollectible Amounts:		
Patient Accounts	2,338,650	0
Property Taxes	1,001,704	0
Intergovernmental	0	110
Other	0	1,538
Due From Other Funds	49	149,571
Inventories	23,042	0
Prepaid Expenses	7,277	0
Resident Trust Accounts	6,566	0
Total Current Assets	<u>4,386,207</u>	<u>2,299,526</u>
NONCURRENT ASSETS:		
Capital Assets:		
Buildings and Improvements	23,654,608	0
Construction in Progress	0	0
Equipment	1,169,458	0
Less Accumulated Depreciation	<u>(2,901,778)</u>	<u>0</u>
Total Noncurrent Assets	<u>21,922,288</u>	<u>0</u>
Total Assets	<u>26,308,495</u>	<u>2,299,526</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accrued Salaries Payable	290,841	0
Accounts Payable	1,939,949	24,796
Due To Other Funds	757,550	179
Funds Held For Others	6,566	76,658
Deferred Revenues	1,001,704	0
Compensated Absences Payable	399,967	0
Estimated Claims Payable	0	652,537
Total Current Liabilities	<u>4,396,577</u>	<u>754,170</u>
NONCURRENT LIABILITIES:		
Estimated Claims Payable	0	1,520,003
Net Obligation for Other Post-Employment Benefits	104,781	0
Total Noncurrent Liabilities	<u>104,781</u>	<u>1,520,003</u>
Total Liabilities	<u>4,501,358</u>	<u>2,274,173</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	21,922,288	0
Unrestricted	<u>(115,151)</u>	<u>25,353</u>
Total Net Assets	<u>21,807,137</u>	<u>25,353</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(98,422)</u>	
Net assets of business-type activities	<u>21,708,715</u>	

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Nursing Home</u> <u>Fund</u>	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES:		
Charges for Services (Net of Uncollectible)	\$14,221,840	\$6,747,281
Miscellaneous	28,079	139,600
Total Operating Revenues	<u>14,249,919</u>	<u>6,886,881</u>
OPERATING EXPENSES:		
Salaries	6,254,794	21,099
Fringe Benefits	1,974,638	5,223,325
Commodities	1,326,803	19
Services	4,611,208	460,011
Depreciation	727,014	0
Total Operating Expenses	<u>14,894,457</u>	<u>5,704,454</u>
OPERATING INCOME (LOSS)	<u>(644,538)</u>	<u>1,182,427</u>
NON-OPERATING REVENUES (EXPENSES):		
Property Tax	966,154	0
Intergovernmental Revenue	0	0
Investment Earnings	3,548	6,877
Donations	9,076	0
Gain (Loss) on Disposal of Capital Assets	2,032	0
Interest Expense	(4,542)	0
Net Non-Operating Revenues (Expenses)	<u>976,268</u>	<u>6,877</u>
INCOME (LOSS) BEFORE TRANSFERS	331,730	1,189,304
Capital Contributions	0	0
Transfers In	0	21,715
Transfers Out	(326,164)	0
CHANGE IN NET ASSETS	5,566	1,211,019
NET ASSETS--Beginning of Year	<u>21,801,571</u>	<u>(1,185,666)</u>
NET ASSETS--End of Year	<u>21,807,137</u>	<u>25,353</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>184,413</u>	
Change in net assets of business-type activities	<u>189,979</u>	

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	<u>Fund</u>	<u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Customers	\$13,363,346	\$0
Cash Receipts from Other Funds and Employees for Services	0	6,735,042
Cash Receipts for Claims Reimbursements	0	139,608
Cash Payments to Employees for Services	(6,223,095)	(21,099)
Cash Payments to Suppliers and Other Funds for Goods and Services	(7,371,178)	(5,454,374)
Cash Payments for Claims	0	(825,431)
Net Cash Provided (Used) By Operating Activities	<u>(230,927)</u>	<u>573,746</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property Taxes Received	966,154	0
Operating Grants Received	0	0
Gifts And Donations Received	3,676	0
Cash Received from Tax Anticipation Borrowing	780,000	0
Tax Anticipation Borrowing Repaid	(780,000)	0
Interest Paid on Tax Anticipation Borrowing	(4,542)	0
Transfers/Loans Received From Other Funds	0	21,715
Transfers/Loans Paid To Other Funds	(326,164)	0
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>639,124</u>	<u>21,715</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Received from Sale of Capital Assets	2,032	0
Payments for Acquisition and Construction of Capital Assets	(96,821)	0
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(94,789)</u>	<u>0</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest Received on Investments and Bank Deposits	3,548	6,877
Net Cash Provided (Used) By Investment Activities	<u>3,548</u>	<u>6,877</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	316,956	602,338
Cash and Cash Equivalents at Beginning of Year	<u>691,963</u>	<u>1,545,969</u>
Cash and Cash Equivalents at End of Year	<u><u>1,008,919</u></u>	<u><u>2,148,307</u></u>

Non-cash Investing, Capital and Financing Activities:

The Nursing Home Enterprise Fund received donated supplies valued at \$5,400. The Self-Funded Insurance and the Employee Health Insurance Internal Service Funds had no non-cash transactions.

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 RECONCILIATION OF OPERATING INCOME (LOSS) TO
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	<u>Nursing Home</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	(\$644,538)	\$1,182,427
Adjust For Non-Cash Revenue/Expense:		
Depreciation Expense	727,014	0
Increase (Decrease) in Estimated Claims Payable	0	(561,060)
Increase (Decrease) in Net Obligation for OPEB	20,926	0
Adjust For Non-Revenue/Expense Cash Flows:		
Decrease (Increase) in Receivables	(886,880)	2,049
Decrease (Increase) in Due From Other Funds	307	(14,280)
Decrease (Increase) in Inventories	3,843	0
Decrease (Increase) in Prepaid Expenses	15	0
Increase (Decrease) in Payables	697,424	(30,880)
Increase (Decrease) in Due To Other Funds	(149,038)	175
Increase (Decrease) in Unremitted Payroll Withholdings	0	(4,685)
	<u>(230,927)</u>	<u>573,746</u>
Net Cash Provided (Used) By Operating Activities	<u>(230,927)</u>	<u>573,746</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 NOVEMBER 30, 2010

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$1,337,961	\$977,403
Investments	0	1,254,018
Receivables:		
Intergovernmental	178,194	2,961
Accrued Interest	0	0
	<u> </u>	<u> </u>
Total Assets	<u>1,516,155</u>	<u>2,234,382</u>
 <u>LIABILITIES</u>		
Accounts Payable	18,460	0
Intergovernmental Payable	0	440,019
Due to Other Funds	78,085	0
Funds Held for Others	0	1,794,363
	<u> </u>	<u> </u>
Total Liabilities	<u>96,545</u>	<u>2,234,382</u>
 <u>NET ASSETS</u>		
Held in Trust for Other Governments	<u>1,419,610</u>	<u>0</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2010

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Intergovernmental Revenue	\$2,666,573
Investment Earnings	5,241
Miscellaneous	0
	0
Total Additions	2,671,814
DEDUCTIONS	
Township Road & Bridge Maintenance	2,441,687
	2,441,687
Total Deductions	2,441,687
CHANGE IN NET ASSETS	230,127
NET ASSETS--Beginning of Year	1,189,483
NET ASSETS--End of Year	1,419,610

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Champaign, Illinois conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

A. THE ENTITY

Champaign County was incorporated February 20, 1833. Like all Illinois counties, Champaign County is responsible for maintaining the judicial system, collecting and disbursing property taxes for all local governments located within the county, maintaining county roads and conducting elections. With the exception of Cook County, no Illinois counties are home-rule units of government and, therefore, they may collect and spend money only as specified by state law.

The primary government consists of the funds and departments described on pages 10-19. Several boards and commissions appointed by the County Board are included as part of the primary government, because they are not legally separate. These are the Mental Health Board, the Developmental Disability Board, the County Public Health Board, the Nursing Home Board of Directors, the Regional Planning Commission, the Board of Review and the Zoning Board of Appeals.

A legally separate organization should be included as a component unit of the primary organization if the primary government is financially accountable for the organization. Financial accountability exists if: (1) the primary government appoints a voting majority of the organization's governing body, and (a) it is able to impose its will on the organization, or (b) the organization provides financial benefits or imposes financial burdens on the primary government; OR (2) the organization is fiscally dependent on the primary government. There were no agencies which met the criteria for inclusion as a component unit of Champaign County.

Related organizations for which the County Board appoints a voting majority of the governing body, but for which the County is not financially accountable, are not included in the reporting entity. These include drainage districts, sanitary districts, fire protection districts, public water districts, cemetery associations, the forest preserve district, the housing authority, the mass transit district and the public aid appeals commission.

A joint venture is an organization that is jointly controlled by two or more participants, in which the participants retain an on-going financial interest or responsibility. The County is a member of the METCAD (Metropolitan Computer Aided Dispatch) joint venture with the City of Champaign, the City of Urbana and the University of Illinois. The County is also a member of the Geographic Information System (GIS) Consortium joint venture with the City of Champaign, the City of Urbana, the University of Illinois, the Village of Rantoul, the Village of Savoy and the Village of Mahomet. The County's equity interest in METCAD and the GIS Consortium joint ventures is reported as an investment in joint ventures in the Statement of Net Assets. See Note 25 on joint ventures.

A jointly governed organization for which the County does not have an on-going financial interest or responsibility is the Job Training Partnership Act Consortium of Champaign, Ford, Iroquois and Piatt Counties. Jointly governed organizations are not included in the reporting entity.

B. FUND ACCOUNTING

The accounts of the County are organized on the basis of various individual funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government monies are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. Funds are classified into several categories and types. Governmental funds include the general fund, special revenue funds, debt service funds and capital projects funds. Proprietary funds include enterprise funds and internal service funds. Fiduciary funds include private-purpose trust funds and agency funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(1) Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) display the financial position and results of operations for the entity Champaign County government, excluding the fiduciary funds. Both statements separately report governmental activities and business-type activities. Governmental activities are generally financed with taxes and intergovernmental revenues and are accounted for in governmental and internal service funds. Business-type activities are financed largely through user fees charged to external parties and are reported in an enterprise fund. Interfund activity is eliminated from the government-wide statements to reduce the doubling effect it creates. Allocations of overhead expenses are eliminated so that the expenses are reported only in the functions to which they were allocated. Interfund receivables and payables are reduced to just the net residual amounts due between governmental and business-type activities, which are then reported as internal balances.

The Statement of Activities reports direct expenses related to specific functions, and then offsets those expenses with the program revenues directly attributable to each function. Program revenues include charges for services, licenses and permits, fines and forfeitures, and grants and contributions. Taxes, investment income and other revenue not attributable to specific programs are reported as general revenues.

(2) Fund Financial Statements

Fund financial statements are presented for the governmental funds, the proprietary funds and the fiduciary funds. The fund statements focus on major individual funds, with non-major funds reported in aggregate.

Major governmental funds include the General Fund, which is the principal operating fund for the County; the Mental Health Fund, which uses property taxes to fund mental health agencies; the Developmental Disability Fund, which uses property taxes to provide for the care and treatment of persons with a developmental disability; the County Motor Fuel Tax Fund, which uses state-shared motor fuel taxes to fund construction and maintenance of county highways; and the Regional Planning Commission Fund, which uses intergovernmental grants and contracts to provide housing/home energy assistance, community services, senior services, economic development assistance, transportation planning and police training.

The major enterprise fund is the Nursing Home Fund, which is the operating fund for the County Nursing Home.

The County's internal service funds provide risk financing and employee health and life insurance for other County funds, mostly related to governmental activities.

The fiduciary funds include two private-purpose trust funds, in which the County Engineer acts in a trustee capacity on behalf of townships to use state funding to maintain township roads and township bridges. These resources are not available to support the County's own programs. The fiduciary funds also include agency funds, whose purpose is to report resources, such as property taxes and circuit court fees and fines, held in a custodial capacity for external individuals, organizations and governments. Resources held for other County funds are reported in the appropriate County funds rather than the agency funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

(1) Government-wide Financial Statements

The measurement focus for the government-wide financial statements is the flow of economic resources, using the accrual basis method of accounting. On this basis, revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year for which the taxes are levied, which is the year following the year when the levy is passed. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

In the government-wide statements, the County has applied Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements, FASB interpretations, Accounting Principles Board opinions and AICPA accounting research bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. FASB statements and interpretations issued after November 30, 1989 have not been applied.

(2) Governmental Funds

The measurement focus for governmental funds is the flow of current financial resources. All governmental funds are accounted for using the modified accrual basis method of accounting.

On this basis, all material sources of revenue are recognized when they become measurable and available. "Available" is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the County, this translates to 30 days after the end of the fiscal year, which corresponds with the expiration of appropriations according to County ordinance. Major sources of revenue susceptible to accrual when collectible within 30 days of year-end include property taxes, sales taxes, income taxes, personal property replacement taxes, other intergovernmental revenues, charges for services and investment interest.

Material amounts of expenditures are recognized when the liability is incurred, as long as they are due to be paid from expendable available financial resources. Thus, accumulated unpaid vacation, sick leave and personal leave are only accrued when they become currently payable; and principal and interest on general long-term debt are only recognized when due.

(3) Proprietary Funds

The measurement focus for proprietary funds is the flow of economic resources. All proprietary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when a liability is incurred.

Proprietary funds operating revenues consist of charges for services and miscellaneous revenue resulting from the provision of services to users. In the enterprise fund, this means Nursing Home patient revenue, including Medicaid, Medicare and other insurance payments received for patient accounts. Operating expenses are those incurred in providing patient care. In the internal service funds, operating revenue includes interfund billings for insurance coverage and claims. Operating expenses are expenses incurred in providing the services, such as insurance premiums and claims expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In proprietary fund accounting and financial reporting, the County has applied GASB pronouncements as well as FASB statements, FASB interpretations, APB opinions and accounting research bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. FASB statements and interpretations issued after November 30, 1989 have not been applied.

(4) Fiduciary Funds

The measurement focus for fiduciary funds, other than agency funds, is the flow of economic resources. All fiduciary funds, including agency funds, are accounted for using the accrual basis method of accounting. Fiduciary funds do not report revenues or expenditures, but rather report increases and decreases in net assets. Since agency fund assets always equal liabilities, net assets are always zero, and, thus, changes in fiduciary net assets are not reported for agency funds.

(5) Restricted Resources

When both restricted and unrestricted resources are available for the same purpose, restricted resources are used first.

E. INVESTMENTS AND CASH EQUIVALENTS

Under Illinois law (30 ILCS 235/2), county money may be invested in interest-bearing deposits at federally insured banks/savings and loans/credit unions, certain commercial paper, bonds issued by local governments, short term discount obligations of the Federal National Mortgage Association, securities issued by the U.S. Treasury or other federal agencies, money market mutual funds limited to U.S. government securities, repurchase agreements involving government securities and certain other securities, and the state treasurer's investment pool. The state treasurer's investment pool falls under the regulatory oversight of the State of Illinois Legislature.

Deposits in banks or savings associations are valued at cost. Repurchase agreements, considered nonparticipating interest-earning investment contracts, are valued at cost. The fair value of the position in the state treasurer's investment pool is the same as the value of the pool shares. Investments in mutual funds, commercial paper, U.S. Treasury securities and other federal agency obligations are reported at fair value determined by the current share price or quoted market prices. Changes in fair value of these investments are recognized as an increase or decrease to investment income on the operating statements.

For purposes of the statement of cash flows, the proprietary funds consider short-term highly liquid investments, including time deposits at financial institutions, to be cash equivalents. Resident Trust Accounts are not considered to be cash equivalents.

F. RECEIVABLES AND PAYABLES

Receivables and payables are reported net of an allowance for uncollectible amounts, if applicable. Short term receivables and payables between funds are reported as due from/to other funds. Non-current amounts are reported as advances to/from other funds. In governmental funds, advances to other funds, as well as other long term receivables, are offset by reserved fund balance, because they do not represent expendable, available financial resources. In the government-wide statements, interfund receivables and payables remaining between governmental activities and business-type activities after the elimination of interfund activity are reported as internal balances. These internal balances net to zero in the government total column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. INVENTORIES

Inventories are valued at cost on a first in, first out (FIFO) basis, and are accounted for by the consumption method. Inventories in the General Fund consist of expendable office supplies held for consumption. Inventories in the Nursing Home Enterprise Fund consist of food and operating supplies held for consumption.

H. PREPAID ITEMS

In governmental funds, prepaid expenditures, such as for insurance or service contracts, are recognized as expenditures when purchased rather than over the term involved. In proprietary funds, prepaid expenses are deferred and expensed over the term when the services are received.

I. CAPITAL ASSETS

(1) Governmental Activities

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental funds at the time of purchase. Governmental capital assets are reported in the government-wide financial statements, offset by accumulated depreciation. Capital assets are valued at actual or estimated historical cost, while donated capital assets are valued at fair market value as of the date donated. Equipment valued at or above \$2,500, buildings and land improvements valued at or above \$10,000, infrastructure valued at or above \$10,000, and land of any value are capitalized. Depreciation is calculated on all assets, other than land and construction in progress, using the straight line method with the following estimated useful lives:

Buildings – New Construction:	40 years	Infrastructure – Roads:	15 years
Buildings – Improvements:	15 years	Infrastructure – Bridges:	50 years
Equipment:	5-10 years	Land Improvements:	15 years

(2) Business-type Activities (Nursing Home Enterprise Fund)

Nursing Home Enterprise Fund capital assets valued at \$2,500 or more are capitalized within the fund. This capitalization threshold follows Illinois Department of Healthcare & Family Services guidelines. Capital assets are stated at actual or estimated historical cost. Donated fixed assets are valued at their fair market value on the date donated. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Estimated useful lives following the American Hospital Association Guidelines are:

Buildings – New Construction:	40 years	Land Improvements:	15 years
Buildings – Improvements:	5-20 years	Equipment:	5-20 years

J. COMPENSATED ABSENCES

Accumulated unpaid vacation and personal leave (compensated absences) are accrued in governmental funds only when they become currently payable, due to the employee using benefit time or terminating employment. A long-term liability for unpaid compensated absences, plus the related FICA, is reported in the government-wide statements in the period in which it is incurred. Accrued compensated absences, plus the related FICA, for proprietary funds are reported as a long-term liability in the proprietary fund statements and the government-wide statements in the period in which it is incurred.

NOTE 2 – RECONCILIATION OF FUND STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

A. Governmental Funds to Governmental Activities

A reconciliation is provided with the governmental funds balance sheet (Exhibit III-a) to explain the difference between fund balances in the governmental funds and net assets in governmental activities on the government-wide statement of net assets. The major differences are: (1) capital assets are not reported in governmental funds, (2) investment in the equity of joint ventures is not reported in governmental funds, (3) assets and liabilities of internal service funds related to governmental activities are not reported in governmental funds, (4) receivables and payables arising from the full accrual of revenues and expenses are not reported in governmental funds under the modified accrual basis of accounting, and (5) long term liabilities and deferred bond issuance costs are not reported in governmental funds.

A reconciliation is provided with the governmental funds statement of revenues, expenditures and changes in fund balances (Exhibit IV-a) to explain the difference between the change in fund balances in the governmental funds and the change in net assets for governmental activities on the government-wide statement of activities. The major differences are: (1) capital outlay expenditures are not reported in the government-wide statement, while depreciation expense and gains/losses on disposal of capital assets are not reported in governmental funds; (2) the change in investment in the equity of joint ventures is not reported in governmental funds; (3) the net revenue/expense of internal service funds related to governmental activities is not reported in governmental funds; (4) full accrual of revenues and expenses are not reported in governmental funds under the modified accrual basis of accounting; and (5) debt proceeds, debt principal repayments and payments to a bond refunding escrow agent are not reported in the government-wide statement; while bond premium, bond issuance costs and additional costs of reacquisition of refunded bonds are deferred and amortized over the life of the debt on the government-wide statement.

B. Enterprise Funds to Business-Type Activities

Enterprise funds and the government-wide statements follow the same measurement focus and basis of accounting, so the enterprise fund financial information flows essentially unchanged from the fund financial statements to the business-type activities on the government-wide financial statements. The only difference (as shown on the proprietary fund financial statements, Exhibits VI and VII) arises from reporting the portion of the net revenue/expense of the internal service funds that relates to the enterprise fund in the business-type activities on the government-wide statements.

NOTE 3 – BUDGETS AND BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Process

County department heads submit their budget requests in the summer prior to the start of the fiscal year on December 1. The County Administrator reviews the department requests and makes recommendations to the Finance Committee of the County Board. Budget hearings are held during the summer months, after which the Finance Committee directs the County Administrator to make specific changes in some department budgets. The County Administrator prepares the Tentative Budget document, which is usually approved by the County Board in September. Additional changes are approved by the Finance Committee in October and November and incorporated into the final Budget document, which is approved by the County Board in November by a simple majority vote.

NOTE 3 – BUDGETS AND BUDGETARY BASIS OF ACCOUNTING (continued)

B. Level of Budgetary Control

Formal budgetary control is employed during the year for all County funds (governmental and proprietary) except fiduciary funds (trust and agency), as required by Illinois law. The legal level of budgetary control is by personnel and non-personnel account categories within a department within a fund. Transfers within departments between accounts in the same category are made by written request of the department to the County Auditor. Transfers in and out of the personnel category and transfers between accounts in different departments, administered by different department heads, must be approved by the Finance Committee and then by a two-thirds majority vote of the full County Board.

C. Amendments to the Budget

Requests for supplementary appropriations must also be approved by the Finance Committee and by a two-thirds majority vote of the full County Board.

D. Budgetary Basis of Accounting

All governmental funds and proprietary funds have legally adopted budgets on a modified accrual basis. Appropriations lapse 30 days after the end of the fiscal year. County ordinance provides that balances remaining in County appropriations shall be available for thirty days after the close of the fiscal year to pay for goods or services that were delivered prior to the close of the fiscal year.

Because proprietary fund budgets are not on a full accrual basis and because appropriations lapse 30 days after year-end, the legally adopted budget is not on a basis strictly consistent with generally accepted accounting principles (GAAP).

E. Encumbrances

Encumbrance accounting is used in all funds, and is also on the modified accrual basis. Purchase orders are required for any purchase exceeding \$5,000. The amount is encumbered (provided sufficient appropriations are available) before the order is approved. Encumbrances must be re-established in the following year if the goods or services were not received by November 30.

NOTE 4 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The actual results of operations are presented in accordance with generally accepted accounting principles (GAAP) as described in Note 1-D. For budgetary comparisons, the actual results of operations are presented on the budgetary basis as described in Note 3-D. Adjustments necessary to convert the results of operations from the budgetary basis to the GAAP basis are mostly due to proprietary funds having budgets on the modified accrual basis, while GAAP requires the full accrual basis. There are also reclassifications between revenues, expenditures and operating transfers which do not affect fund balance/net assets, e.g. reclassifications of interfund reimbursements as reductions of expenditures. These reclassifications which do not affect fund balance/net assets are not reported in the conversion from budgetary basis to GAAP basis. The adjustments which do affect fund balance/net assets and which are shown in the individual fund financial statements are summarized below.

NOTE 4 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS (continued)

	Nursing Home Fund	Self-Funded Insurance Fund	Regional Planning Com. Fund	County Bridge Fund	Capital Asset Repl.Fund
Fiscal Year Ended November 30, 2010:					
Budgetary Basis Change in Fund Balance or Net Assets	(\$328,117)	\$663,942	(\$215,150)	\$358,639	\$313,267
REVENUES AND OTHER SOURCES:					
Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent			(12,885)		
Recognition of prepaid revenues deferred until earned					(416,000)
Adjustment for timing differences - revenue recognized in the period when earned	714,716				
Decrease (increase) in allowance for uncollectible accounts	3,642				
EXPENDITURES /EXPENSES AND OTHER USES:					
Increase (decrease) in inventories and prepaid expenses	1,542				
Adjustment for timing differences - expenses recognized in the period when incurred	282,064				
Interfund reimbursement from private-purpose trust fund reported in correct fiscal year				78,085	
Capital asset acquisitions and disposals	96,821				
Depreciation expense	(727,014)				
Decrease (increase) in accrued compensated absences payable	(17,162)				
Decrease (increase) in net OPEB liability	(20,926)				
Decrease (increase) in estimated claims payable		561,060			
GAAP Basis Change in Fund Balance or Net Assets	5,566	1,225,002	(228,035)	436,724	(102,733)

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended November 30, 2010, fringe benefits expenditures in the Illinois Municipal Retirement Special Revenue Fund exceeded appropriations by \$38,733.

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010

NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at November 30, 2010 is shown below. Resident trust accounts report money in County custody, which belongs to residents of the County Nursing Home and County Jail.

<u>DEPOSITS 11/30/2010</u>	Asset Account Carrying Amounts (Reported as:)			Total	Bank Balances
	Cash	Investments	Resident Trust		
Demand Deposits	\$1,812,791	\$0	\$15,934	\$1,828,725	\$2,966,293
Money Market / Savings	0	304,018	0	304,018	305,070
Certificates of Deposit:					
Up to 3 months maturity	0	0	0	0	0
Over 3 mos. - 12 mos. maturity	0	1,561,000	0	1,561,000	1,561,000
Over 12 mos.- 24 mos. maturity	0	700,000	0	700,000	702,016
Total Deposits	1,812,791	2,565,018	15,934	4,393,743	5,534,379

<u>INVESTMENTS 11/30/2010</u>	Asset Account Carrying Amounts (Reported as:)			Total	Fair Value
	Cash	Investments	Resident Trust		
State Treas. Investment Pool	\$22,993,544	\$0	\$0	\$22,993,544	\$22,993,544
Repurchase Agreements	9,842,832	0	0	9,842,832	9,842,832
Total Investments	32,836,376	0	0	32,836,376	32,836,376

<u>INVESTMENTS 11/30/2010</u>	Fair Value	Investment Maturities (in Years)		Percent of Total
		Less Than 1	1 - 2	
State Treas. Investment Pool	\$22,993,544	\$22,993,544	\$0	70.03%
Repurch. Agreements - Freestar Bank	9,842,203	9,842,203	0	29.97%
Repurch. Agreements - Other	629	629	0	0.00%
Total Investments	32,836,376	32,836,376	0	100.00%
Percent of Total	100.00%	100.00%	0.00%	

Custodial Credit Risk. Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the County's name. It is County policy to require collateral at 110% of market value for deposit balances beyond FDIC/NCUSIF insurance coverage. At November 30, 2010, no deposits were uninsured or uncollateralized.

Investment pools and mutual funds are not subject to custodial credit risk, because they are not evidenced by securities that exist in physical or book entry form.

Other investments are subject to custodial credit risk if the securities, including securities underlying repurchase agreements, are uninsured and unregistered and held by the financial institution's trust department or agent, but not in the County's name, or if the fair value of underlying securities is less than the reported amount of a repurchase agreement. None of the County's investments at November 30, 2010 were exposed to this risk.

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

Credit rating risk. Investments are subject to credit rating risk for all debt securities, whether held directly or indirectly (through investment pools, mutual funds or money market funds). County policy is to mitigate credit rating risk through diversification of investments. State law limits County investments in debt obligations to debt rated within the 4 highest categories as established by a nationally recognized rating service. The Illinois Funds investment pools were rated AAAM by Standard & Poor's as of September 24, 2010.

Concentration Risk. Investments are subject to concentration risk when 5% or more of the total are in securities of a single issuer. Because of the diversity of their holdings, investment pools and mutual funds do not constitute a concentration risk. At November 30, 2010, repurchase agreements with Freestar Bank constituted 29.97% of the County's total investments, but the bank provided full collateralization to mitigate this risk.

Interest Rate Risk. Investments are subject to a decline in fair value due to fluctuating market interest rates. Interest rate risk is minimized by County policy requiring maturities of 2 years or less.

NOTE 7 – PROPERTY TAX CYCLE

A. Assessments

Property is assessed by elected township assessors at one-third the market value as of January 1 each year. This is the date, called the lien date, on which property taxes "attach" to the property. The township assessors' books are turned in to the County Supervisor of Assessments by June 1 in quadrennial assessment years and April 15 in other years. (2007 was the last quadrennial assessment year.) The Board of Review, a three-member panel appointed by the County Board, takes action on assessment complaints and applies individual township multipliers to those townships which they determine have not been assessed at one-third. This process equalizes the average ratio of assessments to market value among townships. The Illinois Department of Revenue analyzes the work of the Board of Review and may assign a county-wide multiplier to bring the entire county's ratio into line with other counties throughout the state.

B. Taxpayer Appeals

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

C. Property Tax Levies

The property tax levy for fiscal year 2010 was adopted by the County Board on November 19, 2009, within the statutory deadline (the third Tuesday in December) for all taxing districts. Property tax levies are reported as receivables and deferred (unearned) revenue in the year in which they are adopted. They are recognized as revenue in the year for which they are levied, which is the following year.

D. Tax Bills

Illinois statutes require payment of property taxes in two installments, due June 1 and September 1, and require that tax bills be mailed 30 days prior to the first installment. In 2010, tax bills were mailed on April 30 with the due dates of June 1 and September 1. Property tax bills mailed in 2010 were based on equalized assessed value as of January 1, 2009, and on tax levies set in November 2009.

NOTE 7 – PROPERTY TAX CYCLE (continued)

E. Tax Judgment Date and Sale Date

The judgment date is the date at which taxing authorities have a right to take and hold or sell property for nonpayment of taxes. Under Illinois law, the judgment date fluctuates, but is generally the third week in October. The date is set by a judge of the circuit court, after all of the requirements are met for advertising and publishing the delinquent tax list. Statutes require the tax sale to be the Monday following the judgment date. In 2010, the judgment date was October 28, and the tax sale was held October 29.

F. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes for all the taxing bodies in the county. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. Interest earned on taxes before distribution goes to the local governments, not the County, according to a 1984 Illinois Supreme Court decision. In 2010, all property taxes were distributed by November 19.

NOTE 8 – PROPERTY TAXES RECEIVABLE

Property taxes receivable consist of property taxes levied in 2010, for which a legal claim exists in 2010. The revenue associated with the 2010 levy is deferred until the fiscal year ending November 30, 2011 on the government-wide and the proprietary fund statements, because that is the period for which the taxes are levied. Property tax revenue is also deferred on the governmental fund statements, because the taxes are not available (collectible within thirty days of the fiscal year-end). The receivable for the 2010 tax levy has been reduced by an estimated allowance for uncollectible taxes of 0.58%, which is based on an average of the previous ten years. A summary by fund type of property taxes receivable at November 30, 2010 is below.

<u>Fund Type</u>	<u>Property Taxes Levied</u>	<u>Allowance for Uncollectible</u>	<u>Property Taxes Receivable</u>	<u>Other Unearned Revenue</u>	<u>Deferred Revenue</u>
Governmental:					
General	\$8,104,010	(\$47,004)	\$8,057,006	\$22,116	\$8,079,122
Special Revenue	16,786,699	(97,363)	16,689,336	416,462	17,105,798
Debt Service	1,594,722	(9,249)	1,585,473	0	1,585,473
Subtotal Governmental	<u>26,485,431</u>	<u>(153,616)</u>	<u>26,331,815</u>	<u>438,578</u>	<u>26,770,393</u>
Proprietary:					
Enterprise	<u>1,007,548</u>	<u>(5,844)</u>	<u>1,001,704</u>	<u>0</u>	<u>1,001,704</u>
Total	<u><u>27,492,979</u></u>	<u><u>(159,460)</u></u>	<u><u>27,333,519</u></u>	<u><u>438,578</u></u>	<u><u>27,772,097</u></u>

NOTE 9 – PATIENT ACCOUNTS RECEIVABLE AND CHARGES FOR SERVICES

Patient accounts receivable and charges for services in the enterprise fund as of November 30, 2010 have been reduced by an allowance for uncollectible amounts, determined by an analysis of individual patient accounts.

Gross patient accounts receivable / revenue	Receivable \$2,386,322	Revenue \$14,269,512
Allowance for uncollectible amounts	(\$47,672)	(\$47,672)
Patient accounts receivable / revenue, net of uncollectible amounts	<u>\$2,338,650</u>	<u>\$14,221,840</u>

NOTE 10 – ECONOMIC DEVELOPMENT AND REHABILITATION LOANS RECEIVABLE

The County, through its Regional Planning Commission Loan Fund, has various grant programs to administer economic development and housing rehabilitation loans to qualified businesses and individuals. The primary purpose of the economic development loan programs is to create new jobs. Principal repayments on loans may be used for any grant eligible purpose. At November 30, 2010, loans outstanding were as follows:

	11/30/09 Balance	FY 2010 Additions	FY 2010 Deductions	11/30/10 Balance	Current Receivable
Economic Development Loans Receivable:					
Community Services Block Grant Loans	\$1,066,702	\$111,750	(\$141,083)	\$1,037,369	\$161,156
Comm. Serv. Block Grant Recovery Act Loans	150,000	386,000	(22,906)	513,094	66,156
Comm. Serv. Block Grant Pass-Through Loans	9,820	0	(1,013)	8,807	2,172
Community Development Recaptured Loans	3,353,263	0	(193,229)	3,160,034	225,198
Housing Rehabilitation Loans Receivable:					
County Housing Rehab Loans	363,469	0	(37,607)	325,862	26,853
HUD H.O.M.E. Program Loans	617,780	24,775	0	642,555	0
Total Loans Receivable	<u>5,561,034</u>	<u>522,525</u>	<u>(395,838)</u>	<u>5,687,721</u>	<u>481,535</u>

NOTE 11 – CAPITAL ASSETS

A. A summary of capital assets related to governmental activities is presented below:

<u>Governmental Activities</u>	11/30/09 Balance	FY 2010 Additions	FY 2010 Deductions	11/30/10 Balance
Assets Not Being Depreciated:				
Land	\$1,688,463	\$11,267	\$0	\$1,699,730
Construction in Progress	7,259,205	7,225,398	(8,478,739)	6,005,864
Assets Being Depreciated:				
Infrastructure	62,041,032	1,310,424	(1,416,659)	61,934,797
Buildings and Improvements	65,563,139	7,181,103	0	72,744,242
Equipment	12,990,590	818,629	(361,519)	13,447,700
Assets Subtotal	<u>149,542,429</u>	<u>16,546,821</u>	<u>(10,256,917)</u>	<u>155,832,333</u>
Accumulated Depreciation:				
Infrastructure	(41,470,853)	(2,582,206)	1,322,214	(42,730,845)
Buildings and Improvements	(23,633,791)	(2,560,012)	0	(26,193,803)
Equipment	(10,383,697)	(904,231)	360,898	(10,927,030)
Accum. Depreciation Subtotal	<u>(75,488,341)</u>	<u>(6,046,449)</u>	<u>1,683,112</u>	<u>(79,851,678)</u>
Net Total	<u>74,054,088</u>	<u>10,500,372</u>	<u>(8,573,805)</u>	<u>75,980,655</u>

NOTE 11 – CAPITAL ASSETS (continued)

B. A summary of capital assets related to business-type activities (Nursing Home) follows:

<u>Business-Type Activities</u>	11/30/09 Balance	FY 2010 Additions	FY 2010 Deductions	11/30/10 Balance
Assets Not Being Depreciated:				
Construction in Progress	\$25,633	\$64,246	(\$89,879)	\$0
Assets Being Depreciated:				
Buildings and Improvements	23,564,729	89,879	0	23,654,608
Equipment	1,139,367	32,575	(2,484)	1,169,458
Assets Subtotal	<u>24,729,729</u>	<u>186,700</u>	<u>(92,363)</u>	<u>24,824,066</u>
Accumulated Depreciation:				
Buildings and Improvements	(1,739,688)	(616,900)	0	(2,356,588)
Equipment	(437,560)	(110,114)	2,484	(545,190)
Accum. Depreciation Subtotal	<u>(2,177,248)</u>	<u>(727,014)</u>	<u>2,484</u>	<u>(2,901,778)</u>
Net Total	<u>22,552,481</u>	<u>(540,314)</u>	<u>(89,879)</u>	<u>21,922,288</u>

C. Current year depreciation expense was charged to the following functions:

<u>Function</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$582,891	\$0
Justice and Public Safety	2,442,026	0
Health	2,928	0
Education	27,794	0
Social Services	0	727,014
Development	74,771	0
Highways and Bridges	<u>2,916,039</u>	<u>0</u>
Total Depreciation Expense	<u>6,046,449</u>	<u>727,014</u>

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at November 30, 2010 are summarized below.

<u>Due To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds:		
General Corporate	\$1,009,852	\$269,151
Mental Health	0	4,819
County Motor Fuel Tax	0	58,157
Regional Planning Commission	111,351	97,397
Major Enterprise Fund:		
Nursing Home	49	757,550
Nonmajor Governmental Funds:		
RPC Economic Development Loans	0	9,347
Geographic Information System	29,736	5,962
Working Cash	0	2,062
Recorder's Automation	21,652	213
Property Tax Interest Fee	0	72,000
Election Assistance/Accessibility Grant	0	68,118
County Clerk's Automation	11,250	644
Animal Control	0	17,937
Law Library	0	269
Public Safety Sales Tax	520,794	471,455
Sheriff Drug Forfeitures	0	261
Court's Automation	0	29,469
Child Support Services	0	5,564
Jail Commissary	0	24,887
County Jail Medical Costs	0	20,000
Court Document Storage	0	1,189
Victim Advocacy Grant	0	3,926
Child Advocacy Center	0	1,268
County Public Health	0	40
Access Initiative Grant	0	8,372
Early Childhood	0	188,082
County Highway	130,420	27,934
County Bridge	78,085	0
Capital Asset Replacement	476,316	0
Tort Immunity	813	609,717
Illinois Municipal Retirement	196,399	49
Social Security	97,815	0
Subtotal Nonmajor Governmental	1,563,280	1,568,765
Internal Service Funds:		
Self-Funded Insurance	148,567	0
Employee Health Insurance	1,004	179
Subtotal Internal Service	149,571	179
Private Purpose Trust Fund:		
Township Bridge	0	78,085
Subtotal Private Purpose Trust	0	78,085
Total – All Funds	2,834,103	2,834,103

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES (continued)

<u>Advances To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Fund:		
Regional Planning Commission	\$165,000	\$0
Nonmajor Governmental Fund:		
RPC Economic Development Loans	0	165,000
Total – All Funds	165,000	165,000

Of the \$2,834,103 Due To/From Other Funds at November 30, 2010, \$853,936 represented interfund loans to cover temporary cash flow shortfalls. The remainder represented unpaid routine interfund billings or transfers.

In FY1995, the RPC Loan Fund used \$150,000 of existing escrow funds (see Note 13 below) from the Regional Planning Commission Fund plus \$450,000 of future payments into escrow to loan \$600,000 to the County for part of the cost of purchasing and remodeling the Brookens Administration Building, which the RPC offices would occupy. The amount due back to the Regional Planning Commission Fund from the RPC Loan Fund is classified as an interfund advance, since it is expected to be repaid through monthly payments over a long period of time. The outstanding balance of the advance from the Regional Planning Commission Fund to the RPC Loan Fund was \$165,000 at November 30, 2010.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Corporate	\$2,215,919	\$309,865
Mental Health	20,852	0
Regional Planning Commission	381,664	284,633
Major Enterprise Fund:		
Nursing Home	0	326,164
Nonmajor Governmental Funds (aggregate)	2,123,476	3,842,964
Internal Service Funds (aggregate)	21,715	0
Total – All Funds	4,763,626	4,763,626

In FY2010, total interfund transfers in, \$4,763,626, equal total transfers out, \$4,763,626. Under the budgetary basis, transfers in and out are not equal due to the deferral of a portion of the transfer into the Regional Planning Commission Fund from the Regional Planning Commission Economic Development Loan Fund. CDAP and CSBG grant provisions require that investment interest earned plus a portion of loan repayments received under certain loan programs be placed in escrow to be used to pay the costs of administering these loan programs. Transfers out of the RPC Economic Development Loan Fund put the money into escrow. The money is taken out of escrow and reflected as a transfer into the Regional Planning Commission Fund only as it is needed to cover actual administrative costs incurred. Thus, the discrepancy between transfers in and transfers out is due to the amount remaining in escrow (deferred) until such time as there are costs incurred against which to match it. While this escrow account will continue to be reported in this way under the budgetary basis, the GAAP basis statements have this difference adjusted out. The adjustment made for the fiscal year ended November 30, 2010 was a \$12,885 decrease in the transfers into the Regional Planning Commission Fund.

Interfund transfers in/out include grant matches, interfund subsidies and transfers into debt service funds. Some significant transfers include \$310,509 from the Nursing Home Fund to the General Corporate Fund to cover bond principal and interest payments; \$94,967 from the General Corporate Fund and \$106,810 from the County Highway Fund to the Highway Facility Bond Debt Service Fund to cover bond principal and interest payments; \$861,687 from the Public Safety Sales Tax Fund to the Jail Bond Debt Service Fund to cover bond principal and

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT (continued)

interest payments; \$956,126 from the Public Safety Sales Tax Fund to the General Corporate Fund to partially cover public safety facilities costs and computer programming costs; \$216,084 from the Public Safety Sales Tax Fund to the Delinquency Prevention Grant Fund to finance juvenile delinquency prevention grants; \$339,296 from the Public Safety Sales Tax Fund and \$137,020 from the General Corporate Fund to the Capital Asset Replacement Fund to set aside money for future capital expenditures; \$160,387 from the Probation Services Fund, \$105,185 from the Recorder's Automation Fund and \$121,100 from the Property Tax Interest Fee Fund to the General Corporate Fund to help cover deficit operations; and \$250,000 from the RPC Economic Development Loan Fund to the RPC USDA Loan Fund as grant matching funds to start a new revolving loan program.

NOTE 14 – ON-BEHALF PAYMENTS FOR SALARIES

The State of Illinois paid salary stipends to various County officials during FY2010. These payments made by the state on behalf of the County were reported as intergovernmental revenues and salaries expenditures in the General Fund in the amount of \$38,159.

NOTE 15 – COMPENSATED ABSENCES PAYABLE

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and personal time, which is attributable to services already rendered and is not contingent upon events outside the control of the employer or employee, such as illness. Liabilities and the related expense for compensated absences payable are reported in the government-wide statements and are based on pay rates in effect at November 30 and include the County's share of Social Security and Medicare taxes. The Nursing Home Enterprise Fund recognizes expense and accrues fund liabilities for vacation and personal time benefits in the period in which they are earned. For governmental funds, the cost of these benefits and the related liabilities are recognized in the fund only when they become currently payable, due to employees using benefit time or terminating employment. Compensated absences payable for the governmental activities are liquidated by the various governmental funds which pay employee salaries, such as the General Fund, Regional Planning Commission Fund, Head Start Fund, County Highway Fund, Animal Control Fund and Mental Health Fund.

Changes in compensated absences payable for the fiscal year ended November 30, 2010 are as follows:

	Nov. 30, 2009 Balance	FY 2010 Additions	FY 2010 Deductions	Nov. 30, 2010 Balance	To Be Paid Within 1 Year
Governmental Activities	\$2,767,318	\$2,400,700	(\$2,362,182)	\$2,805,836	\$2,805,836
Business-Type Activities	382,805	621,073	(603,911)	399,967	399,967

NOTE 16 – RISK FINANCING

A. WORKERS' COMPENSATION SELF-FUNDED INSURANCE

In January, 1986, the County established a self-funded workers' compensation insurance plan, which is being accounted for in an internal service fund, the Self-Funded Insurance Fund. The plan is administered by an independent company. The County's risk retention is \$250,000 per individual per claim. Commercial insurance has been purchased for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Actual claims paid in fiscal year 2010, net of insurance reimbursements, were \$479,972. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. The estimated amount of unpaid claims that were incurred and reported

NOTE 16 – RISK FINANCING (continued)

is determined by the independent plan administrator, but the plan administrator does not include incurred-but-not-reported claims (IBNR) in its calculation. Instead, based on an actuarial study completed in September 2010, the liability for estimated (undiscounted) claims payable (including IBNR) at November 30, 2010 was projected to be \$1,742,706. Changes in the liability for estimated workers' compensation claims payable for the last two fiscal years are as follows:

Fiscal Year Ending <u>November 30</u>	Claims Liability Beginning <u>of Year</u>	Claims Incurred & Changes <u>in Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>	Expected To Be Paid <u>Within 1 Year</u>
2009	\$1,931,654	\$616,971	(\$541,591)	\$2,007,034	\$670,115
2010	2,007,034	215,644	(479,972)	1,742,706	515,316

B. LIABILITY/AUTO SELF-FUNDED INSURANCE

The County began self-funding liability and auto insurance in FY94 through the Self-Funded Insurance (Internal Service) Fund. The plan is administered by an independent company. The County's risk retention is \$250,000 per occurrence. Commercial insurance has been purchased for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Actual claims paid in fiscal year 2010, net of insurance reimbursements, were \$158,738. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. Per an actuarial study completed in September 2010, the liability for estimated (undiscounted) claims payable (including IBNR) at November 30, 2010 was projected to be \$429,834. Changes in the liability for estimated liability/auto claims payable for the last two fiscal years are as follows:

Fiscal Year Ending <u>November 30</u>	Claims Liability Beginning <u>of Year</u>	Claims Incurred & Changes <u>in Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>	Expected To Be Paid <u>Within 1 Year</u>
2009	\$623,436	\$229,310	(\$126,180)	\$726,566	\$195,002
2010	726,566	(137,994)	(158,738)	429,834	137,221

C. OTHER FULLY-INSURED RISKS

Commercial insurance, with varying deductible amounts, has been purchased for all other risks of loss, such as property damage, boiler and machinery, Nursing Home medical malpractice, and public official bonds. Unemployment compensation is fully insured through the State of Illinois. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

The County provides employee health benefits in the form of set contributions toward medical and life insurance premiums. The employee is responsible for the balance of the premium amount as well as for any deductibles or co-payments. Risk of loss related to employee health benefits is borne by the employee and the insurance company or health maintenance organization; the County is at no risk of loss.

NOTE 17 – SHORT TERM DEBT

A. TAX ANTICIPATION WARRANTS – BUSINESS-TYPE ACTIVITIES

In December 2009, the County Nursing Home issued short term debt in anticipation of property tax revenues to be received in May-November, 2010. The purpose for issuing this debt was to be able to pay operating expenses of the Nursing Home prior to receipt of property tax revenues.

Series 2009A and 2009B Tax Anticipation Warrants \$780,000;
 due in 2 installments: July 15, 2010 and December 15, 2010;
 interest rate at 1.00%;

Balance outstanding at November 30, 2009	\$0
Warrants issued in FY2010	\$780,000
Warrant interest payments made in FY 2010	\$4,542
Warrant principal payments made in FY 2010	\$780,000
Balance outstanding at November 30, 2010	\$0

NOTE 18 – LONG TERM DEBT

A. GENERAL OBLIGATION BONDS – GOVERNMENTAL ACTIVITIES

1999 Series Public Safety Sales Tax Bonds: \$23,800,000;
 due in 29 annual installments from 2001 to 2029;
 interest rates at 3.85% to 8.25%;
 \$17,660,000 refunded (in-substance defeasance) in FY 2005;
 remaining annual installments due through 2023;

Balance outstanding at November 30, 2009	\$4,850,000
Bond interest payments made in FY 2010	\$400,125
Bond principal payments made in FY 2010	\$0
Balance outstanding at November 30, 2010	\$4,850,000

2000 Series Public Safety Sales Tax Bonds: \$4,997,290;
 due in 15 annual installments from 2004 to 2018;
 interest rates at 5.250% to 7.125%;
 \$1,370,000 refunded (in-substance defeasance) in FY 2004;
 remaining annual installments due through 2018;

Balance outstanding at November 30, 2009	\$2,992,315
Bond interest payments made in FY 2010	\$109,442
Bond principal payments made in FY 2010	\$150,558
Balance outstanding at November 30, 2010	\$2,841,757

2003 Series Nursing Home Construction Bonds: \$19,925,000;
 due in 19 annual installments from 2004 to 2022;
 interest rates at 2.000% to 5.250%;
 \$282,535 bond premium amortized over 19 years 3 months;
 \$207,535 bond issuance costs amortized over 19 years 3 months;
 \$8,055,000 refunded (in-substance defeasance) in FY 2005;
 remaining annual installments due through 2022;

Balance outstanding at November 30, 2009	\$7,170,000
Bond interest payments made in FY 2010	\$297,721
Bond principal payments made in FY 2010	\$905,000
Balance outstanding at November 30, 2010	\$6,265,000

NOTE 18 – LONG TERM DEBT (continued)

2004A Series Jail Construction Refunding Bonds: \$4,780,000;
 due in 6 annual installments from 2005 to 2010;
 interest rates at 2.000% to 2.750%;
 \$50,935 bond premium amortized over 5 years 9 months;
 \$67,179 bond issuance costs amortized over 5 years 9 months;
 \$363,756 deferred charge on refunding amortized over 5 years 9 months;

Balance outstanding at November 30, 2009	\$850,000
Bond interest payments made in FY 2010	\$11,687
Bond principal payments made in FY 2010	\$850,000
Balance outstanding at November 30, 2010	\$0

2004B Series Public Safety Refunding Bonds: \$1,520,000;
 due in 8 annual installments from 2005 to 2012;
 interest rates at 1.500% to 3.650%;
 \$27,549 bond premium amortized over 7 years 9 months;
 \$20,103 bond issuance costs amortized over 7 years 9 months;
 \$157,446 deferred charge on refunding amortized over 7 years 9 months;

Balance outstanding at November 30, 2009	\$1,425,000
Bond interest payments made in FY 2010	\$47,575
Bond principal payments made in FY 2010	\$20,000
Balance outstanding at November 30, 2010	\$1,405,000

2005A Series Nursing Home Construction Refunding Bonds: \$7,425,000;
 due in 14 annual installments from 2006 to 2019;
 interest rates at 3.000% to 5.250%;
 \$819,046 bond premium amortized over 13 years 7 months;
 \$92,642 bond issuance costs amortized over 13 years 7 months;
 \$96,404 deferred charge on refunding amortized over 13 years 7 months;

Balance outstanding at November 30, 2009	\$7,300,000
Bond interest payments made in FY 2010	\$376,163
Bond principal payments made in FY 2010	\$0
Balance outstanding at November 30, 2010	\$7,300,000

2005B Series Public Safety Refunding Bonds: \$18,440,000;
 due in 24 annual installments from 2006 to 2029;
 interest rates at 3.000% to 5.250%;
 \$526,639 bond premium amortized over 23 years 7 months;
 \$235,198 bond issuance costs amortized over 23 years 7 months;
 \$1,071,441 deferred charge on refunding amortized over 23 years 7 months;

Balance outstanding at November 30, 2009	\$18,030,000
Bond interest payments made in FY 2010	\$827,000
Bond principal payments made in FY 2010	\$375,000
Balance outstanding at November 30, 2010	\$17,655,000

NOTE 18 – LONG TERM DEBT (continued)

2006 Series IMRF Early Retirement Obligation Taxable Bonds: \$2,450,000;
due in 7 annual installments from 2008 to 2014;
interest rates at 4.920% to 5.100%;
\$0 bond premium amortized over 7 years 11 months;
\$38,151 bond issuance costs amortized over 7 years 11 months;

Balance outstanding at November 30, 2009	\$1,835,000
Bond interest payments made in FY 2010	\$84,023
Bond principal payments made in FY 2010	\$330,000
Balance outstanding at November 30, 2010	\$1,505,000

2006A Series Nursing Home Construction Bonds: \$4,000,000;
due in 19 annual installments from 2008 to 2026;
interest rates at 3.950% to 5.500%;
\$52,459 bond premium amortized over 19 years 4 months;
\$52,459 bond issuance costs amortized over 19 years 4 months;

Balance outstanding at November 30, 2009	\$3,715,000
Bond interest payments made in FY 2010	\$153,706
Bond principal payments made in FY 2010	\$155,000
Balance outstanding at November 30, 2010	\$3,560,000

2007A Series Public Safety Sales Tax Bonds: \$5,955,000;
due in 19 annual installments from 2009 to 2027;
interest rates at 3.800% to 5.000%;
\$117,468 bond premium amortized over 19 years 2 months;
\$72,468 bond issuance costs amortized over 19 years 2 months;

Balance outstanding at November 30, 2009	\$5,755,000
Bond interest payments made in FY 2010	\$244,639
Bond principal payments made in FY 2010	\$210,000
Balance outstanding at November 30, 2010	\$5,545,000

2007B Series Highway Facility Construction Bonds: \$1,480,000;
due in 9 annual installments from 2009 to 2017;
interest rate at 4.250%;
\$41,422 bond premium amortized over 9 years 2 months;
\$21,422 bond issuance costs amortized over 9 years 2 months;

Balance outstanding at November 30, 2009	\$1,340,000
Bond interest payments made in FY 2010	\$53,869
Bond principal payments made in FY 2010	\$145,000
Balance outstanding at November 30, 2010	\$1,195,000

2010 Bond Transactions – Governmental Activities

Bonds payable November 30, 2009	\$55,262,315
Bonds issued in FY 2010	\$0
Bonds retired in FY 2010	\$3,140,558
Bonds payable November 30, 2010	\$52,121,757

NOTE 18 – LONG TERM DEBT (continued)

Annual Debt Service Requirements for Bonds

Annual bond debt service requirements, listed by fund from which repayments are made, are as follows:

Year	Governmental Activities								Total Debt Service Requirement
	Debt Service Funds		Public Safety Sales Tax Fund		Illinois Municipal Retirement Fund		General Corporate Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$1,085,000	\$688,115	\$980,000	\$1,487,785	\$350,000	\$67,175	\$160,000	\$147,208	\$4,965,283
2012	1,130,000	645,212	1,810,000	1,435,466	365,000	49,316	165,000	140,505	5,740,499
2013	1,065,000	597,021	1,250,415	2,075,573	385,000	30,396	170,000	133,596	5,707,001
2014	1,105,000	544,027	1,313,322	2,093,606	405,000	10,327	180,000	126,378	5,777,660
2015	1,175,000	488,321	1,439,962	2,039,314	--	--	185,000	117,578	5,445,175
2016	1,215,000	428,634	1,490,492	2,036,715	--	--	195,000	107,128	5,472,969
2017	1,280,000	365,040	1,550,859	2,030,923	--	--	210,000	97,618	5,534,440
2018	1,145,000	302,359	1,606,707	1,998,372	--	--	215,000	89,224	5,356,662
2019	1,205,000	240,671	1,275,000	1,105,250	--	--	225,000	80,478	4,131,399
2020	1,385,000	175,800	1,350,000	1,025,614	--	--	235,000	71,278	4,242,692
2021	1,450,000	107,760	1,490,000	923,276	--	--	245,000	61,616	4,277,652
2022	1,520,000	36,480	1,640,000	809,445	--	--	255,000	51,428	4,312,353
2023	--	--	1,800,000	683,376	--	--	265,000	40,734	2,789,110
2024	--	--	2,000,000	569,176	--	--	275,000	29,597	2,873,773
2025	--	--	2,140,000	469,598	--	--	285,000	18,047	2,912,645
2026	--	--	2,290,000	362,708	--	--	295,000	6,084	2,953,792
2027	--	--	2,450,000	253,136	--	--	--	--	2,703,136
2028	--	--	2,140,000	150,750	--	--	--	--	2,290,750
2029	--	--	2,280,000	51,300	--	--	--	--	2,331,300
	<u>14,760,000</u>	<u>4,619,440</u>	<u>32,296,757</u>	<u>21,601,383</u>	<u>1,505,000</u>	<u>157,214</u>	<u>3,560,000</u>	<u>1,318,497</u>	<u>79,818,291</u>

At November 30, 2010, \$1,765,086 was available in the Debt Service Funds, \$2,006,624 was available in reserved fund balance in the Public Safety Sales Tax Special Revenue Fund, \$430,014 was available in reserved fund balance in the IMRF Special Revenue Fund, and \$268,856 was available in reserved fund balance in the General Corporate Fund to meet debt service requirements.

B. INTERGOVERNMENTAL LOANS PAYABLE – GOVERNMENTAL ACTIVITIES

1995 loan from the Regional Planning Commission: \$1,050,000;
 for the purpose of buying and remodeling the Brookens Administration Building;
 to be repaid over 20 years in monthly payments of \$4,375
 at 0% interest from June 1996 through June 2016;

Balance outstanding at November 30, 2009	\$339,063
Loan principal payments made in FY 2010	\$52,500
Balance outstanding at November 30, 2010	\$286,563

NOTE 18 – LONG TERM DEBT (continued)

2010 Intergovernmental Loan Transactions – Governmental Activities

Loans payable November 30, 2009	\$339,063
New loans incurred in FY 2010	\$0
Loan principal payments made in FY 2010	\$52,500
Loans payable November 30, 2010	\$286,563

Annual Debt Service Requirements for Intergovernmental Loans

Annual debt service requirements, listed by fund from which repayments are made, are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Governmental Activities</u> <u>General Corporate Fund</u> <u>Principal</u>
2011	\$52,500
2012	52,500
2013	52,500
2014	52,500
2015	52,500
2016	24,063
	286,563
	286,563

C. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

	Nov. 30, 2009 Balance	FY 2010 Additions	FY 2010 Deductions	Nov. 30, 2010 Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$55,262,315	\$0	(\$3,140,558)	\$52,121,757	\$2,575,000
Unamortized Bond Premium	1,345,811	0	(114,961)	1,230,850	0
Deferred Amount on Refunding	(979,057)	0	78,116	(900,941)	0
Total Bonds Payable	55,629,069	0	(3,177,403)	52,451,666	2,575,000
Intergovernmental Loans	339,063	0	(52,500)	286,563	52,500
Net OPEB Liability	421,579	421,739	(118,058)	725,260	0
Estimated Claims Payable	2,733,600	880,000	(1,441,060)	2,172,540	652,537
Total Governmental Activities	59,123,311	1,301,739	(4,789,021)	55,636,029	3,280,037
<u>Business-Type Activities:</u>					
Net OPEB Liability	\$83,855	\$36,893	(\$15,967)	\$104,781	\$0
Total Business-Type Activities	83,855	36,893	(15,967)	104,781	0

Long term liabilities for estimated claims payable are liquidated by the Self-Funded Insurance (Internal Service) Fund. The internal service funds primarily serve the governmental funds, and, thus, the related long term liabilities are included with the governmental activities above.

NOTE 19 – REFUNDING BONDS AND DEFEASED DEBT

A. DEFEASED DEBT

(1) 2000 Public Safety Bonds. In 2004, the 2000 Public Safety Bonds were advance refunded, with an irrevocable trust established to provide for all future debt service payments on the old bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements. \$1,370,000 of defeased 2000 Public Safety Bonds were retired by the trust on January 4, 2010, leaving no defeased bonds still outstanding at November 30, 2010.

(2) 2003 Nursing Home Construction Bonds. In 2005, the 2003 Nursing Home Construction Bonds were advance refunded, with an irrevocable trust established to provide for all future debt service payments on the old bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements. \$8,055,000 of defeased 2003 Nursing Home Construction Bonds were still outstanding at November 30, 2010.

NOTE 20 – OPERATING LEASES

The County has entered into non-cancelable operating leases for the use of various facilities. The amount of expenditures in FY 2010 for these leases was \$92,588, and future minimum lease payments are shown below:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2011	\$92,588
2012	92,588
2013	92,588
2014	92,588
2015	92,588
2016-2020	462,938
2021-2023	254,616
	1,180,494

NOTE 21 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY

A. RESERVED

(1) The fund balance of the General Corporate Fund was reserved at November 30, 2010 for debt service in the amount of \$268,856. The 2006A Nursing Home Construction Alternate Revenue Source General Obligation Bonds and part of the 2007B Highway Facility Construction Alternate Revenue Source General Obligation Bonds are being repaid out of general sales taxes collected monthly in the general fund. The bond ordinances require that a specified portion of the monthly sales tax receipts be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the General Corporate Fund represents \$268,856 available to meet debt service requirements.

(2) At November 30, 2010, the Public Safety Sales Tax (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$2,006,624. Public Safety Sales Tax Alternate Revenue Source General Obligation Bonds are being repaid out of public safety sales taxes collected monthly in this special revenue fund. The bond ordinances require that a specified portion of the monthly sales tax receipts be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the Public Safety Sales Tax Fund represents \$2,006,624 available to meet debt service requirements.

NOTE 21 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY (continued)

(3) At November 30, 2010, the Illinois Municipal Retirement (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$430,014. The IMRF Early Retirement Obligation Alternate Revenue Source Taxable General Obligation Bonds are being repaid out of property taxes and interfund billings collected in this special revenue fund. The bond ordinance requires that sufficient funds be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the Illinois Municipal Retirement Fund represents \$430,014 available to meet debt service requirements.

(4) The fund balance of the Regional Planning Commission (Special Revenue) Fund was reserved at November 30, 2010 for a long term interfund advance in the amount of \$165,000. Fund balance is reserved for long term receivables in governmental funds because they are not available current financial resources.

(5) At November 30, 2010, \$5,206,186 of the fund balance of the Regional Planning Commission Economic Development Loan (Special Revenue) Fund was reserved for long term program loans receivable. Fund balance is reserved in governmental funds for long term receivables that are not available current financial resources.

B. DESIGNATED

Designations of fund balance are not legally required segregations, but rather reflect managerial intent. There were no designations of fund balance as of November 30, 2010.

C. DEFICIT

As of November 30, 2010, the following funds had deficit fund equity:

- Animal Control Special Revenue Fund (\$24,172)
- Victim Advocacy Grant Special Revenue Fund (\$5,597)
- Tort Immunity Special Revenue Fund (\$608,876)
- Self-Funded Insurance Internal Service Fund (\$67,955)

NOTE 22 – RESTRICTED NET ASSETS

The government-wide statement of net assets reports restricted net assets of \$31,565,637. Of this amount, \$18,865,250 is externally restricted by state statutes, \$9,719,466 is restricted by grantor/donor stipulations, and \$4,980,921 is restricted by bond covenants.

NOTE 23 - DEFINED BENEFIT PENSION PLAN

The most current information available is for the plan year ended December 31, 2010 and is in accordance with GASB Statement 27 as amended by GASB Statement 50.

The County's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County participates in three separate plans under IMRF: Regular Employees, Sheriff's Law Enforcement Personnel (SLEP), and Elected County Officials (ECO). IMRF is an agent multiple-employer pension plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by state statute, Regular plan members are required to contribute 4.50% of their annual covered salary; Sheriff's Law Enforcement Personnel contribute 7.50%; and participating Elected County Officials contribute 7.50%. State statutes require the employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's required contribution rate for calendar year 2010 was 9.92% of covered payroll for Regular, 19.97% of covered payroll for SLEP and 61.16% of covered payroll for ECO. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Annual Pension Cost. For 2010, the County's annual pension cost of \$2,527,780 for Regular, \$1,377,751 for SLEP and \$121,887 for ECO was equal to the County's required and actual contributions. The required contributions for 2010 were determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funding Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date:

- (a) The Regular plan was 86.00% funded. The actuarial accrued liability for benefits was \$57,160,813 and the actuarial value of assets was \$49,155,800, resulting in an underfunded actuarial accrued liability of \$8,005,013. Covered payroll for 2010 (annual payroll of active employees covered by the plan) was \$25,481,651 and the ratio of the underfunded actuarial accrued liability to covered payroll was 31%.
- (b) The SLEP plan was 60.72% funded. The actuarial accrued liability for benefits was \$26,218,522 and the actuarial value of assets was \$15,919,711, resulting in an underfunded actuarial accrued liability of \$10,298,811. Covered payroll for 2010 was \$6,899,102 and the ratio of the underfunded actuarial accrued liability to covered payroll was 149%.
- (c) The ECO plan was -29.82% funded. The actuarial accrued liability for benefits was \$1,620,430 and the actuarial value of assets (liability) was \$(483,292), resulting in an underfunded actuarial accrued liability of \$2,103,722. Covered payroll for 2010 was \$199,292 and the ratio of the underfunded actuarial accrued liability to covered payroll was 1056%. The actuarial value of ECO plan assets was negative due to more being paid out for plan benefits than what was received from contributions and earnings on investments.

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010

NOTE 23 - DEFINED BENEFIT PENSION PLAN (continued)

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

THREE-YEAR TREND INFORMATION			
Year Ending	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
REGULAR NON-SLEP PERSONNEL			
12/31/10	\$2,527,780	100%	\$0
12/31/09	\$1,799,719	100%	\$0
12/31/08	\$1,767,196	100%	\$0
SHERIFF'S LAW ENFORCEMENT PERSONNEL			
12/31/10	\$1,377,751	100%	\$0
12/31/09	\$1,226,148	100%	\$0
12/31/08	\$1,173,265	100%	\$0
ELECTED COUNTY OFFICIALS			
12/31/10	\$121,887	100%	\$0
12/31/09	\$207,948	100%	\$0
12/31/08	\$209,159	100%	\$0

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (Liability)	Actuarial Accrued Liability - Entry Age -	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded AAL as % of Covered Payroll
REGULAR NON-SLEP PERSONNEL						
12/31/10	\$49,155,800	\$57,160,813	\$8,005,013	86.00%	\$25,481,651	31.41%
12/31/09	\$44,176,805	\$53,500,086	\$9,323,281	82.57%	\$26,158,707	35.64%
12/31/08	\$42,475,045	\$48,399,058	\$5,924,013	87.76%	\$24,010,812	24.67%
* On a market value basis, the actuarial value of assets as of December 31, 2010 was \$52,737,833. On a market basis, the funded ratio would be 92.26%.						
SHERIFF'S LAW ENFORCEMENT PERSONNEL						
12/31/10	\$15,919,711	\$26,218,522	\$10,298,811	60.72%	\$6,899,102	149.28%
12/31/09	\$16,007,648	\$26,483,458	\$10,475,810	60.44%	\$7,289,821	143.70%
12/31/08	\$15,055,718	\$24,308,874	\$9,253,156	61.94%	\$6,938,290	133.36%
* On a market value basis, the actuarial value of assets as of December 31, 2010 was \$17,510,226. On a market basis, the funded ratio would be 66.79%.						
ELECTED COUNTY OFFICIALS						
12/31/10	(\$483,292)	\$1,620,430	\$2,103,722	-29.82%	\$199,292	1055.60%
12/31/09	(\$557,459)	\$1,599,457	\$2,156,916	-34.85%	\$295,297	730.42%
12/31/08	(\$892,488)	\$1,322,575	\$2,215,063	-67.48%	\$257,808	859.19%
* On a market value basis, the actuarial value of assets as of December 31, 2010 was (\$438,316). On a market basis, the funded ratio would be -27.05%.						

NOTE 24 – OTHER POST-EMPLOYMENT BENEFITS

The County provides post-employment benefits other than pensions through a single-employer defined-benefit OPEB plan offering continuing coverage under the County’s group health insurance plan for retirees and their dependents. The retirees pay the entire amount of their premiums for this coverage; however, the premiums are blended rates based on the cost of healthcare benefits for younger active employees along with retirees. Thus, the premiums paid by retirees are lower than the true cost of their healthcare benefits, resulting in the retirees receiving an “implicit rate subsidy.” Prior to FY2010, retirees over age 65 could choose the same health plans available to younger retirees and active employees. Starting in FY2010, retirees over age 65 were restricted to Medicare supplement plans with community-rated premiums, so there is no implicit rate subsidy for them.

While the County is committed to providing these benefits to retirees, there is no formal written plan and no stand-alone financial report for the plan exists.

GASB Statement No. 45 considers other post-employment benefits to be part of the compensation that is paid to employees for their services and the cost of these benefits should be recognized while the employees are providing their services, rather than after they’ve retired. The County first implemented GASB Statement No. 45 and began reporting the annual OPEB cost and net OPEB liability for the retiree health insurance rate subsidy for the fiscal year ended November 30, 2009.

Funding Policy. Retirees pay the full amount of the blended premiums, as determined by the group health insurance company. The retiree contribution rates for 2010 ranged from \$157 to \$958 per month, depending on coverage level chosen. The County’s contribution is in the form of higher premiums paid for active employees that subsidize the cost of the retirees’ health insurance. The plan is financed on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The annual OPEB cost includes the cost of benefits earned in the current year plus an amortized amount for past service costs, interest accrued on any prior net OPEB obligation, and adjustments for prior underpayments. A net OPEB obligation arises when employer contributions to the plan are less than the annual OPEB cost. Based on an actuarial valuation performed in October 2010, the County’s annual OPEB cost for the fiscal year ended November 30, 2010 was calculated as \$458,632 with \$36,893 attributable to business-type activities and \$421,739 attributable to governmental activities. County contributions made in FY2010 totaled \$134,025 with \$15,967 attributable to business-type activities and \$118,058 attributable to governmental activities. The net OPEB obligation at November 30, 2010 was \$830,041 with \$104,781 attributable to business-type activities and \$725,260 attributable to governmental activities.

Fiscal Year Ended November 30, 2010	Governmental Activities	Business-Type Activities	Total
Annual Required Contribution	\$429,131	\$38,363	\$467,494
Interest on Prior Net OPEB Obligation	14,755	2,935	17,690
Adjustment for Prior Underpayments	(22,147)	(4,405)	(26,552)
Annual OPEB Cost	421,739	36,893	458,632
Employer Contributions	(118,058)	(15,967)	(134,025)
Increase (Decrease) in Net OPEB Oblig.	303,681	20,926	324,607
Beginning Net OPEB Obligation	421,579	83,855	505,434
Ending Net OPEB Obligation	725,260	104,781	830,041

NOTE 24 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Three-Year Trend Information			
Year Ending	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
11/30/2010 *	\$458,632	29.22%	\$830,041
11/30/2009	\$748,836	32.50%	\$505,434
11/30/2008	(not available)	(not available)	(not available)

* Starting in FY2010, retirees over age 65 are restricted to a community-rated Medicare supplement plan, which results in no implicit rate subsidy.

Funding Status and Funding Progress. Plan benefits are paid on a pay-as-you-go basis. The entire actuarial accrued liability of \$3,929,654 is unfunded. Actuarial accrued liability is different from net OPEB Obligation in that it includes the present value of accrued benefits under the plan and not just the accumulated unpaid annual costs since the implementation of GASB Statement No. 45.

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since FY2009 was the first year of implementation, information for the preceding year is not available.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
11/30/2010 *	\$0	\$3,929,654	\$3,929,654	0%	N/A	N/A
11/30/2009	\$0	\$6,723,230	\$6,723,230	0%	N/A	N/A
11/30/2008	(not available)	(not available)	(not available)	(not available)	(not available)	(not available)

* Starting in FY2010, retirees over age 65 are restricted to a community-rated Medicare supplement plan, which results in no implicit rate subsidy.

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of amounts and assumptions about future events that are subject to continual revision over time. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective.

The actuarial cost method used for the 11/30/2010 valuation is the projected unit credit cost method. The unfunded accrued liability is being amortized on a closed basis over 30 years using the level dollar method. (To recognize the significant change in the plan effective December 1, 2009 regarding retirees over age 65, the initial accrued liability from December 1, 2008 was re-amortized over 29 years.) Significant assumptions used in the valuation were: (a) 3.5% discount rate; (b) healthcare cost trend rates of varying amounts for future years, starting with 6.10% for 2011 and ending with 4.60% for 2076 and later; (c) 25% of active participants retiring before age 65 will elect coverage; and (d) 20% of active participants will elect spouse coverage at retirement. Health insurance plans for retirees over age 65 (eligible for Medicare) have community-rated premiums, so there is no implicit rate subsidy for these retirees.

NOTE 25 – JOINT VENTURES

A. METROPOLITAN COMPUTER AIDED DISPATCH (METCAD)

On December 1, 1981, Champaign County entered into an intergovernmental agreement with the City of Champaign, the City of Urbana and the University of Illinois for the purpose of operating an emergency response computer aided dispatching service (METCAD), which had been created by the other three participants in 1979. Each of the four member agencies designates 2 representatives, an administrative representative and a public safety (police or fire department) representative, to serve on the METCAD Policy Board. In addition, the Policy Board includes two rural representatives, one from a non-member police agency and one from a non-member fire agency.

While representation on the Policy Board is equal among the member agencies, the funding of operating expenses is based on a formula which considers the proportional number of calls received for each agency. Each member agency holds an equity interest in METCAD capital assets according to the proportion of funding for METCAD operations provided by each member agency since May 1, 1979. These proportions will vary slightly from year to year. At June 30, 2010 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 16.94%, or \$1,804,089, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$46,418 over the amount reported for June 30, 2009, is reported in the Statement of Activities under program revenues for justice and public safety.

A copy of the separate audited financial statements for METCAD may be obtained from the City of Champaign Finance Department, 102 N. Neil Street, Champaign, IL 61820. Summary financial information for METCAD for the fiscal year ended June 30, 2010 is provided below.

Financial Position as of June 30, 2010:

Total Assets	\$11,209,086
Total Liabilities	<u>\$559,208</u>
Net Assets	<u><u>\$10,649,878</u></u>

Results of Operations for Fiscal Year Ending June 30, 2010:

Total Revenues	\$4,011,368
Total Expenses	<u>\$4,168,192</u>
Change in Net Assets	(\$156,824)
Beginning Net Assets (as Restated)	<u>\$10,806,702</u>
Ending Net Assets	<u><u>\$10,649,878</u></u>

NOTE 25 – JOINT VENTURES (continued)

B. GEOGRAPHIC INFORMATION SYSTEM CONSORTIUM

On August 20, 2002, Champaign County entered into an intergovernmental agreement with the City of Champaign, the City of Urbana, the University of Illinois, the Village of Rantoul, the Village of Savoy and the Village of Mahomet for the purpose of developing and operating a countywide geographic information system (GIS). The GIS Consortium’s fiscal year runs from July 1 to June 30, with Champaign County as the lead agency. Each of the seven member agencies designates one voting representative to serve on the GIS Policy Committee. In addition, the Policy Committee includes one non-voting representative of small or specialized governmental users and one non-voting representative of the non-governmental sector.

While representation on the Policy Committee is equal among the member agencies, the funding of operating expenses is based on a cost-sharing formula established by the members. Each member agency holds an equity interest in the GIS Consortium’s assets in the same proportion as the funding provided by each member agency since the Consortium’s inception. These proportions will vary from year to year. At June 30, 2010 (the latest year end for the GIS Consortium), Champaign County’s equity interest share was 63.43%, totaling \$79,908, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$11,636 in the County’s share of equity for the year ended June 30, 2010 is reported in the Statement of Activities under program revenues for development.

Separate audited financial statements of the GIS Consortium may be obtained from the Champaign County Regional Planning Commission, 1776 E. Washington, Urbana, IL 61802. Summary financial information for the fiscal year ended June 30, 2010 is presented below.

Financial Position as of June 30, 2010:

Total Assets	\$146,652
Total Liabilities	<u>\$20,673</u>
Net Assets	<u><u>\$125,979</u></u>

Results of Operations for Fiscal Year Ending June 30, 2010:

Total Revenues	\$440,464
Total Expenses	<u>\$420,960</u>
Change in Net Assets	\$19,504
Beginning Net Assets	<u>\$106,475</u>
Ending Net Assets	<u><u>\$125,979</u></u>

NOTE 26 – CONTINGENT LIABILITIES

The County is a defendant in several lawsuits and notices of claims, which are being defended by the County and its insurance representatives. It is believed that the County's ultimate liability from these suits, after applicable insurance coverage, will not have a material effect on the financial statements.

NOTE 27 – COMMITMENTS

As of November 30, 2010, the County had outstanding commitments for the construction of a new facility, as well as several ongoing road projects.

A. 202 ART BARTELL ROAD FACILITY

In the fall of 2010, Champaign County made a commitment to build a facility to be used by the Coroner, the County Clerk, and County maintenance workers. A contract for design/build services was signed in October, 2010 with Roessler Construction Company for \$1,355,005. Funding for this project is to come from general obligation debt certificates to be issued in January, 2011.

As of November 30, 2010, no payments had been made on this contract, leaving an outstanding commitment of \$1,355,005.

B. MAJOR ROAD PROJECTS

The County Highway Department has four Special Revenue Funds with November 30, 2010 fund balances totaling \$7.4 million. Much of those funds are committed to road and bridge projects, some of which are multiple-year projects. Current major road projects with significant commitments include:

<u>PROJECT</u>	<u>TOTAL COMMITMENT</u>	<u>SPENT TO DATE</u>	<u>REMAINING COMMITMENT</u>
Curtis Road (00-00374-01-PV)	\$3,020,004	\$2,580,761	\$439,243
Windsor Road (06-00390-01-WR)	\$2,000,000	\$641,462	\$1,358,538
County Hwy. 18 (07-00419-00-RS)	\$500,000	\$60,833	\$439,167
County Hwy. 18 (07-00419-01-RS)	\$3,392,876	\$2,957,463	\$435,413
County Hwy. 20 (09-00426-01-RS)	\$1,240,426	\$1,077,245	\$163,181

NOTE 28 – SUBSEQUENT EVENTS

On January 27, 2011, the County issued \$1,995,000 in general obligation (limited tax) debt certificates to finance the construction of a building to be used by the Coroner, County Clerk, and County maintenance workers, and also to finance improvements to the storm water drainage system for the County's east campus. The interest rates range from 2.00% to 4.90%, and the final maturity is January 1, 2025.

NOTE 29 - NURSING HOME FINANCIAL CONDITION

The Champaign County Nursing Home has for several years experienced financial challenges, necessitating operating transfers and loans from the General Fund.

<u>Fiscal Year</u>	<u>Income (Loss) Before Transfers</u>	<u>Transfers from General Fund</u>	<u>Outstanding Loans From General Fund</u>
2004	(\$769,602)	\$10,000	\$0
2005	(\$1,153,507)	\$25,786	\$0
2006	(\$1,306,766)	\$1,229,782	\$0
2007	(\$1,412,908)	\$327,812	\$361,015
2008	(\$1,817,447)	\$0	\$1,333,142
2009	(\$244,327)	\$1,000,000	\$333,142
Subtotal	(\$6,704,557)	\$2,593,380	
2010	\$331,730	\$0	\$333,142

From 2004-2008, the County Board transferred \$1,593,380 to the Nursing Home Fund from the General Fund. In addition, by the end of 2008, the Nursing Home owed \$1,333,142 to the General Fund for outstanding interfund loans. In August, 2009, the County Board voted to forgive \$1,000,000 worth of loans owed by the Nursing Home to the General Fund. In exchange, it was determined that starting in 2010, the Nursing Home would take over the annual interest and principal payments on the bonds that were issued to finance the HVAC re-design and mold remediation at the new Nursing Home facility, relieving the General Fund of this cost.

Champaign County management and the County Board have spent a considerable amount of time in recent years addressing the problems at the Nursing Home. In 2008, a separate Nursing Home Board of Directors was established to oversee the Nursing Home's policies and operations, and a consulting firm was hired to provide operational management of the Nursing Home. Under the new management structure, several seemingly positive changes have been made at the Nursing Home, with the aim of increasing patient census, reducing over-reliance on contract nursing, and generally improving the finances of the facility. To date, these changes have shown encouraging results. The \$244,327 loss sustained in 2009 was significantly less than the losses have been in the preceding years, and the Nursing Home had positive income of \$331,730 in 2010.