

BASIC FINANCIAL STATEMENTS

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2011

Exhibit I

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| <u>ASSETS</u> | | | |
| Cash | \$34,072,604 | \$452,033 | \$34,524,637 |
| Investments | 300,000 | 0 | 300,000 |
| Receivables, Net of Uncollectible Amounts: | | | |
| Patient Accounts | 0 | 5,946,494 | 5,946,494 |
| Property Taxes | 26,808,936 | 1,027,438 | 27,836,374 |
| Intergovernmental | 7,158,755 | 451 | 7,159,206 |
| Program Loans--Current Portion | 519,092 | 0 | 519,092 |
| Accrued Interest | 10,839 | 0 | 10,839 |
| Other | 83,724 | 128 | 83,852 |
| Internal Balances | 1,121,836 | (1,121,836) | 0 |
| Inventories | 13,594 | 20,473 | 34,067 |
| Prepaid Expenses | 0 | 12,009 | 12,009 |
| Deferred Charges | 553,414 | 0 | 553,414 |
| Resident Trust Accounts | 4,620 | 8,880 | 13,500 |
| Program Loans Receivable--Long Term Portion | 4,525,574 | 0 | 4,525,574 |
| Investment in Joint Venture | 1,812,129 | 0 | 1,812,129 |
| Capital Assets Not Being Depreciated | 2,297,269 | 0 | 2,297,269 |
| Capital Assets, Net of Accumulated Depreciation | 72,594,329 | 21,319,045 | 93,913,374 |
| Total Assets | 151,876,715 | 27,665,115 | 179,541,830 |
| <u>LIABILITIES</u> | | | |
| Accrued Salaries Payable | 1,531,323 | 341,424 | 1,872,747 |
| Accounts Payable | 2,780,477 | 3,157,840 | 5,938,317 |
| Accrued Interest Payable | 1,388,338 | 0 | 1,388,338 |
| Funds Held for Others | 75,363 | 8,880 | 84,243 |
| Unearned Revenue | 27,672,305 | 1,027,438 | 28,699,743 |
| Compensated Absences Payable | 2,904,354 | 352,195 | 3,256,549 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 4,455,153 | 0 | 4,455,153 |
| Due in More Than One Year | 51,064,996 | 125,564 | 51,190,560 |
| Total Liabilities | 91,872,309 | 5,013,341 | 96,885,650 |
| <u>NET ASSETS</u> | | | |
| Invested In Capital Assets, Net of Related Debt | 41,320,262 | 21,319,045 | 62,639,307 |
| Restricted for: | | | |
| Capital Projects, Net of Related Debt | 405 | 0 | 405 |
| Debt Service | 4,657,987 | 0 | 4,657,987 |
| Justice & Public Safety | 3,959,032 | 0 | 3,959,032 |
| Health & Education | 6,058,368 | 0 | 6,058,368 |
| Development & General Government | 8,593,577 | 0 | 8,593,577 |
| Highways & Bridges | 6,677,494 | 0 | 6,677,494 |
| Insurance & Fringe Benefits | 1,343,594 | 0 | 1,343,594 |
| Unrestricted (Deficit) | (12,606,313) | 1,332,729 | (11,273,584) |
| Total Net Assets | 60,004,406 | 22,651,774 | 82,656,180 |

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, 2011

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 | \$10,829,162 | \$2,845,066 | \$287,244 | \$0 | (\$7,696,852) | \$0 | (\$7,696,852) |
| Justice & Public Safety | 29,656,025 | 5,261,163 | 3,553,797 | 21,007 | (20,820,058) | 0 | (20,820,058) |
| Health | 9,689,461 | 111,127 | 1,145,856 | 0 | (8,432,478) | 0 | (8,432,478) |
| Education | 6,483,511 | 35,269 | 6,881,595 | 0 | 433,353 | 0 | 433,353 |
| Social Services | 46,747 | 41,424 | 0 | 0 | (5,323) | 0 | (5,323) |
| Development | 11,143,357 | 646,323 | 9,672,644 | 0 | (824,390) | 0 | (824,390) |
| Highways & Bridges | 6,871,971 | 262,028 | 2,945,443 | 1,074,746 | (2,589,754) | 0 | (2,589,754) |
| Interest on Long-Term Debt | 2,565,982 | 0 | 0 | 0 | (2,565,982) | 0 | (2,565,982) |
| Total Governmental Activities | <u>77,286,216</u> | <u>9,202,400</u> | <u>24,486,579</u> | <u>1,095,753</u> | <u>(42,501,484)</u> | <u>0</u> | <u>(42,501,484)</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | |
| Nursing Home | 15,028,154 | 15,208,361 | 0 | 52,160 | 0 | 232,367 | 232,367 |
| Total Business-Type Activities | <u>15,028,154</u> | <u>15,208,361</u> | <u>0</u> | <u>52,160</u> | <u>0</u> | <u>232,367</u> | <u>232,367</u> |
| Total Government | <u>92,314,370</u> | <u>24,410,761</u> | <u>24,486,579</u> | <u>1,147,913</u> | <u>(42,501,484)</u> | <u>232,367</u> | <u>(42,269,117)</u> |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 27,119,298 | 1,005,595 | 28,124,893 |
| Public Safety Sales Taxes | | | | | 4,448,842 | 0 | 4,448,842 |
| Hotel/Motel & Auto Rental Taxes | | | | | 41,372 | 0 | 41,372 |
| Grants & Contributions Not Restricted to Specific Programs | | | | | 10,408,115 | 0 | 10,408,115 |
| Investment Earnings | | | | | 46,081 | 533 | 46,614 |
| Miscellaneous | | | | | 401,239 | 13,473 | 414,712 |
| Gain on Disposal of Capital Assets | | | | | 0 | 0 | 0 |
| Transfers | | | | | 308,909 | (308,909) | 0 |
| Total General Revenues and Transfers | | | | | <u>42,773,856</u> | <u>710,692</u> | <u>43,484,548</u> |
| Change in Net Assets | | | | | 272,372 | 943,059 | 1,215,431 |
| Net Assets - Beginning | | | | | <u>59,732,034</u> | <u>21,708,715</u> | <u>81,440,749</u> |
| Net Assets - Ending | | | | | <u>60,004,406</u> | <u>22,651,774</u> | <u>82,656,180</u> |

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
NOVEMBER 30, 2011

Exhibit III

| | ----- Major Funds ----- | | | | | All Other (Non-Major) Governmental Funds | Total Governmental Funds |
|--|-------------------------|--------------------------|-------------------------------------|--|-----------------------------------|---|--------------------------------|
| | General Fund | Mental Health Fund | Developmental Disability Fund | Illinois Municipal Retirement Fund | Regional Planning Comm Fund | | |
| ASSETS | | | | | | | |
| Cash | \$3,141,334 | \$2,041,045 | \$1,528,703 | \$1,261,775 | \$491,983 | \$22,818,907 | \$31,283,747 |
| Investments | 0 | 0 | 0 | 0 | 0 | 300,000 | 300,000 |
| Receivables, Net of Uncollectible Amounts: | | | | | | | |
| Property Taxes | 8,237,667 | 3,729,515 | 3,652,201 | 3,100,652 | 0 | 8,088,901 | 26,808,936 |
| Intergovernmental | 1,427,983 | 1,617 | 1,582 | 2,864 | 564,383 | 1,122,032 | 3,120,461 |
| Program Loans--Current Portion | 0 | 0 | 0 | 0 | 0 | 519,092 | 519,092 |
| Accrued Interest | 0 | 0 | 0 | 0 | 0 | 10,839 | 10,839 |
| Other | 44,676 | 0 | 0 | 0 | 19,786 | 19,262 | 83,724 |
| Due From Other Funds | 1,101,483 | 4,119 | 0 | 300,648 | 28,705 | 1,447,597 | 2,882,552 |
| Inventories | 13,594 | 0 | 0 | 0 | 0 | 0 | 13,594 |
| Resident Trust Accounts | 4,620 | 0 | 0 | 0 | 0 | 0 | 4,620 |
| Advances to Other Funds | 0 | 0 | 0 | 0 | 135,000 | 0 | 135,000 |
| Program Loans Receivable--Long Term | 0 | 0 | 0 | 0 | 0 | 4,525,574 | 4,525,574 |
| Total Assets | 13,971,357 | 5,776,296 | 5,182,486 | 4,665,939 | 1,239,857 | 38,852,204 | 69,688,139 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accrued Salaries Payable | 1,015,459 | 17,043 | 0 | 0 | 198,854 | 299,967 | 1,531,323 |
| Accounts Payable | 347,565 | 5,588 | 0 | 225,076 | 779,934 | 1,345,980 | 2,704,143 |
| Due To Other Funds | 132,112 | 3,141 | 0 | 0 | 95,530 | 1,639,630 | 1,870,413 |
| Funds Held for Others | 4,800 | 0 | 0 | 0 | 0 | 2,904 | 7,704 |
| Deferred Revenues | 8,684,907 | 3,729,515 | 3,652,201 | 3,100,652 | 0 | 8,505,030 | 27,672,305 |
| Advances from Other Funds | 0 | 0 | 0 | 0 | 0 | 135,000 | 135,000 |
| Total Liabilities | 10,184,843 | 3,755,287 | 3,652,201 | 3,325,728 | 1,074,318 | 11,928,511 | 33,920,888 |
| FUND BALANCES (DEFICITS): | | | | | | | |
| Restricted | 270,540 | 2,021,009 | 1,530,285 | 1,340,211 | 165,539 | 26,314,506 | 31,642,090 |
| Committed | 0 | 0 | 0 | 0 | 0 | 66,884 | 66,884 |
| Assigned | 0 | 0 | 0 | 0 | 0 | 1,485,141 | 1,485,141 |
| Unassigned | 3,515,974 | 0 | 0 | 0 | 0 | (942,838) | 2,573,136 |
| Total Fund Balances (Deficits) | 3,786,514 | 2,021,009 | 1,530,285 | 1,340,211 | 165,539 | 26,923,693 | 35,767,251 |
| Total Liabilities & Fund Balances | 13,971,357 | 5,776,296 | 5,182,486 | 4,665,939 | 1,239,857 | 38,852,204 | 69,688,139 |

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, 2011

Exhibit III-a

| | |
|---|--------------------------|
| Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III) | 35,767,251 |
| Capital assets, net of depreciation, used in governmental activities | 74,891,598 |
| Investment in Joint Ventures related to governmental activities | 1,812,129 |
| Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability | 466,870 |
| Receivables for revenue accruals related to governmental activities | 3,959,283 |
| Payables for expense accruals related to governmental activities | (1,388,338) |
| Liability for compensated absences accruals related to governmental activities | (2,904,354) |
| Deferred bond issuance costs related to governmental activities | 553,414 |
| Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds | <u>(53,153,447)</u> |
| Net Assets of Governmental Activities (See Exhibit I) | <u><u>60,004,406</u></u> |

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

COUNTY OF CHAMPAIGN, ILLINOIS
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2011

Exhibit IV

| | Major Funds | | | | | All Other (Non-Major) Governmental Funds | Total Governmental Funds |
|--|-------------------|--------------------------|-------------------------------------|--|-----------------------------------|---|--------------------------------|
| | General Fund | Mental Health Fund | Developmental Disability Fund | Illinois Municipal Retirement Fund | Regional Planning Comm Fund | | |
| REVENUES: | | | | | | | |
| Property Taxes | \$8,763,857 | \$3,651,526 | \$3,574,004 | \$3,052,310 | \$0 | \$8,077,601 | \$27,119,298 |
| Public Safety Sales Taxes | 0 | 0 | 0 | 0 | 0 | 4,439,505 | 4,439,505 |
| Hotel/Motel & Auto Rental Taxes | 41,372 | 0 | 0 | 0 | 0 | 0 | 41,372 |
| Intergovernmental Revenue | 14,172,965 | 420,909 | 0 | 124,000 | 9,686,015 | 11,713,525 | 36,117,414 |
| Fines & Forfeitures | 959,767 | 0 | 0 | 0 | 0 | 63,443 | 1,023,210 |
| Licenses & Permits | 861,713 | 0 | 0 | 0 | 0 | 329,882 | 1,191,595 |
| Charges for Services | 4,068,114 | 0 | 0 | 136,418 | 786,791 | 2,144,510 | 7,135,833 |
| Rents and Royalties | 589,936 | 0 | 0 | 0 | 0 | 0 | 589,936 |
| Interest on Program Loans | 0 | 0 | 0 | 0 | 0 | 229,620 | 229,620 |
| Investment Earnings | 21,194 | 1,508 | 1,048 | 1,142 | 525 | 18,731 | 44,148 |
| Miscellaneous | 116,377 | 42,585 | 0 | 0 | 82,377 | 162,057 | 403,396 |
| Total Revenues | 29,595,295 | 4,116,528 | 3,575,052 | 3,313,870 | 10,555,708 | 27,178,874 | 78,335,327 |
| EXPENDITURES: | | | | | | | |
| Current: General Government | 8,323,286 | 0 | 0 | 468,659 | 0 | 2,741,883 | 11,533,828 |
| Justice & Public Safety | 21,209,439 | 0 | 0 | 2,147,980 | 0 | 4,717,224 | 28,074,643 |
| Health | 0 | 3,943,060 | 3,550,078 | 0 | 0 | 2,611,738 | 10,104,876 |
| Education | 0 | 0 | 0 | 0 | 0 | 6,425,486 | 6,425,486 |
| Social Services | 24,498 | 0 | 0 | 0 | 0 | 60,474 | 84,972 |
| Development | 317,583 | 0 | 0 | 29,292 | 10,980,459 | 226,115 | 11,553,449 |
| Highways & Bridges | 0 | 0 | 0 | 185,705 | 0 | 7,366,388 | 7,552,093 |
| Debt Service: Principal Retirement | 212,500 | 0 | 0 | 350,000 | 0 | 2,065,000 | 2,627,500 |
| Interest & Fiscal Charges | 180,550 | 0 | 0 | 67,711 | 0 | 2,075,371 | 2,323,632 |
| Total Expenditures | 30,267,856 | 3,943,060 | 3,550,078 | 3,249,347 | 10,980,459 | 28,289,679 | 80,280,479 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (672,561) | 173,468 | 24,974 | 64,523 | (424,751) | (1,110,805) | (1,945,152) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Sale of General Obligation Bonds | 0 | 0 | 0 | 0 | 0 | 1,995,000 | 1,995,000 |
| Premium on General Obligation Bonds | 0 | 0 | 0 | 0 | 0 | 9,475 | 9,475 |
| Sale of Refunding Bonds | 0 | 0 | 0 | 0 | 0 | 4,355,000 | 4,355,000 |
| Premium on Refunding Bonds | 0 | 0 | 0 | 0 | 0 | 268,253 | 268,253 |
| Payment to Refunded Bond Escrow Agent | 0 | 0 | 0 | 0 | 0 | (4,556,962) | (4,556,962) |
| Transfers In | 1,857,581 | 0 | 0 | 0 | 455,961 | 822,698 | 3,136,240 |
| Transfers Out | (298,161) | 0 | 0 | 0 | (322,885) | (2,206,285) | (2,827,331) |
| Net Other Financing Sources (Uses) | 1,559,420 | 0 | 0 | 0 | 133,076 | 687,179 | 2,379,675 |
| NET CHANGE IN FUND BALANCES | 886,859 | 173,468 | 24,974 | 64,523 | (291,675) | (423,626) | 434,523 |
| FUND BALANCES--Beginning of Year | 2,899,655 | 1,847,541 | 1,505,311 | 1,275,688 | 457,214 | 27,347,319 | 35,332,728 |
| FUND BALANCES--End of Year | 3,786,514 | 2,021,009 | 1,530,285 | 1,340,211 | 165,539 | 26,923,693 | 35,767,251 |

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, 2011

Exhibit IV-a

| | |
|---|-------------|
| Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV) | \$434,523 |
| Remove expenditures for acquisition of capital assets | 3,814,127 |
| Include revenue for capital assets acquired through gift or grant | 1,095,753 |
| Include gain (loss) on disposal of capital assets | (334,051) |
| Include depreciation expense | (5,664,886) |
| Include change in investment in joint ventures | (71,868) |
| Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities | 343,095 |
| Remove revenues related to prior periods; include revenues earned but not available in the current period | (740,365) |
| Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period | 734,915 |
| Remove debt proceeds, debt issuance costs, and payment to bond refunding escrow agent | (1,961,778) |
| Amortize bond premium and deferred amount on refunding against debt interest expense | 44,065 |
| Amortize debt issuance costs over the life of the debt | (48,658) |
| Remove debt principal repayment expenditures | 2,627,500 |
| Change in Net Assets of Governmental Activities (See Exhibit II) | 272,372 |

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, 2011

Exhibit V
Page 1 of 2

| | ----- 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 | \$8,763,857 | \$8,847,710 | \$8,847,710 | \$3,651,526 | \$3,629,122 | \$3,629,122 | \$3,574,004 | \$3,585,739 | \$3,585,739 |
| Public Safety Sales Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hotel/Motel & Auto Rental Taxes | 41,372 | 46,000 | 46,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental Revenue | 14,172,965 | 13,326,700 | 13,091,139 | 420,909 | 413,182 | 334,182 | 0 | 0 | 0 |
| Fines & Forfeitures | 959,767 | 1,082,500 | 1,082,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Licenses & Permits | 861,713 | 766,250 | 766,250 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 4,048,232 | 4,285,300 | 4,201,074 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rents and Royalties | 1,007,936 | 618,754 | 618,754 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Program Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Earnings | 21,194 | 23,500 | 23,500 | 1,508 | 5,000 | 5,000 | 1,048 | 0 | 0 |
| Miscellaneous | 116,377 | 106,509 | 98,509 | 42,585 | 7,250 | 7,250 | 0 | 0 | 0 |
| Total Revenues | 29,993,413 | 29,103,223 | 28,775,436 | 4,116,528 | 4,054,554 | 3,975,554 | 3,575,052 | 3,585,739 | 3,585,739 |
| EXPENDITURES: | | | | | | | | | |
| Current: General Government | 8,403,126 | 8,658,672 | 8,561,429 | 0 | 0 | 0 | 0 | 0 | 0 |
| Justice & Public Safety | 21,209,439 | 21,633,343 | 21,317,774 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health | 0 | 0 | 0 | 3,943,060 | 4,079,037 | 4,000,037 | 3,550,078 | 3,588,739 | 3,585,739 |
| Education | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Social Services | 24,498 | 24,498 | 24,498 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development | 317,583 | 368,604 | 355,918 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highways & Bridges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service: Principal Retirement | 212,500 | 212,500 | 212,500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & Fiscal Charges | 180,550 | 183,479 | 149,479 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 30,347,696 | 31,081,096 | 30,621,598 | 3,943,060 | 4,079,037 | 4,000,037 | 3,550,078 | 3,588,739 | 3,585,739 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(354,283)</u> | <u>(1,977,873)</u> | <u>(1,846,162)</u> | <u>173,468</u> | <u>(24,483)</u> | <u>(24,483)</u> | <u>24,974</u> | <u>(3,000)</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Transfers In | 1,889,370 | 2,146,548 | 2,145,548 | 0 | 24,483 | 24,483 | 0 | 0 | 0 |
| Transfers Out | (298,161) | (311,694) | (299,386) | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Other Financing Sources (Uses) | 1,591,209 | 1,834,854 | 1,846,162 | 0 | 24,483 | 24,483 | 0 | 0 | 0 |
| NET CHANGE IN FUND BALANCES | 1,236,926 | (143,019) | 0 | 173,468 | 0 | 0 | 24,974 | (3,000) | 0 |
| FUND BALANCES--Beginning of Year | <u>2,899,655</u> | <u>2,899,655</u> | <u>2,899,655</u> | <u>1,847,541</u> | <u>1,847,541</u> | <u>1,847,541</u> | <u>1,505,311</u> | <u>1,505,311</u> | <u>1,505,311</u> |
| FUND BALANCES--End of Year | <u><u>4,136,581</u></u> | <u><u>2,756,636</u></u> | <u><u>2,899,655</u></u> | <u><u>2,021,009</u></u> | <u><u>1,847,541</u></u> | <u><u>1,847,541</u></u> | <u><u>1,530,285</u></u> | <u><u>1,502,311</u></u> | <u><u>1,505,311</u></u> |

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, 2011

| | ----- Illinois Municipal Retirement Fund ----- | | | ----- Regional Planning Commission Fund ----- | | |
|--|--|-------------------|----------------------|---|-------------------|----------------------|
| | Actual (Budgetary Basis) | Budget (Final) | Budget (Original) | Actual (Budgetary Basis) | Budget (Final) | Budget (Original) |
| REVENUES: | | | | | | |
| Property Taxes | \$3,052,310 | \$3,063,954 | \$3,063,954 | \$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 | 124,000 | 124,000 | 124,000 | 9,686,015 | 13,503,321 | 11,974,070 |
| Fines & Forfeitures | 0 | 0 | 0 | 0 | 0 | 0 |
| Licenses & Permits | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 136,418 | 150,404 | 150,404 | 786,791 | 1,131,433 | 1,131,433 |
| Rents and Royalties | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Program Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Earnings | 1,142 | 8,000 | 8,000 | 525 | 1,000 | 1,000 |
| Miscellaneous | 0 | 0 | 0 | 82,377 | 62,550 | 62,550 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | 3,313,870 | 3,346,358 | 3,346,358 | 10,555,708 | 14,698,304 | 13,169,053 |
| EXPENDITURES: | | | | | | |
| Current: General Government | 487,532 | 504,665 | 504,665 | 0 | 0 | 0 |
| Justice & Public Safety | 2,230,780 | 2,309,173 | 2,309,173 | 0 | 0 | 0 |
| Health | 68,190 | 70,586 | 70,586 | 0 | 0 | 0 |
| Education | 337,025 | 348,868 | 348,868 | 0 | 0 | 0 |
| Social Services | 584,547 | 693,218 | 693,218 | 0 | 0 | 0 |
| Development | 335,285 | 347,067 | 347,067 | 10,552,109 | 15,832,941 | 14,373,853 |
| Highways & Bridges | 185,705 | 192,231 | 192,231 | 0 | 0 | 0 |
| Debt Service: Principal Retirement | 350,000 | 350,000 | 350,000 | 0 | 0 | 0 |
| Interest & Fiscal Charges | 67,711 | 69,176 | 69,176 | 0 | 0 | 0 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 4,646,775 | 4,884,984 | 4,884,984 | 10,552,109 | 15,832,941 | 14,373,853 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | (1,332,905) | (1,538,626) | (1,538,626) | 3,599 | (1,134,637) | (1,204,800) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | 1,397,428 | 1,537,056 | 1,537,056 | 476,310 | 589,000 | 589,000 |
| Transfers Out | 0 | 0 | 0 | (326,560) | (394,163) | (324,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Other Financing Sources (Uses) | 1,397,428 | 1,537,056 | 1,537,056 | 149,750 | 194,837 | 265,000 |
| NET CHANGE IN FUND BALANCES | 64,523 | (1,570) | (1,570) | 153,349 | (939,800) | (939,800) |
| FUND BALANCES--Beginning of Year | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,275,688 | 1,275,688 | 1,275,688 | (83,375) | (83,375) | (83,375) |
| FUND BALANCES--End of Year | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,340,211 | 1,274,118 | 1,274,118 | 69,974 | (1,023,175) | (1,023,175) |

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, 2011

Exhibit VI

| | <u>Business-Type Activities</u> <u>Enterprise Fund</u> Nursing Home <u>Fund</u> | <u>Governmental</u> <u>Activities</u> Internal <u>Service Funds</u> |
|--|--|--|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash | \$452,033 | \$2,788,857 |
| Investments | 0 | 0 |
| Receivables, Net of Uncollectible Amounts: | | |
| Patient Accounts | 5,946,494 | 0 |
| Property Taxes | 1,027,438 | 0 |
| Intergovernmental | 451 | 136 |
| Other | 128 | 0 |
| Due From Other Funds | 0 | 169,595 |
| Inventories | 20,473 | 0 |
| Prepaid Expenses | 12,009 | 0 |
| Resident Trust Accounts | 8,880 | 0 |
| Total Current Assets | <u>7,467,906</u> | <u>2,958,588</u> |
| NONCURRENT ASSETS: | | |
| Capital Assets: | | |
| Buildings and Improvements | 23,658,508 | 0 |
| Construction in Progress | 0 | 0 |
| Equipment | 1,287,189 | 0 |
| Less Accumulated Depreciation | (3,626,652) | 0 |
| Total Noncurrent Assets | <u>21,319,045</u> | <u>0</u> |
| Total Assets | <u>28,786,951</u> | <u>2,958,588</u> |
| <u>LIABILITIES</u> | | |
| CURRENT LIABILITIES: | | |
| Accrued Salaries Payable | 341,424 | 0 |
| Accounts Payable | 3,157,840 | 76,334 |
| Due To Other Funds | 1,102,195 | 664 |
| Funds Held For Others | 8,880 | 67,659 |
| Deferred Revenues | 1,027,438 | 0 |
| Compensated Absences Payable | 352,195 | 0 |
| Estimated Claims Payable | 0 | 717,653 |
| Total Current Liabilities | <u>5,989,972</u> | <u>862,310</u> |
| NONCURRENT LIABILITIES: | | |
| Estimated Claims Payable | 0 | 1,649,049 |
| Net Obligation for Other Post-Employment Benefits | 125,564 | 0 |
| Total Noncurrent Liabilities | <u>125,564</u> | <u>1,649,049</u> |
| Total Liabilities | <u>6,115,536</u> | <u>2,511,359</u> |
| <u>NET ASSETS</u> | | |
| Invested in Capital Assets | 21,319,045 | 0 |
| Unrestricted | 1,352,370 | 447,229 |
| Total Net Assets | <u>22,671,415</u> | <u>447,229</u> |
| Adjustment due to consolidation of internal service fund activities related to enterprise funds | <u>(19,641)</u> | |
| Net assets of business-type activities | <u>22,651,774</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, 2011

| | <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) | \$15,128,543 | \$7,105,868 |
| Miscellaneous | <u>79,818</u> | <u>49,412</u> |
| Total Operating Revenues | <u>15,208,361</u> | <u>7,155,280</u> |
| OPERATING EXPENSES: | | |
| Salaries | 6,268,546 | 14,936 |
| Fringe Benefits | 2,144,848 | 5,954,088 |
| Commodities | 1,318,649 | 83 |
| Services | 4,643,604 | 766,230 |
| Depreciation | <u>724,874</u> | <u>0</u> |
| Total Operating Expenses | <u>15,100,521</u> | <u>6,735,337</u> |
| OPERATING INCOME (LOSS) | <u>107,840</u> | <u>419,943</u> |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Property Tax | 1,005,595 | 0 |
| Intergovernmental Revenue | 52,160 | 0 |
| Investment Earnings | 533 | 1,933 |
| Donations | 13,473 | 0 |
| Gain (Loss) on Disposal of Capital Assets | 0 | 0 |
| Interest Expense | <u>(6,414)</u> | <u>0</u> |
| Net Non-Operating Revenues (Expenses) | <u>1,065,347</u> | <u>1,933</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 1,173,187 | 421,876 |
| Capital Contributions | 0 | 0 |
| Transfers In | 0 | 0 |
| Transfers Out | <u>(308,909)</u> | <u>0</u> |
| CHANGE IN NET ASSETS | 864,278 | 421,876 |
| NET ASSETS--Beginning of Year | <u>21,807,137</u> | <u>25,353</u> |
| NET ASSETS--End of Year | <u>22,671,415</u> | <u>447,229</u> |
| Adjustment due to consolidation of internal service fund activities related to enterprise funds | <u>78,781</u> | |
| Change in net assets of business-type activities | <u>943,059</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, 2011

| | <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 | \$11,600,438 | \$0 |
| Cash Receipts from Other Funds and Employees for Services | 0 | 7,087,356 |
| Cash Receipts for Claims Reimbursements | 0 | 49,412 |
| Cash Payments to Employees for Services | (6,265,735) | (14,936) |
| Cash Payments to Suppliers and Other Funds for Goods and Services | (6,525,689) | (5,723,459) |
| Cash Payments for Claims | <u>0</u> | <u>(759,756)</u> |
| Net Cash Provided (Used) By Operating Activities | <u>(1,190,986)</u> | <u>638,617</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Property Taxes Received | 1,005,144 | 0 |
| Operating Grants Received | 0 | 0 |
| Gifts And Donations Received | 4,009 | 0 |
| Cash Received from Tax Anticipation Borrowing | 856,415 | 0 |
| Tax Anticipation Borrowing Repaid | (856,415) | 0 |
| Interest Paid on Tax Anticipation Borrowing | (6,414) | 0 |
| Transfers/Loans Received From Other Funds | 0 | 0 |
| Transfers/Loans Paid To Other Funds | <u>(308,909)</u> | <u>0</u> |
| Net Cash Provided (Used) By Non-Capital Financing Activities | <u>693,830</u> | <u>0</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Cash Received from Sale of Capital Assets | 0 | 0 |
| Payments for Acquisition and Construction of Capital Assets | <u>(60,263)</u> | <u>0</u> |
| Net Cash Provided (Used) By Capital and Related Financing Activities | <u>(60,263)</u> | <u>0</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES: | | |
| Interest Received on Investments and Bank Deposits | <u>533</u> | <u>1,933</u> |
| Net Cash Provided (Used) By Investment Activities | <u>533</u> | <u>1,933</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (556,886) | 640,550 |
| Cash and Cash Equivalents at Beginning of Year | <u>1,008,919</u> | <u>2,148,307</u> |
| Cash and Cash Equivalents at End of Year | <u><u>452,033</u></u> | <u><u>2,788,857</u></u> |

Non-cash Investing, Capital and Financing Activities:

The Nursing Home Enterprise Fund received donated assets and supplies valued at \$9,464, and received a vehicle valued at \$52,160 through a federal/state grant. 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, 2011

| | <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> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | \$107,840 | \$419,943 |
| Adjust For Non-Cash Revenue/Expense: | | |
| Depreciation Expense | 724,874 | 0 |
| Increase (Decrease) in Estimated Claims Payable | 0 | 194,162 |
| Increase (Decrease) in Net Obligation for OPEB | 20,783 | 0 |
| Adjust For Non-Revenue/Expense Cash Flows: | | |
| Decrease (Increase) in Receivables | (3,607,972) | 1,512 |
| Decrease (Increase) in Due From Other Funds | 49 | (20,024) |
| Decrease (Increase) in Inventories | 2,825 | 0 |
| Decrease (Increase) in Prepaid Expenses | (4,732) | 0 |
| Increase (Decrease) in Payables | 1,220,702 | 51,538 |
| Increase (Decrease) in Due To Other Funds | 344,645 | 485 |
| Increase (Decrease) in Unremitted Payroll Withholdings | 0 | (8,999) |
| | <u>0</u> | <u>(8,999)</u> |
| Net Cash Provided (Used) By Operating Activities | <u>(1,190,986)</u> | <u>638,617</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, 2011

| | <u>Private Purpose Trust Funds</u> | <u>Agency Funds</u> |
|-------------------------------------|--|-------------------------|
| <u>ASSETS</u> | | |
| Cash | \$1,175,635 | \$1,625,804 |
| Investments | 500,000 | 1,184,208 |
| Receivables: | | |
| Intergovernmental | 175,765 | 48,920 |
| Accrued Interest | <u>0</u> | <u>0</u> |
| Total Assets | <u>1,851,400</u> | <u>2,858,932</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | 187,726 | 0 |
| Due to Other Funds | 78,875 | 0 |
| Funds Held for Others | <u>0</u> | <u>2,858,932</u> |
| Total Liabilities | <u>266,601</u> | <u>2,858,932</u> |
| <u>NET ASSETS</u> | | |
| Held in Trust for Other Governments | <u><u>1,584,799</u></u> | <u><u>0</u></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, 2011

| | <u>Private Purpose Trust Funds</u> |
|------------------------------------|--|
| ADDITIONS: | |
| Intergovernmental Revenue | \$2,819,334 |
| Investment Earnings | 1,400 |
| Miscellaneous | <u>0</u> |
| Total Additions | <u>2,820,734</u> |
| DEDUCTIONS: | |
| Township Road & Bridge Maintenance | <u>2,655,545</u> |
| Total Deductions | <u>2,655,545</u> |
| CHANGE IN NET ASSETS | 165,189 |
| NET ASSETS--Beginning of Year | <u>1,419,610</u> |
| NET ASSETS--End of Year | <u><u>1,584,799</u></u> |

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 Illinois Municipal Retirement Fund, which uses property taxes to fund employer contributions to the IMRF pension plan for County employees; 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 (and only) enterprise fund is the Nursing Home Fund, which is the operating fund for the County Nursing Home. Other proprietary funds include internal service funds created to 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.

D. FUND BALANCE REPORTING

Fund balances in governmental funds are classified according to the level of constraints on how amounts in those funds can be spent: nonspendable, restricted, committed, assigned or unassigned. Nonspendable amounts are either not in spendable form or are legally required to be kept intact. Restricted amounts may only be spent according to externally imposed constraints or legally enforceable enabling legislation. Fund

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

balance may be committed to a specific purpose by resolution or ordinance passed by the County Board. A commitment may only be rescinded by the same formal action of the County Board. Fund balance may also be assigned (or unassigned) to a purpose by the County Administrator or a Committee of the County Board in accordance with County Board budget policies.

When both restricted and unrestricted resources are available for the same purpose, restricted resources are used first. Within unrestricted fund balance, resources committed to a specific purpose are used first, then assigned resources, and then unassigned.

E. 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.

The government-wide statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements. The County has also applied Financial Accounting Standards Board (FASB) statements, FASB interpretations, Accounting Principles Board opinions and AICPA accounting research bulletins that were 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 that were issued on or before November 30, 1989, unless those pronouncements conflict with 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.

F. 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.

G. 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 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)

H. 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.

I. 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.

J. 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 |

K. 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 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 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-E. 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 appropriations lapsing 30 days after year-end and 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.

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 4 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS (continued)

| | Nursing Home Fund | Self-Funded Insurance Fund | General Fund | Regional Planning Com. Fund | Other Non-Major Govt Funds |
|--|-------------------------|----------------------------------|-----------------|-----------------------------------|----------------------------------|
| Fiscal Year Ended November 30, 2011: | | | | | |
| Budgetary Basis Change in Fund Balance or Net Assets | \$14,180 | \$608,637 | \$1,236,926 | \$153,349 | \$517,051 |
| REVENUES AND OTHER SOURCES: | | | | | |
| Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent | | | | (20,349) | |
| Recognition of prepaid revenues deferred until earned | | | (418,000) | | |
| Adjustment for timing differences - revenue recognized in the period when earned | 2,299,247 | | 67,933 | | 790 |
| Decrease (increase) in allowance for uncollectible accounts receivable and revenue write-offs | (253,195) | | | | |
| EXPENDITURES /EXPENSES AND OTHER USES: | | | | | |
| Increase (decrease) in inventories and prepaid expenses | 2,163 | | | | |
| Adjustment for timing differences - expenses recognized in the period when incurred | (621,863) | | | (424,675) | (761,467) |
| Decrease (increase) in bad debt allowance for uncollectible loans receivable | | | | | (180,000) |
| Capital asset acquisitions and disposals | 121,631 | | | | |
| Depreciation expense | (724,874) | | | | |
| Decrease (increase) in accrued compensated absences payable | 47,772 | | | | |
| Decrease (increase) in net OPEB liability | (20,783) | | | | |
| Decrease (increase) in estimated claims payable | | | (194,162) | | |
| GAAP Basis Change in Fund Balance or Net Assets | 864,278 | 414,475 | 886,859 | (291,675) | (423,626) |

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended November 30, 2011, salaries expenditures in the General Corporate Fund Treasurer Department exceeded appropriations by \$1; salaries expenditures in the General Corporate Fund Coroner Department exceeded appropriations by \$326; salaries expenditures in the Law Library Fund exceeded appropriations by \$94; and salaries expenditures in the Victim Advocacy Grant Fund exceeded appropriations by \$33.

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at November 30, 2011 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 11/30/2011</u> | Asset Account Carrying Amounts (Reported as:) | | | Total | Bank Balances |
|-------------------------------------|---|------------------|----------------|-------------------|-------------------|
| | Cash | Investments | Resident Trust | | |
| Demand Deposits | \$11,967,524 | \$0 | \$13,000 | \$11,980,524 | \$12,674,239 |
| Money Market / Savings | 0 | 234,208 | 0 | 234,208 | 236,666 |
| Certificates of Deposit: | | | | | |
| Up to 3 months maturity | 0 | 0 | 0 | 0 | 0 |
| Over 3 mos. up to 12 mos. maturity | 0 | 1,000,000 | 0 | 1,000,000 | 1,000,000 |
| Over 12 mos. up to 24 mos. maturity | 0 | 750,000 | 0 | 750,000 | 750,000 |
| Total Deposits | 11,967,524 | 1,984,208 | 13,000 | 13,964,732 | 14,660,905 |

| <u>INVESTMENTS 11/30/2011</u> | Asset Account Carrying Amounts (Reported as:) | | | Total | Fair Value |
|---------------------------------|---|-------------|----------------|-------------------|-------------------|
| | Cash | Investments | Resident Trust | | |
| State Treasurer Investment Pool | \$25,352,837 | \$0 | \$0 | \$25,352,837 | \$25,352,837 |
| Repurchase Agreements | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 25,352,837 | 0 | 0 | 25,352,837 | 25,352,837 |

| <u>INVESTMENTS 11/30/2011</u> | Fair Value | Investment Maturities (in Years) | | Percent of Total |
|---------------------------------|-------------------|----------------------------------|----------|------------------|
| | | Less Than 1 | 1 - 2 | |
| State Treasurer Investment Pool | \$25,352,837 | \$25,352,837 | \$0 | 100.00% |
| Repurchase Agreements | 0 | 0 | 0 | 0.00% |
| Total Investments | 25,352,837 | 25,352,837 | 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, 2011, 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, 2011 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 30, 2011.

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, 2011, no County investments posed a concentration 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. (2011 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 2011 was adopted by the County Board on November 18, 2010, 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 2011, tax bills were mailed on April 29 with the due dates of June 1 and September 1. Property tax bills mailed in 2011 were based on equalized assessed value as of January 1, 2010, and on tax levies set in November 2010.

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 within five business days following the judgment date. In 2011, the judgment date was October 27 and the tax sale was held October 28.

F. Tax Distributions

The County Treasurer is also the County Collector who handles the collection and distribution of property taxes for all taxing bodies in the county. The Collector generally distributes taxes to the taxing bodies shortly after taxes are collected. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. Interest earned on taxes before distribution must go to the local governments and may not be kept by the County. In 2011, all property taxes were distributed by November 17.

NOTE 8 – PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUE

Property taxes receivable consist of property taxes levied in 2011, for which a legal claim exists in 2011. The revenue associated with the 2011 levy is deferred until the fiscal year ending November 30, 2012 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 2011 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, 2011 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 | \$8,285,724 | (\$48,057) | \$8,237,667 | \$447,240 | \$8,684,907 |
| Special Revenue | 17,233,247 | (99,952) | 17,133,295 | 129 | 17,133,424 |
| Capital Projects | 0 | 0 | 0 | 416,000 | 416,000 |
| Debt Service | 1,446,363 | (8,389) | 1,437,974 | 0 | 1,437,974 |
| Subtotal Governmental | 26,965,334 | (156,398) | 26,808,936 | 863,369 | 27,672,305 |
| Proprietary: | | | | | |
| Enterprise | 1,033,432 | (5,994) | 1,027,438 | 0 | 1,027,438 |
| Total | 27,998,766 | (162,392) | 27,836,374 | 863,369 | 28,699,743 |

NOTE 9 – PATIENT ACCOUNTS RECEIVABLE AND CHARGES FOR SERVICES

Patient accounts receivable and charges for services in the enterprise fund as of November 30, 2011 have been reduced by an allowance for uncollectible amounts, determined by an analysis of individual patient accounts.

| | | |
|---|-------------|--------------|
| Gross patient accounts receivable / revenue | \$5,990,944 | \$15,172,993 |
| Allowance for uncollectible amounts | (\$44,450) | (\$44,450) |
| Patient accounts receivable / revenue, net of uncollectible amounts | \$5,946,494 | \$15,128,543 |

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, 2011, loans outstanding were as follows:

| Program Loans Receivable (Net of Uncollectible Amounts) | 11/30/10 Balance | FY 2011 Additions | FY 2011 Deductions | 11/30/11 Balance | Current Receivable |
|--|---------------------|----------------------|-----------------------|---------------------|-----------------------|
| Economic Development Loans Receivable: | | | | | |
| Community Services Block Grant Loans | \$1,037,369 | \$180,000 | (\$175,987) | \$1,041,382 | \$160,298 |
| Comm. Serv. Block Grant Recovery Act Loans | 513,094 | 0 | (21,932) | 491,162 | 70,610 |
| Comm. Serv. Block Grant Pass-Through Loans | 8,807 | 0 | (280) | 8,527 | 2,201 |
| Community Development Recaptured Loans | 3,160,034 | 0 | (644,599) | 2,515,435 | 253,003 |
| Housing Rehabilitation Loans Receivable: | | | | | |
| County Housing Rehab Loans | 325,862 | 0 | (35,194) | 290,668 | 32,980 |
| HUD H.O.M.E. Program Loans | 642,555 | 64,607 | (9,670) | 697,492 | 0 |
| Total Loans Receivable | 5,687,721 | 244,607 | (887,662) | 5,044,666 | 519,092 |

NOTE 11 – CAPITAL ASSETS

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

| <u>Governmental Activities</u> | 11/30/10 Balance | FY 2011 Additions | FY 2011 Deductions | 11/30/11 Balance |
|--------------------------------------|---------------------|----------------------|-----------------------|---------------------|
| Assets Not Being Depreciated: | | | | |
| Land | \$1,699,730 | \$49,362 | \$0 | \$1,749,092 |
| Construction in Progress | 6,005,864 | 3,837,894 | (9,295,581) | 548,177 |
| Assets Being Depreciated: | | | | |
| Infrastructure | 61,934,797 | 7,795,854 | (2,694,850) | 67,035,801 |
| Buildings and Improvements | 72,744,242 | 1,505,135 | 0 | 74,249,377 |
| Equipment | 13,447,700 | 1,017,216 | (650,386) | 13,814,530 |
| Assets Subtotal | 155,832,333 | 14,205,461 | (12,640,817) | 157,396,977 |
| Accumulated Depreciation: | | | | |
| Infrastructure | (42,730,845) | (2,247,191) | 2,365,102 | (42,612,934) |
| Buildings and Improvements | (26,193,803) | (2,556,116) | 0 | (28,749,919) |
| Equipment | (10,927,030) | (861,579) | 646,083 | (11,142,526) |
| Accum. Depreciation Subtotal | (79,851,678) | (5,664,886) | 3,011,185 | (82,505,379) |
| Net Total | 75,980,655 | 8,540,575 | (9,629,632) | 74,891,598 |

NOTE 11 – CAPITAL ASSETS (continued)

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

| <u>Business-Type Activities</u> | 11/30/10 Balance | FY 2011 Additions | FY 2011 Deductions | 11/30/11 Balance |
|---------------------------------|---------------------|----------------------|-----------------------|---------------------|
| Assets Not Being Depreciated: | | | | |
| Construction in Progress | \$0 | \$0 | \$0 | \$0 |
| Assets Being Depreciated: | | | | |
| Buildings and Improvements | 23,654,608 | 3,900 | 0 | 23,658,508 |
| Equipment | 1,169,458 | 117,731 | 0 | 1,287,189 |
| Assets Subtotal | <u>24,824,066</u> | <u>121,631</u> | <u>0</u> | <u>24,945,697</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (2,356,588) | (617,343) | 0 | (2,973,931) |
| Equipment | (545,190) | (107,531) | 0 | (652,721) |
| Accum. Depreciation Subtotal | <u>(2,901,778)</u> | <u>(724,874)</u> | <u>0</u> | <u>(3,626,652)</u> |
| Net Total | <u>21,922,288</u> | <u>(603,243)</u> | <u>0</u> | <u>21,319,045</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 | \$476,068 | \$0 |
| Justice and Public Safety | 2,475,558 | 0 |
| Health | 1,820 | 0 |
| Education | 41,800 | 0 |
| Social Services | 0 | 724,874 |
| Development | 82,532 | 0 |
| Highways and Bridges | <u>2,587,108</u> | <u>0</u> |
| Total Depreciation Expense | <u>5,664,886</u> | <u>724,874</u> |

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at November 30, 2011 are summarized below.

| <u>Due To / From Other Funds:</u> | <u>Receivable</u> | <u>Payable</u> |
|---|-------------------|----------------|
| Major Governmental Funds: | | |
| General Corporate | \$1,101,483 | \$132,112 |
| Mental Health | 4,119 | 3,141 |
| Illinois Municipal Retirement | 300,648 | 0 |
| Regional Planning Commission | 28,705 | 95,530 |
| Major Enterprise Fund: | | |
| Nursing Home | 0 | 1,102,195 |
| Nonmajor Governmental Funds: | | |
| RPC Economic Development Loans | 0 | 9,573 |
| Geographic Information System | 27,724 | 1,505 |
| Working Cash | 0 | 382 |
| Recorder's Automation | 18,378 | 140 |
| Property Tax Interest Fee | 0 | 60,100 |
| Animal Control | 0 | 8,593 |
| Law Library | 0 | 172 |
| Public Safety Sales Tax | 942,140 | 140,858 |
| Sheriff Drug Forfeitures | 0 | 78 |
| Court's Automation | 0 | 104,928 |
| Child Support Services | 0 | 6,807 |
| State's Attorney Drug Forfeitures | 0 | 59,000 |
| Circuit Clerk Operations & Administration | 0 | 63,145 |
| Court Document Storage | 0 | 543 |
| Victim Advocacy Grant | 0 | 3,926 |
| Child Advocacy Center | 0 | 799 |
| Juvenile Information Sharing System Grant | 0 | 1,626 |
| Access Initiative Grant | 0 | 8,113 |
| Early Childhood | 0 | 88,465 |
| County Highway | 217,952 | 45,136 |
| County Motor Fuel Tax | 0 | 63,262 |
| Tort Immunity | 1,346 | 938,958 |
| Social Security | 240,057 | 4,119 |
| Court Complex Construction | 0 | 29,402 |
| Subtotal Nonmajor Governmental | 1,447,597 | 1,639,630 |
| Internal Service Funds: | | |
| Self-Funded Insurance | 158,446 | 609 |
| Employee Health Insurance | 11,149 | 55 |
| Subtotal Internal Service | 169,595 | 664 |
| Private Purpose Trust Fund: | | |
| Township Motor Fuel Tax | 0 | 78,875 |
| Subtotal Private Purpose Trust | 0 | 78,875 |
| Total – All Funds | 3,052,147 | 3,052,147 |

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 | \$135,000 | \$0 |
| Nonmajor Governmental Fund: | | |
| RPC Economic Development Loans | <u>0</u> | <u>135,000</u> |
| Total – All Funds | <u>135,000</u> | <u>135,000</u> |

Of the \$3,052,147 Due To/From Other Funds at November 30, 2011, \$1,178,493 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 \$135,000 at November 30, 2011.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|---------------------|----------------------|
| Major Governmental Funds: | | |
| General Corporate | \$1,857,581 | \$298,161 |
| Regional Planning Commission | 455,961 | 322,885 |
| Major Enterprise Fund: | | |
| Nursing Home | 0 | 308,909 |
| Nonmajor Governmental Funds (aggregate) | 822,698 | 2,206,285 |
| Internal Service Funds (aggregate) | <u>0</u> | <u>0</u> |
| Total – All Funds | <u>3,136,240</u> | <u>3,136,240</u> |

In FY2011, total interfund transfers in, \$3,136,240, equal total transfers out, \$3,136,240. 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, 2011 was a \$20,349 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 in 2011 include \$308,909 from the Nursing Home Fund to the General Corporate Fund to cover bond principal and interest payments; \$94,317 from the General Corporate Fund and \$105,591 from the County Highway Fund to the Highway Facility Bond Debt Service Fund to cover bond principal and interest payments; \$907,230 from the Public Safety Sales Tax Fund to the General Corporate Fund to partially cover public safety facilities costs and computer programming costs; \$68,479 from the Public Safety Sales Tax Fund

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

and \$123,028 from the General Corporate Fund to the Capital Asset Replacement Fund to set aside money for future capital expenditures; and \$219,578 from the Probation Services Fund, \$83,087 from the Recorder's Automation Fund and \$63,145 from the Circuit Clerk Operations and Administration Fund to the General Corporate Fund to help cover deficit operations.

NOTE 14 – ON-BEHALF PAYMENTS FOR SALARIES

The State of Illinois paid salary stipends to various County officials during FY2011. 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 \$38,900.

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, pursuant 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, 2011 are as follows:

| | Nov. 30, 2010 Balance | FY 2011 Additions | FY 2011 Deductions | Nov. 30, 2011 Balance | Expected To Be Paid Within 1 Year |
|--------------------------|--------------------------|----------------------|-----------------------|--------------------------|---|
| Governmental Activities | \$2,805,836 | \$2,480,510 | (\$2,381,992) | \$2,904,354 | \$2,904,354 |
| Business-Type Activities | 399,967 | 430,047 | (477,819) | 352,195 | 352,195 |

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 2011, net of insurance reimbursements, were \$498,323. A liability for claims payable must be reported if the liability is both probable and estimable. The estimated amount of unpaid claims that were incurred and reported 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, 2011 was projected to be \$1,911,570.

NOTE 16 – RISK FINANCING (continued)

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> |
|---|---|---|------------------------------|---|--|
| 2010 | 2,007,034 | 215,644 | (479,972) | 1,742,706 | 515,316 |
| 2011 | 1,742,706 | 667,187 | (498,323) | 1,911,570 | 583,196 |

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 2011, net of insurance reimbursements, were \$242,989. A liability for claims payable must 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, 2011 was projected to be \$455,132. 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> |
|---|---|---|------------------------------|---|--|
| 2010 | 726,566 | (137,994) | (158,738) | 429,834 | 137,221 |
| 2011 | 429,834 | 268,287 | (242,989) | 455,132 | 134,457 |

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 2010, the County Nursing Home issued short term debt in anticipation of property tax revenues to be received in May-November, 2011. 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 2010A and 2010B Tax Anticipation Warrants \$856,415;
 due in 2 installments: July 15, 2011 and September 30, 2011;
 interest rate at 1.20%;

| | |
|--|-----------|
| Balance outstanding at November 30, 2010 | \$0 |
| Warrants issued in FY2011 | \$856,415 |
| Warrant interest payments made in FY 2011 | \$6,414 |
| Warrant principal payments made in FY 2011 | \$856,415 |
| Balance outstanding at November 30, 2011 | \$0 |

NOTE 18 – LONG TERM DEBT

A. GENERAL OBLIGATION BONDS/DEBT CERTIFICATES – GOVERNMENTAL ACTIVITIES

1999 Series Public Safety Sales Tax Bonds: \$23,800,000;
 due in 29 annual installments from 2001 to 2029; interest rates 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, 2010 | \$4,850,000 |
| Bond interest payments made in FY 2011 | \$400,125 |
| Bond principal payments made in FY 2011 | \$0 |
| Balance outstanding at November 30, 2011 | \$4,850,000 |

2000 Series Public Safety Sales Tax Bonds: \$4,997,290;
 due in 15 annual installments from 2004 to 2018; interest rates 5.25% to 7.125%;
 \$1,370,000 refunded (in-substance defeasance) in FY 2004;
 remaining annual installments due through 2018;

| | |
|--|-------------|
| Balance outstanding at November 30, 2010 | \$2,841,757 |
| Bond interest payments made in FY 2011 | \$0 |
| Bond principal payments made in FY 2011 | \$0 |
| Balance outstanding at November 30, 2011 | \$2,841,757 |

2003 Series Nursing Home Construction Bonds: \$19,925,000;
 due in 19 annual installments from 2004 to 2022; interest rates 2.00% to 5.25%;
 \$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;
 \$4,355,000 refunded (in-substance defeasance) in FY 2011;
 remaining annual installments due through 2012;

| | |
|--|-------------|
| Balance outstanding at November 30, 2010 | \$6,265,000 |
| Bond interest payments made in FY 2011 | \$159,833 |
| Bond principal payments made in FY 2011 | \$935,000 |
| Bond refunded (in-substance defeasance) in FY 2011 | \$4,355,000 |
| Balance outstanding at November 30, 2011 | \$975,000 |

NOTE 18 – LONG TERM DEBT (continued)

| | |
|---|--------------|
| 2004B Series Public Safety Refunding Bonds: \$1,520,000; | |
| due in 8 annual installments from 2005 to 2012; interest rates 1.50% to 3.65%; | |
| \$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, 2010 | \$1,405,000 |
| Bond interest payments made in FY 2011 | \$42,128 |
| Bond principal payments made in FY 2011 | \$310,000 |
| Balance outstanding at November 30, 2011 | \$1,095,000 |
| | |
| 2005A Series Nursing Home Construction Refunding Bonds: \$7,425,000; | |
| due in 14 annual installments from 2006 to 2019; interest rates 3.00% to 5.25%; | |
| \$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, 2010 | \$7,300,000 |
| Bond interest payments made in FY 2011 | \$376,162 |
| Bond principal payments made in FY 2011 | \$0 |
| Balance outstanding at November 30, 2011 | \$7,300,000 |
| | |
| 2005B Series Public Safety Refunding Bonds: \$18,440,000; | |
| due in 24 annual installments from 2006 to 2029; interest rates 3.00% to 5.25%; | |
| \$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, 2010 | \$17,655,000 |
| Bond interest payments made in FY 2011 | \$811,644 |
| Bond principal payments made in FY 2011 | \$450,000 |
| Balance outstanding at November 30, 2011 | \$17,205,000 |
| | |
| 2006 Series IMRF Early Retirement Obligation Taxable Bonds: \$2,450,000; | |
| due in 7 annual installments from 2008 to 2014; interest rates 4.92% to 5.10%; | |
| \$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, 2010 | \$1,505,000 |
| Bond interest payments made in FY 2011 | \$67,176 |
| Bond principal payments made in FY 2011 | \$350,000 |
| Balance outstanding at November 30, 2011 | \$1,155,000 |
| | |
| 2006A Series Nursing Home Construction Bonds: \$4,000,000; | |
| due in 19 annual installments from 2008 to 2026; interest rates 3.95% to 5.50%; | |
| \$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, 2010 | \$3,560,000 |
| Bond interest payments made in FY 2011 | \$147,209 |
| Bond principal payments made in FY 2011 | \$160,000 |
| Balance outstanding at November 30, 2011 | \$3,400,000 |

NOTE 18 – LONG TERM DEBT (continued)

2007A Series Public Safety Sales Tax Bonds: \$5,955,000;
 due in 19 annual installments from 2009 to 2027; interest rates 3.80% to 5.00%;
 \$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, 2010 | \$5,545,000 |
| Bond interest payments made in FY 2011 | \$233,889 |
| Bond principal payments made in FY 2011 | \$220,000 |
| Balance outstanding at November 30, 2011 | \$5,325,000 |

2007B Series Highway Facility Construction Bonds: \$1,480,000;
 due in 9 annual installments from 2009 to 2017; interest rate 4.25%;
 \$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, 2010 | \$1,195,000 |
| Bond interest payments made in FY 2011 | \$47,600 |
| Bond principal payments made in FY 2011 | \$150,000 |
| Balance outstanding at November 30, 2011 | \$1,045,000 |

2010A Series Art Bartell Building Construction Debt Certificates: \$1,995,000;
 due in 14 annual installments from 2012 to 2025; interest rates 2.00% to 4.90%;
 \$9,475 bond premium amortized over 13 years 11 months;
 \$48,514 bond issuance costs amortized over 13 years 11 months;

| | |
|--|-------------|
| Balance outstanding at November 30, 2010 | \$0 |
| Debt issued in FY 2011 | \$1,995,000 |
| Debt interest payments made in FY 2011 | \$32,806 |
| Debt principal payments made in FY 2011 | \$0 |
| Balance outstanding at November 30, 2011 | \$1,995,000 |

2011 Series Nursing Home Construction Refunding Bonds: \$4,355,000;
 due in 1 installment in 2012 plus 3 annual installments from 2020 to 2022;
 interest rates 1.00% to 4.00%;
 \$268,253 bond premium amortized over 10 years 5 months;
 \$60,474 bond issuance costs amortized over 10 years 5 months;
 \$201,962 deferred charge on refunding amortized over 10 years 5 months;

| | |
|--|-------------|
| Balance outstanding at November 30, 2010 | \$0 |
| Bonds issued in FY 2011 | \$4,355,000 |
| Bond interest payments made in FY 2011 | \$0 |
| Bond principal payments made in FY 2011 | \$0 |
| Balance outstanding at November 30, 2011 | \$4,355,000 |

2011 Bond Transactions – Governmental Activities

| | |
|---------------------------------|--------------|
| Bonds payable November 30, 2010 | \$52,121,757 |
| Bonds issued in FY 2011 | \$6,350,000 |
| Bonds retired in FY 2011 | \$2,575,000 |
| Bonds refunded in FY 2011 | \$4,355,000 |
| Bonds payable November 30, 2011 | \$51,541,757 |

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 | |
| 2012 | \$1,230,000 | \$589,276 | \$1,810,000 | \$1,435,466 | \$365,000 | \$49,316 | \$280,000 | \$216,045 | \$5,975,103 |
| 2013 | 1,065,000 | 558,181 | 1,250,415 | 2,075,573 | 385,000 | 30,396 | 285,000 | 206,836 | 5,856,401 |
| 2014 | 1,105,000 | 505,187 | 1,313,322 | 2,093,606 | 405,000 | 10,327 | 300,000 | 196,968 | 5,929,410 |
| 2015 | 1,175,000 | 449,481 | 1,439,962 | 2,039,314 | -- | -- | 310,000 | 184,793 | 5,598,550 |
| 2016 | 1,215,000 | 389,794 | 1,490,492 | 2,036,715 | -- | -- | 320,000 | 170,593 | 5,622,594 |
| 2017 | 1,280,000 | 326,200 | 1,550,859 | 2,030,923 | -- | -- | 340,000 | 156,608 | 5,684,590 |
| 2018 | 1,145,000 | 263,519 | 1,606,707 | 1,998,372 | -- | -- | 350,000 | 142,914 | 5,506,512 |
| 2019 | 1,205,000 | 201,831 | 1,275,000 | 1,105,250 | -- | -- | 365,000 | 128,668 | 4,280,749 |
| 2020 | 1,365,000 | 142,900 | 1,350,000 | 1,025,614 | -- | -- | 380,000 | 113,551 | 4,377,065 |
| 2021 | 1,415,000 | 87,300 | 1,490,000 | 923,276 | -- | -- | 400,000 | 97,438 | 4,413,014 |
| 2022 | 1,475,000 | 29,500 | 1,640,000 | 809,445 | -- | -- | 415,000 | 80,318 | 4,449,263 |
| 2023 | -- | -- | 1,800,000 | 683,376 | -- | -- | 435,000 | 62,199 | 2,980,575 |
| 2024 | -- | -- | 2,000,000 | 569,176 | -- | -- | 450,000 | 42,950 | 3,062,126 |
| 2025 | -- | -- | 2,140,000 | 469,598 | -- | -- | 470,000 | 22,579 | 3,102,177 |
| 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 |
| | 13,675,000 | 3,543,169 | 31,316,757 | 20,113,598 | 1,155,000 | 90,039 | 5,395,000 | 1,828,544 | 77,117,107 |

At November 30, 2011, \$1,906,336 was available in restricted fund balance in the Debt Service Funds, \$2,822,906 was available in restricted fund balance in the Public Safety Sales Tax Special Revenue Fund, \$422,347 was available in restricted fund balance in the IMRF Special Revenue Fund, and \$270,540 was available in restricted 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, 2010 | \$286,563 |
| Loan principal payments made in FY 2011 | \$52,500 |
| Balance outstanding at November 30, 2011 | \$234,063 |

2011 Intergovernmental Loan Transactions – Governmental Activities

| | |
|---|-----------|
| Loans payable November 30, 2010 | \$286,563 |
| New loans incurred in FY 2011 | \$0 |
| Loan principal payments made in FY 2011 | \$52,500 |
| Loans payable November 30, 2011 | \$234,063 |

NOTE 18 – LONG TERM DEBT (continued)

Annual Debt Service Requirements for Intergovernmental Loans

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

| Fiscal Year | <u>Governmental Activities</u> <u>General Corporate Fund</u> <u>Principal</u> |
|----------------|---|
| 2012 | \$52,500 |
| 2013 | 52,500 |
| 2014 | 52,500 |
| 2015 | 52,500 |
| 2016 | 24,063 |
| | 234,063 |
| | 234,063 |

C. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

| | Nov. 30, 2010 Balance | FY 2011 Additions | FY 2011 Deductions | Nov. 30, 2011 Balance | Due Within One Year |
|----------------------------------|--------------------------|----------------------|-----------------------|--------------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| General Obligation Bonds | \$52,121,757 | \$6,350,000 | (\$6,930,000) | \$51,541,757 | \$3,685,000 |
| Unamortized Bond Premium | 1,230,850 | 277,728 | (123,373) | 1,385,205 | 0 |
| Deferred Amount on Refunding | (900,941) | (201,962) | 79,308 | (1,023,595) | 0 |
| Total Bonds Payable | 52,451,666 | 6,425,766 | (6,974,065) | 51,903,367 | 3,685,000 |
| Intergovernmental Loans | 286,563 | 0 | (52,500) | 234,063 | 52,500 |
| Net OPEB Liability | 725,260 | 424,155 | (133,398) | 1,016,017 | 0 |
| Estimated Claims Payable | 2,172,540 | 1,168,746 | (974,584) | 2,366,702 | 717,653 |
| Total Governmental Activities | 55,636,029 | 8,018,667 | (8,134,547) | 55,520,149 | 4,455,153 |
| <u>Business-Type Activities:</u> | | | | | |
| Net OPEB Liability | \$104,781 | \$37,158 | (\$16,375) | \$125,564 | \$0 |
| Total Business-Type Activities | 104,781 | 37,158 | (16,375) | 125,564 | 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. REFUNDING BONDS

(1) 2011 Refunding Bonds issued to advance refund 2003 Nursing Home Construction Bonds. On August 8, 2011, \$4,355,000 in general obligation bonds with interest rates ranging from 1.00% to 4.00% were issued to advance refund \$4,355,000 in general obligation bonds with interest rates of 4.80%. The net proceeds of the refunding bonds were placed in an irrevocable trust with an escrow agent to meet the debt service requirements of the 2003 bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements; only the new debt is reported. The \$201,962 difference between the amount deposited with the escrow agent and the carrying amount of the defeased debt is reported as a deduction against bonds payable and is being amortized against interest expense over the life of the new bonds, which is shorter than the life of the old bonds. Cash flows required to service the new debt are \$492,676 less than what would have been required to service the old debt, resulting in an economic gain of \$341,590.

B. DEFEASED DEBT

(1) 2003 Nursing Home Construction Bonds. In 2005, \$8,055,000 of 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 the defeased 2003 Nursing Home Construction Bonds were still outstanding at November 30, 2011.

(2) 2003 Nursing Home Construction Bonds. In 2011, another \$4,355,000 of 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. \$4,355,000 of the defeased 2003 Nursing Home Construction Bonds were still outstanding at November 30, 2011.

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 2011 for these leases was \$92,588, and future minimum lease payments are shown below:

| <u>Fiscal</u> <u>Year</u> | <u>Lease</u> <u>Payments</u> |
|------------------------------|---|
| 2012 | \$92,588 |
| 2013 | 39,791 |
| 2014 | 29,232 |
| 2015 | 29,232 |
| 2016 | 29,232 |
| 2017-2021 | 146,159 |
| 2022-2023 | 51,156 |
| | <hr style="border-top: 1px solid black;"/> |
| | 417,390 |
| | <hr style="border-top: 3px double black;"/> |

NOTE 21 – FUND EQUITY

A. DEFICIT FUND EQUITY

As of November 30, 2011, the following funds had deficit fund equity:
 Victim Advocacy Grant Special Revenue Fund (\$5,764)
 Tort Immunity Special Revenue Fund (\$937,074)

B. FUND BALANCE CLASSIFICATIONS – GOVERNMENTAL FUNDS

Fund balances of governmental funds may be restricted, committed or assigned to specific purposes. On the basic and combining fund balance sheets, the restricted, committed and assigned fund balances are reported in the aggregate. The major purposes of those restrictions, commitments and assignments are shown below.

| | General | Mental | Developmnt | IL Municipal | Regional | Non-Major | Total |
|--|----------------|------------------|------------------|------------------|----------------|-------------------|-------------------|
| | Fund | Health | Disability | Retirement | Planning | Governmental | Governmental |
| | Fund | Fund | Fund | Fund | Comm Fund | Funds | Funds |
| Restricted by State Statutes, Grantor/Donor Stipulations, or Debt Covenants: | | | | | | | |
| For Capital Projects | \$0 | \$0 | \$0 | \$0 | \$0 | \$463,060 | \$463,060 |
| For Debt Service | 270,540 | 0 | 0 | 422,347 | 0 | 4,729,242 | 5,422,129 |
| For Justice & Public Safety | 0 | 0 | 0 | 0 | 0 | 3,761,094 | 3,761,094 |
| For Health & Education | 0 | 2,021,009 | 1,530,285 | 0 | 0 | 2,257,756 | 5,809,050 |
| For Development | 0 | 0 | 0 | 0 | 165,539 | 6,588,073 | 6,753,612 |
| For General Government | 0 | 0 | 0 | 0 | 0 | 1,412,057 | 1,412,057 |
| For Highways & Bridges | 0 | 0 | 0 | 0 | 0 | 6,677,494 | 6,677,494 |
| For Insurance & Fringes | 0 | 0 | 0 | 917,864 | 0 | 425,730 | 1,343,594 |
| Total Restricted Fund Balance | 270,540 | 2,021,009 | 1,530,285 | 1,340,211 | 165,539 | 26,314,506 | 31,642,090 |
| Committed by County Board Resolution: | | | | | | | |
| To Solid Waste Management | 0 | 0 | 0 | 0 | 0 | 66,884 | 66,884 |
| Assigned by County Officials: | | | | | | | |
| To Capital Projects | 0 | 0 | 0 | 0 | 0 | 1,485,141 | 1,485,141 |

NOTE 22 – GOVERNMENT-WIDE NET ASSETS

The government-wide statement of net assets reports restricted net assets of \$31,290,457. Of this amount, \$17,134,538 is externally restricted by state statutes, \$9,497,527 is restricted by grantor/donor stipulations, and \$4,658,392 is restricted by debt covenants.

NOTE 23 - DEFINED BENEFIT PENSION PLAN

The most current information available is for the plan year ended December 31, 2011 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 annual required contribution rate for calendar year 2011 was 10.41% of covered payroll for Regular, 20.36% of covered payroll for SLEP and 54.73% 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 2011, the County's annual pension cost of \$2,704,433 for Regular, \$1,406,875 for SLEP and \$111,257 for ECO was equal to the County's required and actual contributions. The required contributions for 2011 were determined as part of the December 31, 2009 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, 2009 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, 2011, the most recent actuarial valuation date:

- (a) The Regular plan was 84.69% funded. The actuarial accrued liability for benefits was \$59,987,204 and the actuarial value of assets was \$50,802,235, resulting in an underfunded actuarial accrued liability of \$9,184,969. Covered payroll for 2011 (annual payroll of active employees covered by the plan) was \$25,979,180 and the ratio of the underfunded actuarial accrued liability to covered payroll was 35%.
- (b) The SLEP plan was 62.45% funded. The actuarial accrued liability for benefits was \$27,466,493 and the actuarial value of assets was \$17,153,539, resulting in an underfunded actuarial accrued liability of \$10,312,954. Covered payroll for 2011 was \$6,909,995 and the ratio of the underfunded actuarial accrued liability to covered payroll was 149%.
- (c) The ECO plan was -22.32% funded. The actuarial accrued liability for benefits was \$1,816,165 and the actuarial value of assets (liability) was \$(405,330), resulting in an underfunded actuarial accrued liability of \$2,221,495. Covered payroll for 2011 was \$203,283 and the ratio of the underfunded actuarial accrued liability to covered payroll was 1093%. 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.

NOTE 23 - DEFINED BENEFIT PENSION PLAN (continued)

| THREE-YEAR TREND INFORMATION | | | |
|--|---------------------------|--|------------------------------|
| Year Ending | Annual Pension Cost | % of Annual Pension Cost Contributed | Net Pension Obligation |
| REGULAR NON-SLEP PERSONNEL | | | |
| 12/31/11 | \$2,704,433 | 100% | \$0 |
| 12/31/10 | \$2,527,780 | 100% | \$0 |
| 12/31/09 | \$1,799,719 | 100% | \$0 |
| SHERIFF'S LAW ENFORCEMENT PERSONNEL | | | |
| 12/31/11 | \$1,406,875 | 100% | \$0 |
| 12/31/10 | \$1,377,751 | 100% | \$0 |
| 12/31/09 | \$1,226,148 | 100% | \$0 |
| ELECTED COUNTY OFFICIALS | | | |
| 12/31/11 | \$111,257 | 100% | \$0 |
| 12/31/10 | \$121,887 | 100% | \$0 |
| 12/31/09 | \$207,948 | 100% | \$0 |

The schedule of funding progress presented as Required Supplementary Information in Exhibit XII shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 2011 ranged from \$187 to \$1,007 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, 2011 was calculated as \$461,313 with \$37,158 attributable to business-type activities and \$424,155 attributable to governmental activities. County contributions made in FY2011 totaled \$149,773 with \$16,375 attributable to business-type activities and \$133,398 attributable to governmental activities. The net OPEB obligation at November 30, 2011 was \$1,141,581 with \$125,564 attributable to business-type activities and \$1,016,017 attributable to governmental activities.

| Fiscal Year Ended November 30, 2011 | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------|
| Annual Required Contribution | \$437,623 | \$39,104 | \$476,727 |
| Interest on Prior Net OPEB Obligation | 25,384 | 3,667 | 29,051 |
| Adjustment for Prior Underpayments | (38,852) | (5,613) | (44,465) |
| Annual OPEB Cost | 424,155 | 37,158 | 461,313 |
| Employer Contributions | (133,398) | (16,375) | (149,773) |
| Increase (Decrease) in Net OPEB Oblig. | 290,757 | 20,783 | 311,540 |
| Beginning Net OPEB Obligation | 725,260 | 104,781 | 830,041 |
| Ending Net OPEB Obligation | 1,016,017 | 125,564 | 1,141,581 |

NOTE 24 – OTHER POST-EMPLOYMENT BENEFITS (continued)

| Three-Year Trend Information | | | |
|------------------------------|---------------------|-------------------------------|------------------------|
| Year Ending | Annual OPEB Cost | % of OPEB Cost Contributed | Net OPEB Obligation |
| 11/30/2011 | \$461,313 | 32.47% | \$1,141,581 |
| 11/30/2010 * | \$458,632 | 29.22% | \$830,041 |
| 11/30/2009 | \$748,836 | 32.50% | \$505,434 |

* 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 \$4,187,838 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.

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 11/30/2011 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.

The schedule of funding progress presented as Required Supplementary Information in Exhibit XII shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2011 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 16.87%, or \$1,739,948, which is reported in the Statement of Net Assets as an investment in joint venture. The net decrease of \$64,141 from the amount reported for June 30, 2010, is reported in the Statement of Activities under functional expense 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, 2011 is provided below.

Financial Position as of June 30, 2011

| | |
|-------------------|----------------------------|
| Total Assets | \$10,606,128 |
| Total Liabilities | <u>\$292,268</u> |
| Net Assets | <u><u>\$10,313,860</u></u> |

Results of Operations for Fiscal Year Ending June 30, 2011

| | |
|----------------------|----------------------------|
| Total Revenues | \$3,925,008 |
| Total Expenses | <u>\$4,261,026</u> |
| Change in Net Assets | (\$336,018) |
| Beginning Net Assets | <u>\$10,649,878</u> |
| Ending Net Assets | <u><u>\$10,313,860</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, 2011 (the latest year end for the GIS Consortium), Champaign County’s equity interest share was 62.75%, totaling \$72,181, which is reported in the Statement of Net Assets as an investment in joint venture. The net decrease of \$7,727 in the County’s share of equity for the year ended June 30, 2011 is reported in the Statement of Activities under functional expense 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, 2011 is presented below.

Financial Position as of June 30, 2011

| | |
|-------------------|-------------------------|
| Total Assets | \$133,857 |
| Total Liabilities | <u>\$18,828</u> |
| Net Assets | <u><u>\$115,029</u></u> |

Results of Operations for Fiscal Year Ending June 30, 2011

| | |
|----------------------|-------------------------|
| Total Revenues | \$444,284 |
| Total Expenses | <u>\$455,234</u> |
| Change in Net Assets | (\$10,950) |
| Beginning Net Assets | <u>\$125,979</u> |
| Ending Net Assets | <u><u>\$115,029</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

A. ROAD AND BRIDGE CONSTRUCTION PROJECTS

The County Highway Department has four Special Revenue Funds with November 30, 2011 fund balances totaling \$6.5 million. Much of those funds are committed to road and bridge construction projects, some of which are multiple-year projects. Current projects with significant commitments include:

| <u>PROJECT</u> | <u>TOTAL COMMITMENT</u> | <u>SPENT THROUGH FY11</u> | <u>REMAINING COMMITMENT</u> |
|--------------------------------------|-----------------------------|-------------------------------|---------------------------------|
| Curtis Road (00-00374-01-PV) | \$3,727,942 | \$2,570,604 | \$1,157,338 |
| Windsor Road (06-00390-01-WR) | \$2,000,000 | \$1,173,195 | \$826,805 |
| CH55 Bridge (09-00956-00-BR) | \$255,000 | \$119,260 | \$135,740 |
| County Hwy. 11 & 32 (10-00429-00-RS) | \$800,000 | \$0 | \$800,000 |

NOTE 28 – SUBSEQUENT EVENTS

There have been no events subsequent to November 30, 2011 that are believed to have a material effect on the County's financial statements

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF CHAMPAIGN, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOVEMBER 30, 2011

Exhibit XII

PENSION PLAN – ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (Liability) | Actuarial Accrued Liability - Entry Age - | Unfunded Actuarial Accrued Liability | Funded Ratio | Annual Covered Payroll | Unfunded AAL as % of Covered Payroll |
|--------------------------|---------------------------------------|---|--------------------------------------|--------------|------------------------|--------------------------------------|
|--------------------------|---------------------------------------|---|--------------------------------------|--------------|------------------------|--------------------------------------|

REGULAR NON-SLEP PERSONNEL

| | | | | | | |
|----------|--------------|--------------|-------------|--------|--------------|--------|
| 12/31/11 | \$50,802,235 | \$59,987,204 | \$9,184,969 | 84.69% | \$25,979,180 | 35.36% |
| 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% |

* On a market value basis, the actuarial value of assets as of December 31, 2011 was \$48,172,910. On a market basis, the funded ratio would be 80.31%.

SHERIFF'S LAW ENFORCEMENT PERSONNEL

| | | | | | | |
|----------|--------------|--------------|--------------|--------|-------------|---------|
| 12/31/11 | \$17,153,539 | \$27,466,493 | \$10,312,954 | 62.45% | \$6,909,995 | 149.25% |
| 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% |

* On a market value basis, the actuarial value of assets as of December 31, 2011 was \$15,965,283. On a market basis, the funded ratio would be 58.13%.

ELECTED COUNTY OFFICIALS

| | | | | | | |
|----------|-------------|-------------|-------------|---------|-----------|----------|
| 12/31/11 | (\$405,330) | \$1,816,165 | \$2,221,495 | -22.32% | \$203,283 | 1092.81% |
| 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% |

* On a market value basis, the actuarial value of assets as of December 31, 2011 was (\$438,836). On a market basis, the funded ratio would be -24.16%.

OTHER POST-EMPLOYMENT BENEFITS – RETIREE HEALTH INSURANCE

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 |
|--------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|------------------------|--------------------------------------|
|--------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|------------------------|--------------------------------------|

| | | | | | | |
|------------|-----|-------------|-------------|----|-----|-----|
| 11/30/11 | \$0 | \$4,187,838 | \$4,187,838 | 0% | N/A | N/A |
| 11/30/10 * | \$0 | \$3,929,654 | \$3,929,654 | 0% | N/A | N/A |
| 11/30/09 | \$0 | \$6,723,230 | \$6,723,230 | 0% | N/A | N/A |

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