

BASIC FINANCIAL STATEMENTS

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2018

Exhibit I

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash	\$ 39,636,041	\$ 316,579	\$ 39,952,620
Investments	100,263	0	100,263
Receivables, Net of Uncollectible Amounts:			
Patient Accounts	0	1,059,414	1,059,414
Property Taxes	34,483,685	0	34,483,685
Intergovernmental	6,578,658	1,070,358	7,649,016
Program Loans--Current Portion	252,556	0	252,556
Accrued Interest	9,351	0	9,351
Other	1,701,449	290	1,701,739
Internal Balances	2,834,821	(2,834,821)	0
Inventories	0	6,014	6,014
Prepaid Items	59,713	46,757	106,470
Resident Trust Accounts	9,730	19,678	29,408
Program Loans Receivable--Long Term Portion	3,608,218	0	3,608,218
Investment in Joint Venture	1,804,155	0	1,804,155
Capital Assets Not Being Depreciated	3,975,938	0	3,975,938
Capital Assets, Net of Accumulated Depreciation	69,754,568	17,344,199	87,098,767
Total Assets	164,809,146	17,028,468	181,837,614
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Related to Bond Refunding	517,892	0	517,892
Related to Net Pension Liability	17,901,649	2,328,879	20,230,528
Total Deferred Outflow of Resources	18,419,541	2,328,879	20,748,420
Total Assets & Deferred Outflow of Resources	183,228,687	19,357,347	202,586,034
<u>LIABILITIES</u>			
Accrued Salaries Payable	1,438,343	278,908	1,717,251
Accounts Payable	3,905,818	1,890,404	5,796,222
Accrued Interest Payable	7,001	0	7,001
Funds Held for Others	147,442	19,678	167,120
Unearned Revenue	358,240	0	358,240
Noncurrent Liabilities:			
Due Within One Year	9,645,687	33,725	9,679,412
Due in More Than One Year	24,219,059	134,901	24,353,960
Total Obligation for Other Post-Employment Benefits (OPEB)	3,061,486	67,471	3,128,957
Net Pension Liability	26,046,591	2,116,509	28,163,100
Total Liabilities	68,829,667	4,541,596	73,371,263
<u>DEFERRED INFLOW OF RESOURCES</u>			
Subsequent Years Property Taxes	34,483,685	0	34,483,685
Related to Total Obligation for OPEB	153,054	2,378	155,432
Related to Net Pension Liability	2,491,784	499,256	2,991,040
Total Deferred Inflow of Resources	37,128,523	501,634	37,630,157
<u>NET POSITION</u>			
Net Investments in Capital Assets	53,327,741	17,344,199	70,671,940
Restricted for:			
Debt Service	1,807,073	0	1,807,073
Justice & Public Safety	4,957,600	0	4,957,600
Health & Education	8,131,742	0	8,131,742
Development & General Government	11,321,069	0	11,321,069
Highways & Bridges	9,076,841	0	9,076,841
Insurance & Fringe Benefits	1,707,640	0	1,707,640
Unrestricted (Deficit)	(13,059,209)	(3,030,082)	(16,089,291)
Total Net Position	\$ 77,270,497	\$ 14,314,117	\$ 91,584,614

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 DECEMBER 31, 2018

Exhibit II

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fines, Permits & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 12,141,116	\$ 4,903,289	\$ 420,956	\$ 0	\$ (6,816,871)	\$ 0	(\$6,816,871)
Justice & Public Safety	33,793,443	4,613,610	4,356,913	0	(24,822,920)	0	(24,822,920)
Health	9,383,843	161,712	287,016	0	(8,935,115)	0	(8,935,115)
Education	9,421,986	125,077	9,600,226	0	303,317	0	303,317
Social Services	40,797	0	0	0	(40,797)	0	(40,797)
Development	12,879,955	556,772	12,127,010	0	(196,173)	0	(196,173)
Highways & Bridges	6,884,902	119,981	2,878,098	940,548	(2,946,275)	0	(2,946,275)
Interest on Long-Term Debt	1,143,148	0	0	0	(1,143,148)	0	(1,143,148)
Total Governmental Activities	85,689,190	10,480,441	29,670,219	940,548	(44,597,982)	0	(44,597,982)
BUSINESS-TYPE ACTIVITIES:							
Nursing Home	13,628,603	9,977,799	0	0	0	(3,650,804)	(3,650,804)
Total Business-Type Activities	13,628,603	9,977,799	0	0	0	(3,650,804)	(3,650,804)
Total Government	\$ 99,317,793	\$ 20,458,240	\$ 29,670,219	\$ 940,548	(44,597,982)	(3,650,804)	(48,248,786)
General Revenues:							
Property Taxes					31,569,590	1,261,661	32,831,251
Public Safety Sales Taxes					4,882,488	0	4,882,488
Hotel/Motel & Auto Rental Taxes					58,397	0	58,397
Grants & Contributions Not Restricted to Specific Programs					12,495,730	0	12,495,730
Investment Earnings					668,263	737	669,000
Miscellaneous					429,068	577	429,645
Transfers					(2,618,676)	2,618,676	0
Total General Revenues and Transfers					47,484,860	3,881,651	51,366,511
Change in Net Position					2,886,878	230,847	3,117,725
Net Position - Beginning (As Restated)					74,383,619	14,083,270	88,466,889
Net Position - Ending					\$ 77,270,497	\$ 14,314,117	\$ 91,584,614

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2018

Exhibit III

	----- Major Funds -----				All Other (Non-Major) Governmental Funds	Total Governmental Funds
	General Fund	Regional Planning Comm Fund	Mental Health Fund	Early Childhood Fund		
ASSETS						
Cash	\$ 5,037,591	\$ 759,102	\$ 3,281,562	\$ 1,752,841	\$ 25,983,350	\$ 36,814,446
Investments	0	0	0	0	100,263	100,263
Receivables, Net of Uncollectible Amounts:						
Property Taxes	12,776,807	0	4,963,972	0	16,742,906	34,483,685
Intergovernmental	3,855,176	1,111,815	0	955,390	655,836	6,578,217
Program Loans--Current Portion	0	0	0	0	252,556	252,556
Accrued Interest	0	0	0	0	9,351	9,351
Other	160,990	18,346	114,491	6,178	1,399,618	1,699,623
Due From Other Funds	2,721,527	401,944	128,876	0	3,772,502	7,024,849
Prepaid Items	4,092	39,858	140	10,198	5,425	59,713
Resident Trust Accounts	9,730	0	0	0	0	9,730
Program Loans Receivable--Long Term	0	0	0	0	3,608,218	3,608,218
Total Assets	\$ 24,565,913	\$ 2,331,065	\$ 8,489,041	\$ 2,724,607	\$ 52,530,025	\$ 90,640,651
LIABILITIES, DEFERRED INFLOW OF RESOURCES & FUND BALANCES						
LIABILITIES:						
Accrued Salaries Payable	\$ 957,608	\$ 143,492	\$ 20,991	\$ 197,997	\$ 118,255	\$ 1,438,343
Accounts Payable	1,283,032	403,382	217,952	77,855	1,655,571	3,637,792
Due To Other Funds	3,542,118	189,888	31,492	230,968	3,511,154	7,505,620
Due To Other Governments	0	0	0	0	0	0
Funds Held for Others	76,640	0	0	0	70,802	147,442
Unearned Revenue	180,044	29,972	0	0	79,675	289,691
Total Liabilities	6,039,442	766,734	270,435	506,820	5,435,457	13,018,888
DEFERRED INFLOW OF RESOURCES:						
Unavailable Revenue	1,731,837	198,224	114,491	116,850	504,125	2,665,527
Subsequent Years Property Taxes	12,776,807	0	4,963,972	0	16,742,906	34,483,685
Total Deferred Inflow of Resources	14,508,644	198,224	5,078,463	116,850	17,247,031	37,149,212
FUND BALANCES (DEFICITS):						
Non-spendable for Prepaid Items	4,092	39,858	140	10,198	5,425	59,713
Restricted	289,375	1,326,249	3,140,003	2,090,739	29,147,374	35,993,740
Committed	0	0	0	0	40,664	40,664
Assigned	307,427	0	0	0	2,182,326	2,489,753
Unassigned	3,416,933	0	0	0	(1,528,252)	1,888,681
Total Fund Balances (Deficits)	4,017,827	1,366,107	3,140,143	2,100,937	29,847,537	40,472,551
Total Liabilities, Deferred Inflow of Resources & Fund Balances	\$ 24,565,913	\$ 2,331,065	\$ 8,489,041	\$ 2,724,607	\$ 52,530,025	\$ 90,640,651

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 POSITION FOR GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Exhibit III-a

Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III)	40,472,551
Capital assets, net of depreciation, used in governmental activities	73,730,506
Investment in Joint Ventures related to governmental activities	1,804,155
Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability	1,716,629
Reverse unavailable revenues related to governmental activities	2,665,527
Payables for expense accruals related to governmental activities	(7,001)
Liability for compensated absences accruals related to governmental activities	(2,697,620)
Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds	(26,562,984)
Total OPEB Liability related to governmental activities	(3,061,486)
Net Pension Liability related to governmental activities	(26,046,591)
Deferred Outflows of Resources related to Pension Liability	17,901,649
Deferred Inflows of Resources related to OPEB Liability	(153,054)
Deferred Inflows of Resources related to Pension Liability	<u>(2,491,784)</u>
Net Position of Governmental Activities (See Exhibit I)	<u><u>\$ 77,270,497</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 BALANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	----- Major Funds -----				All Other	Total Governmental Funds
	General Fund	Regional Planning Comm Fund	Mental Health Fund	Early Childhood Fund	(Non-Major) Governmental Funds	
REVENUES:						
Property Taxes	\$ 11,553,850	\$ 0	\$ 4,405,895	\$ 0	\$ 15,609,845	\$ 31,569,590
Public Safety Sales Taxes	0	0	0	0	4,899,346	4,899,346
Hotel/Motel & Auto Rental Taxes	58,232	0	0	0	0	58,232
Intergovernmental Revenue	16,541,685	9,581,528	310,783	9,567,237	6,178,495	42,179,728
Fines & Forfeitures	755,429	0	0	0	62,630	818,059
Licenses & Permits	2,095,356	0	0	0	407,067	2,502,423
Charges for Services	3,868,998	1,137,493	0	125,077	2,320,831	7,452,399
Rents and Royalties	1,041,384	0	0	0	22,440	1,063,824
Interest on Program Loans	0	0	0	0	138,104	138,104
Investment Earnings	112,134	13,918	41,818	21,839	421,107	610,816
Miscellaneous	177,929	142,783	51,568	5,290	110,179	487,749
Total Revenues	36,204,997	10,875,722	4,810,064	9,719,443	30,170,044	91,780,270
EXPENDITURES:						
Current: General Government	\$ 10,021,207	\$ 0	\$ 0	\$ 0	\$ 2,270,746	\$ 12,291,953
Justice & Public Safety	24,273,954	0	0	0	8,059,973	32,333,927
Health	0	0	4,584,369	0	5,097,883	9,682,252
Education	0	0	0	9,589,871	0	9,589,871
Social Services	40,797	0	0	0	0	40,797
Development	487,026	10,636,820	0	0	2,773,994	13,897,840
Highways & Bridges	0	0	0	0	6,857,775	6,857,775
Debt Service: Principal Retirement	380,000	0	0	0	2,545,140	2,925,140
Interest & Fiscal Charges	91,663	0	0	0	1,240,281	1,331,944
Mortgage Principal	0	0	0	0	49,750	49,750
Mortgage Interest	0	0	0	0	17,231	17,231
Total Expenditures	35,294,647	10,636,820	4,584,369	9,589,871	28,912,773	89,018,480
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	910,350	238,902	225,695	129,572	1,257,271	2,761,790
OTHER FINANCING SOURCES (USES):						
Transfers In	1,448,457	371,005	0	0	2,216,280	4,035,742
Transfers Out	(3,756,776)	(275,688)	(56,779)	0	(2,565,175)	(6,654,418)
Net Other Financing Sources (Uses)	(2,308,319)	95,317	(56,779)	0	(348,895)	(2,618,676)
NET CHANGE IN FUND BALANCES	(1,397,969)	334,219	168,916	129,572	908,376	143,114
FUND BALANCES--Beginning of Year	5,415,796	1,031,888	2,971,227	1,971,365	28,939,161	40,329,437
FUND BALANCES--End of Year	\$ 4,017,827	\$ 1,366,107	\$ 3,140,143	\$ 2,100,937	\$ 29,847,537	\$ 40,472,551

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 DECEMBER 31, 2018

Exhibit IV-a

Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV)	\$ 143,114
Remove expenditures for acquisition of capital assets	4,041,657
Include revenue for capital assets acquired through gift or grant	940,548
Include gain (loss) on disposal of capital assets	(38,538)
Include depreciation expense	(5,734,006)
Include change in investment in joint ventures	90,957
Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities	343,257
Recognize revenues earned but not available in the current period	182,123
Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period	(350)
Amortize bond premium and deferred amount on refunding against debt interest expense	204,875
Remove debt principal repayment expenditures	2,974,890
Net Pension Liability/Asset	(26,394,270)
Deferred Outflow of Resources Related to Pensions	16,841,558
Deferred Inflow of Resources Related to Pensions	9,271,360
Total OPEB Liability/Asset	172,757
Deferred Outflow of Resources Related to Other Post-Employment Benefits	0
Deferred Inflow of Resources Related to Other Post-Employment Benefits	<u>(153,054)</u>
Change in Net Position of Governmental Activities (See Exhibit II)	<u><u>\$ 2,886,878</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2018

Exhibit V

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	<u>Fund</u>	<u>Service Funds</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 316,579	\$ 2,821,595
Receivables, Net of Uncollectible Amounts:		
Patient Accounts	1,059,414	0
Intergovernmental	1,070,358	441
Other	290	1,826
Due From Other Funds	2,015,855	3,679,747
Inventories	6,014	0
Prepaid Items	46,757	0
Resident Trust Accounts	19,678	0
Total Current Assets	<u>4,534,945</u>	<u>6,503,609</u>
NONCURRENT ASSETS:		
Capital Assets:		
Buildings and Improvements	24,626,119	0
Equipment	1,680,358	0
Less Accumulated Depreciation	<u>(8,962,278)</u>	<u>0</u>
Total Noncurrent Assets	<u>17,344,199</u>	<u>0</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Related to Pension Liability	<u>2,328,879</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>24,208,023</u>	<u>6,503,609</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accrued Salaries Payable	\$ 278,908	\$ 0
Accounts Payable	1,890,404	268,026
Due To Other Funds	5,194,909	19,922
Funds Held For Others	19,678	0
Unearned Revenue	0	68,549
Compensated Absences Payable	33,725	0
Estimated Claims Payable	0	1,298,150
Total Current Liabilities	<u>7,417,624</u>	<u>1,654,647</u>
NONCURRENT LIABILITIES:		
Estimated Claims Payable	0	2,788,100
Compensated Absences Payable	134,901	0
Total Obligation for Other Post-Employment Benefits	67,471	0
Net Pension Liability	<u>2,116,509</u>	<u>0</u>
Total Noncurrent Liabilities	<u>2,318,881</u>	<u>2,788,100</u>
Total Liabilities	<u>9,736,505</u>	<u>4,442,747</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Related to Total Obligation of Other Post-Employment Benefits	2,378	0
Related to Pension Liability	<u>499,256</u>	<u>0</u>
Total Deferred Inflow of Resources	<u>501,634</u>	<u>0</u>
<u>NET POSITION</u>		
Invested in Capital Assets	17,344,199	0
Unrestricted	<u>(3,374,315)</u>	<u>2,060,862</u>
TOTAL NET POSITION	<u>\$ 13,969,884</u>	<u>\$ 2,060,862</u>
Adjustment due to Consolidation of Internal Service Fund Activities related to the Enterprise Fund	<u>344,233</u>	
NET POSITION OF BUSINESS TYPE ACTIVITIES	<u>\$ 14,314,117</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 NET POSITION
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	<u>Nursing Home</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service Funds</u>
OPERATING REVENUES:		
Charges for Services (Net of Uncollectible)	\$ 9,975,197	\$ 8,041,857
Miscellaneous	2,602	73,609
	<u>9,977,799</u>	<u>8,115,466</u>
OPERATING EXPENSES:		
Salaries	6,282,220	38,996
Fringe Benefits	1,067,811	6,716,660
Commodities	910,935	154
Services	4,673,949	991,688
Depreciation	765,163	0
	<u>13,700,078</u>	<u>7,747,498</u>
OPERATING INCOME (LOSS)	<u>(3,722,279)</u>	<u>367,968</u>
NON-OPERATING REVENUES (EXPENSES):		
Property Tax	1,261,661	0
Investment Earnings	737	57,640
Donations	577	0
Interest Expense	(10,876)	0
	<u>1,252,099</u>	<u>57,640</u>
Net Non-Operating Revenues (Expenses)	<u>1,252,099</u>	<u>57,640</u>
INCOME (LOSS) BEFORE TRANSFERS	(2,470,180)	425,608
Transfers In	2,898,874	0
Transfers Out	(280,198)	0
CHANGE IN NET POSITION	148,496	425,608
NET POSITION--Beginning of Year (As Restated)	<u>13,821,388</u>	<u>1,635,254</u>
NET POSITION--End of Year	<u>\$ 13,969,884</u>	<u>\$ 2,060,862</u>
Adjustment due to Consolidation of Internal Service Fund Activities related to the Enterprise Fund	<u>82,351</u>	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES	<u>\$ 230,847</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 DECEMBER 31, 2018

	<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	\$ 7,595,818	\$ 0
Cash Receipts from Other Funds and Employees for Services	0	6,584,938
Cash Receipts for Claims Reimbursements	0	93,348
Cash Payments to Employees for Services	(6,295,483)	(38,996)
Cash Payments to Suppliers and Other Funds for Goods and Services	(5,090,851)	(6,254,155)
Cash Payments for Claims	<u>0</u>	<u>(1,303,356)</u>
Net Cash Provided (Used) By Operating Activities	<u>(3,790,516)</u>	<u>(918,221)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property Taxes Received	1,261,661	0
Gifts And Donations Received	577	0
Cash Received from Tax Anticipation Borrowing	1,076,760	0
Tax Anticipation Borrowing Repaid	(1,076,760)	0
Interest Paid on Tax Anticipation Borrowing	(10,876)	0
Transfers/Loans Received from Other Funds	2,898,874	0
Transfers/Loans Paid to Other Funds	<u>(280,198)</u>	<u>0</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>3,870,038</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for Acquisition and Construction of Capital Assets	<u>(30,334)</u>	<u>0</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(30,334)</u>	<u>0</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest Received on Investments and Bank Deposits	<u>737</u>	<u>57,640</u>
Net Cash Provided (Used) By Investment Activities	<u>737</u>	<u>57,640</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,925	(860,581)
Cash and Cash Equivalents at Beginning of Period	<u>266,654</u>	<u>3,682,176</u>
Cash and Cash Equivalents at End of Period	<u><u>\$ 316,579</u></u>	<u><u>\$ 2,821,595</u></u>

Non-cash Investing, Capital and Financing Activities:

In fiscal year 2018, the Nursing Home Enterprise Fund did not receive any non-cash donations.

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 DECEMBER 31, 2018

	<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)	\$ (3,722,279)	\$ 367,968
Adjust For Non-Cash Revenue/Expense:		
Depreciation Expense	765,163	0
Increase (Decrease) in Estimated Claims Payable	0	31,369
Increase (Decrease) in Total Obligation for OPEB	3,081	0
Decrease (Increase) in Deferred Outflows and Inflows	(3,888,796)	0
Increase (Decrease) in Net Pension Liability	3,708,251	0
Adjust For Non-Revenue/Expense Cash Flows:		
Decrease (Increase) in Receivables	(930,555)	18,910
Decrease (Increase) in Due From Other Funds	(1,451,426)	(1,456,090)
Decrease (Increase) in Prepaid Items	(23,237)	50,000
Decrease (Increase) in Salaries & Compensated Absences Payable	(13,263)	0
Increase (Decrease) in Payables	(325,647)	116,952
Increase (Decrease) in Due To Other Funds	2,088,192	(44,670)
Increase (Decrease) in Unremitted Payroll Withholdings	<u>0</u>	<u>(2,660)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (3,790,516)</u>	<u>\$ (918,221)</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 FIDUCIARY STATEMENT OF NET POSITION
 DECEMBER 31, 2018

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 858,166	\$ 3,130,688
Investments	0	1,094,605
Receivables:		
Intergovernmental	<u>170,430</u>	<u>5,711</u>
Total Assets	<u>1,028,596</u>	<u>4,231,004</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 44,994	\$ 0
Funds Held for Others	<u>0</u>	<u>4,231,004</u>
Total Liabilities	<u>44,994</u>	<u>4,231,004</u>
<u>NET POSITION</u>		
Held in Trust for Other Governments	<u>\$ 983,602</u>	<u>\$ 0</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Intergovernmental Revenue	\$ 2,152,066
Investment Earnings	19,597
Miscellaneous Revenue	<u>2,463</u>
Total Additions	<u>2,174,126</u>
DEDUCTIONS:	
Township Road & Bridge Maintenance	<u>\$ 2,319,436</u>
Total Deductions	<u>2,319,436</u>
CHANGE IN NET POSITION	(145,310)
NET POSITION--Beginning of Year	<u>1,128,912</u>
NET POSITION--End of Year	<u><u>\$ 983,602</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 10-20. 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 Position. 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 by 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.

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-wide and Fund Financial Statements

In June 2015, the GASB issued statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. This standard was implemented January 1, 2018.

Net position has been restated due to the implementation of GASB No.75. The restatement is necessary to record the prior year net other postemployment liability.

	Governmental Activities	Business-Type Activities	Nursing Home
Net position as of December 31, 2017 (as reported)	\$ 75,118,756	\$ 13,913,394	\$ 13,651,512
Adjustment to record the total OPEB liability as of December 31, 2017	(3,234,243)	(64,390)	(64,390)
Adjustment to remove prior year net OPEB obligation	2,499,106	234,266	234,266
Net position as of December 31, 2017 (as restated)	\$ 74,383,619	\$ 14,083,270	\$ 13,821,388

(1) Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position 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. Those expenses are then offset by 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 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; and the Early Childhood Fund, commonly known as Head Start, which provides the education and development for low-income pre-school children and is primarily funded by federal grants.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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/Net Position Reporting

Fund balances in governmental funds are classified according to the level of constraints on how amounts in those funds can be spent: non-spendable, restricted, committed, assigned or unassigned. Non-spendable 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 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.

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, restricted by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

E. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense; information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF); and, additions to/deductions from IMRF's fiduciary net position, have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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, generally, the year after the levy is passed. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

(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 60 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 60 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, provided they are due to be paid from expendable available financial resources. Thus, accumulated unpaid vacation, sick leave

E. Measurement Focus and Basis of Accounting (continued)

and personal leave are only accrued when they become currently payable; and principal and interest on general long-term debt are only recognized when due.

(3) Proprietary Funds

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

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

(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 position. Since agency fund assets always equal liabilities, the net position is always zero, and, thus, changes in the fiduciary net position are not reported for agency funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognized as 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, inter-fund receivables and payables remaining between governmental activities and business-type activities after the elimination of inter-fund activity are reported as internal balances. These internal balances net to zero in the government total column.

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 Nursing Home Enterprise Fund consist of food and operating supplies held for consumption.

I. Prepaid Items

In governmental funds, prepaid expenditures, such as 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 value as of the date donated. Equipment valued at or above \$5,000, buildings and land improvements valued at or above \$25,000, infrastructure valued at or above \$100,000, 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 reported at their acquisition value. 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 for 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 for which it is incurred.

L. Deferred Outflows of Resources

Decreases in net position or fund equity that relate to future periods are reported as deferred outflows of resources in a separate section of the County's government-wide and proprietary funds statements of net position or governmental fund balance sheet. The County has three types of deferred outflow of resources. The first two relate to pension and Other Post-Employment benefits (OPEB) expenses recognized in future periods. The other relates to bond refunding. A deferred charge on refunding arises from the advance refunding of debt. The deferred amount is the difference between the cost of securities placed in trust for future payments of the refunded debt and the net carrying value of that debt. This is amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Inflows of Resources

The County's governmental activities and governmental funds statement of revenues, expenses and fund balance may reflect an increase in net position or fund equity that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has four types of deferred inflows of resources. The first relates to property tax receivables which are recorded in the current year. However, the related revenues are recognized in the subsequent year since they do not become available by fiscal year end. The second type relates to various other revenue receivables for which the revenues are recorded in the subsequent year's fund statements when they become available. The third and fourth type of deferred inflow of resources relate to pensions and OPEB income recognized in future periods.

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 position in governmental activities on the government-wide statement of net position. The major differences are as follows:

- capital assets are not reported in governmental funds,
- investment in the equity of joint ventures is not reported in governmental funds,
- assets and liabilities of internal service funds related to governmental activities are not reported in governmental funds,
- payables arising from the full accrual of expenses are not reported in governmental funds under the modified accrual basis of accounting,
- revenues received after the County's established accrual period may be recognized under the full accrual basis but are considered unavailable under the modified accrual basis.
- long term liabilities/assets including future compensated absences are not reported in governmental funds, and
- net pension liability and net deferred outflows and inflows related to pensions and Other Post-Employment Benefits (OPEB) 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 position for governmental activities on the government-wide statement of activities. The major differences are as follows:

- 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;
- the change in investment in the equity of joint ventures is not reported in governmental funds;
- the net revenue/expense of internal service funds related to governmental activities is not reported in governmental funds;
- full accrual of revenues and expenses are not reported in governmental funds under the modified accrual basis of accounting;
- debt proceeds, debt principal repayments and payments to a bond refunding escrow agent are not reported in the government-wide statement; while bond premium and additional costs of reacquisition of refunded bonds are deferred and amortized over the life of the debt on the government-wide statement; and
- pension and OPEB expenses are not included in the governmental funds.

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 V and VI) 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 January 1. The County Administrator reviews the department requests and makes recommendations to the Finance Committee of the County Board. The County holds Budget hearings during the summer months, after which the Finance Committee

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

directs the County Administrator to make specific changes in some department budgets. The County Administrator prepares the tentative Budget document, which the County Board usually approves in September. The Finance Committee approves any subsequent changes to the Budget during meetings in the months of October and November. The County Board approves the final budget in November by simple majority.

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 and fund. Department heads have the authority to create transfers between accounts in the same category. 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. The County Auditor is responsible for the final processing of all transfers.

C. Amendments to the Budget

Requests for supplementary appropriations require approval from 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 60 days after the end of the fiscal year. County ordinance provides that balances remaining in County appropriations shall be available for sixty days after the close of the fiscal year to pay for all goods or services delivered prior to the close of the fiscal year.

Because proprietary fund budgets are not on a full accrual basis and because appropriations lapse 60 days after year-end, the legally adopted budget is not on a basis strictly consistent with generally accepted accounting principles (GAAP).

E. Encumbrances

The modified accrual basis of accounting applies to encumbrances across all funds. Purchase orders are required at a departmental level for any purchase exceeding \$5,000. Our normal process is to have the requested amount encumbered, provided sufficient appropriations are available) before approval of the purchase order. Department heads can make a request to re-encumber purchase orders for the following year if they do not receive the goods or services by December 31.

NOTE 4 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The County presents actual results of operations 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 60 days after year-end and proprietary funds having budgets on the modified accrual basis, while GAAP requires the full accrual basis. There are certain reclassifications between revenues, expenditures and operating transfers that do not affect fund balance/net position, e.g. reclassifications of inter-fund reimbursements as reductions of expenditures and are not included in the detailed reconciliation. The summary below provides details of adjustments within the individual fund statements that affect the fund balance/net position:

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Exhibit X

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

Fiscal Year Ended December 31, 2018:	Nursing Home Fund	Self-Funded Insurance Fund	Employee Health Insurance	General Fund	Regional Planning Com. Fund	Other Non-Major Govt Funds
Budgetary Basis Change in Fund Balance or Net Position	\$2,321,947	\$ (670,486)	\$ (492,122)	\$ (1,348,314)	\$361,018	\$ 434,213
REVENUES AND OTHER SOURCES:						
Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent					51,480	
Adjustment for timing differences - revenue recognized in the period when earned	(3,619,570)	438,025		(250,064)		3,007
Decrease (increase) in allowance for uncollectible accounts receivable and revenue write-offs	217,060					
EXPENDITURES /EXPENSES AND OTHER USES:						
Increase (decrease) in inventories and prepaid expenses	6,133					
Adjustment for timing differences - expenses recognized in the period when incurred	(1,472,951)	588,510	593,050	200,409	(78,279)	471,156
Decrease (increase) in bad debt allowance for uncollectible loans receivable	3,249,266					
Capital asset acquisitions and disposals	30,334					
Depreciation expense	(765,163)					
Decrease (increase) in accrued compensated absences payable	3,976					
Pension expense	182,923					
Decrease (increase) in total OPEB liability	(5,459)					
Decrease (increase) in estimated claims payable		(31,369)				
GAAP Basis Change in Fund Balance or Net Position	<u>\$ 148,496</u>	<u>\$ 324,680</u>	<u>\$ 100,928</u>	<u>\$ (1,397,969)</u>	<u>\$334,219</u>	<u>\$ 908,376</u>

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Exhibit X

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended December 31, 2018, there were no expenditures more than appropriations.

NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at December 31, 2018, appears below. Resident Trust accounts report money held in County custody, which belongs to residents of the County Nursing Home and County Jail.

	Asset Account Carrying Amounts (Reported as:)				Total	Bank Balances
	Cash	Investments	Resident Trust			
<u>DEPOSITS</u>						
Demand Deposits	\$ 9,834,565	\$ 0	\$ 28,908	\$ 9,863,473	\$ 11,038,946	
Money Market / Savings	0	35,758	0	35,758	35,758	
Certificates of Deposit	0	1,159,110	0	1,159,110	100,000	
Total Deposits	\$ 9,834,565	\$ 1,194,868	\$ 28,908	\$ 11,058,341	\$ 11,174,704	
					<u>Fair Value</u>	
<u>INVESTMENTS</u>						
State Treasurer Investment Pool	\$ 34,102,309	\$ 0	\$ 0	\$ 34,102,309	\$ 34,102,309	
Total Investments	\$ 34,102,309	\$ 0	\$ 0	\$ 34,102,309	\$ 34,102,309	
Subtotal Deposits / Investments	43,936,874	1,194,868	28,908	45,160,650	45,277,013	
<u>CASH ON HAND</u>	\$ 4,600	\$ 0	\$ 500	\$ 5,100		
<u>GRAND TOTAL</u>	43,941,474	1,194,868	29,408	45,165,750	45,277,013	

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows the Governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund’s share price, the price for which the investments could be sold.

Custodial Credit Risk- Deposits.

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. 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 December 31, 2018, 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 are uninsured and unregistered and held by the financial institution’s trust department or agent, but not in the County’s name. None of the County’s investments at December 31, 2018 were exposed to this risk.

NOTE 7 – PROPERTY TAX CYCLE

A. Assessments

Each year, property is assessed by elected township assessors at one-third of the market value as of January 1. This is the date, called the lien date, on which property taxes “attach” to the property. The township assessors submit their assessments to the County Supervisor of Assessments by June 1, at which point the County Supervisor of Assessments applies individual township multipliers. On April 19, 2012, the County Board adopted Resolution No.8100 establishing the division of Champaign County into four assessment Districts 1 through 4 with quadrennial years starting in 2016. The Board of Review, a three-member panel appointed by the County Board, takes action on assessment complaints and may apply the individual township multipliers to township properties where, upon review, the assessment was not at one-third market value. This process equalizes the average ratio of assessments to market value among townships. The Illinois Department of Revenue analyzes the work of the Board of Review and may assign a countywide multiplier to bring the entire county’s ratio into line with other counties throughout the state.

B. Taxpayer Appeals

Taxpayers may file a complaint with the Board of Review if they 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 the year ended December 31, 2018 was adopted by the County Board on November 21, 2017, within the statutory deadline (the third Tuesday in December) for all taxing districts. The County reports property tax levies as receivables and deferred inflows of resources in the year of adoption while revenue recognition occurs in the immediate subsequent year for which the levy applies.

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 2018, tax bills were mailed on April 30 with the due dates of June 1 and September 4. Property tax bills mailed in 2018 were based on equalized assessed value as of January 1, 2017 and on tax levies set in November 2017.

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 2018, the judgment date was October 25 and the tax sale date was October 26, 2018.

F. Tax Distributions

The County Treasurer, who also serves as the County Collector, 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 2018, all property taxes were distributed by November 30.

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 8 – PROPERTY TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Property taxes receivable consist of property taxes levied in 2018 for which a legal claim exists in 2018. The revenue associated with the 2018 levy is deferred until the fiscal year ending December 31, 2019 on the government-wide and the proprietary fund statements, because that is the period for which the taxes are levied. Property tax revenues are also deferred inflows of resources on the governmental fund statements, because the taxes are not available (collectible within thirty days of the fiscal year-end). The receivable for the 2018 tax levy has been reduced by an estimated allowance for uncollectible taxes of 0.61%, which is based on an average of the previous ten years. A summary by fund type of property taxes receivable at December 31, 2018 is below.

<u>Fund Type</u>	<u>Property Taxes Levied</u>	<u>Allowance for Uncollectible</u>	<u>Property Taxes Receivable</u>	<u>Deferred Inflows of Resources</u>
Governmental:				
General	\$ 12,855,223	\$ (78,416)	\$ 12,776,807	\$ 12,776,807
Special Revenue	21,840,104	(133,226)	21,706,878	21,706,878
Subtotal Governmental	<u>34,695,327</u>	<u>(211,642)</u>	<u>34,483,685</u>	<u>34,483,685</u>
Proprietary:				
Enterprise	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 34,695,327</u>	<u>\$ (211,642)</u>	<u>\$ 34,483,685</u>	<u>\$ 34,483,685</u>

NOTE 9 – PATIENT ACCOUNTS RECEIVABLE AND CHARGES FOR SERVICES

Patient accounts receivable and charges for services in the enterprise fund as of December 31, 2018 have been reduced by allowances for uncollectible amounts, determined by an analysis of individual patient accounts.

	<u>Receivable</u>	<u>Revenue</u>
Gross patient accounts receivable / revenue	\$ 1,276,474	\$10,172,326
Allowance for uncollectible amounts	<u>(217,060)</u>	<u>(197,129)</u>
Patient accounts receivable / revenue, net of uncollectible amounts	<u>\$ 1,059,414</u>	<u>\$ 9,975,197</u>

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 10 – ECONOMIC DEVELOPMENT AND REHABILITATION LOANS RECEIVABLE

The County, through its Regional Planning Commission Loan Funds, 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 December 31, 2018, loans outstanding were as follows:

Program Loans Receivable (Net of Uncollectible Amounts)	12/31/17			12/31/18		Current Receivable
	Balance	Additions	Deductions	Balance		
Economic Development Loans Receivable:						
Community Services Block Grant Loans	\$ 70,876	\$ 0	\$ (12,896)	\$ 57,980	\$ 11,282	
Community Development Recaptured Loans	1,789,464	0	(474,533)	1,314,931	126,783	
Facilities Loan Program	1,366,704	0	(42,149)	1,324,555	42,780	
USDA Intermediary Relending Loans Receivable	860,595	0	(204,263)	656,332	71,711	
Housing Rehabilitation Loans Receivable:						
County Housing Rehab Loans	47,692	0	(7,628)	40,064	0	
HUD H.O.M.E. Program Loans	584,805	0	(117,893)	466,912	0	
Total Loans Receivable	\$ 4,720,136	\$ -	\$ (859,362)	\$ 3,860,774	\$ 252,556	

NOTE 11 – CAPITAL ASSETS

<u>Governmental Activities</u>	12/31/17			12/31/18	
	Balance	Additions	Deductions	Balance	
Assets Not Being Depreciated:					
Land	\$ 2,027,080	\$ 0	\$ 0	\$ 2,027,080	
Construction in Progress	4,207,721	3,364,113	(5,622,976)	1,948,858	
Assets Being Depreciated:					
Infrastructure	83,676,812	5,591,655	(2,518,473)	86,749,994	
Buildings and Improvements	76,413,847	473,984	0	76,887,831	
Equipment	15,959,794	1,175,429	(1,033,200)	16,102,023	
Assets Subtotal	182,285,254	10,605,181	(9,174,649)	183,715,786	
Accumulated Depreciation:					
Infrastructure	(50,693,514)	(2,913,780)	2,518,473	(51,088,821)	
Buildings and Improvements	(43,401,782)	(1,954,994)	0	(45,356,776)	
Equipment	(13,669,113)	(865,232)	994,662	(13,539,683)	
Accum. Depreciation Subtotal	(107,764,409)	(5,734,006)	3,513,135	(109,985,280)	
Net Total	\$ 74,520,845	\$ 4,871,175	\$ (5,661,514)	\$ 73,730,506	

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 11 – CAPITAL ASSETS (continued)

B. A summary of capital assets related to business-type activities (Nursing Home) for the year ended December 31, 2018 follows:

<u>Business-Type Activities</u>	12/31/17			12/31/18
	Balance	Additions	Deductions	Balance
Assets Being Depreciated:				
Buildings and Improvements	\$ 24,608,215	\$ 17,904	\$ 0	\$ 24,626,119
Equipment	1,667,928	12,430	0	1,680,358
Assets Subtotal	<u>26,276,143</u>	<u>30,334</u>	<u>0</u>	<u>26,306,477</u>
Accumulated Depreciation:				
Buildings and Improvements	(6,847,453)	(664,601)	0	(7,512,054)
Equipment	(1,349,662)	(100,562)	0	(1,450,224)
Accum. Depreciation Subtotal	<u>(8,197,115)</u>	<u>(765,163)</u>	<u>0</u>	<u>(8,962,278)</u>
Net Total	<u>\$ 18,079,028</u>	<u>\$ (734,829)</u>	<u>\$ 0</u>	<u>\$ 17,344,199</u>

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

<u>Function</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
General Government	\$ 284,245	\$ 0
Justice and Public Safety	1,919,450	0
Health	33,624	0
Education	52,549	0
Social Services	0	765,163
Development	58,823	0
Highways and Bridges	<u>3,385,315</u>	<u>0</u>
Total Depreciation Expense	<u>\$ 5,734,006</u>	<u>\$ 765,163</u>

COUNTY OF CHAMPAIGN, ILLINOIS
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Exhibit X

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

A summary of Interfund receivables and payables at December 31, 2018 is provided below:

<u>Due To/From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds:		
General Corporate	\$2,721,527	\$3,542,118
Regional Planning Commission	401,944	189,888
Mental Health	128,876	31,492
Early Childhood	0	230,968
Subtotal Major Governmental	3,252,347	3,994,466
Major Enterprise Fund:		
Nursing Home	2,015,855	5,194,909
Non-Major Governmental Funds:		
2003 Nursing Home Bond	43,310	0
Tort Immunity	47,603	1,285,862
County Highway	159,095	122,892
County Bridge	35,019	0
County Motor Fuel Tax	0	40,558
Illinois Municipal Retirement	662,497	0
County Public Health	33,165	0
Animal Control	0	16,279
Foreclosure Mediation	0	117
Highway Federal Aid Matching	2,836	0
Capital Asset Replacement	1,899,446	0
Public Safety Sales Tax	0	1,254,880
Geographic Information Systems	27,919	0
Development Disability	115,437	472
Workforce Development	1,623	429,182
Social Security	621,967	0
RPC USDA Loans	0	894
RPC Economic Development Loans	0	7,150
Working Cash	0	5,572
Recorder's Automation	21,552	3,606
Child Support Services	0	396
Probation Services	0	193,500
State's Attorney Drug Forfeitures	0	9,000
Property Tax Interest Fee	0	55,015
Election Assistance/Accessibility	0	11,711
Circuit Clerk Operations & Administration	0	1,219
County Jail Medical Costs	0	19,823
Court Document Storage	0	1,289
Victim Advocacy Grant	40,917	38,516
Child Advocacy Center Grant	0	12,683
Specialty Courts	60,116	538
Subtotal Non-Major Governmental	3,772,502	3,511,154
Internal Service Funds:		
Self-Funded Insurance	3,085,426	500
Employee Health Insurance	594,321	19,422
Subtotal Internal Service	3,679,747	19,922
Total – All Funds	\$12,720,451	\$12,720,451

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

Of the \$12,720,451 Due To/From Other Funds at December 31, 2018, \$912,137 represented inter-fund loans to cover temporary cash flow shortfalls. The remainder represented unpaid routine inter-fund billings or transfers.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Corporate	\$1,448,457	\$3,756,776
Regional Planning Commission	371,005	275,688
Mental Health Board	0	56,779
Major Enterprise Fund:		
Nursing Home	2,898,874	280,198
Non-Major Governmental Funds (aggregate)	2,216,280	2,565,175
Total – All Funds	\$6,934,616	\$6,934,616

In FY2018, total inter-fund transfers in, \$6,934,616, equal total transfers out, \$6,934,616. 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 Loans Fund. CDAP and CSBG grant provisions require that the County create an escrow account that is a combination of investment interest earned and a portion of loan repayments received under certain loan programs. The Regional Planning Commission uses the escrow funds to pay for the administration of the loan programs. Transfers out of the RPC Economic Development Loan Fund places the money into escrow. A transfer occurs from the escrow account into the Regional Planning Commission Fund to cover the administrative costs incurred. Therefore, the discrepancy between transfers in and transfers out is due to the amount remaining in escrow (deferred) until there are administrative costs against which to match it. Under the budgetary basis of accounting, the escrow account will continue to show a difference between the transfers in and out. However, this difference is eliminated when preparing the GAAP basis statements. In Fiscal Year 2018, transfers of \$51,480 were added to the Regional Planning Commission Fund.

Inter-fund transfers in/out might include grant matches, inter-fund subsidies and transfers into debt service funds. Significant transfers in fiscal year 2018 include the following:

- \$1.98 million from the General Corporate Fund to the Enterprise Fund to pay outstanding bills for external vendors and another \$726,802 to forgive Nursing Home Loans due to the General Corporate Fund.
- \$801,956 from the Public Safety Sales Tax Fund to the General Corporate Fund to partially cover utility costs for the public safety buildings;
- \$331,113 from the Public Safety Sales Tax Fund to the Capital Asset Replacement Fund to set aside money for future capital expenditures;
- \$775,985 from the General Fund to the Capital Replacement Fund to cover current asset replacement; and,
- \$535,980 from the Public Safety Sales Tax Fund for technology needs of criminal justice system offices.

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14 – ON-BEHALF PAYMENTS FOR SALARIES

The State of Illinois paid salary stipends totaling \$45,500 to various County officials during FY2018 on behalf of the County. The County recorded these payments as intergovernmental revenues and salaries expenditures in the General Fund.

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. Calculations use pay rates in effect at December 31 and include the County’s share of Social Security and Medicare taxes. The resulting liability and current year expense for compensated absences are recognized in the government-wide and proprietary fund financial statements. A liability for compensated absences is reported in the governmental funds only when they become currently payable through employees retiring 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, Early Childhood Fund, County Highway Fund, Animal Control Fund and Mental Health Fund.

Changes in compensated absences payable for the fiscal year ended December 31, 2018 are as follows:

	12/31/17 Balance	Additions	Deductions	12/31/18 Balance	Expected To Be Paid Within 1 Year
Governmental Activities	\$ 2,696,118	\$ 3,005,538	\$ (3,004,036)	\$ 2,697,620	\$ 323,713
Business-Type Activities	172,603	304,486	(308,463)	168,626	33,725

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 reported in an internal service fund-the Self-Funded Insurance Fund. An independent company administers the plan and the County’s risk retention is \$300,000 per individual per claim. The County purchases commercial insurance for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in the past three fiscal years. Actual claims paid in the fiscal year ended December 31, 2018, net of insurance reimbursements, were \$819,115. A liability for claims payable must be reported if the liability is both probable and estimable. The independent plan administrator estimates the total of unpaid claims that were incurred and reported but the plan administrator does not include incurred-but-not-reported claims (IBNR) in the calculation. Instead, based on an actuarial study completed in June 2017, the projected liability for estimated (undiscounted) claims payable including IBNR at December 31, 2018 was \$2,218,506. Changes in the liability for estimated workers’ compensation claims payable for the last two fiscal years are as follows:

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 16 – RISK FINANCING (continued)

A. WORKERS' COMPENSATION SELF-FUNDED INSURANCE (continued)

Fiscal Year Ending <u>Dec 31</u>	Claims Liability Beginning of Year	Claims Incurred & Changes in Estimates	Net Claims Paid	Claims Liability End of Year	Expected To Be Paid Within 1 Year
2017	\$ 2,205,585	\$ 666,900	\$ (545,912)	\$ 2,326,573	\$ 929,227
2018	2,326,573	711,048	(819,115)	2,218,506	892,109

B. LIABILITY/AUTO SELF-FUNDED INSURANCE

The County began self-funding general liability and auto insurance in FY94 through the Self-Funded Insurance (Internal Service) Fund. An independent company administers the plan. The County's risk retention is \$250,000 per occurrence but purchases commercial insurance for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in the past three fiscal years. Actual claims paid in the fiscal year ended December 31, 2018, net of insurance reimbursements, were \$673,259. A liability for claims payable must be reported if the liability is both probable and estimable. Per an actuarial study completed in June 2017, the projected liability for estimated (undiscounted) claims payable (including IBNR) at December 31, 2018 was \$1,867,744. Changes in the liability for estimated liability/auto claims payable for the last two fiscal years are as follows:

Fiscal Year Ending <u>Dec. 31</u>	Claims Liability Beginning of Year	Claims Incurred & Changes in Estimates	Net Claims Paid	Claims Liability End of Year	Expected To Be Paid Within 1 Year
2017	\$ 1,439,768	\$ 473,893	\$ (185,353)	\$ 1,728,308	\$ 374,084
2018	1,728,308	812,695	(673,259)	1,867,744	406,041

C. OTHER FULLY-INSURED RISKS

The County purchases commercial insurance, with varying deductible for all other risks of loss, such as property damage, boiler and machinery, Nursing Home medical malpractice, and public official bonds. The State of Illinois fully insures Unemployment compensation. 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

On December 19, 2017 the County Board issued Resolution No. 10187 approving the issuance of \$1,076,760 in Series 2017 Tax Anticipation Warrants for the Nursing Home, in anticipation of property tax receipts during the period May-November 2018. However, the sale of these warrants did not occur until January 25th, 2018. This debt was fully repaid by September 21, 2018.

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NOTE 17 – SHORT TERM DEBT (continued)

Series 2017 Tax Anticipation Warrants \$1,076,760; due on September 30, 2018; interest rate at 2.10%;	
Balance outstanding at December 31, 2017	\$0
Warrant issued January 25, 2018	\$1,076,760
Warrant Interest payments made in 2018	\$10,876
Warrant principal payments made in 2018	\$1,076,760
Balance outstanding at December 31, 2018	\$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 December 31, 2017	\$4,850,000
Bond interest payments made in 2018	\$400,125
Bond principal payments made in 2018	\$0
Balance outstanding at December 31, 2018	\$4,850,000

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; \$96,404 deferred charge on refunding amortized over 13 years 7 months;	
Balance outstanding at December 31, 2017	\$1,205,000
Bond interest payments made in 2018	\$63,262
Bond principal payments made in 2018	\$1,205,000
Balance outstanding at December 31, 2018	\$0

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; \$1,071,441 deferred charge on refunding amortized over 23 years 7 months; \$11,625,000 refunded (in-substance defeasance) in FY2014	
Balance outstanding at December 31, 2017	\$950,000
Bond interest payments made in 2018	\$49,875
Bond principal payments made in 2018	\$950,000
Balance outstanding at December 31, 2018	\$0

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;	
Balance outstanding at December 31, 2017	\$1,130,000
Debt interest payments made in 2018	\$50,990
Debt principal payments made in 2018	\$140,000
Balance outstanding at December 31, 2018	\$990,000

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NOTE 18 – LONG TERM DEBT (continued)

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;	
\$201,962 deferred charge on refunding amortized over 10 years 5 months;	
Balance outstanding at December 31, 2017	\$4,255,000
Bond interest payments made in 2018	\$170,200
Bond principal payments made in 2018	\$0
Balance outstanding at December 31, 2018	\$4,255,000
2014 Series Public Safety Refunding Bonds: \$9,795,000;	
due in 6 annual installments from 2024 to 2029; interest rate 5.00%;	
\$1,968,593 bond premium amortized over 14 years 1 month;	
\$138,834 bond issuance costs treated as period costs;	
\$0 deferred charge on refunding;	
Balance outstanding at December 31, 2017	\$9,795,000
Bond interest payments made in 2018	\$489,750
Bond principal payments made in 2018	\$0
Balance outstanding at December 31, 2018	\$9,795,000
2015 Series Alternate Revenue Refunding Bonds: \$2,535,000;	
due in 10 annual installments from 2016 to 2025;	
interest rates 0.65% to 2.55%;	
\$30,105 bond issuance costs treated as period costs;	
\$0 deferred charge on refunding;	
Balance outstanding at December 31, 2017	\$2,055,000
Bond interest payments made in 2018	\$40,198
Bond principal payments made in 2018	\$240,000
Balance outstanding at December 31, 2018	\$1,815,000
2016 Series public Safety Refunding Bonds: \$3,775,000;	
due in 10 annual instalments from 2017 to 2026; interest rate 1.838%;	
\$36,084 bond issuance costs treated as period costs;	
\$0 deferred charge on refunding;	
Balance outstanding at December 31, 2017	\$3,440,000
Bond interest payments made in 2018	\$63,210
Bond principal payments made in 2018	\$355,000
Balance outstanding at December 31, 2018	\$3,085,000
2016 Bond Transactions – Governmental Activities	
Bonds outstanding at December 31, 2017	\$27,680,000
Bond interest payments made in 2018	\$1,327,610
Bonds retired in 2018	\$2,890,000
Bonds payable December 31, 2018	\$24,790,000

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 18 – LONG TERM DEBT (continued)

Annual Debt Service Requirements for Bonds

The Champaign County Nursing Home was sold on March 31, 2019. Due to the sale, the Series 2015 Bonds were redeemed, and the Series 2011 Bonds were defeased, both with a 4/30/19 date. Therefore, the schedule below reflects these actions and provides the adjusted required annual bond debt service listed by the funds from which we make the payments:

Year	Governmental Activities						Total Debt Service Requirement
	Debt Service Funds		Public Safety Sales Tax Fund		General Corporate Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 4,255,000	\$ 161,717	\$ 1,375,000	\$ 946,562	\$ 1,960,000	\$ 59,366	\$ 8,757,645
2020	0	0	1,510,000	856,210	155,000	39,155	2,560,365
2021	0	0	1,650,000	755,358	160,000	32,490	2,597,848
2022	0	0	1,805,000	643,283	170,000	25,290	2,643,573
2023	0	0	1,720,000	519,058	175,000	17,640	2,431,698
2024	0	0	1,840,000	445,392	185,000	9,065	2,479,457
2025	0	0	1,965,000	365,884	0	0	2,330,884
2026	0	0	2,100,000	280,283	0	0	2,380,283
2027	0	0	1,815,000	188,250	0	0	2,003,250
2028	0	0	1,950,000	97,500	0	0	2,047,500
	<u>\$ 4,255,000</u>	<u>\$ 161,717</u>	<u>\$ 17,730,000</u>	<u>\$ 5,097,780</u>	<u>\$ 2,805,000</u>	<u>\$ 183,006</u>	<u>\$ 30,232,503</u>

At December 31, 2018, \$401,408 was available in restricted fund balance in the Debt Service Funds; \$852,065 was available in restricted fund balance in the Public Safety Sales Tax Special Revenue Fund; and \$289,375 was available in restricted fund balance in the General Corporate Fund to meet debt service requirements.

B. DEBENTURE NOTE PAYABLE – GOVERNMENTAL ACTIVITIES

2015 Line of Credit provided by PNC Bank: \$551,250; with the primary purpose of purchasing two single family dwellings as part of a Community Integrated Living Arrangement (CILA) included in the MHB/DDB CILA Fund. The maximum line of credit is \$1,000,000 and the outstanding credit is secured by the Mortgage on the dwellings. Interest is at 3.903% from January 2015 to January 2025.

Balance outstanding at December 31, 2017	\$447,753
Note interest payments made in 2018	\$17,230
Note principal payments made in 2018	\$49,750
Balance outstanding at December 31, 2018	\$398,003

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 18 – LONG TERM DEBT (continued)

Annual Debt Service Requirements for Debenture Note

The Schedule below provides the required annual debt service for the Debenture Note paid through the MHB/DDB CILA Fund. This note was fully paid off on May 2, 2019.

Year	Governmental Activities		Total Debt Service Requirement
	MHB/DDB CILA Fund		
	Principal	Interest	
2019	398,003	10,731	408,734

C. CAPITAL LEASE OBLIGATION- GOVERNMENTAL ACTIVITIES

2016 Capital Lease with IBM Credit, LLC: \$141,728;
 for the purpose of providing hardware, software and maintenance for the AS400;
 to be repaid over 48 months in monthly payments of \$3,065
 at 1.92% interest from November 2016 through October 2020.

Balance outstanding at December 31, 2017	\$101,344
Lease interest payments made in 2018	\$1,642
Lease principal payments made in 2018	\$35,140
Balance outstanding at December 31, 2018	\$66,204

Annual Debt Service Requirements for Capital Lease

The Schedule below provides the required annual debt service for the Capital Lease Obligation paid through the Information Technology Department in the Capital Asset Replacement Fund:

Year	Governmental Activities		Total Debt Service Requirement
	General Corporate Fund		
	Principal	Interest	
2019	\$ 35,821	\$ 961	\$ 36,782
2020	30,383	269	30,652
	\$ 66,204	\$ 1,230	\$ 67,434

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 18 – LONG TERM DEBT (continued)

D. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

	12/31/17			12/31/18	
	Balance	Additions	Deductions	Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 27,680,000	\$ 0	\$ (2,890,000)	\$ 24,790,000	\$ 7,590,000
Unamortized Bond Premium	2,104,055	0	(277,386)	1,826,669	0
Total Bonds Payable	29,784,055	0	(3,167,386)	26,616,669	7,590,000
Debenture Note	447,753	0	(49,750)	398,003	398,003
Capital Lease Obligation	101,344	0	(35,140)	66,204	35,821
Compensated Absences	2,696,118	3,005,538	(3,004,036)	2,697,620	323,713
Estimated Claims Payable	4,054,881	1,336,000	(1,304,631)	4,086,250	1,298,150
Total Governmental Activities	\$ 37,084,151	\$ 4,341,538	\$ (7,560,943)	\$ 33,864,746	\$ 9,645,687
<u>Business-Type Activities:</u>					
Compensated Absences	172,603	304,486	(308,463)	168,626	33,725
Total Business-Type Activities	\$ 172,603	\$ 304,486	\$ (308,463)	\$ 168,626	\$ 33,725

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. Liabilities for Compensated absences will be liquidated within those funds in which the expenses occur.

NOTE 19 – OPERATING LEASES

The County has several non-cancelable operating leases for the use of various facilities. During the fiscal year ended December 31, 2018, the total expenditure for these leases was \$415,988. The future minimum lease payments are shown below:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2019	\$ 454,986
2020	315,793
2021	293,072
2022	145,827
2023	129,341
2024-2042	1,750,677
	<u>\$ 3,089,696</u>

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 20 – FUND EQUITY

A. DEFICIT FUND EQUITY

As of December 31, 2018, the following funds had deficit fund equity:

- Tort Immunity Special Revenue Fund (\$1,239,699), and
- Workforce Development Special Revenue Fund (\$288,553)

The Champaign County Board Resolution No.2019-125 provided authorization for the partial restoration of these two deficit funds through the use of inter-fund loans. Any future deficit fund equity will be addressed by the Champaign County Board through the vehicle of the annual budget with special emphasis on the equity deficit in the Tort Immunity Fund.

B. FUND BALANCE CLASSIFICATIONS – GOVERNMENTAL FUNDS

Fund balances of governmental funds may be restricted, committed or assigned to specific purposes. The County reports the total of the restricted, committed and assigned fund balances on the basic and combining statements of net position. The schedule below shows the major purposes of those restrictions, commitments and assignments:

	<u>General Fund</u>	<u>Regional Planning Comm Fund</u>	<u>Mental Health Fund</u>	<u>Early Childhood Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Full Accrual Adjustments</u>	<u>Total Governmental Activities</u>
Restricted by State Statutes, Grantor/Donor Stipulations, or Debt Covenants:								
For Debt Service	\$ 289,375	\$ 0	\$ 0	\$ 0	\$ 1,296,783	\$ 1,586,158	\$ 220,915	\$ 1,807,073
For Justice & Public Safety	0	0	0	0	4,673,443	4,673,443	284,157	4,957,600
For Health & Education	0	0	3,140,003	2,090,739	2,659,321	7,890,063	241,679	8,131,742
For Development	0	1,326,249	0	0	8,261,249	9,587,498	261,474	9,848,972
For General Government	0	0	0	0	1,472,097	1,472,097	0	1,472,097
For Highways & Bridges	0	0	0	0	9,076,841	9,076,841	0	9,076,841
For Insurance & Fringes	0	0	0	0	1,707,640	1,707,640	0	1,707,640
Total Restricted Fund Balance	289,375	1,326,249	3,140,003	2,090,739	29,147,374	35,993,740	1,008,225	37,001,965
Committed by County Board Resolution:								
To Solid Waste Management	0	0	0	0	40,664	40,664	0	40,664
Assigned by County Officials:								
To Capital Projects	0	0	0	0	2,182,326	2,182,326	0	2,182,326
To Future Tax Liability	307,427	0	0	0	0	307,427	0	307,427

NOTE 21 – GOVERNMENT-WIDE STATEMENT OF NET POSITION

The government-wide statement of net position includes a restricted portion totaling \$37,001,965 as shown in the schedule above. Of this amount, \$22,965,816 is externally restricted based on state statutes; \$12,229,076 is restricted through grantor/donor stipulations; and \$1,807,073 is restricted based on debt covenants.

NOTE 22 - DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The County of Champaign’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multi-employer plan. We have provided a summary of IMRF’s pension benefits in the “Benefits Provided” paragraph below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The clear majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan, limited to officials elected prior to August 8, 2011.

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

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

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

Plan Membership

As of December 31, 2018, the measurement date, membership of the plan was as follows:

	Regular		
	Plan	SLEP	ECO
Retirees and Beneficiaries	589	114	11
Inactive, Non-Retired Members	1,034	35	0
Active Members	747	93	0
Total	2,370	242	11

NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions

As set by statute, the County of Champaign's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2018 was 8.24% for the Regular plan, and 21.32% for SLEP for the year ended December 31, 2018. There were no active employees on the ECO plan in 2018. For the fiscal year ended December 31, 2018, the County contributed \$4,123,885 to the plan. The County also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. The IMRF Board of Trustees set the contribution rates for disability and death benefits, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liabilities for the Regular, SLEP and ECO plans were determined by actuarial valuations performed as of December 31, 2018 using the following actuarial methods and assumptions:

- **Actuarial Cost Method** - Entry Age Normal.
- **Asset Valuation Method** – Market value of assets
- **Wage Growth Rate** – 3.50%
- **Inflation Rate** - 2.50%.
- **Salary Increases** - 3.39% to 14.25%, including inflation.
- **Investment Rate of Return** - 7.25%
- **Projected Retirement Age** - Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- **Mortality** – An IMRF-specific mortality table with fully generational projection scale MP-2017 (base year 2015) was used. For **non-disabled retirees**, IMRF developed specific rates using the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For **disabled retirees**, the IMRF developed specific rates using the RP-2014 Disabled Retirees Mortality Table with the same adjustments applied for non-disabled lives. For **active members**, the IMRF developed specific rates using the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- **Long-Term expected real rate of return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Returns/Risks</u>	
		<u>One-Year Arithmetic</u>	<u>Ten-Year Geometric</u>
Equities	37%	8.30%	7.15%
International Equities	18%	9.20%	7.25%
Fixed income	28%	3.75%	3.75%
Real Estate	9%	7.30%	6.25%
Alternatives:	7%		
Private Equity		12.40%	8.50%
Hedge Funds		5.75%	5.50%
Commodities		4.75%	3.20%
Cash Equivalents	1%	2.50%	2.50%

Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liabilities for the Regular, SLEP, and ECO plans. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions would be made at the current contribution rate, and that employer contributions would be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

The prior year rate was 7.50% for the Regular, SLEP and ECO Plans.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percentage point lower or 1 percentage point higher:

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)

	<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
Regular - Primary Government:			
Total Pension Liability	\$ 162,156,153	\$ 144,015,204	\$ 129,279,562
Plan Fiduciary Net Position	<u>133,273,106</u>	<u>133,273,106</u>	<u>133,273,106</u>
Net Pension Liability/(Asset)	<u>\$ 28,883,047</u>	<u>\$ 10,742,098</u>	<u>\$ (3,993,544)</u>
Regular - GIS:			
Total Pension Liability	\$ 1,375,835	\$ 1,221,916	\$ 1,096,890
Plan Fiduciary Net Position	<u>1,110,121</u>	<u>1,110,121</u>	<u>1,110,121</u>
Net Pension Liability/(Asset)	<u>\$ 265,714</u>	<u>\$ 111,795</u>	<u>\$ (13,231)</u>
Regular - Total:			
Total Pension Liability	\$ 163,531,988	\$ 145,237,120	\$ 130,376,452
Plan Fiduciary Net Position	<u>134,383,227</u>	<u>134,383,227</u>	<u>134,383,227</u>
Net Pension Liability/(Asset)	<u>\$ 29,148,761</u>	<u>\$ 10,853,893</u>	<u>\$ (4,006,775)</u>
SLEP:			
Total Pension Liability	\$ 92,821,395	\$ 81,801,051	\$ 72,778,337
Plan Fiduciary Net Position	<u>66,559,609</u>	<u>66,559,609</u>	<u>66,559,609</u>
Net Pension Liability/(Asset)	<u>\$ 26,261,786</u>	<u>\$ 15,241,442</u>	<u>\$ 6,218,728</u>
ECO:			
Total Pension Liability	\$ 5,027,148	\$ 4,625,495	\$ 4,280,474
Plan Fiduciary Net Position	<u>2,445,935</u>	<u>2,445,935</u>	<u>2,445,935</u>
Net Pension Liability/(Asset)	<u>\$ 2,581,213</u>	<u>\$ 2,179,560</u>	<u>\$ 1,834,539</u>

Changes in Net Pension Liability/(Asset)

The changes in net pension liabilities/(assets) for the Regular, SLEP, and ECO plans for the calendar year ended December 31, 2018 were as follows:

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NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability/(Asset) (continued)

	Increase/ (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
	(A)	(B)	(A-B)
Regular - Primary Government:			
Balances at December 31, 2017	\$ 134,795,756	\$ 142,052,078	\$ (7,256,322)
Service Cost	2,740,120		2,740,120
Interest on Total Pension Liability	9,935,567		9,935,567
Difference between expected and actual experience of the Total Pension Liability	(578,842)		(578,842)
Changes of assumptions	3,957,731		3,957,731
Benefit payments, including refunds of employee contributions	(6,835,128)	(6,835,128)	-
Contributions - employer		2,486,658	(2,486,658)
Contributions - employee		1,383,132	(1,383,132)
Net investment income		(7,795,046)	7,795,046
Other (net transfer)		1,981,412	(1,981,412)
Balances at December 31, 2018	<u>\$ 144,015,204</u>	<u>\$ 133,273,106</u>	<u>\$ 10,742,098</u>
Regular - GIS:			
Balances at December 31, 2017	\$ 1,125,967	\$ 1,201,485	\$ (75,518)
Service Cost	28,517		28,517
Interest on Total Pension Liability	103,401		103,401
Difference between expected and actual experience of the Total Pension Liability	(6,024)		(6,024)
Changes of assumptions	41,189		41,189
Benefit payments, including refunds of employee contributions	(71,134)	(71,134)	-
Contributions - employer		25,879	(25,879)
Contributions - employee		14,395	(14,395)
Net investment income		(81,125)	81,125
Other (net transfer)		20,621	(20,621)
Balances at December 31, 2017	<u>\$ 1,221,916</u>	<u>\$ 1,110,121</u>	<u>\$ 111,795</u>

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
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Exhibit X

NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability/(Asset) (continued)

	Increase/ (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(A)	(B)	(A-B)
Regular - Total:			
Balances at December 31, 2017	\$ 135,921,723	\$ 143,253,563	\$ (7,331,840)
Service Cost	2,768,637		2,768,637
Interest on Total Pension Liability	10,038,968		10,038,968
Difference between expected and actual experience of the Total Pension Liability	(584,866)		(584,866)
Changes of assumptions	3,998,920		3,998,920
Benefit payments, including refunds of employee contributions	(6,906,262)	(6,906,262)	-
Contributions - employer		2,512,537	(2,512,537)
Contributions - employee		1,397,527	(1,397,527)
Net investment income		(7,876,171)	7,876,171
Other (net transfer)		2,002,033	(2,002,033)
Balances at December 31, 2018	<u>\$ 145,237,120</u>	<u>\$ 134,383,227</u>	<u>\$ 10,853,893</u>
SLEP:			
Balances at December 31, 2017	\$ 75,247,799	\$ 71,702,888	\$ 3,544,911
Service Cost	1,219,225		1,219,225
Interest on Total Pension Liability	5,552,330		5,552,330
Difference between expected and actual experience of the Total Pension Liability	1,011,502		1,011,502
Changes of assumptions	2,422,888		2,422,888
Benefit payments, including refunds of employee contributions	(3,652,693)	(3,652,693)	-
Contributions - employer		1,408,878	(1,408,878)
Contributions - employee		531,815	(531,815)
Net investment income		(4,941,998)	4,941,998
Other (net transfer)		1,510,719	(1,510,719)
Balances at December 31, 2018	<u>\$ 81,801,051</u>	<u>\$ 66,559,609</u>	<u>\$ 15,241,442</u>

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
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Exhibit X

NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability/(Asset) (continued)

	Increase/ (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(A)	(B)	(A-B)
ECO:			
Balances at December 31, 2017	\$ 4,466,405	\$ 2,694,415	\$ 1,771,990
Service Cost	24,263		24,263
Interest on Total Pension Liability	318,929		318,929
Difference between expected and actual experience of the Total Pension Liability	177,073		177,073
Changes of assumptions	91,114		91,114
Benefit payments, including refunds of employee contributions	(452,289)	(452,289)	-
Contributions - employer		202,469	(202,469)
Contributions - employee		14	(14)
Net investment income		(198,038)	198,038
Other (net transfer)		199,364	(199,364)
Balances at December 31, 2018	<u>\$ 4,625,495</u>	<u>\$ 2,445,935</u>	<u>\$ 2,179,560</u>

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

For the year ended December 31, 2018, the County of Champaign recognized pension expense of \$1,819,735, \$2,122,353 and \$273,090 for the Regular, SLEP, and ECO plans respectively. At December 31, 2018, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions		
Regular- Primary Government:		
Difference between expected and actual experience	\$ 22,023	\$ 584,761
Changes of Assumptions	2,783,922	1,949,158
Net difference between projected and actual earnings on pension plan investments	9,014,008	0
Contributions subsequent to the measurement date	0	0
Total	<u>\$ 11,819,953</u>	<u>\$ 2,533,919</u>

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts Related to Pensions		
Regular- Geographic Information Systems:		
Difference between expected and actual experience	\$ 229	\$ 6,086
Changes of Assumptions	28,973	20,285
Net difference between projected and actual earnings on pension plan investments	93,811	0
Contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 123,013</u>	<u>\$ 26,371</u>
Regular- Total:		
Difference between expected and actual experience	\$ 22,252	\$ 590,847
Changes of Assumptions	2,812,895	1,969,443
Net difference between projected and actual earnings on pension plan investments	9,107,819	0
Contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 11,942,966</u>	<u>\$ 2,560,290</u>
SLEP:		
Difference between expected and actual experience	\$ 1,225,754	\$ 0
Changes of Assumptions	1,957,261	457,121
Net difference between projected and actual earnings on pension plan investments	5,046,871	0
Contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 8,229,886</u>	<u>\$ 457,121</u>
ECO:		
Difference between expected and actual experience	\$ 0	\$ 0
Changes of Assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	180,689	0
Contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 180,689</u>	<u>\$ -</u>

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NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

Regular Plan				
Primary Government	GIS	Total	SLEP	ECO
\$ 2,738,454	\$ 28,500	\$ 2,766,954	\$ 2,483,406	\$ 55,504
1,379,347	14,355	1,393,702	1,566,273	24,834
1,489,931	15,506	1,505,437	1,430,581	20,707
3,678,302	38,281	3,716,583	2,292,505	79,644
\$ 9,286,034	\$ 96,642	\$ 9,382,676	\$ 7,772,765	\$ 180,689

NOTE 23 – 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 supplemental 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. Retirees pay the full amount of the blended premiums, as determined by the group health insurance company. The retiree contribution rates for 2018 ranged from \$788 to \$1,703 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 County finances the plan on a pay-as-you-go basis.

Plan Membership

As of December 31, 2018, the measurement date, membership of the plan was as follows:

Active Members	701
Retirees and Beneficiaries	39
Total	740

NOTE 23 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Total OPEB Liability

The County's net pension liability was measured as of December 31, 2018. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated January 1, 2018. There have been no significant changes between the valuation date and the County's fiscal year-end.

Actuarial Assumptions

The total OPEB liability was determined by actuarial valuations performed as of January 1, 2018 using the following actuarial methods and assumptions:

- **Actuarial Cost Method** - Entry Age Normal.
- **Discount Rate** – 3.44%. This is based on the 20-Year Tax-Exempt Municipal Bond Yield
- **Inflation Rate** - 2.30%.
- **Salary Increases** – 2.5%, including inflation.
- **Medical Trend Rate** – 3.40%-3.90% over 55years
- **Mortality – Sheriff and Correction Officers:** RP-2000 Combined Annuitant/Non-Annuitant Mortality Table with Blue Collar Adjustment with generationally projected mortality improvements using Scale BB.
All Others: RP-2000 Combine Annuitant /Non-Annuitant Mortality Table with White Collar Adjustment with generationally projected mortality improvements using Scale BB.

Change in the Total OPEB Liability/(Asset)

The change in total OPEB liability/(asset) for the calendar year ended December 31, 2018 was as follows:

Fiscal Year Ended December 31, 2018	Governmental Activities	Business-Type Activities	Total
Balances at December 31, 2017	\$ 3,234,243	\$ 64,390	\$ 3,298,633
Service Cost	123,385	4,015	127,400
Interest	111,522	2,347	113,869
Changes of assumptions	(174,312)	(2,918)	(177,230)
Benefit payments	(233,352)	(363)	(233,715)
Balance at December 31, 2018	3,061,486	67,471	3,128,957

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.44%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 2.44%	Current Discount rate 3.44%	1% Increase 4.44%
Total OPEB Liability-Governmental	\$ 3,330,329	\$ 3,061,486	\$ 2,819,401
Total OPEB Liability-Business Type	71,945	67,471	63,307
Total OPEB Liability-County	\$ 3,402,274	\$ 3,128,957	\$ 2,882,708

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 23 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's total OPEB liability, calculated using the Healthcare Cost Trend Rate as well as what the plan's OPEB liability would be if it were calculated using Healthcare Cost Trend Rates that are 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Trend rate	1% Increase
Total OPEB Liability-Governmental	\$ 2,742,819	\$ 3,061,486	\$ 3,435,945
Total OPEB Liability- Business Type	61,304	67,471	74,463
Total OPEB Liability - County	\$ 2,804,123	\$ 3,128,957	\$ 3,510,408

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 the County recognized OPEB expense of \$213,649 for Governmental Activities and \$5,822 for Business-Type Activities. At December 31, 2018, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to OPEB:		
<i>Governmental Activities:</i>		
Changes of Assumptions	-	153,054
Total	\$ -	\$ 153,054
<i>Business-Type Activities:</i>		
Changes of Assumptions	-	2,378
Total	\$ -	\$ 2,378
<i>Total</i>		
Changes of Assumptions	-	155,432
Total	\$ -	\$ 155,432

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 23 – OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (continued)

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2019	\$ (21,258)	\$ (540)	\$ (21,798)
2020	(21,258)	(540)	(21,798)
2021	(21,258)	(540)	(21,798)
2022	(21,258)	(540)	(21,798)
2023	(21,258)	(218)	(21,476)
Thereafter	<u>(46,764)</u>	<u>-</u>	<u>(46,764)</u>
 Total	 <u>\$ (153,054)</u>	 <u>\$ (2,378)</u>	 <u>\$ (155,432)</u>

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 24 – 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 primary purpose of operating an emergency response computer-aided dispatching service (METCAD), originally created by the other three participants in 1979. Each member agency designates two 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, 2018 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 17.22%, or \$1,589,830 which is reported in the Statement of Net Position as an investment in joint venture. The net increase of \$64,417 from the amount reported for June 30, 2017, is reported in the Statement of Activities under functional revenues for Justice and Public Safety.

A copy of the separate audited financial statements for METCAD may be obtained from the City of Champaign Finance Department, 102 N. Neil Street, Champaign, IL 61820. Summary financial information for METCAD for the fiscal year ended June 30, 2018 is provided below.

Financial Position as of June 30, 2018

Total Assets & Deferred Outflows	\$ 11,833,415
Total Liabilities & Deferred Inflows	<u>2,600,951</u>
Net Position	<u><u>\$ 9,232,464</u></u>

Results of Operations for the Fiscal Year Ended June 30, 2018

Total Revenues	\$ 6,173,486
Total Expenses	<u>5,782,481</u>
Change in Net Position	391,005
Beginning Net Position as Restated	<u>8,841,459</u>
Ending Net Position	<u><u>\$ 9,232,464</u></u>

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 24 – 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 parallels that of Champaign County as the lead agency. Therefore, its year-end is December 31, 2018. Each member agency 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 December 31, 2018 Champaign County's equity interest share was 61.34%, totaling \$214,325, which is reported in the Statement of Net Position as an investment in joint venture. The net increase of \$26,540 in the County's share of equity for the fiscal year ended December 31, 2018 is reported in the Statement of Activities under functional revenue for development.

Separate audited financial statements of the GIS Consortium may be obtained from the Champaign County GIS Department, 1776 E. Washington, Urbana, IL 61802. Summary financial information for the fiscal year ended December 31, 2018 is presented below.

Financial Position as of December 31, 2018

Total Assets & Deferred Outflows	\$	603,251
Total Liabilities & Deferred Inflows		253,840
Net Position	\$	349,411

Results of Operations for the Fiscal Year ended December 31, 2018

Total Revenues	\$	542,319
Total Expenses		498,846
Change in Net Position		43,473
Beginning Net Position		305,938
Ending Net Position	\$	349,411

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Exhibit X

NOTE 25 – CONTINGENT LIABILITIES

The County has been involved in lawsuits brought by two corporations seeking to recover approximately \$2.9 million in property taxes related to the retroactive application of the charitable property tax exemption. The County has vigorously defended its position. The Sixth Judicial Circuit found for Carle in February 2020. The County consequently owes Carle \$1.5 million across all funds, including \$531,000 from the general corporate fund. As of December 31, 2018, the County has recorded the liability as accounts payable within the balance sheet of each component fund.

The County is a defendant in several other 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 26 – COMMITMENTS

ROAD AND BRIDGE CONSTRUCTION PROJECTS

The County Highway Department has four Special Revenue Funds with December 31, 2018 fund balances totaling \$9.3 million. Much of those funds are restricted to road and bridge construction projects, some of which are multiple-year projects. Current projects with significant commitments include:

<u>Project Description</u>	<u>Project #</u>	<u>Total Commitment</u>	<u>Spent Through 12/31/2018</u>	<u>Remaining Commitment</u>
CH1 North Bridge	12-00992-00-BR	\$ 850,000	\$ 59,202	\$ 790,798
CH1 South Bridge	12-00993-00-BR	650,000	58,211	591,789
CH16 Bridge (200N/1600E)	15-00028-00-BR	310,664	274,270	36,394
CH18 Bridge (BTW Sec 7 & 18)	16-00033-00-BR	252,000	216,959	35,041
CH11 (Sec 27 & 34)	17-00041-00-BR	650,000	625,456	24,544
CH11 (Sec 25 & 36)	17-00042-00-BR	620,000	602,101	17,899
CH 16	16-00443-00-RS	100,000	23,331	76,669
CH 13	17-00445-00-RS	350,000	15,483	334,517
CH9 Taylor Bridge	18-00065-00-BR	55,000	6,127	48,873
CH15 Bridge	18-00062-00-BR	800,000	6,499	793,501
CH18 Bridge	18-00060-00-BR	1,050,000	49,088	1,000,912
CH9	18-00449-00-RS	3,100,000	16,484	3,083,516
Newcomb	17-16043-00-BR	31,000	25,997	5,003
Colfax Township	17-05047-00-BR	13,000	-	13,000
Compromise Township	18-06058-00-BR	20,000	-	20,000
Compromise Township	18-06059-00-BR	5,000	-	5,000
Lincoln Avenue	11-00334-01-EG/PV	600,000	445,196	154,804
Total		\$ 9,456,664	\$ 2,424,404	\$ 7,032,260

NOTE 27– GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may affect portions of these financial statements in future periods. The effect of these statements on the County has not been determined. Listed below are the statements and short summary of the standard's objective.

New accounting standards effective for the financial statements of the next fiscal year include:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's).
- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The principal objective of this statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued March 2018. The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.
- GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, issued August 2018. The objectives of this statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

New accounting standards effective for future financial periods beginning with FY2020 include:

- GASB Statement No. 87, *Leases*, issued June 2017. The objective of this statement is to better meet the information needs of financial statement users by providing accounting and financial reporting for leases by governments.
- GASB Statement No. 89, *Accounting for interest Cost Incurred before the End of a Construction Period*, issued June 2018. The objectives of this statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs.
- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. The objective of this statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers.
- GASB Statement No. 92, *Omnibus*, issued January 2020. The objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

NOTE 27– GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (continued)

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).
- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

NOTE 28– SUBSEQUENT EVENTS

On April 1, 2019, the County agreed to sell the Champaign County Nursing Home to University Rehabilitation Center of C-U LLC and University Rehab Real Estate LLC for a final price of \$11 million. Proceeds from the sell were used to payoff outstanding payables and the nursing home bonds. As part of the agreement, the County will continue to be held liable for ongoing litigation and future potential insurance claims up to two years from date of sale.