

BASIC FINANCIAL STATEMENTS

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2008

Exhibit I

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$18,283,805	\$178,419	\$18,462,224
Investments	17,714,000	0	17,714,000
Receivables, Net of Uncollectible Amounts:			
Patient Accounts	0	1,498,330	1,498,330
Property Taxes	24,895,060	941,137	25,836,197
Intergovernmental	6,527,965	378,334	6,906,299
Program Loans--Current Portion	412,576	0	412,576
Accrued Interest	62,930	0	62,930
Other	85,468	0	85,468
Internal Balances	2,455,933	(2,455,933)	0
Inventories	24,015	20,084	44,099
Prepaid Expenses	0	4,848	4,848
Deferred Charges	593,378	0	593,378
Resident Trust Accounts	9,970	9,668	19,638
Program Loans Receivable--Long Term Portion	5,300,413	0	5,300,413
Investment in Joint Venture	1,696,531	0	1,696,531
Capital Assets Not Being Depreciated	8,337,432	0	8,337,432
Capital Assets, Net of Accumulated Depreciation	67,009,672	23,070,743	90,080,415
Total Assets	153,409,148	23,645,630	177,054,778
<u>LIABILITIES</u>			
Accrued Salaries Payable	1,088,301	240,261	1,328,562
Accounts Payable	4,136,829	1,326,214	5,463,043
Accrued Interest Payable	1,036,360	0	1,036,360
Intergovernmental Payable	2,529	0	2,529
Funds Held for Others	96,052	9,668	105,720
Unearned Revenue	24,909,940	941,137	25,851,077
Compensated Absences Payable	2,674,179	381,972	3,056,151
Noncurrent Liabilities:			
Due Within One Year	3,985,861	0	3,985,861
Due in More Than One Year	57,683,194	0	57,683,194
Total Liabilities	95,613,245	2,899,252	98,512,497
<u>NET ASSETS</u>			
Invested In Capital Assets, Net of Related Debt	40,723,198	23,070,743	63,793,941
Restricted for:			
Capital Projects, Net of Related Debt	2,226,848	0	2,226,848
Debt Service	3,495,854	0	3,495,854
Justice & Public Safety	6,530,419	0	6,530,419
Health & Education	4,017,836	0	4,017,836
Development & General Government	8,070,561	0	8,070,561
Highways & Bridges	9,605,734	0	9,605,734
Insurance & Fringe Benefits	1,480,669	0	1,480,669
Unrestricted (Deficit)	(18,355,216)	(2,324,365)	(20,679,581)
Total Net Assets	57,795,903	20,746,378	78,542,281

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

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Exhibit II

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fines, Permits & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$14,606,360	\$2,399,876	\$238,344	\$0	(\$11,968,140)	\$0	(\$11,968,140)
Justice & Public Safety	27,317,391	4,801,822	3,939,660	0	(18,575,909)	0	(18,575,909)
Health	7,753,137	133,395	233,896	0	(7,385,846)	0	(7,385,846)
Education	5,236,017	37,616	5,111,677	0	(86,724)	0	(86,724)
Social Services	217,209	41,346	0	0	(175,863)	0	(175,863)
Development	8,242,203	1,273,766	6,780,641	0	(187,796)	0	(187,796)
Highways & Bridges	4,065,664	218,341	2,962,541	0	(884,782)	0	(884,782)
Interest on Long-Term Debt	2,778,834	0	0	0	(2,778,834)	0	(2,778,834)
Total Governmental Activities	70,216,815	8,906,162	19,266,759	0	(42,043,894)	0	(42,043,894)
BUSINESS-TYPE ACTIVITIES:							
Nursing Home	15,776,130	12,939,472	5,583	0	0	(2,831,075)	(2,831,075)
Total Business-Type Activities	15,776,130	12,939,472	5,583	0	0	(2,831,075)	(2,831,075)
Total Government	85,992,945	21,845,634	19,272,342	0	(42,043,894)	(2,831,075)	(44,874,969)
General Revenues:							
Property Taxes					24,146,421	879,915	25,026,336
Public Safety Sales Taxes					4,501,359	0	4,501,359
Hotel/Motel & Auto Rental Taxes					47,486	0	47,486
Grants & Contributions Not Restricted to Specific Programs					11,377,690	0	11,377,690
Investment Earnings					1,284,285	10,645	1,294,930
Miscellaneous					3,107,641	6,551	3,114,192
Transfers					(10,040)	10,040	0
Total General Revenues and Transfers					44,454,842	907,151	45,361,993
Change in Net Assets					2,410,948	(1,923,924)	487,024
Net Assets - Beginning (as Restated)					55,384,955	22,670,302	78,055,257
Net Assets - Ending					57,795,903	20,746,378	78,542,281

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
NOVEMBER 30, 2008

Exhibit III

	Major Funds					All Other (Non-Major) Governmental Funds	Total Governmental Funds
	General Fund	Mental Health Fund	Developmental Disability Fund	County Motor Fuel Tax Fund	Regional Planning Comm Fund		
ASSETS							
Cash	\$956,291	\$526,306	\$606,605	\$1,861,430	\$326,288	\$13,089,526	\$17,366,446
Investments	309,000	1,020,000	1,020,000	6,500,000	0	8,865,000	17,714,000
Receivables, Net of Uncollectible Amounts:							
Property Taxes	7,862,369	3,430,033	3,359,238	0	0	10,243,420	24,895,060
Intergovernmental	1,265,640	0	0	150,998	857,876	916,115	3,190,629
Program Loans--Current Portion	0	0	0	0	0	412,576	412,576
Accrued Interest	3,328	1,135	1,135	12,694	0	44,638	62,930
Other	31,925	13,707	0	200	10,465	18,661	74,958
Due From Other Funds	1,590,823	0	0	0	39,224	1,142,107	2,772,154
Inventories	24,015	0	0	0	0	0	24,015
Resident Trust Accounts	9,970	0	0	0	0	0	9,970
Advances to Other Funds	0	0	0	0	225,000	0	225,000
Program Loans Receivable--Long Term Portion	0	0	0	0	0	5,300,413	5,300,413
Total Assets	12,053,361	4,991,181	4,986,978	8,525,322	1,458,853	40,032,456	72,048,151
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accrued Salaries Payable	802,641	9,851	0	4,281	91,654	179,874	1,088,301
Accounts Payable	759,240	20,718	107,114	570,082	750,847	1,519,350	3,727,351
Intergovernmental Payable	0	0	0	0	0	2,529	2,529
Due To Other Funds	208,238	1,503	0	55,142	64,268	527,274	856,425
Funds Held for Others	9,970	0	0	0	0	714	10,684
Deferred Revenues	7,875,518	3,430,033	3,359,238	0	0	10,245,151	24,909,940
Advances from Other Funds	0	0	0	0	0	225,000	225,000
Total Liabilities	9,655,607	3,462,105	3,466,352	629,505	906,769	12,699,892	30,820,230
FUND BALANCES (DEFICITS):							
Reserved for Debt Service	260,394	0	0	0	0	2,086,453	2,346,847
Reserved for Long Term Receivables	0	0	0	0	225,000	5,300,413	5,525,413
Unreserved, Reported in:							
General Fund	2,137,360	0	0	0	0	0	2,137,360
Special Revenue Funds	0	1,529,076	1,520,626	7,895,817	327,084	13,674,955	24,947,558
Debt Service Funds	0	0	0	0	0	1,717,982	1,717,982
Capital Projects Funds	0	0	0	0	0	4,552,761	4,552,761
Total Fund Balances (Deficits)	2,397,754	1,529,076	1,520,626	7,895,817	552,084	27,332,564	41,227,921
Total Liabilities & Fund Balances	12,053,361	4,991,181	4,986,978	8,525,322	1,458,853	40,032,456	72,048,151

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

COUNTY OF CHAMPAIGN, ILLINOIS
 RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS FOR GOVERNMENTAL ACTIVITIES
 NOVEMBER 30, 2008

Exhibit III-a

Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III)	41,227,921
Capital assets, net of depreciation, used in governmental activities	75,347,104
Investment in Joint Ventures related to governmental activities	1,696,531
Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability	(1,180,860)
Receivables for revenue accruals related to governmental activities	3,336,999
Payables for expense accruals related to governmental activities	(1,437,026)
Liability for compensated absences accruals related to governmental activities	(2,674,179)
Deferred bond issuance costs related to governmental activities	593,378
Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds	<u>(59,113,965)</u>
Net Assets of Governmental Activities (See Exhibit I)	<u><u>57,795,903</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Exhibit IV

	Major Funds					All Other (Non-Major) Governmental Funds	Total Governmental Funds
	General Fund	Mental Health Fund	Developmental Disability Fund	County Motor Fuel Tax Fund	Regional Planning Comm Fund		
REVENUES:							
Property Taxes	\$7,922,987	\$3,216,041	\$3,149,804	\$0	\$0	\$9,857,589	\$24,146,421
Public Safety Sales Taxes	0	0	0	0	0	4,513,665	4,513,665
Hotel/Motel & Auto Rental Taxes	47,486	0	0	0	0	0	47,486
Intergovernmental Revenue	14,391,489	260,055	0	2,669,785	6,376,321	6,619,485	30,317,135
Fines & Forfeitures	887,348	0	0	0	0	33,963	921,311
Licenses & Permits	1,278,569	0	0	0	0	359,163	1,637,732
Charges for Services	3,893,681	0	0	0	1,116,499	1,872,572	6,882,752
Interest on Program Loans	0	0	0	0	0	205,619	205,619
Investment Earnings	159,476	30,787	35,035	279,995	11,179	755,491	1,271,963
Miscellaneous	2,777,212	78,211	0	200	95,868	244,038	3,195,529
Total Revenues	31,358,248	3,585,094	3,184,839	2,949,980	7,599,867	24,461,585	73,139,613
EXPENDITURES:							
Current: General Government	11,798,171	0	0	0	0	2,006,312	13,804,483
Justice & Public Safety	21,741,223	0	0	0	0	9,264,347	31,005,570
Health	0	3,477,700	3,220,424	0	0	1,309,224	8,007,348
Education	0	0	0	0	0	5,201,758	5,201,758
Social Services	26,500	0	0	0	0	213,854	240,354
Development	412,055	0	0	0	8,126,988	147,566	8,686,609
Highways & Bridges	0	0	0	3,394,382	0	6,125,323	9,519,705
Debt Service: Principal Retirement	192,500	0	0	0	0	2,587,249	2,779,749
Interest & Fiscal Charges	166,306	0	0	0	0	2,496,203	2,662,509
Total Expenditures	34,336,755	3,477,700	3,220,424	3,394,382	8,126,988	29,351,836	81,908,085
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,978,507)	107,394	(35,585)	(444,402)	(527,121)	(4,890,251)	(8,768,472)
OTHER FINANCING SOURCES (USES):							
Transfers In	2,328,516	10,417	0	0	382,683	2,382,440	5,104,056
Transfers Out	(264,755)	0	0	(375,000)	(242,352)	(4,188,530)	(5,070,637)
Net Other Financing Sources (Uses)	2,063,761	10,417	0	(375,000)	140,331	(1,806,090)	33,419
NET CHANGE IN FUND BALANCES	(914,746)	117,811	(35,585)	(819,402)	(386,790)	(6,696,341)	(8,735,053)
FUND BALANCES--Beginning of Year	3,312,500	1,411,265	1,556,211	8,715,219	938,874	34,028,905	49,962,974
FUND BALANCES--End of Year	2,397,754	1,529,076	1,520,626	7,895,817	552,084	27,332,564	41,227,921

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

COUNTY OF CHAMPAIGN, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES FOR GOVERNMENTAL ACTIVITIES
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Exhibit IV-a

Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV)	(\$8,735,053)
Remove expenditures for acquisition of capital assets	15,351,526
Include loss on disposal of capital assets	(397,713)
Include depreciation expense	(6,481,503)
Include change in investment in joint ventures	94,316
Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities	(488,971)
Remove revenues related to prior periods; include revenues earned but not available in the current period	537,485
Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period	(180,360)
Amortize bond premium and deferred amount on refunding against debt interest expense	(13,027)
Amortize debt issuance costs over the life of the debt	(55,501)
Remove debt principal repayment expenditures	<u>2,779,749</u>
Change in Net Assets of Governmental Activities (See Exhibit II)	<u><u>2,410,948</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

Exhibit V
Page 1 of 2

	----- General Fund -----			----- Mental Health Fund -----			----- Developmental Disability Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:									
Property Taxes	\$7,922,987	\$7,805,525	\$7,805,525	\$3,216,041	\$3,238,878	\$3,238,878	\$3,149,804	\$3,165,430	\$3,165,430
Public Safety Sales Taxes	0	0	0	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	47,486	34,923	34,923	0	0	0	0	0	0
Intergovernmental Revenue	14,391,489	14,847,448	14,613,035	260,055	241,670	241,670	0	0	0
Fines & Forfeitures	887,348	1,074,500	1,074,500	0	0	0	0	0	0
Licenses & Permits	1,278,569	1,703,902	1,703,902	0	0	0	0	0	0
Charges for Services	3,893,681	4,296,913	4,292,603	0	0	0	0	0	0
Interest on Program Loans	0	0	0	0	0	0	0	0	0
Investment Earnings	159,476	277,300	277,300	30,787	20,000	20,000	35,035	12,500	12,500
Miscellaneous	2,777,212	2,733,274	2,522,071	78,211	26,028	0	0	0	0
Total Revenues	31,358,248	32,773,785	32,323,859	3,585,094	3,526,576	3,500,548	3,184,839	3,177,930	3,177,930
EXPENDITURES:									
Current: General Government	11,929,183	12,492,054	10,797,868	0	0	0	0	0	0
Justice & Public Safety	21,741,223	22,114,084	21,693,881	0	0	0	0	0	0
Health	0	0	0	3,477,700	3,557,992	3,500,548	3,220,424	3,242,513	3,136,912
Education	0	0	0	0	0	0	0	0	0
Social Services	26,500	27,962	32,962	0	0	0	0	0	0
Development	412,055	437,193	435,738	0	0	0	0	0	0
Highways & Bridges	0	0	0	0	0	0	0	0	0
Debt Service: Principal Retirement	192,500	192,500	140,000	0	0	0	0	0	0
Interest & Fiscal Charges	166,306	168,772	159,893	0	0	0	0	0	0
Total Expenditures	34,467,767	35,432,565	33,260,342	3,477,700	3,557,992	3,500,548	3,220,424	3,242,513	3,136,912
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,109,519)	(2,658,780)	(936,483)	107,394	(31,416)	0	(35,585)	(64,583)	41,018
OTHER FINANCING SOURCES (USES):									
Capital Lease Financing	0	0	0	0	0	0	0	0	0
Transfers In	2,459,528	1,402,305	1,327,423	10,417	10,417	0	0	0	0
Transfers Out	(264,755)	(353,757)	(390,940)	0	0	0	0	0	0
Net Other Financing Sources (Uses)	2,194,773	1,048,548	936,483	10,417	10,417	0	0	0	0
NET CHANGE IN FUND BALANCES	(914,746)	(1,610,232)	0	117,811	(20,999)	0	(35,585)	(64,583)	41,018
FUND BALANCES--Beginning of Year	3,312,500	3,312,500	3,312,500	1,411,265	1,411,265	1,411,265	1,556,211	1,556,211	1,556,211
FUND BALANCES--End of Year	2,397,754	1,702,268	3,312,500	1,529,076	1,390,266	1,411,265	1,520,626	1,491,628	1,597,229

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

COUNTY OF CHAMPAIGN, ILLINOIS
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

	----- County Motor Fuel Tax Fund -----			----- Regional Planning Commission Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety Sales Taxes	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	0	0	0	0	0	0
Intergovernmental Revenue	2,669,785	2,955,655	2,955,655	6,376,321	11,669,507	10,802,924
Fines & Forfeitures	0	0	0	0	0	0
Licenses & Permits	0	0	0	0	0	0
Charges for Services	0	0	0	1,116,499	1,568,321	1,153,071
Interest on Program Loans	0	0	0	0	0	0
Investment Earnings	279,995	150,000	150,000	11,179	0	0
Miscellaneous	200	0	0	95,868	57,770	57,770
Total Revenues	2,949,980	3,105,655	3,105,655	7,599,867	13,295,598	12,013,765
EXPENDITURES:						
Current: General Government	0	0	0	0	0	0
Justice & Public Safety	0	0	0	0	0	0
Health	0	0	0	0	0	0
Education	0	0	0	0	0	0
Social Services	0	0	0	0	0	0
Development	0	0	0	8,126,988	13,649,876	12,224,650
Highways & Bridges	3,394,382	3,531,780	3,906,781	0	0	0
Debt Service: Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	3,394,382	3,531,780	3,906,781	8,126,988	13,649,876	12,224,650
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(444,402)	(426,125)	(801,126)	(527,121)	(354,278)	(210,885)
OTHER FINANCING SOURCES (USES):						
Capital Lease Financing	0	0	0	0	0	0
Transfers In	0	0	0	409,928	807,700	807,700
Transfers Out	(375,000)	(375,001)	0	(242,352)	(368,507)	(302,500)
Net Other Financing Sources (Uses)	(375,000)	(375,001)	0	167,576	439,193	505,200
NET CHANGE IN FUND BALANCES	(819,402)	(801,126)	(801,126)	(359,545)	84,915	294,315
FUND BALANCES--Beginning of Year	8,715,219	8,715,219	8,715,219	380,307	380,307	380,307
FUND BALANCES--End of Year	7,895,817	7,914,093	7,914,093	20,762	465,222	674,622

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 NOVEMBER 30, 2008

Exhibit VI

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	Fund	Service Funds
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$178,419	\$917,359
Investments	0	0
Receivables, Net of Uncollectible Amounts:		
Patient Accounts	1,498,330	0
Property Taxes	941,137	0
Intergovernmental	378,334	337
Other	0	10,510
Due From Other Funds	0	200,913
Inventories	20,084	0
Prepaid Expenses	4,848	0
Resident Trust Accounts	9,668	0
Total Current Assets	<u>3,030,820</u>	<u>1,129,119</u>
NONCURRENT ASSETS:		
Capital Assets:		
Buildings and Improvements	23,561,410	0
Construction in Progress	0	0
Equipment	978,326	0
Less Accumulated Depreciation	(1,468,993)	0
Total Noncurrent Assets	<u>23,070,743</u>	<u>0</u>
Total Assets	<u>26,101,563</u>	<u>1,129,119</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accrued Salaries Payable	240,261	0
Accounts Payable	1,326,214	8,812
Due To Other Funds	2,116,574	68
Funds Held For Others	9,668	85,368
Deferred Revenues	941,137	0
Compensated Absences Payable	381,972	0
Total Current Liabilities	<u>5,015,826</u>	<u>94,248</u>
NONCURRENT LIABILITIES:		
Estimated Claims Payable	0	2,555,090
Capital Lease Obligations	0	0
Total Noncurrent Liabilities	<u>0</u>	<u>2,555,090</u>
Total Liabilities	<u>5,015,826</u>	<u>2,649,338</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	23,070,743	0
Unrestricted	(1,985,006)	(1,520,219)
Total Net Assets	<u>21,085,737</u>	<u>(1,520,219)</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(339,359)</u>	
Net assets of business-type activities	<u>20,746,378</u>	

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

	<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)	\$12,913,858	\$6,076,930
Miscellaneous	25,614	131,071
	<u>12,939,472</u>	<u>6,208,001</u>
Total Operating Revenues		
OPERATING EXPENSES:		
Salaries	5,861,686	17,236
Fringe Benefits	1,787,708	5,822,519
Commodities	1,094,625	377
Services	6,150,916	985,679
Depreciation	700,314	0
	<u>15,595,249</u>	<u>6,825,811</u>
Total Operating Expenses		
OPERATING INCOME (LOSS)	<u>(2,655,777)</u>	<u>(617,810)</u>
NON-OPERATING REVENUES (EXPENSES):		
Property Tax	879,915	0
Intergovernmental Revenue	5,583	0
Investment Earnings	10,645	12,322
Donations	6,551	0
Interest Expense	(8,730)	0
Loss on Disposal of Capital Assets	(55,634)	0
	<u>838,330</u>	<u>12,322</u>
Net Non-Operating Revenues (Expenses)		
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,817,447)</u>	<u>(605,488)</u>
Capital Contributions	43,459	0
Transfers In	0	0
Transfers Out	(33,419)	0
	<u>10,040</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>(1,807,407)</u>	<u>(605,488)</u>
NET ASSETS--Beginning of Year (as Restated)	<u>22,893,144</u>	<u>(914,731)</u>
NET ASSETS--End of Year	<u>21,085,737</u>	<u>(1,520,219)</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(116,517)</u>	
Change in net assets of business-type activities	<u>(1,923,924)</u>	

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Customers	\$13,117,191	\$0
Cash Receipts from Other Funds and Employees for Services	0	7,063,116
Cash Receipts for Claims Reimbursements	0	122,243
Cash Payments to Employees for Services	(5,967,531)	(45,087)
Cash Payments to Suppliers and Other Funds for Goods and Services	(8,903,146)	(6,226,556)
Cash Payments for Claims	0	(254,220)
	<u>(1,753,486)</u>	<u>659,496</u>
Net Cash Provided (Used) By Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property Taxes Received	879,915	0
Gifts And Donations Received	4,324	0
Transfers/Loans Received From Other Funds	972,127	0
Transfers/Loans Paid To Other Funds	(33,419)	(130,563)
Interest Paid on Interfund Loans	(7,205)	0
	<u>1,815,742</u>	<u>(130,563)</u>
Net Cash Provided (Used) By Non-Capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for Acquisition and Construction of Capital Assets	(32,324)	0
Principal Payments on Equipment Capital Leases	(9,553)	0
Interest Payments on Equipment Capital Leases	(1,525)	0
	<u>(43,402)</u>	<u>0</u>
Net Cash Provided (Used) By Capital and Related Financing Activities		
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest Received on Investments and Bank Deposits	10,645	12,322
	<u>10,645</u>	<u>12,322</u>
Net Cash Provided (Used) By Investment Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,499	541,255
Cash and Cash Equivalents at Beginning of Year	148,920	376,104
Cash and Cash Equivalents at End of Year	<u>178,419</u>	<u>917,359</u>

Non-cash Investing, Capital and Financing Activities:

The Nursing Home Enterprise Fund received donated supplies valued at \$2,227 and received \$43,459 of additional facility improvements from the general government. The Self-Funded Insurance and the Employee Health Insurance Internal Service Funds had no non-cash transactions.

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

COUNTY OF CHAMPAIGN, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 RECONCILIATION OF OPERATING INCOME (LOSS) TO
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	<u>Nursing Home</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	(\$2,655,777)	(\$617,810)
Adjust Out Non-Cash Revenue/Expense:		
Depreciation Expense	700,314	0
Adjust For Non-Revenue/Expense Cash Flows:		
Decrease (Increase) in Receivables	177,690	(7,096)
Decrease (Increase) in Due From Other Funds	29	984,454
Decrease (Increase) in Inventories	6,838	0
Decrease (Increase) in Prepaid Expenses	0	0
Increase (Decrease) in Payables	(217,363)	(363,210)
Increase (Decrease) in Due To Other Funds	234,783	(27,805)
Increase (Decrease) in Unremitted Payroll Withholdings	0	(3,867)
Increase (Decrease) in Estimated Claims Payable	0	694,830
	<u>0</u>	<u>694,830</u>
Net Cash Provided (Used) By Operating Activities	<u>(1,753,486)</u>	<u>659,496</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 NOVEMBER 30, 2008

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$759,361	\$9,665,858
Investments	445,000	1,591,824
Receivables:		
Intergovernmental	134,310	24,621
Accrued Interest	<u>2,089</u>	<u>0</u>
Total Assets	<u>1,340,760</u>	<u>11,282,303</u>
 <u>LIABILITIES</u>		
Accounts Payable	105,600	0
Intergovernmental Payable	0	8,579,930
Funds Held for Others	<u>0</u>	<u>2,702,373</u>
Total Liabilities	<u>105,600</u>	<u>11,282,303</u>
 <u>NET ASSETS</u>		
Held in Trust for Other Governments	<u><u>1,235,160</u></u>	<u><u>0</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Intergovernmental Revenue	\$2,786,782
Investment Earnings	41,135
Miscellaneous	<u>0</u>
Total Additions	<u>2,827,917</u>
DEDUCTIONS	
Township Road & Bridge Maintenance	<u>2,824,190</u>
Total Deductions	<u>2,824,190</u>
CHANGE IN NET ASSETS	3,727
NET ASSETS--Beginning of Year	<u>1,231,433</u>
NET ASSETS--End of Year	<u><u>1,235,160</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 definition of what constitutes the entity Champaign County is based on the guidelines set forth in Governmental Accounting Standards Board (GASB) Statement Number 14. The primary government consists of the funds and departments described on pages 10-19. Several boards and commissions appointed by the County Board are included as part of the primary government, because they are not legally separate. These are the Mental Health Board, the Developmental Disability Board, the County Public Health Board, the Regional Planning Commission, the Board of Review and the Zoning Board of Appeals.

According to Statement No. 14, 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 is determined as follows:

- (1) The primary government appoints a voting majority of the organization's governing body, AND
 - (a) it is able to impose its will on the organization,OR
 - (b) the organization provides financial benefits or imposes financial burdens on the primary government.

OR

- (2) The organization is fiscally dependent on the primary government.

There were no agencies which met the criteria for inclusion as a component unit of Champaign County.

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

A joint venture is an organization that is jointly controlled by two or more participants, in which the participants retain an on-going financial interest or responsibility. The County is a member of the METCAD (Metropolitan Computer Aided Dispatch) joint venture with the City of Champaign, the City of Urbana and the University of Illinois. The County is also a member of the Geographic Information System (GIS) Consortium joint venture with the City of Champaign, the City of Urbana, the University of Illinois, the Village of Rantoul, the Village of Savoy and the Village of Mahomet. The County's equity interest in METCAD and the GIS Consortium joint ventures is reported as an investment in joint ventures in the Statement of Net Assets. See Note 22 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(1) Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) display the financial position and results of operations for the entity Champaign County government, excluding the fiduciary funds. Both statements separately report governmental activities and business-type activities. Governmental activities are generally financed with taxes and intergovernmental revenues and are accounted for in governmental and internal service funds. Business-type activities are financed largely through user fees charged to external parties and are reported in the enterprise fund. Interfund activity is eliminated from the government-wide statements to eliminate the doubling effect it creates.

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

(2) Fund Financial Statements

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement 33. Property taxes are recognized as revenue in the year for which the taxes are levied, which is the year following the year when the levy is passed. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

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

(2) Governmental Funds

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

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

Material amounts of expenditures are recognized when the liability is incurred. Exceptions include: (a) accumulated unpaid vacation, sick leave and personal leave, which are only accrued when they become currently payable; and (b) principal and interest on general long-term debt, which is 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 they are 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 translates to Nursing Home patient revenue, including Medicaid, Medicare and other insurance payments received for patient accounts. Operating expenses are those incurred in providing patient care. In the internal service funds, operating revenue includes interfund billings for insurance coverage and claims. Operating expenses are expenses incurred in providing the services, such as insurance premiums and claims expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(4) Fiduciary Funds

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

E. INVESTMENTS AND CASH EQUIVALENTS

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

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

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

F. RECEIVABLES AND PAYABLES

Receivables and payables are reported net of an allowance for uncollectible amounts, if applicable.

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

G. INVENTORIES

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. PREPAID ITEMS

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

I. CAPITAL ASSETS

(1) Governmental Activities

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

Buildings:		Equipment:	
New construction	40 years	Furniture	7 years
Improvements	15 years	Major appliances	7 years
Land Improvements	15 years	Computers, office equipment	5 years
Infrastructure:		Voting equipment	10 years
Roads	15 years	Vehicles	5 years
Bridges	50 years	Other equipment	5 years

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

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

Buildings:		Equipment:	
New building	40 years	Major (e.g. generator)	20 years
Floors, walls, doors	20 years	Furniture	10-20 years
Cabinets (attached)	15 years	Computers, software	5 years
Wiring	10-15 years	Vehicles	10 years
Carpet	5 years	Land Improvements	15 years

J. COMPENSATED ABSENCES

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

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

A. Governmental Funds to Governmental Activities

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

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

B. Enterprise Funds to Business-Type Activities

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

NOTE 3 – BUDGETS AND BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Process

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

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

B. Level of Budgetary Control

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

C. Amendments to the Budget

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

D. Budgetary Basis of Accounting

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

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

E. Encumbrances

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

NOTE 4 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

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

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

	Nursing Home Fund	Self-Funded Insur. Fund	Reg. Planning Comm. Fund
Budgetary Basis Change in Fund Balance or Net Assets	(\$1,657,081)	\$94,406	(\$359,545)
REVENUES AND OTHER SOURCES:			
Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent			(27,245)
Revenue earned but not available year-end adjustment	5,583		
Allowance for uncollectible accounts year-end adjustment	19,593		
Prior period adjustment moved out of current year revenue	552,917		
Donated supplies recorded as revenue with offsetting expense	2,227		
Capital assets contributed to enterprise fund from governmental fund	43,459		
EXPENDITURES /EXPENSES AND OTHER USES:			
Inventories and prepaid expenses year-end adjustment	(4,611)		
Expenses incurred during the current period year-end adjustment	(124,480)		
Donated supplies recorded as revenue with offsetting expense	(2,227)		
Capital asset acquisitions and disposals	(23,310)		
Depreciation expense	(700,314)		
Accrued compensated absences payable year-end adjustment	80,837		
Accrued estimated claims payable year-end adjustment		(694,830)	
GAAP Basis Change in Fund Balance or Net Assets	(1,807,407)	(600,424)	(386,790)

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following expenditures for the fiscal year ended November 30, 2008 exceeded appropriations:

- A. Expenditures for services in the Circuit Court Department in the General Corporate Fund exceeded appropriations by \$10,216.
- B. Expenditures for fringe benefits in the General County Department in the General Corporate Fund exceeded appropriations by \$491.
- C. Expenditures for capital outlay in the County Treasurer's Tax Sale Automation Fund exceeded appropriations by \$3,430.

NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at November 30, 2008 is shown below. Resident trust accounts report money in County custody, which belongs to residents of the County Nursing Home and County Jail.

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

<u>DEPOSITS</u>	Asset Account Carrying Amounts (Reported as:)			Total	Bank Balances
	Cash	Investments	Resident Trust		
Demand Deposits	\$1,805,681	\$0	\$19,138	\$1,824,819	\$5,800,814
Money Market / Savings	0	216,287	0	216,287	216,287
Certificates of Deposit:					
Under 3 months maturity	0	1,792,537	0	1,792,537	1,792,537
3 mos.-under 12 mos. maturity		16,742,000		16,742,000	16,742,000
12 mos.-under 24 mos. maturity	0	1,000,000	0	1,000,000	1,000,000
Total Deposits	1,805,681	19,750,824	19,138	21,575,643	25,551,638

<u>INVESTMENTS</u>	Asset Account Carrying Amounts (Reported as:)			Total	Fair Value
	Cash	Investments	Resident Trust		
State Treas. Investment Pools	\$25,210,044	\$0	\$0	\$25,210,044	\$25,214,445
Repurchase Agreements	1,866,153	0	0	1,866,153	1,866,153
Total Investments	27,076,197	0	0	27,076,197	27,080,598

Custodial Credit Risk. Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the County's name. It is County policy to require collateral at 110% of market value for deposit balances beyond FDIC/NCUSIF insurance coverage. At November 30, 2008, no deposits were uninsured or uncollateralized.

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

Other investments are subject to custodial credit risk if the securities, including securities underlying repurchase agreements, are uninsured and unregistered and held by the financial institution's trust department or agent, but not in the County's name. None of the County's investments at November 30, 2008 were exposed to this risk.

Credit rating risk. Investments are subject to credit rating risk for all debt securities, whether held directly or indirectly (through investment pools, mutual funds or money market funds). County policy is to mitigate credit rating risk through diversification of investments. State law limits County investments in debt obligations to debt rated within the 4 highest categories as established by a nationally recognized rating service. The Illinois Funds investment pools were rated AAAM by Standard & Poor's as of March 27, 2009.

<u>INVESTMENTS</u>	Fair Value	Investment Maturities (in Years)		Percent of Total
		Less Than 1	1 - 2	
State Treas. Investment Pools	\$25,214,445	\$25,214,445	\$0	93.11%
Repurchase Agreements	1,866,153	1,866,153	0	6.89%
Total Investments	27,080,598	27,080,598	0	100.00%
Percent of Total	100.00%	100.00%	0.00%	

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

Concentration Risk. Investments are subject to concentration risk when 5% or more of the total are in securities of a single issuer. Because of the diversity of their holdings, investment pools and mutual funds do not constitute a concentration risk. At November 30, 2008, no investments in a single issuer exceeded 5% of the County's total investments.

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

NOTE 7 – PROPERTY TAX CYCLE

A. Assessments

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

B. Taxpayer Appeals

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

C. Property Tax Levies

The property tax levy for fiscal year 2008 was adopted by the County Board on November 20, 2007, within the statutory deadline (the third Tuesday in December) for all taxing districts. Property tax levies are reported as receivables and deferred (unearned) revenue in the year in which they are adopted. They are recognized as revenue in the year for which they are levied, which is the following year.

D. Tax Bills

Illinois statutes require payment of property taxes in two installments, due June 1 and September 1, and require that tax bills be mailed 30 days prior to the first installment. In 2008, tax bills were mailed on May 2 with the due dates of June 2 and September 2. Property tax bills mailed in 2008 were based on equalized assessed value as of January 1, 2007, and on tax levies set in November 2007.

E. Tax Judgment Date and Sale Date

The judgment date is the date at which taxing authorities have a right to take and hold or sell property for nonpayment of taxes. Under Illinois law, the judgment date fluctuates, but is generally the third week in October. The date is set by a judge of the circuit court, after all of the requirements are met for advertising and publishing the delinquent tax list. Statutes require the tax sale to be the Monday following the judgment date. In 2008, the judgment date was October 23, and the tax sale was held October 24. Due to a problem with a newspaper not publishing all the properties that were supposed to go to the tax sale, a second tax sale was held December 10, 2008 after a second judgment date of December 8, 2008.

NOTE 7 – PROPERTY TAX CYCLE (continued)

F. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes for all the taxing bodies in the county. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. Interest earned on taxes before distribution goes to the local governments, not the County, according to a 1984 Illinois Supreme Court decision. In 2008, all property taxes were distributed by December 26.

NOTE 8 – PROPERTY TAXES RECEIVABLE

Property taxes receivable consist of property taxes levied in 2008, for which a legal claim exists in 2008. The revenue associated with the 2008 levy is deferred until the fiscal year ending November 30, 2009 on the government-wide and the proprietary fund statements, because that is the period for which the taxes are levied. Property tax revenue is also deferred on the governmental fund statements, because the taxes are not available (collectible within thirty days of the fiscal year-end). The receivable for the 2008 tax levy has been reduced by an estimated allowance for uncollectible taxes of 0.60%. A summary by fund type of property taxes receivable at November 30, 2008 is below.

<u>Fund Type</u>	Property Taxes Levied	Allowance for Uncollectible	Property Taxes Receivable	Other Unearned Revenue	Deferred Revenue
Governmental:					
General	\$7,909,828	(\$47,459)	\$7,862,369	\$13,149	\$7,875,518
Special Revenue	15,540,781	(93,244)	15,447,537	1,731	15,449,268
Debt Service	1,594,722	(9,568)	1,585,154	0	1,585,154
Subtotal Governmental	<u>25,045,331</u>	<u>(150,271)</u>	<u>24,895,060</u>	<u>14,880</u>	<u>24,909,940</u>
Proprietary:					
Enterprise	<u>946,818</u>	<u>(5,681)</u>	<u>941,137</u>	<u>0</u>	<u>941,137</u>
Total	<u>25,992,149</u>	<u>(155,952)</u>	<u>25,836,197</u>	<u>14,880</u>	<u>25,851,077</u>

NOTE 9 – PATIENT ACCOUNTS RECEIVABLE AND CHARGES FOR SERVICES

Patient accounts receivable and charges for services in the enterprise fund as of November 30, 2008 have been reduced by an allowance for uncollectible amounts, determined by an analysis of individual patient accounts.

	Receivable	Revenue
Gross patient accounts receivable / revenue	\$1,538,101	\$12,953,629
Allowance for uncollectible amounts	<u>(\$39,771)</u>	<u>(\$39,771)</u>
Patient accounts receivable / revenue, net of uncollectible amounts	<u>\$1,498,330</u>	<u>\$12,913,858</u>

NOTE 10 – ECONOMIC DEVELOPMENT AND REHABILITATION LOANS RECEIVABLE

The County, through its Regional Planning Commission Loan Fund, has various grant programs to administer economic development and housing rehabilitation loans to qualified businesses and individuals. The primary purpose of the economic development loan programs is to create new jobs. Principal repayments on loans may be used for any grant eligible purpose. At November 30, 2008, loans outstanding were as follows:

	Current	Long Term	Total
Economic Development Loans Receivable:			
Community Services Block Grant Loans	\$154,868	\$1,050,419	\$1,205,287
Comm. Serv. Block Grant Pass-Through Loans	2,033	9,467	11,500
Community Development Recaptured Loans	210,165	3,333,582	3,543,747
Housing Rehabilitation Loans Receivable:			
County Housing Rehab Loans	45,510	343,715	389,225
HUD H.O.M.E. Program Loans	0	563,230	563,230
Total Loans Receivable	412,576	5,300,413	5,712,989

NOTE 11 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Nov. 30, 2007 Balance	FY 2008 Additions	FY 2008 Deductions	Nov. 30, 2008 Balance
Assets Not Being Depreciated:				
Land	\$1,688,463	\$0	\$0	\$1,688,463
Construction in Progress	5,985,936	8,718,424	(8,055,391)	6,648,969
Assets Being Depreciated:				
Infrastructure	60,819,974	3,697,895	(3,599,242)	60,918,627
Buildings and Improvements	55,431,301	10,221,436	(457,683)	65,195,054
Equipment	12,552,009	769,162	(412,001)	12,909,170
Assets Subtotal	136,477,683	23,406,917	(12,524,317)	147,360,283
Accumulated Depreciation:				
Infrastructure	(41,064,947)	(3,003,678)	3,329,277	(40,739,348)
Buildings and Improvements	(19,190,537)	(2,271,658)	345,278	(21,116,917)
Equipment	(9,347,405)	(1,206,167)	396,658	(10,156,914)
Accum. Depreciation Subtotal	(69,602,889)	(6,481,503)	4,071,213	(72,013,179)
Net Total	66,874,794	16,925,414	(8,453,104)	75,347,104

In 2008, the County general government transferred to the Nursing Home enterprise fund \$43,459 of capital assets related to the new Nursing Home facility, which was funded by general obligation bonds backed by property taxes. The amount transferred is reported as capital contributions in the Nursing Home fund financial statements and transfers in the government-wide financial statements.

NOTE 11 – CAPITAL ASSETS (continued)

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

<u>Business-Type Activities</u>	Nov. 30, 2007 Balance	FY 2008 Additions	FY 2008 Deductions	Nov. 30, 2008 Balance
Assets Being Depreciated:				
Buildings and Improvements	23,509,892	51,518	0	23,561,410
Equipment	1,115,024	24,265	(160,963)	978,326
Assets Subtotal	<u>24,624,916</u>	<u>75,783</u>	<u>(160,963)</u>	<u>24,539,736</u>
Accumulated Depreciation:				
Buildings and Improvements	(511,040)	(614,219)	0	(1,125,259)
Equipment	(362,968)	(86,095)	105,329	(343,734)
Accum. Depreciation Subtotal	<u>(874,008)</u>	<u>(700,314)</u>	<u>105,329</u>	<u>(1,468,993)</u>
Net Total	<u>23,750,908</u>	<u>(624,531)</u>	<u>(55,634)</u>	<u>23,070,743</u>

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

<u>Function</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$618,573	\$0
Justice and Public Safety	2,540,691	0
Health	3,567	0
Education	40,074	0
Social Services	0	700,314
Development	44,537	0
Highways and Bridges	<u>3,234,061</u>	<u>0</u>
Total Depreciation Expense	<u>6,481,503</u>	<u>700,314</u>

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 NOVEMBER 30, 2008

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at November 30, 2008 are summarized below.

<u>Due To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds:		
General Corporate	\$1,590,823	\$208,238
Mental Health	0	1,503
County Motor Fuel Tax	0	55,142
Regional Planning Commission	39,224	64,268
Major Enterprise Fund:		
Nursing Home	0	2,116,574
Nonmajor Governmental Funds:		
RPC Economic Development Loans	0	20,072
Geographic Information System	16,008	0
Working Cash	0	11,452
Recorder's Automation	14,444	365
Property Tax Interest Fee	0	57,712
Election Assistance/Accessibility Grant	0	92,081
County Clerk's Automation	22,950	73
Animal Control	0	15,207
Law Library	0	73
Public Safety Sales Tax	0	54,194
Court's Automation	0	26,074
Child Support Services	0	4,383
Court Document Storage	0	490
Victim Advocacy Grant	0	6,412
Child Advocacy Center	0	483
County Public Health	95,000	42
Early Childhood	0	60,109
County Highway	58,475	21,238
Capital Asset Replacement	116,257	0
Tort Immunity	604	156,814
Illinois Municipal Retirement	405,188	0
Social Security	413,181	0
Subtotal Nonmajor Governmental	1,142,107	527,274
Internal Service Funds:		
Self-Funded Insurance	191,449	0
Employee Health Insurance	9,464	68
Subtotal Internal Service	200,913	68
 Total – All Funds	 2,973,067	 2,973,067

<u>Advances To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Fund:		
Regional Planning Commission	\$225,000	\$0
Nonmajor Governmental Fund:		
RPC Economic Development Loans	0	225,000
Total – All Funds	225,000	225,000

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES (continued)

Of the \$2,973,067 Due To/From Other Funds at November 30, 2008, \$1,463,705 represented interfund loans to cover temporary cash flow shortfalls. The remainder represented unpaid routine interfund billings.

In FY1995, the RPC Loan Fund used \$150,000 of existing escrow funds (see Note 13 below) from the Regional Planning Commission Fund plus \$450,000 of future payments into escrow to loan \$600,000 to the County for part of the cost of purchasing and remodeling the Brookens Administration Building, which the RPC offices would occupy. The amount due back to the Regional Planning Commission Fund from the RPC Loan Fund is classified as an interfund advance, since it is expected to be paid back over a long period of time. The advance increases over time as the regular payments into escrow become due and is reduced by periodic repayments from the RPC Loan Fund to the Regional Planning Commission Fund. The outstanding balance of the advance from the Regional Planning Commission Fund to the RPC Loan Fund was \$225,000 at November 30, 2008.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Corporate	\$2,328,516	\$264,755
Mental Health	10,417	0
County Motor Fuel Tax	0	375,000
Regional Planning Commission	382,683	242,352
Major Enterprise Fund:		
Nursing Home	0	33,419
Nonmajor Governmental Funds (aggregate)	2,382,440	4,188,530
Internal Service Funds (aggregate)	0	0
Total – All Funds	5,104,056	5,104,056

In FY2008, total interfund transfers in, \$5,104,056, equal total transfers out, \$5,104,056. Under the budgetary basis, transfers in and out are not equal due to the deferral of a portion of the transfer into the Regional Planning Commission Fund from the Regional Planning Commission Economic Development Loan Fund. CDAP and CSBG grant provisions require that investment interest earned plus a portion of loan repayments received under certain loan programs be placed in escrow to be used to pay the costs of administering these loan programs. Transfers out of the RPC Economic Development Loan Fund put the money into escrow. The money is taken out of escrow and reflected as a transfer into the Regional Planning Commission Fund only as it is needed to cover actual administrative costs incurred. Thus, the discrepancy between transfers in and transfers out is due to the amount remaining in escrow (deferred) until such time as there are costs incurred against which to match it. While this escrow account will continue to be reported in this way under the budgetary basis, the GAAP basis statements have this difference adjusted out. The adjustment made for the fiscal year ended November 30, 2008 was a \$27,245 decrease in the transfers into the Regional Planning Commission Fund.

Interfund transfers in/out include grant matches, interfund subsidies and transfers into debt service and construction funds. Some significant transfers include \$375,000 from the County Motor Fuel Tax Fund and \$270,000 from the County Highway Fund to the Highway Facility Construction Fund to cover the costs of constructing a highway fleet maintenance facility; \$100,924 from the General Corporate Fund and \$112,459 from the County Highway Fund to the Highway Facility Bond Debt Service Fund to cover bond principal and interest payments; \$299,893 from the Nursing Home Construction Fund to the General Corporate Fund to use surplus construction fund balance to cover Nursing Home construction bond principal and interest payments; \$1,014,813 from the Public Safety Sales Tax Fund to the Jail Bond Debt Service Fund to cover bond principal and interest payments; \$1,699,645 from the Public Safety Sales Tax Fund to the General Corporate Fund to cover utilities and building maintenance costs for public safety facilities; and \$216,280 from the Public Safety Sales Tax Fund to the Delinquency Prevention Grant Fund to finance juvenile delinquency prevention grants.

NOTE 14 – ON-BEHALF PAYMENTS FOR SALARIES

The State of Illinois paid salary stipends to various County officials during FY2008. These payments made by the state on behalf of the County were reported as intergovernmental revenues and salaries expenditures in the General Fund in the amount of \$39,000.

NOTE 15 – COMPENSATED ABSENCES PAYABLE

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

Changes in compensated absences payable for the fiscal year ended November 30, 2008 are as follows:

	Nov. 30, 2007 Balance	FY 2008 Additions	FY 2008 Deductions	Nov. 30, 2008 Balance
Governmental Activities	\$2,404,720	\$2,468,384	(\$2,198,925)	\$2,674,179
Business-Type Activities	462,809	491,966	(572,803)	381,972

NOTE 16 – RISK FINANCING

A. WORKERS' COMPENSATION SELF-FUNDED INSURANCE

In January, 1986, the County established a self-funded workers' compensation insurance plan, which is being accounted for in an internal service fund, the Self-Funded Insurance Fund. The plan is administered by an independent company. The County's risk retention is \$250,000 per individual per claim. Commercial insurance has been purchased for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Actual claims paid in fiscal year 2008, net of insurance reimbursements, were \$479,649. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. The estimated amount of unpaid claims that were incurred and reported is determined by the independent plan administrator, but the plan administrator does not include incurred-but-not-reported claims (IBNR) in its calculation. Instead, based on an actuarial study performed as of November 30, 2007, the liability for estimated (undiscounted) claims payable (including IBNR) at November 30, 2008 was projected to be \$1,931,654. Changes in the liability for estimated workers' compensation claims payable for the last two fiscal years are as follows:

Fiscal Year Ending <u>November 30</u>	Claims Liability Beginning <u>of Year</u>	Claims Incurred & Changes <u>in Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>
2007	1,404,185	525,625	(531,555)	1,398,255
2008	1,398,255	1,013,048	(479,649)	1,931,654

NOTE 16 – RISK FINANCING (continued)

B. LIABILITY/AUTO SELF-FUNDED INSURANCE

The County began self-funding liability and auto insurance in FY94 through the Self-Funded Insurance (Internal Service) Fund. The plan is administered by an independent company. The County's risk retention is \$250,000 per occurrence. Commercial insurance has been purchased for claims in excess of this retention. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Actual claims paid in fiscal year 2008, net of insurance reimbursements, were \$200,368. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. Per an actuarial study performed as of November 30, 2007, the liability for estimated (undiscounted) claims payable (including IBNR) at November 30, 2008 was projected to be \$623,436. Changes in the liability for estimated liability/auto claims payable for the last two fiscal years are as follows:

Fiscal Year Ending <u>November 30</u>	Claims Liability Beginning <u>of Year</u>	Claims Incurred & Changes <u>in Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>
2007	426,980	344,597	(309,572)	462,005
2008	462,005	361,799	(200,368)	623,436

C. OTHER FULLY-INSURED RISKS

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

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

NOTE 17 – LONG TERM DEBT

A. GENERAL OBLIGATION BONDS – GOVERNMENTAL ACTIVITIES

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

Balance outstanding at November 30, 2007	\$5,390,000
Bond interest payments made in FY 2008	\$419,153
Bond principal payments made in FY 2008	\$250,000
Balance outstanding at November 30, 2008	\$5,140,000

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

Balance outstanding at November 30, 2007	\$3,260,755
Bond interest payments made in FY 2008	\$67,920
Bond principal payments made in FY 2008	\$127,080
Balance outstanding at November 30, 2008	\$3,133,675

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

Balance outstanding at November 30, 2007	\$8,900,000
Bond interest payments made in FY 2008	\$353,752
Bond principal payments made in FY 2008	\$855,000
Balance outstanding at November 30, 2008	\$8,045,000

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

Balance outstanding at November 30, 2007	\$2,785,000
Bond interest payments made in FY 2008	\$59,813
Bond principal payments made in FY 2008	\$955,000
Balance outstanding at November 30, 2008	\$1,830,000

NOTE 17 – LONG TERM DEBT (continued)

2004B Series Public Safety Refunding Bonds: \$1,520,000; due in 8 annual installments from 2005 to 2012; interest rates at 1.500% to 3.650%; \$27,549 bond premium amortized over 7 years 9 months; \$20,103 bond issuance costs amortized over 7 years 9 months; \$157,446 deferred charge on refunding amortized over 7 years 9 months;	
Balance outstanding at November 30, 2007	\$1,460,000
Bond interest payments made in FY 2008	\$48,519
Bond principal payments made in FY 2008	\$15,000
Balance outstanding at November 30, 2008	\$1,445,000
2005A Series Nursing Home Construction Refunding Bonds: \$7,425,000; due in 14 annual installments from 2006 to 2019; interest rates at 3.000% to 5.250%; \$819,046 bond premium amortized over 13 years 7 months; \$92,642 bond issuance costs amortized over 13 years 7 months; \$96,404 deferred charge on refunding amortized over 13 years 7 months;	
Balance outstanding at November 30, 2007	\$7,300,000
Bond interest payments made in FY 2008	\$376,163
Bond principal payments made in FY 2008	\$0
Balance outstanding at November 30, 2008	\$7,300,000
2005B Series Public Safety Refunding Bonds: \$18,440,000; due in 24 annual installments from 2006 to 2029; interest rates at 3.000% to 5.250%; \$526,639 bond premium amortized over 23 years 7 months; \$235,198 bond issuance costs amortized over 23 years 7 months; \$1,071,441 deferred charge on refunding amortized over 23 years 7 months;	
Balance outstanding at November 30, 2007	\$18,030,000
Bond interest payments made in FY 2008	\$834,031
Bond principal payments made in FY 2008	\$0
Balance outstanding at November 30, 2008	\$18,030,000
2006 Series IMRF Early Retirement Obligation Taxable Bonds: \$2,450,000; due in 7 annual installments from 2008 to 2014; interest rates at 4.920% to 5.100%; \$0 bond premium amortized over 7 years 11 months; \$38,151 bond issuance costs amortized over 7 years 11 months;	
Balance outstanding at November 30, 2007	\$2,450,000
Bond interest payments made in FY 2008	\$115,068
Bond principal payments made in FY 2008	\$300,000
Balance outstanding at November 30, 2008	\$2,150,000

NOTE 17 – LONG TERM DEBT (continued)

2006A Series Nursing Home Construction Bonds: \$4,000,000;	
due in 19 annual installments from 2008 to 2026;	
interest rates at 3.950% to 5.500%;	
\$52,459 bond premium amortized over 19 years 4 months;	
\$52,459 bond issuance costs amortized over 19 years 4 months;	
Balance outstanding at November 30, 2007	\$4,000,000
Bond interest payments made in FY 2008	\$165,771
Bond principal payments made in FY 2008	\$140,000
Balance outstanding at November 30, 2008	\$3,860,000
2007A Series Public Safety Sales Tax Bonds: \$5,955,000;	
due in 19 annual installments from 2009 to 2027;	
interest rates at 3.800% to 5.000%;	
\$117,468 bond premium amortized over 19 years 2 months;	
\$72,468 bond issuance costs amortized over 19 years 2 months;	
Balance outstanding at November 30, 2007	\$5,995,000
Bond interest payments made in FY 2008	\$173,259
Bond principal payments made in FY 2008	\$0
Balance outstanding at November 30, 2008	\$5,955,000
2007B Series Highway Facility Construction Bonds: \$1,480,000;	
due in 9 annual installments from 2009 to 2017;	
interest rate at 4.250%;	
\$41,422 bond premium amortized over 9 years 2 months;	
\$21,422 bond issuance costs amortized over 9 years 2 months;	
Balance outstanding at November 30, 2007	\$1,480,000
Bond interest payments made in FY 2008	\$41,933
Bond principal payments made in FY 2008	\$0
Balance outstanding at November 30, 2008	\$1,480,000
<u>2008 Bond Transactions – Governmental Activities</u>	
Bonds payable November 30, 2007	\$61,010,755
Bonds issued in FY 2008	\$0
Bonds retired in FY 2008	<u>(\$2,642,080)</u>
Bonds payable November 30, 2008	<u>\$58,368,675</u>

NOTE 17 – LONG TERM DEBT (continued)

Annual Debt Service Requirements for Bonds

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

Year	Governmental Activities								Total Debt Service Requirement
	Debt Service Funds		Public Safety Sales Tax Fund		Illinois Municipal Retirement Fund		General Corporate Fund		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$1,995,000	\$799,489	\$651,360	\$1,632,454	\$315,000	\$99,940	\$145,000	\$159,893	\$5,798,136
2010	1,900,000	739,440	755,558	1,628,780	330,000	84,023	155,000	153,705	5,746,506
2011	1,085,000	688,115	980,000	1,487,785	350,000	67,175	160,000	147,208	4,965,283
2012	1,130,000	645,212	1,810,000	1,435,466	365,000	49,316	165,000	140,505	5,740,499
2013	1,065,000	597,021	1,250,415	2,075,573	385,000	30,396	170,000	133,596	5,707,001
2014	1,105,000	544,027	1,313,322	2,093,606	405,000	10,327	180,000	126,378	5,777,660
2015	1,175,000	488,321	1,439,962	2,039,314	--	--	185,000	117,578	5,445,175
2016	1,215,000	428,634	1,490,492	2,036,715	--	--	195,000	107,128	5,472,969
2017	1,280,000	365,040	1,550,859	2,030,923	--	--	210,000	97,618	5,534,440
2018	1,145,000	302,359	1,606,707	1,998,372	--	--	215,000	89,224	5,356,662
2019	1,205,000	240,671	1,275,000	1,105,250	--	--	225,000	80,478	4,131,399
2020	1,385,000	175,800	1,350,000	1,025,614	--	--	235,000	71,278	4,242,692
2021	1,450,000	107,760	1,490,000	923,276	--	--	245,000	61,616	4,277,652
2022	1,520,000	36,480	1,640,000	809,445	--	--	255,000	51,428	4,312,353
2023	--	--	1,800,000	683,376	--	--	265,000	40,734	2,789,110
2024	--	--	2,000,000	569,176	--	--	275,000	29,597	2,873,773
2025	--	--	2,140,000	469,598	--	--	285,000	18,047	2,912,645
2026	--	--	2,290,000	362,708	--	--	295,000	6,084	2,953,792
2027	--	--	2,450,000	253,136	--	--	--	--	2,703,136
2028	--	--	2,140,000	150,750	--	--	--	--	2,290,750
2029	--	--	2,280,000	51,300	--	--	--	--	2,331,300
	<u>18,655,000</u>	<u>6,158,369</u>	<u>33,703,675</u>	<u>24,862,617</u>	<u>2,150,000</u>	<u>341,177</u>	<u>3,860,000</u>	<u>1,632,095</u>	<u>91,362,933</u>

At November 30, 2008, \$1,717,982 was available in the Debt Service Funds, \$1,717,609 was available in reserved fund balance in the Public Safety Sales Tax Special Revenue Fund, \$368,844 was available in reserved fund balance in the IMRF Special Revenue Fund, and \$260,394 was available in reserved fund balance in the General Corporate Fund to meet debt service requirements.

B. INTERGOVERNMENTAL LOANS PAYABLE – GOVERNMENTAL ACTIVITIES

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

Balance outstanding at November 30, 2007	\$444,063
Loan principal payments made in FY 2008	\$52,500
Balance outstanding at November 30, 2008	\$391,563

NOTE 17 – LONG TERM DEBT (continued)

2008 Intergovernmental Loan Transactions – Governmental Activities

Loans payable November 30, 2007	\$444,063
New loans incurred in FY 2008	\$0
Loan principal payments made in FY 2008	<u>(\$52,500)</u>
Loans payable November 30, 2008	<u>\$391,563</u>

Annual Debt Service Requirements for Intergovernmental Loans

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

	<u>Governmental Activities</u>
	General
Fiscal	<u>Corporate Fund</u>
<u>Year</u>	<u>Principal</u>
2009	\$52,500
2010	52,500
2011	52,500
2012	52,500
2013	52,500
2014	52,500
2015	52,500
2016	<u>24,063</u>
	<u><u>391,563</u></u>

C. CAPITAL LEASE OBLIGATIONS – GOVERNMENTAL ACTIVITIES

Admin. Services/Public Safety Sales Tax – justice system computer Servers with cost of \$164,108;

Contract payable in 36 monthly installments of \$4,770

Including interest at 2.16%-5.06% December 2005 through November 2008;

Principal balance outstanding November 30, 2007	\$51,697
Interest payments made in FY 2008	\$773
Principal payments made in FY 2008	\$51,697
Principal balance outstanding November 30, 2008	\$0

Nursing Home Construction – resident rooms and dining room

Furnishings with cost of \$150,364;

Contract payable in 24 monthly installments of \$6,856

Including interest at 9.5994% May 2006 through April 2008;

Principal balance outstanding November 30, 2007	\$33,472
Interest payments made in FY 2008	\$809
Principal payments made in FY 2008	\$33,472
Principal balance outstanding November 30, 2008	\$0

NOTE 17 – LONG TERM DEBT (continued)

2008 Capital Lease Transactions – Governmental Activities

Capital lease obligation November 30, 2007	\$85,169
New leases incurred in FY 2008	\$0
Lease principal payments made in FY 2008	<u>(\$85,169)</u>
Capital lease obligation November 30, 2008	<u>\$0</u>

D. CAPITAL LEASE OBLIGATIONS – BUSINESS-TYPE ACTIVITIES

Nursing Home – lift equipment with cost of \$22,614;
 Contract payable in 36 monthly installments of \$945
 Including interest at 32.9105% December 2005 through November 2008;

Principal balance outstanding November 30, 2007	\$9,553
Interest payments made in FY 2008	\$1,525
Principal payments made in FY 2008	\$9,553
Principal balance outstanding November 30, 2008	\$0

2008 Capital Lease Transactions – Business-Type Activities

Capital lease obligation November 30, 2007	\$9,553
New leases incurred in FY 2008	\$0
Lease principal payments made in FY 2008	<u>(\$9,553)</u>
Capital lease obligation November 30, 2008	<u>\$0</u>

E. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

	Nov. 30, 2007 Balance	FY 2008 Additions	FY 2008 Deductions	Nov. 30, 2008 Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$61,010,755	\$0	(\$2,642,080)	\$58,368,675	\$3,106,360
Unamortized Bond Premium	1,591,971	0	(123,080)	1,468,891	0
Deferred Amount on Refunding	(1,251,271)	0	136,107	(1,115,164)	0
Total Bonds Payable	61,351,455	0	(2,629,053)	58,722,402	3,106,360
Intergovernmental Loans	444,063	0	(52,500)	391,563	52,500
Capital Lease Obligations	85,169	0	(85,169)	0	0
Estimated Claims Payable	1,860,260	1,374,847	(680,017)	2,555,090	827,001
Total Governmental Activities	<u>63,740,947</u>	<u>1,374,847</u>	<u>(3,446,739)</u>	<u>61,669,055</u>	<u>3,985,861</u>
Business-Type Activities:					
Capital Lease Obligations	\$9,553	\$0	(\$9,553)	\$0	\$0
Total Business-Type Activities	<u>9,553</u>	<u>0</u>	<u>(9,553)</u>	<u>0</u>	<u>0</u>

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

NOTE 18 – REFUNDING BONDS AND DEFEASED DEBT

A. DEFEASED DEBT

(1) 2000 Public Safety Bonds. In 2004, the 2000 Public Safety Bonds were advance refunded, with an irrevocable trust established to provide for all future debt service payments on the old bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements. \$1,370,000 of defeased 2000 Public Safety Bonds were still outstanding at November 30, 2008.

(2) 2003 Nursing Home Construction Bonds. In 2005, the 2003 Nursing Home Construction Bonds were advance refunded, with an irrevocable trust established to provide for all future debt service payments on the old bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements. \$8,055,000 of defeased 2003 Nursing Home Construction Bonds were still outstanding at November 30, 2008.

(3) 1999 Public Safety Bonds. In 2005, the 1999 Public Safety Bonds were advance refunded, with an irrevocable trust established to provide for all future debt service payments on the old bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements. \$17,660,000 of defeased 1999 Public Safety Bonds were still outstanding at November 30, 2008.

NOTE 19 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY

A. RESERVED

(1) The fund balance of the General Corporate Fund was reserved at November 30, 2008 for debt service in the amount of \$260,394. The 2006A Nursing Home Construction Alternate Revenue Source General Obligation Bonds and part of the 2007B Highway Facility Construction Alternate Revenue Source General Obligation Bonds are being repaid out of general sales taxes collected monthly in the general fund. The bond ordinances require that a specified portion of the monthly sales tax receipts be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the General Corporate Fund represents \$260,394 available to meet debt service requirements.

(2) At November 30, 2008, the Public Safety Sales Tax (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$1,717,609. Public Safety Sales Tax Alternate Revenue Source General Obligation Bonds are being repaid out of public safety sales taxes collected monthly in this special revenue fund. The bond ordinances require that a specified portion of the monthly sales tax receipts be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the Public Safety Sales Tax Fund represents \$1,717,609 available to meet debt service requirements.

(3) At November 30, 2008, the Illinois Municipal Retirement (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$368,844. The IMRF Early Retirement Obligation Alternate Revenue Source Taxable General Obligation Bonds are being repaid out of property taxes and interfund billings collected in this special revenue fund. The bond ordinance requires that sufficient funds be set aside to cover the semi-annual bond interest and principal payments. The reserved fund balance being held in the Illinois Municipal Retirement Fund represents \$368,844 available to meet debt service requirements.

(4) The fund balance of the Regional Planning Commission (Special Revenue) Fund was reserved at November 30, 2008 for a long term interfund advance in the amount of \$225,000. Fund balance is reserved for long term receivables in governmental funds because they are not available current financial resources.

(5) At November 30, 2008, \$5,300,413 of the fund balance of the Regional Planning Commission Economic Development Loan (Special Revenue) Fund was reserved for long term program loans receivable. Fund balance is reserved in governmental funds for long term receivables that are not available current financial resources.

NOTE 19 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY (continued)

B. DESIGNATED

Designations of fund balance are not legally required segregations, but rather reflect managerial intent. There were no designations of fund balance as of November 30, 2008.

C. DEFICIT

As of November 30, 2008, the following funds had deficit fund equity:

Victim Advocacy Grant Special Revenue Fund (\$8,026)
Tort Immunity Special Revenue Fund (\$156,185)
Highway Facility Construction Capital Projects Fund (\$43,318)
Self-Funded Insurance Internal Service Fund (\$1,628,763)

NOTE 20 – RESTRICTED NET ASSETS

The government-wide statement of net assets reports restricted net assets of \$35,427,921. Of this amount, \$14,840,424 is restricted by enabling legislation (county ordinance) which is externally restricted by state statute. The remainder consists of \$7,792,574 directly restricted by state statute, \$7,028,903 restricted by grantor stipulations, and \$5,766,020 restricted by bond covenants.

NOTE 21 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the Nursing Home Enterprise Fund to reflect the State's recalculation of the Medicaid reimbursement rate for 2007. The adjustment resulted in a \$552,917 reduction in FY2007 revenue and a \$215,638 reduction in FY2007 expense for the corresponding matching payment. FY2008 beginning net assets have been restated and, where comparative data is presented, FY2007 revenues, expenses and ending net assets have been restated.

NOTE 22 - DEFINED BENEFIT PENSION PLAN

The most current information available is for the plan year ended December 31, 2008 and is in accordance with GASB Statement 27 as amended by GASB Statement 50.

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

The County participates in three separate plans under IMRF: Regular Employees, Sheriff's Law Enforcement Personnel (SLEP), and Elected County Officials (ECO).

Funding Policy. As set by state statute, Regular plan members are required to contribute 4.50% of their annual covered salary; Sheriff's Law Enforcement Personnel contribute 7.50%; and participating Elected County Officials contribute 7.50%. State statutes require the employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's contribution rate for calendar year 2008 was 7.36% of covered payroll for Regular, 16.91% of covered payroll for SLEP and 81.13% of covered payroll for ECO. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by state statute.

Annual Pension Cost. For 2008, the County's annual pension cost of \$1,767,196 for Regular, \$1,173,265 for SLEP and \$209,159 for ECO was equal to the County's required and actual contributions. The required contributions for 2008 were determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006 valuation was 24 years.

Funding Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date:

- (a) The Regular plan was 87.76% funded. The actuarial accrued liability for benefits was \$48,399,058 and the actuarial value of assets was \$42,475,045, resulting in an unfunded actuarial accrued liability of \$5,924,013. Covered payroll (annual payroll of active employees covered by the plan) was \$24,010,812 and the ratio of the unfunded actuarial accrued liability to covered payroll was 25%.
- (b) The SLEP plan was 61.94% funded. The actuarial accrued liability for benefits was \$24,308,874 and the actuarial value of assets was \$15,055,718, resulting in an unfunded actuarial accrued liability of \$9,253,156. Covered payroll was \$6,938,290 and the ratio of the unfunded actuarial accrued liability to covered payroll was 133%.
- (c) The ECO plan was -67.48% funded. The actuarial accrued liability for benefits was \$1,322,575 and the actuarial value of assets (liability) was \$(892,488), resulting in an unfunded actuarial accrued liability of \$2,215,063. Covered payroll was \$257,808 and the ratio of the unfunded actuarial accrued liability to covered payroll was 859%.

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

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008

NOTE 22 - DEFINED BENEFIT PENSION PLAN (continued)

THREE-YEAR TREND INFORMATION			
Year Ending	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
REGULAR NON-SLEP PERSONNEL			
12/31/08	\$1,767,196	100%	\$0
12/31/07	\$1,782,521	100%	\$0
12/31/06	\$1,797,057	100%	\$0
SHERIFF'S LAW ENFORCEMENT PERSONNEL			
12/31/08	\$1,173,265	100%	\$0
12/31/07	\$1,111,537	100%	\$0
12/31/06	\$1,043,919	100%	\$0
ELECTED COUNTY OFFICIALS			
12/31/08	\$209,159	100%	\$0
12/31/07	\$183,785	100%	\$0
12/31/06	\$180,550	100%	\$0

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets (Liability)	Actuarial Accrued Liability - Entry Age -	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as % of Payroll
REGULAR NON-SLEP PERSONNEL						
12/31/08	\$42,475,045	\$48,399,058	\$5,924,013	87.76%	\$24,010,812	24.67%
12/31/07	\$50,597,183	\$45,210,572	(\$5,386,611)	111.91%	\$22,852,834	-23.57%
12/31/06	\$45,388,116	\$41,827,036	(\$3,561,080)	108.51%	\$22,049,780	-16.15%
* On a market value basis, the actuarial value of assets as of December 31, 2008 was \$29,319,124. On a market basis, the funded ratio would be 60.58%.						
SHERIFF'S LAW ENFORCEMENT PERSONNEL						
12/31/08	\$15,055,718	\$24,308,874	\$9,253,156	61.94%	\$6,938,290	133.36%
12/31/07	\$17,731,689	\$22,745,229	\$5,013,540	77.96%	\$6,732,508	74.47%
12/31/06	\$16,529,633	\$21,531,503	\$5,001,870	76.77%	\$6,447,926	77.57%
* On a market value basis, the actuarial value of assets as of December 31, 2008 was \$9,410,256. On a market basis, the funded ratio would be 38.71%.						
ELECTED COUNTY OFFICIALS						
12/31/08	(\$892,488)	\$1,322,575	\$2,215,063	-67.48%	\$257,808	859.19%
12/31/07	(\$618,094)	\$1,321,773	\$1,939,867	-46.76%	\$216,243	897.08%
12/31/06	(\$637,374)	\$1,544,966	\$2,182,340	-41.25%	\$198,211	1101.02%
* On a market value basis, the actuarial value of assets as of December 31, 2008 was (\$1,095,112). On a market basis, the funded ratio would be -82.85%.						

NOTE 23 – JOINT VENTURES

A. METROPOLITAN COMPUTER AIDED DISPATCH (METCAD)

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

While representation on the Policy Board is equal among the member agencies, the funding of operating expenses is based on a formula which considers the proportional number of calls received for each agency. Each member agency holds an equity interest in METCAD capital assets according to the proportion of funding for METCAD operations provided by each member agency since May 1, 1979. These proportions will vary slightly from year to year. At June 30, 2008 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 17.09%, or \$1,657,187, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$81,997 over the amount reported for June 30, 2007, is reported in the Statement of Activities under program revenues for justice and public safety.

A copy of the separate audited financial statements for METCAD may be obtained from the City of Champaign Finance Department, 102 N. Neil Street, Champaign, IL 61820. Summary financial information for METCAD for the fiscal year ended June 30, 2008 is provided below.

Financial Position as of June 30, 2008

Total Assets	\$10,814,410
Total Liabilities	<u>\$1,117,586</u>
Net Assets	<u><u>\$9,696,824</u></u>

Results of Operations for Fiscal Year Ending June 30, 2008

Total Revenues	\$4,153,848
Total Expenses	<u>\$3,625,765</u>
Change in Net Assets	\$528,083
Beginning Net Assets	<u>\$9,168,741</u>
Ending Net Assets	<u><u>\$9,696,824</u></u>

NOTE 23 – JOINT VENTURES (continued)

B. GEOGRAPHIC INFORMATION SYSTEM CONSORTIUM

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

While representation on the Policy Committee is equal among the member agencies, the funding of operating expenses is based on a cost-sharing formula established by the members. Each member agency holds an equity interest in the GIS Consortium’s assets in the same proportion as the funding provided by each member agency since the Consortium’s inception. These proportions will vary from year to year. At June 30, 2008 (the latest year end for the GIS Consortium), Champaign County’s equity interest share was 64.90%, totaling \$39,344, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$12,319 in the County’s share of equity for the year ended June 30, 2008 is reported in the Statement of Activities under program revenues for development.

Separate audited financial statements of the GIS Consortium may be obtained from the Champaign County Regional Planning Commission, 1776 E. Washington, Urbana, IL 61802. Summary financial information for the fiscal year ended June 30, 2008 is presented below.

Financial Position as of June 30, 2008

Total Assets	\$128,844
Total Liabilities	<u>\$68,222</u>
Net Assets	<u><u>\$60,622</u></u>

Results of Operations for Fiscal Year Ending June 30, 2008

Total Revenues	\$496,847
Total Expenses	<u>\$477,327</u>
Change in Net Assets	\$19,520
Beginning Net Assets	<u>\$41,102</u>
Ending Net Assets	<u><u>\$60,622</u></u>

NOTE 24 – CONTINGENT LIABILITIES

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

NOTE 25 – COMMITMENTS

A. COUNTY NURSING HOME BUILDING

In the fall of 2002, Champaign County made the commitment to build a new nursing home. The nursing home complex was estimated to cost \$20 million. The County issued \$20 million in general obligation bonds in February 2003 to fund the construction costs of the project. The funding source to repay the bonds is a \$0.07 property tax increase, which was passed by Champaign County voters in November 2002.

During the construction process, in March of 2005, mold was discovered on wooden structures within the partially completed Nursing Home facility. Near the end of construction, problems were discovered with the HVAC system of the facility. Corrective actions were taken to address both of these situations, adding significantly to the cost of the overall construction project.

As of November 30, 2008, the County has entered into construction contracts in the amount of \$22.2 million with \$473,000 remaining in contractual obligations. Of the approximately \$21.8 million in payments to date, just \$25,571 was expended in 2008. The Nursing Home Construction Fund balance was \$334,252 as of November 30, 2008.

B. COURTHOUSE COMPLEX

In the fall of 1998, Champaign County voters elected to remodel the existing courthouse and to construct a new 90,000 square foot courtroom complex next to the existing courthouse. The courthouse/courts complex was estimated to cost \$27 million, funded by bonds issued in May 1999 and February 2000. The funding source to repay the bonds is a ¼ cent sales tax for public safety that was approved by the Champaign County voters in November 1998. Construction of the 90,000 square foot addition and remodeling of the old courthouse has been completed and departments moved in. The Courts Complex Construction Fund balance was \$4.4 million as of November 30, 2008.

(1) Clock Tower Renovation

In 2001, the County Board appointed a committee of private citizens and county board members to look into repair and replacement of the old courthouse clock tower. The tower had not been included in the \$27 million project, and subsequent to completion of the Courthouse complex, structural deficiencies were discovered in the tower, necessitating its complete demolition and reconstruction. In March of 2007 the County Board contracted with an architectural firm for the project, and in March of 2008, the Board contracted with a construction firm for the sum of \$5.9 million, to cover the costs of tearing down the tower and rebuilding to its present height. A citizen's group was formed to raise private funds to pay to further raise the tower to its original height of 130 ft.

(2) Masonry Stabilization & Restoration

During remodeling of the old courthouse, contractors discovered extensive damage to the structure's brick, stone and mortar façade. In March of 2007, the County Board entered into a contract with White & Borgognoni Architects, P.C. to complete the exterior masonry stabilization and restoration of the original courthouse facility, along with the exterior of the new clock tower. In March of 2008, the Board contracted with Roessler Construction to begin the demolition and masonry work. The cost of the project was originally estimated at \$6.7 million, with change orders increasing the cost to \$6.9. As of November 30, 2008, \$3.2 million had been expended, with a balance of \$3.7 million in outstanding contractual obligations.

NOTE 25 – COMMITMENTS (continued)

C. HIGHWAY FLEET MAINTENANCE FACILITY

In March 2005 the County approved construction of a new Highway Fleet Maintenance Facility. The project was estimated to cost just over \$7 million. Construction began in the spring of 2007, and is now substantially completed. As of November 30, 2008, the County had paid approximately \$7.2 million, with just \$80,000 remaining in contractual obligations.

D. MAJOR ROAD PROJECTS

The County Highway Department has four Special Revenue Funds with November 30, 2008 fund balances totaling \$9.7 million. Much of those funds are committed to dozens of road and bridge projects. Current major projects with significant commitments include:

<u>PROJECT</u>	<u>ORIGINAL COMMITMENT</u>	<u>EXPENDITURES PAID</u>	<u>OUTSTANDING COMMITMENT</u>
Curtis Road (374-00-PV)	\$1,822,406	\$1,852,816	\$30,410
Curtis Road (374-01-PV)	\$3,020,004	\$1,258,502	\$1,761,502
Curtis Road (374-01-FP)	\$250,000	\$213,782	\$36,218
CH. 22 (410-WR)	\$103,112	\$0	\$103,112
Windsor Road (390-01-WR)	\$2,000,000	\$85,328	\$1,914,672
CH. 18 (419-00-ES)	\$278,448	\$164,208	\$114,240

Some of these are multiple year projects, with expenditures to be made through FY2009 and possibly FY2010.

NOTE 26 – SUBSEQUENT EVENTS

There have been no events subsequent to November 30, 2008 that are believed to have a material effect on the County's financial statements.

NOTE 27 - NURSING HOME FINANCIAL CONDITION

The Champaign County Nursing Home has for several years experienced financial challenges. During the prior five fiscal years, the following income or losses (GAAP basis) before transfers have been sustained:

2003	18,321
2004	(769,602)
2005	(1,153,507)
2006	(1,306,766)
2007	<u>(1,412,908)</u>
Total prior five year net losses before transfers	\$ (4,624,462)
Current year loss	<u>(1,817,447)</u>
Total accumulated losses 2003 - 2008	\$ <u>(6,441,909)</u>

NOTE 27 - NURSING HOME FINANCIAL CONDITION (continued)

During the previous six years, the following transfers have been made to the Nursing Home Fund from the General Fund:

2002	\$66,870	
2003	40,407	
2004	10,000	
2005	(5,917)	(net transfer out)
2006	1,167,931	(net)
2007	<u>279,948</u>	(net)
Total from General Fund	<u>\$ 1,559,239</u>	

In FY 2008, loans to the Nursing Home from various other funds total \$1,604,246, including a loan of \$592,127 approved June 19, 2008. This last loan was approved on the condition the Nursing Home Administrator find \$300,000 in offsetting and continuing improvements in the operation of the Nursing Home. Loans carried over from FY 2007 totaled \$361,015, bringing the current loan total to \$1,965,261. While these loans originally were made for a term of one year, the County has renewed each loan as it has come due. While the ability to repay these loans is in serious doubt, the County Board has rejected a proposal to convert the loans to grants.

Total liabilities for the Nursing Home Fund at November 30, 2001 totaled \$1,064,556, and at November 30, 2008 total liabilities are \$5,015,826, an increase in liabilities of \$3,951,270.

Continuation of these losses and increasing liabilities creates concern about the ability of the Nursing Home to continue operations. In addition, the general fund of the County cannot sustain the level of support it has been providing to the Nursing Home.

Champaign County management and the County Board have spent a considerable amount of time in recent years addressing the problems at the Nursing Home. Two consulting engagements have been commissioned to help the Nursing Home management attempt to turn the situation around. A separate Nursing Home Board was established to provide further assistance to the Nursing Home Administrator, and on June 19, 2008, a 3-year management contract was approved to engage a firm to provide operational management of the Nursing Home. Under the new management structure, several seemingly positive changes have been made to the Nursing Home, with the aim of increasing patient census, reducing over-reliance on contract nursing, and generally improving the finances of the facility. To date, these changes have yet to produce significant financial improvements.