

BASIC FINANCIAL STATEMENTS

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2006

Exhibit I

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash	\$18,865,547	\$92,305	\$18,957,852
Investments	23,673,000	0	23,673,000
Receivables, Net of Uncollectible Amounts:			
Patient Accounts	0	1,492,630	1,492,630
Property Taxes	22,275,940	833,057	23,108,997
Intergovernmental	5,125,601	0	5,125,601
Program Loans--Current Portion	304,109	0	304,109
Accrued Interest	177,729	0	177,729
Other	100,008	63	100,071
Internal Balances	421,874	(421,874)	0
Inventories	27,979	35,173	63,152
Prepaid Expenses	0	4,806	4,806
Deferred Charges	604,882	0	604,882
Resident Trust Accounts	8,296	13,553	21,849
Program Loans Receivable--Long Term Portion	2,693,826	0	2,693,826
Investment in Joint Venture	1,499,793	0	1,499,793
Capital Assets Not Being Depreciated	25,271,254	338,999	25,610,253
Capital Assets, Net of Accumulated Depreciation	63,206,917	1,552,801	64,759,718
Total Assets	164,256,755	3,941,513	168,198,268
<u>LIABILITIES</u>			
Accrued Salaries Payable	828,838	204,908	1,033,746
Accounts Payable	2,679,514	733,991	3,413,505
Accrued Interest Payable	922,064	0	922,064
Intergovernmental Payable	2,529	0	2,529
Funds Held for Others	120,512	13,553	134,065
Unearned Revenue	22,285,849	833,057	23,118,906
Non-current Liabilities:			
Due Within One Year	5,422,570	401,244	5,823,814
Due in More Than One Year	55,356,779	9,553	55,366,332
Total Liabilities	87,618,655	2,196,306	89,814,961
<u>NET ASSETS</u>			
Invested In Capital Assets, Net of Related Debt	38,191,604	1,875,343	40,066,947
Restricted for:			
Capital Projects, Net of Related Debt	4,146,842	0	4,146,842
Debt Service	2,194,341	0	2,194,341
Justice & Public Safety	7,183,055	0	7,183,055
Health	3,377,412	0	3,377,412
Development	5,697,341	0	5,697,341
Highways & Bridges	9,597,618	0	9,597,618
Other Purposes	4,263,098	0	4,263,098
Unrestricted (Deficit)	1,986,789	(130,136)	1,856,653
Total Net Assets	76,638,100	1,745,207	78,383,307

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, 2006

Exhibit II

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FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fines, Permits & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$10,508,915	\$3,122,058	\$1,358,137	\$0	(\$6,028,720)	\$0	(\$6,028,720)
Justice & Public Safety	29,726,343	4,759,809	3,765,730	0	(21,200,804)	0	(21,200,804)
Health	6,360,141	179,460	252,631	0	(5,928,050)	0	(5,928,050)
Education	4,703,406	30,336	4,763,262	0	90,192	0	90,192
Social Services	280,956	0	60,982	0	(219,974)	0	(219,974)
Development	3,314,966	445,982	2,170,538	0	(698,446)	0	(698,446)
Highways & Bridges	13,777,351	124,001	3,235,341	0	(10,418,009)	0	(10,418,009)
Interest on Long-Term Debt	2,413,876	0	0	0	(2,413,876)	0	(2,413,876)
Total Governmental Activities	71,085,954	8,661,646	15,606,621	0	(46,817,687)	0	(46,817,687)
BUSINESS-TYPE ACTIVITIES:							
Nursing Home	12,767,512	10,488,071	0	0	0	(2,279,441)	(2,279,441)
Total Business-Type Activities	12,767,512	10,488,071	0	0	0	(2,279,441)	(2,279,441)
Total Government	83,853,466	19,149,717	15,606,621	0	(46,817,687)	(2,279,441)	(49,097,128)
General Revenues:							
Property Taxes					21,624,968	783,877	22,408,845
Public Safety Sales Taxes					4,240,855	0	4,240,855
Hotel/Motel & Auto Rental Taxes					32,027	0	32,027
Grants & Contributions Not Restricted to Specific Programs					10,547,157	0	10,547,157
Investment Earnings					1,814,557	14,255	1,828,812
Miscellaneous					1,014,781	19,849	1,034,630
Gain on Sale of Capital Assets					0	0	0
Transfers					(1,167,931)	1,167,931	0
Total General Revenues and Transfers					38,106,414	1,985,912	40,092,326
Change in Net Assets					(8,711,273)	(293,529)	(9,004,802)
Net Assets - Beginning					85,349,373	2,038,736	87,388,109
Net Assets - Ending					76,638,100	1,745,207	78,383,307

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

COUNTY OF CHAMPAIGN, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET
NOVEMBER 30, 2006

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		
ASSETS						
Cash	\$2,242,892	\$401,026	\$357,733	\$1,564,955	\$13,996,324	\$18,562,930
Investments	0	1,000,000	1,150,000	5,071,000	16,452,000	23,673,000
Receivables, Net of Uncollectible Amounts:						
Property Taxes	6,911,109	3,047,338	2,981,287	0	9,336,206	22,275,940
Intergovernmental	1,251,366	0	0	217,652	1,026,154	2,495,172
Program Loans--Current Portion	0	0	0	0	304,109	304,109
Accrued Interest	0	3,464	2,272	35,496	136,497	177,729
Other	42,692	87	0	0	52,771	95,550
Due From Other Funds	800,131	0	0	0	696,637	1,496,768
Inventories	27,979	0	0	0	0	27,979
Resident Trust Accounts	8,296	0	0	0	0	8,296
Advances to Other Funds	0	0	0	0	221,609	221,609
Program Loans Receivable--Long Term Portion	0	0	0	0	2,693,826	2,693,826
Total Assets	11,284,465	4,451,915	4,491,292	6,889,103	44,916,133	72,032,908
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accrued Salaries Payable	619,021	10,186	0	3,592	196,039	828,838
Accounts Payable	519,883	55,037	2,970	232,248	1,325,117	2,135,255
Intergovernmental Payable	0	0	0	0	2,529	2,529
Due To Other Funds	227,206	11,969	0	10,723	2,047,068	2,296,966
Funds Held for Others	25,162	0	0	0	1,229	26,391
Deferred Revenues	6,921,018	3,047,338	2,981,287	0	9,336,206	22,285,849
Advances from Other Funds	0	0	0	0	221,609	221,609
Total Liabilities	8,312,290	3,124,530	2,984,257	246,563	13,129,797	27,797,437
FUND BALANCES (DEFICITS):						
Reserved for Debt Service	79,130	0	0	0	1,266,524	1,345,654
Reserved for Long Term Receivables	0	0	0	0	2,915,435	2,915,435
Unreserved, Reported in:						
General Fund	2,893,045	0	0	0	0	2,893,045
Special Revenue Funds	0	1,327,385	1,507,035	6,642,540	18,552,479	28,029,439
Debt Service Funds	0	0	0	0	1,424,715	1,424,715
Capital Projects Funds	0	0	0	0	7,627,183	7,627,183
Total Fund Balances (Deficits)	2,972,175	1,327,385	1,507,035	6,642,540	31,786,336	44,235,471
Total Liabilities & Fund Balances	11,284,465	4,451,915	4,491,292	6,889,103	44,916,133	72,032,908

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, 2006

Exhibit III-a

Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III)	44,235,471
Capital assets, net of depreciation, used in governmental activities	88,478,171
Investment in Joint Ventures related to governmental activities	1,499,793
Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability	(738,870)
Receivables for revenue accruals related to governmental activities	2,628,358
Payables for expense accruals related to governmental activities	(1,121,521)
Deferred bond issuance costs related to governmental activities	604,882
Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds	<u>(58,948,184)</u>
Net Assets of Governmental Activities (See Exhibit I)	<u><u>76,638,100</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, 2006

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		
REVENUES:						
Property Taxes	\$7,140,060	\$2,875,517	\$2,812,740	\$0	\$8,796,651	\$21,624,968
Public Safety Sales Taxes	0	0	0	0	4,220,430	4,220,430
Hotel/Motel & Auto Rental Taxes	32,027	0	0	0	0	32,027
Intergovernmental Revenue	13,715,973	88,410	0	2,968,056	9,428,007	26,200,446
Fines & Forfeitures	908,674	0	0	0	63,987	972,661
Licenses & Permits	1,536,851	0	0	0	383,067	1,919,918
Charges for Services	3,996,208	0	0	0	2,319,344	6,315,552
Interest on Program Loans	0	0	0	0	98,309	98,309
Investment Earnings	262,318	35,985	27,857	504,105	1,050,643	1,880,908
Miscellaneous	656,676	342	0	0	385,889	1,042,907
Total Revenues	28,248,787	3,000,254	2,840,597	3,472,161	26,746,327	64,308,126
EXPENDITURES:						
Current: General Government	7,941,475	0	0	0	3,056,498	10,997,973
Justice & Public Safety	19,574,884	0	0	0	7,636,687	27,211,571
Health	0	2,981,867	2,185,863	0	1,279,191	6,446,921
Education	0	0	0	0	4,550,421	4,550,421
Social Services	26,500	0	0	0	5,826,397	5,852,897
Development	345,384	0	0	0	3,267,293	3,612,677
Highways & Bridges	0	0	0	2,548,917	3,808,691	6,357,608
Debt Service: Principal Retirement	213,879	0	0	0	2,647,301	2,861,180
Interest & Fiscal Charges	1,206	0	0	0	2,254,374	2,255,580
Total Expenditures	28,103,328	2,981,867	2,185,863	2,548,917	34,326,853	70,146,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	145,459	18,387	654,734	923,244	(7,580,526)	(5,838,702)
OTHER FINANCING SOURCES (USES):						
Sale of General Obligation Bonds	0	0	0	0	6,450,000	6,450,000
Premium on General Obligation Bonds	0	0	0	0	52,459	52,459
Capital Lease Financing	0	0	0	0	150,364	150,364
Transfers In	844,875	0	0	0	7,812,392	8,657,267
Transfers Out	(2,531,616)	0	0	(4,562,181)	(2,731,401)	(9,825,198)
Net Other Financing Sources (Uses)	(1,686,741)	0	0	(4,562,181)	11,733,814	5,484,892
NET CHANGE IN FUND BALANCES	(1,541,282)	18,387	654,734	(3,638,937)	4,153,288	(353,810)
FUND BALANCES--Beginning of Year	4,513,457	1,308,998	852,301	10,281,477	27,633,048	44,589,281
FUND BALANCES--End of Year	2,972,175	1,327,385	1,507,035	6,642,540	31,786,336	44,235,471

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, 2006

Exhibit IV-a

Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV)	(\$353,810)
Remove expenditures for acquisition of capital assets	9,325,647
Include loss on disposal of capital assets	(5,959,038)
Include depreciation expense	(6,673,587)
Include change in investment in joint ventures	66,345
Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities	(836,119)
Remove revenues related to prior periods; include revenues earned but not available in the current period	(84,582)
Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period	(422,841)
Remove debt proceeds and payment to bond refunding escrow agent	(6,652,823)
Amortize bond premium and deferred amount on refunding against debt interest expense	(25,710)
Remove debt issuance costs and amortize over the life of the debt	44,065
Remove debt principal repayment expenditures	<u>2,861,180</u>
Change in Net Assets of Governmental Activities (See Exhibit II)	<u><u>(8,711,273)</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, 2006

	----- General Fund -----			----- Mental Health Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:						
Property Taxes	\$7,140,060	\$7,184,653	\$7,184,653	\$2,875,517	\$2,888,569	\$2,888,569
Public Safety Sales Taxes	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	32,027	28,000	28,000	0	0	0
Intergovernmental Revenue	13,715,973	13,285,881	12,914,389	88,410	88,410	0
Fines & Forfeitures	908,674	919,300	919,300	0	0	0
Licenses & Permits	1,536,851	1,445,100	1,145,100	0	0	0
Charges for Services	3,996,208	4,193,100	4,193,100	0	0	0
Interest on Program Loans	0	0	0	0	0	0
Investment Earnings	262,318	186,000	186,000	35,985	12,500	12,500
Miscellaneous	656,676	668,137	615,478	342	0	0
Total Revenues	28,248,787	27,910,171	27,186,020	3,000,254	2,989,479	2,901,069
EXPENDITURES:						
Current: General Government	8,008,743	8,231,665	7,515,806	0	0	0
Justice & Public Safety	19,592,694	20,357,564	19,758,461	0	0	0
Health	0	0	0	2,981,867	3,015,946	2,901,069
Education	0	0	0	0	0	0
Social Services	26,500	26,500	26,500	0	0	0
Development	345,219	386,147	379,899	0	0	0
Highways & Bridges	0	0	0	0	0	0
Debt Service: Principal Retirement	213,879	213,881	210,628	0	0	0
Interest & Fiscal Charges	1,206	1,285	4,537	0	0	0
Total Expenditures	28,188,241	29,217,042	27,895,831	2,981,867	3,015,946	2,901,069
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	60,546	(1,306,871)	(709,811)	18,387	(26,467)	0
OTHER FINANCING SOURCES (USES):						
Capital Lease Financing	0	0	0	0	0	0
Transfers In	942,627	1,126,163	1,067,263	0	0	0
Transfers Out	(2,544,455)	(2,558,964)	(577,770)	0	0	0
Net Other Financing Sources (Uses)	(1,601,828)	(1,432,801)	489,493	0	0	0
NET CHANGE IN FUND BALANCES	(1,541,282)	(2,739,672)	(220,318)	18,387	(26,467)	0
FUND BALANCES--Beginning of Year	4,513,457	4,513,457	4,513,457	1,308,998	1,308,998	1,308,998
FUND BALANCES--End of Year	2,972,175	1,773,785	4,293,139	1,327,385	1,282,531	1,308,998

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, 2006

	----- Developmental Disability Fund -----			----- County Motor Fuel Tax Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:						
Property Taxes	\$2,812,740	\$2,780,491	\$2,780,491	\$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	0	0	0	2,968,056	2,935,954	2,935,954
Fines & Forfeitures	0	0	0	0	0	0
Licenses & Permits	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Interest on Program Loans	0	0	0	0	0	0
Investment Earnings	27,857	0	0	504,105	318,000	318,000
Miscellaneous	0	0	0	0	0	0
Total Revenues	2,840,597	2,780,491	2,780,491	3,472,161	3,253,954	3,253,954
EXPENDITURES:						
Current: General Government	0	0	0	0	0	0
Justice & Public Safety	0	0	0	0	0	0
Health	2,185,863	2,780,491	2,780,491	0	0	0
Education	0	0	0	0	0	0
Social Services	0	0	0	0	0	0
Development	0	0	0	0	0	0
Highways & Bridges	0	0	0	2,548,917	2,873,912	3,068,825
Debt Service: Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	2,185,863	2,780,491	2,780,491	2,548,917	2,873,912	3,068,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	654,734	0	0	923,244	380,042	185,129
OTHER FINANCING SOURCES (USES):						
Capital Lease Financing	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	(4,562,181)	(5,194,913)	(5,000,000)
Net Other Financing Sources (Uses)	0	0	0	(4,562,181)	(5,194,913)	(5,000,000)
NET CHANGE IN FUND BALANCES	654,734	0	0	(3,638,937)	(4,814,871)	(4,814,871)
FUND BALANCES--Beginning of Year	852,301	852,301	852,301	10,281,477	10,281,477	10,281,477
FUND BALANCES--End of Year	1,507,035	852,301	852,301	6,642,540	5,466,606	5,466,606

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, 2006

Exhibit VI

	<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>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$92,305	\$302,617
Investments	0	0
Receivables, Net of Uncollectible Amounts:		
Patient Accounts	1,492,630	0
Property Taxes	833,057	0
Intergovernmental	0	2,071
Other	63	4,458
Due From Other Funds	48	1,124,989
Inventories	35,173	0
Prepaid Expenses	4,806	0
Total Current Assets	<u>2,458,082</u>	<u>1,434,135</u>
NONCURRENT ASSETS:		
Resident Trust Accounts	13,553	0
Capital Assets:		
Buildings and Improvements	6,397,503	0
Construction in Progress	338,999	0
Equipment	2,208,464	0
Less Accumulated Depreciation	<u>(7,053,166)</u>	<u>0</u>
Total Noncurrent Assets	<u>1,905,353</u>	<u>0</u>
Total Assets	<u>4,363,435</u>	<u>1,434,135</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accrued Salaries Payable	204,908	0
Accounts Payable	733,991	344,802
Due To Other Funds	191,119	133,720
Total Current Liabilities	<u>1,130,018</u>	<u>478,522</u>
NONCURRENT LIABILITIES:		
Funds Held For Others	13,553	94,121
Deferred Revenues	833,057	0
Compensated Absences Payable	394,340	0
Estimated Claims Payable	0	1,831,165
Capital Lease Obligations	16,457	0
Total Noncurrent Liabilities	<u>1,257,407</u>	<u>1,925,286</u>
Total Liabilities	<u>2,387,425</u>	<u>2,403,808</u>
 <u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,875,343	0
Unrestricted	<u>100,667</u>	<u>(969,673)</u>
Total Net Assets	<u>1,976,010</u>	<u>(969,673)</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(230,803)</u>	
Net assets of business-type activities	<u>1,745,207</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, 2006

	<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)	\$10,480,106	\$5,719,650
Miscellaneous	7,965	243,848
	<u>10,488,071</u>	<u>5,963,498</u>
Total Operating Revenues		
OPERATING EXPENSES:		
Salaries	6,652,378	26,779
Fringe Benefits	2,043,706	5,830,567
Commodities	1,229,646	297
Services	2,440,638	1,110,721
Depreciation	240,816	0
	<u>12,607,184</u>	<u>6,968,364</u>
Total Operating Expenses		
OPERATING INCOME (LOSS)	<u>(2,119,113)</u>	<u>(1,004,866)</u>
NON-OPERATING REVENUES (EXPENSES):		
Property Tax	783,877	0
Investment Earnings	14,255	14,053
Donations	19,849	0
Interest on Long-Term Debt	(5,634)	0
	<u>812,347</u>	<u>14,053</u>
Net Non-Operating Revenues (Expenses)		
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,306,766)</u>	<u>(990,813)</u>
Capital Contributions	0	0
Transfers In	1,229,782	0
Transfers Out	(61,851)	0
	<u>1,167,931</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>(138,835)</u>	<u>(990,813)</u>
NET ASSETS--Beginning of Year	<u>2,114,845</u>	<u>21,140</u>
NET ASSETS--End of Year	<u>1,976,010</u>	<u>(969,673)</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(154,694)</u>	
Change in net assets of business-type activities	<u>(293,529)</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, 2006

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	<u>Fund</u>	<u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Customers	\$9,813,073	\$0
Cash Receipts from Other Funds and Employees for Services	0	5,458,447
Cash Receipts for Claims Reimbursements	0	243,041
Cash Payments to Employees for Services	(6,586,452)	0
Cash Payments to Suppliers and Other Funds for Goods and Services	(5,291,920)	(5,485,748)
Cash Payments for Claims	0	(514,012)
	<hr/>	<hr/>
Net Cash Provided (Used) By Operating Activities	(2,065,299)	(298,272)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property Taxes Received	783,877	0
Gifts And Donations Received	2,992	0
Transfers/Loans From Other Funds	1,329,782	106,895
Transfers/Loans To Other Funds	(161,851)	0
	<hr/>	<hr/>
Net Cash Provided (Used) By Non-Capital Financing Activities	1,954,800	106,895
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(23,035)	0
Principal Payments on Equipment Capital Leases	(6,157)	0
Interest Payments on Equipment Capital Leases	(5,634)	0
	<hr/>	<hr/>
Net Cash Provided (Used) By Capital and Related Financing Activities	(34,826)	0
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest on Investments and Bank Deposits	14,255	14,053
	<hr/>	<hr/>
Net Cash Provided (Used) By Investment Activities	14,255	14,053
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(131,070)	(177,324)
Cash and Cash Equivalents at Beginning of Year	223,375	479,941
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	92,305	302,617
	<hr/> <hr/>	<hr/> <hr/>

Non-cash Investing, Capital and Financing Activities:

The Nursing Home Fund received donated equipment and supplies valued at \$16,857 and capital assets financed through capital leases valued at \$22,614. 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, 2006

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	<u>Fund</u>	<u>Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	(\$2,119,113)	(\$1,004,866)
Adjust Out Non-Cash Revenue/Expense:		
Depreciation Expense	240,816	0
Adjust For Non-Revenue/Expense Cash Flows:		
Decrease (Increase) in Receivables	(674,950)	(3,716)
Decrease (Increase) in Due From Other Funds	(48)	(258,294)
Decrease (Increase) in Inventories	1,581	0
Decrease (Increase) in Prepaid Expenses	130	0
Increase (Decrease) in Payables	559,104	(9,298)
Increase (Decrease) in Due To Other Funds	(72,819)	26,751
Increase (Decrease) in Unremitted Payroll Withholdings	0	51,544
Increase (Decrease) in Estimated Claims Payable	0	899,607
	<u>0</u>	<u>899,607</u>
Net Cash Provided (Used) By Operating Activities	<u>(2,065,299)</u>	<u>(298,272)</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, 2006

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$266,172	\$1,227,970
Investments	1,200,000	1,697,825
Receivables:		
Intergovernmental	197,859	519
Accrued Interest	<u>0</u>	<u>0</u>
Total Assets	<u>1,664,031</u>	<u>2,926,314</u>
 <u>LIABILITIES</u>		
Accounts Payable	85,045	0
Intergovernmental Payable	0	529,410
Funds Held for Others	<u>0</u>	<u>2,396,904</u>
Total Liabilities	<u>85,045</u>	<u>2,926,314</u>
 <u>NET ASSETS</u>		
Held in Trust for Other Governments	<u>1,578,986</u>	<u>0</u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2006

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Intergovernmental Revenue	\$2,876,246
Investment Earnings	61,645
Miscellaneous	0
Total Additions	<u>2,937,891</u>
DEDUCTIONS	
Township Road & Bridge Maintenance	<u>2,786,293</u>
Total Deductions	<u>2,786,293</u>
CHANGE IN NET ASSETS	151,598
NET ASSETS--Beginning of Year	<u>1,427,388</u>
NET ASSETS--End of Year	<u><u>1,578,986</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 11-20. Several boards and commissions appointed by the County Board are included as part of the primary government, because they are not legally separate. These are the Mental Health Board, the Developmental Disability Board, the County Public Health Board, the 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 excluded from the entity which met the criteria for inclusion as a component unit.

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 reported 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; and the County Motor Fuel Tax Fund, which uses state-shared motor fuel taxes to fund construction and maintenance of county highways.

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

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

The fiduciary funds reported 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

finances, 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 \$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 Administrators review the department requests and make 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 Administrators to make specific changes in some department budgets. The County Administrators prepare 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 \$1,000. 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	\$317,550	(\$103,993)	(\$47,494)
REVENUES AND OTHER SOURCES:			
Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent			58,551
Allowance for uncollectible accounts adjusted at year-end	9,955		
EXPENDITURES /EXPENSES AND OTHER USES:			
Inventories and prepaid expenses adjusted to balance at year-end	(1,711)		
Expenses of the current period paid after the 30-day lapse period for appropriations	(232,334)		
Capital outlay expenditures capitalized as assets	62,506		
Depreciation expense	(240,816)		
Accrued compensated absences payable adjusted to balance at year-end	(53,985)		
Accrued estimated claims payable adjusted to balance at year-end		(899,607)	
GAAP Basis Change in Fund Balance or Net Assets	(138,835)	(1,003,600)	11,057

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

No expenditures for the fiscal year ended November 30, 2006 exceeded appropriations.

NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at November 30, 2006 is shown below. Resident trust accounts are set up to account for money in County custody, which belongs to residents of the County Nursing Home and County Jail.

<u>DEPOSITS</u>	Asset Account Carrying Amounts			Total	Bank Balances
	Cash	Investments	Resident Trust		
Demand Deposits	\$2,048,560	\$0	\$21,349	\$2,069,909	\$3,140,897
Money Market / Savings	0	297,825	0	297,825	297,825
Certificates of Deposit:					
Up to 3 months maturity	0	17,726,500	0	17,726,500	17,726,500
3 mos. - 12 mos. maturity	0	8,546,500	0	8,546,500	8,546,500
Total Deposits	2,048,560	26,570,825	21,349	28,640,734	29,711,722

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS	Asset Account Carrying Amounts			Total	Fair Value
	Cash	Investments	Resident Trust		
State Treas. Investment Pool	\$18,182,923	\$0	\$0	\$18,182,923	\$18,198,656
Repurchase Agreements	213,496	0	0	213,496	213,496
Total Investments	18,396,419	0	0	18,396,419	18,412,152

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 for deposit balances above FDIC/NCUSIF insurance coverage, and at November 30, 2006, 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, 2006 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). The Illinois Funds investment pools were rated AAAM by Standard & Poor's as of September 29, 2006.

INVESTMENTS	Fair Value	Investment Maturities (in Years)		Percent of Total
		Less Than 1	1 - 5	
State Treas. Investment Pool	\$18,198,656	\$18,198,656	\$0	98.84%
Repurchase Agreements	213,496	213,496	0	1.16%
Total Investments	18,412,152	18,412,152	0	100.00%
Percent of Total	100.00%	100.00%	0.00%	

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, 2006, 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 having maturities of less than 1 year for all of the County's investments.

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. 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 are not 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 may make 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 2006 was adopted by the County Board on November 17, 2005, 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 2006, tax bills were mailed on May 1 with the due dates of June 1 and September 1. Property tax bills mailed in 2006 were based on equalized assessed value as of January 1, 2005, and on tax levies set in November 2005.

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 2006, the judgment date was October 26, and the tax sale was held October 27.

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. In 2006, all property taxes were distributed by November 17. Interest earned on taxes before distribution goes to the local governments, not the County, according to a 1984 Illinois Supreme Court decision.

COUNTY OF CHAMPAIGN, ILLINOIS
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NOTE 8 – PROPERTY TAXES RECEIVABLE

Property taxes receivable consist of property taxes levied in 2006, for which a legal claim exists in 2006. The revenue associated with the 2006 levy is deferred until the fiscal year ending November 30, 2007 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 2006 tax levy has been reduced by an estimated allowance for uncollectible taxes of 0.63%. A summary by fund type of property taxes receivable at November 30, 2006 is below.

<u>Fund Type</u>	<u>Property Taxes Levied</u>	<u>Allowance for Uncollectible</u>	<u>Property Taxes Receivable</u>	<u>Other Unearned Revenue</u>	<u>Deferred Revenue</u>
Governmental:					
General	\$6,954,925	(\$43,816)	\$6,911,109	\$9,909	\$6,921,018
Special Revenue	13,867,874	(87,367)	13,780,507	0	13,780,507
Debt Service	1,594,369	(10,045)	1,584,324	0	1,584,324
Subtotal Governmental	<u>22,417,168</u>	<u>(141,228)</u>	<u>22,275,940</u>	9,909	<u>22,285,849</u>
Proprietary:					
Enterprise	<u>838,339</u>	<u>(5,282)</u>	<u>833,057</u>	0	<u>833,057</u>
Total	<u>23,255,507</u>	<u>(146,510)</u>	<u>23,108,997</u>	9,909	<u>23,118,906</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, 2006 have been reduced by an allowance for uncollectible amounts, determined by an analysis of individual patient accounts.

	Receivable	Revenue
Gross patient accounts receivable / revenue	\$1,510,099	\$10,497,575
Allowance for uncollectible amounts	(\$17,469)	(\$17,469)
Patient accounts receivable / revenue, net of uncollectible amounts	<u>\$1,492,630</u>	<u>\$10,480,106</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, 2006, loans outstanding were as follows:

	Current	Long Term	Total
Economic Development Loans Receivable:			
Community Services Block Grant Loans	\$169,895	\$820,178	\$990,073
Community Development Assist. Prog. Loans	653	9,699	10,352
Community Development Recaptured Loans	105,411	1,118,097	1,223,508
Housing Rehabilitation Loans Receivable:			
County Housing Rehab Loans	28,150	287,806	315,956
HUD H.O.M.E. Program Loans	0	458,046	458,046
 Total Loans Receivable	 304,109	 2,693,826	 2,997,935

NOTE 11 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Nov. 30, 2005 Balance	FY 2006 Additions	FY 2006 Deductions	Nov. 30, 2006 Balance
Assets Not Being Depreciated:				
Land	\$1,764,864	\$0	(\$76,401)	\$1,688,463
Construction in Progress	26,002,760	6,987,406	(9,407,375)	23,582,791
Assets Being Depreciated:				
Infrastructure	61,390,435	9,419,680	(10,186,032)	60,624,083
Buildings and Improvements	53,516,288	177,948	(154,992)	53,539,244
Equipment	11,823,755	1,728,342	(1,054,144)	12,497,953
Assets Subtotal	154,498,102	18,313,376	(20,878,944)	151,932,534
Accumulated Depreciation:				
Infrastructure	(39,057,431)	(3,225,282)	4,326,529	(37,956,184)
Buildings and Improvements	(15,347,185)	(1,901,338)	30,096	(17,218,427)
Equipment	(7,767,121)	(1,546,967)	1,034,336	(8,279,752)
Accum. Depreciation Subtotal	(62,171,737)	(6,673,587)	5,390,961	(63,454,363)
 Net Total	 92,326,365	 11,639,789	 (15,487,983)	 88,478,171

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, 2005 Balance	FY 2006 Additions	FY 2006 Deductions	Nov. 30, 2006 Balance
Assets Not Being Depreciated:				
Construction in Progress	\$323,250	\$15,749	\$0	\$338,999
Assets Being Depreciated:				
Buildings and Improvements	6,393,308	4,195	0	6,397,503
Equipment	2,165,902	42,562	0	2,208,464
Assets Subtotal	8,882,460	62,506	0	8,944,966
Accumulated Depreciation:				
Buildings and Improvements	(4,945,803)	(168,701)	0	(5,114,504)
Equipment	(1,866,547)	(72,115)	0	(1,938,662)
Accum. Depreciation Subtotal	(6,812,350)	(240,816)	0	(7,053,166)
Net Total	2,070,110	(178,310)	0	1,891,800

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	\$541,013	\$0
Justice and Public Safety	2,579,935	0
Health	6,275	0
Education	91,868	0
Social Services	(7,885)	240,816
Development	38,377	0
Highways and Bridges	3,424,004	0
Total Depreciation Expense	6,673,587	240,816

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

Interfund receivables and payables at November 30, 2005 are summarized below.

<u>Due To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Major Governmental Funds:		
General Corporate	\$800,131	\$227,206
Mental Health	0	11,969
County Motor Fuel Tax	0	10,723
Major Enterprise Fund:		
Nursing Home	48	191,119
Nonmajor Governmental Funds:		
Regional Planning Commission	55,116	250,133
RPC Economic Development Loans	142,840	31,911
Geographic Information System	24,114	0
Working Cash	0	19,090
Recorder's Automation	12,130	288
Tax Sale Automation	23,715	0
Election Assistance/Accessibility Grant	0	10,173
County Clerk's Automation	0	47
Animal Control	0	19,875
Law Library	0	55
Public Safety Sales Tax	0	722,519
Sheriff Drug Forfeitures	515	0
Court's Automation	64,739	22,993
Child Support Services	0	4,391
State's Attorney Drug Forfeitures	0	27,866
Court Document Storage	0	1,108
Child Advocacy Center	0	1,236
Defense Services Grant	0	438
Sheriff Equipment Grant	2,963	515
Head Start Program	0	143,787
County Highway	11,532	84,841
Capital Equipment Replacement	114,950	64,739
Tort Immunity	107,498	633,674
Illinois Municipal Retirement	68,762	0
Social Security	67,763	0
Highway Facility Construction	0	7,389
Subtotal Nonmajor Governmental	696,637	2,047,068
Internal Service Funds:		
Self-Funded Insurance	878,401	133,674
Employee Health Insurance	246,588	46
Subtotal Internal Service	1,124,989	133,720
Total – All Funds	2,621,805	2,621,805

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES (continued)

<u>Advances To / From Other Funds:</u>	<u>Receivable</u>	<u>Payable</u>
Nonmajor Governmental Funds:		
Regional Planning Commission	\$221,609	\$0
RPC Economic Development Loans	0	221,609
Total – All Funds	221,609	221,609

Of the \$2,621,805 Due To/From Other Funds at November 30, 2006, \$248,915 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 \$221,609 at November 30, 2006.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Corporate	\$844,875	\$2,531,616
County Motor Fuel Tax	0	4,562,181
Major Enterprise Fund:		
Nursing Home	1,229,782	61,851
Nonmajor Governmental Funds (aggregate)	7,812,392	2,731,401
Internal Service Funds (aggregate)	0	0
Total – All Funds	9,887,049	9,887,049

In FY2006, total interfund transfers in, \$9,887,049, equal total transfers out, \$9,887,049. 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 (Special Revenue) Fund from the Regional Planning Commission Economic Development Loan (Special Revenue) Fund. CDAP grant provisions require that investment interest earned plus 10% of loan repayments received under certain CDAP 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, 2006 was a \$58,551 increase in the transfers into the Regional Planning Commission Fund.

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

Interfund transfers in/out include grant matches, interfund subsidies and transfers into debt service and construction funds. Some significant transfers include \$4,562,181 from the County Motor Fuel Tax Fund to the Highway Facility Construction Fund to cover the majority share of the cost of constructing a highway fleet maintenance facility; \$1,200,000 from the General Corporate Fund to the Nursing Home Fund to cover operating deficits; \$758,957 from the General Corporate Fund to the Tort Immunity Fund to cover operating deficits; \$1,017,310 from the Public Safety Sales Tax Fund to the Jail Bond Debt Service Fund to cover bond principal and interest payments; \$608,900 from the Public Safety Sales Tax Fund to the General Corporate Fund to cover utilities and building maintenance costs for the Courts Facility; and \$113,619 from the Public Safety Sales Tax Fund and \$389,248 from the General Corporate Fund to the Capital Equipment Replacement Fund to provide sufficient funding for future planned capital expenditures.

NOTE 14 – ON-BEHALF PAYMENTS FOR SALARIES

The State of Illinois paid salary stipends to various County officials during FY2006. 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 \$29,000.

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. Long term liabilities are reported for these compensated absences payable and are based on pay rates in effect at November 30 and include the County's share of social security and medicare taxes. Enterprise funds recognize expense and accrue 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 liability are recognized in the fund only when they become currently payable, due to employees using benefit time or terminating employment.

Changes in compensated absences payable for the fiscal year ended November 30, 2006 are as follows:

	Nov. 30, 2005 Balance	FY 2006 Additions	FY 2006 Deductions	Nov. 30, 2006 Balance
Governmental Activities	\$2,143,183	\$2,055,523	(\$1,852,213)	\$2,346,493
Business-Type Activities	340,355	593,839	(539,854)	394,340

NOTE 16 – RISK FINANCING

A. WORKERS' COMPENSATION SELF-FUNDED INSURANCE

In January, 1986, the County established a self-funded workers' compensation insurance plan which was accounted for in the Tort Immunity (Special Revenue) Fund through FY92. Starting in FY93, this plan is accounted for in a separate internal service fund, the Self-Funded Insurance Fund. The plan is administered by an independent company. The County's risk retention is \$400,000 per individual per claim up to \$1,000,000 in aggregate over a two-year period. 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 2006, net of insurance reimbursements, were \$832,286. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. Annually the liability for

NOTE 16 – RISK FINANCING (continued)

unpaid incurred and reported claims is determined by the independent plan administrator. The plan administrator does not estimate incurred but not reported claims (IBNR) in its calculation of estimated claims payable. However, based on an actuarial study performed as of June 30, 2006, estimated (undiscounted) claims incurred during the year ended November 30, 2006 were projected to be \$750,000 (including IBNR), estimated claims incurred during previous years were increased by \$800,354 and the year-end liability for unpaid claims was projected at \$1,404,185. 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 in <u>Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>
2005	586,682	607,555	(508,120)	686,117
2006	686,117	1,550,354	(832,286)	1,404,185

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 2006, net of insurance reimbursements, were \$473,855. 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 June 30, 2006, estimated (undiscounted) claims incurred during the year ended November 30, 2006 were projected at \$500,000 (including IBNR), estimated claims incurred during previous years were increased by \$155,394 and the liability for claims payable at November 30, 2006 was projected at \$426,980. 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 in <u>Estimates</u>	Net Claims <u>Paid</u>	Claims Liability End <u>of Year</u>
2005	135,660	231,059	(121,278)	245,441
2006	245,441	655,394	(473,855)	426,980

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, 2005	\$5,770,000
Bond interest payments made in FY 2006	\$437,883
Bond principal payments made in FY 2006	\$170,000
Balance outstanding at November 30, 2006	\$5,600,000

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, 2005	\$3,476,939
Bond interest payments made in FY 2006	\$37,722
Bond principal payments made in FY 2006	\$102,278
Balance outstanding at November 30, 2006	\$3,374,661

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, 2005	\$10,550,000
Bond interest payments made in FY 2006	\$395,553
Bond principal payments made in FY 2006	\$815,000
Balance outstanding at November 30, 2006	\$9,735,000

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, 2005	\$4,630,000
Bond interest payments made in FY 2006	\$101,825
Bond principal payments made in FY 2006	\$915,000
Balance outstanding at November 30, 2006	\$3,715,000

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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, 2005	\$1,490,000
Bond interest payments made in FY 2006	\$49,119
Bond principal payments made in FY 2006	\$15,000
Balance outstanding at November 30, 2006	\$1,475,000
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, 2005	\$7,425,000
Bond interest payments made in FY 2006	\$378,037
Bond principal payments made in FY 2006	\$125,000
Balance outstanding at November 30, 2006	\$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, 2005	\$18,440,000
Bond interest payments made in FY 2006	\$840,181
Bond principal payments made in FY 2006	\$410,000
Balance outstanding at November 30, 2006	\$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, 2005	\$0
Bonds issued in FY 2006	\$2,450,000
Bond interest payments made in FY 2006	\$0
Bond principal payments made in FY 2006	\$0
Balance outstanding at November 30, 2006	\$2,450,000

COUNTY OF CHAMPAIGN, ILLINOIS
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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, 2005	\$0
Bonds issued in FY 2006	\$4,000,000
Bond interest payments made in FY 2006	\$0
Bond principal payments made in FY 2006	\$0
Balance outstanding at November 30, 2006	\$4,000,000

2006 Bond Transactions – Governmental Activities

Bonds payable November 30, 2005	\$51,781,939
Bonds issued in FY 2006	\$6,450,000
Bonds retired in FY 2006	<u>(\$2,552,278)</u>
Bonds payable November 30, 2006	<u>\$55,679,661</u>

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	
2007	1,765,000	834,321	338,906	1,363,476	--	170,748	--	137,738	4,610,189
2008	1,810,000	789,727	392,080	1,369,623	300,000	115,068	140,000	165,771	5,082,269
2009	1,855,000	739,564	451,360	1,377,566	315,000	99,940	145,000	159,893	5,143,323
2010	1,755,000	685,571	545,558	1,384,142	330,000	84,023	155,000	153,705	5,092,999
2011	935,000	640,515	760,000	1,253,897	350,000	67,175	160,000	147,208	4,313,795
2012	975,000	604,093	1,580,000	1,212,828	365,000	49,316	165,000	140,505	5,091,742
2013	900,000	562,702	1,005,415	1,864,810	385,000	30,396	170,000	133,596	5,051,919
2014	935,000	516,827	1,058,322	1,895,343	405,000	10,327	180,000	126,378	5,127,197
2015	1,000,000	468,452	1,169,962	1,854,176	--	--	185,000	117,578	4,795,168
2016	1,030,000	416,415	1,205,492	1,865,452	--	--	195,000	107,128	4,819,487
2017	1,085,000	360,896	1,250,859	1,874,285	--	--	210,000	97,618	4,878,658
2018	1,145,000	302,359	1,296,707	1,855,124	--	--	215,000	89,224	4,903,414
2019	1,205,000	240,671	950,000	974,188	--	--	225,000	80,478	3,675,337
2020	1,385,000	175,800	1,015,000	907,381	--	--	235,000	71,278	3,789,459
2021	1,450,000	107,760	1,140,000	818,488	--	--	245,000	61,616	3,822,864
2022	1,520,000	36,480	1,275,000	718,869	--	--	255,000	51,428	3,856,777
2023	--	--	1,420,000	607,700	--	--	265,000	40,734	2,333,434
2024	--	--	1,605,000	509,000	--	--	275,000	29,597	2,418,597
2025	--	--	1,730,000	425,625	--	--	285,000	18,047	2,458,672
2026	--	--	1,865,000	335,750	--	--	295,000	6,084	2,501,834
2027	--	--	2,005,000	244,013	--	--	--	--	2,249,013
2028	--	--	2,140,000	150,750	--	--	--	--	2,290,750
2029	--	--	2,280,000	51,300	--	--	--	--	2,331,300
	20,750,000	7,482,153	28,479,661	24,913,786	2,450,000	626,993	4,000,000	1,935,604	90,638,197

NOTE 17 – LONG TERM DEBT (continued)

At November 30, 2006, \$1,424,715 was available in the Debt Service Funds, \$1,195,898 was available in reserved fund balance in the Public Safety Sales Tax Special Revenue Fund, \$70,626 was available in reserved fund balance in the IMRF Special Revenue Fund, and \$79,130 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, 2005	\$549,063
Loan principal payments made in FY 2006	\$52,500
Balance outstanding at November 30, 2006	\$496,563

2006 Intergovernmental Loan Transactions – Governmental Activities

Loans payable November 30, 2005	\$549,063
New loans incurred in FY 2006	\$0
Loan principal payments made in FY 2006	<u>(\$52,500)</u>
Loans payable November 30, 2006	<u>\$496,563</u>

Annual Debt Service Requirements for Intergovernmental Loans

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

Fiscal Year	Governmental Activities General Corporate Fund Principal
2007	52,500
2008	52,500
2009	52,500
2010	52,500
2011	52,500
2012	52,500
2013	52,500
2014	52,500
2015	52,500
2016	24,063
	496,563

NOTE 17 – LONG TERM DEBT (continued)

C. CAPITAL LEASE OBLIGATIONS – GOVERNMENTAL ACTIVITIES

Admin. Services – mainframe computer: new equipment with cost of \$83,832	
Plus refinanced old capital lease principal remaining of \$100,007;	
Contract payable in 36 monthly installments of \$5,601	
Including interest at 5.90%-6.32% July 2003 through June 2006;	
Principal balance outstanding November 30, 2005	\$38,420
Interest payments made in FY 2006	\$785
Principal payments made in FY 2006	\$38,420
Principal balance outstanding November 30, 2006	\$0
Admin. Services/General County – Kronos payroll/human resources	
System hardware and software with cost of \$241,353;	
Contract payable in 24 monthly installments of \$10,056	
Including interest at 0% June 2005 through May 2007;	
Principal balance outstanding November 30, 2005	\$170,958
Interest payments made in FY 2006	\$0
Principal payments made in FY 2006	\$120,676
Principal balance outstanding November 30, 2006	\$50,282
Admin. Services/General County – Kronos payroll/human resources	
System additional software with cost of \$3,703;	
Contract payable in 19 monthly installments of \$225	
Including interest at 17.94% November 2005 through May 2007;	
Principal balance outstanding November 30, 2005	\$3,361
Interest payments made in FY 2006	\$421
Principal payments made in FY 2006	\$2,283
Principal balance outstanding November 30, 2006	\$1,078
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, 2005	\$159,743
Interest payments made in FY 2006	\$4,013
Principal payments made in FY 2006	\$53,227
Principal balance outstanding November 30, 2006	\$106,516
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, 2005	\$0
New lease incurred in FY 2006	\$150,364
Interest payments made in FY 2006	\$6,496
Principal payments made in FY 2006	\$41,796
Principal balance outstanding November 30, 2006	\$108,568

NOTE 17 – LONG TERM DEBT (continued)

2006 Capital Lease Transactions – Governmental Activities

Capital lease obligation November 30, 2005	\$372,482
New leases incurred in FY 2006	\$150,364
Lease principal payments made in FY 2006	<u>(\$256,402)</u>
Capital lease obligation November 30, 2006	<u>\$266,444</u>

Future Minimum Lease Payments

Fiscal <u>Year</u>	Governmental Activities			<u>Total</u>
	<u>General</u>	<u>Public Safety</u>	<u>Nursing Home</u>	
	<u>Corporate Fund</u>	<u>Sales Tax Fund</u>	<u>Const. Fund</u>	
	Total Lease	Total Lease	Total Lease	
	<u>Payments</u>	<u>Payments</u>	<u>Payments</u>	
2007	51,409	57,240	82,271	190,920
2008	0	52,470	34,280	86,750
Total minimum lease payments	51,409	109,710	116,551	277,670
Amount representing interest	(49)	(3,194)	(7,983)	(11,226)
Present value of lease payments	51,360	106,516	108,568	266,444

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, 2005	\$0
New lease incurred in FY 2006	\$22,614
Interest payments made in FY 2006	\$5,634
Principal payments made in FY 2006	\$6,157
Principal balance outstanding November 30, 2006	<u>\$16,457</u>

2006 Capital Lease Transactions – Business-Type Activities

Capital lease obligation November 30, 2005	\$0
New leases incurred in FY 2006	\$22,614
Lease principal payments made in FY 2006	<u>(\$6,157)</u>
Capital lease obligation November 30, 2006	<u>\$16,457</u>

Future Minimum Lease Payments

Fiscal <u>Year</u>	<u>Business-Type Activities</u>
	<u>Nursing Home Fund</u>
	<u>Total Lease Payments</u>
2007	11,151
2008	11,078
Total minimum lease payments	22,229
Amount representing interest	(5,772)
Present value of lease payments	16,457

NOTE 17 – LONG TERM DEBT (continued)

E. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

	Nov. 30, 2005 Balance	FY 2006 Additions	FY 2006 Deductions	Nov. 30, 2006 Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$51,781,939	\$6,450,000	(\$2,552,278)	\$55,679,661	\$2,103,906
Unamortized Bond Premium	1,604,339	52,459	(110,397)	1,546,401	0
Deferred Amount on Refunding	(1,523,485)	0	136,107	(1,387,378)	0
Total Bonds Payable	51,862,793	6,502,459	(2,526,568)	55,838,684	2,103,906
Intergovernmental Loans	549,063	0	(52,500)	496,563	52,500
Capital Lease Obligations	372,482	150,364	(256,402)	266,444	181,275
Estimated Claims Payable	931,558	2,205,748	(1,306,141)	1,831,165	738,396
Compensated Absences	2,143,183	2,055,523	(1,852,213)	2,346,493	2,346,493
Total Governmental Activities	55,859,079	10,914,094	(5,993,824)	60,779,349	5,422,570
<u>Business-Type Activities:</u>					
Capital Lease Obligations	\$0	\$22,614	(\$6,157)	\$16,457	\$6,904
Compensated Absences	340,355	593,839	(539,854)	394,340	394,340
Total Business-Type Activities	340,355	616,453	(546,011)	410,797	401,244

Internal service funds primarily serve the governmental funds, and, thus, the related long term liabilities are included with the governmental activities above. Long term liabilities for estimated claims payable are liquidated by the Self-Funded Insurance (Internal Service) Fund. Compensated absences payable for the governmental activities are liquidated by the various governmental funds which pay employee salaries.

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, 2006.

(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, 2006.

(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, 2006.

NOTE 19 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY

A. RESERVED

(1) At November 30, 2006, the Public Safety Sales Tax (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$1,195,898. The 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 ordinance requires 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 \$1,195,898 available to meet debt service requirements.

(2) The fund balance of the General Corporate Fund was reserved at November 30, 2006 for debt service in the amount of \$79,130. The 2006A Nursing Home Construction Alternate Revenue Source General Obligation Bonds are being repaid out of general sales taxes collected monthly in the general fund. The bond ordinance requires 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 \$79,130 available to meet debt service requirements.

(3) At November 30, 2006, the Illinois Municipal Retirement (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$70,626. 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 \$70,626 available to meet debt service requirements.

(4) The fund balance of the Regional Planning Commission (Special Revenue) Fund was reserved at November 30, 2006 for a long term interfund advance in the amount of \$221,609. Fund balance is reserved for long term receivables in governmental funds because they are not available current financial resources.

(5) At November 30, 2006, \$2,693,826 of the fund balance of the Regional Planning Commission Economic Development Loan (Special Revenue) Fund was reserved for long term program loans receivable. Fund balance is reserved in governmental funds for long term receivables that are not available current financial resources.

B. DESIGNATED

Designations of fund balance are not legally required segregations, but rather reflect managerial intent. There were no designations of fund balance as of November 30, 2006.

C. DEFICIT

As of November 30, 2006, the following funds had deficit fund equity:

- Juvenile Information Sharing System Grant Special Revenue Fund (\$879)
- Tort Immunity Special Revenue Fund (\$42,387)
- Self-Funded Insurance Internal Service Fund (\$1,074,825)

NOTE 20 – RESTRICTED NET ASSETS

The government-wide statement of net assets reports restricted net assets of \$36,459,707. Of this amount, \$27,873,016 is restricted by enabling legislation, \$6,392,350 is restricted by grantor stipulations, and \$2,194,341 is restricted by bond covenants.

NOTE 21 - DEFINED BENEFIT PENSION PLAN

The most current information available is for the plan year ended December 31, 2006 and is in accordance with GASB Statement 27.

The County's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, Suite 500, 2211 York Road, Oak Brook, IL 60523.

The County participates in three separate plans under IMRF: Sheriff's Law Enforcement Personnel (SLEP), Regular (Non-SLEP) and, since 1997, Elected County Officials (ECO).

Employees participating in IMRF 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%. (The SLEP member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.) The member rate is established by state statute. The employer is required to contribute at an actuarially determined rate. The County's rate for calendar year 2006 was 8.15% of payroll for Regular, 16.19% of payroll for SLEP and 91.09% of payroll for ECO. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2006 was 26 years for Regular, SLEP and ECO.

For December 31, 2006, the County's annual pension cost of \$1,797,057 for Regular, \$1,043,919 for SLEP and \$180,550 for ECO was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% 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% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to determine the actuarial accrued liability for 2006 were based on the 2002-2004 experience study. Principal changes were: (a) the 1994 Group Annuity Mortality was implemented; (b) for regular members, fewer normal and more early retirements are expected to occur.

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006

NOTE 21 - DEFINED BENEFIT PENSION PLAN (continued)

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost</u>	<u>% of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
REGULAR NON-SLEP PERSONNEL			
12/31/06	\$1,797,057	100%	\$0
12/31/05	1,733,572	100%	0
12/31/04	1,158,437	100%	0
12/31/03	755,769	100%	0
12/31/02	615,820	100%	0
12/31/01	881,279	100%	0
12/31/00	362,315	100%	0
12/31/99	1,226,429	100%	0
12/31/98	1,182,269	100%	0
12/31/97	1,137,540	100%	0
SHERIFF'S LAW ENFORCEMENT PERSONNEL			
12/31/06	\$1,043,919	100%	\$0
12/31/05	919,770	100%	0
12/31/04	838,569	100%	0
12/31/03	678,072	100%	0
12/31/02	739,163	100%	0
12/31/01	802,209	100%	0
12/31/00	724,616	100%	0
12/31/99	582,695	100%	0
12/31/98	566,873	100%	0
12/31/97	434,994	100%	0
ELECTED COUNTY OFFICIALS			
12/31/06	\$180,550	100%	\$0
12/31/05	210,770	100%	0
12/31/04	194,998	100%	0
12/31/03	174,116	100%	0
12/31/02	167,820	100%	0
12/31/01	176,691	100%	0
12/31/00	169,333	100%	0
12/31/99	78,843	100%	0
12/31/98	33,246	100%	0
12/31/97	9,432	100%	0

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006

NOTE 21 - DEFINED BENEFIT PENSION PLAN (continued)

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						
12/31/06	\$45,388,116	\$41,827,036	(\$3,561,080)	108.51%	\$22,049,780	-16.15%
12/31/05	41,142,082	38,736,100	(2,405,982)	106.21%	21,292,160	-11.30%
12/31/04	37,073,441	36,743,186	(330,255)	100.90%	20,872,731	-1.58%
12/31/03	40,201,720	37,530,652	(2,671,068)	107.12%	20,316,369	-13.15%
12/31/02	40,357,035	34,469,029	(5,888,006)	117.08%	19,612,113	-30.02%
12/31/01	40,312,086	31,814,932	(8,497,154)	126.71%	18,321,815	-46.38%
12/31/00	38,293,601	29,694,653	(8,598,948)	128.96%	16,773,849	-51.26%
12/31/99	33,803,157	26,927,088	(6,876,069)	125.54%	15,927,659	-43.17%
12/31/98	28,035,723	24,754,390	(3,281,333)	113.26%	15,474,729	-21.20%
12/31/97	25,916,608	23,970,561	(1,946,047)	108.12%	13,955,353	-13.94%

* On a market value basis, the actuarial value of assets as of December 31, 2006 was \$49,442,619. On a market basis, the funded ratio would be 118.21%.

SHERIFF'S LAW ENFORCEMENT PERSONNEL

12/31/06	\$16,529,633	\$21,531,503	\$5,001,870	76.77%	\$6,447,926	77.57%
12/31/05	16,018,290	20,297,746	4,279,456	78.92%	6,185,405	69.19%
12/31/04	13,723,285	17,162,417	3,439,132	79.96%	5,897,110	58.32%
12/31/03	18,035,036	19,427,333	1,392,297	92.83%	5,875,838	23.70%
12/31/02	17,400,081	18,098,436	698,355	96.14%	5,761,212	12.12%
12/31/01	16,209,883	15,589,147	(620,736)	103.98%	5,387,568	-11.52%
12/31/00	13,854,458	14,098,206	243,748	98.27%	4,973,341	4.90%
12/31/99	12,123,688	12,400,116	276,428	97.77%	4,262,584	6.48%
12/31/98	9,730,747	11,420,594	1,689,847	85.20%	4,317,385	39.14%
12/31/97	8,465,907	9,758,539	1,292,632	86.75%	3,858,892	33.50%

* On a market value basis, the actuarial value of assets as of December 31, 2006 was \$18,323,528. On a market basis, the funded ratio would be 85.10%.

ELECTED COUNTY OFFICIALS

12/31/06	(\$637,374)	\$1,544,966	\$2,182,340	-41.25%	\$198,211	1101.02%
12/31/05	(831,506)	1,407,087	2,238,593	-59.09%	188,252	1189.15%
12/31/04	(976,415)	1,383,742	2,360,157	-70.56%	235,367	1002.76%
12/31/03	(654,093)	1,594,853	2,248,946	-41.01%	232,831	965.91%
12/31/02	(250,541)	1,935,536	2,186,077	-12.94%	350,368	623.94%
12/31/01	522,167	3,212,151	2,689,984	16.26%	334,009	805.36%
12/31/00	385,396	2,194,610	1,809,214	17.56%	315,744	573.00%
12/31/99	350,907	2,139,021	1,788,114	16.41%	195,689	913.75%
12/31/98	308,456	1,301,490	993,034	23.70%	166,231	597.38%
12/31/97	(236,583)	645,719	882,302	-36.64%	215,649	409.14%

* On a market value basis, the actuarial value of assets as of December 31, 2006 was (\$568,316). On a market basis, the funded ratio would be -36.79%.

NOTE 22 – 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, 2006 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 17.26%, or \$1,419,153, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$48,565 over the amount reported for June 30, 2005, 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, 2006 is provided below.

Financial Position as of June 30, 2006

Total Assets	\$8,394,934
Total Liabilities	<u>\$172,725</u>
Net Assets	<u><u>\$8,222,209</u></u>

Results of Operations for Fiscal Year Ending June 30, 2006

Total Revenues	\$3,723,886
Total Expenses	<u>\$3,433,136</u>
Change in Net Assets	\$290,750
Beginning Net Assets (as restated)	<u>\$7,931,459</u>
Ending Net Assets	<u><u>\$8,222,209</u></u>

NOTE 22 – 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, 2006 (the latest year end for the GIS Consortium), Champaign County's equity interest share was 66.44%, totaling \$80,640, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$17,780 in the County's share of equity for the year ended June 30, 2006 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, 2006 is presented below.

Financial Position as of June 30, 2006

Total Assets	\$152,501
Total Liabilities	<u>\$31,128</u>
Net Assets	<u><u>\$121,373</u></u>

Results of Operations for Fiscal Year Ending June 30, 2006

Total Revenues	\$632,282
Total Expenses	<u>\$603,555</u>
Change in Net Assets	\$28,727
Beginning Net Assets	<u>\$92,646</u>
Ending Net Assets	<u><u>\$121,373</u></u>

NOTE 23 – 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 24 - 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 is 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. The new tax is expected to generate approximately \$1.6 million in new revenue annually. Income from the new tax will be used to retire the \$20 million bond issue in payments of approximately \$1.6 million annually over nineteen years.

As of November 30, 2006, the County has entered into construction contracts in the amount of \$21.9 million with \$950,000 remaining in contractual obligations. The Nursing Home Construction Fund balance was \$1.8 million as of November 30, 2006.

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 was completed in 2003 and departments moved in. The Courts Complex Construction Fund balance was \$1.6 million as of November 30, 2006. The following projects are still pending.

(1) Old Courthouse Façade

During remodeling of the old courthouse, contractors discovered extensive damage to the structure's brick, stone and mortar façade. The repair costs are estimated at \$3 million. The repair is expected to commence in FY 2007, but no contractual commitments existed as of the end of FY 2006.

(2) 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. The county paid \$35,000 for an architectural and engineering study, but a group has been formed to raise private donations for the restoration of the historic courthouse feature. They have raised approximately \$850,000 of the \$1 million anticipated cost, but no contracts have been entered into as of November 30, 2006.

NOTE 24 – COMMITMENTS (continued)

C. HIGHWAY FLEET MAINTENANCE FACILITY

In March 2005 the County approved construction of a new Highway Fleet Maintenance Facility. The project is estimated to cost \$6.7 million, funded by motor fuel taxes and Highway Fund property taxes. As of November 30, 2006, the County has paid approximately \$500,000, with \$6.2 million remaining in contractual obligations. The Highway Facility Construction Fund balance at November 30, 2006 was \$4.1 million.

D. MAJOR ROAD PROJECTS

The County Highway Department has four Special Revenue Funds with November 30, 2006 fund balances totaling \$9,382,269. Much of those funds are committed to dozens of road and bridge projects. Current major projects with significant commitments include:

<u>PROJECT</u>	<u>TOTAL COMMITMENT</u>	<u>EXPENDITURES PAID</u>	<u>OUTSTANDING COMMITMENT</u>
Staley Road (C.H. 25)	\$5,160,000	\$4,915,674	\$ 244,326
Curtis Road (374-00-PV)	\$1,822,406	\$1,259,753	\$ 562,653
Curtis Road (374-01-PV)	\$ 518,000	\$ 203,006	\$ 314,994
Curtis Road (374-01-FP)	\$ 250,000	\$ 213,782	\$ 36,218
Ludlow Road (under drains)	\$ 280,000	\$ 175,523	\$ 104,477
Ludlow Road (358-01-RS)	\$ 517,500	\$ 0	\$ 517,500

These are multiple year projects. Expenditures will be made in FY2007, FY2008, and possibly FY2009.

NOTE 25 – SUBSEQUENT EVENTS

There have been no events subsequent to November 30, 2006 that are believed to have a material effect on the County's financial statements.