
*County of Champaign,
Illinois*

*Basic Financial Statements
and Management's
Discussion and Analysis*

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*Fiscal Year Ended
November 30, 2005*

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*Presented by:
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County of Champaign, Illinois

Management's Discussion and Analysis

November 30, 2005

As management of the County of Champaign, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the County of Champaign for the fiscal year ended November 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the County of Champaign exceeded its liabilities at the close of the most recent fiscal year by \$87,388,109 (*net assets*). Of this amount, \$6,902,292 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$442,346.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44,589,281, a decrease of \$12,707,881 in comparison with the prior year. The vast majority of this amount, \$40,311,852, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,513,457, or 17% of total general fund expenditures.
- Champaign County's total debt decreased by \$1,581,174 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Champaign County's basic financial statements. Champaign County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Champaign County’s finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of Champaign County’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Champaign County is improving or deteriorating.
- The *statement of activities* presents information showing how the government’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County of Champaign include general government, justice and public safety, health, education, social services, development, and highways and bridges. The business-type activities of the County of Champaign include the Champaign County Nursing Home. The government-wide financial statements do not include funds classified as Fiduciary Funds (discussed further below), because the resources of those funds are not available to support the County’s programs.

The government-wide financial statements can be found on pages 35-36 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Champaign, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Champaign can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County of Champaign maintains fifty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Mental Health Fund, Developmental Disability Fund, County Motor Fuel Tax Fund and Nursing Home Construction Fund, all of which are considered to be major funds. Data from the other fifty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Champaign adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 37-42 of this report.

Proprietary funds. The County of Champaign maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County of Champaign uses one enterprise fund to account for its Nursing Home. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County of Champaign uses internal service funds to account for its self-funded insurance and employee health insurance. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the County Nursing Home, which is considered to be a major fund of the County of Champaign. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 43-46 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County of Champaign's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 47-48 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-80 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County of Champaign's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 26 of Exhibit XI of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 81-105 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Champaign, assets exceeded liabilities by \$87,388,109 at the close of the most recent fiscal year.

The largest portion of the County of Champaign's net assets (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County of Champaign uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Champaign's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table **County of Champaign's Net Assets** reflects the condensed Statement of Net Assets.

An additional portion of the County of Champaign's net assets (39%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$6,902,292) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets; for the government as a whole, as well as for the governmental activities. Unrestricted net assets for business-type activities recorded a deficit for the first time.

The government's net assets decreased by \$442,346 during the current fiscal year. Increases in net assets for governmental activities (\$751,551) were offset by decreases in net assets for business-type activities (\$1,193,897).

County of Champaign's Net Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 103,158	\$ 99,407	\$ 1,867	\$ 2,659	\$ 105,025	\$ 102,065
Capital Assets	64,558	67,776	1,747	1,890	66,306	69,666
Total Assets	\$ 167,716	\$ 167,183	\$ 3,614	\$ 4,549	\$ 171,331	\$ 171,731
Long-term Liabilities	55,859	56,575	340	287	56,199	56,862
Other Liabilities	26,508	26,010	1,235	1,029	27,743	27,039
Total Liabilities	\$ 82,367	\$ 82,585	\$ 1,575	\$ 1,316	\$ 83,942	\$ 83,901
Net Assets:						
Invested in Capital Assets	44,410	43,145	2,070	2,133	46,480	45,278
Restricted	34,005	34,769	-	-	34,005	34,769
Unrestricted	6,934	6,685	(31)	1,099	6,902	7,784
Total Net Assets	\$ 85,349	\$ 84,599	\$ 2,039	\$ 3,232	\$ 87,387	\$ 87,831

Governmental Activities. Governmental activities increased Champaign County's net assets by \$751,551. For the most part, increases in expenses and revenues closely paralleled inflation and growth in the demand for services.

Business-type Activities. Business-type activities decreased Champaign County's net assets by \$1,193,987. This represents a 37% decline in net assets. While general revenues and charges for services increased in line with inflation, expenses increased by \$698,294 (6.5%). These increases in expenses followed a 7% increase the year before.

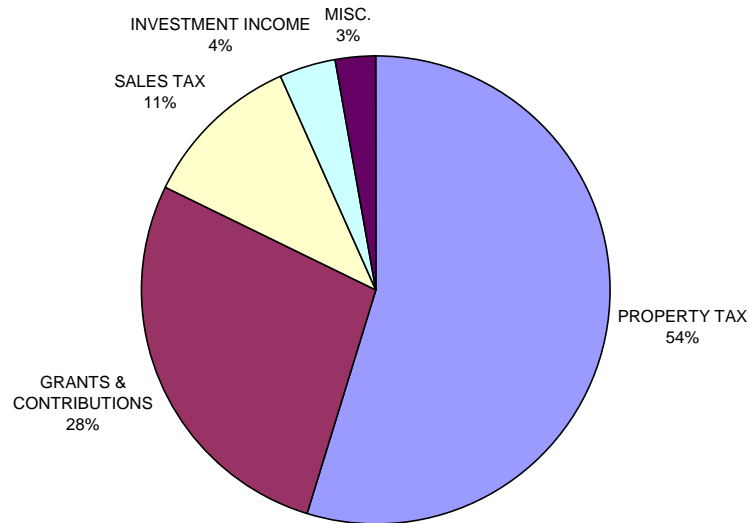
The following table summarizes the revenues and expenses of the County's activities:

County of Champaign's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues						
Charges for Services	\$ 8,291,264	\$ 8,174,668	\$ 9,555,457	\$ 9,331,326	\$ 17,846,721	\$ 17,505,994
Operating Grants & Contributions	13,955,084	14,824,949	48,496	153	14,003,580	14,825,102
General Revenues:						
Property Taxes	20,492,425	17,236,668	740,487	709,715	21,232,912	17,946,383
Public Safety Sales Taxes	4,069,752	3,862,564	-	-	4,069,752	3,862,564
Hotel/Motel & Auto Rental Taxes	31,199	25,690	-	-	31,199	25,690
Grants & Contributions						
Not Restricted to Specific Programs	10,358,136	9,322,562	-	-	10,358,136	9,322,562
Investment Earnings	1,481,065	733,910	12,741	14,756	1,493,806	748,666
Miscellaneous	1,049,111	1,205,793	10,145	19,587	1,059,256	1,225,380
Gain on Sale of Capital Assets	-	-	-	-	-	-
Change in Investment in Joint Venture	-	125,971	-	-	-	125,971
Total Revenues	59,728,036	55,512,775	10,367,326	10,075,537	70,095,362	65,588,312
Expenses:						
General Government	9,599,277	8,409,851	-	-	9,599,277	8,409,851
Justice & Public Safety	26,149,299	24,822,961	-	-	26,149,299	24,822,961
Health	5,778,022	3,961,545	-	-	5,778,022	3,961,545
Education	4,295,978	4,630,462	-	-	4,295,978	4,630,462
Social Services	280,925	122,859	-	-	280,925	122,859
Development	3,292,533	3,441,329	-	-	3,292,533	3,441,329
Highways & Bridges	7,548,937	6,805,328	-	-	7,548,937	6,805,328
Interest on Long-Term Debt	2,037,431	2,442,084	-	-	2,037,431	2,442,084
Nursing Home	-	-	11,555,306	10,857,012	11,555,306	10,857,012
Total Expenses	58,982,402	54,636,419	11,555,306	10,857,012	70,537,708	65,493,431
Increase in Net Assets						
Before Transfers	745,634	876,356	(1,187,980)	(781,475)	(442,346)	94,881
Transfers	5,917	(44,014)	(5,917)	44,014	-	-
Increase in Net Assets	751,551	832,342	(1,193,897)	(737,461)	(442,346)	94,881
Beginning Net Assets	84,597,822	83,765,516	3,232,633	3,970,094	87,830,455	87,735,610
Ending Net Assets	85,349,373	84,597,822	2,038,736	3,232,633	87,388,109	87,830,455

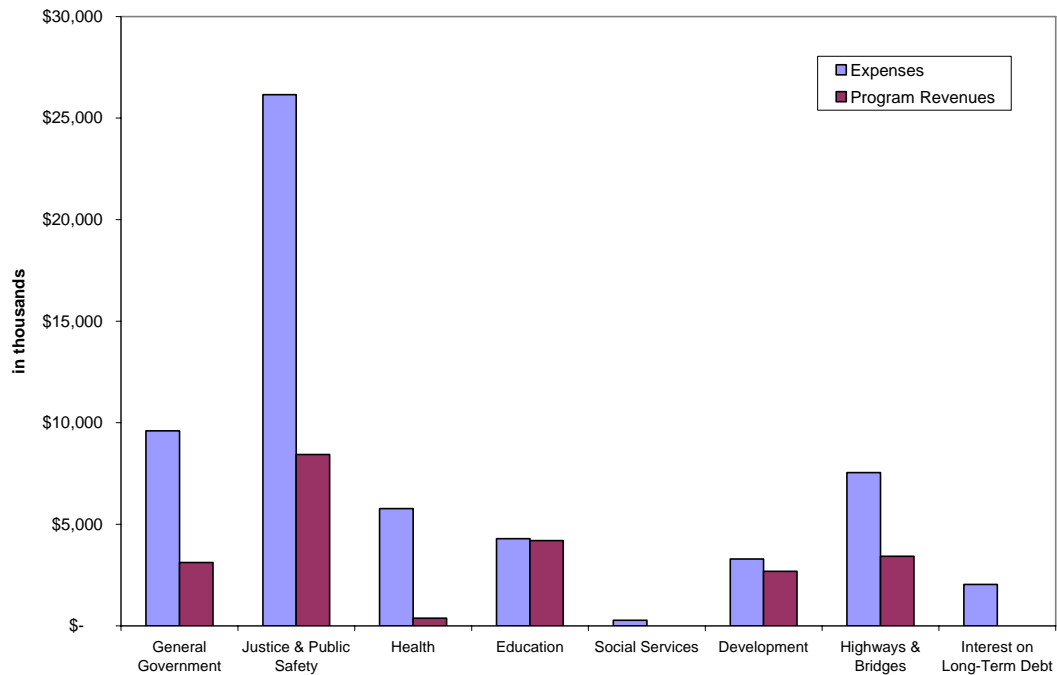
Revenues for the County are generated from a number of different sources and for the most part are dependent on different financial factors. The majority of revenue is derived from property taxes, as illustrated in the following chart, which provides long-term stability.

Revenues by Source - Governmental Activities



Justice and Public Safety expenses constituted the largest single category of expense within governmental activities totaling \$26,149,299, or 44% of total expenses of \$58,982,402. General Government expenses were next largest at \$9,599,277 or 16% of total expenses. A breakdown by program of expenses and program revenues follows.

Expenses and Program Revenues - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the County of Champaign uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County of Champaign's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County of Champaign's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County of Champaign's governmental funds reported combined ending fund balances of \$44,589,281, a decrease of \$12,707,881 in comparison with the prior year. 90 percent of this amount constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for debt service (\$1,545,848) and long-term receivables (\$2,731,581).

The general fund is the chief operating fund of the County of Champaign. At the end of the current fiscal year, unreserved fund balance and total fund balance of the general fund was \$4,513,457 as there was no amount held in reserve. Unreserved fund balance represents 17 percent of total general fund expenditures.

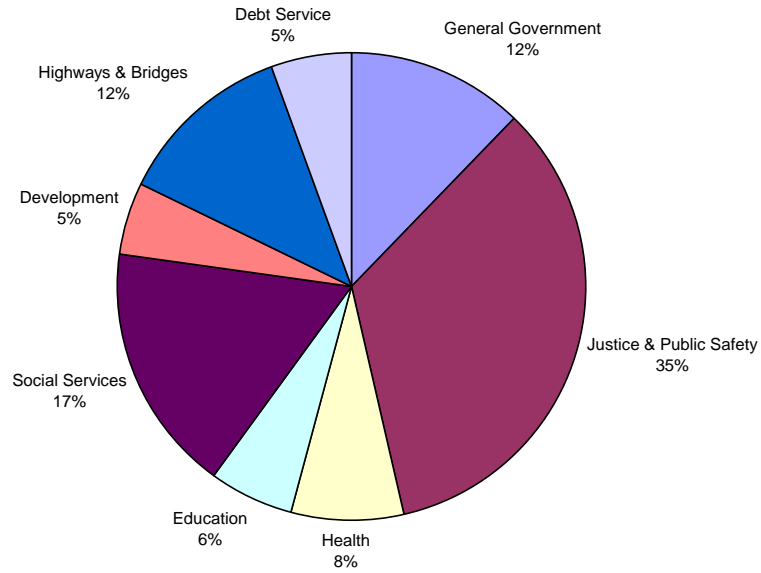
The fund balance of Champaign County's general fund increased by \$953,237 during the current fiscal year. The key factor in this growth is an increase in Intergovernmental Revenue of \$1,435,361. Investment earnings increased by \$127,583 or 165%.

The County Motor Fuel Tax Fund decreased \$1,576,237 during the current fiscal year. This reflects a decision to address deteriorating infrastructure with increased road improvement projects. The fund balance increased by over \$6 million two years ago.

The Nursing Home Construction Fund decreased by \$12,197,130 as construction was mostly completed in the current fiscal year. The fund is expected to see decreases in its fund balance until construction is completed and will require new funds to pay all obligations.

The chart below illustrates the breakdown of expenditures by program for all governmental funds:

Expenditures by Program



Proprietary funds. The only County of Champaign proprietary fund is the Champaign County Nursing Home. This fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Champaign County Nursing Home at the end of the year amounted to \$44,735 (\$2,114,845 Total Net Assets, including investment in Capital Assets, net of related debt). The total decrease in net assets of business-type activities was \$1,159,423 (35%).

General Fund Budgetary Highlights

During the year there was a \$2,051,481 increase in appropriations between the original and final amended budget. The increase was possible because of additional resources. Those revenues included an increase in intergovernmental revenue of \$600,296 and licenses and permits of \$600,000. At the end of the year there was an excess of revenues over expenditures of \$623,312. After Other Financing Sources were added, \$953,237 was added to the fund balance.

Capital Asset and Debt Administration

Capital assets. The County of Champaign's investment in capital assets for its governmental and business-type activities as of November 30, 2005, amounts to \$94,396,475 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, highways, and bridges. The total increase in the County of Champaign's investment in capital

assets for the current fiscal year was \$12,474,613 (15% increase). Following is a Comparative Statement of Capital Assets, net of depreciation (in thousands):

	Governmental Activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,765	\$ 1,765	\$ -	\$ -	\$ 1,765	\$ 1,765
Construction in Progress	26,003	10,247	323	243	26,326	10,490
Infrastructure	22,333	24,228	-	-	22,333	24,228
Buildings and Improvements	38,169	39,435	1,448	1,610	39,617	41,045
Equipment	4,056	4,113	299	280	4,355	4,393
Total	\$ 92,326	\$ 79,788	\$ 2,070	\$ 2,133	\$ 94,396	\$ 81,921

Additional information on the County of Champaign's capital assets can be found in Note 11 in the Notes to Financial Statements of this report.

Long-term debt. At the end of the current fiscal year, the County of Champaign had total long-term liabilities of \$56,199,434. The entire amount is backed by the full faith and credit of the County of Champaign. Following is a comparative statement of outstanding debt (in thousands):

	Governmental Activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 51,863	\$ 53,443	\$ -	\$ -	\$ 51,863	\$ 53,443
Intergovernmental Loans	549	602	-	-	549	602
Capital Lease Obligations	372	101	-	-	372	101
Estimated Claims Payable	932	722	-	-	932	722
Compensated Absences	2,143	1,707	340	287	2,483	1,994
Total	\$ 55,859	\$ 56,575	\$ 340	\$ 287	\$ 56,199	\$ 56,862

The County of Champaign's total debt decreased by \$662,918 (1%) during the current fiscal year. Additional information on the County's long-term debt can be found in Note 17 in the Notes to Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

The main campus of the University of Illinois lies in the center of Champaign County and it provides a great deal of stability to the area's economy, as the University is the area's largest employer (with over 20,000 employees), and is a major purchaser of various goods and services, and has several new buildings under construction. This stability helps make Champaign County's revenues more stable than many other counties'.

The equalized assessed value (EAV) of taxable property in the County for 2003 levy year was \$2,587,805,754, which represents one-third market value. Residential properties

make up 62% of the EAV for the 2004 levy year. Commercial development constitutes 38%. Construction activity has remained strong, despite rising interest rates. If rates continue to increase, this could adversely affect construction activity.

One of the County's largest sources of revenue is from the State. The State has experienced increased revenues over the last year, but continues to have budgetary problems. It appears that their contributions to the County, as a percentage of total revenues, will continue to decline. If this trend continues, the County will have to consider the possibility of enhancing revenue from local sources or committing to expenditure reductions.

Requests for Information

This financial report is designed to provide a general overview of the County of Champaign's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Auditor, 1776 E. Washington, Urbana, IL 61802.

COUNTY OF CHAMPAIGN, ILLINOIS
STATEMENT OF NET ASSETS
NOVEMBER 30, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$13,680,449	\$223,375	\$13,903,824
Investments	30,148,613	0	30,148,613
Receivables, Net of Uncollectible Amounts:			
Patient Accounts	0	817,550	817,550
Property Taxes	20,967,190	782,652	21,749,842
Intergovernmental	5,100,765	0	5,100,765
Program Loans--Current Portion	345,969	0	345,969
Accrued Interest	174,376	0	174,376
Other	63,867	193	64,060
Internal Balances	340,047	(340,047)	0
Inventories	25,014	36,754	61,768
Prepaid Expenses	0	4,936	4,936
Deferred Charges	560,817	0	560,817
Resident Trust Accounts	13,312	18,938	32,250
Program Loans Receivable--Long Term Portion	2,536,241	0	2,536,241
Investment in Joint Venture	1,433,448	0	1,433,448
Capital Assets Not Being Depreciated	27,767,624	323,250	28,090,874
Capital Assets, Net of Accumulated Depreciation	64,558,741	1,746,860	66,305,601
Total Assets	167,716,473	3,614,461	171,330,934
LIABILITIES			
Accrued Salaries Payable	717,967	192,967	910,934
Accounts Payable	3,945,093	240,813	4,185,906
Accrued Interest Payable	789,478	0	789,478
Intergovernmental Payable	31,279	0	31,279
Funds Held for Others	56,514	18,938	75,452
Unearned Revenue	20,967,690	782,652	21,750,342
Non-current Liabilities:			
Due Within One Year	5,545,008	340,355	5,885,363
Due in More Than One Year	50,314,071	0	50,314,071
Total Liabilities	82,367,100	1,575,725	83,942,825
NET ASSETS			
Invested In Capital Assets, Net of Related Debt	44,410,228	2,070,110	46,480,338
Restricted for:			
Capital Projects, Net of Related Debt	0	0	0
Debt Service	2,519,787	0	2,519,787
Other Purposes	31,485,692	0	31,485,692
Unrestricted (Deficit)	6,933,666	(31,374)	6,902,292
Total Net Assets	85,349,373	2,038,736	87,388,109

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, 2005

Exhibit II

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fines, Permits & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$9,599,277	\$2,989,140	\$135,211	\$0	(\$6,474,926)	\$0	(\$6,474,926)
Justice & Public Safety	26,149,299	4,518,512	3,916,808	0	(17,713,979)	0	(17,713,979)
Health	5,778,022	126,612	255,366	0	(5,396,044)	0	(5,396,044)
Education	4,295,978	36,421	4,157,199	0	(102,358)	0	(102,358)
Social Services	280,925	0	0	0	(280,925)	0	(280,925)
Development	3,292,533	486,499	2,194,634	0	(611,400)	0	(611,400)
Highways & Bridges	7,548,937	134,080	3,295,866	0	(4,118,991)	0	(4,118,991)
Interest on Long-Term Debt	2,037,431	0	0	0	(2,037,431)	0	(2,037,431)
Total Governmental Activities	58,982,402	8,291,264	13,955,084	0	(36,736,054)	0	(36,736,054)
BUSINESS-TYPE ACTIVITIES:							
Nursing Home	11,555,306	9,555,457	48,496	0	0	(1,951,353)	(1,951,353)
Total Business-Type Activities	11,555,306	9,555,457	48,496	0	0	(1,951,353)	(1,951,353)
Total Government	70,537,708	17,846,721	14,003,580	0	(36,736,054)	(1,951,353)	(38,687,407)
General Revenues:					0		
Property Taxes					20,492,425	740,487	21,232,912
Public Safety Sales Taxes					4,069,752	0	4,069,752
Hotel/Motel & Auto Rental Taxes					31,199	0	31,199
Grants & Contributions Not Restricted to Specific Programs					10,358,136	0	10,358,136
Investment Earnings					1,481,065	12,741	1,493,806
Miscellaneous					1,049,111	10,145	1,059,256
Gain on Sale of Capital Assets					0	0	0
Transfers					5,917	(5,917)	0
Total General Revenues and Transfers					37,487,605	757,456	38,245,061
Change in Net Assets					751,551	(1,193,897)	(442,346)
Net Assets - Beginning					84,597,822	3,232,633	87,830,455
Net Assets - Ending					85,349,373	2,038,736	87,388,109

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

COUNTY OF CHAMPAIGN, ILLINOIS
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 NOVEMBER 30, 2005

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	Nursing Home Construction Fund		
ASSETS							
Cash	\$3,447,640	\$326,893	\$717,446	\$629,868	\$292,702	\$7,785,959	\$13,200,508
Investments	1,000,000	1,130,000	140,000	9,730,104	4,141,509	14,007,000	30,148,613
Receivables, Net of Uncollectible Amounts:							
Property Taxes	6,612,965	2,862,897	2,760,750	0	0	8,730,578	20,967,190
Intergovernmental	1,393,813	0	0	223,743	0	849,179	2,466,735
Program Loans--Current Portion	0	0	0	0	0	345,969	345,969
Accrued Interest	6,860	2,000	894	11,138	0	73,080	93,972
Other	48,530	0	0	0	0	14,018	62,548
Due From Other Funds	190,898	0	0	0	0	1,184,636	1,375,534
Inventories	25,014	0	0	0	0	0	25,014
Resident Trust Accounts	13,312	0	0	0	0	0	13,312
Advances to Other Funds	0	0	0	0	0	195,340	195,340
Program Loans Receivable--Long Term Portion	0	0	0	0	0	2,536,241	2,536,241
Total Assets	12,739,032	4,321,790	3,619,090	10,594,853	4,434,211	35,722,000	71,430,976
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accrued Salaries Payable	528,928	8,783	0	3,207	0	177,049	717,967
Accounts Payable	400,347	126,332	6,039	310,169	1,057,137	1,037,241	2,937,265
Intergovernmental Payable	0	0	0	0	0	31,279	31,279
Due To Other Funds	669,523	14,780	0	0	18,000	1,275,914	1,978,217
Funds Held for Others	13,312	0	0	0	0	625	13,937
Deferred Revenues	6,613,465	2,862,897	2,760,750	0	0	8,730,578	20,967,690
Advances from Other Funds	0	0	0	0	0	195,340	195,340
Total Liabilities	8,225,575	3,012,792	2,766,789	313,376	1,075,137	11,448,026	26,841,695
FUND BALANCES (DEFICITS):							
Reserved for Debt Service	0	0	0	0	0	1,545,848	1,545,848
Reserved for Long Term Receivables	0	0	0	0	0	2,731,581	2,731,581
Unreserved, Reported in:							
General Fund	4,513,457	0	0	0	0	0	4,513,457
Special Revenue Funds	0	1,308,998	852,301	10,281,477	0	16,972,582	29,415,358
Debt Service Funds	0	0	0	0	0	1,476,773	1,476,773
Capital Projects Funds	0	0	0	0	3,359,074	1,547,190	4,906,264
Total Fund Balances (Deficits)	4,513,457	1,308,998	852,301	10,281,477	3,359,074	24,273,974	44,589,281
Total Liabilities & Fund Balances	12,739,032	4,321,790	3,619,090	10,594,853	4,434,211	35,722,000	71,430,976

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, 2005

Exhibit III-a

Fund Balances (Deficits) - Total Governmental Funds (See Exhibit III)	44,589,281
Capital assets, net of depreciation, used in governmental activities	92,326,365
Investment in Joint Ventures related to governmental activities	1,433,448
Assets and liabilities of internal service funds related to governmental activities, including estimated claims payable long term liability	97,249
Receivables for revenue accruals related to governmental activities	2,712,940
Payables for expense accruals related to governmental activities	(1,443,206)
Deferred bond issuance costs related to governmental activities	560,817
Long term liabilities related to governmental activities, other than estimated claims payable from internal service funds	<u>(54,927,521)</u>
Net Assets of Governmental Activities (See Exhibit I)	<u><u>85,349,373</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, 2005

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	Nursing Home Construction Fund		
REVENUES:							
Property Taxes	\$7,059,298	\$2,712,143	\$2,609,925	\$0	\$0	\$8,111,059	\$20,492,425
Public Safety Sales Taxes	0	0	0	0	0	4,034,116	4,034,116
Hotel/Motel & Auto Rental Taxes	31,199	0	0	0	0	0	31,199
Intergovernmental Revenue	13,660,276	0	0	3,261,208	0	7,244,543	24,166,027
Fines & Forfeitures	831,574	0	0	0	0	26,959	858,533
Licenses & Permits	1,576,750	0	0	0	0	345,720	1,922,470
Charges for Services	3,778,397	0	0	0	0	2,557,234	6,335,631
Interest on Program Loans	0	0	0	0	0	88,448	88,448
Investment Earnings	204,878	24,289	13,107	323,719	265,399	554,965	1,386,357
Miscellaneous	655,096	229	0	0	65,241	366,549	1,087,115
Total Revenues	27,797,468	2,736,661	2,623,032	3,584,927	330,640	23,329,593	60,402,321
EXPENDITURES:							
Current: General Government	7,763,167	0	0	0	0	1,342,452	9,105,619
Justice & Public Safety	18,760,346	0	0	0	0	6,446,308	25,206,654
Health	0	2,807,688	1,770,731	0	0	1,193,870	5,772,289
Education	0	0	0	0	0	4,202,591	4,202,591
Social Services	26,500	0	0	0	12,527,770	92,642	12,646,912
Development	358,159	0	0	0	0	3,475,633	3,833,792
Highways & Bridges	0	0	0	5,161,164	0	3,892,700	9,053,864
Debt Service: Principal Retirement	186,012	0	0	0	0	1,954,328	2,140,340
Interest & Fiscal Charges	4,542	0	0	0	0	1,876,788	1,881,330
Total Expenditures	27,098,726	2,807,688	1,770,731	5,161,164	12,527,770	24,477,312	73,843,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	698,742	(71,027)	852,301	(1,576,237)	(12,197,130)	(1,147,719)	(13,441,070)
OTHER FINANCING SOURCES (USES):							
Sale of Refunding Bonds	0	0	0	0	0	25,865,000	25,865,000
Premium on Refunding Bonds	0	0	0	0	0	1,345,685	1,345,685
Payment to Bond Refunding Escrow Agent	0	0	0	0	0	(26,882,845)	(26,882,845)
Capital Lease Financing	245,056	0	0	0	0	164,108	409,164
Transfers In	706,992	0	0	0	0	2,408,643	3,115,635
Transfers Out	(697,553)	0	0	0	0	(2,421,897)	(3,119,450)
Net Other Financing Sources (Uses)	254,495	0	0	0	0	478,694	733,189
NET CHANGE IN FUND BALANCES	953,237	(71,027)	852,301	(1,576,237)	(12,197,130)	(669,025)	(12,707,881)
FUND BALANCES--Beginning of Year	3,560,220	1,380,025	0	11,857,714	15,556,204	24,942,999	57,297,162
FUND BALANCES--End of Year	4,513,457	1,308,998	852,301	10,281,477	3,359,074	24,273,974	44,589,281

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, 2005

Exhibit IV-a

Net Change in Fund Balances - Total Governmental Funds (See Exhibit IV)	(\$12,707,881)
Remove expenditures for acquisition of capital assets	19,317,764
Include loss on disposal of capital assets	(61,580)
Include depreciation expense	(6,718,258)
Include change in investment in joint ventures	109,559
Include the net revenue (expense) of internal service funds used to charge the costs of risk financing and employee health benefits to governmental activities	(173,465)
Remove revenues related to prior periods; include revenues earned but not available in the current period	115,247
Remove expenditures related to prior periods; include expenses incurred but not expected to be liquidated with expendable available financial resources in the current period	(786,117)
Remove debt proceeds and payment to bond refunding escrow agent	(737,004)
Amortize bond premium and deferred amount on refunding against debt interest expense	(41,439)
Remove debt issuance costs and amortize over the life of the debt	294,385
Remove debt principal repayment expenditures	<u>2,140,340</u>
Change in Net Assets of Governmental Activities (See Exhibit II)	<u><u>751,551</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, 2005

	----- General Fund -----			----- Mental Health Fund -----		
	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)	Actual (Budgetary Basis)	Budget (Final)	Budget (Original)
REVENUES:						
Property Taxes	\$7,059,298	\$7,028,336	\$7,028,336	\$2,712,143	\$2,722,180	\$2,722,180
Public Safety Sales Taxes	0	0	0	0	0	0
Hotel/Motel & Auto Rental Taxes	31,199	28,915	28,915	0	0	0
Intergovernmental Revenue	13,660,276	12,651,022	12,050,726	0	0	0
Fines & Forfeitures	831,574	951,300	951,300	0	0	0
Licenses & Permits	1,576,750	1,665,020	1,065,020	0	0	0
Charges for Services	3,778,397	3,950,195	3,800,195	0	0	0
Interest on Program Loans	0	0	0	0	0	0
Investment Earnings	204,878	73,500	73,500	24,289	20,000	20,000
Miscellaneous	655,096	818,560	811,560	229	0	0
Total Revenues	27,797,468	27,166,848	25,809,552	2,736,661	2,742,180	2,742,180
EXPENDITURES:						
Current: General Government	7,828,197	8,227,289	7,119,289	0	0	0
Justice & Public Safety	18,770,746	19,716,369	18,864,242	0	0	0
Health	0	0	0	2,807,688	2,890,254	2,865,059
Education	0	0	0	0	0	0
Social Services	26,500	26,500	26,500	0	0	0
Development	358,159	404,074	403,229	0	0	0
Highways & Bridges	0	0	0	0	0	0
Debt Service: Principal Retirement	186,012	205,706	115,306	0	0	0
Interest & Fiscal Charges	4,542	4,646	4,537	0	0	0
Total Expenditures	27,174,156	28,584,584	26,533,103	2,807,688	2,890,254	2,865,059
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	623,312	(1,417,736)	(723,551)	(71,027)	(148,074)	(122,879)
OTHER FINANCING SOURCES (USES):						
Capital Lease Financing	245,056	476,056	231,000	0	0	0
Transfers In	782,422	1,001,800	941,480	0	0	0
Transfers Out	(697,553)	(699,306)	(448,929)	0	0	0
Net Other Financing Sources (Uses)	329,925	778,550	723,551	0	0	0
NET CHANGE IN FUND BALANCES	953,237	(639,186)	0	(71,027)	(148,074)	(122,879)
FUND BALANCES--Beginning of Year	3,560,220	3,560,220	3,560,220	1,380,025	1,380,025	1,380,025
FUND BALANCES--End of Year	4,513,457	2,921,034	3,560,220	1,308,998	1,231,951	1,257,146

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, 2005

	----- 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	\$2,609,925	\$2,597,552	\$2,597,552	\$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	3,261,208	3,232,988	2,888,388
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	13,107	0	0	323,719	300,000	300,000
Miscellaneous	0	0	0	0	0	0
Total Revenues	2,623,032	2,597,552	2,597,552	3,584,927	3,532,988	3,188,388
EXPENDITURES:						
Current: General Government	0	0	0	0	0	0
Justice & Public Safety	0	0	0	0	0	0
Health	1,770,731	2,597,552	2,597,552	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	5,161,164	5,730,067	3,054,630
Debt Service: Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	1,770,731	2,597,552	2,597,552	5,161,164	5,730,067	3,054,630
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	852,301	0	0	(1,576,237)	(2,197,079)	133,758
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	0	0	0
Net Other Financing Sources (Uses)	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	852,301	0	0	(1,576,237)	(2,197,079)	133,758
FUND BALANCES--Beginning of Year	0	0	0	11,857,714	11,857,714	11,857,714
FUND BALANCES--End of Year	852,301	0	0	10,281,477	9,660,635	11,991,472

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, 2005

Exhibit VI

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	Nursing Home	Internal
	Fund	Service Funds
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$223,375	\$479,941
Investments	0	0
Receivables, Net of Uncollectible Amounts:		
Patient Accounts	817,550	0
Property Taxes	782,652	0
Intergovernmental	0	1,494
Other	193	1,319
Due From Other Funds	0	866,695
Inventories	36,754	0
Prepaid Expenses	4,936	0
Total Current Assets	<u>1,865,460</u>	<u>1,349,449</u>
NONCURRENT ASSETS:		
Resident Trust Accounts	18,938	0
Capital Assets:		
Buildings and Improvements	6,393,308	0
Construction in Progress	323,250	0
Equipment	2,165,902	0
Less Accumulated Depreciation	(6,812,350)	0
Total Noncurrent Assets	<u>2,089,048</u>	<u>0</u>
Total Assets	<u>3,954,508</u>	<u>1,349,449</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accrued Salaries Payable	192,967	0
Accounts Payable	240,813	354,100
Due To Other Funds	263,938	74
Total Current Liabilities	<u>697,718</u>	<u>354,174</u>
NONCURRENT LIABILITIES:		
Funds Held For Others	18,938	42,577
Deferred Revenues	782,652	0
Compensated Absences Payable	340,355	0
Estimated Claims Payable	0	931,558
Total Noncurrent Liabilities	<u>1,141,945</u>	<u>974,135</u>
Total Liabilities	<u>1,839,663</u>	<u>1,328,309</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,070,110	0
Unrestricted	44,735	21,140
Total Net Assets	<u>2,114,845</u>	<u>21,140</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(76,109)</u>	
Net assets of business-type activities	<u>2,038,736</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, 2005

	<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	\$9,537,824	\$5,139,909
Miscellaneous	17,633	10,402
	<u>9,555,457</u>	<u>5,150,311</u>
OPERATING EXPENSES:		
Salaries	6,546,064	25,662
Fringe Benefits	1,970,533	4,732,739
Commodities	1,171,137	602
Services	1,596,750	623,282
Depreciation	236,349	0
	<u>11,520,833</u>	<u>5,382,285</u>
OPERATING INCOME (LOSS)	<u>(1,965,376)</u>	<u>(231,974)</u>
NON-OPERATING REVENUES (EXPENSES):		
Property Tax	740,487	0
Intergovernmental Revenue	48,496	0
Investment Earnings	12,741	14,304
Donations	10,145	0
	<u>811,869</u>	<u>14,304</u>
Net Non-Operating Revenues (Expenses)	<u>811,869</u>	<u>14,304</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,153,507)</u>	<u>(217,670)</u>
Capital Contributions	0	0
Transfers In	25,786	9,732
Transfers Out	(31,703)	0
	<u>(1,159,424)</u>	<u>(207,938)</u>
CHANGE IN NET ASSETS	<u>(1,159,424)</u>	<u>(207,938)</u>
NET ASSETS--Beginning of Year	<u>3,274,269</u>	<u>229,078</u>
NET ASSETS--End of Year	<u>2,114,845</u>	<u>21,140</u>
Adjustment due to consolidation of internal service fund activities related to enterprise funds	<u>(34,473)</u>	
Change in net assets of business-type activities	<u>(1,193,897)</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, 2005

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	<u>Nursing Home</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from Customers	\$9,545,092	\$0
Cash Receipts from Other Funds and Employees for Services	0	5,034,916
Cash Receipts for Claims Reimbursements	0	11,138
Cash Payments to Employees for Services	(6,467,038)	(25,662)
Cash Payments to Suppliers and Other Funds for Goods and Services	(4,525,174)	(4,638,785)
Cash Payments for Claims	0	(443,651)
	<u>(1,447,120)</u>	<u>(62,044)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Property Taxes Received	740,487	0
Operating Grants Received	0	0
Gifts And Donations Received	5,748	0
Transfers From Other Funds	25,786	9,732
Transfers To Other Funds	(31,703)	0
	<u>740,318</u>	<u>9,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets (Excluding Donated and Financed Assets)	(120,940)	0
	<u>(120,940)</u>	<u>0</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Interest on Investments and Bank Deposits	12,741	14,304
	<u>12,741</u>	<u>14,304</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(815,001)	(38,008)
Cash and Cash Equivalents at Beginning of Year	1,038,376	517,949
Cash and Cash Equivalents at End of Year	<u>223,375</u>	<u>479,941</u>

Non-cash Investing, Capital and Financing Activities:

The Nursing Home Fund received donated equipment and supplies valued at \$4,397 and capital assets provided through intergovernmental grants valued at \$48,496. 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, 2005

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Enterprise Fund</u>	<u>Activities</u>
	<u>Nursing Home</u>	<u>Internal</u>
	<u>Fund</u>	<u>Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	(\$1,965,376)	(\$231,974)
Adjust Out Non-Cash Revenue/Expense:		
Depreciation Expense	236,349	0
Adjust For Non-Revenue/Expense Cash Flows:		
Decrease (Increase) in Receivables	(10,365)	5,496
Decrease (Increase) in Due From Other Funds	0	(109,753)
Decrease (Increase) in Inventories	15,380	0
Decrease (Increase) in Prepaid Expenses	902	0
Increase (Decrease) in Payables	207,601	59,028
Increase (Decrease) in Due To Other Funds	68,389	(1,039)
Increase (Decrease) in Unremitted Payroll Withholdings	0	6,982
Increase (Decrease) in Estimated Claims Payable	0	209,216
	<u> </u>	<u> </u>
Net Cash Provided (Used) By Operating Activities	<u>(1,447,120)</u>	<u>(62,044)</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, 2005

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$129,478	\$1,520,724
Investments	1,100,000	1,799,143
Receivables:		
Intergovernmental	202,457	0
Accrued Interest	<u>271</u>	<u>0</u>
Total Assets	<u>1,432,206</u>	<u>3,319,867</u>
 <u>LIABILITIES</u>		
Accounts Payable	4,818	0
Intergovernmental Payable	0	551,468
Funds Held for Others	<u>0</u>	<u>2,768,399</u>
Total Liabilities	<u>4,818</u>	<u>3,319,867</u>
 <u>NET ASSETS</u>		
Held in Trust for Other Governments	<u><u>1,427,388</u></u>	<u><u>0</u></u>

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

COUNTY OF CHAMPAIGN, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Intergovernmental Revenue	\$2,530,699
Investment Earnings	41,064
Miscellaneous	<u>0</u>
Total Additions	<u>2,571,763</u>
 DEDUCTIONS	
Township Road & Bridge Maintenance	<u>2,549,234</u>
Total Deductions	<u>2,549,234</u>
CHANGE IN NET ASSETS	22,529
NET ASSETS--Beginning of Year	<u>1,404,859</u>
NET ASSETS--End of Year	<u><u>1,427,388</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; the County Motor Fuel Tax Fund, which uses state-shared motor fuel taxes to fund construction and maintenance of county highways; and the Nursing Home Construction Fund, which uses bond proceeds to construct a new nursing home facility.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

include agency funds, whose purpose is to report resources, such as property taxes and circuit court fees and fines, held in a custodial capacity for external individuals, organizations and governments. Resources held for other County funds are reported in the appropriate County funds rather than the agency funds.

D. 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 Public Aid 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	(\$1,035,840)	(\$4,802)	(\$324,128)
REVENUES AND OTHER SOURCES:			
Interfund transfers into escrow account recognized as other financing source when transferred rather than when spent			4,993
Allowance for uncollectible accounts adjusted at year-end	8,346		
EXPENDITURES /EXPENSES AND OTHER USES:			
Inventories and prepaid expenses adjusted to balance at year-end	(15,485)		
Capital outlay expenditures capitalized as assets	173,036		
Depreciation expense	(236,349)		
Accrued compensated absences payable adjusted to balance at year-end	(53,132)		
Accrued estimated claims payable adjusted to balance at year-end		(209,216)	
GAAP Basis Change in Fund Balance or Net Assets	(1,159,424)	(214,018)	(319,135)

NOTE 5 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

No expenditures for the fiscal year ended November 30, 2005 exceeded appropriations.

NOTE 6 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments at November 30, 2005 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	\$1,784,723	\$0	\$31,750	\$1,816,473	\$3,132,651
Money Market / Savings	0	299,143	0	299,143	299,143
Certificates of Deposit:					
Up to 3 months maturity	0	8,970,000	0	8,970,000	8,970,000
3 mos. - 12 mos. maturity	0	15,632,000	0	15,632,000	15,632,000
Total Deposits	1,784,723	24,901,143	31,750	26,717,616	28,033,794

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

<u>INVESTMENTS</u>	<u>Asset Account Carrying Amounts</u>			Total	Fair Value
	Cash	Investments	Resident Trust		
State Treas. Investment Pool	\$13,762,288	\$0	\$0	\$13,762,288	\$13,756,272
Mutual Funds	0	878	0	878	878
U.S. Treasury Securities	0	1,690,278	0	1,690,278	1,690,278
U.S. Agency Securities	0	5,497,454	0	5,497,454	5,497,454
Commercial Paper	0	958,003	0	958,003	958,003
Total Investments	13,762,288	8,146,613	0	21,908,901	21,902,885

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; however, at November 30, 2005, \$100,000 of deposits of the Circuit Clerk Agency Fund were uncollateralized.

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

Other investments are subject to custodial credit risk if the securities are uninsured and unregistered and held by the financial institution's trust department or agent, but not in the County's name. None of the County's investments at November 30, 2005 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 30, 2005. The County's investments in mutual funds were rated AAAM by Standard & Poor's as of October 22, 2004. FNMA discount notes and FHLMC discount notes were rated A1+ by Standard & Poor's, P1 by Moody's and F1+ by Fitch Ratings. Federal Home Loan Bank discount notes were rated AAA by Standard & Poor's and Aaa by Moody's. The County's investments in commercial paper were rated A1+ by Standard & Poor's and P1 by Moody's.

<u>INVESTMENTS</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		Percent of Total
		Less Than 1	1 - 5	
State Treas. Investment Pool	\$13,756,272	\$13,756,272	\$0	62.81%
Mutual Funds	878	878	0	0.00%
U.S. Treasury Securities	1,690,278	0	1,690,278	7.72%
FNMA Securities	1,013,395	1,013,395	0	4.63%
FHLMC Securities	3,488,959	3,488,959	0	15.93%
FHLB Securities	995,100	995,100	0	4.54%
Commercial Paper	958,003	958,003	0	4.37%
Total Investments	21,902,885	20,212,607	1,690,278	100.00%
Percent of Total	100.00%	92.28%	7.72%	

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

Concentration Risk. Investments are subject to concentration risk when 5% or more of the total are in securities of a single issuer. At November 30, 2005, the County's investments in Federal Home Loan Mortgage Corporation securities were 15.93% of total investments and U.S. Treasury securities were 7.72% of 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 92.28% 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 April 15. 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 2005 was adopted by the County Board on November 18, 2004, 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 2005, tax bills were mailed on May 2 with the due dates of June 2 and September 1. Property tax bills mailed in 2005 were based on equalized assessed value as of January 1, 2004, and on tax levies set in November 2004.

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 2005, the judgment date was October 28, and the tax sale was held November 4.

NOTE 7 – PROPERTY TAX CYCLE (continued)

F. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes for all the taxing bodies in the County. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. In 2005, all property taxes were distributed by November 18. Interest earned on taxes before distribution goes to the local governments, not the County, according to a 1984 Illinois Supreme Court decision.

NOTE 8 – PROPERTY TAXES RECEIVABLE

Property taxes receivable consist of property taxes levied in 2005, for which a legal claim exists in 2005. The revenue associated with the 2005 levy is deferred until the fiscal year ending November 30, 2006 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 2005 tax levy has been reduced by an estimated allowance for uncollectible taxes of 0.71%. A summary by fund type of property taxes receivable at November 30, 2005 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	\$6,660,253	(\$47,288)	\$6,612,965	\$500	\$6,613,465
Special Revenue	12,862,501	(91,325)	12,771,176	0	12,771,176
Debt Service	1,594,369	(11,320)	1,583,049	0	1,583,049
Subtotal Governmental	<u>21,117,123</u>	<u>(149,933)</u>	<u>20,967,190</u>	<u>500</u>	<u>20,967,690</u>
Proprietary:					
Enterprise	<u>788,249</u>	<u>(5,597)</u>	<u>782,652</u>	<u>0</u>	<u>782,652</u>
Total	<u><u>21,905,372</u></u>	<u><u>(155,530)</u></u>	<u><u>21,749,842</u></u>	<u><u>500</u></u>	<u><u>21,750,342</u></u>

NOTE 9 – PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable in the enterprise fund as of November 30, 2005 have been reduced by an allowance for uncollectible amounts, determined by an analysis of individual patient accounts.

Gross receivables for patient accounts	\$844,974
Allowance for uncollectible amounts	<u>(\$27,424)</u>
Patient accounts receivable, net of uncollectible amounts	<u><u>\$817,550</u></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, 2005, loans outstanding were as follows:

	Current	Long Term	Total
Economic Development Loans Receivable:			
Community Services Block Grant Loans	\$172,258	\$689,243	\$861,501
Community Development Assist. Prog. Loans	7,695	10,356	18,051
Community Development Recaptured Loans	142,944	1,028,755	1,171,699
Housing Rehabilitation Loans Receivable:			
County Housing Rehab Loans	23,072	349,841	372,913
HUD H.O.M.E. Program Loans	0	458,046	458,046
 Total Loans Receivable	 <u>345,969</u>	 <u>2,536,241</u>	 <u>2,882,210</u>

NOTE 11 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	Nov. 30, 2004 Balance	FY 2005 Additions	FY 2005 Deductions	Nov. 30, 2005 Balance
Assets Not Being Depreciated:				
Land	\$1,764,864	\$0	\$0	\$1,764,864
Construction in Progress	10,247,423	15,755,337	0	26,002,760
Assets Being Depreciated:				
Infrastructure	59,935,411	1,455,024	0	61,390,435
Buildings and Improvements	52,907,320	963,175	(354,207)	53,516,288
Equipment	10,695,037	1,498,435	(369,717)	11,823,755
Assets Subtotal	<u>135,550,055</u>	<u>19,671,971</u>	<u>(723,924)</u>	<u>154,498,102</u>
Accumulated Depreciation:				
Infrastructure	(35,707,785)	(3,349,646)	0	(39,057,431)
Buildings and Improvements	(13,472,313)	(1,874,872)	0	(15,347,185)
Equipment	(6,581,518)	(1,493,740)	308,137	(7,767,121)
Accum. Depreciation Subtotal	<u>(55,761,616)</u>	<u>(6,718,258)</u>	<u>308,137</u>	<u>(62,171,737)</u>
 Net Total	 <u>79,788,439</u>	 <u>12,953,713</u>	 <u>(415,787)</u>	 <u>92,326,365</u>

NOTE 11 – CAPITAL ASSETS (continued)

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

<u>Business-Type Activities</u>	Nov. 30, 2004 Balance	FY 2005 Additions	FY 2005 Deductions	Nov. 30, 2005 Balance
Assets Not Being Depreciated:				
Construction in Progress	\$243,389	\$79,861	\$0	\$323,250
Assets Being Depreciated:				
Buildings and Improvements	6,384,240	9,068	0	6,393,308
Equipment	2,081,795	84,107	0	2,165,902
Assets Subtotal	<u>8,709,424</u>	<u>173,036</u>	<u>0</u>	<u>8,882,460</u>
Accumulated Depreciation:				
Buildings and Improvements	(4,774,695)	(171,108)	0	(4,945,803)
Equipment	(1,801,306)	(65,241)	0	(1,866,547)
Accum. Depreciation Subtotal	<u>(6,576,001)</u>	<u>(236,349)</u>	<u>0</u>	<u>(6,812,350)</u>
Net Total	<u>2,133,423</u>	<u>(63,313)</u>	<u>0</u>	<u>2,070,110</u>

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

<u>Function</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$471,610	\$0
Justice and Public Safety	2,513,810	0
Health	8,656	0
Education	98,629	0
Social Services	6,236	236,349
Development	40,625	0
Highways and Bridges	<u>3,578,692</u>	<u>0</u>
Total Depreciation Expense	<u>6,718,258</u>	<u>236,349</u>

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	\$190,898	\$669,523
Mental Health	0	14,780
Nursing Home Construction	0	18,000
Major Enterprise Fund:		
Nursing Home	0	263,938
Nonmajor Governmental Funds:		
Regional Planning Commission	70,161	290,453
RPC Economic Development Loans	180,381	14,998
Geographic Information System	29,266	0
Working Cash	0	7,789
Recorder's Automation	17,142	839
County Clerk's Automation	0	66
Animal Control	0	11,711
Law Library	0	161
Public Safety Sales Tax	0	241,774
Court's Automation	0	25,180
Child Support Services	0	4,630
Court Document Storage	0	820
Domestic Violence Prosecution	0	24,134
Victim Advocacy Grant	0	10,000
Child Advocacy Center	3,850	1,902
Defense Services Grant	10,638	1,229
County Public Health	145,500	0
Head Start Program	0	150,412
County Highway	2,205	69,405
Capital Equipment Replacement	522,635	0
Tort Immunity	1,029	420,411
Illinois Municipal Retirement	102,468	0
Social Security	99,361	0
Subtotal Nonmajor Governmental	1,184,636	1,275,914
Internal Service Funds:		
Self-Funded Insurance	633,045	0
Employee Health Insurance	233,650	74
Subtotal Internal Service	866,695	74
 Total – All Funds	 2,242,229	 2,242,229
 <u>Advances To / From Other Funds:</u>	 <u>Receivable</u>	 <u>Payable</u>
Nonmajor Governmental Funds:		
Regional Planning Commission	\$195,340	\$0
RPC Economic Development Loans	0	195,340
 Total – All Funds	 195,340	 195,340

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES (continued)

Of the \$2,242,229 Due To/From Other Funds at November 30, 2005, \$205,000 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 \$195,340 at November 30, 2005.

NOTE 13 – INTERFUND TRANSFERS AND RPC ESCROW ACCOUNT

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Fund:		
General Corporate	\$706,992	\$697,553
Major Enterprise Fund:		
Nursing Home	25,786	31,703
Nonmajor Governmental Funds (aggregate)	2,408,643	2,421,897
Internal Service Funds (aggregate)	9,732	0
	3,151,153	3,151,153
Total – All Funds	3,151,153	3,151,153

In FY2005, total interfund transfers in, \$3,151,153, equal total transfers out, \$3,151,153. 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, 2005 was a \$4,993 increase in the transfers into the Regional Planning Commission Fund.

Interfund transfers in/out include grant matches, interfund subsidies and transfers into debt service funds. Some significant transfers include \$1,031,600 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 \$241,774 from the Public Safety Sales Tax Fund and \$280,861 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 FY2005. 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 \$42,000.

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, 2005 are as follows:

	Nov. 30, 2004 Balance	FY 2005 Additions	FY 2005 Deductions	Nov. 30, 2005 Balance
Governmental Activities	\$1,706,552	\$2,557,328	(\$2,120,697)	\$2,143,183
Business-Type Activities	287,223	554,908	(501,776)	340,355

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 \$300,000 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 2005, net of insurance reimbursements, were \$508,120. GASB Statement No. 10 requires that a liability for claims be reported if the liability is both probable and estimable. Annually the liability for 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, 2003, estimated (undiscounted) claims incurred during the year ended November 30, 2005 were projected to be \$607,555 (including IBNR) and the year-end liability for unpaid claims was projected at \$686,117. 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>
2004	521,177	578,295	(512,790)	586,682
2005	586,682	607,555	(508,120)	686,117

NOTE 16 – RISK FINANCING (continued)

B. LIABILITY/AUTO SELF-FUNDED INSURANCE

The County began self-funding liability and auto insurance in FY94 through the Self-Funded Insurance (Internal Service) Fund. The plan is administered by an independent company. The County's risk retention is \$250,000 per year. 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 2005, net of insurance reimbursements, were \$121,278. 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, 2003, estimated (undiscounted) claims incurred during the year ended November 30, 2005 were projected at \$231,059 (including IBNR) and the liability for claims payable at November 30, 2005 was estimated at \$245,441. 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>
2004	195,589	220,911	(280,840)	135,660
2005	135,660	231,059	(121,278)	245,441

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

1995 Series Jail Construction Bonds: \$10,000,000;	
due in 14 annual installments from 1997 to 2010;	
interest rates at 4.25% to 5.60%;	
partially refunded (in-substance defeasance) in FY 2004;	
remaining annual installments due through 2005;	
Balance outstanding at November 30, 2004	\$750,000
Bond interest payments made in FY 2005	\$19,125
Bond principal payments made in FY 2005	\$750,000
Balance outstanding at November 30, 2005	\$0
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%;	
partially refunded (in-substance defeasance) in FY 2005;	
remaining annual installments due through 2023;	
Balance outstanding at November 30, 2004	\$23,565,000
Bond interest payments made in FY 2005	\$911,672
Bond principal payments made in FY 2005	\$135,000
Bond refunded (in-substance defeasance) in FY 2005	\$17,660,000
Balance outstanding at November 30, 2005	\$5,770,000
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%;	
partially refunded (in-substance defeasance) in FY 2004;	
remaining annual installments due through 2018;	
Balance outstanding at November 30, 2004	\$3,561,902
Bond interest payments made in FY 2005	\$25,037
Bond principal payments made in FY 2005	\$84,963
Balance outstanding at November 30, 2005	\$3,476,939
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;	
partially refunded (in-substance defeasance) in FY 2005;	
remaining annual installments due through 2022;	
Balance outstanding at November 30, 2004	\$19,405,000
Bond interest payments made in FY 2005	\$612,721
Bond principal payments made in FY 2005	\$800,000
Bond refunded (in-substance defeasance) in FY 2005	\$8,055,000
Balance outstanding at November 30, 2005	\$10,550,000

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005

NOTE 17 – LONG TERM DEBT (continued)

2004A Series Jail Construction Refunding Bonds: \$4,780,000; due in 6 annual installments from 2005 to 2010; interest rates at 2.000% to 2.750%; \$50,935 bond premium amortized over 5 years 9 months; \$67,179 bond issuance costs amortized over 5 years 9 months; \$363,756 deferred charge on refunding amortized over 5 years 9 months;	
Balance outstanding at November 30, 2004	\$4,780,000
Bond interest payments made in FY 2005	\$112,475
Bond principal payments made in FY 2005	\$150,000
Balance outstanding at November 30, 2005	\$4,630,000
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, 2004	\$1,520,000
Bond interest payments made in FY 2005	\$49,475
Bond principal payments made in FY 2005	\$30,000
Balance outstanding at November 30, 2005	\$1,490,000
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, 2004	\$0
Bonds issued in FY 2005	\$7,425,000
Bond interest payments made in FY 2005	\$44,323
Bond principal payments made in FY 2005	\$0
Balance outstanding at November 30, 2005	\$7,425,000
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, 2004	\$0
Bonds issued in FY 2005	\$18,440,000
Bond interest payments made in FY 2005	\$98,739
Bond principal payments made in FY 2005	\$0
Balance outstanding at November 30, 2005	\$18,440,000

COUNTY OF CHAMPAIGN, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

NOTE 17 – LONG TERM DEBT (continued)

2005 Bond Transactions

Bonds payable November 30, 2004	\$53,581,902
Bonds issued in FY 2005	\$25,865,000
Bonds retired in FY 2005	(\$1,949,963)
Bonds refunded in FY 2005	<u>(\$25,715,000)</u>
Bonds payable November 30, 2005	<u>\$51,781,939</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		
	Principal	Interest	Principal	Interest	
2006	1,855,000	875,415	697,278	1,364,905	4,792,598
2007	1,765,000	834,321	338,906	1,363,476	4,301,703
2008	1,810,000	789,727	392,080	1,369,623	4,361,430
2009	1,855,000	739,564	451,360	1,377,566	4,423,490
2010	1,755,000	685,571	545,558	1,384,142	4,370,271
2011	935,000	640,515	760,000	1,253,897	3,589,412
2012	975,000	604,093	1,580,000	1,212,828	4,371,921
2013	900,000	562,702	1,005,415	1,864,810	4,332,927
2014	935,000	516,827	1,058,322	1,895,343	4,405,492
2015	1,000,000	468,452	1,169,962	1,854,176	4,492,590
2016	1,030,000	416,415	1,205,492	1,865,452	4,517,359
2017	1,085,000	360,896	1,250,859	1,874,285	4,571,040
2018	1,145,000	302,359	1,296,707	1,855,124	4,599,190
2019	1,205,000	240,671	950,000	974,188	3,369,859
2020	1,385,000	175,800	1,015,000	907,381	3,483,181
2021	1,450,000	107,760	1,140,000	818,488	3,516,248
2022	1,520,000	36,480	1,275,000	718,869	3,550,349
2023	--	--	1,420,000	607,700	2,027,700
2024	--	--	1,605,000	509,000	2,114,000
2025	--	--	1,730,000	425,625	2,155,625
2026	--	--	1,865,000	335,750	2,200,750
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
	22,605,000	8,357,568	29,176,939	26,278,691	86,418,198

At November 30, 2005, \$1,476,773 was available in the Debt Service Funds, and \$1,545,848 was available in reserved fund balance in the Public Safety Sales Tax Special Revenue Fund to meet debt service requirements.

NOTE 17 – LONG TERM DEBT (continued)

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, 2004	\$601,563
Loan principal payments made in FY 2005	\$52,500
Balance outstanding at November 30, 2005	\$549,063

2005 Intergovernmental Loan Transactions

Loans payable November 30, 2004	\$601,563
New loans incurred in FY 2005	\$0
Loan principal payments made in FY 2005	<u>(\$52,500)</u>
Loans payable November 30, 2005	<u>\$549,063</u>

Annual Debt Service Requirements for Intergovernmental Loans

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

	<u>Governmental Activities</u>
	General
Fiscal	<u>Corporate Fund</u>
<u>Year</u>	<u>Principal</u>
2006	52,500
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	<u>24,063</u>
	<u><u>549,063</u></u>

NOTE 17 – LONG TERM DEBT (continued)

C. CAPITAL LEASE OBLIGATIONS – GOVERNMENTAL ACTIVITIES

Admin. Services – mainframe computer: new equipment 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, 2004	\$101,195
Interest payments made in FY 2005	\$4,434
Principal payments made in FY 2005	\$62,775
Principal balance outstanding November 30, 2005	\$38,420

Admin. Services/General County – Kronos payroll/human resources
 System hardware and software 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, 2004	\$0
New lease incurred in FY 2005	\$241,353
Interest payments made in FY 2005	\$0
Principal payments made in FY 2005	\$70,395
Principal balance outstanding November 30, 2005	\$170,958

Admin. Services/General County – Kronos payroll/human resources
 System additional software 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, 2004	\$0
New lease incurred in FY 2005	\$3,703
Interest payments made in FY 2005	\$108
Principal payments made in FY 2005	\$342
Principal balance outstanding November 30, 2005	\$3,361

Admin. Services/Public Safety Sales Tax – justice system computer
 Servers 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, 2004	\$0
New lease incurred in FY 2005	\$164,108
Interest payments made in FY 2005	\$405
Principal payments made in FY 2005	\$4,365
Principal balance outstanding November 30, 2005	\$159,743

2005 Capital Lease Transactions

Capital lease obligation November 30, 2004	\$101,195
New leases incurred in FY 2005	\$409,164
Lease principal payments made in FY 2005	<u>(\$137,877)</u>
Capital lease obligation November 30, 2005	<u>\$372,482</u>

NOTE 17 – LONG TERM DEBT (continued)

Future Minimum Lease Payments

Fiscal Year	Governmental Activities		Total
	General Corporate Fund	Public Safety Sales Tax Fund	
	Total Lease Payments	Total Lease Payments	
2006	162,585	57,240	219,825
2007	51,409	57,240	108,649
2008	0	52,470	52,470
Total minimum lease payments	213,994	166,950	380,944
Amount representing interest	(1,255)	(7,207)	(8,462)
Present value of lease payments	212,739	159,743	372,482

D. SUMMARY OF CHANGES IN LONG TERM LIABILITIES

	Nov. 30, 2004 Balance	FY 2005 Additions	FY 2005 Deductions	Nov. 30, 2005 Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$53,581,902	\$25,865,000	(\$27,664,963)	\$51,781,939	\$2,552,278
Unamortized Bond Premium	327,058	1,345,685	(68,404)	1,604,339	0
Deferred Amount on Refunding	(465,483)	(1,167,845)	109,843	(1,523,485)	0
Total Bonds Payable	53,443,477	26,042,840	(27,623,524)	51,862,793	2,552,278
Intergovernmental Loans	601,563	0	(52,500)	549,063	52,500
Capital Lease Obligations	101,195	409,164	(137,877)	372,482	214,606
Estimated Claims Payable	722,342	838,614	(629,398)	931,558	582,441
Compensated Absences	1,706,552	2,557,328	(2,120,697)	2,143,183	2,143,183
Total Governmental Activities	56,575,129	29,847,946	(30,563,996)	55,859,079	5,545,008
<u>Business-Type Activities:</u>					
Compensated Absences	\$287,223	\$554,908	(\$501,776)	\$340,355	\$340,355
Total Business-Type Activities	287,223	554,908	(501,776)	340,355	340,355

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. REFUNDING BONDS

(1) 2005A Refunding Bonds issued to advance refund 2003 Nursing Home Construction Bonds. On May 19, 2005, \$7,425,000 in general obligation bonds with interest rates ranging from 3.000% to 5.250% were issued to advance refund \$8,055,000 in general obligation bonds with interest rates ranging from 3.950% to 5.250%. The net proceeds of the refunding bonds were placed in an irrevocable trust with an escrow agent to meet the debt service requirements of the 2003 bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements; only the new debt is reported. The \$96,404 difference between the amount deposited with the escrow agent and the carrying amount of the defeased debt is reported as a deduction against bonds payable and is being amortized against interest expense over the life of the new bonds, which is shorter than the life of the old bonds. Cash flows required to service the new debt are \$788,942 less than what would have been required to service the old debt, resulting in an economic gain of \$358,699.

(2) 2005B Refunding Bonds issued to advance refund 1999 Public Safety Bonds. On May 19, 2005, \$18,440,000 in general obligation bonds with interest rates ranging from 3.000% to 5.250% were issued to advance refund \$17,660,000 in general obligation bonds with interest rates ranging from 4.750% to 5.400%. The net proceeds of the refunding bonds were placed in an irrevocable trust with an escrow agent to meet the debt service requirements of the 1999 bonds, resulting in the defeasance of the old debt. Defeased debt is not reported in the financial statements; only the new debt is reported. The \$1,071,441 difference between the amount deposited with the escrow agent and the carrying amount of the defeased debt is reported as a deduction against bonds payable and is being amortized against interest expense over the life of the new bonds, which is the same as the life of the old bonds. Cash flows required to service the new debt are \$1,439,706 less than what would have been required to service the old debt, resulting in an economic gain of \$867,486.

B. DEFEASED DEBT

(1) 1995 Jail Construction Bonds. In 2004, the 1995 Jail 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. The defeased 1995 Jail Construction Bonds have been completely paid off as of November 30, 2005.

(2) 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, 2005.

(3) 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, 2005.

(4) 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, 2005.

NOTE 19 – RESERVED, DESIGNATED AND DEFICIT FUND EQUITY

A. RESERVED

(1) At November 30, 2005, the Public Safety Sales Tax (Special Revenue) Fund's fund balance was reserved for debt service in the amount of \$1,545,848. The Public Safety Sales Tax Alternative 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 \$1,545,848 available to meet debt service requirements.

(2) The fund balance of the Regional Planning Commission (Special Revenue) Fund was reserved at November 30, 2005 for a long term interfund advance in the amount of \$195,340. Fund balance is reserved for long term receivables in governmental funds because they are not available current financial resources.

(3) At November 30, 2005, the fund balance of the Regional Planning Commission Economic Development Loan (Special Revenue) Fund was reserved for long term program loans receivable in the amount of \$2,536,241. 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, 2005.

C. DEFICIT

As of November 30, 2005, the following funds had deficit fund equity:

- Victim Advocacy Grant Special Revenue Fund (\$7,496)
- Juvenile Information Sharing System Grant Special Revenue Fund (\$6,111)
- Tort Immunity Special Revenue Fund (\$211,013)
- Self-Funded Insurance Internal Service Fund (\$71,225)

NOTE 20 – DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by the Public Employees Benefit Services Corporation on behalf of the National Association of Counties. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Contributions to the plan are recorded on the County's books as current salaries expenditures. All assets and income of the plan are held in trust by the plan administrator for the exclusive benefit of the participants and their beneficiaries. The County does not take an active role in managing the plan assets. Therefore, in accordance with GASB Statement No. 32, the deferred compensation plan is not reported in the County's financial statements.

NOTE 21 - DEFINED BENEFIT PENSION PLAN

The most current information available is for the plan year ended December 31, 2005 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 6.50%; and participating Elected County Officials contribute 7.50%. 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 2005 was 7.86% of payroll for Regular, 14.69% of payroll for SLEP and 71.51% 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, 2005 was 27 years for Regular, SLEP and ECO.

For December 31, 2005, the County's annual pension cost of \$1,733,572 for Regular, \$919,770 for SLEP and \$210,770 for ECO was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 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 2005 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 2005 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.

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			
12/31/05	\$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
12/31/96	1,093,741	100%	0
SHERIFF'S LAW ENFORCEMENT PERSONNEL			
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
12/31/96	408,263	100%	0
ELECTED COUNTY OFFICIALS			
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
12/31/96	(plan not in effect)		

COUNTY OF CHAMPAIGN, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005

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						
12/31/05	\$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%
12/31/96	23,680,624	22,058,059	(1,622,565)	107.36%	13,688,873	-11.85%

* On a market value basis, the actuarial value of assets as of December 31, 2005 was \$41,734,424. On a market basis, the funded ratio would be 107.74%.

SHERIFF'S LAW ENFORCEMENT PERSONNEL

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%
12/31/96	8,345,762	9,588,829	1,243,067	87.04%	3,430,781	36.23%

* On a market value basis, the actuarial value of assets as of December 31, 2005 was \$16,271,975. On a market basis, the funded ratio would be 80.17%.

ELECTED COUNTY OFFICIALS

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%
12/31/96	(plan not in effect)					

* On a market value basis, the actuarial value of assets as of December 31, 2005 was (\$821,987). On a market basis, the funded ratio would be -58.42%.

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, 2005 (the latest fiscal year end for METCAD), Champaign County's equity interest share was 17.35%, or \$1,370,588, which is reported in the Statement of Net Assets as an investment in joint venture. The net increase of \$147,986 over the amount reported for June 30, 2004, 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, 2005 is provided below.

Financial Position as of June 30, 2005

Total Assets	\$8,172,785
Total Liabilities	<u>\$273,143</u>
Net Assets	<u><u>\$7,899,642</u></u>

Results of Operations for Fiscal Year Ending June 30, 2005

Total Revenues	\$3,877,983
Total Expenses	<u>\$3,046,672</u>
Change in Net Assets	\$831,311
Beginning Net Assets	<u>\$7,068,331</u>
Ending Net Assets	<u><u>\$7,899,642</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, 2005 (the latest year end for the GIS Consortium), Champaign County's equity interest share was 67.85%, totaling \$62,860, which is reported in the Statement of Net Assets as an investment in joint venture. The net decrease of \$38,427 in the County's share of equity for the year ended June 30, 2005 is reported in the Statement of Activities under program expenses 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, 2005 is presented below.

Financial Position as of June 30, 2005

Total Assets	\$138,535
Total Liabilities	<u>\$45,889</u>
Net Assets	<u><u>\$92,646</u></u>

Results of Operations for Fiscal Year Ending June 30, 2005

Total Revenues	\$434,488
Total Expenses	<u>\$485,166</u>
Change in Net Assets	<u>(\$50,678)</u>
Beginning Net Assets	<u>\$143,324</u>
Ending Net Assets	<u><u>\$92,646</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 May 18, 2006, the County has entered into construction contracts in the amount of \$20.9 million with \$1.7 million remaining in contractual obligations. The Nursing Home Construction Fund balance was \$3.4 million as of November 30, 2005.

B. COURTHOUSE COMPLEX

In the fall of 1998, Champaign County voters elected to remodel the existing courthouse and to construct a new 90,000 square foot courtroom complex next to the existing courthouse. The courthouse/courts complex was estimated to cost \$27 million, funded by bonds issued in May 1999 and February 2000. The funding source to repay the bonds is a ¼ cent sales tax for public safety that was approved by the Champaign County voters in November 1998.

Construction of the 90,000 square foot addition and remodeling of the old courthouse has been completed and departments moved in. The Courts Complex Construction Fund balance was \$1.5 million as of November 30, 2005.

(1) Clock Tower Renovation

In 2001, the County Board appointed a committee of private citizens and county board members to look into repair and replacement of the old courthouse clock tower. The tower had not been included in the \$27 million project. The county approved \$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 \$800,000 of the \$1 million anticipated cost.

(2) Old Courthouse Façade

During remodeling of the old courthouse, contractors discovered extensive damage to the structure's brick, stone and mortar façade. The County has received estimates of \$3 million for repair. The County Board has not yet entered into a contract, but they voted to work with WBA Architects P.C., and an agreement is expected to be reached with the next two months.

NOTE 24 – COMMITMENTS (continued)

C. MAJOR ROAD PROJECTS

The County Highway Department has 4 Special Revenue Funds with November 30, 2005 fund balances totaling \$13,185,344. Much of those funds are committed to dozens of road and bridge projects. Major projects with significant commitments as of May 17, 2006, include:

<u>PROJECT</u>	<u>ORIGINAL COMMITMENT</u>	<u>EXPENDITURES PAID</u>	<u>OUTSTANDING COMMITMENT</u>
Staley Road (C.H. 25)	\$5,160,000	\$4,475,234	\$ 235,683
County Highways 18, 15 Widening & Resurfacing	\$5,500,000	\$3,032,108	\$ 2,500
Lierman Avenue	\$1,000,000	\$ 865,000	\$ 135,000
Curtis Road	\$1,822,406	\$ 491,373	\$1,331,033
Ludlow Road (C.H. 9) (FY 05)	\$1,700,000	\$1,354,000	\$ 72,773
Ludlow Road (C.H. 9) (FY 06)	\$ 535,500	\$ 0	\$ 535,500

These are multiple year projects. Expenditures will be made in FY2006, FY2007, and possibly FY2008.

D. HIGHWAY MAINTENANCE/FLEET MAINTENANCE FACILITY

In March 2005 the County approved construction of a new Highway Maintenance/Fleet Maintenance Facility. The project is estimated to cost \$6.4 million. As of May 18, 2006, a contract has been signed with BLDD Architects in the amount of \$450,000. The County has paid \$161,000 with \$289,000 remaining in contractual obligations.

NOTE 25 – SUBSEQUENT EVENTS

On February 9, 2006 the County issued \$2,450,000 in taxable General Obligation Bonds for the purpose of funding pension obligations. The proceeds of the new bonds were paid to the Illinois Municipal Retirement Fund to retire the County's Early Retirement Incentive liability.