



OCT 26 2006

Toll-Free Local Government Assistance Hotline (877) 361-3899
 Urbana-Champaign Sanitary District (010/020/16)
 Fiscal Year 2006

Mark Sheldon
CHAMPAIGN COUNTY CLERK

Confirmation of 2006 AFR Submission

Urbana-Champaign Sanitary District (010/020/16) has successfully submitted their 2006 Annual Financial Report to the Office of the State Comptroller on 10/25/2006

Instructions of Printing a Hard Copy of Your Report

To print a hard copy of your report, click [here](#). After the report is displayed in the browser's window, click on the "Printer" icon in the applet's window (not the printer icon on your browser). When the Print Dialog Box is displayed, click on the "Properties" button, select Landscape, and click on the "OK" button. Finally, click on the "OK" button again. **DO NOT** close the browser until the report is completely printed or your report will not get printed.

FY 2006 Annual Financial Report

Special Purpose Long Form

CC Copy - 10/25/2006 11:07:47AM

DO NOT SEND THIS PAPER COPY - THIS IS YOUR COPY.

MAKE SURE YOU HAVE CLICKED THE SUBMIT BUTTON IN THE COMPTROLLER CONNECT PROGRAM. THIS WILL PROVIDE THE COMPTROLLER'S OFFICE WITH A COPY OF YOUR ANNUAL FINANCIAL REPORT.

Unit Name: Urbana-Champaign Sanitary District

County: CHAMPAIGN

Unit Code: 010/020/16

I attest that, to the best of my knowledge, this report represents a complete and accurate statement of the financial position of Unit Name: Urbana-Champaign Sanitary District as of the end of this fiscal year.

Written signature of government official
Leslie Lundy, Accountant
Please Sign

Date

PLEASE CROSS OUT ALL INCORRECT INFORMATION AND PROVIDE CORRECTIONS

STEP 1: ENTER CONTACT INFORMATION

Is the following information correct and complete? Yes No

A. Contact Person (elected or appointed official responsible for filling out this form):		B. Chief Executive Officer (elected or appointed official responsible for the executive administration, i.e. mayor, supervisor, or chairman):		C. Chief Financial Officer (elected or appointed official responsible for maintaining the government's financial records):	
Leslie	Lundy	Michael	Little	Jerome	Lyke
Accountant		Director		Treasurer	
PO Box 669		PO Box 669		PO Box 669	
Urbana		Urbana		Urbana	
IL		IL		IL	
61803-0669		61803-0669		61803-0669	
Phone 217-367-3409 Ext.		Phone 217-367-3409		Phone 217-367-3409	
Fax: 217-367-2603		Fax: 217-367-2603		Fax: 217-367-2603	
E-mail:		E-mail:		E-mail:	

If the Chief Executive Officer and the Chief Financial Officer are the same person as the Contact Person, please check this box and skip to Step 2. If not, please do not leave columns B and C blank.

STEP 2: VERIFY FISCAL YEAR END

FY END DATE: 04/30/2006

If the fiscal year end date, listed above, is incorrect, cross out the incorrect date and provide the correct date. Official documentation of this change must be sent to the Chicago office before the fiscal year end date is officially changed.

STEP 3: GASB 34, ACCOUNTING SYSTEM, AND DEBT

A. Has your government implemented GASB 34 in FY 2006 reporting or in previous reporting years? X Yes ___ No

If Yes:

- o Governments who have implemented GASB 34 and are using "other basis of accounting" (OCBOA) such as "Cash Basis" and "Modified Cash Basis" as their accounting system will now be able to select these types as their accounting system
o Please fill out the Alternative Assets & Liabilities page, located on page F1(b)

B. Which type of accounting system does Urbana-Champaign Sanitary District use:

___ Cash - with no assets (Cash Basis) X Modified Accrual/Accrual
___ Cash - with assets (Modified Cash Basis) ___ Combination (explain)

C. Does the government have debt this reporting fiscal year? X Yes ___ No

D. If "Yes", indicate the type(s) of debt.

___ G.O. Bonds ___ Revenue Bonds
___ Alternate Revenue Bonds X Contractual Commitments
___ Other

STEP 4: POPULATION, EAV AND EMPLOYEES

^What is the total population of Urbana-Champaign Sanitary District?	125,861
What is the total EAV of Urbana-Champaign Sanitary District?	0
*How many full time employees are paid?	51
*How many part time employees are paid?	1
What is the total salary paid to all employees?	2,470,333

^Or provide estimated population.

*Do not include contractual employees.

STEPS 5 AND 6: COMPONENT UNITS AND APPROPRIATIONS

Provide the appropriation for the primary government listed in the first row of the table below.

In the remaining rows, provide the names of all component units along with their appropriations. Indicate if the component units are blended or discretely presented, its fiscal year end date and if the component unit was funded with governmental fund types or enterprise fund types. If the component units are already indicated, that data is based on forms submitted last year. If you have more component units than the rows provided below, please indicate them on an attachment.

If you need assistance with the terms indicated below, refer to the *Chart of Accounts and Definitions* and the *How to Fill Out An AFR* documents.

Name of Unit/Component	Appropriation	Type of Component Unit	FISCAL YEAR END	Enterprise Fund Type or Governmental Fund Type
FUNDS SHOULD NOT BE LISTED HERE				
Urbana-Champaign Sanitary District	\$20,142,363		04/30	
Total Appropriations	\$20,142,363			

STEP 7: AUDITS

Provide CPA's information if Urbana-Champaign Sanitary District is required to submit an audit to the Office of the Comptroller.

Firm Name:	Clifton Gunderson LLP
CPA's first name:	Beth
CPA's last name:	Jordan
CPA's Title:	Partner
Address:	2511 Galen Drive
City:	Champaign
State:	IL
ZIP:	61821
Phone:	217-351-7400
Fax:	217-355-9549
Email:	beth.jordan@cliftoncpa.com
State Registration Number:	3034-6150

STEP 8: OTHER GOVERNMENTS

Indicate any payments Urbana-Champaign Sanitary District made to other governments for services or programs (include programs performed on a reimbursement, cost-sharing basis or federal payroll taxes).

Intergovernmental agreements - indicate how much was paid	522,539
Federal government payroll taxes	179,820
All other intergovernmental payments	228,501

STEP 9: FUND LISTING & ACCOUNT GROUPS

A. List all funds and how much was spent in FY 2006 for each fund. Also, indicate the Fund Type (Fund Types are at the top of each column beginning on page F1). If any fund names appear below, the data is based on forms submitted last year. Please make all necessary corrections. If you have more fund names than the rows provided below, please indicate them on an attachment.

Fund Name	Expenditure	Fund Type	FY End
Enterprise Fund	\$8,798,733	Enterprise Fund	04/30
Total Expenditures	\$8,798,733		

B. Does Urbana-Champaign Sanitary District have assets or liabilities that should be recorded as a part of Account Groups? See Chart of Accounts and Definitions and the How to Fill Out An AFR documents for more information about Account Groups.

___ Yes X No

STEP 10: GOVERNMENTAL ENTITIES

List of governmental entities that are part of or related to the primary government. Exclude component units detailed in Steps 5 & 6. Most small governments do not have governmental entities.

Entity Name	Relationship

STEP 11: REPORTING

Check any state or local entity where financial reports are filed.

STATE AGENCIES	
___ - Board of Education	___ - Board of Higher Education
___ - DCCA	___ - Department of Insurance
OTHER STATE OR LOCAL OFFICES	
<input checked="" type="checkbox"/> - Illinois Comptroller	___ - Secretary of State
___ - General Assembly - House	___ - General Assembly - Senate
<input checked="" type="checkbox"/> - County Clerk	___ - Circuit Clerk
___ - Governor's Office	___ - Other - _____

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Assets					
101t	Cash and Cash Equivalent	0	6,442,244	0	0
102t	Investments	0	14,201,878	0	0
115t	Receivables	0	1,705,310	0	0
109t	Inventories	0	77,188	0	0
112t	Other Assets (Explain)	0	132,654	0	0
Non-Current Assets					
116t	Capital Assets/Net of Accumulated Depreciation	0	79,406,188	0	0
117t	Other Capital Assets	0	0	0	0
120t	TOTAL ASSETS	0	101,965,462	0	0

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Liabilities					
Current Liabilities					
122t	All Payables	0	2,717,411	0	0
132t	Deferred Revenues	0	1,244,496	0	0
128t	Other Liabilities (Explain)	0	0	0	0
Non-Current/Long-Term Liabilities					
129t	Due Within One Year	0	401,805	0	0
130t	Due Beyond One Year	0	50,683,845	0	0
131t	Other Non-Current/Long Term Liabilities	0	0	0	0
135t	TOTAL LIABILITIES	0	55,047,557	0	0

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Net Assets					
143t	Investments in Capital Assets/Net of Related Debt	0	28,320,539	0	0
148t	Net Assets - Restricted	0	0	0	0
149t	Net Assets - Unrestricted	0	18,597,366	0	0
146t	TOTAL NET ASSETS	0	46,917,905	0	0
147t	TOTAL LIABILITIES & NET ASSETS	0	101,965,462	0	0

Revenues and Receipts

Code	Enter all Amount in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Local Taxes									
201t	Property Tax	0	0	0	0	0	0	0	0
203t	Utilities Tax	0	0	0	0	0	0	0	0
204t	Other Taxes (Explain)	0	0	0	0	0	0	0	0
Intergovernmental Receipts & State or Federal Grants									
212t	State Sales Tax	0	0	0	0	0	0	0	0
213t	State Motor Fuel Tax	0	0	0	0	0	0	0	0
214t	State Replacement Tax	0	0	0	0	246,348	0	0	0
205t	State Gaming Tax(es)	0	0	0	0	0	0	0	0
215t	Other State Sources (Explain)	0	0	0	0	0	0	0	0
225t	Federal Sources	0	0	0	0	0	0	0	0
226t	Other Intergovernmental (Explain)	0	0	0	0	0	0	0	0
Other Local Sources									
231t	Licenses and Permits	0	0	0	0	2,045,134	0	0	0
233t	Fines and Forfeitures	0	0	0	0	0	0	0	0
234t	Charges for Services	0	0	0	0	9,774,301	0	0	0
235t	Interest	0	0	0	0	656,976	0	0	0
236t	Miscellaneous (Explain)	0	0	0	0	386,254	0	0	0
240t	Total Receipts and Revenue	0	0	0	0	13,109,013	0	0	0

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
	Report in Whole Numbers								
251t	General Government	0	0	0	0	0	0	0	0
252t	Public Safety	0	0	0	0	0	0	0	0
254t	Judiciary and Legal	0	0	0	0	0	0	0	0
255t	Transportation and Public Works	0	0	0	0	0	0	0	0
256t	Social Services	0	0	0	0	0	0	0	0
257t	Culture and Recreation	0	0	0	0	0	0	0	0
258t	Housing	0	0	0	0	0	0	0	0
275t	Environment	0	0	0	0	6,018,189	0	0	0
259t	Debt	0	0	0	0	1,097,992	0	0	0
271t	Public Utility Company	0	0	0	0	0	0	0	0
272t	Depreciation	0	0	0	0	1,682,552	0	0	0
280t	Capital Outlay	0	0	0	0	0	0	0	0
260t	Other Expenditures (Explain)	0	0	0	0	0	0	0	0
270t	Total Expenditures/Expense	0	0	0	0	8,798,733	0	0	0

Office of the Comptroller, Daniel W. Hynes
 FY 2006 AFR
 Special Purpose Form

Fund Balances and Other Financing Sources (Uses)

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
301t	Excess of receipts/revenues over (under) expenditures/expenses (240t-270t)	0	0	0	0	4,310,280	0	0	0
302t	Operating transfers in	0	0	0	0	0	0	0	0
303t	Operating transfers out	0	0	0	0	0	0	0	0
304t	Bond proceeds	0	0	0	0	0	0	0	0
305t	Other (Explain)	0	0	0	0	0	0	0	0
306t	Net increase(decrease) in fund balance (301t + 302t - 303t + 304t + 305t)	0	0	0	0	4,310,280	0	0	0
307t	Previous year fund balance	0	0	0	0	3,903,302	0	0	0
308t	Other (Explain)	0	0	0	0	0	0	0	0
310t	Current Year Ending Fund Balance (306t + 307t + 308t)	0	0	0	0	8,213,582	0	0	0

Statement of Indebtedness

Debt Instruments for All Funds	Code	Outstanding Beginning of Year	Code	Issued Current Fiscal Year	Code	Retired Current Fiscal Year	Code	Outstanding End of Year
Report in Whole Numbers								
General Obligation Bonds	400	0	406	0	412	0	418	0
Revenue Bonds	401	0	407	0	413	0	419	0
Alternate Revenue Bonds	402	0	408	0	414	0	420	0
Contractual Commitments	403	41,298,615	409	10,681,486	415	894,451	421	51,085,650
Other (Explain)	404	0	410	0	416	0	422	0
Total Debt	405	41,298,615	411	10,681,486	417	894,451	423	51,085,650

Explanation or Comments:
Gen

112t - Prepaid expenses
236t - Septic hauling and sludge disposal

Office of the Comptroller, Daniel W. Hynes
FY 2006 APR
Special Purpose Form

* Urbana-Champaign Sanitary District Capital Outlay

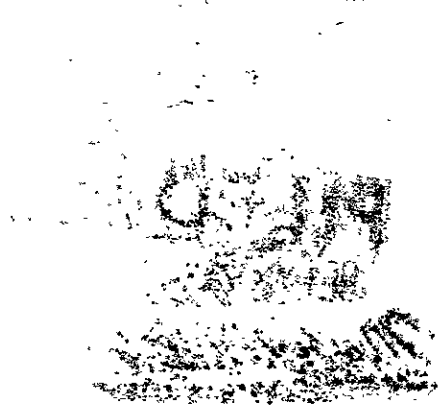
		These are not funds	
Code	Function	Construction	Land, Structures, and Equipment
601t	General Government	0	0
602t	Law Enforcement	0	0
603t	Corrections	0	0
604t	Fire	0	0
605t	Sewerage	0	0
606t	Sanitation and Wastewater	12,015,284	0
607t	Parks and Recreation	0	0
608t	Housing and Community Development	0	0
609t	Highways, Roads and Bridges	0	0
610t	Parking Facilities	0	0
611t	Welfare	0	0
612t	Hospital	0	0
613t	Water	0	0
614t	Nursing Homes	0	0
615t	Conservation and Natural Resources	0	0
616t	Libraries	0	0
617t	Other	0	0

*This page should only be filled out if you have spent funds for capital projects or development.

*The Capital outlay page is requested by the U.S. Census Bureau and is considered optional by the State Comptroller.

*If you complete this page you WILL NOT have to complete the Survey of Government Finances from the U.S. Census Bureau.

*If you do NOT complete this page the U.S. Census Bureau will contact you for further information.



FILED
OCT 26 2006

Mark Sheldon
CHAMPAIGN COUNTY CLERK

CERTIFICATE OF PUBLICATION
IN

The News-Gazette®

REVENUES:

OPERATIONS & MAINTENANCE FUND

User Charges: Residential	\$4,684,836.61
User Charges: Commercial	1,739,269.28
User Charges: Industrial	200,139.62
User Charges: Governmental	64,322.80
Line Maintenance User Charges	405,071.06
Industrial Waste Treatment	552,297.48
Industrial Sludge Disposal	53,117.48
Septic Hauling	51,111.10
Contractual User Charges	1,525,322.33
Billing Charges	326,439.88
Delinquency Fees	89,373.57
Enforcement Charges	65,239.16
City Billing Charges	68,871.86
Illinois Replacement Tax	246,348.05
Interest Income	361,883.36
Miscellaneous Receipts	22,363.66
Transfer from Construction Fund	4,080,736.63
Contributed Capital	13,240.00
Total Operations & Maintenance Revenues	\$14,549,883.95

CONSTRUCTION FUND

Connection Permits	\$1,193,636.50
Interceptor Cost Recovery Fee	851,497.60
Interest Income	244,336.55
Miscellaneous Receipts	305,696.55
Transfer from O&M Fund	945,536.00
Transfer from Windsor/Curtis Rd Phase 1 Fund	137,455.82
Total Construction Revenues	\$3,408,247.38

2005 IMPROVEMENT PROJECT FUND

Loan Proceeds	\$6,986,554.00
Interest Income	54,254.19
Miscellaneous Receipts	7,083.00
Total 2005 Improvement Project Revenues	\$6,447,891.19

WINDSOR/CURTIS ROAD INTERCEPTOR PROJECT PHASE 1 FUND

Loan Proceeds	\$615,100.00
Interest Income	840.05
Total Windsor Rd Interceptor Project Revenues	\$615,440.05

WINDSOR/CURTIS ROAD INTERCEPTOR PROJECT PHASE 2 FUND

Loan Proceeds	\$3,540,383.00
Interest Income	3,838.36
Total Windsor Rd Interceptor Project Rev.	\$3,536,544.64
TOTAL REVENUE:	\$28,553,107.21

DISBURSEMENTS (over \$2,500): A & R MECHANICAL CONTRACTORS \$24,806.36; ADP, INC. \$11,222.24; ALL SERVICE CONTRACTING CORP \$5,270.34; ALLIED WASTE SERVICES \$21,897.12; AMEREN CIPS \$3,300.27; AMEREN ENERGY MARKETING \$166,522.94; AMEREN IP \$838,506.22; ARCHITECTURAL IRONWORKS OF DECATUR \$7,410.00; AREA WIDE TECHNOLOGIES \$4,795.99; AT&T \$20,013.06; ATKINS GROUP \$98,324.51; BACHMAN GEORGE T. \$2,717.97; BARNETT BATES CORP \$36,900.00; BERNIS CLANCY & ASSOCIATES PC \$6,745.74; BOB RIDINGS INC. \$51,782.00; BODINE ELECTRIC OF DECATUR INC. \$21,076.75; BRICKYARD DISPOSAL \$4,113.52; BRUBAKER & ASSOCIATES \$10,777.22; CARDINAL PUMP \$4,108.61; CARTER CONSTRUCTION \$3,660.00; CATERPILLAR INC. \$37,200.36; CDC PAPER & JANITOR SUPPLY CO. \$8,234.97; CDS OFFICE TECHNOLOGIES \$2,637.25; CDW GOVERNMENT INC. \$21,962.15; CENTRAL ILLINOIS BANK \$3,474.92; CHAMPAIGN COUNTY REGIONAL PLANNING COMMISSION \$5,000.00; CITY OF CHAMPAIGN \$89,390.50; CITY OF CHAMPAIGN HR DEPT \$376,138.59; CITY OF URBANA \$17,010.04; CLIFTON GUNDERSON \$10,000.00; COE EQUIPMENT INC. \$7,954.68; COMBINED CHARITABLE CAMPAIGN \$5,054.00; CONSOLIDATED COMMUNICATIONS \$17,568.21; CONSOER TOWNSEND ENVRODYNE \$961,724.78; COOKE BUSINESS FORMS \$7,691.46; CROSS CONSTRUCTION INC. \$4,176,556.29; CUSTOM COATINGS \$63,490.00; CUSTOM SERVICE CRANE \$5,600.00; DEEPA CORPORATION \$19,230.35; DELL COMPUTER CORP \$34,925.00; DOMESTIC UNIFORM & LINEN \$8,879.09; DRYDON EQUIPMENT \$3,064.11; ECO CLEAN CORP \$2,571.50; EMPLOYERS ASSOCIATION \$9,314.46; ERB, CARL \$2,862.95; ERWIN MARTINKUS & COLE LTD \$9,840.00; ESPI INC. \$3,827.48; FISHER SCIENTIFIC \$3,995.71; FLOORING DEPOT \$4,470.00; FLOW TECHNICS \$4,432.77; FOTH & VAN DYKE / DAILY DIVISION \$26,183.31; FRAUENHOFER & ASSOCIATES PC \$9,830.00; GARDNER, CARTON & DOUGLAS \$14,334.60; GASVODA & ASSOCIATES \$7,719.44; GENERAL PUMP & MACHINERY \$2,980.84; GLESCO ELECTRIC \$80,465.00; GOODWAY TECHNOLOGIES \$3,040.00; GORSKI REIFSTECK ARCHITECTS \$7,841.20; GRAINGER \$4,287.07; GREEN VIEW LANDSCAPING \$22,855.00; HAAKSMA JAMES \$2,971.84; HACH COMPANY \$8,731.40; HALLBECK DEVELOPMENT \$49,147.20; HICKSGAS URBANA \$14,783.38; HILLARD OIL COMPANY \$41,770.57; HOLDEN MICHAEL \$14,458.43; IKON OFFICE SOLUTIONS \$10,791.95; ILL EPA \$83,500.00; ILL PUBLIC RISK FUND \$125,362.00; ILLINI CONTRACTOR SUPPLY \$3,846.67; ILLINI FS \$4,590.45; ILLINI PLASTICS SUPPLY \$3,317.37; ILLINOIS AMERICAN WATER \$14,915.24; ILLINOIS ASSOCIATION WASTEWATER AGENCIES \$8,163.72; ILLINOIS EPA \$142,222.68; ILLINOIS MUNICIPAL RETIREMENT FUND \$301,357.89; INSTIFORM TECHNOLOGIES \$502,535.00; INTEGRITY SOLUTIONS \$5,755.00; JULIE INCORPORATED \$16,524.70; KEMIRON COMPANIES INC \$19,032.65; KIRBY RISK \$11,986.29; KRUTS ELECTRIC \$2,685.00; LEY & ASSOCIATES INC. \$3,714.13; LITTLE MICHAEL \$3,096.84; LUNDY LESLIE \$58,290.00; MACC OF ILLINOIS \$3,556.63; McMASTER CARR SUPPLY \$8,365.86; MENARDS INC. \$2,756.91; METROPOLITAN INDUSTRIES \$4,984.62; MEYER CAPEL \$7,794.00; MOTION INDUSTRIES \$5,080.44; MURFIELD INDUSTRIES \$67,839.00; N VIRO INTERNATIONAL CORP

The undersigned, THE NEWS-GAZETTE, INC. by its authorized agent, does certify that said Corporation is the publisher of The News-Gazette and that the daily secular newspaper of general circulation published in Champaign, Illinois, and said newspaper is a newspaper as defined by 715 ILCS and 715 ILCS 10/1 (1992); said publisher further certifies that the annexed published once each week for _____ consecutive week(s) in said newspaper on the following date(s):

September 16, A. D. 20 06

A. D. 20 _____

A. D. 20 _____

A. D. 20 _____

and publisher further certifies that the date of the first paper containing the said on the first date hereinabove set forth and that the date of the last paper containing said notice was on the last date hereinabove set forth.

The News-Gazette, Inc.
Publisher of The News-Gazette
By: Lynette Lykina
Authorized Agent

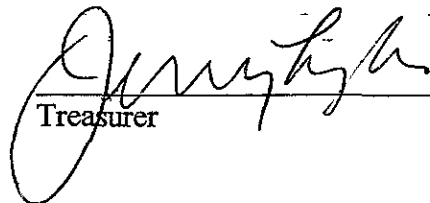
Publisher's fee \$ 338.00

STATE OF ILLINOIS)
)
COUNTY OF CHAMPAIGN)

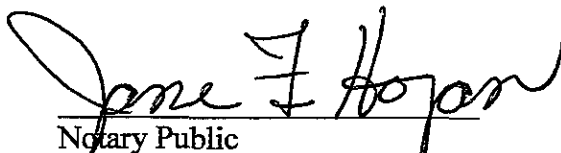
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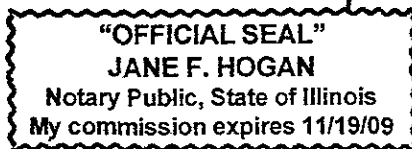
CERTIFICATE

I, Jerry Lyke, the duly appointed and acting Treasurer of the Urbana & Champaign Sanitary District, being duly sworn on my oath, depose and state the foregoing consists of a true and correct report of all receipts and disbursements of the Urbana & Champaign Sanitary District on the Operations and Maintenance, Construction, 2005 Improvement, Windsor/Curtis Interceptor Phase 1 and Windsor/Curtis Interceptor Phase 2 funds for the fiscal year beginning May 1, 2005 and ending April 30, 2006.


Treasurer

Signed and Sworn to before me
This 7th day of September, 2006


Notary Public



Urbana & Champaign Sanitary District
Treasurer's Report
Fiscal Year Ending April 30, 2006

REVENUES:

OPERATIONS & MAINTENANCE FUND

User Charges: Residential	\$4,684,836.61
User Charges: Commercial	\$1,739,269.28
User Charges: Industrial	\$200,139.62
User Charges: Governmental	\$64,322.80
Line Maintenance User Charges	\$405,071.06
Industrial Waste Treatment	\$552,297.48
Industrial Sludge Disposal	\$53,117.48
Septic Hauling	\$51,111.10
Contractual User Charges	\$1,525,322.33
Billing Charges	\$326,439.88
Delinquency Fees	\$89,373.57
Enforcement Charges	\$65,239.16
City Billing Charges	\$68,871.86
Illinois Replacement Tax	\$246,348.05
Interest Income	\$361,883.36
Miscellaneous Receipts	\$22,363.68
Transfer from Construction Fund	\$4,080,736.63
Contributed Capital	<u>\$13,240.00</u>
Total Operations & Maintenance Revenues	\$14,549,983.95

CONSTRUCTION FUND

Connection Permits	\$1,193,636.50
Interceptor Cost Recovery Fee	\$851,497.60
Interest Income	\$244,336.55
Miscellaneous Receipts	\$305,696.55
Transfer from O&M Fund	\$945,536.00
Transfer from Windsor/Curtis Road Phase 1 Fund	<u>-\$137,455.82</u>
Total Construction Revenues	\$3,403,247.38

2005 IMPROVEMENT PROJECT FUND

Loan Proceeds	- \$6,386,554.00
Interest Income	\$54,254.19
Miscellaneous Receipts	<u>\$7,083.00</u>
Total 2005 Improvement Project Revenues	\$6,447,891.19

WINDSOR/CURTIS ROAD INTERCEPTOR PROJECT PHASE 1 FUND

Loan Proceeds	\$615,100.00
Interest Income	<u>\$340.05</u>
Total Windsor Road Interceptor Project Revenues	\$615,440.05

WINDSOR/CURTIS ROAD INTERCEPTOR PROJECT PHASE 2 FUND

Loan Proceeds	\$3,540,383.00
Interest Income	<u>-\$3,838.36</u>
Total Windsor Road Interceptor Project Revenues	\$3,536,544.64

Total Revenue: \$28,553,107.21

DISBURSEMENTS (over \$2,500)

A&R MECHANICAL CONTRACTORS	\$234,806.36
ADP, INC.	\$11,222.24
ALL SERVICE CONTRACTING CORP.	\$5,270.34
ALLIED WASTE SERVICES	\$21,697.12
AMEREN-CIPS	\$3,300.27
AMEREN ENERGY MARKETING	\$166,522.94
AMEREN IP	\$838,506.22
ARCHITECTURAL IRONWORKS OF DECATUR	\$7,410.00
AREA-WIDE TECHNOLOGIES	\$4,795.99
AT&T	\$20,013.06
ATKINS GROUP	\$98,324.51
BACHMAN GEORGE T.	\$2,717.97

Urbana & Champaign Sanitary District
Treasurer's Report
Fiscal Year Ending April 30, 2006

BARNETT BATES CORP	\$36,900.00
BERNS CLANCY & ASSOCIATES PC	\$6,745.74
BOB RIDINGS INC.	\$51,782.00
BODINE ELECTRIC OF DECATUR INC.	\$21,076.75
BRICKYARD DISPOSAL	\$4,113.52
BRUBAKER & ASSOCIATES	\$10,777.22
CARDINAL PUMP	\$4,108.61
CARTER CONSTRUCTION	\$3,660.00
CATERPILLAR INC.	\$37,200.36
CDC PAPER & JANITOR SUPPLY CO.	\$8,234.37
CDS OFFICE TECHNOLOGIES	\$2,637.25
CDW GOVERNMENT INC.	\$21,962.15
CENTRAL ILLINOIS BANK	\$3,474.92
CHAMPAIGN COUNTY REGIONAL PLANNING COMMISSION	\$5,000.00
CITY OF CHAMPAIGN	\$89,390.50
CITY OF CHAMPAIGN, HR DEPT	\$376,138.59
CITY OF URBANA	\$17,010.04
CLIFTON GUNDERSON	\$10,000.00
COE EQUIPMENT INC.	\$7,954.68
COMBINED CHARITABLE CAMPAIGN	\$5,054.00
CONSOLIDATED COMMUNICATIONS	\$17,568.21
CONSOER TOWNSEND ENVIRODYNE	\$961,724.78
COOKE BUSINESS FORMS	\$7,691.46
CROSS CONSTRUCTION INC.	\$4,176,556.29
CUSTOM COATINGS	\$63,490.00
CUSTOM SERVICE CRANE	\$5,600.00
DEEPA CORPORATION	\$19,230.35
DELL COMPUTER CORP	\$34,925.00
DOMESTIC UNIFORM & LINEN	\$8,879.09
DRYDON EQUIPMENT	\$3,064.11
ECO-CLEAN CORP	\$2,571.50
EMPLOYERS ASSOCIATION	\$9,314.46
ERB, CARL	\$2,862.95
ERWIN MARTINKUS & COLE, LTD	\$9,840.00
ESRI INC.	\$3,827.48
FISHER SCIENTIFIC	\$3,995.71
FLOORING DEPOT	\$4,470.00
FLOW TECHNICS	\$4,432.77
FOTH & VAN DYKE / DAILY DIVISION	\$26,183.31
FRAUENHOFFER & ASSOCIATES PC	\$9,830.00
GARDNER, CARTON & DOUGLAS	\$14,334.60
GASVODA & ASSOCIATES	\$7,719.44
GENERAL PUMP & MACHINERY	\$2,980.84
GLESCO ELECTRIC	\$80,465.00
GOODWAY TECHNOLOGIES	\$3,040.00
GORSKI REIFSTECK ARCHITECTS	\$7,841.20
GRAINGER	\$4,287.07
GREEN VIEW LANDSCAPING	\$22,855.00
HAAKSMA JAMES	\$2,971.84
HACH COMPANY	\$8,731.40
HALLBECK DEVELOPMENT	\$49,147.20
HICKSGAS URBANA	\$14,783.38
HILLARD OIL COMPANY	\$41,770.57
HOLDEN MICHAEL	\$14,458.43
IKON OFFICE SOLUTIONS	\$10,791.95
ILL EPA	\$83,500.00
ILL PUBLIC RISK FUND	\$125,362.00
ILLINI CONTRACTOR SUPPLY	\$3,846.67
ILLINI FS	\$4,590.45
ILLINI PLASTICS SUPPLY	\$3,317.37
ILLINOIS AMERICAN WATER	\$14,915.24
ILLINOIS ASSOCIATION WASTEWATER AGENCIES	\$8,163.72

Urbana & Champaign Sanitary District
Treasurer's Report
Fiscal Year Ending April 30, 2006

ILLINOIS EPA	\$142,222.68
ILLINOIS MUNICIPAL RETIREMENT FUND	\$301,357.89
INSITUFORM TECHNOLOGIES	\$502,535.00
INTEGRITY SOLUTIONS	\$5,755.00
JULIE INCORPORATED	\$16,524.70
KEMIRON COMPANIES INC	\$19,032.65
KIRBY RISK	\$11,986.29
KRUTS ELECTRIC	\$2,685.00
LEY & ASSOCIATES INC.	\$3,714.13
LITTLE MICHAEL	\$3,096.84
LUNDY LESLIE	\$58,390.00
MACC OF ILLINOIS	\$3,556.63
McMASTER CARR SUPPLY	\$8,365.86
MENARDS INC.	\$2,756.91
METROPOLITAN INDUSTRIES	\$4,984.62
MEYER CAPEL	\$7,794.00
MOTION INDUSTRIES	\$5,090.44
MUIRFIELD INDUSTRIES	\$67,839.00
N-VIRO INTERNATIONAL CORP.	\$3,675.00
NACWA	\$5,759.00
NATIONWIDE RETIREMENT SOLUTION	\$46,124.04
NCPERS	\$2,656.00
NEENAH FOUNDRY	\$2,766.47
NEWS-GAZETTE INC.	\$5,429.63
NORTHERN GRAVEL COMPANY	\$7,488.00
ONB INSURANCE GROUP	\$162,191.00
PATTERSON ENGINEERING & MANUFACTURING	\$5,038.00
PDC LABS, INC.	\$7,168.00
PIONEER INDUSTRIAL CORP	\$12,289.68
PITNEY BOWES CREDIT CORP	\$21,014.93
PLANTE & MORAN	\$7,800.00
POLYDYNE INC.	\$105,699.57
POSTMASTER URBANA	\$41,250.00
PRINCIPAL FINANCIAL GROUP	\$2,966.63
QUICKSILVER MAILING SERVICE	\$5,090.25
RAINMAKER FARMS LLC	\$5,780.00
RENTAL SERVICE CORPORATION	\$4,359.23
ROGARDS OFFICE PRODUCTS	\$6,673.65
SAFEWAY SODABLASTING	\$9,411.00
SCADAWARE INC.	\$8,017.95
SCHIMBERG CO	\$6,277.46
SCHOMBURG & SCHOMBURG CONSTR	\$38,192.79
SEVERN TRENT SERVICES	\$2,595.00
SODEMANN AND ASSOCIATES INC.	\$233,124.80
SPRINGFIELD ELECTRIC COMPANY	\$15,787.67
STANDARD INSURANCE	\$31,631.44
STATE DISBURSEMENT UNIT	\$4,186.00
STEVE GILBERT TRUCKING	\$34,675.46
STRAND ASSOC INC	\$9,265.22
TATMANS COLLISION REPAIR	\$2,637.76
TEAMSTERS LOCAL 26	\$19,457.00
TERMINIX	\$4,657.00
TYLER TECHNOLOGIES	\$32,519.72
UAP RICHTER	\$4,788.20
ULRICH CHEMICAL INC.	\$4,585.00
UPKEEP MAINTENANCE SERVICE	\$18,000.00
URBANA MUNICIPAL EMPLOYEES	\$74,325.59
URBANA PARK DISTRICT	\$35,000.00
US FILTER ENVIREX	\$238,000.00
VAN DEVANTER ENGINEERING	\$12,976.50
WALKER PROCESS EQUIPMENT	\$5,985.90
WILLIAMS BROTHERS CONSTRUCTION	\$6,232,407.89

Urbana & Champaign Sanitary District
Treasurer's Report
Fiscal Year Ending April 30, 2006

WOODWORTH TRUCKING

\$146,680.91
\$16,897,831.54

PAYROLL Under \$25,000—J Haaksma, R Hance, M McGill, J Smith, J Smock; \$25,000-49,999.99—C Abernathy, S Bickers, R Cordle, S Daniels, L DelValley, M Deruntz, D Devall, J Duke, D Eller, K Ervin, M Goodwin, D Hansen, J Hogan, M Hoyt, W Lagle, D Lamb, J Langheim, N Logsdon, R Meikamp, D Miller, D Morgan, M Muller, S Nale, D Nguyen, C Owen, K Padgett, , S Plunk, J Primmer, R Rudolph, J Shaw, J Shelton, G Sloan, M Smith, W Swaim, L Taylor, R Tillman, R Tolbert, T Vlahovich, S Werts, P Zindars, J Zumwalt; \$50,000-74,999.99—B Butler, R Guthrie, D Hermes, M Holden, V Lyons, T Plotner, J Royer, \$75,000 and over—G Bachman, M Little, K Lytle,

FILED

OCT 26 2006

Mark Sheldon
CHAMPAIGN COUNTY CLERK

URBANA & CHAMPAIGN SANITARY DISTRICT
Urbana, Illinois

BASIC FINANCIAL STATEMENTS
April 30, 2006

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Independent Auditor's Report

Board of Trustees
Urbana & Champaign Sanitary District
Urbana, Illinois

We have audited the accompanying basic financial statements of Urbana & Champaign Sanitary District as and for the year ended of April 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urbana & Champaign Sanitary District as of April 30, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2006 on our consideration of Urbana & Champaign Sanitary District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages III through VI and the schedule of funding progress on page 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and NonProfit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Clifton Gunderson LLP

Champaign, Illinois
June 12, 2006

URBANA & CHAMPAIGN SANITARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Urbana & Champaign Sanitary District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended April 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of the District exceed its liabilities at April 30, 2006 by \$46,914,541. Of this amount, \$18,597,366 (unrestricted net assets) may be used to meet the District's ongoing obligations. In FY2006, total assets increased by \$13,481,692, while total liabilities increased by \$9,161,536.
- The District's total operating expenses increased in FY06 by \$958. Operating revenues increased by \$2,034,766 due primarily to a user charge rate increase implemented in FY06. Interest income also increased due to higher interest rates.
- Investment income increased by \$308,112 as a result of higher interest rates and more funds available to invest.
- The District's long-term debt increased by \$9,628,383 due to the receipt of loan funds from the Illinois Environmental Protection Agency (IEPA) net of maturities of long-term debt. These loans are financing the 2005 Improvement Project and the Windsor Road Interceptor Sewer Project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include this discussion, the financial statements, and the notes to the financial statements that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the District's overall financial status. The Statement of Net Assets includes all of the District's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It provides one way to measure the financial health of the District by providing the basis for evaluating the capital structure of the District and assessing its' liquidity and financial flexibility. However, other non-financial factors must be considered such as changes in economic conditions, service area growth and government legislation.

All of the current year's revenues and expense are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year, and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and other financing activities. It provides answers to such questions as where did the cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

Net Assets

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

Table A-1
Condensed Summary of Net Assets

	<u>FY2006</u>	<u>FY2005</u>
Current and other assets	\$ 22,559,274	\$ 19,406,148
Capital assets	<u>79,406,188</u>	<u>69,077,622</u>
Total Assets	<u>101,965,462</u>	<u>88,483,770</u>
Long-term liabilities	50,688,128	41,055,462
Other liabilities	<u>4,362,793</u>	<u>4,833,923</u>
Total Liabilities	<u>55,050,921</u>	<u>45,889,385</u>
Net assets:		
Invested in capital assets (net of related debt)	28,317,175	27,779,007
Unrestricted	<u>18,597,366</u>	<u>14,815,378</u>
Total net assets	<u>\$ 46,914,541</u>	<u>\$ 42,594,385</u>

As shown in Table A-1, the largest portion of the District's net assets reflects its investment in capital assets (i.e., sewers, buildings, machinery and equipment), which are used to provide wastewater treatment services.

Table A-2
Condensed Summary of Revenues,
Expenses and Changes in Net Assets

	<u>FY2006</u>	<u>FY2005</u>
Operating revenues:		
Sewer user charges	\$ 9,774,301	\$ 8,413,373
Connection and recovery fees	2,045,134	1,677,670
Other	<u>386,254</u>	<u>79,880</u>
Total operating revenues	12,205,689	10,170,923
Nonoperating revenues	<u>903,324</u>	<u>559,978</u>
 Total Revenues	 <u>13,109,013</u>	 <u>10,730,901</u>
 Operating expenses:		
Operations	6,018,189	6,115,976
Depreciation	<u>1,682,552</u>	<u>1,583,807</u>
Total operating expenses	7,700,741	7,699,783
Nonoperating expenses	<u>1,101,356</u>	<u>834,053</u>
 Total Expenses	 <u>8,802,097</u>	 <u>8,533,836</u>
 Income (loss) before capital contributions	 4,306,916	 2,197,065
Capital contributions	<u>13,240</u>	<u>53,640</u>
 Changes in net assets	 4,320,156	 2,250,705
Beginning net assets	<u>42,594,385</u>	<u>40,343,680</u>
 Ending net assets	 <u>\$ 46,917,905</u>	 <u>\$ 42,594,385</u>

The major factors which drove these results include:

- Sewer user charges increased due to a rate increase implemented in FY06.
- Other operating revenues increased due to higher connection permit fees and interceptor cost recovery fees.
- Operational expenses less depreciation decreased 1.6%, primarily due to implementation of new financial software that moved the billing process inhouse, thereby eliminating the cost of outsourcing.
- The increase in non-operating expenses can be attributed to IEPA loan interest expense.

Budgetary Highlights

The District adopts annual Operation and Maintenance, Construction, Project Fund and Capital budgets following presentation to the Board of Trustees and public notification and a public hearing. These budgets outline the estimated expenditures and the means of financing them. The District's budget may be revised throughout the year, after Board approval.

Capital Assets

As of April 30, 2006, the District had \$79, 406,188 invested in capital assets, as shown in Table A-3.

Table A-3
Capital Assets

	<u>FY2006</u>	<u>FY2005</u>
Land	\$ 1,678,306	\$ 1,643,306
Buildings, structures & improvements	27,520,314	22,363,313
Machinery & equipment	44,672,110	44,248,165
Vehicles	586,395	627,203
Construction in progress	<u>46,326,766</u>	<u>40,084,101</u>
Sub-total	120,783,891	108,966,088
Less: Accumulated depreciation	<u>(41,377,703)</u>	<u>(39,888,466)</u>
Net Capital Assets	<u>\$ 79,406,188</u>	<u>\$ 69,077,622</u>

Debt Administration

The District has \$51,089,014 in obligated debt, including capital leases. This debt was incurred for sewer interceptor projects funded by the State of Illinois IEPA Revolving Loan Fund. This program provides low interest loans for use in the construction of wastewater treatment facilities. Interest on these loans is payable semi-annually with interest rates ranging from 2.50% to 3.59%.

Economic Factors and the Next Year's Budget and Rates

The management and Trustees of the District considered many factors when setting the fiscal year 2007 budgets, user fees and charges. These include analysis of the local economic condition and the impact of user rates on major customers.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the funds it receives. Anyone having questions concerning any of the information provided or requests for additional information may contact Michael Little, Executive Director, Urbana & Champaign Sanitary District, P.O. Box 669, Urbana, IL 61803-0669.

URBANA & CHAMPAIGN SANITARY DISTRICT
STATEMENT OF NET ASSETS
April 30, 2006

ASSETS

CASH AND CASH EQUIVALENTS		\$ 6,442,244
CERTIFICATES OF DEPOSIT		14,201,878
RECEIVABLES		
User fees	\$ 1,347,809	
Accrued interest	<u>357,501</u>	1,705,310
SUPPLIES INVENTORY		77,188
PREPAID EXPENSES		132,654
CAPITAL ASSETS, net of accumulated depreciation (Note 3)		<u>79,406,188</u>
TOTAL ASSETS		<u><u>\$ 101,965,462</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 926,110	
Accrued expenses	1,791,301	
Deferred revenue	1,244,496	
Notes payable, current portion	377,020	
Obligations under capital leases, current portion	<u>24,785</u>	\$ 4,363,712
LONG-TERM LIABILITIES		
Notes payable, long-term (Note 4)	50,433,567	
Obligations under capital leases, long-term (Note 5)	<u>250,278</u>	<u>50,683,845</u>
Total liabilities		55,047,557
NET ASSETS		
Invested in capital assets, net of related debt	28,320,539	
Unrestricted net assets	<u>18,597,366</u>	<u>46,917,905</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 101,965,462</u></u>

These basic financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

URBANA & CHAMPAIGN SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
Year Ended April 30, 2006

OPERATING REVENUES

User fees		
Commercial and residential	\$ 7,443,424	
Industrial	752,437	
Contract	1,578,440	
Connection and interceptor recovery fees	2,045,134	
Miscellaneous	<u>386,254</u>	\$ 12,205,689

OPERATING EXPENSES

Administrative	1,853,691	
User charge system	84,224	
Ammonia excursion	14,051	
Engineering expenses	156,462	
Operations and maintenance	847,730	
Building and grounds	508,486	
Mechanical and electrical	433,606	
Bio-solids	185,147	
Wastewater operations	1,733,377	
Laboratory	201,415	
Depreciation	<u>1,682,552</u>	<u>7,700,741</u>

Income from operations 4,504,948

NONOPERATING REVENUES (EXPENSES)

Replacement income taxes	246,348	
Interest income	656,976	
Interest expense	<u>(1,097,992)</u>	(194,668)

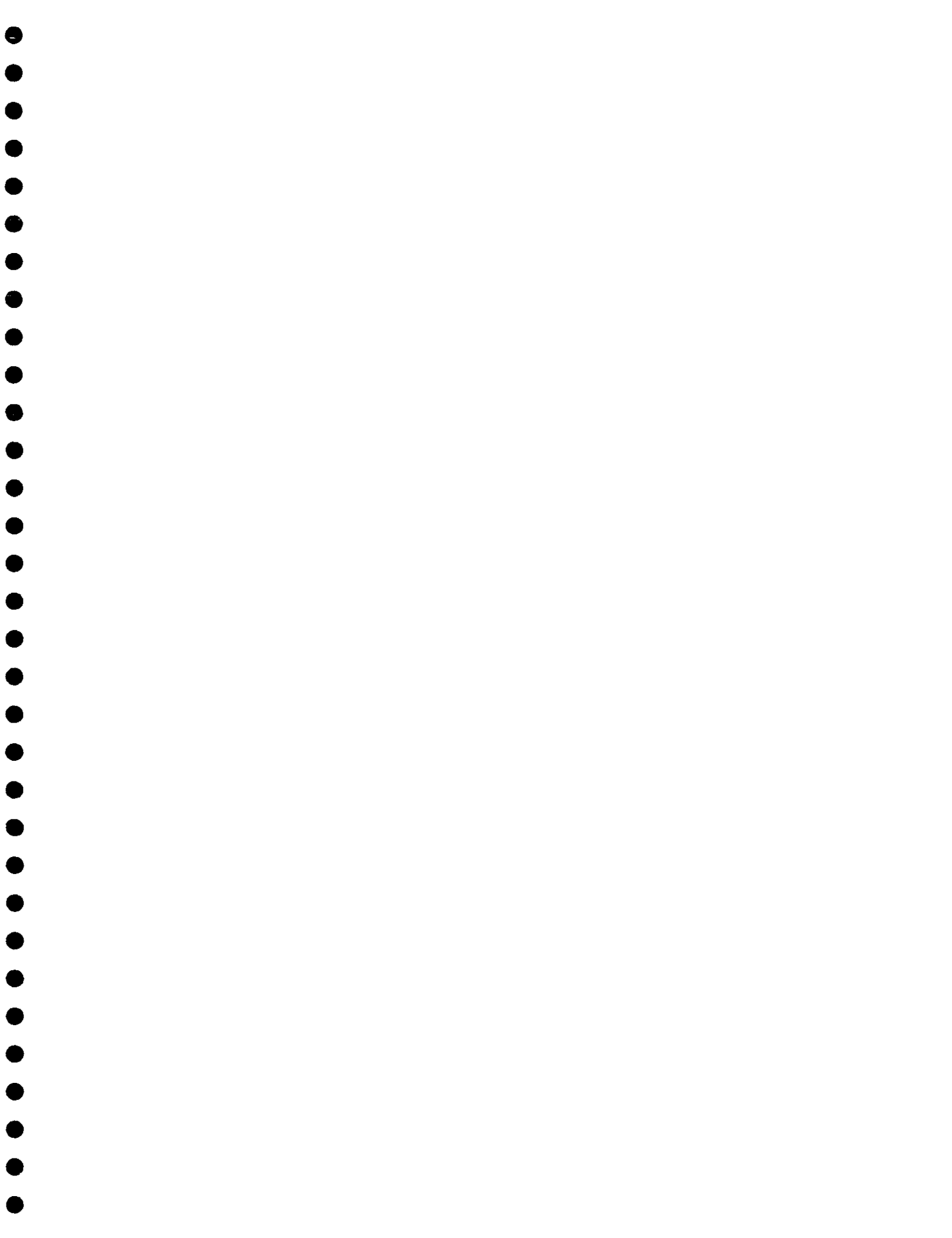
CAPITAL CONTRIBUTIONS 13,240

CHANGE IN NET ASSETS 4,323,520

NET ASSETS, BEGINNING OF YEAR 42,594,385

NET ASSETS, END OF YEAR \$ 46,917,905

These basic financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.



URBANA & CHAMPAIGN SANITARY DISTRICT
STATEMENT OF CASH FLOWS
Year Ended April 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$ 12,286,988	
Payments to suppliers	(3,983,665)	
Payments to employees	<u>(3,276,305)</u>	
Net cash provided by operating activities		\$ 5,027,018

CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES

Replacement tax receipts	<u>251,250</u>	
Net cash provided by noncapital financing activities		251,250

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of property and equipment	(1,663,238)	
2005 improvement project	(5,783,276)	
Windsor road interceptor project phase I	(3,988,755)	
Windsor road interceptor project phase II	(566,775)	
Principal payments on note payable	(870,373)	
Proceeds from note payable	10,681,486	
Principal payments on obligation under capital leases	(24,078)	
Interest paid on notes payable and capital leases	<u>(680,537)</u>	
Net cash used in capital and related financing activities		(2,895,546)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property and equipment	15,770	
Interest income	495,552	
Sale and maturity of investments	<u>(6,659,379)</u>	
Net cash used in investing activities		<u>(6,148,057)</u>
Net decrease in cash and cash equivalents		(3,765,335)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

10,207,579

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 6,442,244

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net operating income	\$ 4,504,948
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,682,552
Gain on sale of assets	(11,604)
Effects of changes in operating assets and liabilities:	
Receivables	(112,915)
Supplies inventory	9,062
Prepaid expenses	1,293
Accounts payable	(1,168,360)
Accrued expenses	(83,776)
Deferred revenue	<u>205,818</u>
Net cash provided by operating activities	<u>\$ 5,027,018</u>

**NONCASH CAPITAL AND RELATED FINANCING
ACTIVITIES**

The District received capital contributions in the form of sewer lines installed by contractors in the amount of \$13,240 during the year ended April 30, 2006.

These basic financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

URBANA & CHAMPAIGN SANITARY DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
April 30, 2006

Urbana & Champaign Sanitary District ("District") is a governmental unit, which provides sewage treatment services for the University of Illinois, the Village of Savoy, the cities of Champaign and Urbana, and various unincorporated areas. It is governed by a board of three trustees who are appointed by the Champaign County Board, which has no authority over the District other than to appoint trustees.

REPORTING ENTITY

Generally accepted accounting principles require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered and there are no agencies or entities which should be presented with the District.

BASIS OF ACCOUNTING

The accounting policies of the District conform to generally accepted accounting principles as applicable to local government enterprise funds. The accounts of the District are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

The District is applying all applicable Government Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, the District considers deposits with the Illinois Funds to be cash equivalents. The District considers certificates of deposit to be investments regardless of maturity date.

CERTIFICATES OF DEPOSIT

Certificates of deposit are carried at their cash value which approximates fair value.

URBANA & CHAMPAIGN SANITARY DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
April 30, 2006

ACCOUNTS RECEIVABLE

Accounts receivable are uncollateralized customer obligations which generally require payment within thirty days from the invoice date. Accounts receivable are stated at the invoice amount plus delinquency fees.

Account balances with invoices over thirty days old are considered delinquent at which time a 10% fee is assigned to the account. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance (\$0 for fiscal year ended April 30, 2006) that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the District could be adversely affected. All accounts or portions thereof deemed to be uncollectible, or to require an excessive collection cost, are written off to bad debt expense.

INVENTORIES

Inventories are stated at the lower of cost or market with cost determined on a first-in, first-out (FIFO) basis.

CAPITAL ASSETS

Capital assets are stated at cost, if purchased by the District, or at its fair value if donated to the District. Depreciation is computed using the straight-line method. The estimated useful lives used to depreciate the majority of the assets, by class, are as follows:

Buildings, structures, and improvements	10-50 years
Machinery and equipment	3-50 years
Vehicle	7 years

WORK IN PROCESS

Work in process includes costs incurred for various improvements and modifications to existing property, plant, and equipment during the year for which the project was incomplete at year end.

URBANA & CHAMPAIGN SANITARY DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
April 30, 2006

DEFERRED REVENUE

Deferred revenue consists of payments made in advance on certain residential accounts. These amounts are recognized into revenue as the usage occurs.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and changes in net assets during the reporting period. Actual results could differ from those estimates.

This information is an integral part of the accompanying financial statements.

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 1 - CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At April 30, 2006 the District's bank balances of cash, cash equivalents and certificates of deposit were:

Deposits	\$ 1,350,328
Illinois Funds	5,309,132
Certificates of Deposit	<u>14,201,878</u>
Total	<u>\$ 20,861,338</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover its deposits. The District does not have a formal policy for custodial credit risk. At April 30, 2006, \$184,684 of the District's bank balance of \$1,350,328 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District is allowed to invest in investments approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes including SEC registered and AAA rated by Moody's and Standard & Poor's Money Market mutual funds consisting of U.S. Government Treasuries. The District's investment in Illinois Funds, are rated AAAM by Standard and Poor's.

Custodial Credit Risk - Illinois Funds

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 2 - MAJOR CUSTOMERS

Generally accepted accounting principles require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Operating revenue and user fee receivables as of and for the year ended April 30, 2006 include the following major customer (any customer providing more than 10% of the District's operating revenue):

	<u>Operating Revenue</u>		<u>User Fee Receivables</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Customer A	\$1,525,322	15.52%	\$172,730	10.13%

NOTE 3 - CAPITAL ASSETS

	<u>Balance April 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance April 30, 2006</u>
Capital assets, not being depreciated:					
Land	\$ 1,643,306	\$ 35,000	\$ -	\$ -	\$ 1,678,306
Work in progress	<u>40,084,101</u>	<u>9,903,540</u>	<u>-</u>	<u>(3,660,875)</u>	<u>46,326,766</u>
Total capital assets not being depreciated	<u>41,727,407</u>	<u>9,938,540</u>	<u>-</u>	<u>(3,660,875)</u>	<u>48,005,072</u>
Capital assets being depreciated:					
Buildings, structures and improvements	22,363,313	1,506,624	(10,498)	3,286,075	27,145,514
Machinery and equipment	44,248,165	518,338	(94,393)	374,800	45,046,910
Vehicles	<u>627,203</u>	<u>51,782</u>	<u>(92,590)</u>	<u>-</u>	<u>586,395</u>
Total capital assets being depreciated	<u>67,238,681</u>	<u>2,076,744</u>	<u>(197,481)</u>	<u>3,660,875</u>	<u>72,778,819</u>
Less accumulated Depreciation:	<u>(39,888,466)</u>	<u>(1,682,552)</u>	<u>193,315</u>	<u>-</u>	<u>(41,377,703)</u>
Capital assets, net	<u>\$ 69,077,622</u>	<u>\$ 10,332,732</u>	<u>\$ (4,166)</u>	<u>\$ -</u>	<u>\$ 79,406,188</u>

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Work in progress at April 30, 2006 consists of the following projects:

2005 Engineering bidding	\$ 234,162
NE plant outside lighting	140,722
Windsor Road interceptor Phase II	3,988,755
2005 Project – improvement project	41,930,384
Other	32,743
Total	\$ 46,326,766

NOTE 4 - NOTES PAYABLE

The following is a summary of changes in notes payable for the year ended April 30, 2006:

	<u>Principal Outstanding April 30, 2005</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Principal Outstanding April 30, 2006</u>
<p>The District has a note payable to the Illinois Environmental Protection Agency, which was obtained in connection with the Section VI-Phase A Interceptor. It bears interest at 3.59% and is due in semi-annual installments in April and October of each year through October 2011.</p>	\$ 818,011	\$ -	\$ 113,869	\$ 704,142
<p>The District has a note payable to the Illinois Environmental Protection Agency, which was obtained in connection with the expansion plan and rehabilitation of the northeast and southwest treatment plants. It bears interest at 2.57% and is due in semi-annual installments in August and February of each year through August 2025.</p>	36,855,275	6,386,554	756,504	42,485,325
<p>The District has a note payable to the Illinois Environmental Protection Agency which was obtained in connection with the Curtis Road/Windsor Road Phase II interceptor sewer. It bears interest at 2.5% and is due in semi-annual installments in March and September of each year through December 2026.</p>	-	3,540,383	-	3,540,383

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 4 - NOTES PAYABLE (CONTINUED)

The District has a note payable to the Illinois Environmental Protection Agency which was obtained in connection with the Curtis Road/Windsor Road Phase I interceptor sewer.

It bears interest at 2.5% and is due in semi-annual installments in August and February of each year through December 2024.

	<u>3,326,188</u>	<u>754,549</u>	<u>-</u>	<u>4,080,737</u>
Total	<u>\$ 40,999,474</u>	<u>\$ 10,681,486</u>	<u>\$ 870,373</u>	50,810,587
Less current portion				<u>377,020</u>
Total notes payable, net of current portion				<u>\$ 50,433,567</u>

Annual debt service requirements to maturity for long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 377,020	\$ 2,782,676	\$ 3,159,696
2008	1,808,210	1,351,486	3,159,696
2009	1,922,333	1,237,363	3,159,696
2010	1,973,158	1,186,538	3,159,696
2011	2,025,340	1,134,356	3,159,696
2012-2016	10,271,618	4,885,859	15,157,477
2017-2021	11,584,621	3,502,744	15,087,365
2022-2026	<u>20,848,287</u>	<u>1,817,122</u>	<u>22,665,409</u>
Total	<u>\$50,810,587</u>	<u>\$17,898,144</u>	<u>\$68,708,731</u>

NOTE 5 - OBLIGATION UNDER CAPITAL LEASES

The District has a joint loan agreement (under GASB this is recognized as a capital lease agreement) with the City of Champaign for the construction of the Northwest Interceptor Sewer Phase I with an asset balance of \$242,152 and accumulated depreciation of \$52,466 for the year ended April 30, 2006. The City of Champaign obtained financing with the Illinois Environmental Protection Agency which bears interest at 3.015% and is due in semi-annual installments in August and February of each year through August 2015. The District is making its payments to the City of Champaign in accordance with the terms of the Illinois Environmental Protection Agency Loan.

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 6 - PENSION PLAN

Plan Description

The District's defined benefit pension plan, through the Illinois Municipal Retirement Fund (IMRF), an Agent-Multiple-Employer Public Employee Retirement System, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF 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 financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 7.68% of payroll. 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 open basis). The amortization period at December 31, 2005 was 27 years.

Annual Pension Cost

For December 31, 2005, the District's annual pension cost of \$187,262 was equal to the District'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 administration 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.

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 6 - PENSION PLAN (CONTINUED)

Annual Pension Cost (Continued)

Actuarial Valuation Date	TREND INFORMATION		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 187,262	100%	\$ -
12/31/04	126,100	100%	-
12/31/03	128,161	100%	-
12/31/02	36,557	100%	-
12/31/01	67,198	100%	-
12/31/00	138,528	100%	-
12/31/99	207,985	100%	-
12/31/98	192,559	100%	-
12/31/97	189,858	100%	-
12/31/96	201,469	100%	-

NOTE 7 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan covers all full-time employees. The Plan is solely funded by contributions made by participants. All fees associated with the Plan are paid by the participants. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the Plan are held in a trust for the exclusive benefit of the Plan participants. Since the District does not hold the assets in a trustee capacity, nor does it have fiduciary accountability for the Plan assets, the Plan assets are not included in the financial statements.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

URBANA & CHAMPAIGN SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
April 30, 2006

NOTE 9 - COMMITMENTS

The District has contracted with various companies for construction projects that are currently in process or set to begin. The District is obligated to pay the costs under these contracts as the work is completed. The commitments are as follows:

Phase II SW treatment plant expansion	\$ 250,000
2005 Improvements to treatment facilities – Engineering services	142,712
Curtis road interceptor sewer	1,901,773
Locust street pump station	241,713
NEP site lighting Phase I	70,501
FY07 Sandblasting and painting	148,190
Long-range plan update – engineering	229,669

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**URBANA & CHAMPAIGN SANITARY DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
April 30, 2006**

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/05	\$ 8,899,397	\$ 8,632,168	\$ (267,229)	103.10%	\$2,438,304	0.00%
12/31/04	8,256,441	7,965,395	(291,046)	103.65%	2,521,995	0.00%
12/31/03	8,089,348	7,573,406	(515,942)	106.81%	2,563,227	0.00%
12/31/02	7,953,257	6,951,181	(1,002,076)	114.42%	2,470,101	0.00%
12/31/01	7,766,673	6,180,239	(1,586,434)	125.67%	2,516,788	0.00%
12/31/00	6,994,969	5,401,433	(1,593,536)	129.50%	2,467,329	0.00%
12/31/99	5,926,607	4,956,521	(970,086)	119.57%	2,426,903	0.00%
12/31/98	5,130,011	4,755,572	(374,439)	107.87%	2,380,209	0.00%
12/31/97	4,289,738	4,183,782	(105,956)	102.53%	2,237,887	0.00%
12/31/96	4,048,689	3,960,263	(88,426)	102.23%	2,189,441	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$8,998,805. On a market basis, the funded ratio would be 104.25%.

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study. The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and early retirements are expected to occur.

SUPPLEMENTAL INFORMATION

**URBANA & CHAMPAIGN SANITARY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2006**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	<u>Expenditures</u>
U.S. Environmental Protection Agency			
Passed-through Illinois Environmental Protection Agency Bureau of Water:			
Clean Water State Revolving Funds	66.458	L17-2069	\$ 1,195,676

This schedule should be read only in connection with
the accompany notes to the schedule.

**URBANA & CHAMPAIGN SANITARY DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

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This information is an integral part of the accompanying schedule.

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Board of Trustees
Urbana & Champaign, Sanitary District
Urbana, Illinois

Compliance

We have audited the compliance of Urbana & Champaign Sanitary District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2006. Urbana & Champaign Sanitary District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Urbana & Champaign Sanitary District's management. Our responsibility is to express an opinion on Urbana & Champaign Sanitary District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urbana & Champaign Sanitary District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Urbana & Champaign Sanitary District's compliance with those requirements.

In our opinion, Urbana & Champaign Sanitary District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2006.

Internal Control Over Compliance

The management of Urbana & Champaign Sanitary District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Urbana & Champaign Sanitary District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Champaign, Illinois
June 12, 2006

**URBANA & CHAMPAIGN SANITARY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2006**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified opinion on the financial statements of Urbana & Champaign Sanitary District.

Internal control over financing reporting:

- Material weakness identified: ___ yes x no
- Reportable condition identified that are not considered to be material weaknesses? ___ yes x none reported
- Noncompliance material to financial statements noted: ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? ___ yes x no
- Reportable condition identified that are not considered to be material weakness? ___ yes x none reported

Type of auditor’s report issued on compliance for major programs:

Unqualified opinion for major program

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ___ yes x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes ___ no

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**URBANA & CHAMPAIGN SANITARY DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
Year Ended April 30, 2006**

None reported.