CHAMPAIGN COUNTY FINANCIAL CONDITION
CHAMPAIGN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004

Auditor of State
Betty Montgomery

FINANCIAL CONDITION
CHAMPAIGN COUNTY

TABLE OF CONTENTS

This page intentionally left blank.

Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Honorable County Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite A100
Urbana, Ohio 43078

We have audited the accompanying financial statements of Champaign County, (the County), as of and for the year ended December 31, 2004. These financial statements are the responsibility of the County'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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.

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the accompanying financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of the County as of and for the year ended December 31, 2004 in accordance with accounting principles generally accepted in the United States of America.

The County has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August, 1, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

We conducted our audit to opine on the County's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the County's financial statements. For reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County, as of December 31, 2004, or its changes in financial position or its cash flows for the year then ended. Therefore we are unable to express, and we do not express, an opinion on the Federal Awards Expenditure Schedule.

Betty Montgomery

Betty Montgomery
Auditor of State

August 1, 2005

FINANCIAL CONDITION
CHAMPAIGN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Receipts:						
Property Taxes	$1,443,613	$3,515,503				$4,959,116
Sales Tax	3,967,557					3,967,557
Charge for Services	946,511	976,944				1,923,455
Licenses & Permits	248,056	68,459				316,515
Fines & Forfeitures	101,365	64,073				165,438
Intergovernmental	1,293,348	10,891,773		$2,001		12,187,122
Special Assessments				14,384		14,384
Investment Income	265,794	96,284			$495	362,573
Rental Income	289,839					289,839
Other	426,459	1,490,590			2,463	1,919,512
Total Receipts	8,982,542	17,103,626		16,385	2,958	26,105,511
Disbursements:						
General Government:						
Legislative & Executive	2,726,424	802,130				3,528,554
Judicial	2,063,715	228,789				2,292,504
Public Safety	3,331,100	193,839				3,524,939
Public Works	112,335	5,168,658				5,280,993
Health	36,950	4,965,324				5,002,274
Human Services	245,885	5,170,504				5,416,389
Conservation & Recreation		67,001				67,001
Economic Development and Assistance		31,425				31,425
Other	30,295				4,972	35,267
Capital Outlay	58,251	6,725		366,771		431,747
Debt Service:						
Principal Retirement		162,264	376,661			538,925
Interest and Fiscal Charge			183,771			183,771
Total Disbursements	8,604,955	16,796,659	560,432	366,771	4,972	26,333,789
Excess of Receipts Over (Under) Disbursements	377,587	306,967	(560,432)	(350,386)	(2,014)	(228,278)
Other Financing Sources (Uses):						
Proceeds of Notes & Bonds				370,000		370,000
Sale of Fixed Assets						
Advances - In	23,762					23,762
Advances - Out		(2,672)		(1,090)		(3,762)
Operating Transfers - In			562,889	16,115		579,004
Operating Transfers - Out	(520,885)	(58,119)				(579,004)
Total Other Sources (Uses)	(497,123)	(60,791)	562,889	385,025		390,000
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Uses	(119,536)	246,176	2,457	34,639	(2,014)	161,722
Fund Cash Balances, January 1,	714,937	7,359,924	2,617	78,723	137,677	8,293,878
Fund Cash Balances, December 31,	**$595,401**	**$7,606,100**	**$5,074**	**$113,362**	**$135,663**	**$8,455,600**

The accompanying notes to this schedule are an integral part of this schedule.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Types		Fiduciary Fund Types		Totals
	Enterprise	Internal Service	Non-Expendable Trust	Agency	(Memorandum Only)
Receipts:					
Charge for Services	$5,288,261	$19,633			$5,307,894
Other Operating Receipts	50	1,681,606			1,681,656
Total Receipts	5,288,311	1,701,239			6,989,550
Disbursements:					
Personal Services	3,466,894				3,466,894
Contract Services	1,065,735				1,065,735
Supplies and Materials	448,387				448,387
Other	308,667	1,730,097			2,038,764
Debt Service:					
Principal Retirement	70,000				70,000
Interest and Fiscal Charge	21,175				21,175
Total Disbursements	5,380,858	1,730,097			7,110,955
Total Receipts Over (Under) Disbursements	(92,547)	(28,858)			(121,405)
Non-Operating Receipts (Disbursements)					
Other Non-Operating Revenue			$1,022	$81,432,111	81,433,133
Intergovernmental					
Other Non-Operating Disbursements				(81,149,757)	(81,149,757)
Total Non-Operating Receipts (Disbursements)			1,022	282,354	283,376
Net Receipts Over/(Under) Disbursements Before Transfers and Advances	(92,547)	(28,858)	1,022	282,354	161,971
Advances-Out	(20,000)				(20,000)
Net Receipts Over/(Under) Disbursements	(112,547)	(28,858)	1,022	282,354	141,971
Fund Cash Balance January 1,	284,626	270,877	81,011	4,317,653	4,954,167
Fund Cash Balance December 31,	**$172,079**	**$242,019**	**$82,033**	**$4,600,007**	**$5,096,138**

The accompanying notes to this schedule are an integral part of this schedule.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General Fund	$8,946,984	$8,982,542	$35,558
Special Revenue Funds	26,374,283	17,103,626	(9,270,657)
Debt Service Funds	562,889	562,889	
Capital Projects Funds	397,569	402,500	4,931
Proprietary:			
Enterprise Funds	5,275,000	5,288,311	13,311
Internal Service Funds	1,701,184	1,701,239	55
Fiduciary Fund Types:			
Expendable Trust Funds	2,580	2,958	378
Non Expendable Trust Funds	950	1,022	72
Totals (Memorandum Only)	$43,261,439	$34,045,087	($9,216,352)

The accompanying notes to this schedule are an integral part of this schedule.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types/Fund	Prior Year Carryover Appropriations	2004 Appropriations	Total
Governmental:			
General Fund	$159,118	$9,370,872	$9,529,990
Special Revenue Funds	957,234	31,029,972	31,987,206
Debt Service Funds		562,889	562,889
Capital Projects Funds	4,349	448,280	452,629
Proprietary:			
Enterprise Funds	151,779	5,371,547	5,523,326
Internal Service Funds	400	1,970,245	1,970,645
Fiduciary:			
Expendable Trust Funds		11,078	11,078
Total (Memorandum Only)	$1,272,880	$48,764,883	$50,037,763

The accompanying notes to this schedule are an integral part of this schedule.

Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
$9,125,840	$159,014	$9,284,854	$245,136
16,854,778	1,336,725	18,191,503	13,795,703
560,432		560,432	2,457
366,771	36,476	403,247	49,382
5,380,858		5,380,858	142,468
1,730,097		1,730,097	240,548
4,972		4,972	6,106
$34,023,748	$1,532,215	$35,555,963	$14,481,800

This page intentionally left blank.

1. REPORTING ENTITY AND BASIS OF PRESENTATION

Champaign County, Ohio (the County) was established in 1805 by an act of the Ohio General Assembly. It operates as a political subdivision of the State of Ohio exercising only those powers conferred by the legislature. Champaign County voters elect a total of eleven legislative and administrative county officials. The three-member Board of Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer and tax assessor and the County Treasurer serves as the custodian of all county funds and as tax collector. In addition, there are six other elected administrative officials provided for by Ohio law, which include the Clerk of Courts, Recorder, Coroner, Engineer, Prosecuting Attorney and Sheriff. The judicial branch of the County is comprised of a Common Pleas Judge, a Probate Judge and a Court of Appeals Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County.

A. Reporting entity

Governmental Accounting Standards Board indicates that the criteria for including a potential component unit within the reporting entity is the County Commissioner's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the accountability for fiscal matters and the ability to influence operations significantly.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the County or whether the activity is conducted within the geographic boundaries of the County and is generally available to its residents.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibility.

Based on the criteria established by the Codification of Governmental Accounting and Financial Reporting Standards (GAFRS), the financial activities of the various potential component units are (1) part of the reporting entity of the County and included in the financial statements; (2) reported as Agency funds in the financial statements; (3) Joint Ventures and disclosed in the notes to the financial statements; or (4) excluded from the reporting entity.

The Champaign County Board of Mental Retardation and Developmental Disabilities is included as a part of the reporting entity and is presented in the financial statements, although governed by its own board, the County Commissioners have oversight responsibility.

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of separate agencies, boards and commissions as listed below, the County serves as fiscal agent but does not exercise primary oversight responsibility. Accordingly, the activity of the following districts and entities have been included in the County's financial statements as Agency Funds:

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

District Board of Health
Child and Family First Council
Emergency Management Agency
Tri County Regional Jail

Although the following entities meet the scope of public service criterion, the County exercises no oversight responsibility. The entities may be related to the County in that the organizations may share the County name or the County may provide resources to support them as monies are available. The governing authorities of these entities are selected independently of Champaign County officials. Each individual governing authority may: (1) designate its own management; (2) have total control over their operations; (3) be solely responsible for reviewing, approving and revising its own budget; (4) have the ability to issue and be responsible for its own debt; (5) function as fiscal manager by controlling the collection and disbursement of funds and holding title to assets; and (6) have the ability to generate their own revenue. The following organizations are to be excluded from the reporting entity:

Champaign County Board of Education
Champaign County Agricultural Society
Champaign County Law Library Association
Champaign County Council on Aging
Champaign County Historical Society
Champaign County Community Improvement Corporation
Champaign County Cooperative Extension Services
Champaign County Air Pollution Control Board
Champaign County Conservancy District
Mercy Memorial Hospital

Lawnview Industries, Inc.: Lawnview Industries, Inc. (Lawnview) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Lawnview, under contractual agreement with the Champaign County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment, while educating and training the mentally retarded and developmentally disabled citizens of Champaign County. MRDD reimburses and provides certain operating expenses as necessary for the operation of Lawnview. Based on the significant services and resources provided by the County (MRDD) to Lawnview and Lawnview's sole purpose of providing assistance to the mentally retarded or developmentally disabled adults of Champaign County, Lawnview is a component unit of the County. However, the County reports on the cash basis of accounting which does not reflect component units within the financial statements and related note disclosures. Complete financial statements for Lawnview may be obtained from the administrative offices at 1250 East Route 36, Urbana, Ohio 43078.

Home Options, Inc.: Home Options, Inc. is a legally separate, not-for-profit corporation. It provides housing exclusively for Board of MRDD clients. MRDD reimburses and provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the County (MRDD) to Home Options, Inc. and Home Options' sole purpose of providing assistance to the mentally retarded or developmentally disabled adults of Champaign County, Home Options, Inc. is a component unit of the County. However, the County reports on the cash basis of accounting which does not reflect component units within the financial statements and related note disclosures. Complete financial statements for Home Options, Inc. may be obtained from the administrative offices at 2200 South U.S. Highway 68, Urbana, Ohio 43078.

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County choose to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Fund Accounting

The County maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

1. Governmental Fund Types

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. Legal or regulatory provisions or administrative action specifies the uses and limitations of each special revenue fund.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

2. Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other government units on a cost-reimbursement basis.

3. Fiduciary Fund Types

Trust and Agency Funds - Fiduciary Funds are used to account for assets held on behalf of outside parties, including other government units, or on behalf of other funds within the County. When these assets are held under the terms of a formal trust agreement, either a non-expendable trust fund or an expendable trust fund is used. The terms "non-expendable" and "expendable" refer to whether or not the County is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgetary Process

The County is required by state law to adopt annual budgets for all funds, except fiduciary funds specifically exempted by statute. Listed below are the major steps of the budget preparation process:

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

B. Cash and Investments

The County Treasurer invests all active and inactive county funds. Active county funds are invested in overnight money market accounts with local commercial banks. Inactive funds are invested in certificates of deposit. The County pools its cash for investment purposes to capture the highest return. Investment income credited to the General Fund during 2004 amounted to $265,794, which includes $249,819 assigned from other funds. Investments are stated at cost, which approximates fair market value.

During fiscal year 2004, investments of the County were limited to the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposits, government securities and money market funds. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 on the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004. The fair value of the County's investment in the STAR Ohio pool is equal to its position in the pool.

C. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

D. Insurance

The County is insured with the Public Entities Pool of Ohio for most risks including, but not limited to, property damage, health care and personal injury.

E. Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data.

3. CASH AND INVESTMENTS

The Treasurer is responsible for selecting depositories and investing funds. Monies held by the County are classified by State Statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

3. CASH AND INVESTMENTS (Continued)

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

A. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

B. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

D. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

E. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

F. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

G. The State Treasurer's investment pool (STAR Ohio);

H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

J. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

3. CASH AND INVESTMENTS (Continued)

The County's cash and investments as of December 31, 2004, consisted of the following:

Cash on hand:	$ 14,000
Deposits:	
Demand deposits:	
Interest bearing	1,107,990
Certificates of deposit, 2.63% to 3.54%	5,687,625
Total cash on hand and deposits	$ 6,809,615
Investments:	
State Treasury Asset Reserve of Ohio (Star Ohio)	$ 155,763
United States Treasury Note	452,981
Federal Home Loan Bank	175,681
Federal Home Loan Mortgage Corporation	301,750
Federal National Mortgage Association	925,000
Federal Farm Credit Bank	925,109
Money market funds	3,805,839
Total investments	6,742,123
Total pooled cash and investments	$13,551,738

Deposits

Except for items in-transit, the carrying value of deposits by the respective depositories equates to the carrying value by the County. All deposits are collateralized with eligible securities and letters of credit, as described by the Ohio Revised Code, in amounts equal to at least 105% of the County's carrying value of the deposits (demand deposits and certificates of deposit). Such collateral, as permitted by the State of Ohio, is held in each respective depository bank's collateral pool at a federal reserve bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds.

The year-end bank balance of all County deposits was $8,222,974 including $210,835 in accounts not held by the County Treasurer. Based on criteria described in GASB Statement No. 3 amounts on deposit with financial institutions, including investments were covered by:

FDIC insured deposits	$ 300,000
Deposits collateralized by securities held by pledging financial institution or its agent but not in County's name	7,922,974
Total insured or collateralized	$ 8,222,974

Investments

Monies held in the County Treasury are pooled for the purpose of investment management. The County invests in those instruments identified in Section 135.35 of the Ohio Revised Code. Specifically, authorized investment instruments consist of:

A. Bonds, notes or other obligations guaranteed by the United States;

B. Bonds, notes or other obligations issued by any federal government agency;

C. Certificates of deposit in accordance with Section 135.32 of the Ohio Revised Code;

3. CASH AND INVESTMENTS (Continued)

D. Repurchase agreements under the terms of which agreement the County purchases and the seller agrees unconditionally to repurchase any of the securities listed in 1 or 2;

E. Bonds and other obligations of Ohio, its political subdivisions, or other units or agencies of Ohio or its political subdivisions; and

F. The Ohio State Treasurer's investment pool (STAR Ohio).

Based upon criteria described in GASB Statement No. 3, the County's investments are categorized below to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterpart's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer at a federal reserve bank, or by its trust department or agent but not in the County's name.

	Category 2	Category 3	Carrying Amount	Market Value
Star Ohio (uncategorized)			$155,763	$155,763
Money Market Funds		$3,805,839	3,805,839	3,805,839
U.S. Treasury Note	$452,981		452,981	452,981
Federal Home Loan Bank	175,681		175,681	175,681
Federal Home Loan Mortgage Corporation	301,750		301,750	301,750
Federal National Mortgage Association	925,000		925,000	925,000
Federal Farm Credit Bank	925,109		925,109	925,109
Total	$2,780,521	$3,805,839	$6,742,123	$6,742,123

4. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

Obligations at December 31, 2004 were as follows:

	Balance 1/1/04	Additions	Reductions	Balance 12/31/04
Notes				
Simon-Kenton Promissory Note 0%	$184,697		$184,697	$0
Capital Improvement Bond Anticipation Notes Issued 2003 – Variable Interest Rate	100,000	$370,000	146,672	323,328
	284,697	370,000	331,369	323,328
General Long-Term Obligations:				
County Various Purpose General Obligation Bonds - Issued 1998 -5.5%	$3,210,000		$165,000	$3,045,000
Miami Square Renovation Notes - Issued 1992 - 6.5%	7,527	$(657)	6,870	0
Ohio Public Works Commission Issued 2003 - 0%	813,667		58,119	755,548
Total General Long-Term Debt	$4,031,194	$(657)	$229,989	$3,800,548
Enterprise Fund Obligation:				
Nursing Home Improvement General Obligation Bonds - Issued 1998 - 5.5%	$385,000		$70,000	$315,000

4. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

The Simon Kenton Promissory note was obtained by the County, from the Simon Kenton Pathfinders, Inc. for the purpose of constructing a bike trail in the County. The note was repaid from a grant from the Ohio Department of Natural Resources (ODNR).

The Capital Improvement Bond Anticipation Note was issued for the purpose of constructing building improvements and telephone equipment, including a 911 system. The interest rate varies and equals the difference between the prime rate and 1.5%. The notes mature not more than 5 years from the issuance date.

The Nursing Home Improvement General Obligation Bonds were issued in 1997 for the purpose of building improvements. The bonds mature 12/1/2008 with an interest rate of 5.5%.

The Ohio Public Works Commission loan was obtained for the purpose of funding capital improvement projects. The loan has a 0% interest rate, and will be repaid over 16 years.

The Miami Square Renovation note issue will be paid through the Debt Service Fund from rental income of the Miami Square Offices transferred from the General Fund as needed to pay principal and interest. The original promissory note for the Miami Square Renovation was for $168,000 and as of December 31, 2004 the note was paid in full. The fiscal year 2004 principal payment was reduced by $657 to reflect the actual final principal payment.

In addition to the above general obligation bonds, the County has limited obligation bonds totaling $651,093 with Champaign Residential Services, Inc., $490,000 with the Champaign County YMCA, and $2,454,960 with Urbana University. In the event of default by the agencies, the County's obligation would be limited to revenue derived from the rental or sale of buildings.

The following table summarizes the County's future debt service requirements for General Obligation Bonds and Enterprise Fund General Obligation Bonds as of December 31, 2004:

Year Ending December 31	Ohio Public Works Commission		Nursing Home Improvement Bonds		Various Purpose Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	$29,060	$0	$70,000	$17,325	$175,000	$167,475
2006	58,119		75,000	13,475	185,000	157,850
2007	58,119		80,000	9,350	200,000	147,674
2008	58,119		90,000	4,950	200,000	136,675
2009	58,119				205,000	125,675
2010-2014	290,595				1,195,000	447,425
2015-2018	203,417				885,000	99,000
Total	$755,548	$0	$315,000	$45,100	$3,045,000	$1,281,774

The general obligation bonds contain no sinking fund requirements or significant bond limitations or restrictions and are backed by the full faith and credit of the County. Historically, the County has appropriated enterprise fund revenues for payment of general obligations debt for enterprise system improvements.

5. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. During 2004, the County contracted with Public Entities Pool of Ohio for liability, property and crime insurance.

Coverage provided by the insurance pool are as follows:

Liability	
(A) General, Auto, and Police Liability Combined (per occurrence)	$6,000,000
(B) Public Official Liability	2,000,000
(C) Police Professional Liability	2,000,000
(D) Property, Inland Marine, and Fidelity Coverage	2,000,000
(E) Automobile Physical Damage Coverage (agreed valuation as needed)	

The County is self-insured for health insurance benefits. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the County. Real property taxes collected during 2004 were levied after October 1, 2003 on the assessed value listed as of January 1, 2003, the lien date. Public utility property taxes collected in 2004 attached as a lien on December 31, 2003 and were levied after October 31, 2003. Taxpayers were required to pay one half of these taxes by February 15, 2004, with the remaining half due by July 20, 2004. Tangible personal property taxes collected in 2004, were levied after October 31, 2003 on the value listed as of December 31, 2003. Taxpayers were required to pay one half of these taxes by May 10, 2004 with the remaining balance due on October 20, 2004.

Public utility property taxes are assessed on tangible personal property at true value, while other tangible personal property assessments are 25% of true value. True value is based on cost and established by the State. Assessed values on real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed every sixth year, with a statistical update every third year. The last revaluation was completed in 2001.

The assessed value by property classification, upon which the 2004 tax receipts were based, follows:

Real property	$ 562,403,600
Public utility real property	131,640
Tangible personal property	82,594,618
Public utility tangible personal property	31,471,760
Manufactured Homes	2,133,559
Total	$ 678,735,177

Ohio law prohibits taxation from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Currently, the County levies 2.2 mills of the first 10 mills of assessed value. During 2004, in addition to the 2.2 mills, 5.2 mills have been levied based upon mills voted for the Senior Citizens, MRDD (Lawnview School) and the Children's Service levy.

6. PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of taxes collected. Collection of the taxes and their remittance to the taxing districts are accounted for in various agency funds of the County.

7. LOCAL SALES TAX

For the purpose of providing additional general revenues, the Champaign County Commissioners have levied a tax at the rate of 1 ½ % percent upon certain retail sales made in the County. Tax receipts are credited to the general fund and amounted to $3,967,557 for 2004.

8. PROPERTY LEASE REVENUE

The County leased 150 acres to a farmer for a three-year period beginning March 1, 2004, at an annual rent of $12,710, with optional annual rental updates. Total rental income on the farm for 2004 was $12,710 and is reported as rental income in the general fund.

The County leased office space in downtown Urbana at Miami Square. Total rental income from Miami Square for 2004 was $22,420 and is reported as rental income in the general fund.

The County leased office space in South Point Center to various agencies. Total rental income from South Point for 2004 was $253,449 and is reported as rental income in the general fund.

9. DEFINED BENEFIT-PENSION PLANS

A. Ohio Public Employees Retirement System

Champaign County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan (TP) is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan (CO) is a cost-sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 1-800-222-PERS (7377).

9. DEFINED BENEFIT-PENSION PLANS (Continued)

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for employee and employer contributions.

The County's required contributions for the pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were $1,888,954, $1,848,304 and $1,652,880, respectively. 100% has been contributed for 2004, 2003 and 2002. Contributions to the Member-Directed Plan for 2004 were $14,862 made by the County and $9,323 made by the plan members.

B. State Teachers Retirement System

The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as lump sum or converted to a lifetime monthly annuity at age 50. Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law, health care benefits are not guaranteed.

9. DEFINED BENEFIT-PENSION PLANS (Continued)

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2004, were 10% of covered payroll for members and 14% for employers. The County's required contributions for pension obligations to STRS for the years ended December 31, 2004, 2003, and 2002 were $54,326, $51,758, and $50,410. 100% has been contributed for 2004, 2003 and 2002.

10. POST-RETIREMENT BENEFITS

A. Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

10. POST-RETIREMENT BENEFITS (Continued)

The number of active contributing participants in the Traditional and Combined Plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were $560,601. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were $10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $26.9 billion and $16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code (ORC), the State Teaches Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30 2004, and June 30, 2003, the board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $3.1 billion on June 30, 2004. For the County, this amount equaled $3,880 for 2004.

For the year ended June 30, 2004, net health care costs paid by STRS were $268,739,000. There were 111,853 eligible benefit recipients.

11. PENDING LITIGATION

The County is a defendant in a number of lawsuits pertaining to matters, which are incidental to performing routine governmental and other functions. No material claims are outstanding.

The County participates in certain federal and state assisted grants and programs that are subject to financial compliance audits by the grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management, that the reimbursement, if any, will not have a material effect on the County's financial position.

12. JOINTLY GOVERNED ORGANIZATIONS

A. Central Ohio Youth Center

The Central Ohio Youth Center is a jointly governed organization involving Union, Champaign, Delaware, and Madison Counties. The Center provides facilities for the training, treatment and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Union County serves as the fiscal agent. Each county is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2004, Champaign County contributed $423,771 for operations of the Center.

B. Champaign County Child and Family Council

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration and cooperation of parents and of public and private agencies and shall foster and develop resources, which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by statute and includes the chair of the board of county commissioners, or an individual designated by the board. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During 2004, the Champaign County Commissioners served as the Council's administrative agent but did not contribute any funds.

C. Fairways Regional Council of Governments

The County is a participant in the Fairways Regional Council of Governments (the Council), jointly governed organization with Champaign and Madison Counties. The purpose of the Council is to provide supported living services and family support services for mentally retarded and disabled individuals and their families. The Council started providing these services in September 1998 and is established under section 167 of the Ohio Revised Code. The Council is governed by a three-member board of directors, consisting of the superintendents of the participating Counties MRDD Boards. Champaign County has no ongoing financial responsibility to the Board.

D. North Central Ohio Solid Waste Management District

Champaign County participates in a Multi-County Solid Waste District (the District), along with Allen, Hardin, Marion, Shelby and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each county. Allen County serves as the fiscal agent for the District. Initial funding for the District was contributed by each county based on the individual county's population as compared to the total of all participating counties' populations.

Champaign County initially contributed approximately 12 percent of the total funds contributed. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County did not contribute to the District nor does it anticipate doing so in the future. Complete financial statements can be obtained from the North Central Ohio Solid Waste Management District, Allen County, Ohio.

13. JOINT VENTURE

Tri-County Regional Jail – Champaign County is a participant in the Tri-County Regional jail, which is a joint prison capable of minimum, medium, and maximum security. The prison was built to house convicted criminals from Madison, Union and Champaign Counties. The governing board consists of the Champaign County Sheriff and the Common Pleas Judge from each of the aforementioned counties, with the judge from Champaign County chairing the board. The Champaign County Auditor serves as fiscal agent for the Jail. During 2004, Champaign County contributed $1,066,090 towards the operation of the jail. Financial information can be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

14. DEFFERED COMPENSATION PLANS

Champaign County employees and elected officials may participate in deferred compensation plans created in accordance with Internal Revenue Code Section 457, one offered by the State of Ohio the other by the County Commissioners Association of Ohio. Participation is on a voluntary payroll deduction basis. Each plan permits deferral compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency.

15. SUBSEQUENT EVENTS

The County entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby the City of Urbana and the County created the COG for the purpose of operating an Enhanced 9-1-1 System. The County has contracted with the Champaign County Auditor to perform Auditor Services, and with the Champaign County Treasurer to perform Treasurer Services.

Effective July 2005 the County changed health care insurance to a policy with the County Commissioners Association of Ohio (CCAO) program, the County Employee Benefit Consortium of Ohio (CEBCO).

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Justice			
(Direct)			
Juvenile Accountability Incentive Block Grants	2003-JB-011-A067	16.523	12,000
Total U.S. Department of Justice			12,000
U.S. Department of Housing & Urban Development			
(Passed through Ohio Department of Development)			
Community Deveolpment Block Grants/State's Program	BF-02-011-1	14.228	2,321
	BF-03-011-1		112,125
Total Community Deveolpment Block Grants/State's Program			114,446
Emergency Shelter Program	BL-03-011-1	14.231	23,000
	BL-04-011-1		24,150
Total Emergency Shelter Program			47,150
Total U.S. Department of Housing & Urban Development			161,596
U.S. Department of Transportation			
(Passed through Ohio Department of Transportation)			
Highway Planning & Construction	PID 75851	20.205	924,085
Formula Grants for Other Than Urbanized Areas	RPT-4011	20.509	237,478
	RPT-4011		15,085
Total Formula Grants for Other Than Urbanized Areas			252,563
Total U.S. Department of Transportation			1,176,648
U.S. Department of Education			
(Passed through Ohio Department of Education)			
Special Education Cluster:			
Special Education Grants to States	065896-6B-SF-2004P	84.027	15,809
	065896-6B-SF-2005P		2,402
Total Special Education Grants to States			18,211
Special Education - Preschool Grant	065896-PG-D7-2004	84.173	6,153
	065896-PG-D7-2005		939
Total Special Education - Preschool Grant			7,092
Total Special Education Cluster			25,303
Innovative Education Program Strategies	065896-C2-S1-2004	84.298	53
Total U.S. Department of Education			25,356
U.S. Department of Health & Human Services			
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)			
Social Services Block Grant:			
Title XX	FY04	93.667	20,856
	FY04		21,019
	FY05		21,674
Total Social Services Block Grant			63,549

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Medical Assistance Program	FY04 CAFS	93.778	921,181
	FY04 TCM		188,196
	FY04 Waiver		25,940
			1,135,317
(Passed through Area Agency on Aging, Planning & Service Area)			
Special Programs for the Aging Title III, Part B Grants	FY04	93.044	53,066
Total U.S. Department of Health & Human Services			1,251,932
U.S. Department of Labor			
(Passed through Ohio Department of Job and Family Services)			
Workforce Investment Act - Adult	PY02	17.258	50,108
Workforce Investment Act - Adult	PY03		(15,882)
Workforce Investment Act - Adult Administrative	PY03		8,985
(Passed through Area 7 Workforce Investment Board)			
Workforce Investment Act - Adult	PY03		8,054
Workforce Investment Act - Adult	PY04		953
Workforce Investment Act - Adult Administrative	PY04		800
Total Workforce Investment Act - Adult Program			53,018
Workforce Investment Act - Youth	PY02	17.259	45,323
Workforce Investment Act - Youth	PY03		13,956
Workforce Investment Act - Youth Administrative	PY03		14,711
(Passed through Area 7 Workforce Investment Board)			
Workforce Investment Act - Youth	PY03		14,541
Workforce Investment Act - Youth	PY04		10,979
Total Workforce Investment Act - Youth Activities			99,510
Workforce Investment Act - Dislocated Workers	PY02	17.260	37,225
Workforce Investment Act - Dislocated Workers	PY03		(1,642)
Workforce Investment Act - Dislocated Workers Administrative	PY03		10,577
(Passed through Area 7 Workforce Investment Board)			
Workforce Investment Act - Dislocated Workers	PY03		17,353
Workforce Investment Act - Dislocated Workers	PY04		809
Workforce Investment Act - Dislocated Workers	PY04		3,837
Total Workforce Investment Act - Dislocated Workers			68,159
Total U.S. Department of Labor			220,687
U.S General Services Administration			
(Passed through Ohio Secretary of State)			
Election Reform Payments	N/A	39.011	6,725
U.S. Department of Homeland Security			
(Passed through Ohio Emergency Management Agency - Mitigation Branch)			
Pre-Disaster Mitigation	FY02 PDM 03	97.047	10,848
Total Federal Financial Assistance			$2,865,792

The accompanying notes to this schedule are an integral part of the schedule.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As described in Note A, the County records expenditures of Federal awards to sub-recipients when paid in cash.

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring sub-recipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

This page intentionally left blank.

Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Honorable County Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite A100
Urbana, Ohio 43078

We have audited the financial statements of Champaign County, (the County), as of and for the year ended December 31, 2004, and have issued our report thereon dated August 1, 2005 wherein we noted that the County prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated August 1, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002**.** In a separate letter to the County's management dated August 1, 2005, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

We intend this report solely for the information and use of the fiscal report review committee, management, and the Board of County Commissioners, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

Betty Montgomery
Auditor of State

August 1, 2005

Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
Champaign County
1512 South U.S. Highway 68, Suite A100
Urbana, Ohio 43078

Compliance

We have audited the compliance of Champaign County ,(the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County'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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2004. In a separate letter to the County's management dated August 1, 2005, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The County's management 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 the County's internal control over compliance with requirements that could directly and materially affect a major federal program 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Internal Control Over Compliance
(Continued)

We noted a matter involving the internal control over compliance and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings as item 2004-003.

A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above is a material weakness.

We intend this report solely for the information and use of the fiscal report review committee, management, Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Betty Montgomery

Betty Montgomery
Auditor of State

August 1, 2005

FINANCIAL CONDITION
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #20.205 - Highway Planning and Construction CFDA #93.778 - Medical Assistance Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NONCOMPLIANCE GAAP REPORTING
FINDING NUMBER 2004-001

Ohio Administrative Code Section 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the County prepared its annual financial report for 2004 in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

The County should prepare their annual financial reports in accordance with generally accepted accounting principles.

NONCOMPLIANCE CERTIFYING THE AVAILABILITY OF FUNDS
FINDING NUMBER 2004-002

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant fro the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

   Amounts of less than $100 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding $5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

FINDING NUMBER 2004-002
Continued

3. **Super Blanket certificate** – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

In 2004, the County did not properly certify the availability of funds prior to purchase commitment for 20% of the expenditures tested and there was no evidence that the County followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, we recommend that the County Auditor certify that the funds are or will be available prior to the obligation by the County. When prior certification is not possible, "then and now" certification should be used. We recommend the County certify purchases to which section 5705.41(D) applies. The County Auditor should issue purchase orders for all utilities and phone payments. The most convenient certification method is to use super blanket certificates for recurring monthly items, such as utilities. In addition, the County Auditor should sign the certification at the time the County incurs a commitment, and only when the requirements of 5705.41(D) are satisfied and post the amount to the budgetary accounting system reducing the amount of available appropriations.

3. FINDINGS FOR FEDERAL AWARDS

FINDING FOR FEDERAL AWARDS

Finding Number	2004-003
CFDA Title and Number	All CFDA Titles and Numbers
Federal Award Number / Year	All Federal Award Numbers
Federal Agency	All Federal Agencies
Pass-Through Agency	All Pass-Through Agencies

Federal Revenue

OMB Circular A-133 requires federal recipients and subrecipients to identify in their accounts all federal awards received and expended, as well as the federal programs under which they were granted. The County's chart of accounts does provide a logical sequence by fund, revenue source, and expenditure classification; however, several departments are not using the correct code for federal dollars. It is also difficult to compare receipts and expenditures for a department or for a specific project since the receipt codes do not always correspond to the expenditure codes.

Several departments were unable to prepare accurate and complete schedules of federal assistance for 2004 due to incorrectly-coded federal dollars. Several of the County's departmental federal schedules required extensive revision in order to present the accompanying Schedule of Federal Awards Expenditure accurately for 2004.

Champaign County should implement policies and procedures requiring all County departments to post federal program transactions consistently to accounts codes which are identified specifically for federal receipts or expenditures.

FINANCIAL CONDITION
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FISCAL YEAR END DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2003-001	Ohio Administrative Code Section 117-2-03(B) – failure to prepare financial statements in accordance with generally accepted accounting principles.	No	Repeated as finding 2004-001
2003-002	Ohio Rev. Code Section 5705.41(D) – failure to certify the availability of funds prior to entering into purchase commitments.	No	Repeated as finding 2004-002
2003-003	Auditor of State bulletin 2000-008, failure to record "on behalf payments" made by the Ohio Public Works Commission on behalf of the County.	Yes	
2003-004	Correct departmental payments made to the Health Insurance Fund	Yes	
2003-005	Preparation of complete and accurate federal awards expenditure schedule.	No	Repeated as finding 2004-003

FINANCIAL CONDITION
CHAMPAIGN COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2004

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-001	Do not anticipate preparing financial statements in accordance with generally accepted accounting principles.	Correction Not Anticipated	Bonnie Warman County Auditor
2004-002	Purchase orders are being utilized for all expenditures including utilities	current	Bonnie Warman County Auditor
2004-003	Identify, by separate fund, revenues and expenditures for each CFDA program.	current	Bonnie Warman County Auditor

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

FINANCIAL CONDITION

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 18, 2005