



STEPHENSON COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman
Members of the County Board
Stephenson County
Freeport, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Stephenson County, Illinois (the County), as of and for the year ended December 31, 2022 and the related notes to financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Stephenson County, Illinois, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The County adopted GASB Statement No. 87, *Leases*, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Our opinion is not modified with respect to these matters.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stephenson County, Illinois has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Management implemented GASB S-75 in the fiscal year ended December 31, 2020. Therefore, only three years of data is presented as 2018 and 2019 data are not available. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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* in considering the County's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
September 1, 2023

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Chairman
Members of the County Board
Stephenson County
Freeport, Illinois

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the fiduciary (custodial) fund and the aggregate remaining fund information of Stephenson County, Illinois (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2022-001, 2022-002 and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stephenson County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
September 1, 2023

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2022

Material Weaknesses

2022-001: Material Audit Adjustments

Criteria: The County's general ledger should support all information in the annual financial statements. If material audit adjustments are proposed and recorded (since external auditors cannot be considered a part of internal controls) by definition, a material weakness has occurred. It is the responsibility of management to record all transactions necessary to generate financial statements and disclosures in accordance with generally accepted accounting principles.

Condition: During our audit, we identified several material financial statement adjustments which affected the current year financial statements.

This finding is repeated for the year ended December 31, 2022 and is also reported in Section IV - Prior Year Audit Findings as finding 2021-001.

Cause: Management did not properly record all necessary financial statement adjustments.

Effect: The general ledger was materially misstated.

Recommendation: We recommend the County identify and record transactions in the proper period and to the proper fund to ensure all transactions are accounted for in accordance with generally accepted accounting principles, and all necessary financial presentations and note disclosures are included as required by generally accepted accounting principles.

Views of Responsible Officials: Management agrees with this finding.

2022-002: Capital Assets

Criteria: The County does not maintain a listing of capital asset additions, nor do they have a method to track capital asset disposals. Further, there is no formalized process for decentralized departments to communicate capital asset activity to a centralized department for reporting purposes. Additionally, the County does not have a formalized capital asset policy.

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2022

Material Weaknesses (Continued)

2022-002: Capital Assets (Continued)

Condition: During our audit, we noted the County does not maintain a schedule of their capital assets, accumulated depreciation or depreciation expense amounts.

This finding is repeated for the year ended December 31, 2022 and is also reported in Section IV - Prior Year Audit Findings as finding 2021-002.

Cause: The County does not maintain a listing of capital assets nor do they have a method to track capital asset additions and disposals.

Effect: Failure to properly track capital assets may result in the misstatement of the County's financial statements.

Recommendation: We recommend the County develop procedures to track the addition or disposal of any significant capital assets by departments throughout the County. We recommend the County prepare a full listing of all capital assets on hand to include the cost, useful life, accumulated depreciation and net book value. Such a listing would help the County maintain a detailed listing of the assets on hand and where the assets are maintained. Additionally, we recommend the County adopt a formal capital asset policy.

Views of Responsible Officials: Management agrees with this finding.

2022-003: Nursing Home Receivables

Condition: During our audit, we noted the balance of accounts receivable and allowance for doubtful accounts on the trial balance did not change year over year.

Cause: The County does not adjust or analyze the allowance for doubtful accounts on a regular basis.

Effect: Failure to properly track and adjust the allowance for doubtful accounts could result in misstatement of the Nursing Home financial statements.

Recommendation: We recommend that management review a formal monthly written report covering past-due accounts. Such a report would provide information on which management could base decisions about the need for stronger collection

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2022

Material Weaknesses (Continued)

2022-003: Nursing Home Receivables (Continued)

efforts, the need to write-off particular accounts, the need for an increase to the allowance for uncollectible accounts. We recommend that management prepare and review an analysis of uncollectible accounts on at least a quarterly basis. This analysis should consider prior charge-off experience and experience with the resident, as well as other information management may have regarding the account. Management should adjust the allowance for doubtful accounts after reviewing the analysis of uncollectible accounts and making appropriate collection efforts.

Views of Responsible Officials: Management agrees with this finding.

Prior Year Audit Findings

Material Weaknesses

2021-001: Material Audit Adjustments

Criteria: The County's general ledger should support all information in the annual financial statements. If material audit adjustments are proposed and recorded (since external auditors cannot be considered a part of internal controls) by definition, a material weakness has occurred. It is the responsibility of management to record all transactions necessary to generate financial statements and disclosures in accordance with generally accepted accounting principles.

Condition: During our audit, we identified several material financial statement adjustments which affected the current year financial statements.

Cause: Management did not properly record all necessary financial statement adjustments.

Effect: The general ledger was materially misstated.

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2022

Prior Year Audit Findings (Continued)

Material Weaknesses (Continued)

2021-001: Material Audit Adjustments (Continued)

Recommendation: We recommend the County identify and record transactions in the proper period and to the proper fund to ensure all transactions are accounted for in accordance with generally accepted accounting principles, and all necessary financial presentations and note disclosures are included as required by generally accepted accounting principles.

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is repeated for the year ended December 31, 2022 and is also reported in Section II - Financial Statement Findings as finding 2022-001.

2021-002: Capital Assets

Criteria: The County does not maintain a listing of capital asset additions, nor do they have a method to track capital asset disposals. Further, there is no formalized process for decentralized departments to communicate capital asset activity to a centralized department for reporting purposes. Additionally, the County does not have a formalized capital asset policy.

Condition: During our audit, we noted the County does not maintain a schedule of their capital assets, accumulated depreciation or depreciation expense amounts.

Cause: The County does not maintain a listing of capital assets nor do they have a method to track capital asset additions and disposals.

Effect: Failure to properly track capital assets may result in the misstatement of the County's financial statements.

Recommendation: We recommend the County develop procedures to track the addition or disposal of any significant capital assets by departments throughout the County. We recommend the County prepare a full listing of all capital assets on hand to include the cost, useful life, accumulated depreciation and net book value. Such a listing would help the County maintain a detailed listing of the assets on hand and where the assets are maintained. Additionally, we recommend the County adopt a formal capital asset policy.

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2022

Prior Year Audit Findings (Continued)

Material Weaknesses (Continued)

2021-002: Capital Assets (Continued)

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is repeated for the year ended December 31, 2022 and is also reported in Section II - Financial Statement Findings as finding 2022-002.

2021-003: Nursing Home Receivables

Condition: During our audit, we noted an increase in the quantity of receivables and amount of past due accounts.

Cause: The County does not adjust or analyze the allowance for doubtful accounts on a regular basis.

Effect: Failure to properly track and adjust the allowance for doubtful accounts could result in misstatement of the Nursing Home financial statements.

Recommendation: We recommend that management review a formal monthly written report covering past-due accounts. Such a report would provide information on which management could base decisions about the need for stronger collection efforts, the need to write-off particular accounts, the need for an increase to the allowance for uncollectible accounts. We recommend that management prepare and review an analysis of uncollectible accounts on at least a quarterly basis. This analysis should consider prior charge-off experience and experience with the resident, as well as other information management may have regarding the account. Management should adjust the allowance for doubtful accounts after reviewing the analysis of uncollectible accounts and making appropriate collection efforts.

Views of Responsible Officials: Management agrees with this finding.

Status: This finding is repeated for the year ended December 31, 2022 and is also reported in Section II - Financial Statement Findings as finding 2022-003.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

BASIC FINANCIAL STATEMENTS

STEPHENSON COUNTY, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 32,286,236	\$ 299,304	\$ 32,585,540
Property tax receivable	10,109,750	500,000	10,609,750
Accounts receivable	2,463,150	922,916	3,386,066
Prepaid expenses	720,850	-	720,850
Inventory	20,837	-	20,837
Other assets	1,680,000	-	1,680,000
Internal balances	420,950	(420,950)	-
Net pension asset	11,743,781	3,759,667	15,503,448
Capital assets			
Not depreciated	288,555	-	288,555
Depreciated (net of accumulated depreciation)	13,771,182	1,034,302	14,805,484
Total assets	73,505,291	6,095,239	79,600,530
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	245,648	-	245,648
Pension items - IMRF - County	433,337	180,173	613,510
Pension items - IMRF - SLEP	1,015,857	-	1,015,857
Pension items - OPEB	714,837	205,502	920,339
Total deferred outflows of resources	2,409,679	385,675	2,795,354
LIABILITIES			
Accounts payable	1,129,546	1,190,430	2,319,976
Accrued payroll	503,976	95,951	599,927
Accrued interest payable	8,560	-	8,560
Unearned revenue	8,069,569	-	8,069,569
Noncurrent liabilities			
Due within one year	1,888,751	71,003	1,959,754
Due in more than one year	9,156,894	1,114,624	10,271,518
Total liabilities	20,757,296	2,472,008	23,229,304
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF - County	6,361,624	2,645,034	9,006,658
Pension items - IMRF - SLEP	5,205,429	-	5,205,429
Pension items - OPEB	1,468,057	422,039	1,890,096
Deferred revenue - property taxes	10,109,750	500,000	10,609,750
Total deferred inflows of resources	23,144,860	3,567,073	26,711,933
NET POSITION			
Net investment in capital assets	8,483,763	1,034,302	9,518,065
Restricted for			
Retirement	2,852,641	-	2,852,641
Public safety	4,837,097	-	4,837,097
Judiciary and court related	617,486	-	617,486
Highways and streets	5,769,087	-	5,769,087
Health and welfare	1,091,362	-	1,091,362
Insurance	592,412	-	592,412
Specific purposes	892,619	-	892,619
Unrestricted (deficit)	6,876,347	(592,469)	6,283,878
TOTAL NET POSITION	\$ 32,012,814	\$ 441,833	\$ 32,454,647

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 6,727,489	\$ 1,390,016	\$ 32,500	\$ -
Public safety	4,621,521	475,159	190,230	-
Judiciary and court related	4,965,637	932,583	880,085	-
Public works	7,755,417	340,602	3,711,485	1,471,276
Health and welfare	4,423,007	494,167	2,599,855	-
Interest	190,863	-	-	-
Total governmental activities	28,683,934	3,632,527	7,414,155	1,471,276
Business-type activities				
Nursing Center	4,839,019	3,793,763	258,464	-
TOTAL PRIMARY GOVERNMENT	\$ 33,522,953	\$ 7,426,290	\$ 7,672,619	\$ 1,471,276

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (5,304,973)	\$ -	\$ (5,304,973)
	(3,956,132)	-	(3,956,132)
	(3,152,969)	-	(3,152,969)
	(2,232,054)	-	(2,232,054)
	(1,328,985)	-	(1,328,985)
	(190,863)	-	(190,863)
	(16,165,976)	-	(16,165,976)
	-	(786,792)	(786,792)
	(16,165,976)	(786,792)	(16,952,768)
General revenues			
Taxes			
Property	9,832,899	495,251	10,328,150
Sales	5,305,083	-	5,305,083
E-911 surcharge	833,698	-	833,698
Other	2,077,931	-	2,077,931
Shared income taxes	2,190,989	-	2,190,989
Intergovernmental	648,192	-	648,192
Investment income	131,412	71	131,483
Miscellaneous	2,127,401	-	2,127,401
Transfers in (out)	655,443	(655,443)	-
Total	23,803,048	(160,121)	23,642,927
CHANGE IN NET POSITION	7,637,072	(946,913)	6,690,159
NET POSITION, JANUARY 1	24,526,150	1,388,746	25,914,896
PRIOR PERIOD ADJUSTMENT	(150,408)	-	(150,408)
NET POSITION, JANUARY 1, AS RESTATED	24,375,742	1,388,746	25,764,488
NET POSITION, DECEMBER 31	\$ 32,012,814	\$ 441,833	\$ 32,454,647

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2022

	General	ARPA	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,763,826	\$ 8,143,187	\$ 17,272,130	\$ 32,179,143
Property taxes receivable	5,384,553	-	4,725,197	10,109,750
Accounts receivable				
Due from other governments	853,373	-	1,609,777	2,463,150
Due from other funds	436,014	-	-	436,014
Prepaid items	17,416	-	383,323	400,739
Inventory	-	-	20,837	20,837
TOTAL ASSETS	\$ 13,455,182	\$ 8,143,187	\$ 24,011,264	\$ 45,609,633
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 413,939	\$ 146,575	\$ 569,032	\$ 1,129,546
Accrued payroll	298,576	-	205,400	503,976
Due to other funds	-	-	15,064	15,064
Unearned revenue	-	7,953,023	116,546	8,069,569
Total liabilities	712,515	8,099,598	906,042	9,718,155
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	5,384,553	-	4,725,197	10,109,750
Total deferred inflows of resources	5,384,553	-	4,725,197	10,109,750
FUND BALANCES				
Nonspendable - prepaid items and inventory	17,416	-	404,160	421,576
Restricted for				
Retirement	-	-	2,852,641	2,852,641
Public safety	-	-	4,837,097	4,837,097
Judiciary and court related	-	-	617,486	617,486
Public works	-	-	5,769,087	5,769,087
Health and welfare	-	-	1,091,362	1,091,362
Insurance	-	-	592,412	592,412
Specific purpose	-	43,589	849,030	892,619
Unrestricted				
Assigned for capital projects	-	-	1,300,109	1,300,109
Assigned for debt service	-	-	81,705	81,705
Unassigned (deficit)	7,340,698	-	(15,064)	7,325,634
Total fund balances	7,358,114	43,589	18,380,025	25,781,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,455,182	\$ 8,143,187	\$ 24,011,264	\$ 45,609,633

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2022

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 25,781,728
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	14,059,737
Differences between expected and actual experiences, assumption changes, contributions after the measurement date and net difference between projected and actual earnings for the IMRF - County are recognized as deferred outflows and inflows of resources on the statement of net position	(5,928,287)
Differences between expected and actual experiences, assumption changes, contributions after the measurement date and net difference between projected and actual earnings for the IMRF - SLEP plan are recognized as deferred outflows and inflows of resources on the statement of net position	(4,189,572)
Differences between expected and actual experiences, assumption changes, contributions after the measurement date and net difference between projected and actual earnings for the OPEB plan are recognized as deferred outflows and inflows of resources on the statement of net position	(753,220)
Net pension assets are not financial resources and are not reported in governmental funds	
Net pension asset - IMRF	9,042,449
Net pension asset - SLEP	2,701,332
Other assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds	1,680,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	(1,262,890)
Total OPEB liability	(3,961,133)
Bonds payable	(4,118,386)
Unamortized loss on refunding	245,648
Interest payable	(8,560)
Installment purchase agreements payable	(1,551,980)
Leases payable	(151,256)
The net position of the internal service funds are included in the governmental activities in the statement of net position	<u>427,204</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 32,012,814</u></u>
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See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	General	ARPA	Nonmajor Governmental	Total Governmental Funds
REVENUES				
Taxes	\$ 10,254,270	\$ -	\$ 13,643,339	\$ 23,897,609
Charges for services	1,867,783	-	2,347,478	4,215,261
Intergovernmental	1,036,861	648,192	3,674,425	5,359,478
Investment income	10,259	41,420	79,733	131,412
Miscellaneous	1,029,220	-	1,227,611	2,256,831
Total revenues	14,198,393	689,612	20,972,586	35,860,591
EXPENDITURES				
Current				
General government	4,578,390	-	2,227,871	6,806,261
Public safety	2,703,746	-	2,367,723	5,071,469
Judiciary and court related	4,941,757	-	654,890	5,596,647
Public works	-	-	6,871,541	6,871,541
Health and welfare	-	1,268,413	3,850,866	5,119,279
Capital outlay	-	-	1,243,861	1,243,861
Debt service				
Principal	96,859	106,234	1,165,047	1,368,140
Interest and fiscal charges	7,896	9,405	134,675	151,976
Total expenditures	12,328,648	1,384,052	18,516,474	32,229,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,869,745	(694,440)	2,456,112	3,631,417
OTHER FINANCING SOURCES (USES)				
Issuance of lease payable	-	-	20,712	20,712
Issuance of installment contract	591,917	735,860	166,951	1,494,728
Transfers in	-	-	5,072,992	5,072,992
Transfers (out)	(1,577,617)	-	(2,977,277)	(4,554,894)
Total other financing sources (uses)	(985,700)	735,860	2,283,378	2,033,538
NET CHANGE IN FUND BALANCES	884,045	41,420	4,739,490	5,664,955
FUND BALANCES, JANUARY 1	6,474,069	2,169	13,790,943	20,267,181
PRIOR PERIOD ADJUSTMENT	-	-	(150,408)	(150,408)
FUND BALANCES, JANUARY 1, AS RESTATED	6,474,069	2,169	13,640,535	20,116,773
FUND BALANCES, DECEMBER 31	\$ 7,358,114	\$ 43,589	\$ 18,380,025	\$ 25,781,728

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

**NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS**

\$ 5,664,955

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities 463,994

Some expenses associated with capital assets do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds
Depreciation (1,406,758)

Certain revenue included in the statement of activities does not provide current financial resources and, therefore, is deferred in the governmental funds statements (195,028)

Some expenses associated with long-term obligations do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds
Change in compensated absences 40,578
Change in accrued interest payable 2,054

The issuance of installment purchase agreements and lease payables is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities (1,515,440)

The current year amortizations of loss on refunding is reported as interest expense on the statement of activities
Current year loss on refunding (40,941)

The repayment of long-term debt is reported as an expenditures when due in governmental funds but as a reduction of principal on the government-wide financial statements 1,368,140

The change in the IMRF - County net pension liability and deferred inflows/outflows of resources is not a source or use of a financial resource 2,387,470

The change in the IMRF - SLEP plan net pension liability and deferred inflows/outflows of resources is not a source or use of a financial resource 1,044,274

The change in the total OPEB liability and deferred inflows/outflows of resources is not a source or use of a financial resource (265,497)

The change in net position of certain activities of internal service funds is reported with governmental activities 89,271

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 7,637,072

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2022

	Enterprise Fund Nursing Center Fund	Governmental Activities Internal Service Funds
CURRENT ASSETS		
Cash and cash equivalents	\$ 299,304	\$ 107,093
Receivables		
Property taxes	500,000	-
Accounts	922,916	-
Prepaid expenses	-	320,111
Total current assets	1,722,220	427,204
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	1,034,302	-
Net pension asset	3,759,667	-
Total noncurrent assets	4,793,969	-
Total assets	6,516,189	427,204
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	180,173	-
Deferred outflows - OPEB	205,502	-
Total deferred outflows of resources	385,675	-
Total assets and deferred outflows of resources	6,901,864	427,204
CURRENT LIABILITIES		
Accounts payable	1,190,430	-
Accrued payroll	95,951	-
Due to other funds	420,950	-
Compensated absences payable	7,031	-
Total OPEB liability	63,972	-
Total current liabilities	1,778,334	-
NONCURRENT LIABILITIES		
Compensated absences payable	39,843	-
Total OPEB liability	1,074,781	-
Total noncurrent liabilities	1,114,624	-
Total liabilities	2,892,958	-
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	500,000	-
Pension items - IMRF	2,645,034	-
Pension items - OPEB	422,039	-
Total deferred inflows of resources	3,567,073	-
Total liabilities and deferred inflows of resources	6,460,031	-
NET POSITION		
Net investment in capital assets	1,034,302	-
Unrestricted (deficit)	(592,469)	427,204
TOTAL NET POSITION	\$ 441,833	\$ 427,204

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2022

	Enterprise Fund Nursing Center Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 3,793,763	\$ -
Employee contributions	-	624,452
Employer contributions	-	2,512,880
Total operating revenues	3,793,763	3,137,332
OPERATING EXPENSES		
Nursing center	4,725,499	-
Depreciation	113,520	-
Health and life insurance premiums	-	3,187,200
Total operating expenses	4,839,019	3,187,200
OPERATING INCOME (LOSS)	(1,045,256)	(49,868)
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	495,251	-
Investment income	71	1,794
Grants	258,464	-
Total non-operating revenues (expenses)	753,786	1,794
INCOME (LOSS) BEFORE TRANSFERS	(291,470)	(48,074)
TRANSFERS		
Transfers in	-	137,345
Transfers (out)	(655,443)	-
CHANGE IN NET POSITION	(946,913)	89,271
NET POSITION, JANUARY 1	1,388,746	337,933
NET POSITION, DECEMBER 31	\$ 441,833	\$ 427,204

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2022

	Enterprise Fund Nursing Center Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,311,051	\$ 624,452
Receipts from interfund service transactions	-	2,512,880
Payments to suppliers	(754,934)	(3,242,433)
Payments to employees	(4,358,508)	-
	<hr/>	<hr/>
Net cash from operating activities	(802,391)	(105,101)
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of general property taxes	495,251	-
Grant receipts	258,464	-
Receipt of loans from other funds	420,950	-
Transfers in	-	137,345
Transfers (out)	(655,443)	-
	<hr/>	<hr/>
Net cash from noncapital financing activities	519,222	137,345
	<hr/>	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
None	-	-
	<hr/>	<hr/>
Net cash from capital and related financing activities	-	-
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	71	1,794
	<hr/>	<hr/>
Net cash from investing activities	71	1,794
	<hr/>	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(283,098)	34,038
CASH AND CASH EQUIVALENTS, JANUARY 1	582,402	73,055
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 299,304	\$ 107,093
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(This statement is continued on the following page.)

STEPHENSON COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	Enterprise Fund	Governmental Activities
	Nursing Center Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (loss)	\$ (1,045,256)	\$ (49,868)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	113,520	-
Effects of changes in operating assets and liabilities		
Accounts receivable	517,288	-
Prepaid items	-	(55,233)
Accounts payable	578,004	-
Accrued payroll	26,623	-
Compensated absences payable	(10,387)	-
Pension items	(968,997)	-
OPEB items	(13,186)	-
NET CASH FROM OPERATING ACTIVITIES	\$ (802,391)	\$ (105,101)

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

December 31, 2022

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ 1,730,797
Investments	<u>250,061</u>
Total assets	<u>1,980,858</u>
LIABILITIES	
Amounts due to others	<u>1,959,503</u>
Total liabilities	<u>1,959,503</u>
NET POSITION	
Restricted	
Individuals, organizations and other governments	222
Fund participants	<u>21,133</u>
TOTAL NET POSITION	<u><u>\$ 21,355</u></u>

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS**

For the Year Ended December 31, 2022

ADDITIONS

Property taxes and related item collections for other governments	\$ 70,375,808
Fines and fees collected for others	3,568,045
Fund participant deposits	<u>1,394,042</u>
Total additions	<u>75,337,895</u>

DEDUCTIONS

Payments of property taxes and related items to other governments	70,598,299
Payments of fines and fees to others	3,345,554
Reimbursement to or on behalf of fund participants	<u>1,397,390</u>
Total deductions	<u>75,341,243</u>

CHANGE IN NET POSITION	(3,348)
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RESTRICTED NET POSITION

January 1	<u>24,703</u>
December 31	<u><u>\$ 21,355</u></u>

See accompanying notes to financial statements.

STEPHENSON COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stephenson County, Illinois (the County), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

a. Reporting Entity

The County was incorporated under the laws of the State of Illinois in 1837 and operates under an elected 16-member County Board and provides services to the public such as public safety and judicial system, health and social services, road construction and maintenance, planning and zoning and general administrative services. The reporting entity for the County consists of Stephenson County.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board if the primary government must approve the organization's budget, tax levies, rates and charges, or issuance of bonded debt and there is a financial benefit or burden to the County.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The County presents the 911 Emergency Fund as a blended component unit. The County has no discretely presented component units.

b. Fund Accounting

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of revenue sources that are legally restricted or committed for specific purposes (special revenue funds), the funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund (capital projects funds), the servicing of bonded general long-term debt using funds restricted, committed or assigned for debt service (debt service fund) and the management of funds held in trust that can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the County (internal service funds).

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The County's utilized custodial funds which are generally used to account for assets that the County holds in a fiduciary capacity on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

The ARPA (American Rescue Plan Act) Fund is used to account for the revenues that are restricted for grant eligible expenditures.

The County reports the following major enterprise fund:

The Nursing Center Fund is used to account for the revenues and expenses associated with the operation of the County Nursing Home.

The County reports the following internal service funds:

The Internal Service Fund is used to account for revenues and expenses related to the County's employee health plan.

The County reports a variety of custodial funds as fiduciary funds to account for assets held by county officials on behalf of others.

d. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County recognizes property taxes when they become both measurable and available in the year intended to finance. A 60-day availability period is used for revenue recognition for most other governmental fund revenues except for sales taxes which is 90 days. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt is recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales and motor fuel taxes, collected and held by the state at year end on behalf of the County are also recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The County reports unearned revenue and unavailable/deferred revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability and deferred inflows of resources for unearned and unavailable/deferred revenue are removed from the financial statements and revenue is recognized.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The County categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds." Short-term interfund loans, if any, are also classified as "due to/from other funds." Long-term interfund loans, if any, are classified as "advances to/from other funds."

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses using the consumption method.

h. Inventories

Inventories (immunization inventories) are valued at cost, which approximates market using the consumption method.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, bridges and storm sewer) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are as defined by the County as individual assets with an initial, individual cost of more \$5,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Infrastructure	20-50
Equipment and vehicles	5-7

j. Compensated Absences

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Depending on the employee contract, each employee's earned sick days can accumulate to a maximum of 60 to 120 days and at the end of each calendar year, the employee can receive pay for sick days accumulated above the maximum days. Additionally, certain union agreements within the County allow for payment of sick leave balance upon retirement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued))

k. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund financial statements. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

l. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or internally restricted via enabling legislation. Committed fund balance is constrained by formal actions of the County Board of Trustees, which is considered the County's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the County's intent to use them for a specific purpose. Any residual fund balance in the General Fund and deficit balances in other funds are reported as unassigned.

The County's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the County considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers.

n. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

2. DEPOSITS AND INVESTMENTS

The County categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Investment of the County funds, by statute, is vested with the County Treasurer. The County Treasurer's investment policy guides the investments of the County. The investment policy permits the County to make deposits/investments in any investments set forth by Illinois Compiled Statutes (ILCS). These investments include debt securities guaranteed by the United States of America, interest accounts and certificates of a bank (also savings and loans if fully FDIC insured and credit unions if main office is located in Illinois), certain commercial paper, municipal bonds, certain obligations of the Federal National Mortgage Association, certain money market mutual funds, certain repurchase agreements and The Illinois Funds (a money market fund created by the State Legislature under the control of the State Treasurer that maintains a \$1 share value).

It is the policy of the County to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety of principal, diversity, liquidity, yield, public confidence and positive community involvement.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's investment policy states that it is the discretion of the County Treasurer to determine whether pledging of collateral is required. At all times, deposits in excess of 35% of the capital and surplus of a financial institution is required to be collateralized. When collateral is required the policy requires pledging of collateral with a fair value of 110% for all bank balances in excess of federal depository insurance with the collateral held by a third party acting as the agent of the County. At year end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

b. Investments

The following table presents the investments and maturities of the County's debt securities as of December 31, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Repurchase agreements	\$ 11,842,671	\$ 11,842,671	\$ -	\$ -	\$ -
TOTAL	\$ 11,842,671	\$ 11,842,671	\$ -	\$ -	\$ -

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

The County has the following recurring fair value measurements as of December 31, 2022: The repurchase agreements are valued using a matrix pricing model (Level 2 input).

In accordance with its investment policy, the County limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a short-term (annual) period. The investment policy does not limit the maximum maturity length of investments. The investment policy also requires all investments and deposits be placed in interest bearing accounts and that all financial institutions provide a monthly analysis that would shown any excess funds that could be invested in longer term higher yield investments.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity.

The County's investment policy does not address credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the County will not be able to recover the value of its investments that are in possession of an outside party. The County's investment policy does not address custodial credit risk. The County's investments in the repurchase agreements of \$11,842,671 are held in safekeeping by the bank who is pledging the securities which exposes those investments to custodial credit risk.

Concentration of credit risk - the County's investment policy requires diversification of the portfolio but does not contain any specific diversification targets.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for 2021 attached as an enforceable lien on January 1, 2021, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills were prepared by the County and issued on or about May 1, 2022 and were payable in two installments on or about June 1, 2022 and September 1, 2022. The County collects such taxes and remits them periodically.

The County has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2022 tax levy (adopted in November 2022) has been recorded as receivable and unavailable/deferred revenue on the financial statements.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 288,555	\$ -	\$ -	\$ 288,555
Total capital assets not being depreciated	288,555	-	-	288,555
Tangible capital assets being depreciated				
Infrastructure	651,215,498	85,466	-	651,300,964
Intangible assets	108,400	-	-	108,400
Buildings and improvements	16,212,622	-	-	16,212,622
Equipment and vehicles	7,183,556	357,816	25,200	7,516,172
Total tangible capital assets being depreciated	674,720,076	443,282	25,200	675,138,158
Intangible capital assets being amortized				
Vehicles	55,015	20,712	-	75,727
Administrative equipment	63,062	-	-	63,062
Office space	86,934	-	-	86,934
Total intangible capital assets being amortized	205,011	20,712	-	225,723
Less accumulated depreciation for tangible capital assets				
Infrastructure	644,642,333	593,703	-	645,236,036
Intangible assets	108,400	-	-	108,400
Buildings and improvements	9,083,929	379,956	-	9,463,885
Equipment and vehicles	6,376,479	357,816	25,200	6,709,095
Total accumulated depreciation for tangible capital assets	660,211,141	1,331,475	25,200	661,517,416
Less accumulated amortization for intangible capital assets				
Vehicles	-	21,348	-	21,348
Administrative equipment	-	15,609	-	15,609
Office space	-	38,325	-	38,325
Total accumulated amortization for intangible capital assets	-	75,283	-	75,283
Total tangible and intangible capital assets being depreciated and amortized, net	14,713,946	(942,764)	-	13,771,182
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 15,002,501	\$ (942,764)	\$ -	\$ 14,059,737

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General control and administration	\$ 101,666
Public safety	526,270
Judicial and court related	15,044
Public works	741,900
Health, sanitation and welfare	<u>21,878</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,406,758</u>
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Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Building and improvements	\$ 3,778,731	\$ -	\$ -	\$ 3,778,731
Equipment and vehicles	603,825	-	-	603,825
Total capital assets being depreciated	<u>4,382,556</u>	<u>-</u>	<u>-</u>	<u>4,382,556</u>
Less accumulated depreciation for				
Building and improvements	2,702,878	92,169	-	2,795,047
Equipment and vehicles	531,856	21,351	-	553,207
Total accumulated depreciation	<u>3,234,734</u>	<u>113,520</u>	<u>-</u>	<u>3,348,254</u>
Total capital assets being depreciated, net	<u>1,147,822</u>	<u>(113,520)</u>	<u>-</u>	<u>1,034,302</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 1,147,822</u>	<u>\$ (113,520)</u>	<u>\$ -</u>	<u>\$ 1,034,302</u>

5. OTHER ASSETS

During the years ended December 31, 2006 through 2011, the County purchased land, incurred engineering costs and made land improvements totaling \$4,592,378 related to the Mill Race Crossing Economic Development Project. With the cooperation of the Northwest Illinois Development Alliance, the County intends to develop infrastructure in the area and use the land for new business development. Any proceeds from the sale of land will go to the County to offset the cost of the original purchase and further costs the County incurs to develop the land. Of the total 147 acres, 20 acres were given to a commercial development who has since brought electricity to the property. 43 acres have been deemed unimprovable leaving 84 acres for potential development. The County has estimated the 84 acres to be worth \$20,000 per acre, therefore, the value of the asset has been written down \$2,912,378 to \$1,680,000.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during the fiscal year:

	Beginning Balances, as restated	Increases	Decreases	Ending Balances	Current Portions
GOVERNMENTAL ACTIVITIES					
Compensated absences*	\$ 1,303,468	\$ 154,942	\$ 195,520	\$ 1,262,890	\$ 189,433
Debt certificates	5,114,774	-	996,388	4,118,386	1,021,386
Installment purchase agreements	354,537	1,494,728	297,285	1,551,980	374,920
Leases payable	205,011	20,712	74,467	151,256	80,487
Net pension liability - SLEP*	460,937	-	460,937	-	-
Total OPEB liability*	4,749,804	-	788,671	3,961,133	222,525
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,188,531	\$ 1,670,382	\$ 2,813,268	\$ 11,045,645	\$ 1,888,751
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 57,261	\$ -	\$ 10,387	\$ 46,874	\$ 7,031
Total OPEB liability	1,461,049	-	322,296	1,138,753	63,972
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,518,310	\$ -	\$ 332,683	\$ 1,185,627	\$ 71,003

*The compensated absences, net pension liability and other postemployment benefit liability for governmental activities typically have been liquidated by the General Fund. The net pension liabilities typically have been liquidated by the IMRF Fund.

The SLEP net pension liability became a net pension asset in fiscal year 2022.

b. Debt Certificates

In 2014, the County issued \$915,000 of Taxable Refunding Debt Certificates, Series 2014, to refund all of the outstanding 2002 Debt Certificates. The Certificates bear interest at 2.00% to 3.25%. Principal and interest are payable annually on August 1 each year, ending August 1, 2020 in amounts ranging from \$115,000 to \$140,000.

In 2018, the County issued \$3,740,000 of Refunding Debt Certificates, Series 2018 (direct placement), to refund all of the outstanding 2007 Debt Certificates. The Certificates bear interest at 3.07%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on December 1 annually beginning on December 1, 2018 through December 1, 2023 in amounts ranging from \$577,179 to \$671,386.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Debt Certificates (Continued)

In 2020, the County issued \$2,717,000 of Taxable Refunding Debt Certificates, Series 2020A (direct placement) and \$1,415,000 Taxable Refunding Debt Certificates, Series 2020B (direct placement), to refund all of the outstanding 2012A and 2012B Debt Certificates. The Certificates bear interest at 1.25% to 3.05%. Interest is payable semiannually on June 1 and December 1 and the bonds mature serially on December 1 annually beginning on December 1, 2021 through December 1, 2031 in amounts ranging from \$173,000 to \$427,000.

Debt service to maturity on the debt certificates is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 1,021,386	\$ 102,716	\$ 1,124,102
2024	356,000	77,030	433,030
2025	363,000	70,800	433,800
2026	370,000	63,540	433,540
2027	380,000	55,215	435,215
2028-2031	1,628,000	120,235	1,748,235
TOTAL	\$ 4,118,386	\$ 489,536	\$ 4,607,922

c. Installment Purchase Agreements

During the year ended December 31, 2021, the County entered into an installment purchase agreement for \$414,900 for the purchase of sheriff vehicles. The interest rate for the agreement is 1.43%.

During the year ended December 31, 2022, the County entered into two installment purchase agreements; the first agreement was to purchase vehicles and IT equipment \$(758,868) and the second agreement was to purchase HVAC equipment \$(735,860). The interest rate for the two new agreements is 1.79%.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Installment Purchase Agreements (Continued)

Debt service to maturity on the installment purchase agreements is as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 374,920	\$ 24,401	\$ 399,321
2024	381,375	17,946	399,321
2025	387,942	11,379	399,321
2026	329,794	4,929	334,723
2027	77,949	349	78,298
TOTAL	<u>\$ 1,551,980</u>	<u>\$ 59,004</u>	<u>\$ 1,610,984</u>

d. Legal Debt Margin

2021 assessed valuation (latest information available)	<u>\$ 733,474,390</u>
Legal debt limit - 5.75% of assessed valuation	\$ 42,174,777
Amount of debt applicable to debt limit	<u>4,118,386</u>
LEGAL DEBT MARGIN	<u>\$ 38,056,391</u>

e. Leases

Obligations of governmental activities under leases payable, typically paid from the General, Health, and Nonmajor Governmental funds, including future interest payments at December 31, 2022, were as follows:

Fiscal Year Ending December 31,	Leases	
	Principal	Interest
2023	\$ 80,487	\$ 1,631
2024	42,882	842
2025	17,068	400
2026	10,819	77
TOTAL	<u>\$ 151,256</u>	<u>\$ 2,950</u>

6. LONG-TERM DEBT (Continued)

e. Leases (Continued)

The County entered into a lease arrangement on September 19, 2019, for the right-to-use a copier. Payments of \$180 are due in monthly installments through September 2024. Total intangible right-to-use assets acquired under this agreement are \$5,601.

The County entered into a lease arrangement on January 16, 2020, for the right-to-use a Ram truck. Payments of \$714 are due in monthly installments through January 15, 2025. Total intangible right-to-use assets acquired under this agreement are \$25,135.

The County entered into a lease arrangement on May 29, 2019, for the right-to-use a coroner's vehicle. Payments of \$500 are due monthly through May 28, 2024. Total intangible right-to-use assets acquired under this agreement are \$13,793.

The County entered into a lease arrangement on May 1, 2009, for the right-to-use office space. Payments of \$1,828 are due in monthly installments through April 30, 2024. Total intangible right-to-use assets acquired under this agreement are \$75,476.

The County entered into a lease arrangement on December 1, 2022, for the right-to-use Ram truck. Payments of \$477 are due in monthly installments through August 31, 2026. Total intangible right-to-use assets acquired under this agreement are \$20,712.

The County entered into a lease arrangement on May 1, 2019, for the right-to-use a transport van. Payments of \$583 are due in monthly installments through April 30, 2024. Total intangible right-to-use assets acquired under this agreement are \$16,087.

The County entered into a lease arrangement on November 22, 2021, for the right-to-use a copier. Payments of \$439 are due in monthly installments through November 21, 2026. Total intangible right-to-use assets acquired under this agreement are \$24,287.

The County entered into a lease arrangement on June 29, 2021, for the right-to-use a copier. Payments of \$539 are due in monthly installments through June 28, 2026. Total intangible right-to-use assets acquired under this agreement are \$27,319.

The County entered into a lease arrangement on May 3, 2019, for the right-to-use a copier. Payments of \$214 are due in monthly installments through May 2, 2024. Total intangible right-to-use assets acquired under this agreement are \$5,855.

The County entered into a lease arrangement on December 1, 2017, for the right-to-use office space. Payments of \$500 are due in monthly installments through November 30, 2023. Total intangible right-to-use assets acquired under this agreement are \$11,458.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ACTIVITY

Due from/to other funds at December 31, 2022 consist of the following:

	Due From	Due To
General	\$ 436,014	\$ -
Nursing Center	-	420,950
Nonmajor Governmental	-	15,064
TOTAL	<u>\$ 436,014</u>	<u>\$ 436,014</u>

The purposes of the due from/to other funds are cash flow loans to fund operations. Repayment is expected within one year.

Interfund Transfers

Individual fund transfers are as follows:

	Transfer In	Transfer Out
General	\$ -	\$ 1,577,617
Nonmajor Governmental	5,072,992	2,977,277
Internal Service	137,345	-
Nursing Center	-	655,443
TOTAL	<u>\$ 5,210,337</u>	<u>\$ 5,210,337</u>

All transfers were made for budgeted capital outlays or to subsidize certain funds.

8. 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; injuries to employees; employees' health and natural disasters. In order to handle such risks of loss, the County purchases insurance coverages through various agencies. The deductibles in effect through these policies varied, with the maximum being \$25,000. The amounts of settlements have not exceeded insurance coverage for the current year or any of the past three years.

9. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the County's lessor activity is as follows:

The County entered a lease arrangement on February 22, 2022, to lease farmland. Payments of \$9,730 are due to the County semi-annually, through December 2024. The lease agreement is noncancelable and maintains an interest rate of 0.515%. During the fiscal year, the County collected \$19,461 and recognized a \$15,781 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement is \$41,029 as of December 31, 2022.

10. COMMITMENTS AND CONTINGENCIES

a. Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the County.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

11. DEFINED BENEFIT PENSION PLANS

The County contributes to two agent multiple-employer defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF-County and the Sheriff's Law Enforcement Personnel (IMRF-SLEP)). The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF online at www.imrf.org. The net pension liability for the governmental activities has been liquidated by the IMRF Fund.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund - County

Plan Administration

All employees (other than those covered by IMRF-SLEP) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

Plan Membership

At December 31, 2021 (most recent available), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	248
Inactive employees entitled to but not yet receiving benefits	382
Active employees	<u>198</u>
 TOTAL	 <u><u>828</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. Employees hired on or after January, 2011 are eligible for Tier 2 benefits.

For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The County is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contributions for fiscal year 2022 was 5.14% of covered payroll.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - County (Continued)

Actuarial Assumptions

The County's net pension liability was measured as of December 31, 2021 (most recent available) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

Discount Rate

The discount rate at December 31, 2021 used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - County (Continued)

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2021	\$ 56,087,161	\$ 62,338,322	\$ (6,251,161)
Changes for the period			
Service cost	858,101	-	858,101
Interest	3,971,356	-	3,971,356
Difference between expected and actual experience	253,018	-	253,018
Changes in assumptions	-	-	-
Employer contributions	-	692,990	(692,990)
Employee contributions	-	397,020	(397,020)
Net investment income	-	10,762,680	(10,762,680)
Benefit payments and refunds	(3,477,777)	(3,477,777)	-
Administrative/other (net transfer)	-	(219,260)	219,260
Net changes	1,604,698	8,155,653	(6,550,955)
BALANCES AT DECEMBER 31, 2021	\$ 57,691,859	\$ 70,493,975	\$ (12,802,116)

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - County (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the County recognized pension expense of \$(2,344,344). At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 154,759	\$ 240,294
Changes in assumption	-	156,951
Net difference between projected and actual earnings on pension plan investments	-	8,609,413
Contributions made after measurement date	458,751	-
TOTAL	\$ 613,510	\$ 9,006,658

\$458,751 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ (2,200,346)
2024	(3,263,925)
2025	(2,120,096)
2026	(1,267,532)
TOTAL	\$ (8,851,899)

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - County (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the pension liability (asset) of the County calculated using the discount rate of 7.25% as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (6,353,550)	\$ (12,802,116)	\$ (17,997,477)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel

Plan Membership

At December 31, 2021 (most recent available), IMRF-SLEP membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	21
Active employees	38
TOTAL	124

Plan Administration

All eligible public safety officials are enrolled in IMRF as participating members.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
(Continued)

Benefits Provided

SLEP having accumulated at least 20 years of SLEP service and terminating IMRF participation or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. SLEP members meeting the two qualifications described in the first sentence of this paragraph are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited. For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 55 with ten years of Tier 2 service credit are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited. The pension for participating members who retire between age 50 and 55 will be reduced by 1/2% for each month under age 55. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

Contributions

Participating members are required to contribute 7.50% of their annual salary to SLEP. The County is required to contribute the remaining amounts necessary to fund the SLEP as specified by statute. The employer contributions for fiscal year 2022 was 20.39% of covered payroll.

Actuarial Assumptions

The County's net pension liability was measured as of December 31, 2021 (most recent available) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
(Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

Discount Rate

The discount rate at December 31, 2021 used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
(Continued)

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2021	\$ 34,719,836	\$ 34,258,899	\$ 460,937
Changes for the period			
Service cost	472,038	-	472,038
Interest	2,461,147	-	2,461,147
Difference between expected and actual experience	536,616	-	536,616
Changes in assumptions	-	-	-
Employer contributions	-	631,165	(631,165)
Employee contributions	-	205,725	(205,725)
Net investment income	-	6,074,597	(6,074,597)
Benefit payments and refunds	(2,018,012)	(2,018,012)	-
Administrative/other (net transfer)	-	(279,417)	279,417
Net changes	1,451,789	4,614,058	(3,162,269)
BALANCES AT DECEMBER 31, 2021	\$ 36,171,625	\$ 38,872,957	\$ (2,701,332)

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
(Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the County recognized pension expense of \$62,458. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 432,902	\$ 284,479
Changes in assumption	29,589	66,577
Net difference between projected and actual earnings on pension plan investments	-	4,854,373
Contributions made after measurement date	553,366	-
	<hr/>	<hr/>
TOTAL	\$ 1,015,857	\$ 5,205,429
	<hr/>	<hr/>

\$553,366 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ (1,121,052)
2024	(1,749,966)
2025	(1,143,165)
2026	(728,755)
	<hr/>
TOTAL	\$ (4,742,938)
	<hr/>

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel
(Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the pension liability (asset) of the County calculated using the discount rate of 7.25% as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 1,846,102	\$ (2,701,332)	\$ (6,455,269)

12. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the County provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its personnel manual. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report. The activity of the plan is reported in the County's governmental activities.

b. Benefits Provided

The County provides pre-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the County's retirement plan. For SLEP and IMRF employees, the County pays 50% to 70% of the COBRA premium (depending on union agreement) for earlier of five years or attainment of Medicare eligibility. Spouses of retirees not yet eligible for Medicare may receive coverage if the full premium is paid for the earlier of three years or attainment of Medicare eligibility. All other employees (non SLEP and IMRF) and their eligible dependents are allowed to remain on the County's insurance plans into retirement if they pay the entire premium. Coverage can continue upon Medicare eligibility. Coverage ceases when premium payments cease. County Board members and part-time employees are not eligible to participate in the County's retiree medical plan.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2022, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>213</u>
TOTAL	<u>216</u>
Participating employers	<u><u>1</u></u>

d. Total OPEB Liability

The County's total OPEB liability of \$5,099,886 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not Applicable
Inflation	3.00%
Salary increases	4.00%
Discount rate	4.31%
Healthcare cost trend rates	10.00% initial to an ultimate trend rate of 4.50% in 2038

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on the S&P Municipal Bond 20 year high-grade rate index rate for tax exempt general obligation municipal bonds rated AA or better at December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation are based on 100% of active employees with a subsidy and 20% of all other are assumed to elect medical coverage at retirement. 50% of active employees electing retiree coverage are assumed to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2022	<u>\$ 6,210,853</u>
Changes for the period	
Service cost	286,497
Interest	139,148
Difference between expected and actual experience	(1,042,042)
Changes in assumptions	(441,611)
Benefit payments	<u>(52,959)</u>
Net changes	<u>(1,110,967)</u>
BALANCES AT DECEMBER 31, 2022	<u>\$ 5,099,886</u>

Changes in assumptions related to the discount rate, trend rate and decrements were made since the prior measurement date.

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity

The following is a sensitive analysis of total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the County calculated using the discount rate of 4.31% as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31%) or 1 percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total OPEB liability	\$ 4,699,698	\$ 5,099,886	\$ 5,538,167

The table below presents the total OPEB liability of the County calculated using the healthcare rate of 4.50% to 10.00% as well as what the County's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.50% to 9.00%) or 1 percentage point higher (5.50% to 11.00%) than the current rate:

	1% Decrease (3.50% to 9.00%)	Current Healthcare Rate (4.50% to 10.00%)	1% Increase (5.50% to 11.00%)
Total OPEB liability	\$ 5,663,066	\$ 5,099,886	\$ 4,607,659

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the County recognized OPEB expense of \$305,270. At December 31, 2022, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 915,473
Changes in assumptions	920,339	974,623
TOTAL	\$ 920,339	\$ 1,890,096

STEPHENSON COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2023	\$ (120,376)
2024	(120,376)
2025	(120,376)
2026	(120,376)
2027	(120,376)
Thereafter	<u>(367,877)</u>
 TOTAL	 <u>\$ (969,757)</u>

13. PRIOR PERIOD ADJUSTMENT AND CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended December 31, 2022, the County implemented GASB Statement No. 87, *Leases*. With the implementation, the County is required to record the beginning net position of lease arrangements as intangible capital assets and lease liabilities. Additionally, beginning fund balance of nonmajor governmental funds and beginning net position of governmental activities has been restated to properly report fiduciary fund activity.

The beginning net position of the governmental activities has been restated to reflect the items noted above as follows:

	<u>Governmental Activities</u>	<u>Nonmajor Governmental</u>
BEGINNING NET POSITION/FUND BALANCE, AS PREVIOUSLY REPORTED	<u>\$ 24,526,150</u>	<u>\$ 13,790,943</u>
Recording of right-to-use intangible asset	205,011	-
Recording of lease liability	(205,011)	-
Correct reporting entity	<u>(150,408)</u>	<u>(150,408)</u>
Total net restatement	<u>(150,408)</u>	<u>(150,408)</u>
BEGINNING NET POSITION/FUND BALANCE, AS RESTATED	<u>\$ 24,375,742</u>	<u>\$ 13,640,535</u>

REQUIRED SUPPLEMENTARY INFORMATION

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 8,670,095	\$ 10,254,270	\$ 1,584,175
Charges for services	1,682,762	1,867,783	185,021
Intergovernmental	1,164,292	1,036,861	(127,431)
Investment income	600	10,259	9,659
Miscellaneous	1,932,000	1,029,220	(902,780)
Total revenues	13,449,749	14,198,393	748,644
EXPENDITURES			
Current			
General government			
County properties	258,052	229,728	(28,324)
County board	118,960	142,573	23,613
County treasurer	110,660	106,365	(4,295)
County clerk and elections	197,780	1,142,460	944,680
Zoning	86,285	87,172	887
Administrative services	198,813	193,026	(5,787)
Facilities management	72,906	69,205	(3,701)
Election expense	383,752	340,992	(42,760)
Assessor	262,423	241,192	(21,231)
Recreation and conservation	32,500	29,144	(3,356)
Economic development	55,000	67,571	12,571
Miscellaneous	1,288,137	1,928,962	640,825
Public safety			
Sheriff	2,996,227	2,703,746	(292,481)
Judiciary and court related			
State's attorney	658,233	604,568	(53,665)
Public defender	479,252	433,178	(46,074)
Circuit clerk	386,370	388,418	2,048
Judiciary	23,950	16,430	(7,520)
Corrections	2,594,004	2,486,525	(107,479)
Court ordered	102,250	27,757	(74,493)
Jury commission	62,841	59,615	(3,226)
Probation	922,439	845,782	(76,657)
Merit commission	11,000	7,750	(3,250)
Jail building	58,529	59,817	1,288
Jail prisoner	-	11,917	11,917
Contingency	440,000	-	(440,000)
Debt service			
Principal	-	96,859	96,859
Interest	-	7,896	7,896
Total expenditures	11,800,363	12,328,648	528,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,649,386	1,869,745	220,359

(This schedule is continued on the following page.)

STEPHENSON COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND**

For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Over (Under)
OTHER FINANCING SOURCES (USES)			
Issuance of installment purchase agreement	\$ -	\$ 591,917	\$ 591,917
Transfers (out)	(1,548,684)	(1,577,617)	(28,933)
Total other financing sources (uses)	(1,548,684)	(985,700)	562,984
NET CHANGE IN FUND BALANCE	<u>\$ 100,702</u>	884,045	<u>\$ 783,343</u>
FUND BALANCE, JANUARY 1		<u>6,474,069</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 7,358,114</u>	

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ARPA FUND**

For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 4,321,607	\$ 648,192	\$ (3,673,415)
Investment income	1,000	41,420	40,420
Total revenues	4,322,607	689,612	(3,632,995)
EXPENDITURES			
Current			
Health and welfare	6,892,319	1,268,413	(5,623,906)
Debt service			
Principal	-	106,234	106,234
Interest	-	9,405	9,405
Total expenditures	6,892,319	1,384,052	(5,508,267)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,569,712)	(694,440)	1,875,272
OTHER FINANCING SOURCES (USES)			
Issuance of installment contract	-	735,860	735,860
NET CHANGE IN FUND BALANCE	<u>\$ (2,569,712)</u>	41,420	<u>\$ 2,611,132</u>
FUND BALANCE, JANUARY 1		<u>2,169</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 43,589</u>	

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND - COUNTY**

Last Nine Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 796,866	\$ 777,295	\$ 665,259	\$ 719,714	\$ 750,713	\$ 551,708	\$ 766,798	\$ 692,990	\$ 458,751
Contribution in relation to the actuarially determined contribution	833,192	777,235	690,362	736,240	750,705	551,617	766,798	692,990	458,751
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (36,326)	\$ 60	\$ (25,103)	\$ (16,526)	\$ 8	\$ 91	\$ -	\$ -	\$ -
Covered payroll	\$ 8,283,429	\$ 8,773,077	\$ 8,083,343	\$ 8,359,047	\$ 9,001,351	\$ 9,578,261	\$ 9,085,271	\$ 8,804,467	\$ 8,925,121
Contributions as a percentage of covered payroll	10.06%	8.86%	8.54%	8.81%	8.34%	5.76%	8.44%	7.87%	5.14%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 22 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
SHERIFF'S LAW ENFORCEMENT PERSONNEL**

Last Nine Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 580,075	\$ 629,158	\$ 572,304	\$ 584,957	\$ 610,192	\$ 560,269	\$ 742,560	\$ 631,165	\$ 553,366
Contribution in relation to the actuarially determined contribution	626,776	629,218	569,063	645,289	610,211	561,162	742,560	631,165	553,366
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (46,701)	\$ (60)	\$ 3,241	\$ (60,332)	\$ (19)	\$ (893)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,751,781	\$ 3,036,479	\$ 2,805,410	\$ 2,813,647	\$ 3,130,796	\$ 2,972,251	\$ 2,845,054	\$ 2,743,001	\$ 2,713,908
Contributions as a percentage of covered payroll	22.78%	20.72%	20.28%	22.93%	19.49%	18.88%	26.10%	23.01%	20.39%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuation as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 22 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - COUNTY

Last Eight Calendar Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	\$ 970,453	\$ 911,840	\$ 898,865	\$ 854,910	\$ 855,723	\$ 959,539	\$ 989,013	\$ 858,101
Interest	3,183,911	3,394,929	3,536,522	3,592,518	3,620,732	3,807,775	3,960,389	3,971,356
Differences between expected and actual experience	(591,620)	145,935	(1,007,289)	312,141	1,288,934	524,908	(800,096)	253,018
Changes of assumptions	1,654,801	54,558	(54,619)	(1,591,037)	1,398,809	-	(522,593)	-
Benefit payments, including refunds of member contributions	(2,281,012)	(2,468,316)	(2,631,512)	(2,704,176)	(2,881,330)	(3,061,664)	(3,342,203)	(3,477,777)
Net change in total pension liability	2,936,533	2,038,946	741,967	464,356	4,282,868	2,230,558	284,510	1,604,698
Total pension liability - beginning	43,107,423	46,043,956	48,082,902	48,824,869	49,289,225	53,572,093	55,802,651	56,087,161
TOTAL PENSION LIABILITY - ENDING	\$ 46,043,956	\$ 48,082,902	\$ 48,824,869	\$ 49,289,225	\$ 53,572,093	\$ 55,802,651	\$ 56,087,161	\$ 57,691,859
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 833,192	\$ 777,235	\$ 690,362	\$ 736,240	\$ 750,705	\$ 573,875	\$ 766,497	\$ 692,990
Contributions - member	391,175	394,788	363,582	379,154	435,505	447,405	456,387	397,020
Net investment income	2,772,783	235,758	3,100,794	8,472,149	(3,163,453)	9,489,256	8,280,371	10,762,680
Benefit payments, including refunds of member contributions	(2,281,012)	(2,468,316)	(2,631,512)	(2,704,176)	(2,881,330)	(3,061,664)	(3,342,203)	(3,477,777)
Administrative/other (net transfer)	99,910	(1,056,920)	(182,199)	(1,147,857)	1,027,343	394,576	(593,862)	(219,260)
Net change in plan fiduciary net position	1,816,048	(2,117,455)	1,341,027	5,735,510	(3,831,230)	7,843,448	5,567,190	8,155,653
Plan fiduciary net position - beginning	45,983,784	47,799,832	45,682,377	47,023,404	52,758,914	48,927,684	56,771,132	62,338,322
PLAN FIDUCIARY NET POSITION - ENDING	\$ 47,799,832	\$ 45,682,377	\$ 47,023,404	\$ 52,758,914	\$ 48,927,684	\$ 56,771,132	\$ 62,338,322	\$ 70,493,975
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (1,755,876)	\$ 2,400,525	\$ 1,801,465	\$ (3,469,689)	\$ 4,644,409	\$ (968,481)	\$ (6,251,161)	\$ (12,802,116)

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021
Plan fiduciary net position as a percentage of the total pension liability	103.80%	95.00%	96.30%	107.00%	91.30%	101.70%	111.10%	122.20%
Covered payroll	\$ 8,283,429	\$ 8,773,077	\$ 8,083,343	\$ 8,359,047	\$ 9,001,351	\$ 9,578,261	\$ 9,084,273	\$ 8,805,467
Employer's net pension liability (asset) as a percentage of covered payroll	(21.20%)	27.40%	22.30%	(41.50%)	51.60%	(10.10%)	(68.80%)	(145.40%)

Changes in assumptions related to retirement age and mortality were made in 2015. There was a change in the discount rate assumption from 2015 to 2016. Changes in assumptions related to retirement age and mortality were made in 2017. There was a change in the discount rate assumption from 2017 to 2018. There was a change in inflation rate, salary increases and mortality rates from 2019 to 2020.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
SHERIFF'S LAW ENFORCEMENT PERSONNEL**

Last Eight Calendar Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	\$ 529,175	\$ 546,471	\$ 544,228	\$ 551,290	\$ 512,561	\$ 613,168	\$ 590,547	\$ 472,038
Interest	1,790,859	1,902,503	2,053,850	2,097,024	2,175,176	2,392,898	2,402,791	2,461,147
Differences between expected and actual experience	(263,153)	786,895	(658,550)	318,574	1,960,803	(1,108,939)	(79,039)	536,616
Changes of assumptions	507,049	34,004	(69,243)	(355,003)	977,257	-	(141,167)	-
Benefit payments, including refunds of member contributions	(966,322)	(1,133,951)	(1,288,912)	(1,453,865)	(1,647,115)	(1,698,807)	(1,799,921)	(2,018,012)
Net change in total pension liability	1,597,608	2,135,922	581,373	1,158,020	3,978,682	198,320	973,211	1,451,789
Total pension liability - beginning	24,096,700	25,694,308	27,830,230	28,411,603	29,569,623	33,548,305	33,746,625	34,719,836
TOTAL PENSION LIABILITY - ENDING	\$ 25,694,308	\$ 27,830,230	\$ 28,411,603	\$ 29,569,623	\$ 33,548,305	\$ 33,746,625	\$ 34,719,836	\$ 36,171,625
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 626,776	\$ 629,218	\$ 569,063	\$ 645,289	\$ 610,211	\$ 563,718	\$ 749,618	\$ 631,165
Contributions - member	209,477	227,737	209,681	211,024	254,293	224,121	212,050	205,725
Net investment income	1,373,969	117,885	1,630,767	4,440,159	(1,886,326)	5,255,652	4,497,641	6,074,597
Benefit payments, including refunds of member contributions	(966,322)	(1,133,951)	(1,288,912)	(1,453,865)	(1,647,115)	(1,698,807)	(1,799,921)	(2,018,012)
Administrative/other (net transfer)	(117,580)	(22,358)	54,146	(379,759)	759,254	12,128	(19,184)	(279,417)
Net change in plan fiduciary net position	1,126,320	(181,469)	1,174,745	3,462,848	(1,909,683)	4,356,812	3,640,204	4,614,058
Plan fiduciary net position - beginning	22,589,122	23,715,442	23,533,973	24,708,718	28,171,566	26,261,883	30,618,695	34,258,899
PLAN FIDUCIARY NET POSITION - ENDING	\$ 23,715,442	\$ 23,533,973	\$ 24,708,718	\$ 28,171,566	\$ 26,261,883	\$ 30,618,695	\$ 34,258,899	\$ 38,872,957
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,978,866	\$ 4,296,257	\$ 3,702,885	\$ 1,398,057	\$ 7,286,422	\$ 3,127,930	\$ 460,937	\$ (2,701,332)

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021
Plan fiduciary net position as a percentage of the total pension liability	92.30%	84.60%	87.00%	95.30%	78.30%	90.70%	98.70%	107.50%
Covered payroll	\$ 2,751,781	\$ 3,036,479	\$ 2,805,410	\$ 2,813,647	\$ 3,130,796	\$ 2,972,251	\$ 2,824,336	\$ 2,743,001
Employer's net pension liability (asset) as a percentage of covered payroll	71.90%	141.50%	132.00%	49.70%	232.70%	105.20%	16.30%	(98.50%)

Changes in assumptions related to retirement age and mortality were made in 2015. There was a change in the discount rate assumption from 2015 to 2016. Changes in assumptions related to retirement age and mortality were made in 2017. There was a change in the discount rate assumption from 2017 to 2018. There was a change in inflation rate, salary increases and mortality rates from 2019 to 2020.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2020	2021	2022
TOTAL OPEB LIABILITY			
Service cost	\$ 277,683	\$ 364,466	\$ 286,497
Interest	160,782	114,943	139,148
Difference between expected and actual experience	-	-	(1,042,042)
Changes in assumptions	697,292	(166,131)	(441,611)
Benefit payments	(108,172)	(116,047)	(52,959)
Net change in total OPEB liability	1,027,585	197,231	(1,110,967)
Total OPEB liability - beginning	4,986,037	6,013,622	6,210,853
TOTAL OPEB LIABILITY - ENDING	\$ 6,013,622	\$ 6,210,853	\$ 5,099,886
Covered payroll	\$ 11,930,325	\$ 11,547,468	\$ 11,639,029
Employers total OPEB liability as a percentage of covered payroll	50.41%	53.79%	43.82%

Notes to Required Supplementary Information

There were changes in assumptions related to the discount rate made in 2020 and 2021.

There were changes of assumptions related to the discount rate, trend rate and decrements in 2022.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available. The County implemented GASB 75 in fiscal year ending December 31, 2020.

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

1. BUDGETS

Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The County adopted a budget for all governmental funds during the year ended December 31, 2022, except for the DUI Equipment Fund, Circuit Clerk Administration and Operations, Drug Fund, Court Supervision Fund, Collector, Collector Mobile Home, Sale in Error, Collector Special, Collector Indemnity and Zoning Public Hearing.

The County utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- a. At least 15 days prior to the enactment of the budget, the Finance Committee submits to the County Board of Trustees a proposed means of financing and expenditure appropriation for the fiscal year commencing the following January 1.
- b. No later than three months after the beginning of the fiscal year, the budget is required to be legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the County Board of Trustees. Individual amendments were not material in relation to the original appropriations.
- d. Unexpended budget amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each department, but management control is exercised at the budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

2. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following fund over expended appropriations in fiscal year 2022:

Fund	Budget	Actual
General	\$ 11,800,363	\$ 12,328,648

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

STEPHENSON COUNTY, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue					
	County Highway	County Bridge	Township Bridge	County Matching	County Motor Fuel Tax	Township Motor Fuel Tax
ASSETS						
Cash and investments	\$ 864,010	\$ 392,510	\$ 80	\$ 630,956	\$ 2,105,574	\$ 1,464,929
Accounts receivable	-	-	-	-	104,723	184,016
Property taxes receivable	630,000	310,000	-	310,000	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,494,010	\$ 702,510	\$ 80	\$ 940,956	\$ 2,210,297	\$ 1,648,945
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 62,314	\$ 95,384	\$ -	\$ 15,434	\$ 43,858	\$ 28,180
Accrued payroll	50,601	2,713	-	-	7,403	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	112,915	98,097	-	15,434	51,261	28,180
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	630,000	310,000	-	310,000	-	-
Total deferred inflows of resources	630,000	310,000	-	310,000	-	-
FUND BALANCES						
Nonspendable - inventory	-	-	-	-	-	-
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted for						
Retirement	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-
Public works	751,095	294,413	80	615,522	2,159,036	1,620,765
Health and welfare	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Specific purpose	-	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	751,095	294,413	80	615,522	2,159,036	1,620,765
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,494,010	\$ 702,510	\$ 80	\$ 940,956	\$ 2,210,297	\$ 1,648,945

Special Revenue										
Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	Animal Control	Veteran's Assistance Commission	Circuit Clerk Administration and Operations	Social Security Contribution	Educational Extension Service	
\$ 304,242	\$ 23,111	\$ 4,526	\$ 110,301	\$ 78,306	\$ 20,014	\$ 98,820	\$ 62,870	\$ 1,073,265	\$ 155,919	
33,132	-	-	-	-	-	-	-	13,069	-	
-	-	-	340,000	58,665	-	200,000	-	509,059	190,000	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
\$ 337,374	\$ 23,111	\$ 4,526	\$ 450,301	\$ 136,971	\$ 20,014	\$ 298,820	\$ 62,870	\$ 1,595,393	\$ 345,919	
\$ 6,854	\$ -	\$ -	\$ -	\$ -	\$ 2,047	\$ -	\$ -	\$ 384	\$ -	
2,344	-	-	-	-	2,722	-	-	36,942	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
9,198	-	-	-	-	4,769	-	-	37,326	-	
-	-	-	340,000	58,665	-	200,000	-	509,059	190,000	
-	-	-	340,000	58,665	-	200,000	-	509,059	190,000	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	23,111	-	-	-	-	-	-	1,049,008	-	
-	-	4,526	-	-	-	-	-	-	-	
328,176	-	-	-	-	-	-	-	-	-	
-	-	-	110,301	78,306	15,245	98,820	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	62,870	-	155,919	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
328,176	23,111	4,526	110,301	78,306	15,245	98,820	62,870	1,049,008	155,919	
\$ 337,374	\$ 23,111	\$ 4,526	\$ 450,301	\$ 136,971	\$ 20,014	\$ 298,820	\$ 62,870	\$ 1,595,393	\$ 345,919	

(This schedule is continued on the following pages.)

STEPHENSON COUNTY, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue					
	Emergency Service and Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage	Public Safety
ASSETS						
Cash and investments	\$ 160,578	\$ 2,578,654	\$ 53,136	\$ -	\$ 164,275	\$ 1,155,936
Accounts receivable	-	186,926	-	-	-	695,973
Property taxes receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 160,578	\$ 2,765,580	\$ 53,136	\$ -	\$ 164,275	\$ 1,851,909
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,144	\$ 2,764	\$ -	\$ -	\$ 11,154	\$ 38,894
Accrued payroll	2,029	2,838	-	-	-	11,747
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	3,173	5,602	-	-	11,154	50,641
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable - inventory	-	-	-	-	-	-
Nonspendable - prepaid items	-	-	-	-	-	-
Restricted for						
Retirement	-	-	-	-	-	-
Public safety	157,405	2,759,978	53,136	-	-	1,801,268
Judiciary and court related	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Specific purpose	-	-	-	-	153,121	-
Assigned						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances (deficit)	157,405	2,759,978	53,136	-	153,121	1,801,268
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 160,578	\$ 2,765,580	\$ 53,136	\$ -	\$ 164,275	\$ 1,851,909

Special Revenue										
Coroner's Fund	Court Automation	Probation Service Fee	Document Storage - Circuit Clerk	Treasurer Automation	Court Supervision	Environmental Remediation	Law Library			
\$ 49,009	\$ 71,179	\$ 521,296	\$ 12,919	\$ 94,369	\$ 22,239	\$ -	\$ -			
-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-			
\$ 49,009	\$ 71,179	\$ 521,296	\$ 12,919	\$ 94,369	\$ 22,239	\$ -	\$ -			
\$ 3,792	\$ 1,302	\$ 9,034	\$ 627	\$ -	\$ -	\$ -	\$ -			
3,018	1,030	-	2,680	200	-	-	-			
-	-	-	-	-	-	-	-	15,064		
-	-	-	-	-	-	-	-	-		
6,810	2,332	9,034	3,307	200	-	-	-	15,064		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
42,199	-	-	-	-	-	-	-	-		
-	68,847	512,262	9,612	-	22,239	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	94,169	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	(15,064)		
42,199	68,847	512,262	9,612	94,169	22,239	-	-	(15,064)		
\$ 49,009	\$ 71,179	\$ 521,296	\$ 12,919	\$ 94,369	\$ 22,239	\$ -	\$ -			

(This schedule is continued on the following pages.)

STEPHENSON COUNTY, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue					
	Liability Insurance	IMRF	County Health	County Collector	Collector Mobile Home	Sale In Error
ASSETS						
Cash and investments	\$ 597,447	\$ 1,940,856	\$ 684,226	\$ 32,262	\$ 62,855	\$ 118,149
Accounts receivable	-	7,343	384,595	-	-	-
Property taxes receivable	840,000	1,296,751	40,722	-	-	-
Inventory	-	-	20,837	-	-	-
Prepaid items	383,323	-	-	-	-	-
TOTAL ASSETS	\$ 1,820,770	\$ 3,244,950	\$ 1,130,380	\$ 32,262	\$ 62,855	\$ 118,149
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 5,035	\$ 144,566	\$ 84,452	\$ -	\$ -	\$ -
Accrued payroll	-	-	79,133	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	116,546	-	-	-
Total liabilities	5,035	144,566	280,131	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	840,000	1,296,751	40,722	-	-	-
Total deferred inflows of resources	840,000	1,296,751	40,722	-	-	-
FUND BALANCES						
Nonspendable - inventory	-	-	20,837	-	-	-
Nonspendable - prepaid items	383,323	-	-	-	-	-
Restricted for						
Retirement	-	1,803,633	-	-	-	-
Public safety	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	788,690	-	-	-
Insurance	592,412	-	-	-	-	-
Specific purpose	-	-	-	32,262	62,855	118,149
Assigned						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	975,735	1,803,633	809,527	32,262	62,855	118,149
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,820,770	\$ 3,244,950	\$ 1,130,380	\$ 32,262	\$ 62,855	\$ 118,149

Special Revenue			Capital Projects		Debt Service		Total Nonmajor Governmental Funds
Collector Special	Collector Indemnity	Zoning Public Hearing	Capital	Mill Race Crossing	Debt Service		
\$ 1,130	\$ 78,283	\$ 90,272	\$ 713,885	\$ 598,037	\$ 81,705	\$	17,272,130
-	-	-	-	-	-		1,609,777
-	-	-	-	-	-		4,725,197
-	-	-	-	-	-		20,837
-	-	-	-	-	-		383,323
\$ 1,130	\$ 78,283	\$ 90,272	\$ 713,885	\$ 598,037	\$ 81,705	\$	24,011,264
\$ -	\$ -	\$ -	\$ 11,813	\$ -	\$ -	\$	569,032
-	-	-	-	-	-		205,400
-	-	-	-	-	-		15,064
-	-	-	-	-	-		116,546
-	-	-	11,813	-	-		906,042
-	-	-	-	-	-		4,725,197
-	-	-	-	-	-		4,725,197
-	-	-	-	-	-		20,837
-	-	-	-	-	-		383,323
-	-	-	-	-	-		2,852,641
-	-	-	-	-	-		4,837,097
-	-	-	-	-	-		617,486
-	-	-	-	-	-		5,769,087
-	-	-	-	-	-		1,091,362
-	-	-	-	-	-		592,412
1,130	78,283	90,272	-	-	-		849,030
-	-	-	702,072	598,037	-		1,300,109
-	-	-	-	-	81,705		81,705
-	-	-	-	-	-		(15,064)
1,130	78,283	90,272	702,072	598,037	81,705		18,380,025
\$ 1,130	\$ 78,283	\$ 90,272	\$ 713,885	\$ 598,037	\$ 81,705	\$	24,011,264

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	Special Revenue					
	County Highway	County Bridge	Township Bridge	County Matching	County Motor Fuel Tax	Township Motor Fuel Tax
REVENUES						
Taxes	\$ 624,490	\$ 307,342	\$ -	\$ 307,342	\$ 1,935,753	\$ 2,569,411
Charges for services	63,876	-	-	-	-	-
Intergovernmental	-	-	365,597	312,000	-	-
Investment income	4,799	598	160	4,101	13,538	14,034
Miscellaneous	46,316	171,715	-	-	4,950	185,670
Total revenues	739,481	479,655	365,757	623,443	1,954,241	2,769,115
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-
Public works	1,198,712	924,843	-	549,926	1,053,960	2,456,246
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	8,264	-	-	-	-	-
Interest and fiscal charges	305	-	-	-	-	-
Total expenditures	1,207,281	924,843	-	549,926	1,053,960	2,456,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(467,800)	(445,188)	365,757	73,517	900,281	312,869
OTHER FINANCING SOURCES (USES)						
Issuance of lease payable	-	-	-	-	-	-
Issuance of installment purchase	-	-	-	-	-	-
Transfers in	519,850	495,720	-	123,756	-	-
Transfers (out)	(27,339)	(34,767)	(365,720)	(150,000)	(301,913)	(185,083)
Total other financing sources (uses)	492,511	460,953	(365,720)	(26,244)	(301,913)	(185,083)
NET CHANGE IN FUND BALANCES	24,711	15,765	37	47,273	598,368	127,786
FUND BALANCES, JANUARY 1	726,384	278,648	43	568,249	1,560,668	1,492,979
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
FUND BALANCES, JANUARY 1, AS RESTATED	726,384	278,648	43	568,249	1,560,668	1,492,979
FUND BALANCES, DECEMBER 31	\$ 751,095	\$ 294,413	\$ 80	\$ 615,522	\$ 2,159,036	\$ 1,620,765

Special Revenue										
Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	Animal Control	Veteran's Assistance Commission	Circuit Clerk Administration and Operations	Social Security Contribution	Educational Extension Service	
\$ -	\$ -	\$ -	\$ 321,962	\$ 58,157	\$ -	\$ 164,074	\$ -	\$ 967,212	\$ 188,250	
276,726	-	8,665	-	-	105,284	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
1,851	-	-	28	-	153	-	-	133	164	
-	10,075	-	-	-	-	37,353	36,088	-	-	
278,577	10,075	8,665	321,990	58,157	105,437	201,427	36,088	967,345	188,414	
-	-	-	-	-	-	-	-	946,997	190,000	
-	-	-	-	-	-	-	-	-	-	
-	-	6,537	-	-	-	-	-	-	-	
169,521	-	-	-	-	-	201,427	-	-	-	
-	-	-	324,960	-	107,900	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
36,526	-	-	-	-	-	-	-	-	-	
648	-	-	-	-	-	-	-	-	-	
206,695	-	6,537	324,960	-	107,900	201,427	-	946,997	190,000	
71,882	10,075	2,128	(2,970)	58,157	(2,463)	-	36,088	20,348	(1,586)	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	412,658	-	
-	-	-	-	(410,655)	(904)	-	-	-	-	
-	-	-	-	(410,655)	(904)	-	-	412,658	-	
71,882	10,075	2,128	(2,970)	(352,498)	(3,367)	-	36,088	433,006	(1,586)	
256,294	13,036	2,398	113,271	430,804	18,612	98,820	26,782	616,002	157,505	
-	-	-	-	-	-	-	-	-	-	
256,294	13,036	2,398	113,271	430,804	18,612	98,820	26,782	616,002	157,505	
\$ 328,176	\$ 23,111	\$ 4,526	\$ 110,301	\$ 78,306	\$ 15,245	\$ 98,820	\$ 62,870	\$ 1,049,008	\$ 155,919	

(This schedule is continued on the following pages.)

STEPHENSON COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	Special Revenue					
	Emergency Service and Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage	Public Safety
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,513,491
Charges for services	-	833,698	-	-	63,690	-
Intergovernmental	-	-	-	-	-	-
Investment income	201	17,746	-	-	73	147
Miscellaneous	20,072	-	1,857	-	-	240
Total revenues	20,273	851,444	1,857	-	63,763	2,513,878
EXPENDITURES						
Current						
General government	-	-	-	-	28,567	-
Public safety	93,017	425,757	-	-	-	1,411,853
Judiciary and court related	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	211,395
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	93,017	425,757	-	-	28,567	1,623,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(72,744)	425,687	1,857	-	35,196	890,630
OTHER FINANCING SOURCES (USES)						
Issuance of lease payable	-	-	-	-	-	-
Issuance of installment purchase	-	-	-	-	-	-
Transfers in	82,800	-	-	-	-	720,000
Transfers (out)	-	(26,750)	-	-	-	(922,696)
Total other financing sources (uses)	82,800	(26,750)	-	-	-	(202,696)
NET CHANGE IN FUND BALANCES	10,056	398,937	1,857	-	35,196	687,934
FUND BALANCES (DEFICIT), JANUARY 1	147,349	2,361,041	51,279	-	117,925	1,263,742
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	(150,408)
FUND BALANCES, JANUARY 1, AS RESTATED	147,349	2,361,041	51,279	-	117,925	1,113,334
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 157,405	\$ 2,759,978	\$ 53,136	\$ -	\$ 153,121	\$ 1,801,268

Special Revenue								
Coroner's Fund	Court Automation	Probation Service Fee	Document Storage - Circuit Clerk	Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
15,261	97,070	152,267	101,944	32,788	-	-	-	
6,942	-	-	-	-	-	-	-	
-	346	2,954	72	75	-	-	-	
-	-	-	-	-	-	-	-	
22,203	97,416	155,221	102,016	32,863	-	-	-	
-	-	-	-	21,853	-	-	-	
162,256	-	-	-	-	-	-	-	
-	63,886	130,738	90,570	-	1,059	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
5,861	-	-	5,977	-	-	-	-	
139	-	-	490	-	-	-	-	
168,256	63,886	130,738	97,037	21,853	1,059	-	-	
(146,053)	33,530	24,483	4,979	11,010	(1,059)	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
154,551	-	-	-	-	-	-	-	
-	(1,750)	-	(2,000)	-	-	-	-	
154,551	(1,750)	-	(2,000)	-	-	-	-	
8,498	31,780	24,483	2,979	11,010	(1,059)	-	-	
33,701	37,067	487,779	6,633	83,159	23,298	-	(15,064)	
-	-	-	-	-	-	-	-	
33,701	37,067	487,779	6,633	83,159	23,298	-	(15,064)	
\$ 42,199	\$ 68,847	\$ 512,262	\$ 9,612	\$ 94,169	\$ 22,239	\$ -	\$ (15,064)	

(This schedule is continued on the following pages.)

STEPHENSON COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	Special Revenue					
	Liability Insurance	IMRF	County Health	County Collector	Collector Mobile Home	Sale In Error
REVENUES						
Taxes	\$ 693,377	\$ 1,726,130	\$ 40,389	\$ -	\$ -	\$ -
Charges for services	-	-	373,622	-	77,488	25,065
Intergovernmental	-	-	2,989,886	-	-	-
Investment income	70	11,958	2,194	-	-	-
Miscellaneous	47,883	-	3,071	2,656	-	-
Total revenues	741,330	1,738,088	3,409,162	2,656	77,488	25,065
EXPENDITURES						
Current						
General government	835,444	110,756	-	-	48,874	-
Public safety	-	274,840	-	-	-	-
Judiciary and court related	-	347,652	-	-	-	-
Public works	-	96,399	-	-	-	-
Health and welfare	-	195,875	3,222,131	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	6,446	-	-	-
Interest and fiscal charges	-	-	31	-	-	-
Total expenditures	835,444	1,025,522	3,228,608	-	48,874	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,114)	712,566	180,554	2,656	28,614	25,065
OTHER FINANCING SOURCES (USES)						
Issuance of lease payable	-	-	20,712	-	-	-
Issuance of installment purchase	-	-	-	-	-	-
Transfers in	360,234	196,138	425,655	-	-	-
Transfers (out)	-	-	(233,944)	-	-	-
Total other financing sources (uses)	360,234	196,138	212,423	-	-	-
NET CHANGE IN FUND BALANCES	266,120	908,704	392,977	2,656	28,614	25,065
FUND BALANCES, JANUARY 1	709,615	894,929	416,550	29,606	34,241	93,084
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
FUND BALANCES, JANUARY 1, AS RESTATED	709,615	894,929	416,550	29,606	34,241	93,084
FUND BALANCES, DECEMBER 31	\$ 975,735	\$ 1,803,633	\$ 809,527	\$ 32,262	\$ 62,855	\$ 118,149

Special Revenue			Capital Projects		Debt Service	Total Nonmajor Governmental Funds
Collector Special	Collector Indemnity	Zoning Public Hearing	Capital	Mill Race Crossing	Debt Service	
\$ -	\$ -	\$ -	\$ 924,958	\$ 301,001	\$ -	\$ 13,643,339
-	12,718	107,316	-	-	-	2,347,478
-	-	-	-	-	-	3,674,425
-	-	-	814	3,304	220	79,733
974	-	-	139,226	519,465	-	1,227,611
974	12,718	107,316	1,064,998	823,770	220	20,972,586
-	735	44,645	-	-	-	2,227,871
-	-	-	-	-	-	2,367,723
-	-	-	14,448	-	-	654,890
-	-	-	-	220,507	-	6,871,541
-	-	-	-	-	-	3,850,866
-	-	-	1,032,466	-	-	1,243,861
-	-	-	105,585	-	996,388	1,165,047
-	-	-	5,691	-	127,371	134,675
-	735	44,645	1,158,190	220,507	1,123,759	18,516,474
974	11,983	62,671	(93,192)	603,263	(1,123,539)	2,456,112
-	-	-	-	-	-	20,712
-	-	-	166,951	-	-	166,951
-	-	-	496,660	-	1,084,970	5,072,992
-	-	-	(123,756)	(190,000)	-	(2,977,277)
-	-	-	539,855	(190,000)	1,084,970	2,283,378
974	11,983	62,671	446,663	413,263	(38,569)	4,739,490
156	66,300	27,601	255,409	184,774	120,274	13,790,943
-	-	-	-	-	-	(150,408)
156	66,300	27,601	255,409	184,774	120,274	13,640,535
\$ 1,130	\$ 78,283	\$ 90,272	\$ 702,072	\$ 598,037	\$ 81,705	\$ 18,380,025

(See independent auditor's report.)

CUSTODIAL FUNDS

STEPHENSON COUNTY, ILLINOIS**COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS**

For the Year Ended December 31, 2022

	County Collector	Collector's Special	Collector's Mobile Home	Nursing Center
<hr/>				
ASSETS				
Cash and cash equivalents	\$ 354,769	\$ 119,441	\$ 10,340	\$ 3,706
Investments	-	-	-	-
<hr/>				
Total assets	354,769	119,441	10,340	3,706
<hr/>				
LIABILITIES				
Amounts due to others	354,769	119,441	10,340	-
<hr/>				
Total liabilities	354,769	119,441	10,340	-
<hr/>				
NET POSITION				
Restricted				
Individuals, organizations and other governments	-	-	-	-
Fund participants	-	-	-	3,706
<hr/>				
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ 3,706
<hr/>				

Prisoner Account	Jail Pop	Civil Process	Circuit Clerk	Delinquent Taxes	Trustee Payment	Probation Restitution	Total
\$ 114,965	\$ 222	\$ 6,108	\$ 1,002,776	\$ 101,043	\$ 5,807	\$ 11,620	\$ 1,730,797
-	-	-	250,061	-	-	-	250,061
114,965	222	6,108	1,252,837	101,043	5,807	11,620	1,980,858
114,965	-	6,108	1,252,837	101,043	-	-	1,959,503
114,965	-	6,108	1,252,837	101,043	-	-	1,959,503
-	222	-	-	-	-	-	222
-	-	-	-	-	5,807	11,620	21,133
\$ -	\$ 222	\$ -	\$ -	\$ -	\$ 5,807	\$ 11,620	\$ 21,355

(See independent auditor's report.)

STEPHENSON COUNTY, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
CUSTODIAL FUNDS**

For the Year Ended December 31, 2022

	County Collector	Collector's Special	Collector's Mobile Home	Nursing Center
ADDITIONS				
Property taxes and related item collections for other governments	\$ 70,375,808	\$ -	\$ -	\$ -
Fines and fees collected for others	-	112,506	109,985	-
Fund participant deposits	-	-	-	23,163
Total additions	<u>70,375,808</u>	<u>112,506</u>	<u>109,985</u>	<u>23,163</u>
DEDUCTIONS				
Payments of property taxes and related items to other governments	70,375,808	112,506	109,985	-
Payments of fines and fees to others	-	-	-	-
Reimbursement to or on behalf of fund participants	-	-	-	28,308
Total deductions	<u>70,375,808</u>	<u>112,506</u>	<u>109,985</u>	<u>28,308</u>
NET INCREASE (DECREASE)	-	-	-	(5,145)
RESTRICTED NET POSITION				
January 1	-	-	-	8,851
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,706</u>

Prisoner Account	Jail Pop	Civil Process	Circuit Clerk	Delinquent Taxes	Trustee Payment	Probation Restitution	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,375,808
-	-	-	849,067	2,496,487	-	-	3,568,045
1,138,199	-	86,185	-	-	146,495	-	1,394,042
1,138,199	-	86,185	849,067	2,496,487	146,495	-	75,337,895
-	-	-	-	-	-	-	70,598,299
-	-	-	849,067	2,496,487	-	-	3,345,554
1,138,199	-	86,185	-	-	144,698	-	1,397,390
1,138,199	-	86,185	849,067	2,496,487	144,698	-	75,341,243
-	-	-	-	-	1,797	-	(3,348)
-	222	-	-	-	4,010	11,620	24,703
\$ -	\$ 222	\$ -	\$ -	\$ -	\$ 5,807	\$ 11,620	\$ 21,355

(See independent auditor's report.)

SUPPLEMENTARY INFORMATION

STEPHENSON COUNTY, ILLINOIS

PROPERTY TAX ASSESSED VALUATION, RATES, EXTENSIONS AND COLLECTIONS

Last Four Levy Years

Tax Levy Year	2021		2020		2019		2018	
ASSESSED VALUATION	<u>\$ 699,391,392</u>		<u>\$ 699,391,392</u>		<u>\$ 674,900,030</u>		<u>\$ 679,200,247</u>	
	Rate*	Amount	Rate*	Amount	Rate*	Amount	Rate*	Amount
TAX RATES AND EXTENSIONS								
County General	0.71906	\$ 5,197,693	0.72711	\$ 5,085,345	0.78021	\$ 5,265,638	0.81758	\$ 5,334,921
Revenue Recapture	0.00160	11,736						
County Highway	0.08590	621,033	0.08671	606,442	0.07771	524,465	0.09336	609,198
County Bridge	0.04227	305,639	0.04267	298,430	0.02249	151,785	0.02298	149,950
County Matching	0.04227	305,639	0.04267	298,430	0.04498	303,570	0.04594	299,770
Tuberculosis	0.00800	57,871	0.00808	56,511	0.00852	57,501	0.00870	56,770
Mental Health	0.04431	320,382	0.04336	303,256	0.04492	303,165	0.04816	314,256
Illinois Municipal Retirement	0.16461	1,190,062	0.16616	1,162,109	0.15959	1,077,073	0.10373	676,865
Educational Extension Service	0.02591	187,329	0.02616	182,961	0.02698	182,088	0.02846	185,709
Liability Insurance	0.09544	689,979	0.09634	673,794	0.08706	587,568	0.08891	580,161
County Health Department	0.00556	40,194	0.00562	39,306	0.00592	39,954	0.00605	39,478
Social Security Contribution	0.05454	394,316	0.05506	385,085	0.04354	293,851	0.04446	290,113
Veterans Assistance	0.02258	163,271	0.02280	159,461	0.02403	162,178	0.02707	176,639
Nursing Home	0.06817	492,821	0.06882	481,321	0.07255	489,640	0.07410	483,522
TOTAL TAX RATES AND EXTENSIONS	<u>1.38022</u>	<u>\$ 9,977,965</u>	<u>1.39156</u>	<u>\$ 9,732,451</u>	<u>1.39850</u>	<u>\$ 9,438,476</u>	<u>1.40950</u>	<u>\$ 9,197,352</u>
TAX COLLECTIONS								
County General	\$ 5,223,032		\$ 5,081,034		\$ 5,273,735		\$ 5,332,672	
Revenue Recapture	11,792		-		-		-	
County Highway	624,054		605,923		525,274		608,660	
County Bridge	307,124		298,172		152,023		149,866	
County Matching	307,124		298,172		304,036		299,733	
Tuberculosis	58,154		56,459		57,587		57,004	
Mental Health	321,943		302,995		303,630		314,444	
Illinois Municipal Retirement	1,195,860		1,161,124		1,078,728		676,698	
Educational Extension Service	188,244		182,805		182,367		185,724	
Liability Insurance	693,337		673,224		588,467		580,158	
County Health Department	40,387		39,276		40,015		39,535	
Social Security Contribution	396,251		384,756		294,300		289,619	
Veterans Assistance	164,070		159,321		162,431		176,530	
Nursing Home	495,237		480,909		490,392		483,618	
TOTAL TAX COLLECTIONS	<u>\$ 10,026,609</u>		<u>\$ 9,724,170</u>		<u>\$ 9,452,985</u>		<u>\$ 9,194,261</u>	
PERCENTAGE COLLECTED	<u>100.49%</u>		<u>99.91%</u>		<u>100.15%</u>		<u>99.97%</u>	

(See independent auditor's report.)