

# Stephenson County

Freeport, Illinois

## Financial Statements

Year Ended November 30, 2013

# Stephenson County, Illinois

## County Board Members and Elected Officials

Fiscal Year Ending November 30, 2013

---

### **Board Members**

Bennie Brown  
Sheila Hooper  
Jeffrey Mikkelsen  
William Hadley, Chairman  
Christopher Clukey  
Anthony Kuhlemeier  
David Schexnayder  
Kenneth Ward  
Ronald Fluegel  
Jim DeMeester  
Jerry Clay

Samuel Newton  
Edward Mulligan  
Charles Hilton  
Dan Neal  
Donald Parker  
Gail Clore  
Alvin Wire  
James Schultz  
Sol Detente  
Mark Diddens  
David Martindale

### **Elected Officials**

Circuit Clerk  
Coroner  
County Clerk  
Sheriff  
State's Attorney  
Treasurer

Bonnie Curran  
Tom Leamon  
Vici Otte  
David Synders  
John Vogt  
Adrienne Becker

# Stephenson County, Illinois

## County Board Members and Elected Officials

Fiscal Year Beginning December 1, 2013

---

### Board Members

Bennie Brown  
Sheila Hooper  
Jeffrey Mikkelsen  
William Hadley, Chairman  
Christopher Clukey  
Anthony Kuhlemeier  
David Schexnayder  
Kenneth Ward  
Ronald Fluegel  
Jim DeMeester  
Jerry Clay

Samuel Newton  
Edward Mulligan  
Charles Hilton  
Dan Neal  
Donald Parker  
Gail Clore  
Alvin Wire  
James Schultz  
Sol Detente  
Mark Diddens  
David Martindale

### Elected Officials

Circuit Clerk  
Coroner  
County Clerk  
Sheriff  
State's Attorney  
Treasurer

Bonnie Curran  
Tom Leamon  
Vici Otte  
David Synders  
John Vogt  
Adrienne Becker

# Stephenson County, Illinois

November 30, 2013

---

## Table of Contents

<b>Independent Auditor's Report</b>	1 - 3
<b>Management Discussion and Analysis</b>	4 - 9
<b>Basic Financial Statements</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18 - 19
Statement of Fiduciary Net Position - Fiduciary Funds	20
Notes to Financial Statements	21 - 44

# Stephenson County, Illinois

November 30, 2013

---

## Table of Contents

### **Required Supplementary Information**

Schedule of Funding Progress	45
Budgetary Comparison Schedules:	
General Fund	46 - 64
Illinois Municipal Retirement Fund	65
County Health Department	66 - 69
County Highway Fund	70 - 71
Notes to Required Supplementary Information	72 - 75

### **Supplementary Information**

Nonmajor Governmental Funds:	
Combining Balance Sheet	76 - 78
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	79 - 81
Assessed Valuation, Tax Rates, Extensions, and Collections	82

### **Other Information**

Annual Financial Information Disclosure (Unaudited)	83 - 88
---	---------

## **Independent Auditor's Report**

Honorable Chairman and Members  
Of the County Board  
Stephenson County, Illinois  
Freeport, Illinois

### **Report on the Financial Statements**

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 as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility 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; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified Opinion on Governmental Activities and Business-Type Activities**

As more fully described in Note 16 to the financial statements, the County did not adopt the provisions of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the year ended November 30, 2013. The effects of that departure on the financial statements of the governmental activities and the business-type activities are not reasonably determinable.

### **Qualified Opinion on Governmental Activities and Business-Type Activities**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Stephenson County, Illinois, as of November 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of Stephenson County, Illinois, as of November 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 9 and the schedule of funding progress and budgetary comparison information on pages 45 through 71 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stephenson County, Illinois' financial statements taken as a whole. The schedules listed in the table of contents as "Supplementary Information" and "Other Information" are presented for purposes of additional analysis and are not a required part of the basic financial statements. The "Supplementary Information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The "Other Information" however, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and we do not express an opinion or any other form of assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2014, on our consideration of Stephenson County, Illinois' 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 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 Stephenson County, Illinois' internal control over financial reporting and compliance.

Wipfli LLP

Freeport, Illinois  
July 31, 2014

## **Management Discussion and Analysis (Unaudited)**

# Stephenson County, Illinois

## Management Discussion and Analysis

---

As management of Stephenson County, Illinois, we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of Stephenson County, Illinois for the year ended November 30, 2013.

The MD&A is provided at the beginning of the report to provide an overview of the County's financial position at November 30, 2013 and the results of operations for the year. This summary should not be taken as a replacement for the annual financial report, which consists of the financial statements, notes to the financial statements, required, supplementary and other information.

### **USING THIS FINANCIAL REPORT**

The financial section of this annual report consists of: Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, supplementary and other information. The basic financial statements include two kinds of statements that present different views of the County:

#### **Government -Wide Financial Statements**

The first two statements are government-wide financial statements that provide both short term and long term information about the County's overall financial status, similar to a private sector business. In the government-wide financial statements the County's activities are shown in two categories - governmental activities and business-type activities. The County's basic services are general government, public safety, public works, health sanitation & welfare, and judiciary & court related. These activities are largely financed with property taxes and state grants. The County's business-type activities include the County Nursing Center. This activity is largely financed with charges for services.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To assess the overall health of the County you need to consider additional non-financial factors such as the condition of the County's buildings and facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned regardless of when the cash is received and expenditures/expenses and liabilities are recognized when incurred, regardless of when payment is made.

# Stephenson County, Illinois

## Management Discussion and Analysis

---

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's funds - not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that the County is properly using certain revenues.

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

**Governmental Funds** - The County maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for all these funds. Four of these thirty-six funds are considered major funds of the County. More detail of the individual revenues and expenditures for these funds is presented in the supplementary section of this report.

The County adopts annual budgets for a majority of the governmental funds. A budgetary comparison statement has been provided for the major governmental funds only, which is in compliance with generally accepted accounting principles.

**Proprietary Funds** - Stephenson County maintains two types of proprietary funds, an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Stephenson County uses an enterprise fund to account for its Nursing Center activities. Internal service funds are used to report internal revenues and expenses of the County. Stephenson County uses an internal service fund to account for its health insurance activities.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Nursing Center Fund which is considered a major fund of Stephenson County.

**Fiduciary Funds** - The County is the trustee, or fiduciary, for assets that belong to others or are designated to be used for a specific purpose with the principal left intact. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. The County's fiduciary activities are reported in a separate statement of fiduciary net position.

# Stephenson County, Illinois

## Management Discussion and Analysis

---

These activities are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations.

### Condensed Financial Information

Net position are summarized in the table below.

#### Condensed Statement of Net Position as of November 30, 2013 and 2012

	<b>Governmental Activities</b>		<b>Business-type Activities</b>			<b>Total</b>
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Assets:</b>						
Current Assets	\$ 19,833,337	\$ 19,330,072	\$3,709,871	\$3,604,290	\$ 23,543,208	\$ 22,934,362
Non-current Assets	<u>125,245,288</u>	<u>156,972,182</u>	<u>1,096,011</u>	<u>1,039,303</u>	<u>126,341,299</u>	<u>158,011,485</u>
Total Assets	<u>145,078,625</u>	<u>176,302,254</u>	<u>4,805,882</u>	<u>4,643,593</u>	<u>149,884,507</u>	<u>180,945,847</u>
<b>Liabilities:</b>						
Current Liabilities	10,459,602	10,057,571	853,712	863,322	11,313,314	10,920,893
Non-current Liabilities	<u>11,724,902</u>	<u>12,367,626</u>	<u>118,305</u>	<u>122,264</u>	<u>11,843,207</u>	<u>12,489,890</u>
Total liabilities	<u>22,184,504</u>	<u>22,425,197</u>	<u>972,017</u>	<u>985,586</u>	<u>23,156,521</u>	<u>23,410,783</u>
<b>Net Position:</b>						
Net investment in capital assets	113,668,397	144,630,321	1,096,011	1,039,303	114,764,408	145,669,624
Restricted	11,579,134	10,805,272	19,973	24,548	11,599,107	10,829,820
Unrestricted	<u>(2,353,410)</u>	<u>(1,558,536)</u>	<u>2,717,881</u>	<u>2,594,156</u>	<u>364,471</u>	<u>1,035,620</u>
Total net position	<u>\$122,894,121</u>	<u>\$153,877,057</u>	<u>\$3,833,865</u>	<u>\$3,658,007</u>	<u>\$126,727,986</u>	<u>\$157,535,064</u>

Current assets consist of cash, investments, and receivables.

The County's largest asset group is its capital assets. This includes land, land improvements, buildings, equipment, and infrastructure.

Current liabilities consist of accounts payable, accrued payroll, accrued interest, deferred revenue, compensated absences, and the current portion of long-term debt.

Debt Certificates, Notes Payable, compensated absences and net pension obligation constitute the County's long-term debt.

The County's net position consists of capital assets net of related debt, restricted and unrestricted net position.

# Stephenson County, Illinois

## Management Discussion and Analysis

---

### Condensed Financial Information (Continued)

Revenues, expenses, and changes in net position are summarized in the table below.

#### Condensed Statement of Activities For Fiscal Years Ending November 30, 2013 and 2012

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Revenues:</b>						
Program:						
Charges for services	\$ 5,276,351	\$ 5,179,081	\$6,872,832	\$7,347,195	\$12,149,183	\$12,526,276
Operating grants & Contributions	3,847,025	4,152,543	-	-	3,847,025	4,152,543
General:						
Property & other taxes	13,187,115	12,571,101	499,685	498,941	13,686,800	13,070,042
Other	<u>1,158,986</u>	<u>1,663,465</u>	<u>7,482</u>	<u>22,642</u>	<u>1,166,468</u>	<u>1,686,107</u>
Total revenue	<u>23,469,477</u>	<u>23,566,190</u>	<u>7,379,999</u>	<u>7,868,778</u>	<u>30,849,476</u>	<u>31,434,968</u>
<b>Expenses:</b>						
General government	4,898,847	4,245,986	-	-	4,898,847	4,245,986
Public safety	5,111,561	5,151,707	-	-	5,111,561	5,151,707
Public works	35,305,418	35,817,000	-	-	35,305,418	35,817,000
Health, sanitation, & Welfare	3,205,923	3,385,346	-	-	3,205,923	3,385,346
Judiciary & court related	5,364,303	5,453,634	-	-	5,364,303	5,453,634
Interest on long-term debt	566,361	330,011	-	-	566,361	330,011
Nursing Center	<u>-</u>	<u>-</u>	<u>7,204,141</u>	<u>6,146,806</u>	<u>7,204,141</u>	<u>6,146,806</u>
Total expenses	<u>54,452,413</u>	<u>54,383,684</u>	<u>7,204,141</u>	<u>6,146,806</u>	<u>61,656,554</u>	<u>60,530,490</u>
Change in net position	<u><u>\$(30,982,936)</u></u>	<u><u>\$(30,817,494)</u></u>	<u><u>\$ 175,858</u></u>	<u><u>\$1,721,972</u></u>	<u><u>\$(30,807,078)</u></u>	<u><u>\$(29,095,522)</u></u>

Major sources of operating revenues for the County include: Property and state taxes, state/federal grants, charges for services, & fines & fees.

# Stephenson County, Illinois

## Management Discussion and Analysis

---

### **Management's Analysis of the County's Overall Financial Position and Results of Operations**

Generally accepted accounting principles affect the County's reporting model, but not the day-to-day operations or the budgeting process of the County. The County's total governmental funds fund balances increased \$507,312 year over year. The General Fund had a net gain of \$187,189 on a modified accrual basis. Fund balances in the other fund types are limited in use according to the source of revenue. The activity in the major funds of the County are as follows: The IMRF fund had a net gain of \$267,390 during the year leaving an ending fund balance of \$1,925,381. The Health Department had a net loss of \$43,875 for the year leaving an ending fund balance of \$1,287,815. The County Highway Fund had a net loss of \$286,954 leaving a fund deficit of \$286,954.

The continuing lagging economy and decline in assessed evaluation values of real property in Stephenson County has placed additional pressure on County Funds as has the closing of businesses with the Corporate Boundaries of the City of Freeport.

### **General Fund Budgetary Comparison**

The General Fund revenues were \$288,091 less than budgeted. The largest over budget revenue amount was in State Income Tax of \$199,396; the State made 13 monthly payments, but remains one month delinquent in its distribution of the County's portion of this revenue. General Fund expenditures were \$572,849 below the allocated expense budget. On the budgetary basis, the General Fund had a net gain of \$274,835 for the fiscal year, after financing transfers to other County funds.

### **Capital Assets/Long term Debt**

The County refinanced, in a prior year, the bonds used to build the jail. These new debt certificates, totaling \$6,395,000, will fully mature in 2026. These bonds are to be repaid from funds generated by the Public Safety Sales Tax. During the fiscal year, a principle payment of \$260,000 was made, reducing the outstanding principal to \$5,240,000. The principal component of the 20-year bonds to build the Highway Buildings has been reduced to \$1,085,000 from \$2,000,000. These bonds are to be repaid from funds generated by the County Consolidated Program in the County Motor Fuel Tax Fund. See Note 6 for further information on long term debt. Note 5 contains details of the County's capital assets.

### **Factors or Conditions Impacting Future Periods**

Major factors that may impact the County's finances are the economy, unfunded State Mandates and declining assessed evaluation values of real property in the County.

The County is receiving revenue on the 67 wind towers constructed for the purpose of generating electricity. The Nursing Center's business model continues to show positive results and the County is reinvesting funds back into the Nursing Center Facility and operational systems in order to ensure the facility is a viable option for our gaining population now and in the future. The Nursing Center continues to operate without interfund loans ("in the black").

The County Board approved an agreement with the United States Marshal's Service to house Federal

# Stephenson County, Illinois

## Management Discussion and Analysis

---

### **Factors or Conditions Impacting Future Periods (Continued)**

Inmates in empty cell space at the Stephenson County Jail. While this program began in Mid-2014, we expect that it will provide the County with an additional revenue stream from which the County can repay bonds issued for the construction of the Stephenson County Jail in 1998.

Additionally, the County Board authorized the installation and operation of video gaming machines in establishments in unincorporated Stephenson County. This has resulted in a higher than expected stream of revenue.

In the summer of 2013, the County retained the services of a relator to market and sell the County-Owned Industrial Park at Mill Race Crossing. As of the Middle of 2014, the County has received options to purchase parcels at Mill Race Crossing. These companies are competing for a license to grow medicinal marijuana under the newly enacted state law which permits this. It is anticipated this development will bring jobs and development to the area.

The County Board continues to improve upon best management practices and has begun the process of developing a Capital Improvement Plan, made significant reinvestments in facilities at the Nursing Center and Stephenson County Courthouse while setting aside monies to meet future construction obligations.

January of 2014 saw the County Board aggressively move to pay down the existing debt on the Highway Building Bonds and take advantage of lower interest rates to restructure the remaining debt thereby saving the citizens over \$120,000 and reducing future obligations.

### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Stephenson County Administrator's Office, 50 W. Douglas Street, Suite 1002, Freeport, IL 61032.

## **Basic Financial Statements**

# Stephenson County, Illinois

## Statement of Net Position

November 30, 2013

<b>Assets</b>	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 5,407,952	\$ 133,017	\$ 5,540,969
Investments	4,210,201	1,961,644	6,171,845
Accounts receivables, net of an allowance for doubtful accounts of \$30,000	1,920,446	1,215,210	3,135,656
Property tax receivable	8,274,387	400,000	8,674,387
Inventory	20,351	-	20,351
Total current assets	19,833,337	3,709,871	23,543,208
Other assets	4,592,378	-	4,592,378
Capital Assets:			
Not depreciated	288,555	-	288,555
Depreciated (Net of accumulated depreciation)	120,364,355	1,096,011	121,460,366
Total capital assets	120,652,910	1,096,011	121,748,921
Total assets	145,078,625	4,805,882	149,884,507
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	966,337	330,021	1,296,358
Accrued payroll	333,942	123,691	457,633
Accrued interest	160,045	-	160,045
Deferred revenue	8,345,685	400,000	8,745,685
Compensated absences	80,524	-	80,524
Current portion long term debt	573,069	-	573,069
Total current liabilities	10,459,602	853,712	11,313,314
Noncurrent liabilities:			
Compensated absences	413,400	118,305	531,705
Net pension obligation	196,502	-	196,502
Bonds, leases, and other long-term debt	11,115,000	-	11,115,000
Total noncurrent liabilities	11,724,902	118,305	11,843,207
Total liabilities	22,184,504	972,017	23,156,521
<b>Net Position</b>			
Net investment in capital assets	109,076,019	1,096,011	110,172,030
Restricted	11,579,134	19,973	11,599,107
Unrestricted	2,238,968	2,717,881	4,956,849
Total net position	\$ 122,894,121	\$ 3,833,865	\$ 126,727,986

See accompanying notes to financial statements.

# Stephenson County, Illinois

## Statement of Activities

Year ended November 30, 2013

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,898,847	\$ 2,372,201	\$ 70,047	\$ -
Public safety	5,111,561	983,405	235,849	-
Judicial & court related	5,364,303	1,312,760	702,564	-
Public works	35,305,418	252,511	1,195,712	-
Health, welfare, and sanitation	3,205,923	355,474	1,642,853	-
Interest	566,361	-	-	-
Total governmental activities	\$ 54,452,413	\$ 5,276,351	\$ 3,847,025	\$ -
Business-type activities:				
Nursing Center	\$ 7,204,141	\$ 6,872,832	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
State taxes				
Other				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,456,599)	\$ -	\$ (2,456,599)
(3,892,307)	-	(3,892,307)
(3,348,979)	-	(3,348,979)
(33,857,195)	-	(33,857,195)
(1,207,596)	-	(1,207,596)
(566,361)	-	(566,361)
(45,329,037)	-	(45,329,037)
-	(331,309)	(331,309)

7,894,247	499,685	8,393,932
3,578,843	-	3,578,843
1,714,025	-	1,714,025
15,092	2,649	17,741
1,143,894	4,833	1,148,727
14,346,101	507,167	14,853,268
(30,982,936)	175,858	(30,807,078)
153,877,057	3,658,007	157,535,064
\$ 122,894,121	\$ 3,833,865	\$ 126,727,986

# Stephenson County, Illinois

## Balance Sheet - Governmental Funds

November 30, 2013

<b>Assets</b>	General Fund	Illinois Municipal Retirement
Cash and cash equivalents	\$ 384,742	\$ 405,936
Investments	756,102	1,216,495
Accounts receivable	669,840	2,000
Property tax receivable	3,525,000	1,213,000
Due from other funds	-	300,950
Inventory	20,351	-
<b>Total assets</b>	<b>\$ 5,356,035</b>	<b>\$ 3,138,381</b>
<b>Liabilities and Fund Balance</b>		
Vouchers payable	\$ 138,317	\$ -
Accrued payroll	223,399	-
Compensated absences	17,201	-
Due to other funds	1,991,855	-
Deferred revenue	3,525,000	1,213,000
<b>Total liabilities</b>	<b>5,895,772</b>	<b>1,213,000</b>
Fund balances:		
Nonspendable	20,351	-
Restricted	-	1,925,381
Unassigned	(560,088)	-
<b>Total fund balances</b>	<b>(539,737)</b>	<b>1,925,381</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,356,035</b>	<b>\$ 3,138,381</b>

County Health Department	County Highway Department	Other Governmental Funds	Total Governmental Funds
\$ 109,958	\$ 256,799	\$ 4,004,837	\$ 5,162,272
776,214	-	1,461,390	4,210,201
568,464	1,171	593,220	1,834,695
40,722	605,000	2,890,665	8,274,387
-	-	2,785,115	3,086,065
-	-	-	20,351
<u>\$ 1,495,358</u>	<u>\$ 862,970</u>	<u>\$ 11,735,227</u>	<u>\$ 22,587,971</u>
\$ 44,020	\$ 250,715	\$ 337,827	\$ 770,879
51,503	18,376	40,664	333,942
-	27,318	36,005	80,524
-	415,000	349,210	2,756,065
112,020	605,000	2,890,665	8,345,685
<u>207,543</u>	<u>1,316,409</u>	<u>3,654,371</u>	<u>12,287,095</u>
-	-	-	20,351
1,287,815	-	8,365,938	11,579,134
-	(453,439)	(285,082)	(1,298,609)
<u>1,287,815</u>	<u>(453,439)</u>	<u>8,080,856</u>	<u>10,300,876</u>
<u>\$ 1,495,358</u>	<u>\$ 862,970</u>	<u>\$ 11,735,227</u>	<u>\$ 22,587,971</u>

# Stephenson County, Illinois

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

November 30, 2013

---

Total fund balances - governmental funds	\$ 10,300,876
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$676,504,375 and the accumulated depreciation is \$555,851,465.	116,060,532
Other assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. This is the cost of other assets	4,592,378
Some receivables were not received within 60 days therefore they are not recorded as revenue in the funds.	70,258
An internal service fund is used to charge to costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(264,285)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(12,458,016)
Total net position - governmental activities	\$ 118,301,743

# Stephenson County, Illinois

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year ended November 30, 2013

	General Fund	Illinois Municipal Retirement
<b>Revenues</b>		
Taxes	\$ 6,484,753	\$ 1,212,246
Fees, licenses, permits, and fines	1,539,414	-
Intergovernmental revenue	898,793	206,205
Sale of goods and services	-	-
Other revenue	251,356	596,374
Total revenues	9,174,316	2,014,825
<b>Expenditures</b>		
Current:		
General government	2,300,899	175,853
Public safety	2,122,009	679,091
Judiciary and court related	3,836,899	439,072
Public works	-	190,543
Health and welfare	-	262,876
Capital outlay	98,399	-
Debt service	-	-
Total expenditures	8,358,206	1,747,435
Excess (deficiency) of revenues over expenses	816,110	267,390
<b>Other Financing Sources (Uses)</b>		
Transfers in	33,417	-
Transfers out	(662,338)	-
Total other financing sources and uses	(628,921)	-
Net change in fund balances	187,189	267,390
Fund balance (deficit) - beginning	(726,926)	1,657,991
Fund balance (deficit) - ending	\$ (539,737)	\$ 1,925,381

County Health Department	County Highway	Other Governmental Funds	Total Governmental Funds
\$ 40,789	\$ 604,661	\$ 4,646,064	\$ 12,988,513
120,068	60,702	1,174,164	2,894,348
1,690,278	435	1,319,793	4,115,504
49,208	6,942	111,624	167,774
252,785	238,135	1,477,040	2,815,690
2,153,128	910,875	8,728,685	22,981,829
-	-	1,446,844	3,923,596
-	-	2,282,524	5,083,624
-	-	851,127	5,127,098
-	1,018,973	2,206,607	3,416,123
2,233,503	-	698,671	3,195,050
155,300	332,356	-	586,055
-	-	1,142,971	1,142,971
2,388,803	1,351,329	8,628,744	22,474,517
(235,675)	(440,454)	99,941	507,312
195,300	153,500	1,332,441	1,714,658
(3,500)	-	(1,048,820)	(1,714,658)
191,800	153,500	283,621	-
(43,875)	(286,954)	383,562	507,312
1,331,690	(166,485)	7,697,294	9,793,564
\$ 1,287,815	\$ (453,439)	\$ 8,080,856	\$ 10,300,876

# Stephenson County, Illinois

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended November 30, 2013

---

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - Governmental funds	\$ 507,312
Amounts reported for governmental activities in the statement of activities are different because:	
Some receivables were not received within 60 days therefore they are not recorded as revenue in the funds. This is the difference in those amounts recognized between the two years.	70,258
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense (\$32,312,949) exceeds capitalized fixed assets (\$586,055)	(31,726,894)
An internal service fund is used to charge to costs of health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	(532,032)
Debt payments are reported in governmental funds as expenditures. However, only the interest on bonds is recorded in the statement of activities. This is the amount of debt payments in the period.	654,357
Accrued interest is expensed in the government-wide funds as an expense when accrued. However, in the governmental funds, interest is expensed when paid. This is the difference in accrued interest at year end compared to the prior year accrual.	4,333
Vacation pay and net pension obligation for employees is expensed in the statement of activities. However, since these amounts will not be paid from current resources, this expense is not recorded in the governmental funds. This is the amount by which these liabilities increased over the prior period.	39,730
<b>Change in net position of governmental activities</b>	<b>\$ (30,982,936)</b>

# Stephenson County, Illinois

## Statement of Net Position - Proprietary Funds

November 30, 2013

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 113,044	\$ 245,680
Investments	1,961,644	-
Receivables, net of a \$30,000 allowance	1,215,210	195,033
Property tax receivable	400,000	-
Restricted assets	19,973	-
Total current assets	3,709,871	440,713
Noncurrent assets:		
Capital Assets (Net of accumulated depreciation):		
Buildings	993,964	-
Equipment	102,047	-
Total capital assets	1,096,011	-
Total assets	4,805,882	440,713
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	330,021	374,998
Accrued payroll	123,691	-
Due to other funds	-	330,000
Deferred revenue	400,000	-
Compensated absences	118,305	-
Total liabilities	972,017	704,998
<b>Net Position</b>		
Net investment in capital assets	1,096,011	-
Restricted	19,973	-
Unrestricted	2,717,881	(264,285)
Total net position	\$ 3,833,865	\$ (264,285)

# Stephenson County, Illinois

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

Year ended November 30, 2013

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
<b><i>Operating Revenues</i></b>		
Charges for services	\$ 6,872,832	\$ -
Employee contributions	-	453,381
County contributions	-	2,346,907
Reimbursements	-	178,050
Total operating revenues	6,872,832	2,978,338
<b><i>Operating Expenses</i></b>		
Nursing Center	6,953,405	-
Depreciation	88,712	-
Administrative fees	-	61,496
Health and life insurance premiums	-	147,980
Health claims	-	3,301,107
Total expenses	7,042,117	3,510,583
Operating income (loss)	(169,285)	(532,245)
<b><i>Non-Operating Revenue (Expense)</i></b>		
Property taxes	499,685	-
Interest income	2,649	213
Miscellaneous	4,833	-
Return of prior year revenue	(162,024)	-
Operating transfers out	-	-
Total non-operating revenue	345,143	213
Net income (loss)	175,858	(532,032)
Net position - beginning	3,658,007	267,747
Net position - ending	\$ 3,833,865	\$ (264,285)

# Stephenson County, Illinois

## Statement of Cash Flows - Proprietary Funds

Year ended November 30, 2013

	Business-Type Activities Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
<b><i>Cash Flows from Operating Activities</i></b>		
Cash received for services	\$ 6,299,226	\$ -
Cash received for internal services	-	2,963,873
Cash payments to suppliers	(3,703,627)	(3,005,585)
Cash payments to employees	(3,163,347)	-
Net cash provided by (used in) operating activities	(567,748)	(41,712)
<b><i>Cash Flows from Non-Capital Financing Activities</i></b>		
Property taxes	499,685	-
Miscellaneous	4,833	-
Net cash provided by non-capital financing activities	504,518	-
<b><i>Cash Flows from Capital and Related Financing Activities</i></b>		
Purchase of fixed assets	(145,420)	-
Net cash (used in) capital & related financing activities	(145,420)	-
<b><i>Cash Flows from Investing Activities</i></b>		
Purchase of investments	(1,393,351)	(40,196)
Sale of investments	1,546,705	40,196
Interest income	2,649	213
Increase in restricted assets	4,575	-
Net cash provided by investing activities	160,578	213
Net decrease in cash and cash equivalents	(48,072)	(41,499)
Cash and cash equivalents - beginning	161,116	287,179
Cash and cash equivalents - ending	\$ 113,044	\$ 245,680

# Stephenson County, Illinois

## Statement of Cash Flows - Proprietary Funds (Continued)

Year ended November 30, 2013

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Fund
<b><i>Reconciliation of operating income to net cash provided (used) by operating activities</i></b>		
Operating income (loss)	\$ (169,285)	\$ (532,245)
Adjustments needed to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	88,712	-
Return of prior year revenue	(162,024)	-
Increase in accounts receivable	(411,582)	(14,465)
(Decrease) in due from other funds	-	-
(Decrease) increase in vouchers payable	90,413	174,998
Increase in accrued payroll	(23)	-
Decrease in compensated absences	(3,959)	-
Decrease in due to other funds	-	330,000
Net cash (used in) operating activities	\$ (567,748)	\$ (41,712)

# Stephenson County, Illinois

## Statement of Fiduciary Net Position - Fiduciary Funds

November 30, 2013

	Agency
<b>Assets</b>	
Cash	\$ 1,650,088
Investments, at cost	881,911
Accounts receivable	195,117
Total assets	\$ 2,727,116
<b>Liabilities</b>	
Due to others	\$ 2,727,116
Total liabilities	\$ 2,727,116

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies**

#### **Introduction**

The financial statements of Stephenson County, Illinois (the “government”) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

#### **Description of Government-wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

#### **Financial Reporting Entity**

The government is a municipal corporation governed by twenty-two member County Board. The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship. The County does not have any component units.

#### **Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies (Continued)**

#### **Basis of Presentation – Government-wide Financial Statements (Continued)**

funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Illinois Municipal Retirement Fund* accounts for tax monies and reimbursements restricted for funding of the county IMRF retirement system.

The *County Health Department Fund* accounts for tax monies, fees, grants and other reimbursements used to operate the County's Health Department.

The *County Highway Fund* accounts for tax monies, fees, grants and other reimbursements used to maintain the County's roads and bridges.

The government reports the following major enterprise funds:

The *Nursing Center Fund* accounts for the tax monies and charges for services used to operate the County Nursing Home

Additionally, the government reports the following fund types:

*Internal service funds* account for health insurance provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Basis of Presentation – Fund Financial Statements (Continued)**

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **Measurement Focus and Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus and Basis of Accounting (Continued)**

revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **Use of Estimates**

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

#### **Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with the cash basis.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Cash and Cash Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **Investments**

Statutes authorize the government to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Compiled Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

#### **Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies (Continued)**

#### **Capital Assets**

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<b><u>Capital asset classes</u></b>	<b><u>Lives</u></b>
Buildings	40
Equipment and vehicles	5-7
Infrastructure	20-50

#### **Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **Program Revenues**

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **Property Taxes**

It is the government's intention that property taxes generated from the 2012 property tax levy be used to finance the operating budget of the fiscal year ending November 30, 2013. Therefore, property tax receipts represent the receipts primarily generated by the 2012 property tax levy.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Property Taxes (Continued)**

The 2012 levy was passed by the Board on November 30, 2012. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September. The government receives significant distributions of tax receipts within one month of these due dates.

On November 14, 2013, the government levied its 2013 taxes which will be recognized as revenue in 2014. As of November 30, 2013, the government will record the 2013 tax levy as property tax receivable and deferred property taxes on the financial statements.

#### **Compensated Absences**

##### Vacation

The government'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

Earned sick days can accumulate to a maximum of 60 days, and at the end of each calendar year, depending on their contract employees may receive two working day's pay for every three sick days accumulated above the 60 maximum days. Except in cases of over accumulation, payment is only made for illness.

#### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 2      Stewardship, Compliance and Accountability**

#### **Excess of expenditures over appropriations**

For the year ended November 30, 2013, expenditures exceeded appropriations in the County Motor Fuel Tax Fund by \$194,090, the Probation Service Fee Fund by \$97, the County Coroner fund by \$692, the Employee's Health Insurance Fund by \$409,958, the Law Library Fund by \$3,095, and the Tuberculosis Fund by \$22.

#### **Deficit Fund Balance**

At November 30, 2013, the General Fund had a deficit fund balance of \$539,737, the County Highway Fund had a deficit fund balance of \$453,439, the County Matching Fund had a deficit balance of \$84,522, and the Coroner's Fund had a deficit fund balance of \$200,560.

### **Note 3      Cash Deposits with Financial Institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of November 30, 2013, the government's bank balance was \$11,168,903 and \$71,750 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

For financial statement purposes, the government shows certificates of deposits and money market accounts as temporary cash investments.

### **Note 4      Investments**

As of November 30, 2013, the government had the following investments:

	<u>Fair Value</u>
Investment in State Investment Pool	<u>\$2,559,164</u>

*Interest rate risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The government has no specific policy on the interest rate risk at year-end.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 4 Investments (Continued)

Information about the sensitivity of the fair values of the government's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the government's investments by maturity:

	Remaining Maturity (in Months)			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-60 Months</u>	<u>60+ Months</u>	
External investment pool	<u>\$2,559,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,559,164</u>

*Credit risk.* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the actual rating as of year-end for each investment type:

	<u>Total as of November 30, 2013</u>	<u>A1</u>
External investment pool	<u>\$2,559,164</u>	<u>\$2,559,164</u>

*Concentration of credit risk.* The government's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments.

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

As of November 30, 2013 there are no investments with custodial credit risk in that all of its investments are insured.

*Foreign Currency Risk.* The government has no foreign currency risk for investments at year end.

# Stephenson County, Illinois

## Notes to Financial Statements

### Note 5 Capital Assets

The governmental activities capital asset activity for the year ended November 30, 2013 is as follows:

	Balance December 1, 2012	Additions	Deletions	Balance November 30, 2013
Capital assets not being depreciated:				
Land	\$ 288,555	\$ -	\$ -	\$ 288,555
Capital assets being depreciated:				
Infrastructure	654,930,163	123,479	-	655,053,642
Buildings and Improvements	15,293,052	155,300	-	15,448,352
Equipment and Vehicles	5,719,319	307,276	312,769	5,713,826
Total capital assets being depreciated	675,942,534	586,055	312,769	676,215,820
Less accumulated depreciation for:				
Infrastructure	513,479,608	31,667,835	-	545,147,443
Buildings and Improvements	5,720,350	374,924	-	6,095,274
Equipment and Vehicles	4,651,327	270,190	312,769	4,608,748
Total accumulated depreciation	523,851,285	32,312,949	312,769	555,851,465
Total capital assets being depreciated, net:	152,091,249	(31,726,894)	-	120,364,355
Governmental activities capital assets, net	\$152,379,804	\$(31,726,894)	\$ -	\$120,652,910

The business-type activities capital asset activity for the year ended November 30, 2013 is as follows:

	Balance December 1, 2012	Additions	Deletions	Balance November 30, 2013
Capital assets being depreciated:				
Buildings and Improvements	\$3,060,755	\$133,672	\$ 94,481	\$3,099,946
Equipment and Vehicles	1,072,744	11,748	230,256	854,236
Total capital assets being depreciated	4,133,499	145,420	324,737	3,954,182

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 5 Capital Assets (Continued)

	Balance December 1, 2012	Additions	Deletions	Balance November 30, 2013
Less accumulated depreciation for:				
Buildings and Improvements	2,140,111	60,352	94,481	2,105,982
Equipment and Vehicles	<u>954,085</u>	<u>28,360</u>	<u>230,256</u>	<u>752,189</u>
Total accumulated depreciation	<u>3,094,196</u>	<u>88,712</u>	<u>32,737</u>	<u>2,858,171</u>
Business type activities capital assets, net	<u>\$1,039,303</u>	<u>\$ 56,708</u>	<u>\$ _____</u>	<u>\$1,096,011</u>

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

#### Governmental activities:

Public safety	\$ 109,717
Public works	31,869,404
Health, sanitation, and welfare	29,681
Judicial and court related	<u>304,147</u>
Total depreciation expense, governmental activities	<u>\$32,312,949</u>

#### Business-type activities:

Nursing Center	<u>\$88,712</u>
----------------	-----------------

### Note 6 Long-Term Debt

#### Jail Debt Certificates, Series 2007

In 1998, the County issued \$11,060,000 of Illinois Rural Bond Bank Revenue Bonds to construct and equip a new County jail through a trustee, who will in turn, lease the jail to the County. The County's lease payments to the trustee will be used to repay the bonds. A referendum was passed during the 1997 fiscal year allowing for a Public Safety sales tax.

On October 1, 2007, the County issued Debt Certificates to refinance the Revenue Bonds and pay off the lease. The Debt Certificates were issued in the amount of \$6,395,000.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 6 Long-Term Debt (Continued)

#### Jail Debt Certificates, Series 2007

Principal and interest payments are due annually on December 1 ending December 1, 2026. Interest only payments are due annually on June 1. Interest rates range from 4.0% to 5.0%. The following is a schedule of debt payments due over the life of the certificates:

<u>Year Ending November 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 270,000	\$ 225,075
2015	285,000	211,200
2016	300,000	196,575
2017	315,000	181,200
2018	330,000	165,075
2019 - 2023	1,910,000	572,838
2024 – 2027	<u>1,830,000</u>	<u>150,000</u>
Total	<u>\$5,240,000</u>	<u>\$1,701,963</u>

#### Sheriff Radio Equipment Note Payable

On June 12, 2008, the County borrowed \$56,387 through a note payable at a local bank for the purchase of radio equipment. The note is payable in 5 annual payments of \$12,927 with an interest rate of 4.67% and final payment June 1, 2013. The note was paid off during the fiscal year.

#### Phone System Note Payable

On June 19, 2008, the County borrowed \$150,000 through a note payable at a local bank for the purchase of a phone system. The note is payable in 60 monthly payments of \$2,077 with an interest rate of 4.375% and final payment June 19, 2013. The note was paid off during the fiscal year.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 6      Long-Term Debt (Continued)**

#### **Real Estate Mortgage**

During the year ended November 30, 1999, the Stephenson County Board of Health entered into a promissory note with State Bank for the renovation of the new Health Department building. The original amount of the note was \$600,000, with a fixed rate of interest of 4.37% to mature August 14, 2004. It was refinanced with a balance of \$559,039 on September 22, 2003 to mature August 14, 2008. On April 25, 2008, an additional \$200,000 was paid to reduce the principal balance and the mortgage was refinanced to be due October 25, 2016. The debt is secured by the Health Department building. Payments of \$2,573 are due monthly with an interest rate of 4.05%.

The following is a repayment schedule for the debt.

<u>Year Ending November 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	<u>\$28,069</u>	<u>\$582</u>

#### **General Obligation Debt Certificates**

In May 2006, the County issued \$6,000,000 of Debt certificates to pay part of the cost of a public improvement project related to economic development. See Note 12 for further information. Interest only payments were made quarterly at a rate of 4.6% until May 15, 2011. The entire principal of \$6,000,000 was scheduled to be refinanced with TIF Bonds on May 15, 2011. The County received an extension to January 15, 2012 to refinance the Debt Certificates. \$500,000 was paid on May 15, 2012 and the remaining \$5,500,000 was refinanced with Refunding Debt.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 6 Long-Term Debt (Continued)

#### General Obligation Debt Certificates (Continued)

Certificates on January 5, 2012. Principal payments are due December 1 of each year with final payment on December 1, 2031. Interest payments are made every June 1 and December 1 at rates from 3% to 6.375% with final payment on December 1, 2031.

The following is a repayment schedule for the debt.

<u>Year Ending November 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 175,000	\$ 280,875
2015	180,000	275,625
2016	185,000	270,225
2017	200,000	262,825
2018	200,000	254,825
2019 - 2023	1,190,000	1,104,895
2024 - 2028	1,575,000	713,699
2029 - 2032	<u>1,630,000</u>	<u>198,607</u>
Total	<u>\$5,335,000</u>	<u>\$3,361,576</u>

#### Highway Department Building Debt Certificates

In August 2002, the County issued \$2,000,000 of Debt certificates to pay part of the cost of building and equipping a building and related facilities for the County's Highway Department.

The following is a repayment schedule for the debt.

<u>Year Ending November 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 100,000	\$ 49,578
2015	105,000	45,478
2016	110,000	41,067
2017	115,000	36,338
2018	120,000	31,277
2019 - 2022	<u>535,000</u>	<u>66,195</u>
Total	<u>\$1,085,000</u>	<u>\$269,933</u>

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 6 Long-Term Debt (Continued)

#### Highway Department Building Debt Certificates

The following is a summary of changes in long-term debt for the year ended November 30, 2013:

	Balance <u>December 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>November 30, 2013</u>
Note Payable	\$ 65,141	\$ -	\$ 65,141	\$ -
Mortgage Payable	57,285	-	29,216	28,069
Debt Certificates	<u>12,220,000</u>	<u>-</u>	<u>560,000</u>	<u>11,660,000</u>
Total	<u>\$12,342,426</u>	<u>\$ -</u>	<u>\$654,357</u>	<u>\$11,688,069</u>

The County is subject to a debt limitation of 2.875% of its assessed valuation of \$647,086,349. As of November 30, 2013 the County had \$6,915,664 of remaining legal debt margin.

### Note 7 Interfund Receivables and Payables

The following is a summary of interfund receivables and payables due at November 30, 2013.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$1,991,855
Illinois Municipal Retirement	300,950	-
County Highway Fund	-	415,000
Internal Service Funds	-	330,000
Non-major governmental funds	<u>2,785,115</u>	<u>349,210</u>
Totals	<u>\$3,086,065</u>	<u>\$3,086,065</u>

The purpose of the interfund balances is to fund short-term cash shortfalls in the various funds. They will be paid back as cash positions in the borrowing funds improve.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 8      Fund Balance Reporting**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

#### ***Nonspendable Fund Balance***

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The government has \$20,351 in inventory that is nonspendable at year end.

#### ***Restricted Fund Balance***

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The government has the following balances that are restricted at year end.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 8 Fund Balance Reporting (Continued)

#### Restricted Fund Balance (Continued)

Restricted for IMRF	\$ 1,925,381
Restricted for Public Health	1,287,815
Restricted for Insurance	1,033,545
Restricted for Bridge	1,236,887
Restricted for DUI Equipment	11,808
Restricted for Highway	81,949
Restricted for Mental Health	144,439
Restricted for Tuberculosis	25,358
Restricted for Animal Control	252,598
Restricted for Circuit Clerk	2,275
Restricted for Social Security	881,326
Restricted for Education Extension Service	171,176
Restricted for Emergency Service & Disaster	21,005
Restricted for ETSB 911	888,615
Restricted for Drug Funds	66,020
Restricted for Waste Management	139,615
Restricted for Mechanical Document Storage	53,191
Restricted for Public Safety	1,547,085
Restricted for Court Automation	51,715
Restricted for Probation Services	236,965
Restricted for Document Storage Circuit Clerk	43,036
Restricted for Treasurer Automation	83,523
Restricted for Court Supervision	7,339
Restricted for Geographic Information Systems	64,486
Restricted for Environmental Remediation	10,099
Restricted for Law Library	5,368
Restricted for Debt Service	1,006,252
Restricted for Capital	152,815
Restricted for Mill Race Crossing	101,472
Restricted for Highway Building	45,976
<hr/>	
Total Restricted	\$ 11,579,134

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 8 Fund Balance Reporting (Continued)**

#### ***Committed Fund Balance***

The government commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The government has no balances that are committed at year end.

#### ***Assigned Fund Balance***

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The government has no balances that are assigned at year end.

#### ***Unassigned Fund Balance***

The unassigned fund balance classification is the residual classification for amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund unassigned fund balance was (\$753,598), the County Highway unassigned fund balance was (\$453,439) and Other Governmental Funds unassigned fund balance was (\$285,082).

### **Note 9 Restricted Net Position**

The Nursing Center has \$19,973 in restricted cash and investments. The monies have been received through donations and bequests. These funds have been restricted to future capital additions of the Nursing Center.

### **Note 10 Pension Plan**

#### **IMRF**

#### ***Plan Description***

The government's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 10 Pension Plan (Continued)

#### ***Funding Policy***

As set by statute, the County's Regular plan members are required to contribute 4.5 percent (7.5 percent for SLEP members) of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual required contribution rate for calendar year 2012 was 9.86 percent (20.50 percent for SLEP members). The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### ***Annual Pension Cost***

The required contribution for calendar year December 31, 2012 was \$834,711, (\$539,087 for SLEP members).

	<b>REG</b>	<b>SLEP</b>
Annual required contribution	\$834,711	\$600,587
Interest adjustment	10,153	4,240
Adjustment to amortize unfunded liability	<u>(6,907)</u>	<u>(2,885)</u>
Annual pension cost	837,957	601,942
Contributions made	<u>834,711</u>	<u>600,587</u>
Increase (decrease) in net pension obligation	3,246	1,355
Net pension obligation, beginning	<u>135,374</u>	<u>56,527</u>
Net pension obligation, ending	<u>\$138,620</u>	<u>\$57,882</u>

#### **Three-Year Trend Information for the Regular Plan**

##### **REG:**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$834,711	100%	\$138,620
12/31/11	799,551	98%	135,374
12/31/10	810,552	86%	113,477

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 10 Pension Plan (Continued)

#### *Annual Pension Cost (Continued)*

##### **SLEP:**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$539,087	100%	\$57,882
12/31/11	544,061	98%	56,527
12/31/10	493,375	91%	44,404

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually.

The actuarial value of the County's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The County's Regular plan's unfunded and (SLEP plan's unfunded) actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

#### ***Funded Status and Funding Progress***

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 87.04 percent funded, (70.51 percent for SLEP funded). The actuarial accrued liability for benefits was \$22,105,519 (\$13,504,232 for SLEP) and the actuarial value of assets was \$19,239,880, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,865,639, and (\$9,521,206 for SLEP, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,983,026).

The covered payroll for calendar year 2012 (annual payroll of active employees covered by the Regular plan) was \$8,465,628 and the ratio of the UAAL to the covered payroll was 34 percent. For SLEP members, the covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$2,629,693 and the ratio of the UAAL to the covered payroll was 151 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 11 Interfund Transfers

Below are the interfund transfers as of November 30, 2013:

	<u>Transfers in</u>	<u>Transfers out</u>
Major funds:		
General Fund	\$ 33,417	\$ 662,338
County Health Department	195,300	3,500
County Highway	153,500	-
Non-major funds	<u>1,332,441</u>	<u>1,048,820</u>
	<u>\$1,714,658</u>	<u>\$1,714,658</u>

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

### Note 12 Other Assets

During the years ended November 30, 2006 through 2011, the County purchased land, incurred engineering costs, and made land improvements totaling \$4,824,326 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 the land will go to the County to offset the cost of the original purchase and further costs the County incurs to develop the land.

### Note 13 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; and natural disasters. In order to handle such risks of loss, the County purchases insurance coverage through ICRMT. The deductibles in effect through these policies as of November 30, 2013 were \$50,000 for liability and \$5,000 for property. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

### Note 14 Self-Insurance

The County is partially self-insured for health care benefits provided to its own employees. The purpose of this program is to pay medical insurance claims of the County employees and their covered dependents and minimize the total costs of annual insurance to the County. The health insurance consultant determines premium payments to be made by the County. Annual claims are paid from accumulated premium payments, and claims exceeding accumulated premium payments are paid by the private insurance carrier. Employee and dependent coverage is partially funded by charges to employees and the remainder by the County.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### Note 14 Self-Insurance (Continued)

Under the program, the County is responsible for the first \$130,000 of covered charges per individual per year and an additional aggregating specific deductible of \$65,000 and approximately the first \$3,066,091 of covered charges in aggregate. Health care claims which exceed \$130,000 of covered charges per individual per year and an additional aggregating specific deductible of \$65,000 or which aggregate more than \$3,066,091 are covered by insurance.

<u>Year Ending November 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2011	\$450,000	\$2,570,445	\$2,670,445	\$350,000
2012	\$350,000	\$2,913,851	\$3,063,851	\$200,000
2013	\$200,000	\$3,126,107	\$2,951,107	\$375,000

### Note 15 Contingencies

From time to time, the County is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the County's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

### Note 16 Other Postemployment Benefits

In July 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires a systematic, accrual basis measurement and recognition of other postemployment benefit (OPEB) expense over a period that approximates employees' years of service.

The Statement also requires the information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The County elected to not adopt the new standards related to other postemployment benefits.

### Note 17 Pending GASB Statements

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement 65 "Items Previously Reported as Assets and Liabilities" The County is required to implement this standard for the fiscal year ending November 30, 2014.

# Stephenson County, Illinois

## Notes to Financial Statements

---

### **Note 17    Pending GASB Statements (Continued)**

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement 66 "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62" The County is required to implement this standard for the fiscal year ending November 30, 2014.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25" The County is required to implement this standard for the fiscal year ending November 30, 2014.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" The County is required to implement this standard for the fiscal year ending November 30, 2015.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees" The County is required to implement this standard for the fiscal year ending November 30, 2015.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68" The County is required to implement this standard for the fiscal year ending November 30, 2015.

The County has not yet determined the full impact that adoption of these GASB Statements will have on the financial statements.

## **Required Supplementary Information (Unaudited)**

# Stephenson County, Illinois

## Required Supplementary Information

### Schedule of Funding Progress

#### REG:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/12	\$19,239,880	\$22,105,519	\$2,865,639	87.04%	\$8,465,628	33.85%
12/31/11	18,789,849	21,783,076	2,993,227	86.26%	8,337,338	35.90%
12/31/10	19,257,143	21,373,269	2,116,126	90.10%	8,228,958	25.72%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$20,033,095. On a market basis, the funded ratio would be 90.62%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Stephenson County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100%.

#### SLEP:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/12	\$9,521,206	\$13,504,232	\$3,983,026	70.51%	\$2,629,693	151.46%
12/31/11	8,219,431	12,435,463	4,216,032	66.10%	2,764,537	152.50%
12/31/10	8,017,426	11,683,330	3,665,904	68.62%	2,566,988	142.81%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$9,882,633. On a market basis, the funded ratio would be 73.18%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Stephenson County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100%.

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Revenues Received</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Taxes:</b>				
Property taxes	\$ 3,107,000	\$ 3,107,000	\$ 3,104,512	\$ (2,488)
State income tax	1,230,000	1,230,000	1,429,396	199,396
State sales tax	375,000	375,000	376,925	1,925
State supplemental sales tax	1,040,000	1,040,000	1,046,364	6,364
State use tax	210,000	210,000	236,646	26,646
Replacement tax	156,084	156,084	196,488	40,404
Treasurer/tax sale automation	120,000	120,000	125,341	5,341
<b>Total taxes</b>	<b>6,238,084</b>	<b>6,238,084</b>	<b>6,515,672</b>	<b>277,588</b>
<b>Fees, licenses, permits, and fines:</b>				
County clerk fees	190,000	190,000	198,488	8,488
Circuit clerk fees	451,500	451,500	423,951	(27,549)
County sheriff fees	134,000	136,841	126,469	(10,372)
State's attorney fees	40,000	40,000	41,858	1,858
County coroner fees	1,800	1,800	1,500	(300)
Supervisor of assessment fees	49,000	49,000	50,025	1,025
Zoning fees	32,888	32,888	12,498	(20,390)
Licenses	14,880	14,880	-	(14,880)
Criminal fines	238,000	238,000	283,681	45,681
Jail medical fees	10,000	10,000	12,567	2,567
Traffic fines	312,000	312,000	271,095	(40,905)
Cable franchise fees	33,285	33,285	22,892	(10,393)
Court security fees	122,000	122,000	117,784	(4,216)
County ordinances	360	360	425	65
Dependent children fees	1,100	1,100	-	(1,100)
Video gaming	-	-	1,098	1,098
<b>Total fees, licenses, permits, and fines</b>	<b>1,630,813</b>	<b>1,633,654</b>	<b>1,564,331</b>	<b>(69,323)</b>

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Revenues Received (Continued)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Intergovernmental revenue received:				
State of Illinois salary reimbursements	941,859	941,859	896,836	(45,023)
Workforce investment grant	53,952	53,952	26,297	(27,655)
State's attorney grant	17,600	17,600	18,684	1,084
Total intergovernmental revenues received	1,013,411	1,013,411	941,817	(71,594)
Other revenue received:				
Interest on investments	140	140	92	(48)
Revenue stamps	50,000	50,000	66,798	16,798
Street value	2,300	2,300	2,250	(50)
Probation dept - work release	95,577	95,577	96,423	846
Miscellaneous	526,900	526,900	84,592	(442,308)
Total other revenue received	674,917	674,917	250,155	(424,762)
Total revenues received	\$ 9,557,225	\$ 9,560,066	\$ 9,271,975	\$ (288,091)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
General Government:				
County Properties				
Personnel:				
Salaries - other full time	\$ 36,740	\$ 36,740	\$ 35,344	\$ (1,396)
Salaries - overtime	1,300	1,300	1,199	(101)
Total personnel	38,040	38,040	36,543	(1,497)
Commodities:				
Cleaning supplies	2,000	2,000	2,275	275
Paper supplies - towels, etc.	2,700	2,700	2,845	145
Electrical supplies	800	800	320	(480)
Hardware supplies	80	80	50	(30)
Plumbing supplies	500	500	157	(343)
Painting supplies	50	50	7	(43)
Salt	750	750	657	(93)
Total commodities	6,880	6,880	6,311	(569)
Contractual:				
Advertising and publishing	100	100	92	(8)
Boiler - state inspection	330	330	240	(90)
Gas - natural	12,000	12,000	10,596	(1,404)
Electric	50,000	50,000	39,028	(10,972)
Telephone - alarm system	100	100	-	(100)
Water and sewer	2,675	2,675	2,257	(418)
Garbage disposal	1,871	1,871	2,029	158
Pest control	50	50	-	(50)
Maintenance - environmental	7,500	7,500	6,916	(584)
Maintenance - painting & decoratin	250	250	89	(161)
Maintenance - elevators	24,710	24,710	18,848	(5,862)
Maintenance - general	4,710	4,710	3,196	(1,514)
Maintenance - telephone system	800	800	-	(800)
Courthouse building repair	3,100	61,660	59,637	(2,023)
Janitorial contract	860	860	646	(214)
Total contractual	109,056	167,616	143,574	(24,042)
Capital outlay:				
Equipment	300	3,141	2,926	(215)
Total county properties	154,276	215,677	189,354	(26,323)

See accompanying notes to required supplementary information.

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
General Government (Continued):				
County Clerk and Recorder				
Personnel:				
Salaries - department head	52,000	52,000	51,923	(77)
Salaries - deputies	95,755	95,755	92,030	(3,725)
Overtime salaries	10	10	-	(10)
Excess sick days	2,020	2,020	1,759	(261)
Total personnel	149,785	149,785	145,712	(4,073)
Commodities:				
Stationery and supplies	10,000	10,000	6,767	(3,233)
Computerized recording system	10	10	-	(10)
Office equipment (under \$500)	350	350	183	(167)
Books, periodicals, and manuals	10	10	-	(10)
Operational expense	1,000	1,000	1,015	15
Total commodities	11,370	11,370	7,965	(3,405)
Contractual:				
Auto mileage	200	200	-	(200)
Publishing	400	400	616	216
Printing, duplicating, and binding	2,000	2,000	826	(1,174)
Photocopies	10	10	-	(10)
Office equipment repair	1,010	1,010	170	(840)
Dues and memberships	500	500	465	(35)
Meetings and seminars	900	900	-	(900)
Miscellaneous fees (register births and deaths)	1,000	1,000	941	(59)
Telephone	70	70	-	(70)
IT Equipment	2,615	2,615	1,575	(1,040)
Total contractual	8,705	8,705	4,593	(4,112)
Total county clerk and recorder	169,860	169,860	158,270	(11,590)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
General Government (Continued):				
County Treasurer				
Personnel:				
Salaries - department head	49,000	49,000	48,923	(77)
Salaries - deputies	27,118	27,118	27,088	(30)
Salaries - part-time deputy	15,000	15,000	18,969	3,969
Overtime salaries - deputies	10	10	-	(10)
Total personnel	91,128	91,128	94,980	3,852
Commodities:				
Stationery and supplies	600	600	445	(155)
Computer supplies	3,600	3,600	1,253	(2,347)
Office equipment	1,000	1,000	863	(137)
Total commodities	5,200	5,200	2,561	(2,639)
Contractual:				
Mileage	10	10	-	(10)
Advertising and publishing	700	700	-	(700)
Office equipment repair	200	200	-	(200)
Total contractual	910	910	-	(910)
Total county treasurer	97,238	97,238	97,541	303
County Board Expense Disbursed				
Personnel:				
Salaries - per diem	78,400	78,400	74,596	(3,804)
Chairman	20,725	20,725	19,700	(1,025)
Total personnel	99,125	99,125	94,296	(4,829)
Contractual:				
Auto mileage	5,900	5,900	6,259	359
Dues and memberships	1,988	1,988	1,613	(375)
Meetings and seminars	3,200	3,500	2,632	(868)
Total contractual	11,088	11,388	10,504	(884)
Total county board	110,213	110,513	104,800	(5,713)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed (Cont.)</i></b>				
General Government (Continued):				
Administrative Services				
Personnel:				
Salaries - department head	65,920	65,620	65,920	300
Salaries - secretary	32,265	32,265	38,969	6,704
Excess sick days	2,945	2,945	2,943	(2)
Total personnel	101,130	100,830	107,832	7,002
Commodities:				
Stationery and supplies	170	170	156	(14)
Computer supplies	120	120	102	(18)
Printing paper and supplies	5,000	5,000	5,542	542
Total commodities	5,290	5,290	5,800	510
Contractual:				
Auto mileage	100	100	145	45
Postage	66,000	66,000	51,214	(14,786)
Postage presort service	1,000	1,000	972	(28)
Printing, duplicating and binding	150	150	-	(150)
Photocopies	1,000	1,000	1,627	627
Telephone	62,918	106,290	90,622	(15,668)
Office equipment repair	720	720	886	166
Dues and memberships	285	285	20	(265)
Postage meter rental	1,250	1,250	749	(501)
Computer contract	11,700	11,700	11,745	45
Professional services	-	-	31,225	31,225
Total contractual	145,123	188,495	189,205	710
Total administrative services	251,543	294,615	302,837	8,222
Recreation and Conservation				
Contractual:				
Electric	200	200	201	1
Maintenance - Kent Monument	1,500	1,500	503	(997)
Atten Landing	-	5,000	1,528	(3,472)
Pec prairie path	1,000	1,000	1,000	-
Jane Addams trail	24,000	24,000	20,947	(3,053)
Total recreation & conservation	26,700	31,700	24,179	(7,521)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original	Final		Over
	Budget	Budget	Actual	(Under)
<b><i>Expenditures Disbursed (Cont.)</i></b>				Budget
General Government (Continued):				
Supervisor of Assessments				
Personnel:				
Salaries - department head	65,600	65,600	65,600	-
Salaries - deputies	59,470	59,470	56,495	(2,975)
Salaries - board of review	10,500	10,500	10,500	-
Excess sick days	3,100	3,100	3,022	(78)
Total personnel	138,670	138,670	135,617	(3,053)
Commodities:				
Stationery and supplies	1,500	1,500	353	(1,147)
Total commodities	1,500	1,500	353	(1,147)
Contractual:				
Appraisal Maintenance	40,572	40,572	40,572	-
Independent appraisal	10	10	-	(10)
Auto mileage	1,500	1,500	1,380	(120)
Advertising and publishing	12,500	12,500	10,587	(1,913)
Printing, duplicating, and binding	2,500	2,500	1,338	(1,162)
Photocopies	1,250	1,250	1,379	129
Dues and memberships	750	750	374	(376)
Meetings and seminars	3,500	3,500	2,392	(1,108)
Appraisal software	14,700	14,700	14,661	(39)
Office equipment (over \$500)	10	10	-	(10)
Total contractual	77,292	77,292	72,683	(4,609)
Total supervisor of assessments	217,462	217,462	208,653	(8,809)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
General Government (Continued):				
Economic Development				
Personnel:				
WIA Grant Administrator	39,635	39,635	16,006	(23,629)
Enterprise Zone Administrator	1,500	1,500	1,500	-
Total personnel	41,135	41,135	17,506	(23,629)
Contractual:				
Soil & water conservation	25,000	25,000	25,000	-
Blackhawk Hills-R.C. & D	11,230	11,230	11,036	(194)
Total contractual	36,230	36,230	36,036	(194)
Total economic development	77,365	77,365	53,542	(23,823)
Facilities Management				
Personnel:				
Salaries - department head	68,900	68,900	68,900	-
Salaries - secretary	6,000	1,000	-	(1,000)
Salaries - maintenance	27,289	32,289	30,070	(2,219)
Total salaries	102,189	102,189	98,970	(3,219)
Commodities:				
Stationery and supplies	50	50	-	(50)
Books, periodicals, and manuals	100	100	-	(100)
Total commodities	150	150	-	(150)
Contractual:				
Auto mileage	2,500	2,500	2,179	(321)
Total contractual	2,500	2,500	2,179	(321)
Total facilities management	104,839	104,839	101,149	(3,690)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed (Cont.)</i></b>				
General Government (Continued):				
Election Expense				
Personnel:				
Salaries - deputies	51,510	51,510	51,301	(209)
Salaries - part-time	3,500	3,500	72	(3,428)
Salaries - per diem	58,000	58,000	52,965	(5,035)
Total personnel	113,010	113,010	104,338	(8,672)
Commodities:				
Books, periodicals, and manuals	10	10	-	(10)
Printing paper and supplies	120,000	120,000	75,815	(44,185)
Total commodities	120,010	120,010	75,815	(44,195)
Contractual:				
Auto mileage	1,125	1,125	775	(350)
Advertising and publishing	-	-	14,860	14,860
Photocopies	10	10	-	(10)
Telephone	10	10	-	(10)
Building and rooms	4,000	4,000	2,750	(1,250)
Election software	42,260	42,260	68,488	26,228
Office equipment	500	500	-	(500)
Total contractual	47,905	47,905	86,873	38,968
Capital outlay:				
Office equipment (over \$500)	10	10	-	(10)
Total election expense	280,935	280,935	267,026	(13,909)
Zoning				
Personnel:				
Salaries - department head	37,681	37,681	37,674	(7)
Salaries - secretary	10,780	10,780	8,497	(2,283)
Salaries - per diem	1,000	1,000	350	(650)
Excess sick days	961	961	961	-
Total personnel	50,422	50,422	47,482	(2,940)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed (Cont.)</i></b>				
General Government (Continued):				
Zoning (Continued):				
Commodities:				
Stationery and supplies	500	500	388	(112)
Office equipment (under \$500)	300	300	195	(105)
Total commodities	800	800	583	(217)
Contractual:				
Auto mileage	2,400	2,400	1,763	(637)
Advertising and publishing	300	300	120	(180)
Photocopies	800	800	358	(442)
Office equipment repairs	500	500	435	(65)
Telephone	1,300	1,300	722	(578)
Total contractual	5,300	5,300	3,398	(1,902)
Total zoning	56,522	56,522	51,463	(5,059)
Miscellaneous				
Contractual:				
Annual audit	48,000	48,000	44,500	(3,500)
Special Asst. State's Attorney	12,000	12,000	899	(11,101)
Labor attorney fees	60,000	60,000	50,847	(9,153)
Insurance premiums	746,200	746,200	699,442	(46,758)
N.W. Criminal Justice Commission	2,925	2,925	2,925	-
Department of Veterans' Affairs	1,000	1,000	-	(1,000)
County Code Book	3,500	3,500	4,296	796
Youth diversion program	15,000	15,000	13,754	(1,246)
Peer jury	250	250	-	(250)
Regional office of education	34,300	34,300	34,219	(81)
Stockton School District	5,210	5,210	5,209	(1)
Interest expense	12,000	12,000	-	(12,000)
Contingencies	218,320	100,388	8,784	(91,604)
Total miscellaneous	1,158,705	1,040,773	864,875	(175,898)
Total general government	2,705,658	2,697,499	2,423,689	(273,810)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original	Final		Over
	Budget	Budget	Actual	(Under)
<b><i>Expenditures Disbursed (Cont.)</i></b>				Budget
Public Safety:				
Law Enforcement				
Personnel:				
Salaries - department head	65,000	65,000	64,923	(77)
Salaries - safety director	2,500	2,500	2,500	-
Salaries - deputies	1,135,340	1,135,340	1,134,841	(499)
Salaries - communication	281,298	281,298	274,649	(6,649)
Salaries - clerical	101,235	101,235	98,549	(2,686)
Salaries - overtime	68,753	79,753	69,715	(10,038)
Salaries - overtime - communicatio	45,000	45,000	17,233	(27,767)
Salaries - court deputies	129,826	129,826	125,350	(4,476)
Excess sick days	79,100	79,100	72,765	(6,335)
Total personnel	1,908,052	1,919,052	1,860,525	(58,527)
Commodities:				
Crime prevention supplies	250	250	-	(250)
Stationery and supplies	1,800	1,800	1,848	48
Stationery and supplies - communi	280	280	348	68
Office equipment (under \$500)	380	380	327	(53)
Books, periodicals, and manuals	380	380	350	(30)
Gasoline and operating fuel	86,100	86,100	92,865	6,765
Clothing - uniforms	5,000	5,000	4,888	(112)
Lubricants	3,000	3,000	2,139	(861)
Automotive tires	5,000	5,000	5,065	65
Automotive accessories	1,500	1,500	836	(664)
Sheriff's reserve unit	1,000	1,000	2,965	1,965
Mounted patrol	800	800	800	-
Total commodities	105,490	105,490	112,431	6,941

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Judiciary and Court Related:				
State's Attorney				
Personnel:				
Salaries - department head	166,508	166,508	166,508	-
Salaries - assistants	276,080	276,080	269,903	(6,177)
Salaries - secretaries	78,764	78,764	78,416	(348)
Salaries - teen court coordinator	5,000	5,000	5,649	649
Salaries - victim coordinator	17,600	17,600	23,877	6,277
Excess sick days	4,341	4,341	4,261	(80)
Total personnel	548,293	548,293	548,614	321
Commodities:				
Stationery and supplies	7,500	7,500	5,945	(1,555)
Office equipment	500	500	481	(19)
Books, periodicals, and manuals	750	750	669	(81)
Peer jury expense	100	100	-	(100)
Total commodities	8,850	8,850	7,095	(1,755)
Contractual:				
Court reporting	1,000	1,000	404	(596)
Appellate service	13,000	13,000	13,000	-
Travel expense	500	500	474	(26)
Photocopies	1,200	1,200	-	(1,200)
Office equipment maintenance	2,000	2,000	1,328	(672)
Dues and memberships	1,500	1,500	1,131	(369)
Meetings and seminars	1,000	1,000	444	(556)
Sheriff's fees	500	500	248	(252)
Investigation expense	500	500	-	(500)
Instruction and schooling	200	200	200	-
Total contractual	21,400	21,400	17,229	(4,171)
Capital outlay:				
Equipment	2,400	2,400	645	(1,755)
Total state's attorney	580,943	580,943	573,583	(7,360)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original	Final		Over
	Budget	Budget	Actual	(Under)
<b><i>Expenditures Disbursed (Cont.)</i></b>				Budget
Public Safety (Continued):				
Law Enforcement (Continued)				
Contractual:				
Postage	300	300	280	(20)
Travel expense	5,000	5,000	2,953	(2,047)
Advertising and publishing	250	250	50	(200)
Photocopies	2,600	2,600	726	(1,874)
Telephone	11,500	11,500	4,622	(6,878)
Automotive repairs	15,000	15,000	11,200	(3,800)
Equipment repairs	2,500	2,500	2,482	(18)
Ammunition	5,000	5,000	4,986	(14)
Radio and tower	20,670	20,670	20,533	(137)
Machines and equipment	14,800	14,800	12,431	(2,369)
Office equipment	300	300	291	(9)
Dues and memberships	850	850	810	(40)
Instruction and schooling	6,000	6,000	2,637	(3,363)
Investigation expense	4,500	4,500	3,539	(961)
Emergency response	500	500	-	(500)
Total contractual	89,770	89,770	67,540	(22,230)
Capital outlay:				
Automotive	70,455	70,455	67,669	(2,786)
Radio	24,000	24,000	17,011	(6,989)
Total capital outlay	94,455	94,455	84,680	(9,775)
Total public safety	2,197,767	2,208,767	2,125,176	(83,591)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed (Cont.)</i></b>				
Judiciary and Court Related (Continued):				
Judicial				
Commodities:				
Stationery and supplies	2,600	2,600	2,218	(382)
Office equipment (under \$500)	1,350	1,350	874	(476)
Books, periodicals, and manuals	2,500	2,500	1,014	(1,486)
Total commodities	6,450	6,450	4,106	(2,344)
Contractual:				
Office of the Chief Judge	900	900	900	-
Photocopies	250	250	347	97
Office equipment repair	6,500	6,500	2,776	(3,724)
Assessment for judges salaries	2,250	2,250	2,132	(118)
Meetings & seminars	4,900	4,900	3,301	(1,599)
Total contractual	14,800	14,800	9,456	(5,344)
Total judicial	21,250	21,250	13,562	(7,688)
Jury Commission				
Personnel:				
Coroner jurors	100	100	-	(100)
Circuit jurors	21,500	20,950	24,802	3,852
Jury commissioners	3,300	3,300	3,300	-
Total personnel	24,900	24,350	28,102	3,752
Contractual:				
Juror meals	2,800	2,800	4,368	1,568
Printing, duplicating and binding	800	1,350	1,349	(1)
Total contractual	3,600	4,150	5,717	1,567
Total jury commission	28,500	28,500	33,819	5,319

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Judiciary and Court Related (Continued):				
Circuit Clerk				
Personnel:				
Salaries - department head	54,500	54,500	54,404	(96)
Salaries - deputies	191,000	191,000	189,459	(1,541)
Total personnel	245,500	245,500	243,863	(1,637)
Commodities:				
Stationery and supplies	8,000	8,000	7,523	(477)
Total commodities	8,000	8,000	7,523	(477)
Contractual:				
Photocopies	5,000	5,000	4,036	(964)
Telephone	200	200	94	(106)
Total contractual	5,200	5,200	4,130	(1,070)
Total circuit clerk	258,700	258,700	255,516	(3,184)
Probation				
Personnel:				
Salaries - department head	96,499	96,499	94,969	(1,530)
Salaries - officers	572,974	572,974	500,794	(72,180)
Salaries - supervisors	81,593	81,593	81,071	(522)
Salaries - office manager	34,594	34,594	34,214	(380)
Salaries - secretaries	44,220	44,220	43,938	(282)
Excess sick days	9,330	9,330	9,161	(169)
Total personnel	839,210	839,210	764,147	(75,063)
Contractual:				
Youth diversion programs	80,000	80,000	56,345	(23,655)
Medical and dental	400	400	306	(94)
Total contractual	80,400	80,400	56,651	(23,749)
Total probation	919,610	919,610	820,798	(98,812)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Judiciary and Court Related (Continued):				
Corrections				
Personnel:				
Salaries - jail administrator	59,673	59,673	57,871	(1,802)
Salaries - correction officers	1,133,205	1,133,205	1,117,112	(16,093)
Salaries - clerical	34,257	34,257	32,955	(1,302)
Salaries - transporting inmates	6,000	6,000	2,127	(3,873)
Salaries - overtime	60,000	60,000	58,951	(1,049)
Excess sick days	13,800	13,800	6,474	(7,326)
Total personnel	1,306,935	1,306,935	1,275,490	(31,445)
Commodities:				
Stationery and supplies	3,000	3,000	4,223	1,223
Computer supplies	7,200	7,200	8,258	1,058
Films and tapes	100	100	96	(4)
Books, periodicals, and manuals	100	100	30	(70)
Laundry	7,400	7,400	5,612	(1,788)
Food-county inmates	242,000	242,000	235,073	(6,927)
Medical and dental supplies	200	200	-	(200)
Clothing - uniforms	8,945	8,945	4,271	(4,674)
Kitchen	1,000	1,000	12	(988)
Total commodities	269,945	269,945	257,575	(12,370)
Contractual:				
Medical, dental and barber	162,000	162,000	136,380	(25,620)
Postage	500	500	188	(312)
Telephone	12,000	12,000	12,028	28
Instruction and schooling	6,000	6,000	1,994	(4,006)
Transporting prisoners	2,500	2,500	2,298	(202)
Live scan	4,500	4,500	4,494	(6)
Radio	2,600	2,600	2,759	159
Chaplain education services	10,000	10,000	10,000	-
Total contractual	200,100	200,100	170,141	(29,959)
Total corrections	1,776,980	1,776,980	1,703,206	(73,774)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Judiciary and Court Related (Continued):				
Court Ordered Expenses				
Contractual:				
Legal/Guard/Attorney fees	3,000	3,000	914	(2,086)
Legal/Special Defender	18,000	18,000	5,539	(12,461)
Mental examinations	11,000	11,000	9,471	(1,529)
Interpreter-Transcripts	6,000	6,000	4,113	(1,887)
Advertising and publishing	4,000	4,000	3,833	(167)
Investigation expense	250	250	195	(55)
Total court ordered expenses	42,250	42,250	24,065	(18,185)
Public Defender				
Personnel:				
Salaries - department head	149,857	149,857	149,857	-
Salaries - assistants	139,816	139,816	140,130	314
Salaries - juvenile G.A.L.	32,988	32,988	32,500	(488)
Salaries - office manager	32,987	32,987	33,475	488
Excess sick days	6,706	6,706	5,641	(1,065)
Total personnel	362,354	362,354	361,603	(751)
Contractual:				
Books & periodicals	350	350	349	(1)
Transcripts	500	500	240	(260)
Mileage	500	500	-	(500)
Photocopies	250	250	-	(250)
Office expense	1,750	1,750	1,620	(130)
Meetings & seminars	1,000	1,000	219	(781)
Office equipment	1,500	1,500	981	(519)
Total contractual	5,850	5,850	3,409	(2,441)
Total public defender	368,204	368,204	365,012	(3,192)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed (Cont.)</i></b>				
Judiciary and Court Related (Continued):				
Jail Building				
Personnel:				
Salaries - maintenance	14,100	14,100	14,252	152
Commodities:				
Cleaning supplies	300	300	287	(13)
Paper supplies - towels, etc.	150	150	240	90
Electrical supplies	250	250	28	(222)
Hardware supplies	50	50	-	(50)
Plumbing supplies	80	80	30	(50)
Painting supplies	50	50	-	(50)
Total commodities	880	880	585	(295)
Contractual:				
Boiler - State inspection	70	70	-	(70)
Gas - natural	5,500	5,500	3,886	(1,614)
Electrical service	10,000	10,000	6,120	(3,880)
Water and sewer	1,275	1,275	1,016	(259)
Garbage disposal	190	190	-	(190)
Pest control	50	50	-	(50)
Maintenance - environmental	200	200	257	57
Maintenance - general	1,500	1,500	1,569	69
Total contractual	18,785	18,785	12,848	(5,937)
Total jail building	33,765	33,765	27,685	(6,080)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed (Cont.)</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Judiciary and Court Related (Continued):				
Merit Commission				
Contractual:				
Consultants - testing	2,700	2,700	930	(1,770)
Court reporter	100	100	255	155
Attorney fees	100	100	-	(100)
Medical and dental	600	600	-	(600)
Witness fees and mileage	100	100	-	(100)
Advertising and publishing	1,000	1,000	923	(77)
Total merit commission	4,600	4,600	2,108	(2,492)
Total judiciary and court related	4,034,802	4,034,802	3,819,354	(215,448)
Total expenditures disbursed	\$ 8,938,227	\$ 8,941,068	\$ 8,368,219	\$ (572,849)
<b><i>Other financing sources (uses)</i></b>				
Operating transfers in (out):				
Work Release Fee	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
ETSB 911	23,940	23,940	13,417	10,523
Debt service	(467,638)	(467,638)	(467,038)	(600)
County Health Department Fund	(195,300)	(195,300)	(195,300)	-
Total operating transfers out	\$ (618,998)	\$ (618,998)	\$ (628,921)	\$ 9,923

# Stephenson County, Illinois

## Budgetary Comparison Schedule - Illinois Municipal Retirement Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues Received</b>				
Taxes:				
Property taxes	\$ 1,213,000	\$ 1,213,000	\$ 1,212,246	\$ (754)
Intergovernmental revenue:				
Replacement taxes	201,393	201,393	204,205	2,812
Other revenue received:				
Interest on investments	4,500	4,500	2,784	(1,716)
Miscellaneous	1,001,820	1,001,820	-	(1,001,820)
Employee contributions	674,776	674,776	593,590	(81,186)
Total other revenue received	1,681,096	1,681,096	596,374	(1,084,722)
Total revenue received	\$ 3,095,489	\$ 3,095,489	\$ 2,012,825	\$ (1,082,664)
<b>Expenditures Disbursed</b>				
General government:				
Illinois Municipal Retirement Fund	\$ 2,093,775	\$ 2,093,775	\$ 1,747,435	\$ (346,340)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Health Department (Budgetary Basis)

Year ended November 30, 2013

<b><i>Revenues Received</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Taxes:				
Property taxes	\$ 40,722	\$ 40,722	\$ 40,789	\$ 67
Fees, licenses, permits, and fines:				
Contractor	4,300	4,300	4,050	(250)
Food permits	49,300	49,300	39,890	(9,410)
Radon kit	780	780	2,087	1,307
Vital records	43,505	43,505	42,548	(957)
Well and septic	30,280	30,280	31,223	943
Food certification	4,020	4,020	2,505	(1,515)
TB	250	250	155	(95)
Physicals	1,500	1,500	115	(1,385)
Total fees, licenses, permits, and fines	133,935	133,935	122,573	(11,362)
Intergovernmental revenue:				
State of IL Grants-Other	5,170	5,170	9,722	4,552
FCM-public health	195,064	195,064	195,064	-
FCM-federal match	30,500	30,500	37,750	7,250
WIC grant	244,364	244,364	190,956	(53,408)
Health protection	85,354	85,354	170,708	85,354
Family planning	58,377	58,377	47,297	(11,080)
Peer counseling - WIC	20,000	20,000	21,749	1,749
Childhood lead	2,133	2,133	2,216	83
Dental sealant	2,000	2,000	769	(1,231)
IPC grant: Lead agency	-	-	11,398	11,398
IPC grant: Stephenson	-	-	9,480	9,480
Ounce of prevention	78,158	78,158	20,000	(58,158)
Healthy families	231,400	231,400	252,800	21,400
Breast and cervical cancer	116,840	116,840	112,732	(4,108)
Breast and cervical-primary care	135,225	135,225	112,075	(23,150)
Wise women	86,171	86,171	64,167	(22,004)
0 to 3 Assurance Network	81,980	81,980	102,480	20,500
Tobacco settlement grant	29,247	29,247	43,628	14,381
Tobacco compliance grant	4,840	4,840	4,620	(220)
West Nile virus	16,315	16,315	16,343	28
Bioterrorism grant	67,636	67,636	69,296	1,660

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Health Department (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Revenues Received (Continued):</i></b>				
Intergovernmental revenue (continued):				
VFC - Afix grant	35,000	35,000	29,156	(5,844)
Radon grant	20,000	20,000	18,826	(1,174)
Freeport Township	3,600	3,600	2,700	(900)
Brownfield study	15,000	15,000	10,642	(4,358)
Carroll County health admin	23,278	23,278	22,660	(618)
Carroll County tobacco	29,525	29,525	25,617	(3,908)
We Choose Health	54,000	54,000	44,477	(9,523)
Komen Foundation	8,100	8,100	8,100	-
IDPA: Family planning	14,750	14,750	12,159	(2,591)
IDPA: Lead	250	250	12	(238)
IDPA: FCM	6,225	6,225	17,459	11,234
IDPA: Immunizations	2,784	2,784	3,802	1,018
Medicare	3,840	3,840	998	(2,842)
Other grants & contracts	-	-	19,148	19,148
Tuberculosis board	58,665	58,665	58,687	22
<b>Total intergovernmental revenue</b>	<b>1,765,791</b>	<b>1,765,791</b>	<b>1,769,693</b>	<b>3,902</b>
Sale of goods and services:				
Private pay-family planning	12,000	12,000	7,354	(4,646)
Private pay-flu vaccine	15,950	15,950	17,984	2,034
Private pay-immunizations	19,600	19,600	10,095	(9,505)
Private pay-records search	200	200	86	(114)
Private pay-other	-	-	13,689	13,689
<b>Total sale of goods and services</b>	<b>47,750</b>	<b>47,750</b>	<b>49,208</b>	<b>1,458</b>
Other revenue received:				
Interest	4,548	4,548	1,855	(2,693)
Donations	21,315	21,315	9,148	(12,167)
Miscellaneous	3,250	3,250	97	(3,153)
County reimbursements	256,136	256,136	214,254	(41,882)
<b>Total other revenue received</b>	<b>285,249</b>	<b>285,249</b>	<b>225,354</b>	<b>(59,895)</b>
<b>Total revenue received</b>	<b>\$ 2,273,447</b>	<b>\$ 2,273,447</b>	<b>\$ 2,207,617</b>	<b>\$ (65,830)</b>

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Health Department (Budgetary Basis)

Year ended November 30, 2013

<b><i>Expenditures Disbursed</i></b>	Original Budget	Final Budget	Actual	Over (Under) Budget
Health and welfare:				
Salaries-administrator	\$ 86,232	\$ 86,232	\$ 84,841	\$ (1,391)
Salaries-full time	1,118,789	1,118,789	990,577	(128,212)
Salaries-part time	106,969	106,969	176,722	69,753
Salaries-overtime	-	-	772	772
Office supplies	42,802	42,802	44,443	1,641
Pamphlets	2,555	2,555	5,181	2,626
Printing	5,333	5,333	7,113	1,780
Medical supplies	61,795	61,795	40,643	(21,152)
Care of patients - TB	500	500	-	(500)
Med/Prof contracts: Other	63,380	63,380	49,193	(14,187)
We Choose Health - Carroll	8,000	8,000	5,645	(2,355)
Breast & Cervical: Primary Care	143,325	143,325	124,902	(18,423)
Wise women: Primary Care	50,175	50,175	17,163	(33,012)
Travel	41,067	41,067	49,245	8,178
Postage	7,885	7,885	7,828	(57)
Advertising and publishing	10,571	10,571	10,129	(442)
Health & accident insurance	313,581	313,581	296,203	(17,378)
Natural gas	2,600	2,600	2,290	(310)
Electricity	17,500	17,500	16,160	(1,340)
Telephone	18,984	18,984	16,987	(1,997)
Water and sewer	2,200	2,200	2,196	(4)
Garbage disposal	469	469	589	120
Equipment repair	17,050	17,050	21,181	4,131
Rent	4,896	4,896	1,126	(3,770)
Vehicle lease	3,860	3,860	3,889	29
Janitorial service	31,204	31,204	23,808	(7,396)
Dues & memberships	7,275	7,275	5,414	(1,861)
Meetings & seminars	4,520	4,520	6,010	1,490
IDPH-vital records fee	18,000	18,000	18,060	60
Software	825	825	1,574	749
Computer service contracts	12,790	12,790	10,341	(2,449)
Flood doors	6,000	6,000	-	(6,000)
Office equipment	7,000	7,000	12,974	5,974
Medical equipment	-	-	8,268	8,268
HVAC system	85,300	85,300	85,300	-

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Health Department (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed</i></b>				
Health and welfare (continued):				
Interest expense	3,088	3,088	1,665	(1,423)
Mortgage payment	27,792	27,792	29,216	1,424
Insurance premiums	21,528	21,528	-	(21,528)
FICA	100,367	100,367	91,144	(9,223)
IMRF	129,362	129,362	123,110	(6,252)
Workers compensation	3,975	3,975	-	(3,975)
Unemployment	904	904	-	(904)
Total health and welfare	\$ 2,590,448	\$ 2,590,448	\$ 2,391,902	\$ (198,546)
<b><i>Other financing sources (uses)</i></b>				
Operating transfers in	\$ 195,300	\$ 195,300	\$ 195,300	\$ -
Operating transfers out	-	-	(3,500)	(3,500)
Total other financing sources (uses)	\$ 195,300	\$ 195,300	\$ 191,800	\$ (3,500)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Highway Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues Received</b>				
Taxes:				
Property taxes	\$ 605,000	\$ 605,000	\$ 604,661	\$ (339)
Fees, licenses, permits, and fines:				
TMT engineering	55,000	55,000	60,702	5,702
Intergovernmental revenue:				
Replacement taxes	400	400	511	111
Sale of goods and services:				
Sales	10,000	10,000	6,942	(3,058)
Other revenue received:				
Interest on investments	100	100	241	141
Reimbursements	25,000	25,000	38,373	13,373
Miscellaneous	187,500	187,500	198,350	10,850
Total other revenue received	212,600	212,600	236,964	24,364
Total revenue received	\$ 883,000	\$ 883,000	\$ 909,780	\$ 20,967

### **Expenditures Disbursed**

Public works:				
Regular salaries - secretaries	54,200	54,200	37,774	(16,426)
Regular salaries	280,000	280,000	246,171	(33,829)
Overtime salaries - regular	15,000	15,000	13,104	(1,896)
Part-time help	500	500	-	(500)
Highway engineers	100,000	100,000	94,912	(5,088)
Overtime salaries - engineers	1,500	1,500	-	(1,500)
Excess sick days	1,500	1,500	1,180	(320)
Stationery & supplies	3,000	3,000	3,168	168
Equipment supplies	25,000	25,000	25,221	221
Engineer supplies	1,500	1,500	225	(1,275)
Cleaning supplies & services	1,500	1,500	1,666	166
Chemicals	1,500	1,500	1,698	198
Gasoline & operating fuel	130,000	130,000	165,919	35,919
Tools	500	500	94	(406)
Safety equipment	3,100	3,100	3,000	(100)
Operational equipment repairs	65,000	65,000	60,016	(4,984)
Lubricants	6,000	6,000	5,558	(442)

# Stephenson County, Illinois

## Budgetary Comparison Schedule - County Highway Fund (Budgetary Basis)

Year ended November 30, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures Disbursed</i></b>				
Public works:				
Automotive access-tires/tubes	6,000	6,000	5,276	(724)
Maintenance contracts	6,900	6,900	6,960	60
Salt	10	10	-	(10)
Aggregates-CR. & quarry stone	10	10	-	(10)
Calcium	7,500	7,500	8,283	783
Architectural & engineering	10	10	-	(10)
Drug & alcohol testing	800	800	700	(100)
Freight	2,500	2,500	1,121	(1,379)
Postage	6,500	6,500	1,195	(5,305)
Travel & instruction	2,000	2,000	926	(1,074)
Advertising & publishing	500	500	806	306
Employees health insurance	78,700	78,700	75,931	(2,769)
Natural gas	14,000	14,000	9,844	(4,156)
Electric	22,500	22,500	18,562	(3,938)
Telephone	25,000	25,000	38,263	13,263
Water & sewer	3,500	3,500	3,783	283
Building, maintenance, etc	5,000	5,000	17,799	12,799
Radios & service	1,800	1,800	8,017	6,217
Office equipment & service	2,100	2,100	4,458	2,358
Taxes, license fees	250	250	300	50
Roads	59,100	59,100	3,277	(55,823)
Drainage-storm sewer/culv/pipe	2,000	2,000	2,278	278
Signs	20,000	20,000	14,792	(5,208)
Office equipment	10	10	-	(10)
Construction equipment	205,000	205,000	240,447	35,447
Engineering & scientific	25,000	25,000	3,929	(21,071)
Total expenditures disbursed	\$ 1,186,490	\$ 1,186,490	\$ 1,126,653	\$ (59,837)
<b><i>Other financing sources (uses)</i></b>				
Operating transfers in	\$ 303,500	\$ 303,500	\$ 153,500	\$ (150,000)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	\$ 303,500	\$ 303,500	\$ 153,500	\$ (150,000)

See accompanying notes to required supplementary information.

# Stephenson County, Illinois

## Notes to Required Supplementary Information

---

### **Budgets**

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the County's annual appropriation ordinance adopted for the fiscal year ended November 30, 2013.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. At least 15 days prior to the enactment of the budget, the committee on Finance and Procurement submits to the County Board a proposed means of financing and expenditure appropriations for the fiscal year commencing the following December 1.
- b. Normally on the last Wednesday in November, but no later than November 30, the budget is legally enacted through passage of the appropriation ordinance.
- c. Budgeted amounts are as originally reported or as amended by the County Board. Individual amendments were not material in relation to the original appropriations.
- d. Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures budgeted for each object and purpose, but management control is exercised at budgetary line item levels.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Financial statements in this report are prepared on the modified accrual basis while the budget is prepared on the cash basis. Due to this, the amounts shown on the "Combined Statement of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)" do not match the amounts shown on the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types."

The following schedule reconciles the cash basis revenues, expenditures, and other operating sources (uses) and the modified accrual basis.

# Stephenson County, Illinois

## Notes to Required Supplementary Information

Year ended November 30, 2013

<b>General Fund Revenues</b>	Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Taxes	\$ 6,238,084	\$ 6,515,672	\$ (30,919)	\$ 6,484,753
Fees, licenses, permits, and fines	1,633,654	1,564,331	(24,917)	1,539,414
Intergovernmental revenue	1,013,411	941,817	(43,024)	898,793
Other revenue	674,917	250,155	1,201	251,356
Total revenue	\$ 9,560,066	\$ 9,271,975	\$ (97,659)	\$ 9,174,316

<b>Expenditures</b>				
General government:				
County Properties	\$ 215,677	\$ 189,354	\$ 458	\$ 189,812
County Board	110,513	104,800	(10,911)	93,889
County Treasurer	97,238	97,541	(47)	97,494
County Clerk and Elections	169,860	158,270	(20)	158,250
Zoning	56,522	51,463	(196)	51,267
Administrative services	294,615	302,837	(4,526)	298,311
Facilities Management	104,839	101,149	390	101,539
Election expense	280,935	267,026	(5,404)	261,622
Assessor	217,462	208,653	10,223	218,876
Recreation and conservation	31,700	24,179	688	24,867
Economic development	77,365	53,542	(1,524)	52,018
Miscellaneous	1,040,773	864,875	(13,522)	851,353
Public safety:				
Sheriff	2,208,767	2,125,176	(3,167)	2,122,009
Judiciary and court related:				
State's Attorney	580,943	573,583	6,921	580,504
Public Defender	368,204	365,012	94	365,106
Circuit Clerk	258,700	255,516	1,749	257,265
Judiciary	21,250	13,562	870	14,432
Corrections	1,776,980	1,703,206	4,783	1,707,989
Court ordered	42,250	24,065	(208)	23,857
Jury commission	28,500	33,819	-	33,819
Probation	919,610	820,798	1,181	821,979
Merit commission	4,600	2,108	-	2,108
Jail building	33,765	27,685	2,155	29,840
Total expenditures	\$ 8,941,068	\$ 8,368,219	\$ (10,013)	\$ 8,358,206

<b>Other financing sources (uses)</b>				
Operating transfers in	\$ 43,940	\$ 33,417	-	\$ 33,417
Operating transfers out	(662,938)	(662,338)	-	(662,338)
Total other financing (uses)	\$ (618,998)	\$ (628,921)	\$ -	\$ (628,921)

# Stephenson County, Illinois

## Notes to Required Supplementary Information

Year ended November 30, 2013

<b><i>Illinois Municipal Retirement Revenues</i></b>	Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Taxes	\$ 1,213,000	\$ 1,212,246	\$ -	\$ 1,212,246
Intergovernmental revenue	201,393	204,205	2,000	206,205
Other revenue	1,681,096	596,374	-	596,374
Total revenue	\$ 3,095,489	\$ 2,012,825	\$ 2,000	\$ 2,014,825

### ***Expenditures***

General government	\$ 2,093,775	\$ 1,747,435	\$ (1,571,582)	\$ 175,853
Public safety	-	-	679,091	679,091
Judiciary and court related	-	-	439,072	439,072
Public works	-	-	190,543	190,543
Health and welfare	-	-	262,876	262,876
Total expenditures	\$ 2,093,775	\$ 1,747,435	\$ -	\$ 1,747,435

### ***County Health Department Revenues***

Taxes	\$ 40,722	\$ 40,789	\$ -	\$ 40,789
Fees, licenses, permits, and fines	133,935	122,573	(2,505)	120,068
Intergovernmental revenue	1,765,791	1,769,693	(79,415)	1,690,278
Sale of goods and services	47,750	49,208	-	49,208
Other revenue	285,249	225,354	27,431	252,785
Total revenue	\$ 2,273,447	\$ 2,207,617	\$ (54,489)	\$ 2,153,128

### ***Expenditures***

Health and welfare	\$ 2,590,448	\$ 2,391,902	\$ (3,099)	\$ 2,388,803
--------------------	--------------	--------------	------------	--------------

### ***Other financing sources (uses)***

Operating transfers in	\$ 195,300	\$ 195,300	\$ -	\$ 195,300
Operating transfers out	-	(3,500)	-	(3,500)
Total other financing (uses)	\$ 195,300	\$ 191,800	\$ -	\$ 191,800

# Stephenson County, Illinois

## Notes to Required Supplementary Information

Year ended November 30, 2013

### ***County Highway Revenues***

Taxes	\$ 605,000	\$ 604,661	\$ -	\$ 604,661
Fees, licenses, permits, and fines	55,000	60,702	-	60,702
Intergovernmental revenue	400	511	(76)	435
Sale of goods and services	10,000	6,942	-	6,942
Other revenue	212,600	236,964	1,171	238,135
Total revenue	\$ 883,000	\$ 909,780	\$ 1,095	\$ 910,875

### ***Expenditures***

Public works	\$ 1,186,490	\$ 1,126,653	\$ 224,676	\$ 1,351,329
--------------	--------------	--------------	------------	--------------

### ***Other financing sources (uses)***

Operating transfers in	\$ 303,500	\$ 153,500	\$ -	\$ 153,500
Operating transfers out	-	-	-	-
Total other financing (uses)	\$ 303,500	\$ 153,500	\$ -	\$ 153,500

## **Supplementary Information**

# Stephenson County, Illinois

## Combining Balance Sheet - Nonmajor Governmental Funds

November 30, 2013

<b>Assets</b>	Total Nonmajor Governmental Funds	Revenue		
		County Bridge	County Matching	County Motor Fuel Tax
Cash	\$ 4,004,837	\$ 657,359	\$ 72,107	\$ 1,802
Investments, at cost	1,461,390	-	-	121,331
Accounts receivable	593,220	18,822	-	52,056
Property tax receivable	2,890,665	302,000	302,000	-
Due from other funds	2,785,115	565,000	-	-
<b>Total assets</b>	<b>\$ 11,735,227</b>	<b>\$ 1,543,181</b>	<b>\$ 374,107</b>	<b>\$ 175,189</b>
<b>Liabilities</b>				
Vouchers payable	\$ 337,827	\$ 4,294	\$ -	\$ 83,813
Accrued payroll	40,664	-	6,629	9,427
Compensated absences	36,005	-	-	-
Due to other funds	349,210	-	150,000	-
Deferred revenue	2,890,665	302,000	302,000	-
<b>Total liabilities</b>	<b>3,654,371</b>	<b>306,294</b>	<b>458,629</b>	<b>93,240</b>
<b>Fund Balance</b>				
Fund balances:				
Restricted	8,365,938	1,236,887	-	81,949
Unassigned	(285,082)	-	(84,522)	-
<b>Total liabilities</b>	<b>8,080,856</b>	<b>1,236,887</b>	<b>(84,522)</b>	<b>81,949</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,735,227</b>	<b>\$ 1,543,181</b>	<b>\$ 374,107</b>	<b>\$ 175,189</b>

Revenue							
Geographic Information Systems	DUI Equipment	Mental Health	Tuberculosis	Animal Control	Veteran's Assistance Commission	Circuit Clerk Fees	
\$ 67,006	\$ 11,808	\$ 144,439	\$ 25,358	\$ 258,868	\$ -	\$ 2,275	
10	-	-	-	1	-	-	
9,120	-	-	-	-	-	-	
-	-	302,000	58,665	-	186,000	-	
-	-	-	-	-	-	-	
<u>\$ 76,136</u>	<u>\$ 11,808</u>	<u>\$ 446,439</u>	<u>\$ 84,023</u>	<u>\$ 258,869</u>	<u>\$ 186,000</u>	<u>\$ 2,275</u>	
\$ 8,649	\$ -	\$ -	\$ -	\$ 4,094	\$ -	\$ -	
2,605	-	-	-	2,177	-	-	
396	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	302,000	58,665	-	186,000	-	
11,650	-	302,000	58,665	6,271	186,000	-	
64,486	11,808	144,439	25,358	252,598	-	2,275	
	-	-	-	-	-	-	
64,486	11,808	144,439	25,358	252,598	-	2,275	
<u>\$ 76,136</u>	<u>\$ 11,808</u>	<u>\$ 446,439</u>	<u>\$ 84,023</u>	<u>\$ 258,869</u>	<u>\$ 186,000</u>	<u>\$ 2,275</u>	

# Stephenson County, Illinois

## Combining Balance Sheet - Nonmajor Governmental Funds

November 30, 2013

<b>Assets</b>	Special			
	Social Security Contribution	Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911
Cash	\$ 211,655	\$ 171,176	\$ 26,035	\$ 147,677
Investments, at cost	308,671	-	-	716,204
Accounts receivable	1,000	-	-	29,429
Property tax receivable	600,000	165,000	-	-
Due from other funds	360,000	-	-	-
<b>Total assets</b>	<b>\$ 1,481,326</b>	<b>\$ 336,176</b>	<b>\$ 26,035</b>	<b>\$ 893,310</b>
<b>Liabilities</b>				
Vouchers payable	\$ -	\$ -	\$ 1,757	\$ 3,177
Accrued payroll	-	-	3,273	1,518
Compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	600,000	165,000	-	-
<b>Total liabilities</b>	<b>600,000</b>	<b>165,000</b>	<b>5,030</b>	<b>4,695</b>
<b>Fund Balance</b>				
Fund balances:				
Restricted	881,326	171,176	21,005	888,615
Unassigned	-	-	-	-
<b>Total liabilities</b>	<b>881,326</b>	<b>171,176</b>	<b>21,005</b>	<b>888,615</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,481,326</b>	<b>\$ 336,176</b>	<b>\$ 26,035</b>	<b>\$ 893,310</b>

Revenue							
Drug Funds	Waste Management	Mechan- ical Document Storage	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee	
\$ 66,020	\$ -	\$ 51,832	\$ 133,654	\$ -	\$ 48,263	\$ 234,041	
-	109,615	1	205,556	-	-	-	
-	30,000	1,358	425,058	-	5,402	7,321	
-	-	-	-	-	-	-	
-	-	-	879,365	-	-	-	
<u>\$ 66,020</u>	<u>\$ 139,615</u>	<u>\$ 53,191</u>	<u>\$ 1,643,633</u>	<u>\$ -</u>	<u>\$ 53,665</u>	<u>\$ 241,362</u>	
\$ -	\$ -	\$ -	\$ 57,023	\$ -	\$ -	\$ 4,397	
-	-	-	3,916	1,350	1,950	-	
-	-	-	35,609	-	-	-	
-	-	-	-	199,210	-	-	
-	-	-	-	-	-	-	
-	-	-	96,548	200,560	1,950	4,397	
66,020	139,615	53,191	1,547,085	-	51,715	236,965	
-	-	-	-	(200,560)	-	-	
<u>66,020</u>	<u>139,615</u>	<u>53,191</u>	<u>1,547,085</u>	<u>(200,560)</u>	<u>51,715</u>	<u>236,965</u>	
<u>\$ 66,020</u>	<u>\$ 139,615</u>	<u>\$ 53,191</u>	<u>\$ 1,643,633</u>	<u>\$ -</u>	<u>\$ 53,665</u>	<u>\$ 241,362</u>	

# Stephenson County, Illinois

## Combining Balance Sheet - Nonmajor Governmental Funds

November 30, 2013

<b>Assets</b>	Special			
	Document Storage - Circuit Clerk	Treasurer Automation	Court Supervision	NICAA Small Rental Properties Grant
Cash	\$ 44,112	\$ 86,088	\$ 7,339	\$ -
Investments, at cost	-	-	-	-
Accounts receivable	5,378	-	-	-
Property tax receivable	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 49,490</b>	<b>\$ 86,088</b>	<b>\$ 7,339</b>	<b>\$ -</b>
<b>Liabilities</b>				
Vouchers payable	\$ -	\$ 2,019	\$ -	\$ -
Accrued payroll	6,454	546	-	-
Compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>6,454</b>	<b>2,565</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>				
Fund balances:				
Restricted	43,036	83,523	7,339	-
<b>Total liabilities</b>	<b>43,036</b>	<b>83,523</b>	<b>7,339</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,490</b>	<b>\$ 86,088</b>	<b>\$ 7,339</b>	<b>\$ -</b>

Revenue			Capital Projects			Debt Service	
Environmental Remediation	Law Library	Liability Insurance	Capital	Mill Race Crossing	Highway Building	Debt Service	
\$ 10,099	\$ 5,897	\$ 613,706	\$ 32,815	\$ 111,178	\$ 45,976	\$ 716,252	
-	-	1	-	-	-	-	
7,131	1,145	-	-	-	-	-	
-	-	975,000	-	-	-	-	
-	-	570,750	120,000	-	-	290,000	
<u>\$ 17,230</u>	<u>\$ 7,042</u>	<u>\$ 2,159,457</u>	<u>\$ 152,815</u>	<u>\$ 111,178</u>	<u>\$ 45,976</u>	<u>\$ 1,006,252</u>	
\$ 7,131	\$ 1,674	\$ 150,093	\$ -	\$ 9,706	\$ -	\$ -	
-	-	819	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	975,000	-	-	-	-	
<u>7,131</u>	<u>1,674</u>	<u>1,125,912</u>	<u>-</u>	<u>9,706</u>	<u>-</u>	<u>-</u>	
<u>10,099</u>	<u>5,368</u>	<u>1,033,545</u>	<u>152,815</u>	<u>101,472</u>	<u>45,976</u>	<u>1,006,252</u>	
<u>10,099</u>	<u>5,368</u>	<u>1,033,545</u>	<u>152,815</u>	<u>101,472</u>	<u>45,976</u>	<u>1,006,252</u>	
<u>\$ 17,230</u>	<u>\$ 7,042</u>	<u>\$ 2,159,457</u>	<u>\$ 152,815</u>	<u>\$ 111,178</u>	<u>\$ 45,976</u>	<u>\$ 1,006,252</u>	

# Stephenson County, Illinois

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended November 30, 2013

<b>Revenues</b>	Total Nonmajor Governmental Funds	Revenue		
		County Bridge	County Matching	County Motor Fuel Tax
Taxes	\$ 4,646,064	\$ 301,908	\$ 301,908	\$ -
Fees	1,174,164	-	-	-
Intergovernmental revenue	1,319,793	218	218	968,555
Sale of goods and services	111,624	-	-	-
Other revenue	1,477,040	353,431	37,655	218,455
Total revenues	8,728,431	655,557	339,781	1,187,010
<b>Expenditures</b>				
General government	1,446,844	-	-	-
Public safety	2,282,524	-	-	-
Judiciary and court related	851,127	-	-	-
Public works	2,206,607	346,022	451,711	934,992
Health and welfare	698,671	-	-	-
Debt service	1,142,971	-	-	-
Total expenditures	7,485,773	346,022	451,711	934,992
Excess (deficiency) of revenues over (under) expenditures	1,242,658	309,535	(111,930)	252,018
<b>Other financing sources (uses)</b>				
Operating transfers in	1,332,441	-	-	-
Operating transfers out	(1,048,820)	-	-	(300,000)
Total other financing sources (uses)	(838,820)	-	-	(300,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	403,838	309,535	(111,930)	(47,982)
Fund balance (deficit), November 30, 2012	7,697,294	927,352	27,408	129,931
Fund balance (deficit), November 30, 2013	\$ 8,080,856	\$ 1,236,887	\$ (84,522)	\$ 81,949

Revenue						
Geographic Information Systems	DUI Equipment	Mental Health	Tuberculosis	Animal Control	Veteran's Assistance Commission	Circuit Clerk Fees
\$ -	\$ -	\$ 301,908	\$ 58,687	\$ -	\$ 186,812	\$ -
172,369	-	-	-	102,194	-	35,598
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,594	-	19	-	1,144	-	-
173,963	-	301,927	58,687	103,338	186,812	35,598
-	-	-	-	-	186,812	-
-	-	-	-	-	-	-
-	-	-	-	-	-	51,161
201,247	-	-	-	-	-	-
-	-	302,000	58,687	114,208	-	-
-	-	-	-	-	-	-
201,247	-	302,000	58,687	114,208	186,812	51,161
(27,284)	-	(73)	-	(10,870)	-	(15,563)
-	-	-	-	-	-	-
(20,000)	-	-	-	-	-	-
(20,000)	-	-	-	-	-	-
(47,284)	-	(73)	-	(10,870)	-	(15,563)
111,770	11,808	144,512	25,358	263,468	-	17,838
\$ 64,486	\$ 11,808	\$ 144,439	\$ 25,358	\$ 252,598	\$ -	\$ 2,275

# Stephenson County, Illinois

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended November 30, 2013

	Special			
	Social Security Contribution	Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911
<b>Revenues</b>				
Taxes	\$ 599,675	\$ 164,897	\$ -	\$ -
Fees	-	-	-	476,809
Intergovernmental revenue	116,867	-	29,211	-
Sale of goods and services	-	-	-	-
Other revenue	855,496	179	505	4,726
Total revenues	1,572,038	165,076	29,716	481,535
<b>Expenditures</b>				
General government	149,654	165,000	-	-
Public safety	578,085	-	106,805	391,934
Judiciary and court related	373,765	-	-	-
Public works	162,202	-	-	-
Health and welfare	223,776	-	-	-
Debt service	-	-	-	-
Total expenditures	1,487,482	165,000	106,805	391,934
Excess (deficiency) of revenues over (under) expenditures	84,556	76	(77,089)	89,601
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	60,000	-
Operating transfers out	-	-	-	(11,992)
Total other financing sources (uses)	-	-	60,000	(11,992)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	84,556	76	(17,089)	77,609
Fund balance (deficit), November 30, 2012	796,770	171,100	38,094	811,006
Fund balance (deficit), November 30, 2013	\$ 881,326	\$ 171,176	\$ 21,005	\$ 888,615

Revenue						
Drug Funds	Waste Management	Mechan- ical Document Storage	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee
\$ -	\$ -	\$ -	\$ 1,714,025	\$ -	\$ -	\$ -
4,377	-	47,267	-	524	86,016	130,346
-	-	-	-	4,775	-	-
-	-	-	111,624	-	-	-
-	159	61	780	-	148	540
4,377	159	47,328	1,826,429	5,299	86,164	130,886
-	5,000	19,208	-	-	-	-
2,100	-	-	1,021,720	87,562	-	-
-	-	-	-	-	118,501	135,770
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,100	5,000	19,208	1,021,720	87,562	118,501	135,770
2,277	(4,841)	28,120	804,709	(82,263)	(32,337)	(4,884)
-	-	-	-	-	-	-
-	-	-	(561,825)	-	-	-
-	-	-	(561,825)	-	-	-
2,277	(4,841)	28,120	242,884	(82,263)	(32,337)	(4,884)
63,743	144,456	25,071	1,304,201	(118,297)	84,052	241,849
\$ 66,020	\$ 139,615	\$ 53,191	\$ 1,547,085	\$ (200,560)	\$ 51,715	\$ 236,965

# Stephenson County, Illinois

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended November 30, 2013

	Special			
	Document Storage Circuit Clerk	Treasurer Automation	Court Supervision	NICAA Small Rental Properties Grant
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fees	85,967	12,569	763	-
Intergovernmental revenue	-	-	-	-
Sale of goods and services	-	-	-	-
Other revenue	160	80	-	-
Total revenues	86,127	12,649	763	-
<b>Expenditures</b>				
General government	-	6,040	-	5
Public safety	-	-	-	-
Judiciary and court related	126,709	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Debt service	-	-	-	-
Total expenditures	126,709	6,040	-	5
Excess (deficiency) of revenues over (under) expenditures	(40,582)	6,609	763	(5)
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	(1,425)
Total other financing sources (uses)	-	-	-	(1,425)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(40,582)	6,609	763	(1,430)
Fund balance (deficit), November 30, 2012	83,618	76,914	6,576	1,430
Fund balance (deficit), November 30, 2013	\$ 43,036	\$ 83,523	\$ 7,339	\$ -

Revenue			Capital Projects			Debt Service	
Environmental Remediation	Law Library	Liability Insurance	Capital	Mill Race Crossing	Highway Building	Debt Service	
\$ -	\$ -	\$ 904,432	\$ -	\$ 111,812	\$ -	\$ -	
-	19,365	-	-	-	-	-	
101,449	-	-	-	98,500	-	-	
-	-	-	-	-	-	-	
-	(42)	36	564	1,028	68	254	
101,449	19,323	904,468	564	211,340	68	254	
-	-	915,125	-	-	-	-	
94,318	-	-	-	-	-	-	
-	27,611	-	17,610	-	-	-	
-	-	-	-	110,433	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	1,142,971	
94,318	27,611	915,125	17,610	110,433	-	1,142,971	
7,131	(8,288)	(10,657)	(17,046)	100,907	68	(1,142,717)	
-	-	-	-	-	150,000	1,122,441	
-	-	-	-	-	(153,578)	-	
-	-	-	-	-	(3,578)	1,122,441	
7,131	(8,288)	(10,657)	(17,046)	100,907	(3,510)	(20,276)	
2,968	13,656	1,044,202	169,861	565	49,486	1,026,528	
\$ 10,099	\$ 5,368	\$ 1,033,545	\$ 152,815	\$ 101,472	\$ 45,976	\$ 1,006,252	

# Stephenson County, Illinois

## Assessed Valuations, Tax Rates, Extensions, and Collections

November 30, 2013

			<b>TAX YEAR</b>	
			<b>2012</b>	
<b>Assessed valuation</b>			\$	647,086,349
<b>Property tax rates and extensions:</b>	Rate	Amount		
County General	0.47877	\$	3,098,055	
County Highway	0.09325		603,408	
County Bridge	0.04656		301,283	
County Matching	0.04656		301,283	
Tuberculosis	0.00905		58,561	
Mental Health	0.04656		301,283	
Illinois Municipal Retirement	0.18695		1,209,728	
Educational Extension Service	0.02543		164,554	
Liability Insurance	0.13948		902,556	
County Health Department	0.00629		40,702	
Social Security Contribution	0.09248		598,425	
Veterans Assistance	0.02881		186,426	
Nursing Home	0.07706		498,645	
Total property tax rates and extensions	1.27725	\$	8,264,910	
<b>Property tax collection:</b>				
County General		\$	3,104,512	
County Highway			604,661	
County Bridge			301,908	
County Matching			301,908	
Tuberculosis			58,687	
Mental Health			301,908	
Illinois Municipal Retirement			1,212,246	
Educational Extension Service			164,897	
Liability Insurance			904,432	
County Health Department			40,789	
Social Security Contribution			599,675	
Veterans Assistance			186,812	
Nursing Home			499,685	
Total property tax collection		\$	8,282,120	
<b>Percentage collected</b>				100.2%

TAX YEAR			
2011		2010	
\$ 652,585,852		\$ 655,127,765	
Rate	Amount	Rate	Amount
0.37513	\$ 2,448,045	0.35028	\$ 2,294,729
0.09271	605,012	0.09199	602,672
0.04628	302,017	0.04600	301,372
0.04628	302,017	0.04600	301,372
0.00899	58,667	0.00896	58,719
0.04628	302,017	0.04600	301,372
0.16952	1,106,264	0.17788	1,165,341
0.02529	165,039	0.02519	165,020
0.16181	1,055,949	0.15624	1,023,572
0.00624	40,721	0.00610	39,963
0.12571	820,366	0.11816	774,099
0.02864	186,901	0.02852	186,842
0.07662	500,011	0.07827	512,749
1.20950	\$ 7,893,026	1.17959	\$ 7,727,822
	\$ 2,442,816		\$ 2,299,974
	603,726		604,043
	301,375		302,056
	301,375		302,056
	58,544		58,850
	301,375		302,056
	1,103,903		1,167,760
	164,683		165,396
	1,053,700		1,025,905
	40,633		40,052
	818,620		775,859
	186,500		187,269
	498,941		513,917
	\$ 7,876,191		\$ 7,745,193
	99.8%		100.2%

## **Other Information (Unaudited)**

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

### General Information Concerning the County

#### Site, Location, Organization, and Government

The County of Stephenson, Illinois (the "County") is located in extreme northern Illinois with its northern boundary bordering Green County, Wisconsin. JoDaviess County borders the County on its west and Winnebago County (Rockford, its County Seat) borders the County on its east. U.S. Route 20 runs east - west through the County, connecting it with Interstate 39 and Interstate 90 (approximately 30 miles to the east). Illinois Routes 26 and 73 run north - south through the County.

The County consists of 568 square miles with a good mix of residential, commercial, and agricultural properties. Freeport, the County Seat, is the largest City in the County and home to its major taxpayers and employers. The County currently has 280 full-time employees with an additional 108 part-time employees.

The County was incorporated on March 4, 1837, under the provisions of the laws of the State of Illinois. The County operates under a Chairman/County Board form of government and provides services to the public such as public safety and judicial system, health and social services, road construction and maintenance, planning and zoning, maintenance and operation of nursing home facilities and general administrative services.

The County is governed by 22 elected members who make up the County Board. The County Board sets budgets and policies for departments that serve the entire county. The County has 11 incorporated cities and villages, 4 multi-townships, 13 fire districts, 4 library districts, 4 park districts and several special purpose bodies. The County is served by 11 unit school districts and 2 community colleges.

#### Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of specified levels.

The County has covenanted that it will take no action, nor fail to take any required action, which in any way would adversely affect the levy and collection of taxes for the payment of the Certificates, and that it will comply with all present and future applicable laws regarding the levy, extension and collection of taxes for the payment of the Certificates.

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

### Illinois Personal Property Replacement Tax

The Illinois General Assembly abolished all ad valorem personal property taxes effective January 1, 1979. A Personal Property Replacement Tax was enacted effective July 1, 1979. The constitutionality of this replacement tax has been upheld by the Supreme Court of Illinois and the period of review by the United States Supreme Court has expired. The Personal Property Replacement Tax represents a state-wide, additional income tax for corporations (including certain utilities) at the rate of 2.5% of net taxable income; an additional income tax for trusts at the rate of 1.5% of net taxable income; an income tax for partnerships and S Corporations at the rate of 1.5% of net taxable income; and a tax at the rate of 0.8% of invested capital for public utilities providing gas, communications, electrical and water services. Partnerships and S Corporations previously had not been subject to the Illinois income tax.

Replacement taxes are allocated in accordance with the ratio of local personal property valuation in the year prior to the effective date of the law to total personal property valuation in the State of Illinois. Revenues collected under the Personal Property Replacement Tax are held in a special fund in the State Treasury called the Personal Property Replacement Tax Fund and are allocated to each taxing district.

### Population, Median Home Value, Median Family Income, and Per Capita Income

	<u>2000 Population</u>	<u>2010 Population</u>	<u>2010 Median Home Value (Owner occupied)</u>	<u>2010 Median Family Income</u>	<u>2010 Per Capita Income</u>
Stephenson County	48,979	47,711	\$118,328	\$51,162	\$37,426
State of Illinois	12,419,293	12,830,632	145,000	66,806	44,731

Source: U.S. Bureau of Census

### Average Unemployment Rates

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Stephenson County	5.2%	8.7%	11.3%	11.6%	9.7%	9.8%	8.0%
State of Illinois	5.0%	7.4%	10.1%	9.4%	9.8%	8.9%	7.2%

Source: Illinois Bureau of Employment Security

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

### Building Permits-Stephenson County

	Number of Building <u>Permits</u>	Value of Home Building <u>Permits</u>	Value of All Building <u>Permits</u>
2013	147	\$ 2,159,000	\$10,191,997
2012	199	4,683,000	15,879,000
2011	133	1,237,000	5,702,000
2010	183	5,093,000	11,512,000
2009	162	4,614,000	10,080,000
2008	261	3,274,000	119,568,908
2007	214	6,543,000	13,252,000
2006	199	8,255,000	12,989,000
2005	209	10,982,000	17,199,000
2004	254	10,874,000	17,816,000

### Economic and Employment Data

Below is a listing of some major employers located in the County:

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Freeport Health Network	Health Care Provider	1,400
Honeywell	Electrical Switches & Sensors	800
Freeport School District #145	Pre K-12 Public School	750
Titan Tire Co.	Tire manufacturer	650
Met Life Auto & Home Insurance	Insurance	460
Highland Community College	2 year Junior College	425
Wal-Mart	Retail	380
Mechanical, Inc.	Plumbing, heating & fabrication	369
Stephenson County	Government	350
Berner Food & Beverage	Private Label Food Manufacturing	345
Newell Rubbermaid	Consumer durable products	310
Stewart & Associates	Variety of Business Services	300
Snak King	Snack Food	275
Sauer-Danfoss Co.	Hydrostatic Transmissions – Manufacturing	260
City of Freeport	Municipality	216
Liberty Village	Healthcare/Nursing Home	183
Provena/St. Joseph Campus	Healthcare/Nursing Home	160
Sentry Insurance	Insurance	150
Menards	Retail	145
Willowglen Academy of IL, Inc.	Social Service Agency	145

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

The following are the estimated largest taxpayers in the County:

<u>Name</u>	<u>Equalized Assessed Valuation</u>
Acciona	\$11,252,382
Titan Tire Co.	4,115,605
CJF2, LLC	3,900,000
Micro Switch, Div. Of Honeywell	2,455,340
Wal-Mart Stores	2,263,100
Menards	2,238,170
Pearl City Elevator	2,040,415
Adkins Energy	1,855,301
Meadows LLC	1,690,490
Freeport Farm & Fleet	1,475,800
Residential Alternatives of Illinois, Inc.	1,416,410

### Total Equalized Assessed Valuation

2013	\$662,830,953
2012	683,304,092
2011	696,600,226
2010	702,755,136
2009	688,122,768
2008	676,620,884
2007	645,173,592
2006	612,900,702
2005	587,523,281
2004	565,932,689

### Make-up of 2012 Equalized Assessed Valuation

	<u>Amount</u>	<u>Percentage</u>
Residential	\$396,627,905	58.04%
Farmland	150,502,705	22.03
Commercial	99,022,356	14.49
Industrial	22,500,536	3.29
Mineral	11,603,998	1.70
Railroad	3,046,592	.45

**Statutory Debt Margin** See page 36.

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

### Future Financings

None

### Default Record

The County has no record of default and has met its debt repayments promptly.

### Statement of Direct and Overlapping Debt (including this issue)

	Outstanding Debt <u>11/30/2013</u>
<b>Direct Debt:</b>	
Stephenson County	<u>\$11,688,069</u>
<b>Overlapping Debt:</b>	
All School Districts	30,555,134
Park Districts	2,115,948
City of Freeport	25,225,000
Fire Districts	<u>2,159,610</u>
<b>Overlapping Debt</b>	<u>60,055,692</u>
<b>Direct and overlapping Debt</b>	<u>\$71,743,761</u>
2012 Estimated Full Valuation	\$2,049,902,276
2012 Equalized Assessed Valuation	683,304,092
Population - Current Estimate	47,711
Full Valuation Per Capita	\$42,965

# Stephenson County, Illinois

## Annual Financial Information Disclosure (Unaudited)

---

### Debt Ratios

		<u>% EAV</u>	<u>%Full Value</u>	<u>Per Capita</u>
Direct Debt	\$11,688,069	1.71%	.57%	\$ 245
Direct Debt and Overlapping Debt	71,743,761	10.50%	3.50%	1,504

### Tax Trend Rate

See page 78.

### Sales and Income Tax Trend

	<u>1% Sales Tax</u>	<u>¼% SUP Tax</u>	<u>State Income Tax</u>
FYE 2013	\$398,732	\$1,055,724	\$1,369,136
FYE 2012	355,363	1,034,776	1,285,236
FYE 2011	381,077	1,025,334	1,167,534
FYE 2010	340,525	971,910	961,983
FYE 2009	334,051	921,850	1,216,730
FYE 2008	377,222	1,055,281	1,414,280
FYE 2007	485,405	934,397	1,322,349
FYE 2006	418,064	958,839	1,223,242
FYE 2005	477,278	964,535	1,114,886
FYE 2004	415,176	931,849	949,476

### General Fund Summary Fiscal Year Ended 11/30

	<u>FYE 2010</u>	<u>FYE 2011</u>	<u>FYE 2012</u>	<u>FYE 2013</u>
Revenue	\$7,894,466	\$ 8,692,836	\$8,564,737	\$9,174,316
Expenditures	<u>8,158,684</u>	<u>8,343,595</u>	<u>8,200,637</u>	<u>8,358,206</u>
Excess Rev/(Exp.)	(264,218)	349,241	364,100	816,110
Net Transfers	(145,114)	(151,317)	(235,442)	(628,921)
Beginning Fund Balance	<u>(644,176)</u>	<u>(1,053,508)</u>	<u>(855,584)</u>	<u>(726,926)</u>
Ending Fund Balance	<u><u>\$ (1,053,508)</u></u>	<u><u>\$ (855,584)</u></u>	<u><u>\$ (726,926)</u></u>	<u><u>\$ (539,737)</u></u>

# Stephenson County

Freeport, Illinois

## Report on Federal Award Programs

Year Ended November 30, 2013

# Stephenson County, Illinois

## Report on Federal Award Programs

---

### Table of Contents

<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</b>	1 - 2
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance</b>	3 - 5
Schedule of Expenditures of Federal Awards	6 - 8
Notes to Schedule of Federal Awards	9
Schedule of Findings and Questioned Costs	10 - 15
Corrective Action Plan	16 - 19
Summary Schedule of Prior Audit Findings	20 - 21

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

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

We have audited, in accordance with auditing standards generally accepted in the United States 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Stephenson County, Illinois, as of November 30, 2013, and the related statements of activities and cash flows for the year ended November 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Stephenson County's internal control over financial reporting (internal control) to determine the auditing 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 Stephenson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stephenson 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, 2013-003, and 2013-004.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stephenson County's 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2013-005, 2013-006 and 2013-007.

### **Responses to Findings**

Stephenson County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Stephenson County's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Stephenson County's internal control on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephenson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wifli LLP". The signature is written in a cursive, flowing style.

Freeport, Illinois  
July 31, 2014

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Stephenson County, Illinois' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have direct and material effect on each of its major federal programs for the year ended November 30, 2013. Stephenson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility for Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Stephenson County's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stephenson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Stephenson County's compliance.

## **Opinion**

In our opinion, Stephenson County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2013.

## **Other Matters**

### *Report on Internal Control Over Compliance*

The management of Stephenson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stephenson County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stephenson County's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2013-008.

Stephenson County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Stephenson County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Stephenson County, Illinois, as of and for the year ended November 30, 2013, and have issued our report thereon dated July 31, 2014. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Stephenson County, Illinois' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The 2012 comparative information in the Schedule of Expenditures of Federal Awards was not audited and, accordingly, we do not express an opinion or provide any assurance on it.

Wigfi LLP

Freeport, Illinois  
July 31, 2014

# Stephenson County, Illinois

## Schedule of Expenditures of Federal Awards

---

	<u>CFDA*</u> <u>Number</u>	<u>Federal</u> <u>Grant</u> <u>Number</u>	<u>2012</u> <u>Expenditures</u>	<u>2013</u> <u>Expenditures</u>
<u>Federal Grantor/Pass-Through</u> <u>Grantor/Program Title:</u>				
<u>U.S Department of Agriculture:</u>				
Passed through Illinois Department of Human Services:				
WIC Administration (M)	10.557	82700440A 82700440A	\$ 170,405 118,112	\$ 146,244 107,182
WIC non-cash (M)	10.557	2012 2013	565,623 <u>176,584</u>	546,218 <u>152,984</u>
Total	10.557		<u>1,030,724</u>	<u>952,628</u>
Passed through Illinois Department of Public Health:				
Summer Food	10.559	063-48250-1900-0100	800	-
Expense Implement Federal Award	10.559	063-48250-1900-0000	100	560
<u>U.S. Department of Justice:</u>				
Direct Awards:				
Bulletproof Vest Partnership Program	16.607		-	4,630
Public Safety Partnership and Community Policing Grant	16.710		-	1,938
<u>U.S. Department of Transportation:</u>				
Passed through Illinois Emergency Management Agency:				
Interagency Hazardous Material Public Sector Training and Planning	20.703		-	2,801
<u>U.S. Department of Education</u>				
Passed through Illinois Department of Human Services:				
Gear-Up State Award	84.334	L11GM488480	18,019	-

# Stephenson County, Illinois

## Schedule of Expenditures of Federal Awards

	<u>Federal CFDA* Number</u>	<u>Grant Number</u>	<u>2012 Expenditures</u>	<u>2013 Expenditures</u>
<u>Federal Grantor/Pass-Through Grantor/Program Title (Continued):</u>				
<u>U.S. Environmental Protection Agency</u>				
Direct Awards:				
Hazardous Substance	66.818	BF00E949010	105,721	64,816
Petroleum	66.818	BF00E949010	28,442	10,323
Cleanup	66.818	BF00E949010	-	19,179
Total	66.818		134,163	94,318
Passed through Illinois Department of Public Health:				
Expense Implement Federal Award	66.605	063-48250-1900-0000	575	825
<u>U.S Department of Health and Human Services:</u>				
Passed through Illinois Department of Human Services:				
Title X Family Planning	93.217	82592440C	15,521	9,505
		82592440C	22,220	22,934
			37,741	32,439
Family Planning Title XX	93.667	824084400	25,210	22,077
		824084400	4,700	4,700
			29,910	26,777
Healthy Families	93.558	82001490C	35,951	-
MCH Block	93.994	82872440	1,188	1,188
MIECHV Formula 1	93.505	82592440	203	21,400
Passed through Illinois Department of Healthcare and Family Services:				
Expense Implement Fed Award	93.539	063-48250-1900-0000	7,500	-
Medical Assistance Program – Admin	93.778		11,489	37,750
Child Support Enforcement	93.563	2012	3,643	-
		2013	4,175	-
			7,818	-

# Stephenson County, Illinois

## Schedule of Expenditures of Federal Awards

	<u>CFDA*</u> <u>Number</u>	<u>Federal</u> <u>Grant</u> <u>Number</u>	<u>2012</u> <u>Expenditures</u>	<u>2013</u> <u>Expenditures</u>
<u>Federal Grantor/Pass-Through</u> <u>Grantor/Program Title (Continued):</u>				
Passed through Illinois Department of Public Health:				
MCH Block	93.994	872-48230-4400-1300	-	2,561
Bioterrorism Preparedness	93.069	063-48270-1900-0200	47,523	14,702
Bioterrorism Preparedness	93.074	063-48270-1900-0200	-	55,629
Expense Implement Fed Award	93.268	063-48250-1900-0000	39,158	34,688
Women's Health Programs	93.283	063-28260-1900-0000	90,613	48,135
Breast and Cervical Cancer Program	93.283	063-48260-4400-0000	<u>72,216</u>	<u>61,233</u>
Total	93.283		<u>162,829</u>	<u>109,368</u>
<u>U.S Department of Health and Human Services (Continued):</u>				
<u>U.S. Department of Homeland Security:</u>				
Passed through Illinois Emergency Management Agency:				
Narrowbanding Project	97.067		734	-
Emergency Management Assistance Program	97.042		26,571	2,212
			-	<u>24,198</u>
			<u>26,571</u>	<u>26,410</u>
IECGP Grant	97.055		<u>13,144</u>	-
Total Federal Grant Activity			<u>\$1,606,140</u>	<u>\$1,420,612</u>

(M) - Audited as a major program.

\* Catalog of Federal Domestic Assistance Number.

See Notes to Schedule of Federal Awards.

# Stephenson County, Illinois

## Notes to Schedule of Federal Awards

---

### **Note 1      Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Stephenson County, Illinois under programs of the federal government for the year ended November 30, 2013. The information in this schedule is present in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Stephenson County, Illinois, it is not intended to and does not present the financial position, changes in net assets or cash flows of Stephenson County, Illinois.

### **Note 2      Summary of Significant Accounting**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### **Note 3      Sub recipients**

For the year ended November 30, 2013, the County had no sub-recipients of federal funds.

### **Note 4      Nonmonetary Assistance**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Nonmonetary assistance for the year ended November 30, 2013 included \$742,207 in the WIC program.

### **Note 5      Other Federal Award Information**

Stephenson County did not receive or administer any insurance, loans or loan guarantees during the fiscal year ended November 30, 2013.

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Section I – Summary of Auditor’s Results:**

#### Financial Statements

Type of auditor’s report issued:

**Qualified**

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_ yes      X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

X yes      \_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_ yes      X no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_ yes      X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

X yes      \_\_\_\_ none reported

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

**Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

X yes      \_\_\_\_ no

#### Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.557

WIC

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_\_ yes      X no

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Section II – Financial Statement Findings**

#### **Finding 2013-001**

Condition - There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

Effects - Many of the accounting functions are performed by the same individuals.

Cause - The County has a limited number of staff to allow for adequate segregation of duties.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the County's accounting and financial reporting.

Management response - The County's management and County Board's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the county's accounting and financial reporting.

#### **Finding 2013-002**

Condition - The financial statement disclosures are prepared by the external auditors.

Effects - The County relies on the external auditors to prepare the financial statement disclosures.

Cause - Due to the complexity of several of the footnote disclosures, management does not currently possess the expertise to accurately prepare the financial statements and related disclosures for accuracy and completeness in accordance with the accounting principles generally accepted in the United States of America.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help prepare the financial statements and required footnote disclosures in accordance with accounting principles generally accepted in the United States of America. However, the County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Management response - The County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Section II – Financial Statement Findings (continued)**

#### **Finding 2013-003**

Condition – There are not accurate reports available to review the aging of accounts receivable in the Nursing Center Fund.

Effects – No one can efficiently review the delinquent accounts receivable to make sure that amounts are being collected in a timely matter.

Cause – The Nursing Center changed software in April 2013 and has not been able to clean up the aging schedule to prepare an accurate listing of delinquent accounts.

Recommendation – We recommend that the Nursing Center continue to clean up and adjust the aging schedule.

Management response – The Nursing Home will continue to clean up and adjust the aging schedule and hopefully have an accurate schedule by the end of the next fiscal year.

#### **Finding 2013-004**

Condition – The Payroll Bank account is not able to be reconciled to the correct balance each month.

Effects – It is difficult to determine if the transactions were properly handled in the bank account.

Cause – County personnel have not spent the proper time to trace the transactions in the account each month.

Recommendation – We recommend that someone review the transactions that should hit the payroll account each month and figure out if there are transactions that are not happening or if additional transactions are occurring.

Management response – The Administrator's office will start to review the bank reconciliation for certain months to try to discover why the account is not balancing to the correct amount.

#### **Finding 2013-005**

Condition – Interfund loans have not been repaid in a timely manner.

Effects – According to State Statute, interfund loans should be repaid within one year.

Cause – There have not been sufficient amounts in the borrowing funds to repay the loans.

Recommendation – We recommend that levies be adjusted and expenditures decreased in the borrowing funds to allow the loans to be repaid.

Management response – Management agrees with the recommendation and will work to repay the loans.

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Finding 2013-006**

Condition - The Police Vehicle Fund Driver's Ed portion of \$9 was not properly assessed in cases where the judge orders court supervision.

Effects – This particular fee was not collected and therefore not remitted to the proper State Agency.

Cause – The fee has been in effect since January 1, 2010, but the Circuit Clerk was not informed of the change.

Recommendation – It is not feasible to reopen all cases that should have been assessed this fee, so the most reasonable option will be to make sure this fee is properly assessed going forward.

Management response – The Circuit Clerk will begin assessing this fee in the affected cases and it will also review any other new fees that it may not be assessing.

### **Finding 2013-007**

Condition – Expenditures exceeded appropriations in the County Motor Fuel Tax Fund by \$194,090, the Probation Service Fee Fund by \$97, the County Coroner fund by \$692, the Employee's Health Insurance Fund by \$409,958, the Law Library Fund by \$3,095, and the Tuberculosis Fund by \$22.

Effects – According to State Statute, expenditures cannot exceed appropriations.

Cause – Expenditures exceeded appropriations as indicated above.

Recommendation – We recommend that the County monitor its budget so expenditures do not exceed appropriations.

Management response – Management agrees with the recommendation and will work to monitor its expenditures compared to budget.

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Section III – Federal Award Findings and Questioned Costs**

**Item 2013-008:**

#### **Significant Deficiency in Administering Federal Awards**

Applicable to all current year major programs – WIC 10.557

**Criteria:**

In accordance with OMB Circular A-133, section .300(b), the auditee (Stephenson County) is responsible for maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

OMB Circular A-133, section .310(b), indicates the auditee shall prepare financial statements and that the auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

**Condition:**

The County does not have a complete system in place for identifying federal financial assistance to enable management to identify all federal programs and complete the Schedule of Expenditures of Federal Awards. In addition, each Department separately manages individual County grants, without administrative oversight from the Administrator's Office or other designated individual.

**Effect:**

The lack of a complete system to administer Federal awards indicates a deficiency in the design and operation of internal control that could result in violations of laws, regulations, provisions of contract or grant agreements, fraud or abuse having a direct and material effect on the financial statements or the objectives of the Federal grants.

**Cause:**

The County designates responsibility for its Federal grants to the Administrator or Head of each department, without management oversight of the County's grants as a whole.

# Stephenson County, Illinois

## Schedule of Findings and Questioned Costs

---

### **Section III – Federal Award Findings and Questioned Costs (Continued)**

Item 2013-008 (Continued):

#### **Significant Deficiency in Administering Federal Awards (Continued)**

##### **Recommendation:**

We recommend the County establish a centralized grant identification system with the Administrator's office by obtaining the requisite information from the various departments for the grants it administers. This identification system should include, at a minimum, information necessary to prepare the Schedule of Expenditures of Federal Awards and accompanying notes as indicated in OMB A-133, section .310.

We also recommend the County Administrator's Office oversee administration of the County's Federal grants to ensure proper compliance with regulations and grant agreements.

##### **Management Response:**

The County plans to establish a centralized grant identified system with the administrator's office by obtaining the requisite information from the various departments for the grants it administers.

#### **Questioned Costs**

None

\* \* \* \* \*

# Stephenson County, Illinois

## Corrective Action Plan

---

### **Finding No: 2013-001**

#### **Condition:**

There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

#### **Plan:**

The County Board of Stephenson County, Illinois is aware that this condition exists and will closely supervise and review all accounting information and results on a regular basis.

#### **Anticipated Date of Completion:**

None. The County lacks sufficient resources to completely address this finding. As mentioned in the plan above, Management and the County Board will continue to supervise and review all information to reduce the likelihood of errors.

#### **Name of Contact Person:**

John Light, Stephenson County Administrator

### **Finding No: 2013-002**

#### **Condition:**

The financial statements and significant accrual adjustments are prepared by the external auditors.

#### **Plan:**

Since it does not appear to be economically feasible to hire additional personnel, corrective action is limited. When this condition exists, the management and County Board of Stephenson County relies on the expertise of the external auditors.

#### **Anticipated Date of Completion:**

None. The County lacks sufficient resources to completely address this finding. As mentioned in the plan above, Management and the County Board will continue to supervise and review all information to reduce the likelihood of errors.

#### **Name of Contact Person:**

John Light, Stephenson County Administrator

# Stephenson County, Illinois

## Corrective Action Plan

---

### **Finding No: 2013-003**

**Condition:**

There are not adequate reports available to review the aging of accounts receivable in the Nursing Center Fund.

**Plan:**

The Nursing Home will continue to clean up and adjust the aging schedule and hopefully have an accurate schedule by the end of the next fiscal year.

**Anticipated Date of Completion:**

November 30, 2014

**Name of Contact Person:**

John Light, Stephenson County Administrator

### **Finding No: 2013-004**

**Condition:**

The Payroll Bank account is not able to be reconciled to the correct balance each month.

**Plan:**

The Administrator's office will start to review the bank reconciliation for certain months to try to discover the issue.

**Anticipated Date of Completion:**

November 30, 2014

**Name of Contact Person:**

John Light, Stephenson County Administrator

# Stephenson County, Illinois

## Corrective Action Plan

---

### **Finding No: 2013-005**

#### **Condition:**

Interfund loans have not been repaid in a timely manner.

#### **Plan:**

Levies will be adjusted and expenditures decreased in the borrowing funds to allow the loans to be repaid.

#### **Anticipated Date of Completion:**

November 30, 2014

#### **Name of Contact Person:**

John Light, Stephenson County Administrator

### **Finding No: 2013-006**

#### **Condition:**

The Police Vehicle Fund Driver's Ed portion of \$9 was not properly assessed in cases where the judge orders court supervision.

#### **Plan:**

It is not feasible to reopen all cases that should have been assessed this fee, so the most reasonable option will be to make sure this fee is properly assessed going forward.

#### **Anticipated Date of Completion:**

November 30, 2014

#### **Name of Contact Person:**

Bonnie Curran, Stephenson County Circuit Clerk

# Stephenson County, Illinois

## Corrective Action Plan

---

### **Finding No: 2013-007**

#### **Condition:**

Expenditures exceeded appropriations in the County Motor Fuel Tax Fund by \$194,090, the Probation Service Fee Fund by \$97, the County Coroner fund by \$692, the Employee's Health Insurance Fund by \$409,958, the Law Library Fund by \$3,095, and the Tuberculosis Fund by \$22.

#### **Plan:**

The County will monitor its budget so expenditures do not exceed appropriations..

#### **Anticipated Date of Completion:**

November 30, 2014

#### **Name of Contact Person:**

John Light, Stephenson County Administrator

### **Finding No: 2013-008**

#### **Condition:**

The County does not have a complete system in place for identifying federal financial assistance to enable management to identify all federal programs and complete the Schedule of Expenditures of Federal Awards. In addition, each Department separately manages individual County grants, without administrative oversight from the Administrator's Office or other designated individual.

#### **Plan:**

The County will establish a centralized grant identification system with the Administrator's office by obtaining the requisite information from the various departments for the grants it administers. This identification system will include, at a minimum, information necessary to prepare the Schedule of Expenditures of Federal Awards and accompanying notes as indicated in OMB A-133, section .310.

The County Administrator's Office will establish a process to oversee administration of the County's Federal grants to ensure proper compliance with regulations and grant agreements.

#### **Anticipated Date of Completion:**

November 30, 2014

#### **Name of Contact Person:**

John Light, Stephenson County Administrator

# Stephenson County, Illinois

## Summary Schedule of Prior Audit Findings

---

### **2012-II-01**

Condition - There is inadequate control over the functions of processing and recording the financial transactions of the County due to the inadequate segregation of duties stemming from limited personnel.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help prepare the financial statements and required footnote disclosures in accordance with accounting principles generally accepted in the United States of America. However, the County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Current Status - The County's management and County Board's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the county's accounting and financial reporting.

### **2012-II-02**

Condition - The financial statement disclosures are prepared by the external auditors.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help prepare the financial statements and required footnote disclosures in accordance with accounting principles generally accepted in the United States of America. However, the County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Current Status - The County's management and County Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

### **2012-II-03**

Condition - Revenues in the Nursing Home have not been properly billed during the fiscal year. Billing amounts were calculated with the billing software, but those amounts were not properly billed so incorrect amount collected.

Recommendation - The Nursing Home has arranged for the Billing Clerk to receive further training on the software and it has developed a review process for the Director to question any issues with the billing process.

Current Status - The Billing Clerk received further training and has developed a process to make sure all revenues are properly billed.

# Stephenson County, Illinois

## Summary Schedule of Prior Audit Findings

---

### **2012-II-04**

Condition – The Payroll Bank account is not able to be reconciled to the correct balance each month.

Recommendation – We recommend that someone review the transactions that should hit the payroll account each month and figure out if there are transactions that are not happening or if additional transactions are occurring.

Current Status – The Administrator's office will start to review the bank reconciliation for certain months to try to discover why the account is not balancing to the correct amount.

### **2012-III-01**

Condition - The County does not have a complete system in place for identifying federal financial assistance to enable management to identify all federal programs and complete the Schedule of Expenditures of Federal Awards. In addition, each Department separately manages individual County grants, without administrative oversight from the Administrator's Office or other designated individual.

Recommendation - The County will establish a centralized grant identification system with the Administrator's office by obtaining the requisite information from the various departments for the grants it administers. This identification system will include, at a minimum, information necessary to prepare the Schedule of Expenditures of Federal Awards and accompanying notes as indicated in OMB A-133, section .310.

The County Administrator's Office will establish a process to oversee administration of the County's Federal grants to ensure proper compliance with regulations and grant agreements.

Current Status - The County Administrator is more involved in tracking federal grants, but it is not at the point where he can provide a complete list of federal awards before the auditors begin fieldwork. There is no formal process for tracking federal grants at this time.