

Stephenson County

Freeport, Illinois

Financial Statements

Year Ended November 30, 2016

Stephenson County, Illinois

Year Ended November 30, 2016

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Stephenson County, Illinois

Year Ended November 30, 2016

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Supplementary Information

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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 (the "County"), as of and for the year ended November 30, 2016, 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; 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 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 policies 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stephenson County, Illinois, as of November 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the required supplementary information on pages 45 through 55 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, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although no a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The schedules listed as other information and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
June 8, 2017

Basic Financial Statements

Stephenson County, Illinois

Statement of Net Position

November 30, 2016

Assets	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments	\$11,166,577	\$2,812,867	\$13,979,444
Prepaid asset	0	0	0
Accounts receivables, net of an allowance for doubtful accounts of \$60,000	2,216,109	1,394,099	3,610,208
Property tax receivable	8,286,880	500,000	8,786,880
Inventory	26,067	0	26,067
Internal balances	(68,470)	68,470	0
Total current assets	21,627,163	4,775,436	26,402,599
Other assets	4,592,738	0	4,592,738
Capital assets:			
Not depreciated	288,555	0	288,555
Depreciated (net of accumulated depreciation)	24,469,789	1,453,763	25,923,552
Total capital assets	24,758,344	1,453,763	26,212,107
Deferred outflows of resources - Deferred outflows of pension resources	7,069,349	0	7,069,349
Total assets and deferred outflows of resources	58,047,594	6,229,199	64,276,793
Liabilities			
Current liabilities:			
Accounts payable	591,936	189,538	781,474
Accrued payroll	662,152	166,834	828,986
Accrued interest	5,567	0	5,567
Compensated absences	0	0	0
Current portion long term debt	670,000	0	670,000
Total current liabilities	1,929,655	356,372	2,286,027
Noncurrent liabilities:			
Compensated absences	485,080	105,271	590,351
Net pension obligation	6,696,782	0	6,696,782
Bonds, leases, and other long-term debt	8,635,000	0	8,635,000
Total noncurrent liabilities	15,816,862	105,271	15,922,133
Total liabilities	17,746,517	461,643	18,208,160
Deferred Inflows of Resources			
Unearned revenue	15,023	0	15,023
Unavailable property taxes	8,286,879	500,000	8,786,879
Deferred inflows of pension resources	302,358	0	302,358
Total deferred inflows of resources	8,604,260	500,000	9,104,260
Net Position			
Net investment in capital assets	15,453,344	1,453,763	16,907,107
Restricted	9,772,354	19,300	9,791,654
Unrestricted	6,471,119	3,794,493	10,265,612
Total net position	\$31,696,817	\$5,267,556	\$36,964,373

See accompanying notes to financial statements.

Stephenson County, Illinois

Statement of Activities

Year ended November 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$6,724,589	\$857,741	\$66,975	\$0	(\$5,799,873)	\$0	(\$5,799,873)
Public safety	4,926,969	851,133	595,786	0	(3,480,050)	0	(3,480,050)
Judicial & court related	5,719,451	1,103,434	490,295	0	(4,125,722)	0	(4,125,722)
Public works	34,147,473	232,942	262,727	678,432	(32,973,372)	0	(32,973,372)
Health, welfare, and sanitation	2,946,214	320,414	1,495,007	0	(1,130,793)	0	(1,130,793)
Interest	476,947	0	0	0	(476,947)	0	(476,947)
Total governmental activities	\$54,941,643	\$3,365,664	\$2,910,790	\$678,432	(47,986,757)	0	(47,986,757)
Business-type activities:							
Nursing Center	\$6,660,133	\$6,844,458	\$0	\$0	0	184,325	184,325
General revenues:							
Taxes:							
Property taxes					8,321,479	500,308	8,821,787
Sales taxes					3,135,844	0	3,135,844
Income taxes					1,569,608	0	1,569,608
Other taxes					976,726	0	976,726
Unrestricted investment earnings					18,749	1,363	20,112
Miscellaneous					418,435	19,922	438,357
Total general revenues					14,440,841	521,593	14,962,434
Transfers					0	0	0
Change in net position					(33,545,916)	705,918	(32,839,998)
Net position - beginning					65,242,733	4,561,638	69,804,371
Net position - ending					\$31,696,817	\$5,267,556	\$36,964,373

See accompanying notes to financial statements.

Stephenson County, Illinois

Balance Sheet - Governmental Funds

November 30, 2016

Assets	General Fund	County Health Department	Liability Insurance	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$2,683,442	\$582,398	\$819,598	\$6,796,236	\$10,881,674
Prepaid asset	0	0	0	0	0
Accounts receivable	959,957	623,666	0	632,486	2,216,109
Property tax receivable	5,576,080	40,722	600,000	2,070,078	8,286,880
Due from other funds	0	49,335	0	1,413,500	1,462,835
Inventory	20,682	5,385	0	0	26,067
Total assets	\$9,240,161	\$1,301,506	\$1,419,598	\$10,912,300	\$22,873,565
Liabilities and Fund Balance					
Vouchers payable	\$122,526	\$31,767	\$0	\$166,070	\$320,363
Accrued payroll	300,567	65,007	1,500	295,078	662,152
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	934,127	934,127
Total liabilities	423,093	96,774	1,500	1,395,275	1,916,642
Deferred Inflows of Resources					
Unearned revenue	0	15,023	0	0	15,023
Unavailable property taxes	5,576,080	40,722	600,000	2,070,077	8,286,879
Total deferred inflows of resources	5,576,080	55,745	600,000	2,070,077	8,301,902
Fund Balances					
Nonspendable	20,682	5,385	0	0	26,067
Restricted	0	1,143,602	818,098	7,830,318	9,792,018
Committed	0	0	0	161,702	161,702
Unassigned	3,220,306	0	0	(545,072)	2,675,234
Total fund balances	3,240,988	1,148,987	818,098	7,446,948	12,655,021
Total liabilities, deferred inflows of resources and fund balances	\$9,240,161	\$1,301,506	\$1,419,598	\$10,912,300	\$22,873,565

Stephenson County, Illinois

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

November 30, 2016

Total fund balances - governmental funds	\$12,655,021
Amounts reported for governmental activities in the statement of net position are different because:	
Accrued long-term employee benefits are not due and payable in the current period and therefore are not reported as liabilities of the funds, but are included as liabilities and deferred items in the statement of net position	
Accrued net pension liability and related deferred resources	70,209
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net book value of assets reported.	24,758,344
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	4,592,738
An internal service fund is used to charge the 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 position.	(583,848)
Long-term liabilities not due and payable with the current resources are not reported in the funds:	
Accrued compensated absences	(485,080)
Accrued interest payable	(5,567)
Bonds payable	(9,305,000)
<hr/>	
Total net position - governmental activities	\$31,696,817

Stephenson County, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year ended November 30, 2016

	General Fund	County Health Department	Liability Insurance	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$8,373,135	\$40,750	\$700,403	\$5,567,801	\$14,682,089
Charges for service	1,486,836	231,918	0	1,161,115	2,879,869
Intergovernmental revenue	1,123,995	1,494,867	0	291,928	2,910,790
Other revenue	154,840	61,687	63,740	158,814	439,081
Total revenues	11,138,806	1,829,222	764,143	7,179,658	20,911,829
Expenditures					
Current:					
General government	1,653,187	0	1,101,545	634,420	3,389,152
Public safety	2,202,523	0	0	2,625,962	4,828,485
Judiciary and court related	4,771,900	0	0	1,059,026	5,830,926
Public works	0	0	0	2,226,102	2,226,102
Health and welfare	0	2,107,285	0	737,438	2,844,723
Debt service:					
Principal	0	0	0	645,000	645,000
Interest	0	0	0	477,813	477,813
Capital outlay	247,551	0	0	250,641	498,192
Total expenditures	8,875,161	2,107,285	1,101,545	8,656,402	20,740,393
Excess (deficiency) of revenues over expenses	2,263,645	(278,063)	(337,402)	(1,476,744)	171,436
Other Financing Sources (Uses)					
Transfers in	0	195,300	0	2,315,451	2,510,751
Transfers out	(920,195)	0	0	(1,590,556)	(2,510,751)
Total other financing sources and uses	(920,195)	195,300	0	724,895	0
Net change in fund balances	1,343,450	(82,763)	(337,402)	(751,849)	171,436
Fund balance (deficit), previously reported	1,897,538	1,231,750	1,155,500	8,688,797	12,973,585
Prior period adjustment	0	0	0	(490,000)	(490,000)
Fund balance (deficit), as restated	1,897,538	1,231,750	1,155,500	8,198,797	12,483,585
Fund balance (deficit) - ending	\$3,240,988	\$1,148,987	\$818,098	\$7,446,948	\$12,655,021

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, 2016

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - Governmental funds	\$171,436
Amounts reported for governmental activities in the statement of activities are different because:	
An internal service fund is used to charge the costs of health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	57,013
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. Donated capital assets are only reported in the statement of activities. This is the amount by which depreciation expense exceeds newly capitalized fixed assets in the period.	(31,793,413)
The net effect of various transactions involving capital assets (i.e., disposals and sales) is to decrease net position.	(4,201)
In the statement of activities, postretirement obligations, net pension obligations, and deferred resources are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year net pension liabilities and related deferred resources exceed the amount paid by.	(2,476,102)
Principal payments on bonds payable are reported in governmental funds as expenditures. However, only the interest on bonds payables are recorded in the statement of activities. This is the amount of principal payments in the period.	645,000
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.	866
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.	(146,515)
Change in net position of governmental activities	(\$33,545,916)

Stephenson County, Illinois

Statement of Net Position - Proprietary Funds

November 30, 2016

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	\$2,793,567	\$284,903
Receivables, net of a \$60,000 allowance	1,394,099	0
Property tax receivable	500,000	0
Due from other funds	68,470	0
Restricted assets	19,300	0
Total current assets	4,775,436	284,903
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Buildings	1,257,960	0
Equipment	195,803	0
Total capital assets	1,453,763	0
Total assets	6,229,199	284,903
Liabilities		
Current liabilities:		
Accounts payable	189,538	271,573
Accrued payroll	166,834	0
Due to other funds	0	597,178
Compensated absences	105,271	0
Total liabilities	461,643	868,751
Deferred inflows of resources		
Unavailable property taxes	500,000	0
Net Position		
Net investment in capital assets	1,453,763	0
Restricted	19,300	0
Unrestricted	3,794,493	(583,848)
Total net position	\$5,267,556	(\$583,848)

Stephenson County, Illinois

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

Year ended November 30, 2016

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
Operating Revenues		
Charges for services	\$6,844,458	\$0
Employee contributions	0	485,795
County contributions	0	2,824,579
Reimbursements	0	(3,322)
Total operating revenues	6,844,458	3,307,052
Operating Expenses		
Nursing Center	6,534,383	0
Depreciation	125,750	0
Administrative fees	0	14,778
Health and life insurance premiums	0	3,112,676
Health claims	0	124,008
Total expenses	6,660,133	3,251,462
Operating income (loss)	184,325	55,590
Non-Operating Revenue (Expense)		
Property taxes	500,308	0
Interest income	1,363	1,423
Miscellaneous	19,922	0
Total non-operating revenue	521,593	1,423
Other financing sources (uses):		
Operating transfer in	0	0
Change in net position	705,918	57,013
Net position - beginning	4,561,638	(640,861)
Net position - ending	\$5,267,556	(\$583,848)

Stephenson County, Illinois

Statement of Cash Flows - Proprietary Funds

Year ended November 30, 2016

	Business-Type Activities Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities		
Cash received for services	\$6,591,446	\$0
Cash received for internal services	0	3,415,569
Cash payments to suppliers	(3,354,286)	(3,579,599)
Cash payments to employees	(3,163,624)	0
Net cash flows from operating activities	73,536	(164,030)
Cash Flows from Non-Capital Financing Activities		
Property taxes	504,646	0
Miscellaneous	19,922	0
Transfers in	0	0
Activity from interfund loan	876,701	(312,822)
Net cash flows from non-capital financing activities	1,401,269	(312,822)
Cash Flows from Capital and Related Financing Activities		
Purchase of fixed assets	(151,935)	0
Net cash flows from capital and related financing activities	(151,935)	0
Cash Flows from Investing Activities		
Interest income	1,363	1,423
Net cash flows from investing activities	1,363	1,423
Net increase/decrease in cash and investments	1,324,233	(475,429)
Cash and investments - beginning	1,469,334	760,332
Cash and investments - ending	\$2,793,567	\$284,903

Stephenson County, Illinois

Statement of Cash Flows - Proprietary Funds (Continued)

Year ended November 30, 2016

	Business-Type Activities- Enterprise Funds- Nursing Center Fund	Governmental Activities- Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$184,325	\$55,590
Adjustments needed to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	125,750	0
Decrease in accounts receivable	(253,012)	108,517
Increase/(Decrease) increase in vouchers payable	20,755	(328,137)
Increase in accrued payroll	3,492	0
Increase in compensated absences	(7,774)	0
Net cash provided by operating activities	\$73,536	(\$164,030)

Stephenson County, Illinois

Statement of Fiduciary Net Position - Fiduciary Funds

November 30, 2016

	Agency
Assets	
Cash	\$2,458,757
Accounts receivable	92,267
Total assets	\$2,551,024
Liabilities	
Due to others	\$2,551,024
Total liabilities	\$2,551,024

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of Stephenson County, Illinois (the "County") 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 County 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 County 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 has one blended component unit.

Blended Component Unit - The 911 Fund serves all the citizens of the County. The budget and appropriation ordinance is approved by the 911 Board of Trustees, and the legal liability for any 911 Fund debt remains with the County. The 911 Fund is reported as a Special Revenue Fund.

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 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 County'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 County reports the following major governmental funds:

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

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

The *Liability Insurance Fund* accounts for the risk management activities of the County.

The County 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 County reports the following fund types:

Internal service funds account for health insurance provided to other departments or agencies of the County, or to other governments.

Under the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, the County may report any governmental or enterprise fund (but not internal service funds or fiduciary funds) as a major fund if the County's officials believe the fund is "particularly important to financial statement users". The County has chosen to include the Liability Insurance Fund as a major fund even though the funds calculations do not classify it as major funds. The County views this fund as particularly important to the financial users.

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 County 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 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 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.

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 cash basis, which is not consistent with generally accepted accounting principles (GAAP) basis.

The appropriated budget is prepared by fund, function, and department. The County'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.

Cash and Cash Equivalents

The County'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.

The cash balances of most County funds are pooled and invested. Each fund's share of the investment pool is reflected on its respective balance sheet.

Investments

The County is a participant in the Local Government Investment Pool (LGIP) which is authorized in Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in LGIP. The investment is not subject to the fair value hierarchy disclosures.

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Inventories

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 County 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 County chose to include all such items regardless of their acquisition date or amount. The County 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 County 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:

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

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the County 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 County'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.

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 County 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 County's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the County 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.

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the County 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

The County's property tax is levied each year on all taxable real property located in the County. Since the 2016 property tax levy is levied to finance the operations of fiscal year 2017, the 2016 property tax is recorded as a receivable and the 2016 property tax revenue is unavailable. The 2015 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2016. The County must file its tax levy by the last Tuesday of December each year. The 2015 levy was approved on November 24, 2015. The 2016 levy was approved on November 10, 2016.

The township assessors are responsible for assessment of all taxable real property within the County. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2015 became due and payable in two installments, generally in June 2016 and September 2016. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Compensated Absences

Vacation

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

Stephenson County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Sick Leave

Depending on the employee contract, each employee's earned sick days can accumulate to a maximum of 60 to 120 days, and at the end of each calendar year, the employee may receive pay for the sick days accumulated above the maximum days. Except in cases of over accumulation, payment is only made for illness.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

For the year ended November 30, 2016, expenditures exceeded appropriations in the County Highway Fund by \$24, the Debt Service Fund by \$15,600, the Environmental Remediation Fund by \$136,281, the Veteran's Assistance Fund by \$1,767, the Liability Insurance Fund by \$63,206, the Geographic Information System Fund by \$1,022, the Social Security Contribution Fund by \$15,430, the Youth Diversion Fund by \$746, the Treasurer's Automation Fund by \$2,191, the Health Insurance Fund by \$76,949, and Mill Race Crossing Fund by \$22,033.

Deficit Fund Balance

At November 30, 2016, the County Highway Fund had a deficit fund balance of \$520,023 and the Coroner's Fund had a deficit fund balance of \$25,049.

Stephenson County, Illinois

Notes to Financial Statements

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, there is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of November 30, 2016, the County's bank balance was \$15,815,585 and the entire balance was insured and collateralized with securities in the County's name.

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

In accordance with the provisions of donors and bequests, a special account has been established. As of November 30, 2016, the Nursing Center has \$19,300 in restricted cash.

Note 4 Investments

As of November 30, 2016, the County had the following investments:

	Fair Value
Investment in State Investment Pool	\$65,936

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 County has no specific policy on the interest rate risk at year-end.

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	1-5 13-60 Months	5-10 60+ Months	
Local government investment pool	\$65,936	\$0	\$0	\$65,936

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:

	Total as of November 30, 2016	AAAm
Local government investment pool	\$65,936	\$65,936

Stephenson County, Illinois

Notes to Financial Statements

Note 4 Investments (Continued)

Concentration of credit risk. The County's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the County'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 County 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, 2016 there are no investments with custodial credit risk in that all of its investments are insured.

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

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended November 30, 2016 is as follows:

Governmental activities	Balance 12/1/2015	Additions	Deletions	Balance 11/30/2016
Capital assets, not being depreciated:				
Land	\$288,555	\$0	\$0	\$288,555
Capital assets being depreciated:				
Infrastructure	655,238,915	62,246	0	655,301,161
Intangible assets	0	108,400	0	108,400
Buildings and improvements	15,565,412	0	0	15,565,412
Equipment and vehicles	5,890,086	327,546	125,721	6,091,911
Total capital assets being depreciated	676,694,413	498,192	125,721	677,066,884
Less accumulated depreciation for:				
Infrastructure	608,484,584	31,672,025	0	640,156,609
Intangible assets	0	7,227	0	7,227
Buildings and improvements	6,865,785	346,691	0	7,212,476
Equipment and vehicles	5,076,641	265,662	121,520	5,220,783
Total accumulated depreciation	620,427,010	32,291,605	121,520	652,597,095
Total capital assets being depreciated, net	56,267,403	(31,793,413)	4,201	24,469,789
Governmental activities capital assets, net	\$56,555,958	(\$31,793,413)	\$4,201	\$24,758,344

Stephenson County, Illinois

Notes to Financial Statements

Note 5 Capital Assets (Continued)

The business-type activities capital asset activity for the year ended November 30, 2016 is as follows:

Business-type Activities	Balance 12/1/2015	Additions	Deletions	Balance 11/30/2016
Capital assets, not being depreciated:				
Construction in progress	\$0	\$0	\$0	\$0
Capital assets being depreciated:				
Buildings and improvements	3,417,333	105,660	0	3,522,993
Equipment and vehicles	862,107	46,275	0	908,382
Total capital assets being depreciated	4,279,440	151,935	0	4,431,375
Less accumulated depreciation for:				
Buildings and improvements	2,186,299	78,734	0	2,265,033
Equipment and vehicles	665,563	47,016	0	712,579
Total accumulated depreciation	2,851,862	125,750	0	2,977,612
Governmental activities capital assets, net	\$1,427,578	\$26,185	\$0	\$1,453,763

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

Governmental activities:	
General control and administration	\$34,157
Public safety	339,346
Judicial and court related	15,282
Public works	31,866,238
Health, sanitation, and welfare	36,582
Total depreciation expense, governmental activities	\$32,291,605

Business-type activities:

Business-type activities:	
Nursing Center	\$125,750

Note 6 Other Assets

During the years ended November 30, 2006 through 2011, the County purchased land, incurred engineering costs, and made land improvements totaling \$4,592,738 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.

Stephenson County, Illinois

Notes to Financial Statements

Note 7 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.

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:

Year Ending November 30,	Principal	Interest
2017	\$330,000	\$165,075
2018	350,000	148,075
2019	365,000	131,113
2020	380,000	114,350
2021	400,000	97,800
2022 – 2026	2,245,000	231,500
Total	\$4,070,000	\$887,913

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. 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.

On January 5, 2012, the County issued \$5,645,000 in debt certificates. 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.

Stephenson County, Illinois

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

General Obligation Debt Certificates (Continued)

The following is a repayment schedule for the debt.

Year Ending November 30,	Principal	Interest
2017	\$210,000	\$255,236
2018	220,000	244,486
2019	230,000	233,236
2020	240,000	220,406
2021	255,000	205,804
2022-2026	1,515,000	775,182
2027-2031	2,020,000	255,481
Total	\$4,690,000	\$2,189,831

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.

On April 14, 2014, the County issued Refunding Debt certificates, Series 2014, to pay the remaining principal and interest on the County's outstanding Debt certificate, Series 2002. The Refunding Debt Certificates, Series 2014, were issued in the amount of \$915,000 and, 100% of the proceeds were used to defease the Debt certificate, Series 2002.

The following is a repayment schedule for the debt.

Year Ending November 30,	Principal	Interest
2017	\$130,000	\$16,700
2018	135,000	12,800
2019	140,000	8,750
2020	140,000	4,550
Total	\$545,000	\$42,800

Stephenson County, Illinois

Notes to Financial Statements

Note 7 Long-Term Debt (Continued)

The following is a summary of changes in long-term debt for the year ended November 30, 2016:

	Beginning Balance*	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Debt certificates	\$9,950,000	\$0	(\$645,000)	\$9,305,000	\$670,000
Compensated absences	393,679	523,804	(432,403)	485,080	0
Governmental activity					
Long-term liabilities	\$10,343,679	\$523,804	(\$1,077,403)	\$9,790,080	\$670,000

*Beginning balance of debt certificates was restated due to a prior period adjustment relating to a prepaid bond principal payment. See Note 19 for further information.

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Compensated absences	\$113,045	\$165,127	(\$172,901)	\$105,271	\$0

The County is subject to a debt limitation of 5.75% of its assessed valuation of \$642,195,206. As of November 30, 2016, the County had \$27,621,224 of remaining legal debt margin.

Note 8 Debt Defeasance

In April 2014, the County defeased the series 2002 general obligation bond by placing the proceeds of the Series 2014 general obligation refunding bond issue in an irrevocable trust fund. New debt was issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's financial statements. As of November 30, 2016, the amount of defeased debt from the series 2002 bond outstanding but removed from the County's financial statements amounted to \$770,000.

Stephenson County, Illinois

Notes to Financial Statements

Note 9 Interfund Receivables and Payables

The following is a summary of interfund receivables and payables due at November 30, 2016.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
County Health Department	\$49,335	\$0
Non-major governmental	1,413,500	934,127
Proprietary funds:		
Internal Service	0	597,178
Nursing Center	68,470	0
<u>Total</u>	<u>\$1,531,305</u>	<u>\$1,531,305</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 as the borrowing funds improve.

Note 10 Net Position

Net position reported on the government wide statement of net position at November 30, 2016:

Governmental Activities:	
Net investment in capital assets:	
Land and other nondepreciable assets	\$288,555
Other capital assets, net of accumulated depreciation	24,469,789
Less: related long-term debt outstanding	(9,305,000)
Total net investment in capital assets	15,453,344
Restricted:	
State statutes and enabling legislation	9,771,774
Externally imposed by grantors	580
Total restricted	9,772,354
Unrestricted	6,471,119
<u>Total governmental activities net position</u>	<u>\$31,696,817</u>

Stephenson County, Illinois

Notes to Financial Statements

Note 10 Net Position (Continued)

Business-type Activities:

Net investment in capital assets:

Other capital assets, net of accumulated depreciation	\$1,453,763
Less: related long-term debt outstanding	0

Total net investment in capital assets	1,453,763
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Restricted:

Donors and bequests	19,300
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Total restricted	19,300
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Unrestricted	3,794,493
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Total business-type activities net position	\$5,267,556
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Note 11 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 County has nonspendable balances at year end that are listed below.

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 County has restricted balances at year end that are listed below.

Committed Fund Balance

The County 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 County has committed that are listed below.

Stephenson County, Illinois

Notes to Financial Statements

Note 11 Fund Balance Reporting (Continued)

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the County'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 County 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 and for funds with negative fund balances.

Nonspendable:	
Major Funds	
General Fund – inventory	\$20,682
County Health Department – inventory	5,385
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Total nonspendable	26,067
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Restricted:	
Major Funds	
State statutes and enabling legislation:	
County Health Department	1,143,602
Liability Insurance	818,098
Non-Major Funds	
State statutes and enabling legislation:	
Illinois Municipal Retirement Fund	775,995
County Bridge	1,190,953
County Matching	550,096
County Motor Fuel Tax	311,929
Geographic Information Systems	51,592
DUI Equipment	19,297
Youth Diversion	8,211
Mental Health	138,575
Tuberculosis	151,497
Animal Control	152,516
Veteran's Assistance Commission	0
Circuit Clerk Fees	5,066
Social Security Contribution	1,087,293
Educational Extension Service	170,306
Emergency Service & Disaster Agency	77,577
ETSB 911	935,003

Stephenson County, Illinois

Notes to Financial Statements

Note 11 Fund Balance Reporting (Continued)

Non-Major Funds (Continued)	
Drug Funds	63,700
Waste Management	130,343
Mechanical Document Storage	71,934
Public Safety	1,081,874
Court Automation	75,472
Probation Service Fee	371,195
Document Storage – Circuit Clerk	59,662
Treasurer Automation	86,648
Court Supervision	8,877
Law Library	9,273
Mill Race Crossing	217,185
Highway Building	27,669
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Total restricted fund balance	9,791,438
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Externally imposed by grantors - Environmental Remediation	580
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Committed:	
Non-major Funds	
Capital	43,298
Debt Service	118,404
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Total committed	161,702
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Unassigned:	
Major Fund	
General	3,220,306
Non-major Funds	
Coroner's	(25,049)
County Highway	(520,023)
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Total unassigned	2,675,234
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Total governmental fund balances	\$12,655,021
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Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans

Illinois Municipal Retirement Fund

IMRF Plan Description

The County'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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Regular Plan (RP):

Employees Covered by the Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	208
Inactive plan members entitled to but not yet receiving benefits	543
Active plan members	237
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Total	988

Contributions

As set by statute, the County's Regular Plan Members are required to contribute 4.5% 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 contribution rate for calendar year 2015 was 8.86%. For the fiscal year ended November 30, 2016, the County contributed \$669,689 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.49%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Actuarial assumptions (continued)

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2014	\$46,043,956	\$47,799,832	(\$1,755,876)
Changes for the year:			
Service cost	911,840	0	911,840
Interest on the total pension liability	3,394,929	0	3,394,929
Differences between expected and actual experience of the total pension liability	145,935	0	145,935
Changes of assumptions	54,558	0	54,588
Contributions – employer	0	777,235	(777,235)
Contributions – employees	0	394,788	(394,788)
Net investment income	0	235,758	(235,758)
Benefit payments, including refunds of employee contributions	(2,468,316)	(2,468,316)	0
Other (net transfer)	0	(1,056,920)	1,056,920
Net changes	2,038,946	(2,117,455)	4,156,401
Balances at December 31, 2015	\$48,082,902	\$45,682,377	\$2,400,525

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.49%)	Current Discount (7.49%)	1% Higher (8.49%)
Net pension liability	\$8,297,174	\$2,400,525	(\$2,459,424)

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2016, the County recognized pension expense of \$669,689. At November 30, 2016, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$89,602	\$157,563
Changes of assumptions	474,211	0
Net difference between projected and actual earnings on pension plan investments	2,992,860	0
Total deferred amounts to be recognized in pension expense in future periods	3,556,673	157,563
Pension contributions made subsequent to the measurement date	586,213	0
Total deferred amounts related to pensions	\$4,142,886	\$157,563

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$1,140,766
2017	825,929
2018	780,220
2019	652,195
2020	0
Thereafter	0
Total	\$3,399,110

Payable to the Pension Plan

At November 30, 2016, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2016.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Benefits (continued)

Sheriff's Law Enforcement (SLEP):

Employees Covered by the Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	48
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	50
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Total	120

Contributions

As set by statute, the County's SLEP Plan Members are required to contribute 7.5% 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 contribution rate for calendar year 2015 was 20.72%. For the fiscal year ended November 30, 2016, the County contributed \$567,943 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.48%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Actuarial assumptions (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2014	\$25,694,308	\$23,715,442	\$1,978,866
Changes for the year:			
Service cost	546,471	0	546,471
Interest on the total pension liability	1,902,503	0	1,902,503
Differences between expected and actual experience of the total pension liability	786,895	0	786,895
Changes of assumptions	34,004	0	34,004
Contributions – employer	0	629,218	(629,218)
Contributions – employees	0	227,737	(227,737)
Net investment income	0	117,885	(117,885)
Benefit payments, including refunds of employee contributions	(1,133,951)	(1,133,951)	0
Other (net transfer)	0	(22,358)	22,358
Net changes	2,135,922	(181,469)	2,317,391
Balances at December 31, 2015	\$27,830,230	\$23,533,973	\$4,296,257

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.48%)	Current Discount (7.48%)	1% Higher (8.48%)
Net pension liability	\$7,986,946	\$4,296,257	\$1,268,734

Stephenson County, Illinois

Notes to Financial Statements

Note 12 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2016, the County recognized pension expense of \$567,943. At November 30, 2016, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$610,152	\$144,795
Changes of assumptions	305,359	0
Net difference between projected and actual earnings on pension plan investments	1,506,194	0
Total deferred amounts to be recognized in pension expense in future periods	\$2,421,705	\$144,795
Pension contributions made subsequent to the measurement date	504,758	0
Total deferred amounts related to pensions	\$2,926,463	\$144,795

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$631,325
2017	631,325
2018	600,974
2019	413,286
2020	0
Thereafter	0
Total	\$2,276,910

Payable to the Pension Plan

At November 30, 2016, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2016.

Stephenson County, Illinois

Notes to Financial Statements

Note 13 Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 457. The plan, available to all eligible County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was approved to comply with IRC Section 457(g) which allows for the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the general creditors of the County, the County does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Note 14 Other Postemployment Benefits

The County has evaluated its potential other postemployment benefits liability. The County provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the County are required to pay 100% of the current premium. However, only eight former employees have chosen to stay in the County's current health insurance plan. Therefore, there has been low utilization and, therefore, an immaterial implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the County has no former employees for whom the County was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the County has not recorded any postemployment benefit liability as of November 30, 2016.

Note 15 Interfund Transfers

Below are the interfund transfers as of November 30, 2016:

<u>Year Ending December 31:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General	\$0	\$920,195
County Health Department	195,300	0
Non-major governmental	2,315,451	1,590,556
	<u>\$2,510,751</u>	<u>\$2,510,751</u>

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

Stephenson County, Illinois

Notes to Financial Statements

Note 16 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, 2016 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 17 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.

The County had exposure to deductibles relating to claims for worker's compensation, general liability insurance, law enforcement insurance, and automobile insurance for the year ended November 30, 2016. The County is liable for the amount of the deductible relating to each claim, and any amount over the deductible is to be paid by the insurance company. Although the County has exposure to deductibles relating to open claims, it is not reasonably estimable the amount of deductibles the County will pay for each claim.

Note 18 Impact of Pending Accounting Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County has not determined the effect of this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The County has not determined the effect of this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County has not determined the effect of this Statement.

Stephenson County, Illinois

Notes to Financial Statements

Note 18 Impact of Pending Accounting Principles (Continued)

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The County has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The County has not determined the effect of this Statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The County has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County has not determined the effect of this Statement.

Note 19 Restatement of Beginning Fund Balance

As a result of a correction to beginning fund balance relating to a prior year prepaid bond principal payment, the Debt Service Fund beginning fund balance was restated as follows:

	Debt Service Fund
Balance at December 1, 2015	\$597,964
Less prior year prepaid bond principal payment	(490,000)
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Balance at December 1, 2015, as restated	\$107,964

Required Supplementary Information

Stephenson County, Illinois

Budgetary Comparison Schedule - General Fund (Budgetary Basis)

Year ended November 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Property taxes	\$4,825,000	\$4,825,000	\$4,865,513	\$40,513
Charges for services	1,448,889	1,448,889	1,515,606	66,717
Intergovernmental revenues	4,776,644	4,776,644	4,962,947	186,303
Other revenue	118,566	118,566	159,159	40,593
Total revenues	11,169,099	11,169,099	11,503,225	334,126
Expenditures:				
General control and administration	2,915,626	3,011,814	2,558,632	(453,182)
Judiciary and court related	4,417,751	4,460,045	4,283,266	(176,779)
Public safety	2,109,740	2,115,124	1,944,857	(170,267)
Total expenditures	9,443,117	9,586,983	8,786,755	(800,228)
Other financing sources (uses):				
Operating transfers in	\$0	\$0	\$0	\$0
Operating transfers out	(1,680,088)	(1,680,088)	(1,640,195)	39,893
Total other financing sources (uses)	(\$1,680,088)	(\$1,680,088)	(\$1,640,195)	\$39,893

Stephenson County, Illinois

Budgetary Comparison Schedule - County Health Department (Budgetary Basis)

Year ended November 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Property taxes	\$40,722	\$40,722	\$41,104	\$382
Charges for services	235,160	235,160	231,918	(3,242)
Intergovernmental revenues	1,966,932	1,966,932	1,512,818	(454,114)
Other revenue	14,710	14,710	61,474	46,764
Total revenues	2,257,524	2,257,524	1,847,314	(410,210)
Expenditures:				
Health and welfare	2,518,690	2,533,190	2,113,076	(420,114)
Total expenditures	2,518,690	2,533,190	2,113,076	(420,114)
Other financing sources (uses):				
Operating transfers in	\$195,300	\$195,300	\$195,300	\$0
Operating transfers out	0	0	0	0
Total other financing sources (uses)	\$195,300	\$195,300	\$195,300	\$0

Stephenson County, Illinois

Budgetary Comparison Schedule - Liability Insurance Fund (Budgetary Basis)

Year ended November 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Property taxes	\$700,000	\$700,000	\$708,559	\$8,559
Other revenue	405,583	405,583	63,740	(341,843)
Total revenue	\$1,105,583	\$1,105,583	\$772,299	(\$333,284)
Expenditures:				
Public works:	\$1,105,583	\$1,105,583	\$1,168,789	63,206
Total expenditures	\$1,105,583	\$1,105,583	\$1,168,789	\$63,206

Stephenson County

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF Regular Plan

Last 10 Calendar Years

(schedule to be built prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$911,840	\$970,453								
Interest on the total pension liability	3,394,929	3,183,911								
Benefit changes	0	0								
Difference between expected and actual experience	145,935	(591,620)								
Assumption changes	54,558	1,654,801								
Benefit payments and refunds	(2,468,316)	(2,281,012)								
Net change in total pension liability	2,038,946	2,936,533								
Total pension liability - beginning	46,043,956	43,107,423								
Total pension liability - ending (a)	\$48,082,902	\$46,043,956								
Plan fiduciary net position:										
Employer contributions	\$777,235	\$833,192								
Employee contributions	394,788	391,175								
Pension plan net investment income	235,758	2,772,783								
Benefit payments and refunds	(2,468,316)	(2,281,012)								
Other	(1,056,920)	99,910								
Net change in plan fiduciary net position	(2,117,455)	1,816,048								
Plan fiduciary net position - beginning	47,799,832	45,983,784								
Plan fiduciary net position - ending (b)	\$45,682,377	\$47,799,832								
Net pension liability(asset) - Ending (a) - (b)	2,400,525	(1,755,876)								
Plan fiduciary net position as a percentage of total pension liability	95.01%	103.81%								
Covered valuation payroll	8,773,077	8,661,047								
Net pension liability as a percentage of covered valuation payroll	27.36%	-20.27%								

The County implemented GASB 68 in November 30, 2015.

Stephenson County

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF SLEP Plan

Last 10 Calendar Years

(schedule to be built prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$546,471	\$529,175								
Interest on the total pension liability	1,902,503	1,790,859								
Benefit changes	0	0								
Difference between expected and actual experier	786,895	(263,153)								
Assumption changes	34,004	507,049								
Benefit payments and refunds	(1,133,951)	(966,322)								
Net change in total pension liability	2,135,922	1,597,608								
Total pension liability - beginning	25,694,308	24,096,700								
Total pension liability - ending (a)	\$27,830,230	\$25,694,308								
Plan fiduciary net position:										
Employer contributions	\$629,218	\$626,776								
Employee contributions	227,737	209,477								
Pension plan net investment income	117,885	1,373,969								
Benefit payments and refunds	(1,133,951)	(966,322)								
Other	(22,358)	(117,580)								
Net change in plan fiduciary net position	(181,469)	1,126,320								
Plan fiduciary net position - beginning	23,715,442	22,589,122								
Plan fiduciary net position - ending (b)	\$23,533,973	\$23,715,442								
Net pension liability(asset) - Ending (a) - (b)	4,296,257	1,978,866								
Plan fiduciary net position as a percentage of total pension liability	84.56%	92.30%								
Covered valuation payroll	3,036,479	2,793,304								
Net pension liability as a percentage of covered valuation payroll	141.49%	70.84%								

The County implemented GASB 68 in November 30, 2015.

Stephenson County, Illinois

Required Supplementary Information Multiyear Schedule of IMRF Contributions

Stephenson County Regular Plan Multiyear Schedule of Contributions Last 10 Fiscal Years

Fiscal Year Ending November 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2015	\$762,262	\$762,262	\$0	\$8,497,045	8.97%
2016	669,689	669,689	0	8,065,042	8.30%

* Estimated based on contribution rate of 8.30% and covered valuation payroll of \$8,065,042.

*The County implemented GASB Statement No. 68 in November 30, 2015.

Stephenson County SLEP Multiyear Schedule of Contributions Last 10 Fiscal Years

Fiscal Year Ending November 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2015	\$615,236	\$615,236	\$0	\$2,958,826	20.79%
2016	567,943	567,943	0	2,779,249	20.44%

* Estimated based on contribution rate of 20.44% and covered valuation payroll of \$2,779,249.

*The County implemented GASB Statement No. 68 in November 30, 2015.

Stephenson County, Illinois

Notes to Required Supplementary Information

Note 1 Basis of Accounting

The County budget is prepared on the cash basis for all budgeted funds, including the major funds as presented in the Required Supplementary Information.

Note 2 Excess of Disbursements Over Appropriations

The Liability Insurance Fund had excess of disbursements over appropriations by \$63,206 for the year ended November 30, 2016.

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method Aggregate Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period).

Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).

Asset Valuation Method 5-Year smoothed market; 20% corridor

Wage growth 4.00%

Price Inflation 3.0% - approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases 4.40% to 16.00% including inflation

Stephenson County, Illinois

Notes to Required Supplementary Information

Year ended November 30, 2016

General Fund	Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Revenues				
Taxes	\$8,167,499	\$8,515,952	(\$142,817)	\$8,373,135
Charges for service	1,448,889	1,515,606	(28,770)	1,486,836
Intergovernmental revenue	1,434,145	1,312,508	(188,513)	1,123,995
Other revenue	118,566	159,159	(4,319)	154,840
Total revenue	\$11,169,099	\$11,503,225	(\$364,419)	\$11,138,806
Expenditures				
General government:				
County properties	\$121,875	\$128,294	\$7,932	\$136,226
County board	109,690	95,394	187	95,581
County treasurer	101,329	94,694	1,263	95,957
County clerk and elections	212,830	203,439	(8,906)	194,533
Zoning	48,412	38,031	577	38,608
Administrative services	198,140	188,045	(1,259)	186,786
Facilities management	48,554	43,166	(1,161)	42,005
Election expense	295,132	257,950	7,344	265,294
Assessor	245,962	240,890	14,586	255,476
Recreation and conservation	16,325	15,083	54	15,137
Economic development	17,535	11,893	0	11,893
Miscellaneous	1,596,030	1,241,753	13,014	1,254,767
Public safety -				
Sheriff	2,115,124	1,944,857	29,764	1,974,621
Judiciary and court related:				
State's attorney	619,921	590,402	1,825	592,227
Public defender	391,491	389,514	4,455	393,969
Circuit clerk	339,487	324,660	6,706	331,366
Judiciary	22,450	16,528	(300)	16,228
Corrections	2,041,623	1,995,021	8,531	2,003,552
Court ordered	42,250	31,700	5,077	36,777
Jury commission	52,850	44,773	(5,573)	39,200
Probation	902,468	846,931	2,297	849,228
Merit commission	6,800	6,405	0	6,405
Jail building	40,705	37,332	1,993	39,325
Total expenditures	\$9,586,983	\$8,786,755	\$88,406	\$8,875,161
Other financing sources (uses)				
Operating transfers in	\$0	\$0	\$0	\$0
Operating transfers out	1,680,088	1,640,195	(720,000)	920,195
Total other financing (uses)	\$1,680,088	\$1,640,195	(\$720,000)	\$920,195

Stephenson County, Illinois

Notes to Required Supplementary Information

Year ended November 30, 2016

County Health Department	Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Revenues				
Taxes	\$40,722	\$41,104	(\$354)	\$40,750
Charges for service	235,160	231,918	0	231,918
Intergovernmental revenue	1,966,932	1,512,818	(17,951)	1,494,867
Other revenue	14,710	61,474	213	61,687
Total revenue	\$2,257,524	\$1,847,314	(\$18,092)	\$1,829,222
Expenditures				
Health and welfare	\$2,533,190	\$2,113,076	(\$5,791)	\$2,107,285
Other financing sources (uses)				
Operating transfers in	\$195,300	\$195,300	\$0	\$195,300
Operating transfers out	0	0	0	0
Total other financing (uses)	\$195,300	\$195,300	\$0	\$195,300

Stephenson County, Illinois

Notes to Required Supplementary Information

Year ended November 30, 2016

Liability Insurance	Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Revenues				
Taxes	\$700,000	\$708,559	(\$8,156)	\$700,403
Other revenue	405,583	63,740	0	63,740
Total revenue	\$1,105,583	\$772,299	(\$8,156)	\$764,143
Expenditures				
Central administration	\$1,105,583	\$1,168,789	(\$67,244)	\$1,101,545

Supplementary Information

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds

November 30, 2016

Assets	Total Nonmajor Governmental Funds	Special Revenue			County Motor Fuel Tax
		IMRF	County Bridge	County Matching	
Cash and investments	\$6,796,236	\$939,489	\$390,618	\$570,534	\$293,247
Prepaid assets	0	0	0	0	0
Accounts receivable	632,486	7,000	22,157	200	60,759
Property tax receivable	2,070,078	400,000	15,000	15,000	0
Due from other funds	1,413,500	0	828,500	0	0
Total assets	\$10,912,300	\$1,346,489	\$1,256,275	\$585,734	\$354,006
Liabilities					
Vouchers payable	\$166,070	\$0	\$38,265	\$11,773	\$6,447
Accrued payroll	295,078	170,494	3,639	447	15,988
Compensated absences	0	0	0	0	0
Due to other funds	934,127	0	8,418	8,418	19,642
Total liabilities	1,395,275	170,494	50,322	20,638	42,077
Deferred inflows of resources					
Unavailable property taxes	2,070,077	400,000	15,000	15,000	0
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	7,830,318	775,995	1,190,953	550,096	311,929
Committed	161,702	0	0	0	0
Unassigned	(545,072)	0	0	0	0
Total fund balance	7,446,948	775,995	1,190,953	550,096	311,929
Total liabilities, deferred inflows of resources and fund balances	\$10,912,300	\$1,346,489	\$1,256,275	\$585,734	\$354,006

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Special Revenue				
	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis
Cash and investments	\$46,542	\$19,297	\$8,211	\$138,575	\$200,831
Prepaid assets	0	0	0	0	0
Accounts receivable	13,386	0	0	0	0
Property tax receivable	0	0	0	303,803	58,666
Due from other funds	0	0	0	0	0
Total assets	\$59,928	\$19,297	\$8,211	\$442,378	\$259,497
Liabilities					
Vouchers payable	\$5,951	\$0	\$0	\$0	\$0
Accrued payroll	2,385	0	0	0	0
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	49,335
Total liabilities	8,336	0	0	0	49,335
Deferred inflows of resources					
Unavailable property taxes	0	0	0	303,803	58,665
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	51,592	19,297	8,211	138,575	151,497
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balance	51,592	19,297	8,211	138,575	151,497
Total liabilities, deferred inflows of resources and fund balances	\$59,928	\$19,297	\$8,211	\$442,378	\$259,497

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Special Revenue				
	Animal Control	Veteran's Assistance Commission	Circuit Clerk Fees	Social Security Contribution	Educational Extension Service
Cash and investments	\$152,174	\$0	\$5,066	\$538,380	\$170,306
Prepaid assets	0	0	0	0	0
Accounts receivable	6,701	0	0	7,428	0
Property tax receivable	0	182,553	0	300,000	165,056
Due from other funds	0	0	0	585,000	0
Total assets	\$158,875	\$182,553	\$5,066	\$1,430,808	\$335,362
Liabilities					
Vouchers payable	\$3,069	\$0	\$0	\$0	\$0
Accrued payroll	3,290	0	0	43,515	0
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	6,359	0	0	43,515	0
Deferred inflows of resources					
Unavailable property taxes	0	182,553	0	300,000	165,056
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	152,516	0	5,066	1,087,293	170,306
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balance	152,516	0	5,066	1,087,293	170,306
Total liabilities, deferred inflows of resources and fund balances	\$158,875	\$182,553	\$5,066	\$1,430,808	\$335,362

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Special Revenue				
	Emergency Service & Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage
Cash and investments	\$81,615	\$964,786	\$63,700	\$100,343	\$69,867
Prepaid assets	0	0	0	0	0
Accounts receivable	0	0	0	30,000	2,067
Property tax receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Total assets	\$81,615	\$964,786	\$63,700	\$130,343	\$71,934
Liabilities					
Vouchers payable	\$1,010	\$27,367	\$0	\$0	\$0
Accrued payroll	3,028	2,416	0	0	0
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	4,038	29,783	0	0	0
Deferred inflows of resources					
Unavailable property taxes	0	0	0	0	0
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	77,577	935,003	63,700	130,343	71,934
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balance	77,577	935,003	63,700	130,343	71,934
Total liabilities, deferred inflows of resources and fund balances	\$81,615	\$964,786	\$63,700	\$130,343	\$71,934

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Special Revenue				
	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee	Document Storage - Circuit Clerk
Cash and investments	\$689,937	\$0	\$71,211	\$364,068	\$55,118
Prepaid assets	0	0	0	0	0
Accounts receivable	445,104	200	6,950	7,144	6,895
Property tax receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Total assets	\$1,135,041	\$200	\$78,161	\$371,212	\$62,013
Liabilities					
Vouchers payable	\$30,429	\$21,694	\$0	\$17	\$0
Accrued payroll	22,738	3,555	2,689	0	2,351
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	53,167	25,249	2,689	17	2,351
Deferred inflows of resources					
Unavailable property taxes	0	0	0	0	0
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	1,081,874	0	75,472	371,195	59,662
Committed	0	0	0	0	0
Unassigned	0	(25,049)	0	0	0
Total fund balance	1,081,874	(25,049)	75,472	371,195	59,662
Total liabilities, deferred inflows of resources and fund balances	\$1,135,041	\$200	\$78,161	\$371,212	\$62,013

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Special Revenue				
	Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	County Highway
Cash and investments	\$87,760	\$8,877	\$580	\$9,483	\$359,065
Prepaid assets	0	0	0	0	0
Accounts receivable	0	0	0	1,911	4,584
Property tax receivable	0	0	0	0	630,000
Due from other funds	0	0	0	0	0
Total assets	\$87,760	\$8,877	\$580	\$11,394	\$993,649
Liabilities					
Vouchers payable	\$1,112	\$0	\$0	\$2,121	\$16,815
Accrued payroll	0	0	0	0	18,543
Compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	848,314
Total liabilities	1,112	0	0	2,121	883,672
Deferred inflows of resources					
Unavailable property taxes	0	0	0	0	630,000
Fund Balance					
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	86,648	8,877	580	9,273	0
Committed	0	0	0	0	0
Unassigned	0	0	0	0	(520,023)
Total fund balance	86,648	8,877	580	9,273	(520,023)
Total liabilities, deferred inflows of resources and fund balances	\$87,760	\$8,877	\$580	\$11,394	\$993,649

Stephenson County, Illinois

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

November 30, 2016

Assets	Capital Projects			Debt Service
	Capital	Mill Race Crossing	Highway Building	Debt Service
Cash and investments	\$33,298	\$217,185	\$27,669	\$118,404
Prepaid assets	0	0	0	0
Accounts receivable	10,000	0	0	0
Property tax receivable	0	0	0	0
Due from other funds	0	0	0	0
Total assets	\$43,298	\$217,185	\$27,669	\$118,404
Liabilities				
Vouchers payable	0	\$0	\$0	\$0
Accrued payroll	0	0	0	0
Compensated absences	0	0	0	0
Due to other funds	0	0	0	0
Total liabilities	53,298	0	0	0
Deferred inflows of resources				
Unavailable property taxes	0	0	0	0
Fund Balance				
Fund balances:				
Nonspendable	0	0	0	0
Restricted	0	217,185	27,669	0
Committed	43,298	0	0	118,404
Unassigned	0	0	0	0
Total fund balance	43,298	217,185	27,669	118,404
Total liabilities, deferred inflows of resources and fund balances	\$96,596	\$217,185	\$27,669	\$118,404

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year ended November 30, 2016

	Total Nonmajor Governmental Funds	Special Revenue			County Motor Fuel Tax
		IMRF	County Bridge	County Matching	
Revenues					
Taxes	\$5,567,801	\$465,209	\$15,248	\$304,167	\$678,432
Charges for service	1,161,115	0	0	0	0
Intergovernmental revenue	291,928				168,146
Other revenue	158,814	2,916	25,295	7,515	24,123
Total revenues	7,179,658	468,125	40,543	311,682	870,701
Expenditures					
General government	634,420	104,791	0	0	0
Public safety	2,625,962	267,849	0	0	0
Judiciary and court related	1,059,026	450,988	0	0	0
Public works	2,226,102	108,594	309,335	148,734	697,626
Health and welfare	737,438	161,697	0	0	0
Capital outlay	250,641	0	0	0	0
Debt service	1,122,813	0	0	0	0
Total expenditures	8,656,402	1,093,919	309,335	148,734	697,626
Excess (deficiency) of revenues over (under) expenditures	(1,476,744)	(625,794)	(268,792)	162,948	173,075
Other financing sources (uses)					
Operating transfers in	2,315,451	0	1,905	178,260	0
Operating transfers out	(1,590,556)	0	0	0	(330,165)
Total other financing sources (uses)	724,895	0	1,905	178,260	(330,165)
Net change in fund balance	(751,849)	(625,794)	(266,887)	341,208	(157,090)
Fund balance (deficit), previously reported December 1, 2015	8,688,797	1,401,789	1,457,840	208,888	469,019
Prior period adjustment	(490,000)	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	8,198,797	1,401,789	1,457,840	208,888	469,019
Fund balance (deficit), November 30, 2016	\$7,446,948	\$775,995	\$1,190,953	\$550,096	\$311,929

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
Year ended November 30, 2016

	Special Revenue				
	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis
Revenues					
Taxes	\$0	\$0	\$0	\$303,967	\$58,743
Charges for Service	142,018	0	14,512	0	0
Intergovernmental revenue	0	0	0	0	0
Other revenue	37,589	0	0	95	1
Total revenues	179,607	0	14,512	304,062	58,744
Expenditures					
General government	0	0	0	0	0
Public safety	0	0	0	0	0
Judiciary and court related	0	0	14,579	0	0
Public works	145,256	0	0	0	0
Health and welfare	0	0	0	304,498	49,335
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	145,256	0	14,579	304,498	49,335
Excess (deficiency) of revenues over (under) expenditures	34,351	0	(67)	(436)	9,409
Other financing sources (uses)					
Operating transfers in	0	0	0	0	0
Operating transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	34,351	0	(67)	(436)	9,409
Fund balance (deficit), previously reported December 1, 2015	17,241	19,297	8,278	139,011	142,088
Prior period adjustment	0	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	17,241	19,297	8,278	139,011	142,088
Fund balance (deficit), November 30, 2016	\$51,592	\$19,297	\$8,211	\$138,575	\$151,497

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
Year ended November 30, 2016

	Special Revenue				
	Animal Control	Veteran's Assistance Commission	Circuit Clerk Fees	Social Security Contribution	Educational Extension Service
Revenues					
Taxes	\$0	\$182,653	\$0	773,567	165,146
Charges for Service	88,551	0	0	0	0
Intergovernmental revenue	0	0	0	0	0
Other revenue	2,334	0	0	44	189
Total revenues	90,885	182,653	0	773,611	165,335
Expenditures					
General government	0	184,267	0	62,748	165,000
Public safety	0	0	0	160,387	0
Judiciary and court related	0	0	0	270,050	0
Public works	0	0	0	65,026	0
Health and welfare	125,085	0	0	96,823	0
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	125,085	184,267	0	655,034	165,000
Excess (deficiency) of revenues over (under) expenditures	(34,200)	(1,614)	0	118,577	335
Other financing sources (uses)					
Operating transfers in	0	0	0	0	0
Operating transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	(34,200)	(1,614)	0	118,577	335
Fund balance (deficit), previously reported December 1, 2015	186,716	1,614	5,066	968,716	169,971
Prior period adjustment	0	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	186,716	1,614	5,066	968,716	169,971
Fund balance (deficit), November 30, 2016	\$152,516	\$0	\$5,066	\$1,087,293	\$170,306

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
Year ended November 30, 2016

	Special Revenue				
	Emergency Service & Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage
Revenues					
Taxes	0	0	0	0	0
Charges for Service	0	431,153	0	0	28,265
Intergovernmental revenue	27,799	0	0	0	0
Other revenue	60	3,352	0	251	187
Total revenues	27,859	434,505	0	251	28,452
Expenditures					
General government	0	0	0	0	20,655
Public safety	97,034	541,641	0	0	0
Judiciary and court related	0	0	0	0	0
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	0
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	97,034	541,641	0	0	20,655
Excess (deficiency) of revenues over (under) expenditures	(69,175)	(107,136)	0	251	7,797
Other financing sources (uses)					
Operating transfers in	90,000	0	0	0	0
Operating transfers out	0	0	0	0	0
Total other financing sources (uses)	90,000	0	0	0	0
Net change in fund balance	20,825	(107,136)	0	251	7,797
Fund balance (deficit), previously reported December 1, 2015	56,752	1,042,139	63,700	130,092	64,137
Prior period adjustment	0	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	56,752	1,042,139	63,700	130,092	64,137
Fund balance (deficit), November 30, 2016	\$77,577	\$935,003	\$63,700	\$130,343	\$71,934

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
Year ended November 30, 2016

	Special Revenue				
	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee	Document Storage Circuit Clerk
Revenues					
Taxes	1,672,637	0	0	0	0
Charges for Service	0	200	107,752	125,451	107,820
Intergovernmental revenue	0	400	0	0	0
Other revenue	2,249	427	147	876	88
Total revenues	1,674,886	1,027	107,899	126,327	107,908
Expenditures					
General government	0	0	0	0	0
Public safety	1,265,170	125,652	0	0	0
Judiciary and court related	0	0	82,806	83,769	80,406
Public works	0	0	0	0	0
Health and welfare	0	0	0	0	0
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	1,265,170	125,652	82,806	83,769	80,406
Excess (deficiency) of revenues over (under) expenditures	409,716	(124,625)	25,093	42,558	27,502
Other financing sources (uses)					
Operating transfers in	0	38,508	0	0	0
Operating transfers out	(903,091)	0	0	0	0
Total other financing sources (uses)	(903,091)	38,508	0	0	0
Net change in fund balance	(493,375)	(86,117)	25,093	42,558	27,502
Fund balance (deficit), previously reported December 1, 2015	1,575,249	61,068	50,379	328,637	32,160
Prior period adjustment	0	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	1,575,249	61,068	50,379	328,637	32,160
Fund balance (deficit), November 30, 2016	\$1,081,874	(\$25,049)	\$75,472	\$371,195	\$59,662

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year ended November 30, 2016

	Special Revenue				
	Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	County Highway
Revenues					
Taxes	0	0	0	0	630,771
Charges for service	12,202	0	0	30,339	72,852
Intergovernmental revenue	0	0	95,583	0	0
Other revenue	132	0	0	7	40,327
Total revenues	12,334	0	95,583	30,346	743,950
Expenditures					
General government	13,153	0	0	0	0
Public safety	0	0	78,124	0	0
Judiciary and court related	0	0	0	25,409	0
Public works	0	0	0	0	676,258
Health and welfare	0	0	0	0	0
Capital outlay	0	0	0	0	74,246
Debt service	0	0	0	0	0
Total expenditures	13,153	0	78,124	25,409	750,504
Excess (deficiency) of revenues over (under) expenditures	(819)	0	17,459	4,937	(6,554)
Other financing sources (uses)					
Operating transfers in	0	0	0	0	452,500
Operating transfers out	0	0	0	0	(150,000)
Total other financing sources (uses)	0	0	0	0	302,500
Net change in fund balance	(819)	0	17,459	4,937	295,946
Fund balance (deficit), previously reported December 1, 2015	87,467	8,877	(16,879)	4,336	(815,969)
Prior period adjustment	0	0	0	0	0
Fund balance (deficit), as restated December 1, 2015	87,467	8,877	(16,879)	4,336	(815,969)
Fund balance (deficit), November 30, 2016	\$86,648	\$8,877	\$580	\$9,273	(\$520,023)

Stephenson County, Illinois

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
Year ended November 30, 2016

	Capital Projects			Debt Service
	Capital	Mill Race Crossing	Highway Building	Debt Service
Revenues				
Taxes	175,057	142,204	0	0
Charges for Service	0	0	0	0
Intergovernmental revenue	0	0	0	0
Other revenue	66	422	9,689	433
Total revenues	175,123	142,626	9,689	433
Expenditures				
General government	83,806	0	0	0
Public safety	90,105	0	0	0
Judiciary and court related	51,019	0	0	0
Public works	37,471	36,852	0	950
Health and welfare	0	0	0	0
Capital outlay	176,395	0	0	0
Debt service	0	0	0	1,122,813
Total expenditures	438,796	36,852	0	1,123,763
Excess (deficiency) of revenues over (under) expenditures	(263,673)	105,774	9,689	(1,123,330)
Other financing sources (uses)				
Operating transfers in	270,508	0	150,000	1,133,770
Operating transfers out	0	(58,000)	(149,300)	0
Total other financing sources (uses)	270,508	(58,000)	700	1,133,770
Net change in fund balance	6,835	47,774	10,389	10,440
Fund balance (deficit), previously reported December 1, 2015	36,463	169,411	17,280	597,964
Prior period adjustment	0	0	0	(490,000)
Fund balance (deficit), as restated December 1, 2015	36,463	169,411	17,280	107,964
Fund balance (deficit), November 30, 2016	\$43,298	\$217,185	\$27,669	\$118,404

Stephenson County, Illinois

Assessed Valuations, Tax Rates,

November 30, 2016

	<u>TAX YEAR</u>	
	<u>2015</u>	
Assessed valuation	\$616,109,180	
Property tax rates and extensions:	Rate	Amount
County General	0.78314	\$4,824,997
County Highway	0.10226	630,033
County Bridge	0.00244	15,033
County Matching	0.04931	303,803
Tuberculosis	0.00953	58,715
Mental Health	0.04931	303,803
Illinois Municipal Retirement	0.0487	300,045
Educational Extension Service	0.02679	165,056
Liability Insurance	0.11362	700,023
County Health Department	0.00661	40,725
Social Security Contribution	0.10551	650,057
Veterans Assistance	0.02963	182,553
Nursing Home	0.08116	500,034
Total property tax rates and extensions	1.40801	\$8,674,879
Property tax collection:		
County General		\$4,827,607
County Highway		630,371
County Bridge		303,967
County Matching		15,048
Tuberculosis		58,743
Mental Health		303,967
Illinois Municipal Retirement		300,209
Educational Extension Service		165,146
Liability Insurance		700,403
County Health Department		40,750
Social Security Contribution		650,411
Veterans Assistance		182,653
Nursing Home		500,308
Total property tax collection		\$8,679,583
Percentage collected		100.1%

Stephenson County, Illinois

Assessed Valuations, Tax Rates,

November 30, 2016

	<u>TAX YEAR</u>	
	<u>2014</u>	
Assessed valuation	\$623,471,258	
Property tax rates and extensions:	Rate	Amount
County General	0.70076	\$4,369,037
County Highway	0.09704	605,017
County Bridge	0.04852	302,508
County Matching	0.04852	302,508
Tuberculosis	0.00941	58,669
Mental Health	0.04892	305,002
Illinois Municipal Retirement	0.04812	300,014
Educational Extension Service	0.02647	165,033
Liability Insurance	0.15077	940,008
County Health Department	0.00654	40,775
Social Security Contribution	0.09624	600,029
Veterans Assistance	0.02984	186,044
Nursing Home	0.08020	500,024
Total property tax rates and extensions	1.39135	\$8,674,667
Property tax collection:		
County General		\$4,367,519
County Highway		604,804
County Bridge		302,407
County Matching		302,407
Tuberculosis		58,646
Mental Health		304,895
Illinois Municipal Retirement		299,909
Educational Extension Service		164,978
Liability Insurance		939,678
County Health Department		40,757
Social Security Contribution		599,818
Veterans Assistance		185,980
Nursing Home		499,851
Total property tax collection		\$8,671,649
Percentage collected		100.0%

Stephenson County, Illinois

Assessed Valuations, Tax Rates,

November 30, 2016

	<u>TAX YEAR</u>	
	<u>2013</u>	
Assessed valuation	\$632,731,324	
Property tax rates and extensions:	Rate	Amount
County General	0.55096	\$3,486,097
County Highway	0.09458	598,437
County Bridge	0.04721	298,712
County Matching	0.04721	298,712
Tuberculosis	0.00917	58,021
Mental Health	0.04721	298,712
Illinois Municipal Retirement	0.18961	1,199,722
Educational Extension Service	0.02580	163,245
Liability Insurance	0.15241	964,346
County Health Department	0.00637	40,305
Social Security Contribution	0.09379	593,439
Veterans Assistance	0.02908	183,998
Nursing Home	0.06253	395,647
Total property tax rates and extensions	1.35593	\$8,579,394
Property tax collection:		
County General		\$3,489,730
County Highway		599,063
County Bridge		299,021
County Matching		299,020
Tuberculosis		58,083
Mental Health		299,021
Illinois Municipal Retirement		1,200,978
Educational Extension Service		163,419
Liability Insurance		965,356
County Health Department		40,348
Social Security Contribution		594,056
Veterans Assistance		184,194
Nursing Home		396,060
Total property tax collection		\$8,588,349
Percentage collected		100.1%