

**Stephenson County
Freeport, Illinois**

Annual Financial Report

For the 13 month period ended
December 31, 2017

STEPHENSON COUNTY, ILLINOIS
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STEPHENSON COUNTY, ILLINOIS

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Independent Auditor's Report

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

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 13 month period ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 County'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 County'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 December 31, 2017, and the respective changes in financial position thereof for the 13 month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The schedules listed as 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 30, 2018, 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.

Klein Hall CPAs

Klein, Hall CPAs
Aurora, Illinois
June 30, 2018

STEPHENSON COUNTY, ILLINOIS

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 10,960,980	\$ 3,120,661	\$ 14,081,641
Accounts receivable, net of allowance for doubtful accounts	2,283,039	1,294,899	3,577,938
Property tax receivable	8,426,879	500,000	8,926,879
Inventory	19,300	-	19,300
Internal balances	26,162	(26,162)	-
Total current assets	21,716,360	4,889,398	26,605,758
Other assets	4,592,378	-	4,592,378
Capital assets			
Capital assets not being depreciated	288,555	-	288,555
Capital assets (net of accumulated depreciation)	22,107,020	1,369,623	23,476,643
Total capital assets	22,395,575	1,369,623	23,765,198
Total assets	48,704,313	6,259,021	54,963,334
Deferred Outflows of Resources			
Deferred outflows of pension resources	5,595,766	-	5,595,766
Total deferred outflows of resources	5,595,766	-	5,595,766
Liabilities			
Current liabilities			
Accounts payable	1,024,088	385,975	1,410,063
Accrued payroll	426,281	62,885	489,166
Accrued interest	4,267	-	4,267
Current portion of long term debt	705,000	-	705,000
Total current liabilities	2,159,636	448,860	2,608,496
Noncurrent liabilities			
Compensated absences	538,823	95,046	633,869
Net pension liability	5,504,350	-	5,504,350
Bonds, leases, and other long-term debt	7,930,000	-	7,930,000
Total noncurrent liabilities	13,973,173	95,046	14,068,219
Total liabilities	16,132,809	543,906	16,676,715
Deferred Inflows of Resources			
Unearned revenue	55,854	-	55,854
Unavailable property taxes	8,426,879	500,000	8,926,879
Deferred inflows of pension resources	1,278,820	-	1,278,820
Total deferred inflows of resources	9,761,553	500,000	10,261,553
Net Position			
Investment in Capital Assets	13,760,575	1,369,623	15,130,198
Restricted	7,304,312	19,300	7,323,612
Unrestricted	7,340,830	3,826,192	11,167,022
Total Net Position	\$ 28,405,717	\$ 5,215,115	\$ 33,620,832

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS
Statement of Activities
For the 13 Months Ended December 31, 2017

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental activities							
General government	\$ 9,731,343	\$ 2,780,460	\$ 460,856	\$ -	\$ (6,490,027)	\$ -	\$ (6,490,027)
Public safety	5,420,564	662,254	-	-	(4,758,310)	-	(4,758,310)
Judicial and court related	5,040,125	538,200	-	-	(4,501,925)	-	(4,501,925)
Public works	6,543,875	35,747	-	-	(6,508,128)	-	(6,508,128)
Health, welfare, and sanitation	3,666,211	1,561,051	1,385,995	-	(719,165)	-	(719,165)
Interest	461,863	-	-	-	(461,863)	-	(461,863)
Total Governmental Activities	\$ 30,863,981	\$ 5,577,712	\$ 1,846,851	\$ -	(23,439,418)	-	(23,439,418)
Business-type Activities							
Nursing Center	\$ 6,591,622	\$ 6,533,025	\$ -	\$ -	-	(58,597)	(58,597)
General revenues							
Taxes							
Property							
					8,475,194	499,866	8,975,060
Sales and use							
					4,033,823	-	4,033,823
Income							
					1,661,498	-	1,661,498
Other							
					1,342,259	-	1,342,259
Unrestricted investment earnings							
					36,005	3,049	39,054
Miscellaneous							
					4,008,705	(662)	4,008,043
Transfers							
					496,097	(496,097)	-
Total							
					20,053,581	6,156	20,059,737
Change in net position							
					(3,385,837)	(52,441)	(3,438,278)
Net position, beginning of year as previously stated							
					31,696,817	5,267,556	36,964,373
Prior period adjustment							
					94,737	-	94,737
Net position, beginning of year, as restated							
					31,791,554	5,267,556	37,059,110
Net Position, End of Year							
					\$ 28,405,717	\$ 5,215,115	\$ 33,620,832

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS

Balance Sheet
 Governmental Funds
 December 31, 2017

	General Fund	County Health Department	Liability Insurance	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 3,173,377	\$ 450,021	\$ 503,141	\$ 6,557,442	\$ 10,683,981
Accounts receivable	961,975	690,714	-	630,350	2,283,039
Property tax receivable	5,204,926	40,722	600,000	2,581,231	8,426,879
Due from other funds	-	49,335	-	404,662	453,997
Inventory	16,893	2,407	-	-	19,300
Total Assets	\$ 9,357,171	\$ 1,233,199	\$ 1,103,141	\$ 10,173,685	\$ 21,867,196
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 188,662	\$ 26,225	\$ 91,975	\$ 714,840	\$ 1,021,702
Accrued payroll	134,485	30,080	640	261,076	426,281
Due to other funds	-	-	-	427,835	427,835
Total liabilities	323,147	56,305	92,615	1,403,751	1,875,818
Deferred Inflows of Resources					
Unearned revenue	-	55,854	-	-	55,854
Property taxes levied for subsequent year	5,204,926	40,722	600,000	2,581,231	8,426,879
Total deferred inflows of resources	5,204,926	96,576	600,000	2,581,231	8,482,733
Fund Balances					
Nonspendable - inventory	16,893	2,407	-	-	19,300
Restricted	-	1,077,911	410,526	5,815,875	7,304,312
Committed	-	-	-	386,499	386,499
Unassigned	3,812,205	-	-	(13,671)	3,798,534
Total fund balances	3,829,098	1,080,318	410,526	6,188,703	11,508,645
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,357,171	\$ 1,233,199	\$ 1,103,141	\$ 10,173,685	\$ 21,867,196

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 December 31, 2017

Total Fund Balances of Governmental Funds	\$ 11,508,645
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial and therefore, are not reported in the governmental funds.	22,395,575
Net pension liabilities are not financial resources and are not reported in governmental funds.	(5,504,350)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	5,595,766
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,278,820)
Other assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. This is the cost of other assets.	4,592,378
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.	274,613
Some liabilities (excluding those reported in the internal service funds amount above), including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued compensated absences payable	(538,823)
Accrued interest payable	(4,267)
Bonds payable	<u>(8,635,000)</u>
Net Position of Governmental Activities	<u>\$ 28,405,717</u>

STEPHENSON COUNTY, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the 13 Months Ended December 31, 2017

	General Fund	County Health Department	Liability Insurance	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,460,011	\$ 40,725	\$ 599,842	\$ 5,412,196	\$ 15,512,774
Charges for services	2,739,693	1,561,051	-	1,276,968	5,577,712
Intergovernmental	21,969	9,091	-	732,633	763,693
Miscellaneous	11,114	978,248	167,704	312,321	1,469,387
Total revenues	12,232,787	2,589,115	767,546	7,734,118	23,323,566
Expenditures					
Current operating					
General government	2,535,318	-	21,000	2,879,161	5,435,479
Public safety	2,243,889	-	-	2,133,960	4,377,849
Judiciary and court related	4,731,977	-	-	347,493	5,079,470
Public works	-	-	1,154,118	3,067,386	4,221,504
Health and welfare	-	2,868,784	-	783,536	3,652,320
Capital outlay	38,000	-	-	537,991	575,991
Debt service					
Principal retirement	-	-	-	670,000	670,000
Interest and fiscal charges	-	-	-	463,163	463,163
Total expenditures	9,549,184	2,868,784	1,175,118	10,882,690	24,475,776
Excess (deficiency) of revenues over (under) expenditures	2,683,603	(279,669)	(407,572)	(3,148,572)	(1,152,210)
Other Financing Sources (Uses)					
Transfers in	98,000	211,000	-	3,291,433	3,600,433
Transfers out	(2,193,493)	-	-	(1,495,843)	(3,689,336)
Total other financing sources (uses)	(2,095,493)	211,000	-	1,795,590	(88,903)
Net changes in fund balances	588,110	(68,669)	(407,572)	(1,352,982)	(1,241,113)
Fund balance, beginning of year, as previously stated	3,240,988	1,148,987	818,098	7,446,948	12,655,021
Prior period adjustment	-	-	-	94,737	94,737
Fund balance, beginning of year, as restated	3,240,988	1,148,987	818,098	7,541,685	12,749,758
Fund Balance, End of Year	\$ 3,829,098	\$ 1,080,318	\$ 410,526	\$ 6,188,703	\$ 11,508,645

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Governmental
Activities in the Statement of Activities
For the 13 Months Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (1,241,113)

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. 858,461

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities. (2,363,129)

The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities. 670,000

Some expenses in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Accrued interest	1,300
Compensated absences	(53,743)
Net pension asset - IMRF	1,192,432
Deferred outflows and inflows of resources related to pensions	<u>(2,450,045)</u>

Change in Net Position of Governmental Activities \$ (3,385,837)

STEPHENSON COUNTY, ILLINOIS
Statement of Proprietary Net Position
December 31, 2017

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
Assets		
Current assets		
Cash and cash equivalents	\$ 3,101,361	\$ 276,999
Receivables, net of a \$60,000 allowance	1,294,899	-
Taxes receivable	500,000	-
Due from other funds	-	-
Restricted assets	19,300	-
Total current assets	<u>4,915,560</u>	<u>276,999</u>
Noncurrent assets		
Capital assets (net of accumulated depreciation)		
Buildings	1,183,427	-
Equipment	186,196	-
Total noncurrent assets	<u>1,369,623</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	385,975	2,386
Accrued payroll	62,885	-
Due to other funds	26,162	-
Compensated absences	95,046	-
Total liabilities	<u>570,068</u>	<u>2,386</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year	<u>500,000</u>	<u>-</u>
Net Position		
Net investment in capital assets	1,369,623	-
Restricted	19,300	-
Unrestricted	<u>3,826,192</u>	<u>274,613</u>
Total net position	<u>\$ 5,215,115</u>	<u>\$ 274,613</u>

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOISStatement of Revenues, Expenses, and Changes in Proprietary Net Position
For the 13 Months Ended December 31, 2017

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for services	\$ 6,533,025	\$ -
Employee contributions	-	585,138
County contributions	-	3,069,961
Reimbursements	-	532
	<u>6,533,025</u>	<u>3,655,631</u>
Operating Expenses		
Nursing center	6,447,977	-
Depreciation	143,645	-
Administrative fees	-	60
Health and life insurance premiums	-	3,384,960
Health claims	-	-
	<u>6,591,622</u>	<u>3,385,020</u>
Total operating revenues	<u>6,533,025</u>	<u>3,655,631</u>
Total operating expenses	<u>6,591,622</u>	<u>3,385,020</u>
Operating income (loss)	<u>(58,597)</u>	<u>270,611</u>
Non-Operating Revenue (Expense)		
Property taxes	499,866	-
Interest income	3,049	2,850
Miscellaneous	(662)	-
	<u>502,253</u>	<u>2,850</u>
Total non-operating revenue	<u>502,253</u>	<u>2,850</u>
Other financing sources (uses)		
Operating transfer in	-	585,000
Operating transfer out	(496,097)	-
	<u>(496,097)</u>	<u>585,000</u>
Total other financing sources (uses)	<u>(496,097)</u>	<u>585,000</u>
Change in net position	(52,441)	858,461
Net position, beginning of year	<u>5,267,556</u>	<u>(583,848)</u>
Net Position, End of Year	<u>\$ 5,215,115</u>	<u>\$ 274,613</u>

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS
Statement of Proprietary Cash Flows
For the 13 Months Ended December 31, 2017

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Cash received for services	\$ 6,633,485	\$ -
Cash received for internal services	-	3,655,631
Cash payments to suppliers	(2,083,343)	(3,654,207)
Cash payments to employees	(4,283,631)	-
Net cash flows from operating activities	<u>266,511</u>	<u>1,424</u>
Cash Flows from Non-Capital Financing Activities		
Property taxes	499,866	-
Miscellaneous	(662)	-
Transfers in/(out)	(496,097)	585,000
Activity from interfund loan	94,632	(597,178)
Net cash flows from non-capital financing activities	<u>97,739</u>	<u>(12,178)</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of fixed assets	(59,505)	-
Net cash flows from capital and related financing activities	<u>(59,505)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest income	3,049	2,850
Net cash flows from investing activities	<u>3,049</u>	<u>2,850</u>
Net increase/decrease in cash and investments	307,794	(7,904)
Cash and investments - beginning	<u>2,793,567</u>	<u>284,903</u>
Cash and investments - ending	<u>\$ 3,101,361</u>	<u>\$ 276,999</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (58,597)	\$ 270,611
Adjustments needed to reconcile net loss to net cash provided (used) in operating activities		
Depreciation expense	143,645	-
Decrease in accounts receivable	99,200	-
Increase/(decrease) in vouchers payable	196,437	(269,187)
Decrease in accrued payroll	(103,949)	-
Increase in compensated absences	(10,225)	-
Net cash provided by operating activities	<u>\$ 266,511</u>	<u>\$ 1,424</u>

See accompanying notes to financial statements

STEPHENSON COUNTY, ILLINOIS

Statement of Fiduciary Net Position

December 31, 2017

Assets	
Cash	<u>\$ 4,183,279</u>
Total assets	<u><u>\$ 4,183,279</u></u>
Liabilities	
Due to others	<u>\$ 4,183,279</u>
Total liabilities	<u><u>\$ 4,183,279</u></u>

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stephenson County, Illinois (the "County") have been prepared in conformity with accounting principles generally accepted in the United States (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.

a. 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.

b. 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 two blended component units.

Blended Component Units - 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 Public Health Foundation Fund almost exclusively benefits the County as grant monies flow from the Foundation to the County. The 911 Fund and the Public Health Foundation Fund are reported as Special Revenue Funds. The Public Health Foundation financial information presented is as of and for the year ended November 30, 2017 which corresponds to its fiscal year. Consequently, receivables and payables to and from the Foundation will not agree with what the County has presented. Separately issued financial statements of the Foundation may be obtained from the Public Health Foundation of Northwest Illinois.

c. Government-Wide and Fund 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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.

e. 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.

f. 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.

g. 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

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

i. 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:

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

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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.

k. 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.

l. 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.

m. 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

December 31, 2017

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.

n. 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.

o. Property Taxes

The County's property tax is levied each year on all taxable real property located in the County. Since the 2017 property tax levy is levied to finance the operations of fiscal year 2018, the 2017 property tax is recorded as a receivable and the 2017 property tax revenue is unavailable. The 2016 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2017. The County must file its tax levy by the last Tuesday of December each year. The 2016 levy was approved on November 10, 2016. The 2017 levy was approved on November 9, 2017.

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 2016 became due and payable in two installments, generally in June 2017 and September 2017. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

p. Compensated Absences

Vacation

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

Sick Leave

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

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. 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.

r. 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.

2. 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 December 31, 2017, the County's bank balance was \$18,623,855, all of which 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 December 31, 2017, the Nursing Center has \$19,300 in restricted cash.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

3. INVESTMENTS

As of December 31, 2017, the County had the following investments:

	<u>Fair Value</u>
Investment in local government investment pool	<u>\$ 62,580</u>

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The 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	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Local government investment pool	<u>\$ 62,580</u>	<u>\$ 62,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Total as of December 31, 2017	Agency Rating
Investment in local government investment pool	<u>\$ 62,580</u>	<u>AAAm</u>

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 December 31, 2017 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

4. CAPITAL ASSETS

The governmental activities capital asset activity for the period ended December 31, 2017 was as follows:

	Balances December 1, 2016	Increases	Decreases	Balances December 31, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 288,555	-	-	\$ 288,555
Total capital assets not being depreciated	288,555	-	-	288,555
Capital assets being depreciated				
Infrastructure	655,301,161	-	-	655,301,161
Intangible assets	108,400	-	-	108,400
Buildings and improvements	15,565,412	153,077	-	15,718,489
Equipment and vehicles	6,091,911	315,657	26,000	6,381,568
Total capital assets being depreciated	677,066,884	468,734	26,000	677,509,618
Less accumulated depreciation for				
Infrastructure	640,156,609	2,117,748	-	642,274,357
Intangible assets	7,227	23,486	-	30,713
Buildings and improvements	7,212,476	382,210	-	7,594,686
Equipment and vehicles	5,220,783	308,059	26,000	5,502,842
Total accumulated depreciation	652,597,095	2,831,503	26,000	655,402,598
Total capital assets being depreciated, net	24,469,789	(2,362,769)	-	22,107,020
Governmental Activities, Net	\$ 24,758,344	\$ (2,362,769)	\$ -	\$ 22,395,575

The business-type activities capital asset activity for the period ended December 31, 2017 was as follows:

Business-type Activities				
Capital assets being depreciated				
Buildings and improvements	3,522,993	16,990	-	3,539,983
Equipment and vehicles	908,382	42,515	-	950,897
Total capital assets being depreciated	4,431,375	59,505	-	4,490,880
Less accumulated depreciation for				
Buildings and improvements	2,265,033	91,523	-	2,356,556
Equipment and vehicles	712,579	52,122	-	764,701
Total accumulated depreciation	2,977,612	143,645	-	3,121,257
Total capital assets being depreciated, net	1,453,763	(84,140)	-	1,369,623
Business-type Activities, Net	\$ 1,453,763	\$ (84,140)	\$ -	\$ 1,369,623

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

4. CAPITAL ASSETS (Continued)

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

Governmental Activities	
General control and administration	\$ 38,669
Public safety	451,934
Judicial and court related	4,998
Public works	2,322,011
Health, sanitation, and welfare	<u>13,891</u>
Total	<u>\$ 2,831,503</u>
Business-type Activities	
Nursing center	<u>\$ 143,645</u>

5. OTHER ASSETS

During the years ended November 30, 2006 through 2011, the County purchased land, incurred engineering costs, and made land improvements totaling \$4,592,378 related to the Mill Race Crossing Economic Development Project. With the cooperation of the Northwest Illinois Development Alliance, the County intends to develop infrastructure in the area and use the land for new business development. Any proceeds from the sale of 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.

6. LONG-TERM DEBT**a. 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:

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

6. LONG-TERM DEBT (Continued)

Year Ending December 31,	Principal	Interest
2018	\$ 350,000	\$ 148,075
2019	365,000	131,113
2020	380,000	114,350
2021	400,000	97,800
2022	415,000	81,500
2023-2026	1,830,000	150,000
Total	3,740,000	722,838

b. 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.

The following is a repayment schedule for the debt:

Year Ending December 31,	Principal	Interest
2018	\$ 220,000	\$ 244,488
2019	230,000	233,238
2020	240,000	220,406
2021	255,000	205,805
2022	270,000	190,318
2023-2027	1,605,000	679,158
2028-2031	1,660,000	161,194
Total	4,480,000	1,934,607

c. 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

6. LONG-TERM DEBT (Continued)

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 December 31,	Principal	Interest
2018	\$ 135,000	\$ 12,800
2019	140,000	8,750
2020	140,000	4,550
Total	415,000	26,100

d. Summary of Changes in Long Term Debt

	Balances December 1, 2016	Additions	Reductions	Balances December 31, 2017	Current Portion
Governmental Activities					
Debt certificates	\$ 9,305,000	\$ -	\$ 670,000	\$ 8,635,000	\$ 705,000
Compensated absences	485,080	538,823	485,080	538,823	-
Total Governmental Activities	\$ 9,790,080	\$ 538,823	\$ 1,155,080	\$ 9,173,823	\$ 705,000

	Balances December 1, 2016	Additions	Reductions	Balances December 31, 2017	Current Portion
Business-Type Activities					
Compensated absences	\$ 105,271	\$ 95,046	\$ 105,271	\$ 95,046	\$ -

The County is subject to a debt limitation of 5.75% of its assessed valuation of \$661,300,453. As of December 31, 2017, the County had \$29,389,776 of remaining legal debt margin.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

7. 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 December 31, 2017, the amount of defeased debt from the series 2002 bond outstanding but removed from the County's financial statements amounted to \$655,000.

8. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund receivables and payables due at December 31, 2017.

Fund	Interfund Receivables	Interfund Payables
County Health Department	\$ 49,335	\$ -
Non-major governmental	404,662	427,835
Proprietary funds:		
Nursing Center	-	26,162
Total	<u>\$ 453,997</u>	<u>\$ 453,997</u>

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

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

9. NET POSITION

Net position reported on the government wide statement of net position at December 31, 2017:

Governmental Activities

Net investment in capital assets:

Land and other nondepreciable assets	\$ 288,555
Other capital assets, net of accumulated depreciation	22,107,020
Less: related long-term debt outstanding	<u>(8,635,000)</u>
Total net investment in capital assets	<u>13,760,575</u>

Restricted:

State statutes and enabling legislation	7,303,732
Externally imposed by grantors	<u>580</u>
Total restricted	<u>7,304,312</u>

Unrestricted

7,340,830Total governmental activities net position \$ 28,405,717**Business-Type Activities**

Net investment in capital assets:

Other capital assets, net of accumulated depreciation	\$ 1,369,623
Less: related long-term debt outstanding	<u>-</u>
Total net investment in capital assets	<u>1,369,623</u>

Restricted:

Donors and bequests	<u>19,300</u>
Total restricted	<u>19,300</u>

Unrestricted

3,826,192Total business-type activities net position \$ 5,215,115**10. 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

10. FUND BALANCE REPORTING (Continued)

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.

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.

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.

The different classifications of fund balance are listed below:

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

10. FUND BALANCE REPORTING (Continued)

Nonspendable	
Major Funds	
General Fund - inventory	\$ 16,893
County Health Department - inventory	<u>2,407</u>
Total nonspendable	<u>19,300</u>
Restricted	
Major Funds	
State statutes enabling legislation	
County Health Department	1,077,911
Liability Insurance	410,526
Nonmajor Funds	
State statutes enabling legislation	
Illinois Municipal Retirement Fund	95,034
County Bridge	860,182
County Matching	331,745
County Motor Fuel Tax	199,617
Geographic Information Systems	51,838
DUI Equipment	17,457
Youth Diversion	12,453
Mental Health	137,895
Tuberculosis	210,177
Animal Control	108,870
Veteran's Assistance Commission	-
Circuit Clerk Administration and Operations	19,149
Social Security Contribution	759,027
Educational Extension Service	170,547
Emergency Service & Disaster Agency	75,628
ETSB 911	1,234,346
Drug Funds	65,946
Waste Management	130,616
Mechanical Document Storage	15,214
Public Safety	495,350
Court Automation	69,653
Probation Service Fee	362,111
Document Storage - Circuit Clerk	68,890
Treasurer Automation	89,453
Court Supervision	10,857
Law Library	13,973
Mill Race Crossing	187,790
Highway Building	21,477
Externally imposed by grantors	
Environmental Remediation	<u>580</u>
Total restricted fund balance	<u>7,304,312</u>

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

10. FUND BALANCE REPORTING (Continued)

Committed	
Nonmajor Funds	
Capital	36,880
Debt Service	<u>349,619</u>
Total committed	<u>386,499</u>
Unassigned	
Major Fund	
General	3,812,205
Nonmajor Funds	
Coroner's	(15,210)
County Highway	(148,801)
Public Health Foundation	<u>150,340</u>
Total unassigned	<u>3,798,534</u>
Total governmental fund balances	<u>\$ 11,508,645</u>

11. RETIREMENT PLANS

a. Illinois Municipal Retirement Fund

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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

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
- ½ of the increase in the Consumer Price Index of the original pension amount.

Regular Plan (RP):

Employees Covered by the Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	215
Inactive plan members entitled to but not yet receiving benefits	345
Active plan members	<u>220</u>
Total	<u><u>780</u></u>

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 rates for calendar years 2016 and 2017 were 8.23% and 8.61%, respectively. For the fiscal period ended December 31, 2017, the County contributed \$799,110 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability for the plan was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value

Actuarial assumptions

Investment Rate of Return	7.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return

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, 2016:

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	38.0%	6.85%
International equity	17.0%	6.75%
Fixed income	27.0%	3.00%
Real estate	8.0%	5.75%
Alternative investments	9.0%	2.65-7.35%
Cash equivalents	1.0%	2.25%
	100.0%	

Single Discount Rate

A Single Discount Rate of 7.50% 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 3.78%, and the resulting single discount rate is 7.50%.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 48,082,902	\$ 45,682,377	\$ 2,400,525
Changes for the year:			
Service Cost	898,865	-	898,865
Interest on the Total Pension Liability	3,536,522	-	3,536,522
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(1,007,289)	-	(1,007,289)
Changes of Assumptions	(54,619)	-	(54,619)
Contributions - Employer	-	690,362	(690,362)
Contributions - Employees	-	363,582	(363,582)
Net Investment Income	-	3,100,794	(3,100,794)
Benefit Payments, including Refunds of Employee Contributions	(2,631,512)	(2,631,512)	-
Other (Net Transfer)	-	(182,199)	182,199
Net Changes	741,967	1,341,027	(599,060)
Balances at December 31, 2016	\$ 48,824,869	\$ 47,023,404	\$ 1,801,465

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the County calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 7,691,925	\$ 1,801,465	\$ (3,060,153)

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

For the period ended December 31, 2017, the County recognized pension expense of \$829,087. The County reported deferred outflows and inflows of resources related to pension from the following sources:

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33,269	\$ 596,352
Changes in assumptions	12,438	32,336
Net difference between projected and actual earnings on pension plan investments	<u>2,420,152</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>2,465,859</u>	<u>628,688</u>
Contributions subsequent to the measurement date	<u>720,005</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 3,185,864</u>	<u>\$ 628,688</u>

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 444,588
2018	636,631
2019	704,075
2020	51,877
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 1,837,171</u>

Payable to the Pension Plan

At December 31, 2017, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

Sherriff's Law Enforcement (SLEP):*Employees Covered by the Benefit Terms*

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	52
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>53</u>
Total	<u>122</u>

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

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 years 2016 and 2017 were 20.40% and 20.79%, respectively. For the fiscal year ended December 31, 2017, the County contributed \$652,503 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/(Asset)

The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability for the plan was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return

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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

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, 2016:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	38.0%	6.85%
International equity	17.0%	6.75%
Fixed income	27.0%	3.00%
Real estate	8.0%	5.75%
Alternative investments	9.0%	2.65-7.35%
Cash equivalents	1.0%	2.25%
	100.0%	

Single Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)*Changes in Net Pension Liability*

The County's changes in net pension liability/(asset) for the calendar year ended December 31, 2016 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	<u>\$ 27,830,230</u>	<u>\$ 23,533,973</u>	<u>\$ 4,296,257</u>
Changes for the year:			
Service Cost	544,228	-	544,228
Interest on the Total Pension Liability	2,053,850	-	2,053,850
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(658,550)	-	(658,550)
Changes of Assumptions	(69,243)	-	(69,243)
Contributions - Employer	-	569,063	(569,063)
Contributions - Employees	-	209,681	(209,681)
Contributions - Other	-	-	-
Net Investment Income	-	1,630,767	(1,630,767)
Benefit Payments, including Refunds of Employee Contributions	(1,288,912)	(1,288,912)	-
Other (Net Transfer)	-	54,146	(54,146)
Net Changes	<u>581,373</u>	<u>1,174,745</u>	<u>(593,372)</u>
Balances at December 31, 2016	<u>\$ 28,411,603</u>	<u>\$ 24,708,718</u>	<u>\$ 3,702,885</u>

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the County calculated using the discount rate of 7.50% as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	<u>\$ 7,441,289</u>	<u>\$ 3,702,885</u>	<u>\$ 629,121</u>

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

For the year ended December 31, 2017, the County recognized pension expense of \$428,526. The County reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 433,409	\$ 596,423
Changes in assumptions	183,693	53,709
Net difference between projected and actual earnings on pension plan investments	<u>1,207,843</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,824,945</u>	<u>650,132</u>
Contributions subsequent to the measurement date	<u>584,957</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 2,409,902</u>	<u>\$ 650,132</u>

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

11. RETIREMENT PLANS (Continued)

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 491,484
2018	461,133
2019	273,445
2020	(51,249)
2021	-
Thereafter	-
Total	<u>\$ 1,174,813</u>

Payable to the Pension Plan

At December 31, 2017, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

12. 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.

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

13. 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 December 31, 2017.

14. INTERFUND TRANSFERS

Below are the interfund transfers for the period ended December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major funds		
General	\$ 98,000	\$ 2,193,493
County Health Department	211,000	-
Non-major governmental	3,291,433	1,495,843
Proprietary Funds:		
Internal Service	585,000	-
Nursing Center	-	496,097
	<u> </u>	<u> </u>
Total	<u>\$ 4,185,433</u>	<u>\$ 4,185,433</u>

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

STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2017

15. 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 December 31, 2017 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.

16. 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 December 31, 2017. 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.

STEPHENSON COUNTY, ILLINOIS

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

General Fund

For the 13 Months Ended December 31, 2017

	Original and Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	\$ 8,859,880	\$ 9,460,011	\$ 600,131
Charges for services	3,279,009	2,739,693	(539,316)
Intergovernmental	10,000	21,969	11,969
Miscellaneous	203,100	11,114	(191,986)
Total revenues	<u>12,351,989</u>	<u>12,232,787</u>	<u>(119,202)</u>
Expenditures			
General government and administration	3,035,688	2,535,318	(500,370)
Judiciary and court related	4,940,397	4,731,977	(208,420)
Public safety	2,409,032	2,243,889	(165,143)
Capital outlay	-	38,000	38,000
Total expenditures	<u>10,385,117</u>	<u>9,549,184</u>	<u>(835,933)</u>
Excess of revenues over expenditures	<u>1,966,872</u>	<u>2,683,603</u>	<u>716,731</u>
Other Financing Sources (Uses)			
Operating transfers in	73,000	98,000	25,000
Operating transfers out	(2,008,493)	(2,193,493)	(185,000)
Total other financing sources (uses)	<u>(1,935,493)</u>	<u>(2,095,493)</u>	<u>(160,000)</u>
Net change in fund balance	<u>\$ 31,379</u>	588,110	<u>\$ 556,731</u>
Fund balance, beginning of year		<u>3,240,988</u>	
Fund Balance, End of Year		<u><u>\$ 3,829,098</u></u>	

STEPHENSON COUNTY, ILLINOIS

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

County Health Department

For the 13 Months Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 40,722	\$ 40,725	\$ 3
Charges for services	1,609,284	1,561,051	(48,233)
Intergovernmental	10,459	9,091	(1,368)
Miscellaneous	1,235,074	978,248	(256,826)
Total revenues	<u>2,895,539</u>	<u>2,589,115</u>	<u>(306,424)</u>
Expenditures			
Health and welfare	<u>3,165,199</u>	<u>2,868,784</u>	<u>(296,415)</u>
Deficiency of revenues under expenditures	<u>(269,660)</u>	<u>(279,669)</u>	<u>(10,009)</u>
Other Financing Sources			
Operating transfers in	<u>269,665</u>	<u>211,000</u>	<u>(58,665)</u>
Total other financing sources	<u>269,665</u>	<u>211,000</u>	<u>(58,665)</u>
Net change in fund balance	<u>\$ 5</u>	<u>(68,669)</u>	<u>\$ (68,674)</u>
Fund balance, beginning of year		<u>1,148,987</u>	
Fund Balance, End of Year		<u>\$ 1,080,318</u>	

STEPHENSON COUNTY, ILLINOIS

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual

Liability Insurance Fund

For the 13 Months Ended December 31, 2017

	Original and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 600,000	\$ 599,842	\$ (158)
Miscellaneous	711,676	167,704	(543,972)
Total revenues	<u>1,311,676</u>	<u>767,546</u>	<u>(544,130)</u>
Expenditures			
General government	120,000	21,000	(99,000)
Public works	1,184,600	1,154,118	(30,482)
Total expenditures	<u>1,304,600</u>	<u>1,175,118</u>	<u>(129,482)</u>
Net change in fund balance	<u>\$ 7,076</u>	(407,572)	<u>\$ (414,648)</u>
Fund balance, beginning of year		<u>818,098</u>	
Fund Balance, End of Year		<u>\$ 410,526</u>	

STEPHENSON COUNTY, ILLINOISSchedule of Changes in the Employer's Net Pension Liability
and Related Ratios

Illinois Municipal Retirement Fund - Regular Plan

Last Three Calendar Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 898,865	\$ 911,840	\$ 970,453
Interest	3,536,522	3,394,929	3,183,911
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,007,289)	145,935	(591,620)
Changes of assumptions	(54,619)	54,558	1,654,801
Benefit payments, including refunds of member contributions	(2,631,512)	(2,468,316)	(2,281,012)
Net Change in Total Pension Liability	741,967	2,038,946	2,936,533
Total Pension Liability - Beginning	48,082,902	46,043,956	43,107,423
TOTAL PENSION LIABILITY - ENDING	\$48,824,869	\$48,082,902	\$46,043,956
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 690,362	\$ 777,235	\$ 833,192
Contributions - member	363,582	394,788	391,175
Net investment income	3,100,794	235,758	2,772,783
Benefit payments, including refunds of member contributions	(2,631,512)	(2,468,316)	(2,281,012)
Administrative expense	(182,199)	(1,056,920)	99,910
Net Change in Plan Fiduciary Net Position	1,341,027	(2,117,455)	1,816,048
Plan Net Position - Beginning	45,682,377	47,799,832	45,983,784
PLAN NET POSITION - ENDING	\$47,023,404	\$45,682,377	\$47,799,832
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,801,465	\$ 2,400,525	\$ (1,755,876)
Plan fiduciary net position as a percentage of the total pension liability	96.31%	95.01%	103.81%
Covered-employee payroll	\$ 8,083,343	\$ 8,773,077	\$ 8,283,429
Employer's net pension liability as a percentage of covered - employee payroll	22.29%	27.36%	-21.20%

The County implemented GASB 68 in fiscal year 2015.

Information prior to fiscal year 2015 is not available

STEPHENSON COUNTY, ILLINOISSchedule of Changes in the Employer's Net Pension Liability
and Related Ratios

Illinois Municipal Retirement Fund - SLEP Plan

Last Three Calendar Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 544,228	\$ 546,471	\$ 529,175
Interest	2,053,850	1,902,503	1,790,859
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(658,550)	786,895	(263,153)
Changes of assumptions	(69,243)	34,004	507,049
Benefit payments, including refunds of member contributions	(1,288,912)	(1,133,951)	(966,322)
Net Change in Total Pension Liability	581,373	2,135,922	1,597,608
Total Pension Liability - Beginning	27,830,230	25,694,308	24,096,700
TOTAL PENSION LIABILITY - ENDING	\$28,411,603	\$27,830,230	\$25,694,308
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 569,063	\$ 629,218	\$ 626,776
Contributions - member	209,681	227,737	209,477
Net investment income	1,630,767	117,885	1,373,969
Benefit payments, including refunds of member contributions	(1,288,912)	(1,133,951)	(966,322)
Administrative expense	54,146	(22,358)	(117,580)
Net Change in Plan Fiduciary Net Position	1,174,745	(181,469)	1,126,320
Plan Net Position - Beginning	23,533,973	23,715,442	22,589,122
PLAN NET POSITION - ENDING	\$24,708,718	\$23,533,973	\$23,715,442
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 3,702,885	\$ 4,296,257	\$ 1,978,866
Plan fiduciary net position as a percentage of the total pension liability	86.97%	84.56%	92.30%
Covered-employee payroll	\$ 2,805,410	\$ 3,036,479	\$ 2,751,781
Employer's net pension liability as a percentage of covered - employee payroll	131.99%	141.49%	71.91%

The County implemented GASB 68 in fiscal year 2015.

Information prior to fiscal year 2015 is not available

STEPHENSON COUNTY, ILLINOIS
 Schedule of Employer Contributions
 Illinois Municipal Retirement Fund - Regular Plan
 Last Three Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 762,262	\$ 762,262	\$ -	\$ 8,497,045	8.97%
2016	669,689	669,689	-	8,065,042	8.30%
2017	799,110	799,110	-	9,323,610	8.57%

Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31 of 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 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Inflation	2.75%
Salary increases	3.75% - 14.50%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

STEPHENSON COUNTY, ILLINOIS
 Schedule of Employer Contributions
 Illinois Municipal Retirement Fund - SLEP Plan
 Last Three Fiscal Years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 615,236	\$ 615,236	\$ -	\$ 2,958,826	20.79%
2016	567,943	567,943	-	2,779,249	20.44%
2017	652,503	652,503	-	3,144,753	20.75%

Notes to Schedule

Valuation date Actuarially determined contribution rates are calculated as of December 31 of 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 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Inflation	2.75%
Salary increases	3.75% - 14.50%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

STEPHENSON COUNTY, ILLINOIS
 Budget to Actual Comparison
 For the 13 Months Ended December 31, 2017

General Fund	Budget	Actual	Variance
Revenues			
Taxes	\$ 8,859,880	\$ 9,460,011	\$ 600,131
Charges for service	3,279,009	2,739,693	(539,316)
Intergovernmental	10,000	21,969	11,969
Miscellaneous	203,100	11,114	(191,986)
Total revenues	\$ 12,351,989	\$ 12,232,787	\$ (119,202)
Expenditures			
General government			
County properties	\$ 147,900	\$ 130,365	\$ 17,535
County board	130,572	109,448	21,124
County treasurer	107,221	103,072	4,149
County clerk and elections	211,090	187,157	23,933
Zoning	55,760	47,655	8,105
Administrative services	396,594	259,319	137,275
Facilities management	71,750	61,910	9,840
Election expense	320,896	263,150	57,746
Assessor	291,917	254,620	37,297
Recreation and conservation	20,722	29,578	(8,856)
Economic development	17,535	18,353	(818)
Miscellaneous	1,263,731	1,070,691	193,040
Public safety			
Sheriff	2,409,032	2,243,889	165,143
Judiciary and court related			
State's attorney	689,740	657,909	31,831
Public defender	450,609	451,456	(847)
Circuit clerk	418,597	383,671	34,926
Judiciary	23,700	21,156	2,544
Corrections	2,199,466	2,161,140	38,326
Court ordered	46,250	26,507	19,743
Jury commission	55,490	26,837	28,653
Probation	1,003,200	945,575	57,625
Merit commission	8,500	8,193	307
Jail building	44,845	49,533	(4,688)
Capital outlay	-	38,000	(38,000)
Total expenditures	\$ 10,385,117	\$ 9,549,184	\$ 835,933
Other financing sources (uses)			
Operating transfers in	\$ 73,000	\$ 98,000	\$ 25,000
Operating transfers out	(2,008,493)	(2,193,493)	(185,000)
Total other financing sources (uses)	\$ (1,935,493)	\$ (2,095,493)	\$ (160,000)

STEPHENSON COUNTY, ILLINOIS
 Budget to Actual Comparison
 For the 13 Months Ended December 31, 2017

County Health Department	Budget	Actual	Variance
Revenues			
Taxes	\$ 40,722	\$ 40,725	\$ 3
Charges for service	1,609,284	1,561,051	(48,233)
Intergovernmental	10,459	9,091	(1,368)
Miscellaneous	1,235,074	978,248	(256,826)
Total revenues	<u>\$ 2,895,539</u>	<u>\$ 2,589,115</u>	<u>\$ (306,424)</u>
Expenditures			
Health and welfare	<u>\$ 3,165,199</u>	<u>\$ 2,868,784</u>	<u>\$ 296,415</u>
Other financing sources (uses)			
Operating transfers in	\$ 269,665	\$ 211,000	\$ (58,665)
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>\$ 269,665</u>	<u>\$ 211,000</u>	<u>\$ (58,665)</u>

STEPHENSON COUNTY, ILLINOIS
 Budget to Actual Comparison
 For the 13 Months Ended December 31, 2017

Liability Insurance	Budget	Actual	Variance
Revenues			
Taxes	\$ 600,000	\$ 599,842	\$ (158)
Miscellaneous	711,676	167,704	(543,972)
Total revenues	<u>\$ 1,311,676</u>	<u>\$ 767,546</u>	<u>\$ (544,130)</u>
Expenditures			
General government	\$ 120,000	\$ 21,000	\$ 99,000
Public works	1,184,600	1,154,118	30,482
Total expenditures	<u>\$ 1,304,600</u>	<u>\$ 1,175,118</u>	<u>\$ 129,482</u>

STEPHENSON COUNTY, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2017

	Total Nonmajor Governmental Funds	Special Revenue		
		IMRF	County Bridge	County Matching
Assets				
Cash and investments	\$ 6,557,442	\$ 292,804	\$ 574,000	\$ 337,721
Accounts receivable	630,350	-	-	-
Property tax receivable	2,581,231	600,000	25,000	310,000
Due from other funds	404,662	26,162	378,500	-
Total Assets	10,173,685	\$ 918,966	\$ 977,500	\$ 647,721
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	714,840	\$ -	\$ 91,247	\$ 4,175
Accrued payroll	261,076	223,932	1,071	1,801
Due to other funds	427,835	-	-	-
Total liabilities	1,403,751	223,932	92,318	5,976
Deferred Inflows of Resources				
Property taxes levied for subsequent year	2,581,231	600,000	25,000	310,000
Total deferred inflows of resources	2,581,231	600,000	25,000	310,000
Fund Balances				
Restricted	5,815,875	95,034	860,182	331,745
Committed	386,499	-	-	-
Unassigned	(13,671)	-	-	-
Total fund balances	6,188,703	95,034	860,182	331,745
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,173,685	\$ 918,966	\$ 977,500	\$ 647,721

See accompanying notes to financial statements

Special Revenue						
County Motor Fuel Tax	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	Animal Control
\$ 164,347	\$ 58,010	\$ 17,457	\$ 12,453	\$ 137,895	\$ 259,512	\$ 110,401
57,460	-	-	-	-	-	-
-	-	-	-	309,900	58,665	-
-	-	-	-	-	-	-
<u>\$ 221,807</u>	<u>\$ 58,010</u>	<u>\$ 17,457</u>	<u>\$ 12,453</u>	<u>\$ 447,795</u>	<u>\$ 318,177</u>	<u>\$ 110,401</u>
\$ 13,764	\$ 5,155	\$ -	\$ -	\$ -	\$ -	\$ 248
8,426	1,017	-	-	-	-	1,283
-	-	-	-	-	49,335	-
<u>22,190</u>	<u>6,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,335</u>	<u>1,531</u>
-	-	-	-	309,900	58,665	-
-	-	-	-	309,900	58,665	-
199,617	51,838	17,457	12,453	137,895	210,177	108,870
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>199,617</u>	<u>51,838</u>	<u>17,457</u>	<u>12,453</u>	<u>137,895</u>	<u>210,177</u>	<u>108,870</u>
<u>\$ 221,807</u>	<u>\$ 58,010</u>	<u>\$ 17,457</u>	<u>\$ 12,453</u>	<u>\$ 447,795</u>	<u>\$ 318,177</u>	<u>\$ 110,401</u>

Special Revenue						
Veteran's Assistance Commission	Circuit Clerk Administration & Operations	Social Security Contribution	Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911	Drug Funds
\$ -	\$ 19,149	\$ 759,027	\$ 170,547	\$ 79,682	\$ 1,241,783	\$ 65,946
-	-	-	-	-	-	-
182,610	-	300,000	165,056	-	-	-
-	-	-	-	-	-	-
<u>\$ 182,610</u>	<u>\$ 19,149</u>	<u>\$ 1,059,027</u>	<u>\$ 335,603</u>	<u>\$ 79,682</u>	<u>\$ 1,241,783</u>	<u>\$ 65,946</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,837	\$ 6,547	\$ -
-	-	-	-	1,217	890	-
-	-	-	-	-	-	-
-	-	-	-	4,054	7,437	-
182,610	-	300,000	165,056	-	-	-
182,610	-	300,000	165,056	-	-	-
-	19,149	759,027	170,547	75,628	1,234,346	65,946
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	19,149	759,027	170,547	75,628	1,234,346	65,946
<u>\$ 182,610</u>	<u>\$ 19,149</u>	<u>\$ 1,059,027</u>	<u>\$ 335,603</u>	<u>\$ 79,682</u>	<u>\$ 1,241,783</u>	<u>\$ 65,946</u>

Special Revenue							
Waste Management	Mechanical Document Storage	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee	Document Storage - Circuit Clerk	
\$ 100,616	\$ 41,214	\$ 127,679	\$ 13,462	\$ 71,396	\$ 364,470	\$ 65,786	
30,000	-	426,310	-	-	-	6,895	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 130,616</u>	<u>\$ 41,214</u>	<u>\$ 553,989</u>	<u>\$ 13,462</u>	<u>\$ 71,396</u>	<u>\$ 364,470</u>	<u>\$ 72,681</u>	
\$ -	\$ 26,000	\$ 53,259	\$ 27,378	\$ 596	\$ 2,359	\$ -	
-	-	5,380	1,294	1,147	-	3,791	
-	-	-	-	-	-	-	
-	26,000	58,639	28,672	1,743	2,359	3,791	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
130,616	15,214	495,350	-	69,653	362,111	68,890	
-	-	-	-	-	-	-	
-	-	-	(15,210)	-	-	-	
<u>130,616</u>	<u>15,214</u>	<u>495,350</u>	<u>(15,210)</u>	<u>69,653</u>	<u>362,111</u>	<u>68,890</u>	
<u>\$ 130,616</u>	<u>\$ 41,214</u>	<u>\$ 553,989</u>	<u>\$ 13,462</u>	<u>\$ 71,396</u>	<u>\$ 364,470</u>	<u>\$ 72,681</u>	

Special Revenue							Public Health Foundation of Northwest Illinois (Blended Comp.Unit)	Capital
Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	County Highway				
\$ 89,453	\$ 10,857	\$ 580	\$ 13,973	\$ 275,457	\$	432,803	\$ 89,863	
-	-	-	-	-		99,685	10,000	
-	-	-	-	630,000		-	-	
-	-	-	-	-		-	-	
<u>\$ 89,453</u>	<u>\$ 10,857</u>	<u>\$ 580</u>	<u>\$ 13,973</u>	<u>\$ 905,457</u>	<u>\$</u>	<u>532,488</u>	<u>\$ 99,863</u>	
\$ -	\$ -	\$ -	\$ -	\$ 36,144	\$	382,148	\$ 62,983	
-	-	-	-	9,614		-	-	
-	-	-	-	378,500		-	-	
-	-	-	-	424,258		382,148	62,983	
-	-	-	-	630,000		-	-	
-	-	-	-	630,000		-	-	
89,453	10,857	580	13,973	-		-	-	
-	-	-	-	-		-	36,880	
-	-	-	-	(148,801)		150,340	-	
<u>89,453</u>	<u>10,857</u>	<u>580</u>	<u>13,973</u>	<u>(148,801)</u>		<u>150,340</u>	<u>36,880</u>	
<u>\$ 89,453</u>	<u>\$ 10,857</u>	<u>\$ 580</u>	<u>\$ 13,973</u>	<u>\$ 905,457</u>	<u>\$</u>	<u>532,488</u>	<u>\$ 99,863</u>	

Capital Projects | Debt Service

Mill Race Crossing	Highway Building	Debt Service
\$ 188,003	\$ 21,477	\$ 349,619
-	-	-
-	-	-
-	-	-
<u>\$ 188,003</u>	<u>\$ 21,477</u>	<u>\$ 349,619</u>

\$ -	\$ -	\$ -
213	-	-
-	-	-
<u>213</u>	<u>-</u>	<u>-</u>

-	-	-
-	-	-

187,790	21,477	-
-	-	349,619
-	-	-
<u>187,790</u>	<u>21,477</u>	<u>349,619</u>
<u>\$ 188,003</u>	<u>\$ 21,477</u>	<u>\$ 349,619</u>

STEPHENSON COUNTY, ILLINOIS

Combining Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Nonmajor Governmental Funds
 Nonmajor Governmental Funds
 For the 13 Months Ended December 31, 2017

	Total Nonmajor Governmental Funds	Special Revenue		
		IMRF	County Bridge	County Matching
Revenues				
Taxes	\$ 5,412,196	\$ 586,029	\$ 15,213	\$ 15,013
Charges for service	1,276,968	-	-	-
Intergovernmental	732,633	-	117,604	208,092
Miscellaneous	312,321	2,511	8,617	6,206
Total revenues	7,734,118	588,540	141,434	229,311
Expenditures				
General government	2,879,161	1,517,181	-	-
Public safety	2,133,960	-	-	-
Judiciary and court related	347,493	-	-	-
Public works	3,067,386	-	472,205	447,662
Health and welfare	783,536	-	-	-
Capital outlay	537,991	-	-	-
Debt service	1,133,163	-	-	-
Total expenditures	10,882,690	1,517,181	472,205	447,662
Excess (deficiency) of revenues over (under) expenditures	(3,148,572)	(928,641)	(330,771)	(218,351)
Other financing sources (uses)				
Operating transfers in	3,291,433	247,680	-	-
Operating transfers out	(1,495,843)	-	-	-
Total other financing sources (uses)	1,795,590	247,680	-	-
Net changes in fund balances	(1,352,982)	(680,961)	(330,771)	(218,351)
Fund balances, beginning of year as previously stated	7,446,948	775,995	1,190,953	550,096
Prior period adjustment	94,737	-	-	-
Fund balances, beginning of year as restated	7,541,685	775,995	1,190,953	550,096
Fund Balances, End of Year	\$ 6,188,703	\$ 95,034	\$ 860,182	\$ 331,745

See accompanying notes to financial statements

Special Revenue							
County Motor Fuel Tax	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	Animal Control	
\$ 811,085	\$ -	\$ -	\$ -	\$ 303,734	\$ 58,680	\$ -	
-	153,075	-	13,857	-	-	76,328	
-	-	-	-	-	-	-	
7,120	3,422	11,819	-	86	-	987	
818,205	156,497	11,819	13,857	303,820	58,680	77,315	
-	-	-	-	-	-	-	
-	-	13,659	-	-	-	-	
-	-	-	9,615	-	-	-	
760,517	156,251	-	-	-	-	-	
-	-	-	-	304,500	-	120,961	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
760,517	156,251	13,659	9,615	304,500	-	120,961	
57,688	246	(1,840)	4,242	(680)	58,680	(43,646)	
-	-	-	-	-	-	-	
(170,000)	-	-	-	-	-	-	
(170,000)	-	-	-	-	-	-	
(112,312)	246	(1,840)	4,242	(680)	58,680	(43,646)	
311,929	51,592	19,297	8,211	138,575	151,497	152,516	
-	-	-	-	-	-	-	
311,929	51,592	19,297	8,211	138,575	151,497	152,516	
\$ 199,617	\$ 51,838	\$ 17,457	\$ 12,453	\$ 137,895	\$ 210,177	\$ 108,870	

Special Revenue						
Veteran's Assistance Commission	Circuit Clerk Administration & Operations	Social Security Contribution	Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911	Drug Funds
\$ 182,551	\$ -	\$ 412,493	\$ 165,035	\$ -	\$ -	\$ -
-	-	-	-	-	569,398	-
-	-	-	-	-	-	-
-	85,515	46	206	16,601	12,012	4,493
182,551	85,515	412,539	165,241	16,601	581,410	4,493
-	71,432	989,222	165,000	355	-	-
-	-	-	-	108,847	257,067	2,247
-	-	-	-	-	-	-
182,551	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
182,551	71,432	989,222	165,000	109,202	257,067	2,247
-	14,083	(576,683)	241	(92,601)	324,343	2,246
-	-	248,417	-	90,652	-	-
-	-	-	-	-	(25,000)	-
-	-	248,417	-	90,652	(25,000)	-
-	14,083	(328,266)	241	(1,949)	299,343	2,246
-	5,066	1,087,293	170,306	77,577	935,003	63,700
-	-	-	-	-	-	-
-	5,066	1,087,293	170,306	77,577	935,003	63,700
\$ -	\$ 19,149	\$ 759,027	\$ 170,547	\$ 75,628	\$ 1,234,346	\$ 65,946

Special Revenue							
Waste Management	Mechanical Document Storage	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee	Document Storage - Circuit Clerk	
\$ -	\$ -	\$ 1,848,168	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,248	-	16,528	111,703	109,910	118,974	
-	-	-	4,454	-	-	-	
273	662	37,546	-	241	942	149	
273	27,910	1,885,714	20,982	111,944	110,852	119,123	
-	84,630	35,049	850	-	-	414	
-	-	1,536,732	147,121	-	-	-	
-	-	-	-	117,763	46,936	92,483	
-	-	-	-	-	-	-	
-	-	269,314	-	-	-	16,998	
-	-	-	-	-	-	-	
-	84,630	1,841,095	147,971	117,763	46,936	109,895	
273	(56,720)	44,619	(126,989)	(5,819)	63,916	9,228	
-	-	100,000	136,828	-	-	-	
-	-	(731,143)	-	-	(73,000)	-	
-	-	(631,143)	136,828	-	(73,000)	-	
273	(56,720)	(586,524)	9,839	(5,819)	(9,084)	9,228	
130,343	71,934	1,081,874	(25,049)	75,472	371,195	59,662	
-	-	-	-	-	-	-	
130,343	71,934	1,081,874	(25,049)	75,472	371,195	59,662	
\$ 130,616	\$ 15,214	\$ 495,350	\$ (15,210)	\$ 69,653	\$ 362,111	\$ 68,890	

Special Revenue							
Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	County Highway	Public Health Foundation of Northwest Illinois Blended Comp.Ur	Capital	
\$ -	\$ -	\$ -	\$ -	\$ 629,806	\$ -	\$ 193,850	
13,519	-	-	30,681	35,747	-	-	
-	-	-	-	-	402,483	-	
147	6,383	-	13	102,456	11,195	174	
13,666	6,383	-	30,694	768,009	413,678	194,024	
10,861	-	-	-	-	-	4,167	
-	-	-	-	-	-	68,287	
-	4,403	-	25,994	-	-	50,299	
-	-	-	-	1,026,787	-	-	
-	-	-	-	-	358,075	-	
-	-	-	-	-	-	251,679	
-	-	-	-	-	-	-	
10,861	4,403	-	25,994	1,026,787	358,075	374,432	
2,805	1,980	-	4,700	(258,778)	55,603	(180,408)	
-	-	-	-	780,000	-	173,990	
-	-	-	-	(150,000)	-	-	
-	-	-	-	630,000	-	173,990	
2,805	1,980	-	4,700	371,222	55,603	(6,418)	
86,648	8,877	580	9,273	(520,023)	-	43,298	
-	-	-	-	-	94,737	-	
86,648	8,877	580	9,273	(520,023)	94,737	43,298	
\$ 89,453	\$ 10,857	\$ 580	\$ 13,973	\$ (148,801)	\$ 150,340	\$ 36,880	

Capital Projects | Debt Service

Mill Race Crossing	Highway Building	Debt Service
\$ 190,539	\$ -	\$ -
-	-	-
-	-	-
1,479	(9,492)	512
<u>192,018</u>	<u>(9,492)</u>	<u>512</u>
-	-	-
-	-	-
-	-	-
21,413	-	-
-	-	-
-	-	-
-	-	1,133,163
<u>21,413</u>	<u>-</u>	<u>1,133,163</u>
<u>170,605</u>	<u>(9,492)</u>	<u>(1,132,651)</u>
-	150,000	1,363,866
(200,000)	(146,700)	-
<u>(200,000)</u>	<u>3,300</u>	<u>1,363,866</u>
<u>(29,395)</u>	<u>(6,192)</u>	<u>231,215</u>
<u>217,185</u>	<u>27,669</u>	<u>118,404</u>
-	-	-
<u>217,185</u>	<u>27,669</u>	<u>118,404</u>
<u>\$ 187,790</u>	<u>\$ 21,477</u>	<u>\$ 349,619</u>

STEPHENSON COUNTY, ILLINOIS

Schedule of Changes in Assets and Liabilities - Fiduciary Fund - Agency Funds

For the 13 Months Ended December 31, 2017

	Balance November 30, 2016	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and investments				
Administration				
Township bridge fund	\$ 202,150	\$ 135,590	\$ (154,823)	\$ 182,917
Township motor fuel	582,796	1,314,721	(1,267,062)	630,455
Total administration	<u>784,946</u>	<u>1,450,311</u>	<u>(1,421,885)</u>	<u>813,372</u>
Circuit clerk				
General fund money market	250,041	541	(541)	250,041
General fund	265,970	2,874,972	(2,918,821)	222,121
Deposits with court	19	-	-	19
Certificates of deposit	180,000	-	-	180,000
Total circuit clerk	<u>696,030</u>	<u>2,875,513</u>	<u>(2,919,362)</u>	<u>652,181</u>
Collector				
Collector account	428,044	86,908,446	(87,158,451)	178,039
Sale in error	48,098	4,463	(1,678)	50,883
Escrow	30,077	102,540	(103,742)	28,875
Special	99,430	1,967,965	(133,466)	1,933,929
Indemnity	38,855	43,292	(24,732)	57,415
Total collector	<u>644,504</u>	<u>89,026,706</u>	<u>(87,422,069)</u>	<u>2,249,141</u>
County clerk				
Delinquent taxes	101,681	861,825	(861,172)	102,334
Total county clerk	<u>101,681</u>	<u>861,825</u>	<u>(861,172)</u>	<u>102,334</u>
Nursing center				
Gift shop	1,000	4,471	(5,215)	256
Resident trust	19,052	62,194	(65,869)	15,377
Pop	346	4,210	(4,108)	448
Willows	-	4,128	(592)	3,536
Total nursing center	<u>20,398</u>	<u>75,003</u>	<u>(75,784)</u>	<u>19,617</u>
Probation				
Probation restitution	42,136	-	(29,032)	13,104
Total probation	<u>42,136</u>	<u>-</u>	<u>(29,032)</u>	<u>13,104</u>
Sheriff				
Prisoner account	7,204	69,699	(74,277)	2,626
Jail employee pop	185	341	(400)	126
Prisoner trust	30,216	1,053,169	(1,047,667)	35,718
Civil process	-	360,580	(357,339)	3,241
Total sheriff	<u>\$ 37,605</u>	<u>\$ 1,483,789</u>	<u>\$ (1,479,683)</u>	<u>\$ 41,711</u>

(Continued)

STEPHENSON COUNTY, ILLINOIS

Schedule of Changes in Assets and Liabilities - Fiduciary Fund - Agency Funds

For the 13 Months Ended December 31, 2017

	Balance November 30, 2016	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and investments				
Treasurer				
Enterprise zone	\$ 127,584	\$ 215,784	\$ (111,684)	\$ 231,684
Mobile home	78,535	65,648	(86,313)	57,870
Zoning public hearing	2,265	-	-	2,265
Captain Lincoln project	15,340	-	(15,340)	-
Total treasurer	<u>223,724</u>	<u>281,432</u>	<u>(213,337)</u>	<u>291,819</u>
Total assets	<u>\$ 2,551,024</u>	<u>\$ 96,054,579</u>	<u>\$ (94,422,324)</u>	<u>\$ 4,183,279</u>
Liabilities				
Due to others				
Total administration	\$ 784,946	\$ 1,450,311	\$ (1,421,885)	\$ 813,372
Total circuit clerk	696,030	2,875,513	(2,919,362)	652,181
Total collector	644,504	89,026,706	(87,422,069)	2,249,141
Total county clerk	101,681	861,825	(861,172)	102,334
Total nursing center	20,398	75,003	(75,784)	19,617
Total probation	42,136	-	(29,032)	13,104
Total sheriff	37,605	1,483,789	(1,479,683)	41,711
Total treasurer	<u>223,724</u>	<u>281,432</u>	<u>(213,337)</u>	<u>291,819</u>
Total liabilities	<u>\$ 2,551,024</u>	<u>\$ 96,054,579</u>	<u>\$ (94,422,324)</u>	<u>\$ 4,183,279</u>

STEPHENSON COUNTY, ILLINOIS

Assessed Valuations, Tax Rates,
Extensions, and Collections
Tax Levy Year - 2014

	Tax Year 2014	
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	\$ 8,674,668
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,
 Extensions, and Collections
 Tax Levy Year - 2015

	Tax Year 2015	
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	0.04870	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	182,555
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,
 Extensions, and Collections
 Tax Levy Year - 2016

	<u>Tax Year 2016</u>	
Assessed Valuation	\$	625,804,454
Property tax rates and extensions	Rate	Amount
County General	0.89103	\$ 5,576,106
County Highway	0.10067	629,997
County Bridge	0.00240	15,019
County Matching	0.00240	15,019
Tuberculosis	0.00938	58,701
Mental Health	0.04855	303,828
Illinois Municipal Retirement	0.06392	400,014
Educational Extension Service	0.02638	165,087
Liability Insurance	0.09588	600,021
County Health Department	0.00651	40,740
Social Security Contribution	0.04794	300,011
Veterans Assistance	0.02918	182,610
Nursing Home	0.07990	500,018
	<hr/>	<hr/>
Total property tax rates and extensions	1.40414	\$ 8,787,171
Property tax collection		
County General		\$ 5,574,208
County Highway		629,780
County Bridge		15,012
County Matching		15,012
Tuberculosis		58,678
Mental Health		303,721
Illinois Municipal Retirement		399,881
Educational Extension Service		165,028
Liability Insurance		599,818
County Health Department		40,723
Social Security Contribution		299,909
Veterans Assistance		182,544
Nursing Home		499,845
		<hr/>
Total property tax collection		\$ 8,784,159
Percentage collected		100.0%