

**Stephenson County  
Freeport, Illinois**

**Annual Financial Report**

For the year ended  
**December 31, 2018**

**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 year ended December 31, 2018, 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 12, 2019, 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 12, 2019

## **Basic Financial Statements**

**STEPHENSON COUNTY, ILLINOIS**

## Statement of Net Position

December 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets			
Cash and investments	\$ 10,623,266	\$ 2,500,841	\$ 13,124,107
Accounts receivable, net of allowance for doubtful accounts	2,221,145	1,473,241	3,694,386
Property tax receivable	9,012,227	500,000	9,512,227
Prepaid expenditures	182,213	-	182,213
Inventory	2,407	-	2,407
Internal balances	29,752	(29,752)	-
Total current assets	22,071,010	4,444,330	26,515,340
Other assets			
Net pension asset - IMRF-regular	3,469,689	-	3,469,689
Other assets	4,592,378	-	4,592,378
Total other assets	8,062,067	-	8,062,067
Capital assets			
Capital assets not being depreciated	288,555	-	288,555
Capital assets (net of accumulated depreciation)	21,211,831	1,245,863	22,457,694
Total capital assets	21,500,386	1,245,863	22,746,249
Total assets	51,633,463	5,690,193	57,323,656
<b>Deferred Outflows of Resources</b>			
Deferred outflows of pension resources	4,510,485	-	4,510,485
Total deferred outflows of resources	4,510,485	-	4,510,485
<b>Liabilities</b>			
Current liabilities			
Accounts payable	723,953	309,151	1,033,104
Accrued payroll	258,572	86,965	345,537
Accrued interest	31,654	-	31,654
Current portion of long term debt	964,899	-	964,899
Total current liabilities	1,979,078	396,116	2,375,194
Noncurrent liabilities			
Compensated absences	617,804	90,058	707,862
Net pension liability	1,398,057	-	1,398,057
Debt certificates	6,737,922	-	6,737,922
Total noncurrent liabilities	8,753,783	90,058	8,843,841
Total liabilities	10,732,861	486,174	11,219,035
<b>Deferred Inflows of Resources</b>			
Unearned revenue	1,163	-	1,163
Unavailable property taxes	9,012,227	500,000	9,512,227
Deferred inflows of pension resources	8,066,277	-	8,066,277
Total deferred inflows of resources	17,079,667	500,000	17,579,667
<b>Net Position</b>			
Investment in Capital Assets	13,797,565	1,245,863	15,043,428
Restricted	7,098,988	19,300	7,118,288
Unrestricted	7,434,867	3,438,856	10,873,723
<b>Total Net Position</b>	<b>\$ 28,331,420</b>	<b>\$ 4,704,019</b>	<b>\$ 33,035,439</b>

See accompanying notes to financial statements

**STEPHENSON COUNTY, ILLINOIS**  
Statement of Activities  
For the Year Ended December 31, 2018

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General government	\$ 9,241,276	\$ 3,156,441	\$ 433,205	\$ -	\$ (5,651,630)	\$ -	\$ (5,651,630)
Public safety	5,167,273	818,771	-	-	(4,348,502)	-	(4,348,502)
Judicial and court related	4,974,146	487,940	-	-	(4,486,206)	-	(4,486,206)
Public works	4,942,964	53,763	-	-	(4,889,201)	-	(4,889,201)
Health, welfare, and sanitation	4,082,552	1,986,395	1,407,957	-	(688,200)	-	(688,200)
Interest	469,685	-	-	-	(469,685)	-	(469,685)
<b>Total Governmental Activities</b>	<b>\$ 28,877,896</b>	<b>\$ 6,503,310</b>	<b>\$ 1,841,162</b>	<b>\$ -</b>	<b>(20,533,424)</b>	<b>-</b>	<b>(20,533,424)</b>
<b>Business-type Activities</b>							
Nursing Center	\$ 6,026,804	\$ 5,469,895	\$ -	\$ -	-	(556,909)	(556,909)
General revenues							
Taxes							
Property							
				8,710,760	503,956		9,214,716
Sales and use							
				3,974,906	-		3,974,906
Income							
				1,275,823	-		1,275,823
Other							
				1,422,213	-		1,422,213
Unrestricted investment earnings							
				61,747	3,202		64,949
Miscellaneous							
				4,529,455	22,878		4,552,333
Transfers							
				484,223	(484,223)		-
Total							
				20,459,127	45,813		20,504,940
Change in net position							
				(74,297)	(511,096)		(585,393)
Net position, beginning of year							
				28,405,717	5,215,115		33,620,832
<b>Net Position, End of Year</b>							
				<b>\$ 28,331,420</b>	<b>\$ 4,704,019</b>		<b>\$ 33,035,439</b>

See accompanying notes to financial statements



**STEPHENSON COUNTY, ILLINOIS**

Balance Sheet  
 Governmental Funds  
 December 31, 2018

	General Fund	County Health Department	County Highway	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 4,182,977	\$ 591,412	\$ 303,500	\$ 5,246,087	\$ 10,323,976
Accounts receivable	931,438	651,714	-	637,993	2,221,145
Property tax receivable	5,518,230	40,722	630,000	2,823,275	9,012,227
Due from other funds	85,000	49,335	-	445,846	580,181
Prepaid expenditures	-	-	-	182,213	182,213
Inventory	-	2,407	-	-	2,407
<b>Total Assets</b>	<b>\$ 10,717,645</b>	<b>\$ 1,335,590</b>	<b>\$ 933,500</b>	<b>\$ 9,335,414</b>	<b>\$ 22,322,149</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 206,798	\$ 89,371	\$ 60,146	\$ 367,638	\$ 723,953
Accrued payroll	174,597	42,152	10,632	31,191	258,572
Due to other funds	-	-	408,500	141,929	550,429
Total liabilities	381,395	131,523	479,278	540,758	1,532,954
<b>Deferred Inflows of Resources</b>					
Unearned revenue	-	1,163	-	-	1,163
Property taxes levied for subsequent year	5,518,230	40,722	630,000	2,823,275	9,012,227
Total deferred inflows of resources	5,518,230	41,885	630,000	2,823,275	9,013,390
<b>Fund Balances</b>					
Nonspendable - inventory and prepaids	-	2,407	-	182,213	184,620
Restricted	-	1,159,775	-	5,939,213	7,098,988
Unassigned	4,818,020	-	(175,778)	(150,045)	4,492,197
Total fund balances	4,818,020	1,162,182	(175,778)	5,971,381	11,775,805
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,717,645</b>	<b>\$ 1,335,590</b>	<b>\$ 933,500</b>	<b>\$ 9,335,414</b>	<b>\$ 22,322,149</b>

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, 2018

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<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 11,775,805</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	21,500,386
Net pension assets and liabilities are not financial resources and are not reported in governmental funds.	2,071,632
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,510,485
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,066,277)
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.	299,290
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	(617,804)
Accrued interest payable	(31,654)
Debt certificates payable	<u>(7,702,821)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 28,331,420</u></b>

*See accompanying notes to financial statements*

**STEPHENSON COUNTY, ILLINOIS**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended December 31, 2018

	General Fund	County Health Department	County Highway	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 8,785,256	\$ 41,062	\$ 634,925	\$ 5,922,059	\$ 15,383,302
Charges for services	3,098,721	1,986,395	53,763	1,364,431	6,503,310
Grants		710,060			710,060
Intergovernmental	22,100	6,597	-	996,354	1,025,051
IMRF/FICA reimbursements		161,105			161,105
Miscellaneous	19,476	13,441	64,022	576,238	673,177
<b>Total revenues</b>	<b>11,925,553</b>	<b>2,918,660</b>	<b>752,710</b>	<b>8,859,082</b>	<b>24,456,005</b>
<b>Expenditures</b>					
Current operating					
General government	2,586,896	-	-	2,692,875	5,279,771
Public safety	2,401,342	-	-	2,146,129	4,547,471
Judiciary and court related	4,662,777	-	-	331,049	4,993,826
Public works	-	-	832,186	3,479,055	4,311,241
Health and welfare	-	3,027,929	-	1,038,292	4,066,221
Capital outlay	-	-	-	110,061	110,061
Debt service					
Principal retirement	-	-	-	932,179	932,179
Interest and fiscal charges	-	-	-	442,298	442,298
<b>Total expenditures</b>	<b>9,651,015</b>	<b>3,027,929</b>	<b>832,186</b>	<b>11,171,938</b>	<b>24,683,068</b>
Excess (deficiency) of revenues over (under) expenditures	2,274,538	(109,269)	(79,476)	(2,312,856)	(227,063)
<b>Other Financing Sources (Uses)</b>					
Transfers in	140,000	191,133	600,414	3,150,149	4,081,696
Transfers out	(1,425,616)	-	(557,915)	(1,613,942)	(3,597,473)
Sale of capital assets	-	-	10,000	-	10,000
<b>Total other financing sources (uses)</b>	<b>(1,285,616)</b>	<b>191,133</b>	<b>52,499</b>	<b>1,536,207</b>	<b>494,223</b>
Net changes in fund balances	988,922	81,864	(26,977)	(776,649)	267,160
Fund balance, beginning of year	3,829,098	1,080,318	(148,801)	6,748,030	11,508,645
<b>Fund Balance, End of Year</b>	<b>\$ 4,818,020</b>	<b>\$ 1,162,182</b>	<b>\$ (175,778)</b>	<b>\$ 5,971,381</b>	<b>\$ 11,775,805</b>

See accompanying notes to financial statements

**STEPHENSON COUNTY, ILLINOIS**

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Governmental  
Activities in the Statement of Activities  
For the Year Ended December 31, 2018

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 267,160</b>
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.	24,677
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities.	(895,189)
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.	932,179
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:	
Change in accrued interest	(27,387)
Change in compensated absences	(78,981)
Change in net pension asset/liability - IMRF	7,575,982
Change in deferred outflows and inflows of resources related to pensions	<u>(7,872,738)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (74,297)</u></b>

**STEPHENSON COUNTY, ILLINOIS**  
Statement of Proprietary Net Position  
December 31, 2018

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,481,541	\$ 299,290
Receivables, net of a \$60,000 allowance	1,473,241	-
Taxes receivable	500,000	-
Restricted assets	19,300	-
Total current assets	<u>4,474,082</u>	<u>299,290</u>
Noncurrent assets		
Capital assets (net of accumulated depreciation)		
Buildings	1,100,904	-
Equipment	144,959	-
Total noncurrent assets	<u>1,245,863</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	309,151	-
Accrued payroll	86,965	-
Due to other funds	29,752	-
Compensated absences	90,058	-
Total liabilities	<u>515,926</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for subsequent year	<u>500,000</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	1,245,863	-
Restricted	19,300	-
Unrestricted	3,438,856	299,290
Total net position	<u>\$ 4,704,019</u>	<u>\$ 299,290</u>

See accompanying notes to financial statements

**STEPHENSON COUNTY, ILLINOIS**Statement of Revenues, Expenses, and Changes in Proprietary Net Position  
For the Year Ended December 31, 2018

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
<b>Operating Revenues</b>		
Charges for services	\$ 5,469,895	\$ -
Employee contributions	-	746,594
County contributions	-	3,110,358
Reimbursements	-	-
Total operating revenues	5,469,895	3,856,952
<b>Operating Expenses</b>		
Nursing center	5,903,044	-
Depreciation	123,760	-
Administrative fees	-	61
Health and life insurance premiums	-	3,838,633
Health claims	-	-
Total operating expenses	6,026,804	3,838,694
Operating income (loss)	(556,909)	18,258
<b>Non-Operating Revenue (Expense)</b>		
Property taxes	503,956	-
Interest income	3,202	6,419
Miscellaneous	22,878	-
Total non-operating revenue	530,036	6,419
Other financing sources (uses)		
Operating transfer out	(484,223)	-
Total other financing sources (uses)	(484,223)	-
Change in net position	(511,096)	24,677
Net position, beginning of year	5,215,115	274,613
<b>Net Position, End of Year</b>	<b>\$ 4,704,019</b>	<b>\$ 299,290</b>

See accompanying notes to financial statements

**STEPHENSON COUNTY, ILLINOIS**  
Statement of Proprietary Cash Flows  
For the Year Ended December 31, 2018

	Business-Type Activities Enterprise Funds Nursing Center Fund	Governmental Activities Internal Service Funds
<b>Cash Flows from Operating Activities</b>		
Cash received for services	\$ 5,291,553	\$ -
Cash received for internal services	-	3,856,952
Cash payments to suppliers	(2,684,716)	(3,841,080)
Cash payments to employees	(3,276,060)	-
	<u>(669,223)</u>	<u>15,872</u>
<b>Net cash flows from operating activities</b>		
<b>Cash Flows from Non-Capital Financing Activities</b>		
Property taxes	503,956	-
Miscellaneous	22,878	-
Transfers in/(out)	(484,223)	-
Activity from interfund loan	3,590	-
	<u>46,201</u>	<u>-</u>
<b>Net cash flows from non-capital financing activities</b>		
<b>Cash Flows from Investing Activities</b>		
Interest income	3,202	6,419
	<u>3,202</u>	<u>6,419</u>
<b>Net cash flows from investing activities</b>		
Net increase/decrease in cash and investments	(619,820)	22,291
Cash and investments - beginning	3,101,361	276,999
Cash and investments - ending	<u>\$ 2,481,541</u>	<u>\$ 299,290</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$ (556,909)	\$ 18,258
Adjustments needed to reconcile net loss to net cash provided (used) in operating activities		
Depreciation expense	123,760	-
Increase in accounts receivable	(178,342)	-
Decrease in vouchers payable	(76,824)	(2,386)
Increase in accrued payroll	24,080	-
Decrease in compensated absences	(4,988)	-
	<u>(669,223)</u>	<u>15,872</u>
<b>Net cash provided by operating activities</b>	<u>\$ (669,223)</u>	<u>\$ 15,872</u>

See accompanying notes to financial statements

**STEPHENSON COUNTY, ILLINOIS**

Statement of Fiduciary Net Position

December 31, 2018

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**Assets**

Cash	<u>\$ 2,765,905</u>
Total assets	<u><u>\$ 2,765,905</u></u>

**Liabilities**

Due to others	<u>\$ 2,765,905</u>
Total liabilities	<u><u>\$ 2,765,905</u></u>

*See accompanying notes to financial statements*



## STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2018

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### 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, 2018 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, 2018

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### 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 *County Highway Fund* accounts for the maintenance of roads 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, 2018

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### 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, 2018

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**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, 2018

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**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, 2018

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### 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 2018 property tax levy is levied to finance the operations of fiscal year 2019, the 2018 property tax is recorded as a receivable and the 2018 property tax revenue is unavailable. The 2017 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2018. The County must file its tax levy by the last Tuesday of December each year. The 2017 levy was approved on November 9, 2017. The 2018 levy was approved on November 14, 2018.

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 2017 became due and payable in two installments, generally in June 2018 and September 2018. 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, 2018

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**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, 2018, the County's deposit accounts carrying amount was \$13,059,007 and bank balance was \$16,767,967, all of which was insured or 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, 2018, the Nursing Center has \$19,300 in restricted cash.

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**3. INVESTMENTS**

As of December 31, 2018, the County had the following investments:

	<u>Fair Value</u>
Investment in local government investment pool	<u>\$ 65,100</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>\$ 65,100</u>	<u>\$ 65,100</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, 2018	Agency Rating
Investment in local government investment pool	<u>\$ 65,100</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, 2018, 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, 2018

**4. CAPITAL ASSETS**

The governmental activities capital asset activity for the period ended December 31, 2018 was as follows:

	Balances January 1, 2018	Increases	Decreases	Balances December 31, 2018
<b>Governmental Activities</b>				
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	15,718,489	11,570	-	15,730,059
Equipment and vehicles	6,381,568	424,080	75,383	6,730,265
Total capital assets being depreciated	677,509,618	435,650	75,383	677,869,885
Less accumulated depreciation for				
Infrastructure	642,274,357	591,994	-	642,866,351
Intangible assets	30,713	21,680	-	52,393
Buildings and improvements	7,594,686	360,237	-	7,954,923
Equipment and vehicles	5,502,842	356,928	75,383	5,784,387
Total accumulated depreciation	655,402,598	1,330,839	75,383	656,658,054
Total capital assets being depreciated, net	22,107,020	(895,189)	-	21,211,831
<b>Governmental Activities, Net</b>	<b>\$ 22,395,575</b>	<b>\$ (895,189)</b>	<b>\$ -</b>	<b>\$ 21,500,386</b>

The business-type activities capital asset activity for the period ended December 31, 2018 was as follows:

	Balances January 1, 2018	Increases	Decreases	Balances December 31, 2018
<b>Business-type Activities</b>				
Capital assets being depreciated				
Buildings and improvements	3,539,983	-	-	3,539,983
Equipment and vehicles	950,897	-	-	950,897
Total capital assets being depreciated	4,490,880	-	-	4,490,880
Less accumulated depreciation for				
Buildings and improvements	2,356,556	82,523	-	2,439,079
Equipment and vehicles	764,701	41,237	-	805,938
Total accumulated depreciation	3,121,257	123,760	-	3,245,017
Total capital assets being depreciated, net	1,369,623	(123,760)	-	1,245,863
<b>Business-type Activities, Net</b>	<b>\$ 1,369,623</b>	<b>\$ (123,760)</b>	<b>\$ -</b>	<b>\$ 1,245,863</b>

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

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**4. CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities</b>	
General control and administration	\$ 35,694
Public safety	468,435
Judicial and court related	11,286
Public works	799,093
Health, sanitation, and welfare	<u>16,331</u>
<b>Total</b>	<b><u>\$ 1,330,839</u></b>
 <b>Business-type Activities</b>	
Nursing center	<u>\$ 123,760</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. Refunding Debt Certificates (Mill Race)**

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.

In 2012, the County issued \$4,330,000 of Taxable Refunding Debt Certificates, Series 2012A and \$1,315,000 Refunding Debt Certificates, Series 2012B to refund all of the outstanding 2006 Debt Certificates.

Principal and interest payments are due annually on December 1 ending December 1, 2031. Interest rates range from 3.0% to 6.375%. The following is a schedule of debt payments due over the remaining life of the certificates:

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**6. LONG-TERM DEBT (Continued)**

Year Ending December 31,	Principal	Interest
2019	\$ 230,000	\$ 238,988
2020	240,000	227,488
2021	255,000	213,328
2022	270,000	198,283
2023	285,000	182,353
2024-2028	1,705,000	629,388
2029-2031	1,275,000	119,788
<b>Total</b>	<b>\$ 4,260,000</b>	<b>\$ 1,809,616</b>

**b. General Obligation Refunding Debt Certificates (Jail)**

On May 1, 2018, the County issued Refunding Debt certificates, Series 2018, to pay the remaining principal and interest on the County's outstanding Debt (Jail) Certificates, Series 2007. The Refunding Debt Certificates, Series 2018, were issued in the amount of \$3,740,000 bearing an interest rate of 3.07% and 100% of the proceeds were used to defease the Debt Certificate, Series 2007.

The following is a repayment schedule for the debt:

Year Ending December 31,	Principal	Interest
2019	\$ 594,899	\$ 97,099
2020	613,162	78,835
2021	631,986	60,011
2022	651,388	40,609
2023	671,386	20,611
<b>Total</b>	<b>\$ 3,162,821</b>	<b>\$ 297,165</b>

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**6. LONG-TERM DEBT (Continued)****c. Refunding Debt Certificates (Highway)**

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

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

The following is the repayment schedule for the debt.

Year Ending December 31,	Principal	Interest
2019	\$ 140,000	\$ 8,750
2020	140,000	4,550
<b>Total</b>	<b>\$ 280,000</b>	<b>\$ 13,300</b>

**d. Summary of Changes in Long Term Debt**

	Balances January 1, 2018	Additions	Reductions	Balances December 31, 2018	Current Portion
<b>Governmental Activities</b>					
Debt certificates	\$ 8,635,000	\$ 3,740,000	\$ 4,672,179	\$ 7,702,821	\$ 964,899
Compensated absences	538,823	617,804	538,823	617,804	-
<b>Total Governmental Activities</b>	<b>\$ 9,173,823</b>	<b>\$ 4,357,804</b>	<b>\$ 5,211,002</b>	<b>\$ 8,320,625</b>	<b>\$ 964,899</b>

	Balances January 1, 2018	Additions	Reductions	Balances December 31, 2018	Current Portion
<b>Business-Type Activities</b>					
Compensated absences	\$ 95,046	\$ 90,058	\$ 95,046	\$ 90,058	-

The County is subject to a debt limitation of 5.75% of its assessed valuation of \$679,200,247. As of December 31, 2018, the County had \$31,351,193 of remaining legal debt margin.

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**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, 2018, 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, 2018.

Fund	Interfund Receivables	Interfund Payables
Governmental Funds:		
Major funds		
General	\$ 85,000	\$ -
County Health	49,335	-
County Highway	-	408,500
Non-major governmental	445,846	141,929
Proprietary Funds:		
Nursing Center		29,752
Total	<u>\$ 580,181</u>	<u>\$ 580,181</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, 2018

**9. NET POSITION**

Net position reported on the government wide statement of net position at December 31, 2018:

**Governmental Activities**

Net investment in capital assets:

Land and other nondepreciable assets	\$ 288,555
Other capital assets, net of accumulated depreciation	21,211,831
Less: related long-term debt outstanding	<u>(7,702,821)</u>
Total net investment in capital assets	<u>13,797,565</u>

Restricted:

State statutes and enabling legislation	<u>7,098,988</u>
Total restricted	<u>7,098,988</u>

Unrestricted

7,434,867

Total governmental activities net position

\$ 28,331,420**Business-Type Activities**

Net investment in capital assets:

Other capital assets, net of accumulated depreciation	\$ 1,245,863
Less: related long-term debt outstanding	<u>-</u>
Total net investment in capital assets	<u>1,245,863</u>

Restricted:

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

Unrestricted

3,438,856

Total business-type activities net position

\$ 4,704,019**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, 2018

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**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, 2018

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**10. FUND BALANCE REPORTING (Continued)**

Nonspendable	
Major Funds	
County Health Department - inventory	\$ 2,407
Nonmajor	
Liability Insurance - prepaids	<u>182,213</u>
Total nonspendable	<u>184,620</u>
Restricted	
Major Funds	
State statutes enabling legislation	
County Health Department	1,159,775
Nonmajor Funds	
State statutes enabling legislation	
County Bridge	816,109
County Matching	289,345
County Motor Fuel Tax	335,595
Geographic Information Systems	61,815
DUI Equipment	4,750
Youth Diversion	11,814
Mental Health	141,062
Tuberculosis	210,663
Animal Control	71,544
Veteran's Assistance Commission	-
Circuit Clerk Administration and Operations	24,985
Social Security Contribution	350,339
Educational Extension Service	172,134
Emergency Service & Disaster Agency	77,251
ETSB 911	1,722,927
Drug Funds	67,929
Waste Management	41,641
Mechanical Document Storage	49,414
Public Safety	658,368
Court Automation	59,323
Probation Service Fee	359,147
Document Storage - Circuit Clerk	33,530
Treasurer Automation	91,483
Court Supervision	5,891
Law Library	10,713
Mill Race Crossing	75,835
Debt Service	94,335
Highway Building	30,570
Liability Insurance	11,529
Capital	58,592
Externally imposed by grantors	
Environmental Remediation	<u>580</u>
Total restricted fund balance	<u>7,098,988</u>



**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

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**10. FUND BALANCE REPORTING (Continued)**

Unassigned	
Major Fund	
General	4,818,020
County Highway	(175,778)
Nonmajor Funds	
Illinois Municipal Retirement Fund	(214,714)
Coroner's	(21,202)
Pubic Health Foundation of Northwest Illinois	<u>85,871</u>
Total unassigned	<u>4,492,197</u>
Total governmental fund balances	<u>\$ 11,775,805</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](http://www.imrf.org).

## STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2018

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### 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, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	224
Inactive plan members entitled to but not yet receiving benefits	341
Active plan members	<u>224</u>
Total	<u><u>789</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 2017 and 2018 were 8.61% and 8.34%, respectively. For the fiscal period ended December 31, 2018, the County contributed \$750,594 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, 2018

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**11. RETIREMENT PLANS (Continued)**

*Net Pension Liability*

The County's net pension liability was measured as of December 31, 2017. 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, 2017 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	3.39% to 14.25%, including inflation

*Mortality*

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2017:

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**11. RETIREMENT PLANS (Continued)**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	37.0%	6.85%
International equity	18.0%	6.75%
Fixed income	28.0%	3.00%
Real estate	9.0%	5.75%
Alternative investments	7.0%	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 3.31%, and the resulting single discount rate is 7.50%.

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

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

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 48,824,869	\$ 47,023,404	\$ 1,801,465
Changes for the year:			
Service Cost	854,910	-	854,910
Interest on the Total Pension Liability	3,592,518	-	3,592,518
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	312,141	-	312,141
Changes of Assumptions	(1,591,037)	-	(1,591,037)
Contributions - Employer	-	736,240	(736,240)
Contributions - Employees	-	379,154	(379,154)
Net Investment Income	-	8,472,149	(8,472,149)
Benefit Payments, including Refunds of Employee Contributions	(2,704,176)	(2,704,176)	-
Other (Net Transfer)	-	(1,147,857)	1,147,857
Net Changes	464,356	5,735,510	(5,271,154)
Balances at December 31, 2017	\$ 49,289,225	\$ 52,758,914	\$ (3,469,689)

*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)	\$ 2,226,232	\$ (3,469,689)	\$ (8,199,523)

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

For the period ended December 31, 2018, the County recognized pension expense of \$774,966. 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, 2018

**11. RETIREMENT PLANS (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 201,817	\$ 185,415
Changes in assumptions	-	1,038,747
Net difference between projected and actual earnings on pension plan investments	<u>1,588,051</u>	<u>4,038,414</u>
Total deferred amounts to be recognized in pension expense in future periods	1,789,868	5,262,576
Contributions subsequent to the measurement date	<u>750,594</u>	-
Total deferred amounts related to pensions	<u>\$ 2,540,462</u>	<u>\$ 5,262,576</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
2018	\$ (824,992)
2019	(680,387)
2020	(957,727)
2021	(1,009,602)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ (3,472,708)</u>

*Payable to the Pension Plan*

At December 31, 2018, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>50</u>
Total	<u><u>124</u></u>

## STEPHENSON COUNTY, ILLINOIS

Notes to Financial Statements

December 31, 2018

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### 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 2017 and 2018 were 20.79% and 19.49%, respectively. For the fiscal year ended December 31, 2018, the County contributed \$610,351 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, 2017, 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, 2017 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	2.50%
Salary increases	3.39% to 14.25%, including inflation

#### *Mortality*

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2018

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**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, 2017:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	37.0%	6.85%
International equity	18.0%	6.75%
Fixed income	28.0%	3.00%
Real estate	9.0%	5.75%
Alternative investments	7.0%	2.65-7.35%
	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, 2018

**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, 2017 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 28,411,603	\$ 24,708,718	\$ 3,702,885
Changes for the year:			
Service Cost	551,290	-	551,290
Interest on the Total Pension Liability	2,097,024	-	2,097,024
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	318,574	-	318,574
Changes of Assumptions	(355,003)	-	(355,003)
Contributions - Employer	-	645,289	(645,289)
Contributions - Employees	-	211,024	(211,024)
Contributions - Other	-	-	-
Net Investment Income	-	4,440,159	(4,440,159)
Benefit Payments, including Refunds of Employee Contributions	(1,453,865)	(1,453,865)	-
Other (Net Transfer)	-	(379,759)	379,759
Net Changes	1,158,020	3,462,848	(2,304,828)
Balances at December 31, 2017	\$ 29,569,623	\$ 28,171,566	\$ 1,398,057

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**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>\$ 5,117,656</u>	<u>\$ 1,398,057</u>	<u>\$ (1,679,094)</u>

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

For the year ended December 31, 2018, the County recognized pension expense of \$959,303. 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	\$ 505,333	\$ 389,501
	62,027	315,277
Net difference between projected and actual earnings on pension plan investments	<u>792,312</u>	<u>2,098,923</u>
Total deferred amounts to be recognized in pension expense in future periods	1,359,672	2,803,701
Contributions subsequent to the measurement date	<u>610,351</u>	-
Total deferred amounts related to pensions	<u>\$ 1,970,023</u>	<u>\$ 2,803,701</u>

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**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
2018	\$ (71,592)
2019	(259,280)
2020	(583,974)
2021	(529,183)
2022	-
Thereafter	-
Total	<u>\$ (1,444,029)</u>

*Payable to the Pension Plan*

At December 31, 2018, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

**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.

**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, 2018.

**STEPHENSON COUNTY, ILLINOIS**

Notes to Financial Statements

December 31, 2018

**14. INTERFUND TRANSFERS**

Below are the interfund transfers for the period ended December 31, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major funds		
General	\$ 140,000	\$ 1,425,616
County Health Department	191,133	-
County Highway	600,414	557,915
Non-major governmental	3,150,149	1,613,942
Proprietary Funds:	-	-
Nursing Center	-	484,223
Total	<u>\$ 4,081,696</u>	<u>\$ 4,081,696</u>

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

**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, 2018 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, 2018. 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.

## **Required Supplementary Information**

**STEPHENSON COUNTY, ILLINOIS**

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

## General Fund

For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes	\$ 8,596,226	\$ 8,785,256	\$ 189,030
Charges for services	2,728,010	3,098,721	370,711
Intergovernmental	20,000	22,100	2,100
Miscellaneous	269,630	19,476	(250,154)
Total revenues	11,613,866	11,925,553	311,687
<b>Expenditures</b>			
General government and administration	2,929,564	2,586,896	(342,668)
Judiciary and court related	4,864,624	4,662,777	(201,847)
Public safety	2,427,867	2,401,342	(26,525)
Total expenditures	10,222,055	9,651,015	(571,040)
Excess of revenues over expenditures	1,391,811	2,274,538	882,727
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	207,000	140,000	(67,000)
Operating transfers out	(1,493,139)	(1,425,616)	67,523
Total other financing sources (uses)	(1,286,139)	(1,285,616)	523
Net change in fund balance	<u>\$ 105,672</u>	988,922	<u>\$ 883,250</u>
Fund balance, beginning of year		<u>3,829,098</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 4,818,020</u>	

**STEPHENSON COUNTY, ILLINOIS**

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

County Health Department

For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes	\$ 40,722	\$ 41,062	\$ 340
Charges for service	1,876,070	1,986,395	110,325
Grants	799,661	710,060	(89,601)
Intergovernmental	10,725	6,597	(4,128)
IMRF/FICA reimbursements	288,859	161,105	(127,754)
Miscellaneous	13,945	13,441	(504)
Total revenues	<u>3,029,982</u>	<u>2,918,660</u>	<u>(111,322)</u>
<b>Expenditures</b>			
Health and welfare	<u>3,319,228</u>	<u>3,027,929</u>	<u>(291,299)</u>
Total expenditures	<u>3,319,228</u>	<u>3,027,929</u>	<u>(291,299)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(289,246)</u>	<u>(109,269)</u>	<u>179,977</u>
<b>Other Financing Sources</b>			
Operating transfers in	<u>289,246</u>	<u>191,133</u>	<u>(98,113)</u>
Total other financing sources	<u>289,246</u>	<u>191,133</u>	<u>(98,113)</u>
Net change in fund balance	<u>\$ -</u>	<u>81,864</u>	<u>\$ 81,864</u>
Fund balance, beginning of year		<u>1,080,318</u>	
<b>Fund Balance, End of Year</b>		<u><u>\$ 1,162,182</u></u>	

**STEPHENSON COUNTY, ILLINOIS**

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

County Highway Fund

For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes	\$ 630,000	\$ 634,925	\$ 4,925
Charges for services	18,000	53,763	35,763
Miscellaneous	149,900	64,022	(85,878)
Total revenues	<u>797,900</u>	<u>752,710</u>	<u>(45,190)</u>
<b>Expenditures</b>			
Public works	<u>798,920</u>	<u>832,186</u>	<u>33,266</u>
Total expenditures	<u>798,920</u>	<u>832,186</u>	<u>33,266</u>
Deficiency of revenues under expenditures	<u>(1,020)</u>	<u>(79,476)</u>	<u>(78,456)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in			
Transfers out	538,500	600,414	61,914
Sale of capital assets	(528,500)	(557,915)	(29,415)
	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total other financing sources (uses)	<u>10,000</u>	<u>52,499</u>	<u>42,499</u>
Net change in fund balance	<u>\$ 8,980</u>	<u>(26,977)</u>	<u>\$ (35,957)</u>
Fund balance, beginning of year		<u>(148,801)</u>	
<b>Fund Balance, End of Year</b>		<u>\$ (175,778)</u>	



**STEPHENSON COUNTY, ILLINOIS**

## Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

## Illinois Municipal Retirement Fund - Regular Plan

## Last Four Calendar Years

	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 854,910	\$ 898,865	\$ 911,840	\$ 970,453
Interest	3,592,518	3,536,522	3,394,929	3,183,911
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	312,141	(1,007,289)	145,935	(591,620)
Changes of assumptions	(1,591,037)	(54,619)	54,558	1,654,801
Benefit payments, including refunds of member contributions	(2,704,176)	(2,631,512)	(2,468,316)	(2,281,012)
<b>Net Change in Total Pension Liability</b>	<b>464,356</b>	<b>741,967</b>	<b>2,038,946</b>	<b>2,936,533</b>
Total Pension Liability - Beginning	48,824,869	48,082,902	46,043,956	43,107,423
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 49,289,225</b>	<b>\$ 48,824,869</b>	<b>\$ 48,082,902</b>	<b>\$ 46,043,956</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 736,240	\$ 690,362	\$ 777,235	\$ 833,192
Contributions - member	379,154	363,582	394,788	391,175
Net investment income	8,472,149	3,100,794	235,758	2,772,783
Benefit payments, including refunds of member contributions	(2,704,176)	(2,631,512)	(2,468,316)	(2,281,012)
Administrative expense	(1,147,857)	(182,199)	(1,056,920)	99,910
<b>Net Change in Plan Fiduciary Net Position</b>	<b>5,735,510</b>	<b>1,341,027</b>	<b>(2,117,455)</b>	<b>1,816,048</b>
Plan Net Position - Beginning	47,023,404	45,682,377	47,799,832	45,983,784
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 52,758,914</b>	<b>\$ 47,023,404</b>	<b>\$ 45,682,377</b>	<b>\$ 47,799,832</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ (3,469,689)</b>	<b>\$ 1,801,465</b>	<b>\$ 2,400,525</b>	<b>\$ (1,755,876)</b>
Plan fiduciary net position as a percentage of the total pension liability	107.04%	96.31%	95.01%	103.81%
Covered-employee payroll	\$ 8,359,047	\$ 8,083,343	\$ 8,773,077	\$ 8,283,429
Employer's net pension liability as a percentage of covered - employee payroll	-41.51%	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, ILLINOIS**

## Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

## Illinois Municipal Retirement Fund - SLEP Plan

## Last Four Calendar Years

	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 551,290	\$ 544,228	\$ 546,471	\$ 529,175
Interest	2,097,024	2,053,850	1,902,503	1,790,859
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	318,574	(658,550)	786,895	(263,153)
Changes of assumptions	(355,003)	(69,243)	34,004	507,049
Benefit payments, including refunds of member contributions	(1,453,865)	(1,288,912)	(1,133,951)	(966,322)
<b>Net Change in Total Pension Liability</b>	<b>1,158,020</b>	<b>581,373</b>	<b>2,135,922</b>	<b>1,597,608</b>
Total Pension Liability - Beginning	28,411,603	27,830,230	25,694,308	24,096,700
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 29,569,623</b>	<b>\$ 28,411,603</b>	<b>\$ 27,830,230</b>	<b>\$ 25,694,308</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 645,289	\$ 569,063	\$ 629,218	\$ 626,776
Contributions - member	211,024	209,681	227,737	209,477
Net investment income	4,440,159	1,630,767	117,885	1,373,969
Benefit payments, including refunds of member contributions	(1,453,865)	(1,288,912)	(1,133,951)	(966,322)
Administrative expense	(379,759)	54,146	(22,358)	(117,580)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,462,848</b>	<b>1,174,745</b>	<b>(181,469)</b>	<b>1,126,320</b>
Plan Net Position - Beginning	24,708,718	23,533,973	23,715,442	22,589,122
<b>PLAN NET POSITION - ENDING</b>	<b>\$ 28,171,566</b>	<b>\$ 24,708,718</b>	<b>\$ 23,533,973</b>	<b>\$ 23,715,442</b>
<b>EMPLOYER'S NET PENSION LIABILITY (ASSET)</b>	<b>\$ 1,398,057</b>	<b>\$ 3,702,885</b>	<b>\$ 4,296,257</b>	<b>\$ 1,978,866</b>
Plan fiduciary net position as a percentage of the total pension liability	95.27%	86.97%	84.56%	92.30%
Covered-employee payroll	\$ 2,813,647	\$ 2,805,410	\$ 3,036,479	\$ 2,751,781
Employer's net pension liability as a percentage of covered - employee payroll	49.69%	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 Four Calendar 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
2014	\$ 796,866	\$ 833,192	\$ (36,326)	\$ 8,283,429	10.06%
2015	777,295	777,235	60	8,773,077	8.86%
2016	665,259	690,362	(25,103)	8,083,343	8.54%
2017	719,714	736,240	(16,526)	8,359,047	8.81%

**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	26 years closed period
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 Four Calendar 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
2014	\$ 580,075	\$ 626,776	\$ (46,701)	\$ 2,751,781	22.78%
2015	629,158	629,218	(60)	3,036,479	20.72%
2016	572,304	569,063	3,241	2,805,410	20.28%
2017	584,957	645,289	(60,332)	2,813,647	22.93%

**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 2017 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	26 years closed period
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.

## **BUDGETS**

Annual budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles (GAAP) basis.

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

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

## **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### Excess of expenditures over appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the County Highway Fund by \$33,266, the County Bridge Fund by \$68,672, the DUI Equipment Fund by \$18,024, the Circuit Clerk Administration and Operations Fund by \$31,061, the Drug Fund by \$4,309, the Public Safety Fund by \$57,305, the Court Supervision Fund by \$12,776, and the Law Library Fund by \$2,684.

### Deficit Fund Balance

At December 31, 2018, the IMRF Fund had a deficit fund balance of \$214,714, the County Highway Fund had a deficit fund balance of \$175,778, and the Coron6er's Fund had a deficit fund balance of \$21,202.

## **Supplementary Information**

**STEPHENSON COUNTY, ILLINOIS**

Budget to Actual Comparison - Major Funds

For the Year Ended December 31, 2018

<b>General Fund</b>	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 8,596,226	\$ 8,785,256	\$ 189,030
Charges for service	2,728,010	3,098,721	370,711
Intergovernmental	20,000	22,100	2,100
Miscellaneous	269,630	19,476	(250,154)
<b>Total revenues</b>	<b>\$ 11,613,866</b>	<b>\$ 11,925,553</b>	<b>\$ 311,687</b>
<b>Expenditures</b>			
General government			
County properties	\$ 189,563	\$ 169,441	\$ 20,122
County board	122,260	112,471	9,789
County treasurer	102,055	99,622	2,433
County clerk and elections	196,464	191,383	5,081
Zoning	73,065	68,128	4,937
Administrative services	340,640	249,038	91,602
Facilities management	80,622	60,822	19,800
Election expense	301,315	260,155	41,160
Assessor	252,186	240,683	11,503
Recreation and conservation	23,180	21,401	1,779
Economic development	33,635	23,626	10,009
Miscellaneous	1,214,579	1,090,126	124,453
Public safety			
Sheriff	2,427,867	2,401,342	26,525
Judiciary and court related			
State's attorney	638,608	610,684	27,924
Public defender	414,988	415,019	(31)
Circuit clerk	368,000	346,984	21,016
Judiciary	28,440	13,590	14,850
Corrections	2,327,454	2,282,091	45,363
Court ordered	46,250	32,961	13,289
Jury commission	37,224	22,330	14,894
Probation	936,400	883,955	52,445
Merit commission	9,750	3,372	6,378
Jail building	57,510	51,791	5,719
<b>Total expenditures</b>	<b>\$ 10,222,055</b>	<b>\$ 9,651,015</b>	<b>\$ 571,040</b>
<b>Other financing sources (uses)</b>			
Operating transfers in	\$ 207,000	\$ 140,000	\$ (67,000)
Operating transfers out	(1,493,139)	(1,425,616)	67,523
<b>Total other financing sources (uses)</b>	<b>\$ (1,286,139)</b>	<b>\$ (1,285,616)</b>	<b>\$ 523</b>

**STEPHENSON COUNTY, ILLINOIS**

Budget to Actual Comparison - Major Funds

For the Year Ended December 31, 2018

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<b>County Health Department</b>	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 40,722	\$ 41,062	\$ 340
Charges for service	1,876,070	1,986,395	110,325
Grants	799,661	710,060	(89,601)
Intergovernmental	10,725	6,597	(4,128)
IMRF/FICA reimbursements	288,859	161,105	(127,754)
Miscellaneous	13,945	13,441	(504)
Total revenues	<u>\$ 3,029,982</u>	<u>\$ 2,918,660</u>	<u>\$ (111,322)</u>
<b>Expenditures</b>			
Health and welfare	<u>\$ 3,319,228</u>	<u>\$ 3,027,929</u>	<u>\$ 291,299</u>
<b>Other financing sources (uses)</b>			
Operating transfers in	<u>\$ 289,246</u>	<u>\$ 191,133</u>	<u>\$ (98,113)</u>



**STEPHENSON COUNTY, ILLINOIS**  
 Budget to Actual Comparison - Major Funds  
 For the Year Ended December 31, 2018

<b>County Highway</b>	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 630,000	\$ 634,925	\$ 4,925
Charges for services	18,000	53,763	35,763
Miscellaneous	149,900	64,022	(85,878)
Total revenues	<u>\$ 797,900</u>	<u>\$ 752,710</u>	<u>\$ (45,190)</u>
<b>Expenditures</b>			
Public works	\$ 798,920	\$ 832,186	\$ (33,266)
<b>Other financing sources (uses)</b>			
Operating transfers in	\$ 538,500	\$ 600,414	\$ 61,914
Operating transfers out	(528,500)	(557,915)	(29,415)
Sale of capital assets	-	10,000	10,000
Total other financing sources (uses)	<u>\$ 10,000</u>	<u>\$ 52,499</u>	<u>\$ 42,499</u>

**STEPHENSON COUNTY, ILLINOIS**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2018

	Total Nonmajor Governmental Funds	Special Revenue		
		IMRF	County Bridge	County Matching
<b>Assets</b>				
Cash and investments	\$ 5,246,087	\$ 6,364	\$ 452,407	\$ 267,036
Accounts receivable	637,993	-	-	-
Property tax receivable	2,823,275	700,000	155,000	310,000
Due from other funds	445,846	19,865	378,500	30,000
Prepaid expenditures	182,213	-	-	-
<b>Total Assets</b>	<b>9,335,414</b>	<b>\$ 726,229</b>	<b>\$ 985,907</b>	<b>\$ 607,036</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	367,638	\$ 155,943	\$ 12,419	\$ 5,520
Accrued payroll	31,191	-	2,379	2,171
Due to other funds	141,929	85,000	-	-
Total liabilities	540,758	240,943	14,798	7,691
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent years	2,823,275	700,000	155,000	310,000
Total deferred inflows of resources	2,823,275	700,000	155,000	310,000
<b>Fund Balances</b>				
Nonspendable	182,213	-	-	-
Restricted	5,939,213	-	816,109	289,345
Unassigned	(150,045)	(214,714)	-	-
Total fund balances	5,971,381	(214,714)	816,109	289,345
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,335,414</b>	<b>\$ 726,229</b>	<b>\$ 985,907</b>	<b>\$ 607,036</b>

Special Revenue						
County Motor Fuel Tax	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	
\$ 294,032	\$ 65,043	\$ 4,750	\$ 11,938	\$ 141,062	\$ 259,998	
58,296	-	-	-	-	-	
-	-	-	-	325,000	58,665	
-	-	-	-	-	-	
<u>\$ 352,328</u>	<u>\$ 65,043</u>	<u>\$ 4,750</u>	<u>\$ 11,938</u>	<u>\$ 466,062</u>	<u>\$ 318,663</u>	
\$ 7,987	\$ 1,997	\$ -	\$ -	\$ -	\$ -	
8,746	1,231	-	124	-	-	
-	-	-	-	-	49,335	
<u>16,733</u>	<u>3,228</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>49,335</u>	
-	-	-	-	325,000	58,665	
-	-	-	-	325,000	58,665	
-	-	-	-	-	-	
335,595	61,815	4,750	11,814	141,062	210,663	
-	-	-	-	-	-	
<u>335,595</u>	<u>61,815</u>	<u>4,750</u>	<u>11,814</u>	<u>141,062</u>	<u>210,663</u>	
<u>\$ 352,328</u>	<u>\$ 65,043</u>	<u>\$ 4,750</u>	<u>\$ 11,938</u>	<u>\$ 466,062</u>	<u>\$ 318,663</u>	

(Continued)

	Special Revenue			
	Animal Control	Veteran's Assistance Commission	Circuit Clerk Administration & Operations	Social Security Contribution
<b>Assets</b>				
Cash and investments	\$ 77,161	\$ -	\$ 24,985	\$ 340,452
Accounts receivable	-	-	-	-
Property tax receivable	-	182,610	-	300,000
Due from other funds	-	-	-	9,887
Prepaid expenditures	-	-	-	-
<b>Total Assets</b>	<b>\$ 77,161</b>	<b>\$ 182,610</b>	<b>\$ 24,985</b>	<b>\$ 650,339</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,316	\$ -	\$ -	\$ -
Accrued payroll	1,301	-	-	-
Due to other funds	-	-	-	-
Total liabilities	5,617	-	-	-
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent years	-	182,610	-	300,000
Total deferred inflows of resources	-	182,610	-	300,000
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	71,544	-	24,985	350,339
Unassigned	-	-	-	-
Total fund balances	71,544	-	24,985	350,339
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 77,161</b>	<b>\$ 182,610</b>	<b>\$ 24,985</b>	<b>\$ 650,339</b>

Special Revenue						
Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage	
\$ 172,134	\$ 82,707	\$ 1,730,580	\$ 67,929	\$ 11,641	\$ 51,809	
-	-	-	-	30,000	-	
192,000	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 364,134</u>	<u>\$ 82,707</u>	<u>\$ 1,730,580</u>	<u>\$ 67,929</u>	<u>\$ 41,641</u>	<u>\$ 51,809</u>	
\$ -	\$ 3,956	\$ 6,585	\$ -	\$ -	\$ 2,395	
-	1,500	1,068	-	-	-	
-	-	-	-	-	-	
-	5,456	7,653	-	-	2,395	
192,000	-	-	-	-	-	
192,000	-	-	-	-	-	
-	-	-	-	-	-	
172,134	77,251	1,722,927	67,929	41,641	49,414	
-	-	-	-	-	-	
172,134	77,251	1,722,927	67,929	41,641	49,414	
<u>\$ 364,134</u>	<u>\$ 82,707</u>	<u>\$ 1,730,580</u>	<u>\$ 67,929</u>	<u>\$ 41,641</u>	<u>\$ 51,809</u>	

(Continued)

	Special Revenue			
	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee
<b>Assets</b>				
Cash and investments	\$ 277,717	\$ -	\$ 62,302	\$ 362,013
Accounts receivable	490,406	-	-	-
Property tax receivable	-	-	-	-
Due from other funds	7,594	-	-	-
Prepaid expenditures	-	-	-	-
<b>Total Assets</b>	<b>\$ 775,717</b>	<b>\$ -</b>	<b>\$ 62,302</b>	<b>\$ 362,013</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 110,015	\$ 11,920	\$ 1,579	\$ 2,866
Accrued payroll	7,334	1,688	1,400	-
Due to other funds	-	7,594	-	-
Total liabilities	117,349	21,202	2,979	2,866
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent years	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	658,368	-	59,323	359,147
Unassigned	-	(21,202)	-	-
Total fund balances	658,368	(21,202)	59,323	359,147
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 775,717</b>	<b>\$ -</b>	<b>\$ 62,302</b>	<b>\$ 362,013</b>

Special Revenue

Document Storage - Circuit Clerk	Treasurer Automation	Court Supervision	Environmental Remediation	Law Library	Liability Insurance
\$ 32,506	\$ 91,483	\$ 5,891	\$ 580	\$ 12,920	\$ 23,232
6,895	-	-	-	-	-
-	-	-	-	-	600,000
-	-	-	-	-	-
-	-	-	-	-	182,213
<u>\$ 39,401</u>	<u>\$ 91,483</u>	<u>\$ 5,891</u>	<u>\$ 580</u>	<u>\$ 12,920</u>	<u>\$ 805,445</u>
\$ 3,622	\$ -	\$ -	\$ -	\$ 2,207	\$ 11,703
2,249	-	-	-	-	-
-	-	-	-	-	-
<u>5,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>	<u>11,703</u>
-	-	-	-	-	600,000
-	-	-	-	-	600,000
-	-	-	-	-	182,213
33,530	91,483	5,891	580	10,713	11,529
-	-	-	-	-	-
<u>33,530</u>	<u>91,483</u>	<u>5,891</u>	<u>580</u>	<u>10,713</u>	<u>193,742</u>
<u>\$ 39,401</u>	<u>\$ 91,483</u>	<u>\$ 5,891</u>	<u>\$ 580</u>	<u>\$ 12,920</u>	<u>\$ 805,445</u>

(Continued)

	Special Revenue		Capital Projects			
	Public Health Foundation of Northwest Illinois (Blended Comp. Unit)		Capital	Mill Race Crossing		
<b>Assets</b>						
Cash and investments	\$	64,083	\$	50,592	\$	75,835
Accounts receivable		42,396		10,000		-
Property tax receivable		-		-		-
Due from other funds		-		-		-
Prepaid expenditures		-		-		-
<b>Total Assets</b>	<b>\$</b>	<b>106,479</b>	<b>\$</b>	<b>60,592</b>	<b>\$</b>	<b>75,835</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$	20,608	\$	2,000	\$	-
Accrued payroll		-		-		-
Due to other funds		-		-		-
<b>Total liabilities</b>		<b>20,608</b>		<b>2,000</b>		<b>-</b>
<b>Deferred Inflows of Resources</b>						
Property taxes levied for subsequent years		-		-		-
<b>Total deferred inflows of resources</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Fund Balances</b>						
Nonspendable		-		-		-
Restricted		-		58,592		75,835
Unassigned		85,871		-		-
<b>Total fund balances</b>		<b>85,871</b>		<b>58,592</b>		<b>75,835</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$</b>	<b>106,479</b>	<b>\$</b>	<b>60,592</b>	<b>\$</b>	<b>75,835</b>



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Capital Projects    Debt Service

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	Highway Building		Debt Service
	\$     30,570		\$     94,335
	-		-
	-		-
	-		-
	<hr/>		<hr/>
	<u>\$     30,570</u>		<u>\$     94,335</u>

	\$     -		\$     -
	-		-
	-		-
	<hr/>		<hr/>
	-		-
	<hr/>		<hr/>
	-		-
	<hr/>		<hr/>
	-		-
	30,570		94,335
	-		-
	<hr/>		<hr/>
	30,570		94,335
	<hr/>		<hr/>
	<u>\$     30,570</u>		<u>\$     94,335</u>

**STEPHENSON COUNTY, ILLINOIS**

Combining Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2018

	Total Nonmajor Governmental Funds	Special Revenue		
		IMRF	County Bridge	County Matching
<b>Revenues</b>				
Taxes	\$ 5,922,059	\$ 770,722	\$ 25,427	\$ 312,646
Charges for service	1,364,431	-	-	-
Intergovernmental	996,354	-	307,477	158,042
Miscellaneous	576,238	2,956	780	16,346
Total revenues	8,859,082	773,678	333,684	487,034
<b>Expenditures</b>				
General government	2,692,875	1,325,532	-	-
Public safety	2,146,129	-	-	-
Judiciary and court related	331,049	-	-	-
Public works	3,479,055	-	745,672	559,434
Health and welfare	1,038,292	-	-	-
Capital outlay	110,061	-	-	-
Debt service	1,374,477	-	-	-
Total expenditures	11,171,938	1,325,532	745,672	559,434
Excess (deficiency) of revenues over (under) expenditures	(2,312,856)	(551,854)	(411,988)	(72,400)
<b>Other financing sources (uses)</b>				
Operating transfers in	3,150,149	242,106	367,915	30,000
Operating transfers out	(1,613,942)	-	-	-
Total other financing sources (u	1,536,207	242,106	367,915	30,000
Net changes in fund balances	(776,649)	(309,748)	(44,073)	(42,400)
Fund balances, beginning of year	6,748,030	95,034	860,182	331,745
<b>Fund Balances, End of Year</b>	<b>\$ 5,971,381</b>	<b>\$ (214,714)</b>	<b>\$ 816,109</b>	<b>\$ 289,345</b>

Special Revenue						
County Motor Fuel Tax	Geographic Information Systems	DUI Equipment	Youth Diversion	Mental Health	Tuberculosis	
\$ 933,016	\$ -	\$ -	\$ -	\$ 312,321	\$ 59,151	
-	143,775	-	14,301	-	-	
2,246	-	-	-	-	-	
3,167	3,474	5,317	-	246	-	
938,429	147,249	5,317	14,301	312,567	59,151	
-	-	-	-	-	-	
-	-	18,024	-	-	-	
-	-	-	14,940	-	-	
589,951	137,272	-	-	-	-	
-	-	-	-	309,400	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
589,951	137,272	18,024	14,940	309,400	-	
348,478	9,977	(12,707)	(639)	3,167	59,151	
-	-	-	-	-	-	
(212,500)	-	-	-	-	(58,665)	
(212,500)	-	-	-	-	(58,665)	
135,978	9,977	(12,707)	(639)	3,167	486	
199,617	51,838	17,457	12,453	137,895	210,177	
\$ 335,595	\$ 61,815	\$ 4,750	\$ 11,814	\$ 141,062	\$ 210,663	

(Continued)

	Special Revenue			
	Animal Control	Veteran's Assistance Commission	Circuit Clerk Administration & Operations	Social Security Contribution
<b>Revenues</b>				
Taxes	\$ -	\$ 184,169	\$ -	\$ 367,414
Charges for service	63,565	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	3,345	-	36,897	715
Total revenues	66,910	184,169	36,897	368,129
<b>Expenditures</b>				
General government	-	-	31,061	1,018,934
Public safety	-	-	-	-
Judiciary and court related	-	-	-	-
Public works	-	184,169	-	-
Health and welfare	104,236	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	104,236	184,169	31,061	1,018,934
Excess (deficiency) of revenues over (under) expenditures	(37,326)	-	5,836	(650,805)
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	-	242,117
Operating transfers out	-	-	-	-
Total other financing sources (u	-	-	-	242,117
Net changes in fund balances	(37,326)	-	5,836	(408,688)
Fund balances, beginning of year	108,870	-	19,149	759,027
<b>Fund Balances, End of Year</b>	<b>\$ 71,544</b>	<b>\$ -</b>	<b>\$ 24,985</b>	<b>\$ 350,339</b>

Special Revenue						
Educational Extension Service	Emergency Service & Disaster Agency	ETSB 911	Drug Funds	Waste Management	Mechanical Document Storage	
\$ 166,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	743,786	-	-	-	41,894
-	-	-	-	-	-	-
242	39,388	17,043	6,292	78		593
166,587	39,388	760,829	6,292	78		42,487
165,000	2,590	-	-	-		8,287
-	124,713	247,248	4,309	-		-
-	-	-	-	-		-
-	-	-	-	100		-
-	-	-	-	-		-
-	-	-	-	-		-
165,000	127,303	247,248	4,309	100		8,287
1,587	(87,915)	513,581	1,983	(22)		34,200
-	89,538	-	-	-		-
-	-	(25,000)	-	(88,953)		-
-	89,538	(25,000)	-	(88,953)		-
1,587	1,623	488,581	1,983	(88,975)		34,200
170,547	75,628	1,234,346	65,946	130,616		15,214
\$ 172,134	\$ 77,251	\$ 1,722,927	\$ 67,929	\$ 41,641		\$ 49,414

(Continued)

	Special Revenue			
	Public Safety	Coroner's Fund	Court Automation	Probation Service Fee
<b>Revenues</b>				
Taxes	\$ 1,871,544	\$ -	\$ -	\$ -
Charges for service	-	11,420	108,878	86,282
Intergovernmental	-	4,477	-	-
Miscellaneous	944	-	166	1,118
Total revenues	1,872,488	15,897	109,044	87,400
<b>Expenditures</b>				
General government	-	(850)	-	-
Public safety	1,603,036	148,799	-	-
Judiciary and court related	-	-	119,374	50,364
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	109,410	-	-	-
Debt service	-	-	-	-
Total expenditures	1,712,446	147,949	119,374	50,364
Excess (deficiency) of revenues over (under) expenditures	160,042	(132,052)	(10,330)	37,036
<b>Other financing sources (uses)</b>				
Operating transfers in	725,400	126,060	-	-
Operating transfers out	(722,424)	-	-	(40,000)
Total other financing sources (u	2,976	126,060	-	(40,000)
Net changes in fund balances	163,018	(5,992)	(10,330)	(2,964)
Fund balances, beginning of year	495,350	(15,210)	69,653	362,111
<b>Fund Balances, End of Year</b>	<b>\$ 658,368</b>	<b>\$ (21,202)</b>	<b>\$ 59,323</b>	<b>\$ 359,147</b>

Special Revenue									
Document Storage - Circuit Clerk		Treasurer Automation		Court Supervision		Environmental Remediation		Law Library	
\$	-	\$	-	\$	-	\$	-	\$	-
	109,294		15,826		-		-		25,410
	-		-		-		-		-
	139		135		7,810		-		14
	109,433		15,961		7,810		-		25,424
	39,231		13,931		-		-		-
	-		-		-		-		-
	104,911		-		12,776		-		28,684
	-		-		-		-		-
	-		-		-		-		-
	651		-		-		-		-
	-		-		-		-		-
	144,793		13,931		12,776		-		28,684
	(35,360)		2,030		(4,966)		-		(3,260)
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	(35,360)		2,030		(4,966)		-		(3,260)
	68,890		89,453		10,857		580		13,973
\$	33,530	\$	91,483	\$	5,891	\$	580	\$	10,713

(Continued)

	Special Revenue	
	Liability Insurance	Public Health Foundation of Northwest Illinois (Blended Comp. Unit)
<b>Revenues</b>		
Taxes	\$ 604,722	\$ -
Charges for service	-	-
Intergovernmental	-	524,112
Miscellaneous	370,233	36,075
Total revenues	974,955	560,187
<b>Expenditures</b>		
General government	10,946	-
Public safety	-	-
Judiciary and court related	-	-
Public works	1,180,793	-
Health and welfare	-	624,656
Capital outlay	-	-
Debt service	-	-
Total expenditures	1,191,739	624,656
Excess (deficiency) of revenues over (under) expenditures	(216,784)	(64,469)
<b>Other financing sources (uses)</b>		
Operating transfers in	-	-
Operating transfers out	-	-
Total other financing sources (uses)	-	-
Net changes in fund balances	(216,784)	(64,469)
Fund balances, beginning of year	410,526	150,340
<b>Fund Balances, End of Year</b>	<b>\$ 193,742</b>	<b>\$ 85,871</b>



Capital Projects			Debt Service	
Capital	Mill Race Crossing	Highway Building	Debt Service	
\$ 96,925	\$ 217,657	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
19,203	2,052	493	977	
116,128	219,709	493	977	
78,213	-	-	-	
-	-	-	-	
-	-	-	-	
-	81,664	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	1,374,477	
78,213	81,664	-	1,374,477	
37,915	138,045	493	(1,373,500)	
58,797	-	150,000	1,118,216	
(75,000)	(250,000)	(141,400)	-	
(16,203)	(250,000)	8,600	1,118,216	
21,712	(111,955)	9,093	(255,284)	
36,880	187,790	21,477	349,619	
\$ 58,592	\$ 75,835	\$ 30,570	\$ 94,335	

(Concluded)

**STEPHENSON COUNTY, ILLINOIS**

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

For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<b>Assets</b>				
Cash and investments				
Administration				
Township bridge fund	\$ 182,917	\$ 549	\$ -	\$ 183,466
Township motor fuel	630,455	1,134,903	(1,140,970)	624,388
Total administration	813,372	1,135,452	(1,140,970)	807,854
Circuit clerk				
General fund money market	250,041	500	(500)	250,041
General fund	222,121	2,793,044	(2,631,941)	383,224
Deposits with court	19	-	-	19
Certificates of deposit	180,000	-	-	180,000
Total circuit clerk	652,181	2,793,544	(2,632,441)	813,284
Collector				
Collector account	178,039	89,583,883	(89,403,538)	358,384
Sale in error	50,883	9,821	(60)	60,644
Escrow	28,875	137,423	(128,141)	38,157
Special	1,933,929	964,190	(2,671,140)	226,979
Indemnity	57,415	13,141	(11,169)	59,387
Trustee payment	-	138,948	(128,153)	10,795
Total collector	2,249,141	90,847,406	(92,342,201)	754,346
County clerk				
Delinquent taxes	102,334	658,819	(715,389)	45,764
Total county clerk	102,334	658,819	(715,389)	45,764
Nursing center				
Gift shop	256	1,088	(524)	820
Resident trust	15,377	57,919	(61,649)	11,647
Pop	448	3,761	(3,547)	662
Willows	3,536	3,455	-	6,991
Total nursing center	19,617	66,223	(65,720)	20,120
Probation				
Probation restitution	13,104	24	(1,508)	11,620
Total probation	13,104	24	(1,508)	11,620
Sheriff				
Prisoner account	2,626	78,480	(78,732)	2,374
Jail employee pop	126	318	(265)	179
Prisoner trust	35,718	967,746	(975,694)	27,770
Civil process	3,241	379,736	(380,095)	2,882
Total sheriff	\$ 41,711	\$ 1,426,280	\$ (1,434,786)	\$ 33,205

(Continued)

**STEPHENSON COUNTY, ILLINOIS**

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

For the Year Ended December 31, 2018

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	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<b>Assets</b>				
Cash and investments				
Treasurer				
Enterprise zone	\$ 231,684	\$ 18,196	\$ (28,615)	\$ 221,265
Mobile home	57,870	59,408	(61,096)	56,182
Zoning public hearing	2,265	-	-	2,265
Total treasurer	<u>291,819</u>	<u>77,604</u>	<u>(89,711)</u>	<u>279,712</u>
Total assets	<u>\$ 4,183,279</u>	<u>\$ 97,005,352</u>	<u>\$ (98,422,726)</u>	<u>\$ 2,765,905</u>
<b>Liabilities</b>				
Due to others				
Total administration	\$ 813,372	\$ 1,135,452	\$ (1,140,970)	\$ 807,854
Total circuit clerk	652,181	2,793,544	(2,632,441)	813,284
Total collector	2,249,141	90,847,406	(92,342,201)	754,346
Total county clerk	102,334	658,819	(715,389)	45,764
Total nursing center	19,617	66,223	(65,720)	20,120
Total probation	13,104	24	(1,508)	11,620
Total sheriff	41,711	1,426,280	(1,434,786)	33,205
Total treasurer	<u>291,819</u>	<u>77,604</u>	<u>(89,711)</u>	<u>279,712</u>
Total liabilities	<u>\$ 4,183,279</u>	<u>\$ 97,005,352</u>	<u>\$ (98,422,726)</u>	<u>\$ 2,765,905</u>

(Concluded)

**STEPHENSON COUNTY, ILLINOIS**

Assessed Valuations, Tax Rates,  
 Extensions, and Collections  
 Tax Levy Year - 2015

	Tax Year 2015	
<b>Assessed Valuation</b>	<b>\$ 616,109,180</b>	
<b>Property tax rates and extensions</b>	<b>Rate</b>	<b>Amount</b>
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
<b>Property tax collection</b>		
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
<b>Percentage collected</b>		<b>100.1%</b>

**STEPHENSON COUNTY, ILLINOIS**

Assessed Valuations, Tax Rates,  
 Extensions, and Collections  
 Tax Levy Year - 2016

	Tax Year 2016	
<b>Assessed Valuation</b>	<b>\$ 625,804,454</b>	
<b>Property tax rates and extensions</b>	<b>Rate</b>	<b>Amount</b>
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
 Total property tax rates and extensions	 1.40414	 \$ 8,787,171
<b>Property tax collection</b>		
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
 Total property tax collection		 \$ 8,784,159
<b>Percentage collected</b>		<b>100.0%</b>

**STEPHENSON COUNTY, ILLINOIS**

Assessed Valuations, Tax Rates,

Tax Levy Year - 2017

	Tax Year 2017	
<b>Assessed Valuation</b>	<b>\$ 661,300,453</b>	
<b>Property tax rates and extensions</b>	<b>Rate</b>	<b>Amount</b>
County General	0.82148	\$ 5,432,451
County Highway	0.09943	657,531
County Bridge	0.00395	26,121
County Matching	0.04893	323,574
Tuberculosis	0.00926	61,236
Mental Health	0.04891	323,442
Illinois Municipal Retirement	0.09470	626,252
Educational Extension Service	0.02605	172,269
Liability Insurance	0.09470	626,252
County Health Department	0.00643	42,522
Social Security Contribution	0.04735	313,126
Veterans Assistance	0.02883	190,653
Nursing Home	0.07892	521,898
<b>Total property tax rates and extensions</b>	<b>1.40894</b>	<b>\$ 9,317,327</b>
<b>Property tax collection</b>		
County General		\$ 5,245,652
County Highway		634,925
County Bridge		25,227
County Matching		312,446
Tuberculosis		59,128
Mental Health		312,320
Illinois Municipal Retirement		604,722
Educational Extension Service		166,345
Liability Insurance		604,722
County Health Department		41,062
Social Security Contribution		302,361
Veterans Assistance		184,096
Nursing Home		503,956
<b>Total property tax collection</b>		<b>\$ 8,996,962</b>
<b>Percentage collected</b>		<b>96.6%</b>

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