

Jo Daviess County, Illinois

Annual Financial Report

Year Ended November 30, 2009

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Members of the County Board
Jo Daviess County, Illinois
Galena, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jo Daviess County, Illinois as of and for the year ended November 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jo Daviess County, Illinois' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jo Daviess County, Illinois as of November 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 8 to the basic financial statements, the County changed its method of accounting for other postemployment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2010, on our consideration of Jo Daviess County, Illinois' internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11, Illinois Municipal Retirement Fund Information on page 49, the Sheriff's Law Enforcement Personnel Information on page 50, Other Postemployment Benefit Plan information on page 51 and Budgetary Comparison information on pages 52 through 55 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jo Daviess County, Illinois' basic financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The schedule of property tax rates, levies, extensions and equalized assessed valuations has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Davenport, Iowa
April 13, 2010

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

It is an honor to present to you the financial picture of Jo Daviess County, Illinois. We offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Jo Daviess County, Illinois for the fiscal year ended November 30, 2009. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begins on page 22 following this narrative.

Financial Highlights

The assets of Jo Daviess County's governmental activities exceeded its liabilities by \$22,101,441 and \$21,535,074 (net assets) at the close of fiscal years 2009 and 2008, respectively. Of this amount, \$10,026,751 represented the County's investment in capital assets, net of related debt, \$3,059,232, was held for restricted purposes, and \$9,015,458 was unrestricted. The unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

The County's total net assets increased by \$566,367 and \$423,106 in fiscal years 2009 and 2008, respectively.

At the close of current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,986,525, an increase of \$374,691 in comparison to the prior year. Approximately 65 percent of this total amount, \$7,800,322, is available for spending at the government's discretion (unreserved and undesignated fund balance).

The unreserved, undesignated fund balance in the General Fund was \$512,170 and \$759,608 or 8 percent and 12 percent of total General Fund expenditures for fiscal years ended 2009 and 2008, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Jo Daviess County, Illinois' basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Jo Daviess County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Jo Daviess County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These statements highlight the functions of Jo Daviess County that are principally supported by taxes, intergovernmental revenues and charges for services (governmental activities). The governmental activities of the County include general control and administration, County development, public safety, court services, mental health, public health and education, transportation and all other expenditures. There are no business-type activities accounted for by the County. The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jo Daviess County like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

Jo Daviess County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for General, County Highway and Public Health funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for most of its funds. A budgetary comparison statement has been provided as required supplementary information for the General Fund, County Highway Fund and Public Health Fund to demonstrate compliance with this budget on pages 52 through 55.

The basic governmental fund financial statements can be found on pages 15 through 20 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The fiduciary funds of the County are considered agency funds. Total assets of the fiduciary funds were \$853,393 and \$1,494,719 for fiscal years ended 2009 and 2008, respectively.

The basic fiduciary fund financial statement can be found on page 21 of this report.

Notes to basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's total net assets have increased from a year ago. Table 1 reflects total net assets of \$22,101,441, which represents an increase of \$566,367 from 2008.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Of the County's net assets, 45 percent and 46 percent for fiscal years ended 2009 and 2008, respectively, reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following is a summary of the County's statement of net assets:

Table 1 - Jo Daviess County, Illinois' Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Current and other assets	\$ 18,535,457	\$ 17,876,961
Capital assets, net	10,052,995	10,013,827
Total assets	28,588,452	27,890,788
Current liabilities	6,457,448	6,329,470
Noncurrent liabilities	29,563	26,244
Total liabilities	6,487,011	6,355,714
Net assets:		
Invested in capital assets, net of related debt	10,026,751	9,978,607
Restricted for:		
Construction projects	1,010,857	687,523
Transportation	258,357	427,168
Mental health	12,409	10,874
Public safety	386,133	325,786
Employee benefits	407,055	374,591
County development	625,862	667,442
Insurance costs	309,928	309,876
Working cash	48,631	48,631
Unrestricted	9,015,458	8,704,576
Total net assets	\$ 22,101,441	\$ 21,535,074

A portion of the County's net assets (14 percent) are restricted and represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$9,015,458 (41 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2009, Jo Daviess County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The statement of changes in net assets shown on the following page shows that the County's total net assets increased by \$566,367 during the current fiscal year.

Table 2 highlights the County's revenues and expenses for the fiscal year ended November 30, 2009 and 2008. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Table 2 - Jo Daviess County, Illinois' Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenues:		
Program revenues:		
Charges for services	\$ 2,366,936	\$ 2,156,083
Operating grants and contributions	2,900,572	2,783,415
Capital grants and contributions	158,790	191,560
General revenues:		
Local property taxes	4,931,800	4,566,261
Hotel/motel taxes	656,227	1,245,510
State income tax	771,802	1,018,490
Sales and local use tax	1,117,980	1,137,757
Corporate personal property replacement taxes	202,917	240,528
Other taxes	12,951	1,961
Unrestricted investment earnings	182,053	272,633
Miscellaneous	361,626	357,694
Total revenues	13,663,654	13,971,892
Expenses:		
General control and administration	2,237,520	2,186,936
Transportation	2,565,499	2,916,327
Public health and education	2,131,603	2,128,771
Public safety	3,060,801	3,147,064
Mental health	346,851	324,078
County development	1,485,360	1,586,711
Court services	1,268,096	1,256,905
Interest	1,557	1,994
Total expenses	13,097,287	13,548,786
Increase in net assets	566,367	423,106
Net assets, beginning	21,535,074	21,111,968
Net assets, ending	\$ 22,101,441	\$ 21,535,074

Table 3 below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Jo Daviess County, Illinois' Cost of Services

Programs	Total Cost of Services 2009	Net (Expense) of Services 2009	Total Cost of Services 2008	Net (Expense) of Services 2008
General control and administration	\$ 2,237,520	\$ (34,731)	\$ 2,186,936	\$ 30,528
Transportation	2,565,499	(1,491,057)	2,916,327	(2,107,372)
Public health and education	2,131,603	(1,060,070)	2,128,771	(1,230,566)
Public safety	3,060,801	(2,376,026)	3,147,064	(2,329,666)
Mental health	346,851	(346,851)	324,078	(324,078)
County development	1,485,360	(1,206,113)	1,586,711	(1,276,408)
Court services	1,268,096	(1,154,584)	1,256,905	(1,178,172)
Interest	1,557	(1,557)	1,994	(1,994)
Total	\$ 13,097,287	\$ (7,670,989)	\$ 13,548,786	\$ (8,417,728)

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Net cost of services is 59 percent and 62 percent of total cost of services in 2009 and 2008, respectively. This reflects a continued reliance on taxes and other general revenues sources to fund the cost of services.

Revenues: Total government-wide revenue decreased \$308,238 or 2.2 percent from the prior year. If property taxes in the amount of \$4,931,800 are factored out of the total all other government-wide revenue decreased \$673,777 or 7.2 percent. The most significant sources of revenue during fiscal year 2009 continued to be property taxes at 36.1 percent (up from 32.7 percent in 2008), operating grants and contributions at 21.2 percent (up from 19.9 percent in 2008), and charges for services at 17.3 percent (up from 15.4 percent in 2008). Revenue sources which experienced an increase in fiscal year 2009 include local property taxes \$365,539 or 8.0 percent, charges for services \$210,853 or 17.3 percent and operating grants and contributions \$117,157 or 4.2 percent. Revenue sources which experienced a decrease include state income tax which decreased \$246,688 or 24.2 percent, sales and local use tax decreased \$19,777 or 1.7 percent, hotel/motel tax decreased \$589,283 or 47.3 percent (\$420,760 was due to the City of Galena keeping their portion of hotel/motel tax), capital grants and contributions decreased \$32,770 or 17.1 percent, corporate personal property replacement taxes decreased \$37,611 or 15.6 percent and investment earnings decreased \$90,580 or 33.2 percent.

Expenditures: Total government-wide expenditures decreased \$451,499 or 3.3 percent from the prior year. Programs which experienced an increase in fiscal year 2009 include general control and administration \$50,584 or 2.3 percent and mental health \$22,773 or 7.0 percent. Programs which experienced a decrease include transportation which decreased \$350,828 or 12.0 percent, public safety which decreased \$86,263 or 2.7 percent and County development which decreased \$101,351 or 6.4 percent.

The most significant classification of expenditures supporting County operations are personnel related costs. In fiscal year 2009 government-wide expenditures for personnel costs (salaries, wages, pension contributions, employee benefits and insurance) totaled approximately \$6,836,970. This is an increase of \$137,877 or 2.1 percent from the prior year and represents 52.2 percent and 49.5 percent of the County's total cost of services in 2009 and 2008, respectively. The cost to maintain current levels of services continues to increase at a rate greater than growth in available revenues.

Financial Analysis of the Government's Funds

As noted earlier, Jo Daviess County, Illinois uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year (November 30, 2009), the County's governmental funds reported combined ending fund balances of \$11,986,525, an increase of \$374,691 in comparison with the prior year. Approximately 65 percent of this total amount, \$7,800,322, constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the primary operating fund used to account for the governmental operations of Jo Daviess County. In addition the County Highway Fund, the Public Health Fund, the Home Health Care Fund, the Tourism Fund and the GIS Fund are used for specific purpose governmental operations. The General Fund, the County Highway Fund and the Public Health Fund are classified as major funds.

At the end of the current fiscal year, the unreserved and undesignated fund balance of the General Fund was \$512,170 while total fund balance reached \$2,234,043. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to fund expenditures. Unreserved/undesignated fund balance represents approximately 8 percent of total actual General Fund expenditures (\$6,306,523), while total fund balance represents approximately 35 percent of that same amount.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

The fund balance of the County's General Fund decreased by \$170,791 during the current year; this decrease is primarily due to less than anticipated receipts of intergovernmental revenues and the timing of salary reimbursements from the state of Illinois. Decreased revenue was partially offset by decreased expenditures related to personnel costs.

The County Highway Fund had a fund balance of \$821,685 which increased \$93,985 from the prior year. This increase is primarily due to less than anticipated fuel costs.

The Public Health Fund had a fund balance of \$786,580, which decreased \$18,186 from the prior year. This decrease is primarily due to more than anticipated expenditures for operating supplies for immunizations and more than anticipated WIC food instrument distributions which were partially offset by decreased expenditures related to personnel costs.

Budgetary Highlights of the County's Major Funds

The County's budget is prepared according to Illinois law and is based on accounting for certain transactions on the modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and major special revenue funds. Budget columns are provided for both the original and final budget adopted for fiscal year 2009. Significant changes to the budget and actual differences with the final budget are discussed below.

General Fund Budgetary Variances

Budget to actual revenue: Actual revenues (\$5,356,693) fell short of estimates (\$5,736,574) for the period by \$379,881. This decrease is primarily due to less than anticipated receipts of intergovernmental revenues of \$494,434. Most state shared revenues fell short of estimates (state income tax \$237,198, CPPR tax \$25,383 and salary reimbursements \$88,663), and was complicated by the delayed timing of distributions due from the state of Illinois. The downstate operating assistance grant (DOAP) for the JDC transit program fell short of expectations by approximately \$109,500. Property taxes (\$19,214) and county revenue stamps (\$27,139) also fell short of expectations. These variances were partially offset by licenses and permits, fines and forfeitures, printing fees and other revenue which exceeded revenue projections by \$5,145, \$50,993, \$4,704 and \$3,954, respectively. Unanticipated revenue of \$77,722 from the state portion of revenue stamps sold was recorded during the period. This amount was offset by an equal amount on the expense side.

Budget to actual expenditures: Total expenditures (\$6,306,523) were less than budget (\$6,777,513) for the period by \$470,990. Public health and education expenditures were \$159,338 less than budget due in part to less than estimated downstate operating assistance grant (DOAP) expenditures. Personnel costs of (\$4,657,473) were less than budget (\$4,899,538) by \$242,065. This variance was primarily due to less than estimated part time wages (\$58,553), two unfilled Sheriff Department positions and a voluntary furlough program. Personnel costs represent 73.9 percent of General Fund expenditures.

The General Fund had a year-end fund balance of \$2,234,043. While this is a decrease of \$170,791 from the prior year, it also represents an increase of \$67,966 over the \$238,757 deficit anticipated when the final fiscal year 2009 budget was adopted.

Major Special Revenue Fund Variances

County Highway Fund: The County Highway Fund had a fund balance of \$821,685, which is a \$93,985 increase from the prior year. This fund exceeded budget estimates by \$141,843. Actual revenues fell short of expectations by \$22,097. This was primarily due to less than estimated property tax revenue (\$15,767). Actual expenditures were less than budget by \$272,830. This was primarily due to less than anticipated fuel costs (\$119,667) and postponement of construction of a storage building.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Public Health Fund: The Public Health Fund had a fund balance of \$786,580, which is a decrease of \$18,186 from the prior year. This fund exceeded budget estimates by \$108,234. Actual revenues exceeded expectations by \$79,480. This was primarily due to non-cash immunization grant revenue being more than anticipated and unanticipated family case management revenue. Actual expenditures were less than budget by \$13,692. This was primarily due to salaries, employee benefits and various general operating expenditures being less than anticipated and offset in part by more than anticipated expenditures for operating supplies for immunizations and more than anticipated WIC food instrument distributions.

Capital Asset and Long-Term Debt Activity

Capital assets: Jo Daviess County, Illinois' investment in capital assets for its governmental activities amounted to \$10,052,995 and \$10,013,827 (net of accumulated depreciation) as of November 30, 2009 and 2008, respectively. This investment in capital assets includes land, construction-in-progress, buildings and improvements, equipment and machinery, transportation equipment and infrastructure.

Major capital asset events during the fiscal year included four new Sheriff's Department vehicles, three new transit vehicles, a new Highway Department dump truck, a new Building & Zoning Department truck, office improvements in the GIS/IT and Assessment offices, HVAC improvements in the Public Health building, completion of Phase II of the courthouse roof project, renovation of the courthouse parking lot, completion of the Petsche box culvert and construction-in-progress for the McFadden Bridge. Additional information on Jo Daviess County, Illinois' capital assets can be found in Note 4 of this report.

Table 4 - Jo Daviess County, Illinois' Capital Assets

	Governmental Activities	
	2009	2008
Land	\$ 204,300	\$ 204,300
Construction-in-progress	621,837	514,834
Buildings and improvements	1,959,422	1,776,032
Equipment and machinery	765,920	926,552
Transportation equipment	1,179,706	1,102,991
Roads and bridges	5,321,810	5,489,118
Total	\$ 10,052,995	\$ 10,013,827

Additional information on Jo Daviess County, Illinois' capital assets can be found in Note 4 of this report.

Debt administration: Jo Daviess County operates largely under a "pay-as-you-go" philosophy. As a result, the County carries no long-term debt with the exception of a capital lease for equipment that had a balance of \$26,244 and \$35,220 as of November 30, 2009 and 2008, respectively.

Economic Factors and Outlook

A national recession, rising unemployment and falling revenue especially state shared revenue are all concerns as we enter 2010. In 2008 and 2009 Jo Daviess County experienced a rather significant decline in new construction especially in the recreational and second home market. Historically Jo Daviess County has been known for its pro-business, pro-tourism environment, an abundance of available property with secondary and transient housing being a strong source of continued growth. For several years, low interest rates contributed to increases in new construction, home sales and mortgage refinances which resulted in increased revenue from building permits and recording fees. However, construction slowed considerably in 2008 and 2009, continuing a trend that began in the second half of 2006. A total of 37 new home building permits were issued in 2009 in unincorporated Jo Daviess County; this is a decrease of 34 percent from the 56 issued in 2008 and a 78.9 percent decrease from the 175 issued in 2005.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

The fiscal year 2010 budget was adopted in November 2009 with the knowledge that the local, state and national economies are in a recession, unemployment is increasing, negative economic trends have impacted state shared local revenue receipts, many local revenue sources are declining and the local impact of government stimulus programs have been minimal.

While the local economy has slowed significantly the County remains optimistic that some commercial and industrial growth will occur during the upcoming reporting period. Reasons for this optimism include the ongoing efforts of the LRA to promote and redevelop the Savanna Army Depot, expansion of existing businesses and increased commercial activity and development adjacent to communities along U.S. Highway 20. We are also optimistic that the State's proposed sale of the Thomson prison to the Federal Government will have a positive impact on the economy in our region. In addition several communities, including East Dubuque, Stockton, Elizabeth and Scales Mound, are all in various stages of creating or implementing TIF Districts which have the potential to significantly expand both residential and commercial growth. And the Tri-County Economic Development Alliance (TCEDA), a new regional public/private economic development organization representing Jo Daviess County, Carroll County and part of Whiteside County, was formed to promote and enhance economic development in our three county region.

Sales tax (municipal 1 percent) collected county-wide for sales made in 2009 decreased \$204,412 or 7.4 percent from prior year. All local communities except for East Dubuque, Menominee and Nora experienced decreased sales in 2009. Sales in unincorporated Jo Daviess decreased 14.1 percent from prior year. Hotel/Motel tax receipts began to decline in the second half of 2008. Combined Hotel/Motel tax receipts for Galena and Jo Daviess County in 2009 totaled \$1,087,450 (receipts by month of occupancy) a decrease of \$157,929 or 12.7 percent from the same period in 2008. In February 2010 Hotel/Motel tax receipts did show a 5.24 percent increase from prior year, the first increase in 13 months. Both of these key local economic indicators will be monitored very closely.

The population of Jo Daviess County was 22,289 as recorded in the 2000 census. The most recent U.S. Census Bureau population estimate was published July 1, 2009 and shows the County population to be 21,990, a decrease of 1.3 percent since 2000.

Employment

According to the Illinois Department of Revenue, the state entered an economic recession near the end of 2007. Nearly 417,000 jobs had been lost as of January 2010, and the state's recovery continues to lag that of the nation. Tax collections generally move with income, with a substantial source of that income stemming from employment. With unemployment rising in 2009, tax collection suffered as earnings were reduced or erased. The result was lower tax collections for the federal, state and local governments.

The Illinois Department of Employment Security (IDES) reports the total labor force in Jo Daviess County in February 2010 was 13,293 of which 11,583 were employed, 1,710 were unemployed and an unemployment rate of 12.9 percent. This compares to a total labor force of 12,623 of which 11,276 were employed, 1,347 unemployed and an unemployment rate of 10.7 percent in February 2009 and a total labor force of 13,300 of which 12,417 were employed, 883 unemployed and an unemployment rate of 6.6 percent in February 2008.

Overall, the state's seasonally adjusted unemployment rate for February was 11.4 percent, up from 11.3 percent in January. This is the state's highest level since 1983. The Jo Daviess County unemployment rate of 12.9 percent in February 2010 is the County's highest level since March of 1984 when 13.0 percent of the County's workforce was unemployed. In general Northwest Illinois has the highest unemployment rates in Illinois with the top three unemployed counties in Boone 20.4 percent, Winnebago 18.2 percent and Ogle 17.5 percent.

The Illinois Department of Employment Security (IDES) reports that the total Jo Daviess County Non-Ag employment in the first quarter of 2009 was 7,623 a decrease of 1,587 or 17.2 percent from the 9,210 reported in third quarter 2009. In the first quarter of 2009 the reported average wage was \$13.65 per hour and the average annual wage was reported at \$28,392.

Although there are some signs the recession technically might have ended, there continues to be significant job pressures in Illinois and throughout the country. High unemployment continues to have a negative effect on state and local revenue especially state shared revenue.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2009

Property Tax Levy

A majority of County revenue sources have decreased as a result of the recession; consequently property tax revenue of \$4,931,800 in fiscal year 2009 increased in its position as the most significant source of revenue and now represents 36.1 percent of total county-wide revenue, up from 32.7 percent in 2008.

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL). This law was adopted by Jo Daviess County as the result of a 1997 referendum and restricts taxing districts to a maximum overall property tax levy amount. PTELL also limits the growth in property tax extensions on existing property to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less. There are provisions in the law which does allow extensions to increase more than the CPI limit; they include increases in proportion to the amount of new construction and annexations of territory into a district. The total taxable assessed value of property in Jo Daviess County as of January 1, 2008 was \$800,396,298, an increase of \$82,355,608 or 10.2 percent over the amount on January 1, 2007. \$24,246,636 of this increase can be contributed to new construction. The estimated taxable assessed value as of January 1, 2009 is \$825,778,842, an increase of \$25,382,544 or 3.2 percent over January 1, 2008, with an estimated increase of \$10,989,000 in new construction.

PTELL restrictions were of concern during preparation of the FY2010 budget as deflation in the fourth quarter of 2008 caused the CPI to slip to 0.1 percent on December 31, 2008. CPI factors of 4.1 percent and 2.5 percent were utilized in administering the respective 2008 and 2007 PTELL formulas resulting in local county property tax extension increases of \$365,539 and \$275,768 in 2008 and 2007, respectively. The estimated maximum allowable tax levy extension increase for 2009 (property taxes payable in 2010) is \$82,065. This lower than anticipated allowable increase resulted in a decision by the County Board to reduce seven of ten County property tax levies so that levies for the IMRF, Social Security and Insurance Funds could meet the minimum requirements of their respective reserve fund balance policies.

Risk Management

Jo Daviess County participates with approximately 50 other Illinois counties in purchasing its property and liability insurance and workers' compensation insurance from Illinois Counties Risk Management Trust. To help minimize the County's risk exposure, the County adopted a Safety Policy Manual in 2008 and hired a part time Safety Coordinator in 2009. The County's Safety Committee works with the Safety Coordinator to implement the County's safety program, reviews reports of injury, and assists in planning quarterly educational programs aimed at reducing and preventing accidents and injuries in the workplace.

The above factors were considered while preparing the fiscal year 2010 financial plan for the County.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the County's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Jo Daviess County Administrator, Jo Daviess County, Illinois, 330 North Bench Street, Galena, Illinois 61036.

Jo Daviess County, Illinois

Statement of Net Assets
November 30, 2009

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 11,599,142
Receivables:	
Accounts	324,381
Interest	3,746
Property taxes	5,097,799
Due from other governments	1,303,632
Inventories	67,577
Loans receivable	34,440
Total current assets	<u>18,430,717</u>
Noncurrent assets, loan receivables	<u>104,740</u>
Capital assets:	
Nondepreciable:	
Land	204,300
Construction-in-progress	621,837
Depreciable:	
Buildings and improvements	3,695,644
Equipment and machinery	2,727,106
Transportation equipment	2,433,410
Road and bridges	11,764,162
Less accumulated depreciation	<u>(11,393,464)</u>
Total capital assets	<u>10,052,995</u>
Total noncurrent assets	<u>10,157,735</u>
Total assets	<u><u>\$ 28,588,452</u></u>

See Notes to Basic Financial Statements.

	Primary Government Governmental Activities
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 584,637
Accrued liabilities	326,946
Accrued compensated absences	326,562
Unearned revenue	112,069
Unearned property taxes	5,097,799
Current portion of capital lease payable	9,435
Total current liabilities	6,457,448
Noncurrent liabilities:	
Capital lease payable	16,809
Other postemployment benefits obligation	12,754
Total noncurrent liabilities	29,563
Total liabilities	6,487,011
Net assets:	
Invested in capital assets, net of related debt	10,026,751
Restricted for:	
Construction projects	1,010,857
Transportation	258,357
Mental health	12,409
Public safety	386,133
Employee benefits	407,055
County development	625,862
Insurance costs	309,928
Working cash, permanently restricted	48,631
Unrestricted	9,015,458
Total net assets	22,101,441
Total liabilities and net assets	\$ 28,588,452

Jo Daviess County, Illinois

Statement of Activities
Year Ended November 30, 2009

Functions/ Programs	Expenses	Program Revenues			Total
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General control and administration	\$ 2,237,520	\$ 1,494,370	\$ 708,419	\$ -	\$ (34,731)
Transportation	2,565,499	-	915,652	158,790	(1,491,057)
Public health and education	2,131,603	265,909	805,624	-	(1,060,070)
Public safety	3,060,801	370,580	314,195	-	(2,376,026)
Mental health	346,851	-	-	-	(346,851)
County development	1,485,360	139,727	139,520	-	(1,206,113)
Court services	1,268,096	96,350	17,162	-	(1,154,584)
Interest	1,557	-	-	-	(1,557)
Total governmental activities	\$ 13,097,287	\$ 2,366,936	\$ 2,900,572	\$ 158,790	(7,670,989)

General Revenues

Taxes:

Property taxes	4,931,800
Hotel/motel tax	656,227
State income tax	771,802
Sales taxes	1,117,980
Corporate personal property replacement taxes	202,917
Other taxes	12,951
Unrestricted investment earnings	182,053
Miscellaneous	361,626
Total general revenues	8,237,356
Changes in net assets	566,367
Net assets, beginning of year	21,535,074
Net assets, end of year	\$ 22,101,441

See Notes to Basic Financial Statements

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Jo Daviess County, Illinois

Balance Sheet
Governmental Funds
November 30, 2009

Assets	General Fund	Special Revenue Funds	
		County Highway Fund	Public Health Fund
Cash and investments	\$ 2,158,221	\$ 821,893	\$ 735,678
Accounts receivable	18,158	47,731	4,378
Interest receivable	1,043	-	-
Due from other funds	25,488	34,090	-
Due from other governmental agencies	910,647	45,984	89,938
Property tax receivable	1,549,366	800,755	524,233
Loan receivable	-	-	-
Inventories	26,873	10,761	29,943
Total assets	\$ 4,689,796	\$ 1,761,214	\$ 1,384,170
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 228,461	\$ 104,493	\$ 8,610
Accrued liabilities	216,267	18,697	27,583
Due to other funds	54,828	-	-
Unearned and deferred revenue	406,831	15,584	37,164
Deferred property taxes	1,549,366	800,755	524,233
Total liabilities	2,455,753	939,529	597,590
Fund balances:			
Reserved for:			
Inventories	26,873	10,761	29,943
Loans	-	-	-
Working cash	-	-	-
Unreserved, Board designated	1,695,000	435,000	615,000
Unreserved, undesignated, reported in:			
General Fund	512,170	-	-
Special revenue funds	-	375,924	141,637
Permanent Fund	-	-	-
Total fund balances	2,234,043	821,685	786,580
Total liabilities and fund balances	\$ 4,689,796	\$ 1,761,214	\$ 1,384,170

See Notes to Basic Financial Statements.

Nonmajor Governmental			
Funds		Total	
\$	7,883,350	\$	11,599,142
	254,114		324,381
	2,703		3,746
	98,655		158,233
	257,063		1,303,632
	2,223,445		5,097,799
	139,180		139,180
	-		67,577
\$	10,858,510	\$	18,693,690

\$	243,073	\$	584,637
	64,399		326,946
	103,405		158,233
	79,971		539,550
	2,223,445		5,097,799
	2,714,293		6,707,165

	-		67,577
	139,180		139,180
	48,631		48,631
	1,185,815		3,930,815
	-		512,170
	6,768,478		7,286,039
	2,113		2,113
	8,144,217		11,986,525
\$	10,858,510	\$	18,693,690

Jo Daviess County, Illinois

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
November 30, 2009**

Total governmental fund balances	\$	11,986,525
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Amounts reported for governmental activities are not financial
resources and, therefore, are not reported in the funds:

Land	\$	204,300	
Construction-in-progress		621,837	
Buildings and improvements		3,695,644	
Equipment and machinery		2,727,106	
Transportation equipment		2,433,410	
Roads and bridges		11,764,162	
Accumulated depreciation		<u>(11,393,464)</u>	10,052,995

Other long-term assets are not available to pay for current-period expenditures
and, therefore, are deferred in the funds:

Deferred revenues	427,481
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Long-term liabilities are not due and payable in the
current period and, therefore, are not reported in the funds:

Capital lease payable	(26,244)
Compensated absences	(326,562)
Other postemployment benefits obligation	<u>(12,754)</u>
Net assets of governmental activities	<u>\$ 22,101,441</u>

See Notes to Basic Financial Statements.

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Jo Daviess County, Illinois

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended November 30, 2009**

	General	Special Revenue Funds	
	Fund	County Highway Fund	Public Health Fund
Revenues:			
Property taxes	\$ 1,542,714	\$ 812,891	\$ 532,178
Intergovernmental	2,536,416	186,937	478,223
Charges for services	1,017,628	-	128,761
Interest	39,672	9,059	7,359
Licenses and permits	197,096	-	-
Other	23,167	124,674	1,909
Total revenues	5,356,693	1,133,561	1,148,430
Expenditures:			
Current:			
General control and administration	1,547,825	-	-
Transportation	180,318	980,553	-
Public health and education	419,201	-	1,067,051
Public safety	2,739,312	-	-
Mental health	-	-	-
County development	184,652	-	-
Court services	1,227,342	-	-
Capital outlay	7,873	124,368	5,837
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	6,306,523	1,104,921	1,072,888
Excess (deficiency) of revenues over expenditures	(949,830)	28,640	75,542
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Transfers in	1,053,780	99,756	39,190
Transfers out	(274,741)	(34,411)	(132,918)
Total other financing sources (uses)	779,039	65,345	(93,728)
Net change in fund balances	(170,791)	93,985	(18,186)
Fund balances, beginning of year	2,404,834	727,700	804,766
Fund balances, end of year	\$ 2,234,043	\$ 821,685	\$ 786,580

See Notes to Basic Financial Statements.

Nonmajor Governmental			
Funds		Total	
\$	2,044,017	\$	4,931,800
	2,344,030		5,545,606
	959,340		2,105,729
	125,963		182,053
	-		197,096
	211,876		361,626
	5,685,226		13,323,910

480,133	2,027,958
870,520	2,031,391
620,453	2,106,705
136,466	2,875,778
341,942	341,942
1,289,580	1,474,232
21,120	1,248,462
699,240	837,318

8,976	8,976
1,557	1,557
4,469,987	12,954,319

1,215,239	369,591
-----------	---------

5,100	5,100
676,499	1,869,225
(1,427,155)	(1,869,225)
(745,556)	5,100

469,683	374,691
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7,674,534	11,611,834
\$ 8,144,217	\$ 11,986,525

Jo Daviess County, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended November 30, 2009**

Net change in fund balances - governmental funds	\$	374,691
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay		650,741
Depreciation expense:		
General control and administration	\$ (100,939)	
Transportation	(446,953)	
Public health and education	(19,101)	
Public safety	(167,496)	
County development	(8,503)	
Court services	(17,892)	
	<u>(760,884)</u>	(760,884)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) as to increase (decrease) net assets:

Capital contributions	158,790
Proceeds from sale of capital assets	(5,100)
Loss on sale of capital assets	(4,379)
Trade in value of vehicle additions	9,336
Trade in value of vehicle disposals	(9,336)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements:

Charges for services	64,111	
Operating grants and contributions	22,030	
Sales tax	94,813	180,954
	<u>180,954</u>	

Some expenses reported 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 compensated absences	(24,668)
Change in other postemployment benefits obligation	(12,754)

The issuance of long-term debt (e.g., bonds, loans, leases) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items,

Repayment of principal of long-term debt	8,976
Change in net assets of governmental activities	<u><u>\$ 566,367</u></u>

See Notes to Basic Financial Statements.

Jo Daviess County, Illinois

Statement of Assets and Liabilities

Agency Funds

November 30, 2009

Assets

Cash and investments	\$	730,077
Due from other governments		123,316
Total assets	\$	853,393

Liabilities

Accounts payable	\$	159,071
Due to other governments		106,580
Due to individuals and private entities		587,742
Total liabilities	\$	853,393

See Notes to Basic Financial Statements.

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Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies

Nature of operations:

The County provides many functions and services to citizens, including law enforcement, health and social services, transportation, planning and zoning and general administrative services.

Reporting entity:

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations 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.

Jo Daviess County, Illinois is a municipal corporation governed by a County Board, which is elected by the public and has the exclusive responsibilities and accountability for the decisions it makes. The County has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the County is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

Joint ventures: The County has an intergovernmental agreement with Carroll County, Illinois regarding an entity known as the Jo-Carroll Depot Local Redevelopment Authority (LRA). This LRA replaced an entity previously known as the Savanna Army Depot Local Redevelopment Authority. The former entity was charged with the authority to prepare a plan for the re-use of the Savanna Army Depot facilities in accordance with the Base Closure Community Redevelopment Assistance Act. The current LRA is charged with the authority to implement the re-use plan for the Savanna Army Depot and to modify the plan as may become necessary. Both Counties are jointly and severally liable for all liabilities, debts and obligations of any kind incurred by the LRA if the Authority is dissolved. The agreement provides for the LRA to consent to an audit of its funds by either County as either County may direct.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Summarized modified cash basis financial information of Local Redevelopment Authority for the year ended November 30, 2009, is presented below:

Balance Sheet as of November 30, 2009			
<hr/>			
Assets, cash		\$	1,811,382
Capital assets, net			<u>2,032,173</u>
Total assets		\$	<u><u>3,843,555</u></u>
Current liabilities, taxes payable		\$	2,416
Net assets:			
Investment in capital assets, net	\$	2,032,173	
Unreserved		<u>1,808,966</u>	
Total fund equity			<u>3,841,139</u>
Total liabilities and net assets		\$	<u><u>3,843,555</u></u>
Operations for Year Ended November 30, 2009			
<hr/>			
Revenues:			
Charges for services, leases		\$	81,954
Operating grants and contributions			794
Investment earnings			<u>52,743</u>
Total revenues			<u>135,491</u>
Expenses			<u>429,987</u>
Change in net assets			<u>(294,496)</u>
Net assets, beginning of year			<u>4,135,635</u>
Net assets, end of year		\$	<u><u>3,841,139</u></u>

These financial statements are available through the Jo-Carroll Depot Local Redevelopment Authority offices in Savanna, Illinois.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Basis of presentation:

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report the overall financial activity of the County. The financial activities of the County consist of governmental activities, which are primarily supported by taxes, intergovernmental revenues and charges for services.

The statement of activities demonstrates the degree to which the direct expense of a given function (i.e., general control and administration, public safety, etc.) is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees) and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds, each displayed in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The County has the following fund types:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The County has elected to report the Public Health Fund as major for public interest purposes. The following are the County's major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the County and accounted for in the General Fund include general control and administration, public health and education, public safety and County development.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific projects:

County Highway Fund: This is used to operate the County Highway Department including, but not limited to, salaries, supplies and purchase of machinery and equipment.

Public Health Fund: This fund is used for public health expenses and is supported by the public health property tax levy and funds from various state or federal grant sources.

The other governmental funds of the County are considered nonmajor and are as follows:

Special Revenue Funds:

County Highway Capital Investment Fund: This fund was established to accumulate funds for the cost of major capital expenditures, including new road construction, major road rehabilitation projects, bridges, drainage structures and similar projects. Revenues are normally derived from fund transfers from the Highway Fund and other sources. Expenditures from this fund are included in the annual budget and payments from this fund are authorized by the County Board.

Federal Aid Matching Fund: This fund is used for the County match for projects funded with federal funds such as reimbursement to the state of Illinois for construction projects. Property tax and interest support this fund. The County Engineer authorizes expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 605 ILCS 5/5-603.

County Motor Fuel Tax Fund: This fund is used for the maintenance of County roads using state approved materials and contractors. Disbursements from this fund include: the County Engineer's salary, IMRF, FICA, health insurance reimbursements and construction of, maintenance and materials for road maintenance. Monthly allotments from state of Illinois, interest income and reimbursements from the townships support this fund. The County Engineer authorizes expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 35 ILCS 505/8 & 605 ILCS 5/5-701.

State's Attorney Drug Forfeiture Fund: This fund accounts for funds received as a result of prosecution of drug offenses.

Public Health Capital Investment Fund: This fund is used for major equipment purchases, building improvement and maintenance and any unforeseen expenses for the operation of the Public Health Department services. This fund was established under the authority of the Jo Daviess County Board of Health.

Home Health Care Fund: This fund is used for Home Health Care expenses. The fund is supported by the fees received from Medicare, Medicaid, private insurance and private payers. The Public Health Administrator may issue disbursements from this fund under the authority of County Board of Health and the County Home Health Care Advisory Committee. This fund was established under the authority of the Board of Health.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

HHC Memorial Fund: This fund is the money received as donations from patients or family members to be used either for designated memorials chosen by the patient and or family or for discretionary purchases for the Home Health Care program.

Public Health Bio-terrorism Fund: This fund is to cover expenses related to planning and dealing with Bio-terrorism issues including planning and emergency preparedness. This would include upgrading 24:7 response for emergency situations, communicable disease surveillance, health alert network capabilities, internet response and risk communication devices. This fund is established to track federal and state grant money related to Bio-terrorism.

Dog Fund: This fund is used to cover the costs associated with livestock kills. Revenue for this fund comes from 1/3 of registration fees from the Rabies Fund and interest income. Disbursements include livestock kills and truck purchase. The County Engineer authorizes expenditures from this fund. This fund was established under the authority of Illinois Compiled Statutes 510 ILCS 5/7 and 510 ILCS 5/19.

Rabies Control Fund: The revenue from this fund is disbursed by transferring 1/3 into the Dog Fund and 2/3 into the General Fund. This fund derives its revenue from fees for registration, penalties, city contracts, private pick-ups and interest income. Expenditures fall under the guidelines of the General Fund. This fund was established under the authority of Illinois Compiled Statutes 510 ILCS 5/7.

Mental Health Fund: This fund was established to provide funds for community mental health facilities and services. Monies in this fund are allocated annually by the 708 Mental Health Board, subject to approval of the County Board through the annual budget approval process. The revenues of this fund are derived from the Mental Health Tax Levy (405 ILCS 20/.1 et seq.) which is a part of the County's Tax Levy Ordinance.

Special Service District No. One Fund: The purpose of this fund is to provide financial support for the Warren Area Ambulance Service. The revenue for this fund is derived from a tax levied on property within the boundaries of Special Service Area #1 which includes Apple River and Warren Townships and parts of Nora and Thompson Townships. Funds are disbursed by the County Treasurer following collection of property taxes in accordance with the approved annual Budget, Appropriations & Tax Levy. This fund was established under the authority of Illinois Compiled Statutes 35 ILCS 200/27-5 et seq.

Special Service District No. Two and Four Fund: The purpose of this fund is to provide financial support for the Elizabeth Community Ambulance Service. The revenue for this fund is derived from a tax levied on property within the boundaries of the combined Special Service Area No. Two and Four as approved by the County Board. Funds are disbursed by the County Treasurer following collection of property taxes in accordance with the approved annual Budget, Appropriations & Tax Levy. This fund was established under the authority of Illinois Compiled Statutes 35 ILCS 200/27-5 et seq.¹⁴.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Special Service District No. Five Fund: The purpose of this fund is to provide financial support for the Hanover Ambulance Service. The revenue for this fund is derived from a tax levied on property within the boundaries of Special Service Area #5 which includes Hanover Township and parts of Rice and Elizabeth Townships. Funds are disbursed by the County Treasurer following collection of property taxes in accordance with the approved annual Budget, Appropriations & Tax Levy. This fund was established under the authority of 35 ILCS 200/27-5 et seq.

Rentech Energy Escrow Fund: This fund was established to pay the expenses incurred by Jo Daviess County that are directly associated with the permitting and necessary professional services/County services for the construction of the Rentech Energy Project including direct expenses related to the County's due diligence and oversight of the Project.

911 Fund: This fund is used to enhance the emergency telephone system of Jo Daviess County. Disbursements are those necessary to continue the implementation of the enhanced 911 system. Revenue for this fund comes from the telephone surcharge and earned interest. The Emergency Telephone System Board authorizes all expenditures. This fund was established under the authority of Illinois Compiled Statutes 50 ILCS 750/1.

Sheriff's Forfeiture Fund: The purpose of this fund is to pay expenses related to the enforcement of laws regulating controlled substances and cannabis and for educational/prevention purposes. Revenue is derived from forfeitures related to arrests and/or seizures made for violations of the Cannabis Control Act and the Controlled Substance Act. Management control of this fund is with the sheriff and County Treasurer and both must approve expenditures made from this fund. This fund was established under the authority of Illinois Compiled Statutes 720 ILCS 550/1 et seq. and 725 ILCS 150/et seq.

Tourism Capital Development Fund: From this fund includes capital improvements to buildings used for tourism promotion and administration. This fund's revenue is supplied by the County hotel/motel tax. The County Board approves disbursements from this fund. This fund was established pursuant to action by the County Board.

Economic Development Investment Fund: The purpose of this fund is to provide a pool of resources that can be used by the County Board to promote economic development throughout the County. This fund was formerly named the Revolving Loan Fund. The fund may be used for the following purposes and other similar expenditures deemed by the County Board as promoting the economic development of the County:

- Economic development loans as outlined in the County Board's "Guidelines and Procedures for the Jo Daviess County Economic Development Investment Fund."

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

- Operational expenses associated with the Jo Daviess County Economic Development and Planning Department (ED&PD). Eligible expenses include, but are not limited to: personnel costs, supplies and equipment, and contractual services. It is anticipated that interest on fund balance will be sufficient to support operational costs of the ED&PD. Operational funding is to be at the discretion of the County Board on an annual basis.
- Direct investments in projects, approved by the County Board, that directly promote and enhance the economic development of the County.
- Matching fund loans to be used for the purpose of acquiring State and federal economic development grant monies, such as for infrastructure improvements related to the location of a new business or expansion of an existing business in the County. Maximum loan amount is \$100,000.

The revenues of this fund were originally derived from transfers from the former Riverboat Assistance Fund. Revenues from loan repayments, grants, the General Fund, fund balance interest and enterprise zone fees, support this Fund. The County Board authorizes expenditures from this Fund.

LTCB Grant Fund: This fund controls the funds received from the state Local Tourism & Convention Bureau (LTCB) grant program. Disbursements include reimbursement to the Convention & Visitor's Bureau's tourism promotion fund and administrative projects eligible for the state program. State hotel/motel taxes support this fund. The County Board approves disbursements from this fund. This fund was established pursuant to action by the County Board.

GIS Automation Fund: This fund defrays the cost of equipment, material and necessary expenses incurred by the County in implementing and maintaining the Geographic Information System. Disbursements from this fund are for implementing and maintaining the County's Geographic Information System. A portion of the fee charged for every instrument submitted for recording supports this fund. The County Administrator authorizes all expenditures from the fund. This fund was established under the authority of Public Act 9170791.

Municipal Retirement Fund: This fund was established to provide funds for the cost of the County's participation in the Illinois Municipal Retirement Fund (IMRF). The County is authorized to levy the amount necessary to meet its cost (40 ILCS 5/21-110). There is no rate limit on this levy and the levy is in addition to other taxes levied for County purposes.

Social Security Fund: This fund was established to provide funds for the cost of the County's participation in the Federal Social Security Insurance Program. The County is authorized to levy the amount necessary to meet its costs (40 ILCS 5/21-110). There is no rate limit on this levy and the levy is in addition to other taxes levied for County purposes. The County is also authorized to levy an additional tax for the payment of the costs of participation in the Federal Medicare Program (40 ILCS 5/21-11 0.1).

Probation Services Fund: This fund is used for programming and the costs of operating the Probation Department, except for the payment of salaries. The juvenile and adult offender's fees support this fund. The Chief Circuit Judge and Chief Managing Officer of Probation authorize expenditures from the fund. This fund was established under the authority of Compiled Statutes 730 ILCS 110/15.1.

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Extension Education Fund: This fund was established to provide matching funds for the local costs of Cooperative Extension supplementing appropriations by the Illinois General Assembly and the U.S. Congress to the University of Illinois. Monies in this fund are allocated annually to the Cooperative Extension Board through the annual budget approval process. The revenues of this fund are derived from the Extension Education Tax Levy (505 ILCS 45/1-11) which is a part of the County's Tax Levy Ordinance.

Insurance Fund: This fund was established to provide funds for the cost of the County's insurance premiums for liability insurance, tort judgments, settlements, or reserves (745 ILCS 10/9-107); and for the costs incurred pursuant to the Workers' Compensation Act (820 ILCS 305/1 et seq.); the Workers' Occupational Diseases Act (820 ILCS 310/1 et seq.) and the Unemployment Insurance Act (820 ILCS 405/100 et seq.). There is no rate limit on these levies and the levies are in addition to other taxes levied for County purposes.

Circuit Clerk Automation Fund: This fund is used for the purchase of computer software and hardware needed to run the County Court System. Fees collected on civil, criminal, quasi-criminal and traffic cases support the fund. The Clerk of the Circuit Court and Chief Judge of the Circuit Court approve expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 705 ILCS 105/27 .3a.

Recorder Automation Fund: This fund defrays the cost of converting the Recorder's document storage to computers or micrographics. A portion of the fee charged for every instrument submitted for recording supports this fund. The County Clerk authorizes all expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 55 ILCS 5/4-4001.

County Clerk Automation Fund: This fund defrays the cost of converting and maintaining the County Clerk's document storage system for vital records. A portion of the fee charged for certified copies of each birth, death and marriage license issued support this fund. The County Clerk authorizes all expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 55 ILCS 5/4-4001.

Court Document Storage Fund: This fund is used for the payment of costs related to the storage of court records. Fees collected on civil, criminal, quasi-criminal and traffic cases support the fund. The Clerk of the Circuit Court approves expenditures, which include payment of costs relative to the storage of court records. This fund was established under the authority of Illinois Compiled Statutes 705 ILCS 105/27.3c.

Tax Sale Automation Fund: This fund is used for costs of hardware, software, research and development and personnel. Revenue for this fund comes from tax sale fees. The County Treasurer and Chief Deputy authorize expenditures from this fund with final approval from the County Board. This fund was established under the authority of Illinois Compiled Statutes 35 ILCS 200/21-245.

Election Equipment Fund: This fund is for punch-card equipment buy-out. It is partially funded by a grant from the federal government as a result of the Help America Vote Act of 2002 (H.R.3295). The Act established a program to provide funds to states to replace punch-card and lever voting machines.

Maintenance and Child Support Fund: The revenue collected is to be used by the Circuit Clerk, who has the management control of this fund, to maintain child support and maintenance orders and to record all payments. The fees collected from the payor of child support and maintenance support the fund. This fund was established under the authority of 705 ILCS 105/27.1(u)(32); 705 ILCS 105/27.1a(bb)(4); 705 ILCS 105/27.2(bb)(4); and 705 ILCS 105/27.2a(bb)(4).

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Probation EMHD Program Fund: The rental of Electronic Monitoring Equipment is handled through this account. Disbursement from this fund relates to the cost of operating the Electronic Monitoring program. Fees from offenders placed on Electronic Monitoring support this fund. The Chief Managing Officer of Probation authorizes expenditures from the fund. This fund was established under the authority of 730 ILCS 5/5-6-3 (10)(V).

County Capital Improvements Fund: This fund was established to accumulate funds for the cost of: major capital expenditures, including new construction, remodeling and maintenance; and major, one time program expenditures. This fund was originally established by the transfer of monies from the former Riverboat Assistance Fund and subsequently funded by the transfer of funds from the General Fund. Expenditures from this fund are included in the annual budget and payments from the fund authorized by the County Board.

Contingency Fund: This fund was established to provide funds for expenses incurred by County departments and offices that were unanticipated at the beginning of the budget year or to provide inter-fund loans for any County fund experiencing temporary cash flow problems. Expenditures and inter-fund loans from this fund may be made only upon approval of the County Board. Monies expended or loaned from this fund must be replaced during the fiscal year expended or loaned or during the subsequent fiscal year from the fund for which the unanticipated expenditure was made. Initial funding of \$50,000 for Contingency Fund was derived from the elimination of the Indemnity Fund in 2004.

County Capital Equipment Fund: This fund was established to accumulate funds for the cost of replacing or planning for the future purchase of major capital equipment items. County departments and offices include in their annual budgets and transfer to the Capital Equipment Replacement Fund amounts to cover the cost of the future purchase of replacement or new equipment items. Expenditures from this fund are included in the annual budget and payments from the fund are authorized by the County Board.

Public Health Foundation Fund: This fund was established to be used for the purchase of Infant and Toddler Convertible Safety Seats or Booster Seats for eligible Women, Infant and Children (WIC). This fund is supported by a golf fundraiser sponsored by the Stockton Black Hawk Golf Course in October 2005.

Sheriff DUI Fund: This fund was established to pay for law enforcement equipment that will assist in the prevention of alcohol related criminal violence. Revenue is derived from fines and forfeitures received through the Circuit Clerk. Management control of this fund is with the Sheriff and County Treasurer and both individuals must approve expenditures made from this fund. This fund was established under the authority of 625 ILCS 5/11-501 G) et seq.

State's Attorney Felony/Misdemeanor Diversion Fund: This fund will consist of money, deposited by Defendants as bond for offenses that are charged but may be dismissed, if certain conditions are met. The court will be ordering the defendant to comply with certain conditions in order to complete the program. These conditions are similar to those that are ordered after a defendant has been found guilty of an offense. If these conditions are met, the charge will be dismissed and the money deposited will be disbursed to the State's Attorney's Office, Circuit Clerk's Office and the arresting agency. The State's Attorney is authorized by statute to initiate this program.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Sheriff Vehicle Fund: This fund accounts for the acquisition of maintenance of law enforcement vehicles for the Jo Daviess County Sheriff's Office. Revenue is derived from fees paid by persons who, after a court appearance, receive a disposition of court supervision for a violation of any provision of the Illinois Vehicle Code. Management control of this fund is with the Sheriff and County Treasurer; both must approve expenditures made from this fund. This fund was established under the authority of 625 ILCS 5/16-104 (c) et seq.

Catastrophic Public Health Emergency Fund: This fund accounts for any Public Health epidemic or Public Health Emergency. A catastrophic public health even could be the result of a communicable disease epidemic (Pandemic Flu or Tuberculosis, Mumps, Pertusis, Avian Flu, West Nile or other communicable diseases). This fund would also cover natural disasters such as flooding, tornados or terrorist initiated chemical, radiological or biological (small pox, anthrax) threats.

Circuit Clerks Operation and Administrative Fund: This fund accounts for funds collected from defendants who receive a disposition of court supervision after a court appearance on an offense under the Illinois Vehicle Code. Management control of this fund is with the Circuit Clerk. Authority to collect this fee is found in SB 1089.

Home Health Care Capital Equipment Fund: This fund was established to accumulate funds for the cost of purchasing and planning for the future replacement of capital equipment items needed to establish and maintain a Telehealth program. Expenditures are authorized by the Board of Health and County Board.

County Aid to Bridges Fund: This covers joint funding for County and township bridge projects, culvert replacements and project design.

Tourism Promotion Fund: This is used to promote tourism in the County and to operate the Galena/Jo Daviess County Convention and Visitors Bureau.

GIS Capital Equipment & Investments Fund: This fund was established to accumulate funds for the cost of capital equipment replacement (computers, monitors, servers, etc.) and capital investment projects (orthophotography updates, GIS web development, etc.) within the GIS program. Revenues are normally derived from fund transfers from the GIS Automation Fund and other sources. Expenditures from this fund are included in the annual budget and payments from the fund authorized by the County Board.

Sale in Error Fund: This fund is used to pay the refund of interest and costs to a tax sale certificate holder that has received a sale in error declaration. Revenue from this fund will come from fees generated at the tax sale. The County Treasurer and the Chief Deputy authorize expenditures from this fund with the final claim approval from the County Board. This fund was established under the authority of 35 ILCS 200/21-310.

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

JDC Emergency Services Communications Fund: This fund was established by the Sheriff to receive public and private funding support for major improvements and/or replacements of the county-wide radio system utilized by all emergency services of Jo Daviess County to include all fire departments, ambulance services and law enforcement agencies. The sources of revenue include but are not limited to grant funding, direct state and/or federal assistance, private donations and local/county funds. Primary expenses shall be only those that will provide major improvements or replacements of existing communications infrastructure for the radio system. There is no statutory reference for this fund outside the statutory authority established for the Office of the Sheriff.

Public Health Emergency Response Grant Fund: This fund is to cover expenses related to planning, administration and dealing with Pandemic Flu (H1N1) issues including emergency response. This would cover salaries, including overtime, travel to outlying clinics, and extra costs associated with those clinics. This fund is established to track federal and state grant money related to Pandemic Flu situations (H1N1).

Permanent Fund:

Working Cash Fund: This fund accounts for funds raised through property tax levies and interest income. Funds are available for loans to other funds. The principal portion of the funds may not be expended.

Fiduciary fund types: Fiduciary fund types are used to account for net assets and changes in net assets. The fiduciary funds of the County are all considered agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of the operations.

Condemnation Fund: This fund accounts for monies received from the state for "Emment Domain."

Township Motor Fuel Tax Fund: This fund covers maintenance of township roads using state approved materials and contractors. Disbursements are used for road construction and maintenance, materials, equipment rental and reimbursement to County for engineering. Monthly allotments from the state of Illinois, interest income and reimbursement from townships support this fund. The County Engineer authorizes expenditures from the fund. This fund was established under the authority of 35 ILCS 505/8 & 605 ILCS 5/6-701.

Lost and Unknown Heirs Fund: This fund accounts for unclaimed funds due to death.

Township Bridge Fund: This fund covers 80 percent of the cost of bridge projects for townships. Expenditures from this fund include construction of bridges and reimbursement to County. Authorizations from the state of Illinois, interest income, reimbursement from the County and Townships support this fund. The County Engineer authorizes expenditures from the fund. This fund was established under the authority of 605 ILCS 5/6-901.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

County Collectors Fund: This fund accounts for funds received from payment of property taxes.

Work Release Fund: This fund accounts for monies of Work Release Inmates. Disbursements from this fund relate to inmates' financial obligations. Fees from work release inmates support this fund. The judge authorizes expenditures from the fund. This fund was established under the authority of 730 ILCS 5/5-7-1.

Circuit Clerk Fund: The revenue collected is to be deposited in the General Fund under the Circuit Clerk line item. Fees collected on civil, criminal, quasi-criminal and traffic cases support this fund. This fund was established under the authority of 705 ILCS 105/27.1 through 705 ILCS 105/27.2a.

Marriage Fund: Fees collected from payment for marriage ceremonies support this fund. This fund was established under the authority of 705 ILCS 105/27.1(b) Rule 40.

County Clerk's Tax Redemption Fund: This fund accounts for funds received from redemption of property taxes.

Inheritance Tax Fund: This fund accounts for funds received from individual estates to be sent to the state of Illinois.

Probation Restitution Fund: This fund accounts for funds collected from offenders and disbursed to victims. Disbursements from this fund are reimbursement for out-of-pocket expenses, losses, damages and injuries suffered by victims. Restitution from offenders supports this fund. The Chief Managing Officer of Probation authorizes expenditures from the fund. This fund was established under the authority of 730 ILCS 5/5-5-6.

Insurance Clearing Fund: This fund is for pre-tax benefit of payment for insurance premium, medical and dental expenses and dependent care. Disbursements from this fund are claims payments for enrollees. Payroll deductions from enrollee's paychecks support this fund. Medical Associates Health Plans authorizes all expenditures from the fund.

Treasurer's Fee Account Fund: Clearing account for funds.

Inmate Commissary Fund: The purpose of this fund is to handle inmate financial transactions. Revenues are derived from commissary purchases, inmate telephone service contract and administrative fees for medical care. Expenditures include: refunds to persons being released from jail, commissary items and any items that would directly benefit the inmates (televisions, cable service, recreational games, etc.) The sheriff and Jail Administrator (Chief Deputy) have management control over this fund and approve all expenditures. This fund was established under the authority of 730 ILCS 5/3-15-2.

Sheriff's Kids First Fund: The purpose of this fund is to support programs for children (i.e. Shop-with-a-Cop program) offered by the Sheriff's Department. The primary source of revenue is grant funding and private and public donations. Primary expenses include the purchasing of essential items for children (i.e. clothing, footwear, school supplies, etc.). There is no statutory reference for this fund outside the statutory authority established for the Office of the Sheriff.

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Measurement focus and basis of accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for services, and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The County's property tax is levied each year on all taxable real property located in the County on or before November 30. Property taxes attach as an enforceable lien on property as of the preceding January 1, at which time they are recognized. These taxes are due in two installments in June and September of the following year. Since the 2009 tax levy is budgeted for the fiscal year 2010, the revenue from this tax levy is deferred.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Significant accounting policies:

Cash and investments: Cash and investments primarily consist of deposit accounts with financial institutions.

Investments are reported at fair value. A portion of the County's investments are in the Illinois Funds Money Market Fund, which is an external investment pool which is not SEC registered. Fair value is based on quoted market prices. The Illinois Funds Money Market Fund is regulated by the State Treasurer's Office. The fair value of the position in the external investment pool is the same as the value of the shares.

Accounts receivable: Accounts receivable results primarily from hotel/motel taxes and are accounted for in the government funds. All are net of an allowance for uncollectibles.

Inventories: Inventories are accounted for at cost, using the first-in, first-out method. Inventories are accounted for under the consumption method, whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used. Inventories consist of deed stamps, immunizations and fuel.

Due from other governments: Due from other governments represent state shared revenues from the state of Illinois, grants and reimbursements from other governments.

Capital assets: Capital assets which include land, construction-in-progress, buildings, building improvements, transportation equipment, equipment and machinery, and roads and bridges are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets, which have an initial, individual cost of more than \$20,000 for land, buildings and infrastructure assets, and \$5,000 for other capital assets, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets except land and construction-in-progress are depreciated.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated lives for each capital assets type are as follows:

Buildings and building improvements	10 - 50 years
Transportation equipment	4 - 30 years
Equipment and machinery	3 - 30 years
Roads and bridges	40 years

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

The County's collection of works of art, books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to County policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Compensated absences: County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Governmental funds report the amount of accumulated unpaid vacation and sick leave, when due, as a result of employee retirements and resignations. The amount of liability not considered due is not reported in the fund financial statements; however, the entire compensated absence liability is reported in the government-wide financial statements. The liability for compensatory time off is expected to be liquidated with current available resources and is included with accrued payroll liabilities in the fund financial statements.

For nonunion employees, full-time employees accrue vacation time according to their years of continuous service with the County with the hours given to the employee on their anniversary date. Employees may carry over up to one-half of their accrued vacation from the previous year for six months past their anniversary date for the following year.

For employees covered under the Collective Bargaining Agreement for Police Officers, vacation allowances are earned annually based on the number of months employed with the County and the prior year's earned hours are available for use starting December 1 the following year. These employees also earn sick leave hours with a maximum of 1,040 hours allowed. For sick leave hours in excess of 520 sick hours, the employee can cash in two unused sick days for one day's pay basis. The cash in occurs during the time period of November 1 to November 15 each year.

For employees covered under the Collective Bargaining Agreement for the Highway Department, vacation accrues for full time employees on a pay period basis based on the years of service with the County. These employees are allowed to carry one-half of their accrued vacation time from the previous year for up to 12 months past their anniversary date. Employees with more than two years seniority are also permitted to cash out up to one-half of their annual vacation accrual once per year if the employee has not yet utilized their vacation time.

The change in compensated absences for the year was as follows:

Beginning Balance	Additions	Payments	Ending Balance	Amount Due in One Year
\$ 301,894	\$ 326,562	\$ (301,894)	\$ 326,562	\$ 326,562

Deferred and unearned revenues: Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of November 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue in governmental financial statements and as unearned revenue in the government-wide statements. In government fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned revenues include grant awards received but unearned by either the passage of a specified time or the fulfillment of expenditure provisions and fee revenue collected before it has been earned.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Interfund transactions: Transactions from County funds that would be treated as revenues and expenditures if they involve organizations external to County government are accounted for as revenues and expenditures in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that represents lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds."

Fund equity: Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$1,010,857 for construction projects, \$258,357 for transportation, \$12,409 for mental health, \$386,133 for public safety, \$407,055 for employee benefits, \$625,862 for County development, \$309,928 for insurance costs and \$48,631 permanently restricted for working cash..

It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of accounting estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Note 2. Cash and Investments

As of November 30, 2009, the County's cash and investments were as follows:

	Carrying Amount
Cash and deposits with financial institutions, statement of net assets	\$ 11,424,012
Investments, statement of net assets	175,130
Cash and deposits with financial institutions, fiduciary funds	730,077
Total	\$ 12,329,219

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

Authorized investments: The County's investment policy authorizes the County to invest in bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, in bonds, notes, debentures, or other similar obligations of the United States of America or its agencies, in interest bearing savings accounts, interest bearing certificates of deposit, interest bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.

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 as it relates to interest rate risk.

Information about the sensitivity of the fair value 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	Weighted Averaged Maturities (Years)	Fair Value
Repurchase agreement, First Community Bank	0.003	\$ 175,036
Illinois Funds Money Market Mutual Fund	0.090	94
Total		\$ 175,130

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. The County holds no debt securities as of November 30, 2009 that are subject to credit risk.

Concentration of credit risk: The County's investment policy is to apply the prudent-person rule. The policy also requires the County's investments to be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury Securities), limiting investments in securities that have higher credit risks, investing in securities with varying maturities and continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations. The County did not have any investments in any one issuer that represent 5 percent or more of total County investments; money market mutual funds and mutual funds are excluded from this consideration given the County doesn't "hold" the underlying investments.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County's investment policy gives discretion to the Jo Daviess County Treasurer to determine whether or not collateral will be required of financial institutions receiving funds from the County. At all times, the Treasurer is required to collateralize deposits in excess of 35 percent of the capital and surplus of a financial institution. When collateral is required, 100 percent of the deposit will be required. Acceptable collateral includes United States Government Direct Securities, obligations of federal agencies, obligations of the state of Illinois, obligations of Jo Daviess County, obligations of municipalities located within Jo Daviess County and acceptable collateral as identified in the Illinois Compiled Statutes. As of November 30, 2009, the County's deposits and investments were entirely covered by federal depository insurance or collateralized.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 3. Loan Receivable

The County periodically makes loans to parties, out of the Economic Development Fund, for the purpose of job creation and/or retention.

On July 31, 2002, the County executed a loan participation agreement with the Galena State Bank for \$70,000. The proceeds of the loan were to be used to acquire and expand the Hoskins Building Center in Elizabeth, Illinois.

Terms of the loan dated July 31, 2002 required 120 monthly payments of \$728 including interest at 4.5 percent. The loan matures July 31, 2012. The County is a 50 percent participant in the loan and records its portion of the loan participation agreement. As of November 30, 2009, the County's share of the loan receivable balance was \$12,111, including accrued interest.

On July 17, 2006, the County executed a loan participation agreement with the Elizabeth State Bank for a \$35,000 loan the bank made to Elizabeth Nursing Home. The proceeds of the loan were to be used to expand the Elizabeth Nursing Home in Elizabeth, Illinois.

Terms of the loan dated July 17, 2006 required 120 monthly payments of \$256 including interest at prime less 2.0 percent, or 1.25 percent as of November 30, 2009. The loan matures July 17, 2016. As of November 30, 2009, the County's loan receivable balance was \$29,181.

On November 10, 2006, the County executed a loan participation agreement with the Elizabeth State Bank for a \$25,000 loan the bank made to Beeshirt, LLC.

Terms of the loan dated November 10, 2006 required 60 monthly payments of \$481 including interest at prime less 2.0 percent, or 1.25 percent as of November 30, 2009. The loan matures November 10, 2011. As of November 30, 2009, the County's loan receivable balance was \$10,340.

On November 10, 2008, the County executed a loan participation agreement with Dubuque Bank & Trust for a \$100,000 loan the bank made to Lange Real Estate Investment LLC.

Terms of the loan dated November 10, 2008 required 83 monthly payments of \$1,405 including interest at 4.75 percent. The loan matures November 10, 2015. As of November 30, 2009, the County's loan receivable balance was \$87,548.

These loan receivables have been reserved in the fund balance of the Economic Development Investment Fund.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 4. Capital Assets

The following is a summary of changes in capital assets for the year ended November 30, 2009:

	November 30, 2008 Balance	Additions	Deletions	November 30, 2009 Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 204,300	\$ -	\$ -	\$ 204,300
Construction-in-progress	514,834	121,886	14,883	621,837
Total capital assets not being depreciated	719,134	121,886	14,883	826,137
Capital assets being depreciated:				
Buildings and improvements	3,416,756	278,888	-	3,695,644
Equipment and machinery	2,717,487	18,714	9,095	2,727,106
Transportation equipment	2,316,458	363,953	247,001	2,433,410
Roads and bridges	11,713,853	50,309	-	11,764,162
Total capital assets being depreciated	20,164,554	711,864	256,096	20,620,322
Less accumulated depreciation for:				
Buildings and improvements	1,640,724	95,498	-	1,736,222
Equipment and machinery	1,790,935	177,931	7,680	1,961,186
Transportation equipment	1,213,467	269,838	229,601	1,253,704
Roads and bridges	6,224,735	217,617	-	6,442,352
Total accumulated depreciation	10,869,861	760,884	237,281	11,393,464
Total capital assets being depreciated, net	9,294,693	(49,020)	18,815	9,226,858
Governmental activities capital assets, net	\$ 10,013,827	\$ 72,866	\$ 33,698	\$ 10,052,995

Depreciation expense was charged to the governmental functions as follows:

General control and administration	\$ 100,939
Transportation	446,953
Public health and education	19,101
Public safety	167,496
County development	8,503
Court services	17,892
Total depreciation expense, governmental activities	\$ 760,884

Note 5. Long-Term Debt

Long-term liability balances and activity for the year ended November 30, 2009 were as follows:

	Balance November 30, 2008	Additions	Retirements	Balance November 30, 2009	Amounts Due Within One Year
Governmental Activities, Capital lease	\$ 35,220	\$ -	\$ 8,976	\$ 26,244	\$ 9,435

In fiscal year 2007, the County entered into a lease agreement for the purchase of a server and software for the County Clerk and Recorder. The agreement required a \$30,000 initial payment, then monthly payments of \$2,165, including interest and maintenance fees, through July 2012. The net book value of these capital assets was \$26,463 as of November 30, 2009.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

A schedule of annual principal and interest payments under this agreement as of the end of the year is as follows:

<u>Year ending November 30:</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 10,533	\$ 9,435	\$ 1,098
2011	10,533	9,918	615
2012	7,021	6,891	130
	<u>\$ 28,087</u>	<u>\$ 26,244</u>	<u>\$ 1,843</u>

The computation of the County's legal debt margin as of November 30, 2009 is as follows:

	<u>2008 Tax Year</u>
Assessed valuation	<u>\$ 800,396,298</u>
Statutory debt limitation, (2.875% of assessed valuation)	\$ 23,011,394
Bonded debt, November 30, 2009	-
Capital lease obligation	26,244
Available debt margin	<u>\$ 22,985,150</u>

Note 6. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section (IRC) 457. The plan, available to all eligible County employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan has been amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under this requirement, the County does not own the amount deferred by employees and, therefore, the asset and liability are not reflected in the financial statements.

Note 7. Pension and Retirement Systems

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

Funding policy: As set by statute, plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 8.70 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems (Continued)

Annual pension cost: For fiscal year 2009, the County's annual pension cost of \$273,181 for the Regular plan was equal to the County's required and actual contributions.

Three-Year Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 273,181	100%	\$ -
12/31/2007	267,535	100	-
12/31/2006	263,282	100	-

The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 percent to 11.60 percent per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3.00 percent annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The County's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 24 years.

Funded status and funding progress: As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 79.04 percent funded. The actuarial accrued liability for benefits was \$7,480,833 and the actuarial value of assets was \$5,913,025, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,567,808. The covered payroll (annual payroll of active employees covered by the plan) was \$3,140,007 and the ratio of the UAAL to the covered payroll was 50 percent.

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

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

Funding policy: As set by statute, SLEP plan members are required to contribute 7.50 percent of their annual covered salary. That statutes requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 13.40 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems (Continued)

Annual pension cost: For fiscal year 2009, the County's annual pension cost of \$204,897 for the SLEP plan was equal to the County's required and actual contributions.

Three-Year Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 204,897	100%	\$ -
12/31/2007	173,557	100	-
12/31/2006	158,718	100	-

The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 percent to 11.60 percent per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3.00 percent annually. The actuarial value of SLEP plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The County's SLEP plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 24 years.

Funded status and funding progress: As of December 31, 2008, the most recent actuarial valuation date, the SLEP plan was 79.96 percent funded. The actuarial accrued liability for benefits was \$5,661,448 and the actuarial value of assets was \$4,526,754, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,134,694. The covered payroll (annual payroll of active employees covered by the plan) was \$1,529,086 and the ratio of the UAAL to the covered payroll was 74 percent.

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

Note 8. Other Postemployment Benefits

Plan description: The County sponsors a single-employer health care plan that provides medical and prescription drug benefits to all active and retired employees and their eligible dependents. Sheriff's Law Enforcement Personnel must be a minimum of age 50 with 20 or more years of service to be eligible for retiree benefits. All other employees must be a minimum of age 55 with 8 or more years of service to be eligible for retiree benefits. The plan does not issue a stand-alone financial report.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (Continued)

Funding policy: The health insurance plan contributions on behalf of employees are negotiated by management and the union and governed by the County's union contracts. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the County contributed \$11,060. Retiree and active members receiving benefits have required monthly contributions of \$454.32 for single coverage, \$1,113.07 for family coverage and \$432.40 for single – Medicare Primary coverage.

Annual OPEB cost and net OPEB obligation: The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the County's annual OPEB obligation:

Annual required contribution/OPEB cost	\$	23,814
Contributions and payments made		11,060
Increase in net OPEB obligation		<u>12,754</u>
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	<u>12,754</u>

The County's annual OPEB cost, the percent of annual OPEB cost contributed to the plan and to the net OPEB obligations for 2009, which is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2009	\$ 23,814	46.4%	\$ 12,754

Funded status and funding progress: As of December 1, 2008, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$216,885 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$216,885. The covered payroll (annual payroll of active employees covered by the plan) was \$5,252,495 and the ratio of the UAAL to the covered payroll was 4.1 percent

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 8. Other Postemployment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 1, 2008 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4 percent discount rate and health care cost trend rate of 9.52 percent initially, grading down to 5 percent in 10 years. The UAAL is being amortized as a level dollar amount on a closed basis. The amortization of UAAL is done over a period of 30 years.

Note 9. Interfund Receivable and Payable

The interfund receivable and payable balances as of November 30, 2009 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$ 25,488	\$ 54,828
Special revenue funds:		
County Highway Fund	34,090	-
Nonmajor governmental funds, special revenue funds	98,655	103,405
Total	<u>\$ 158,233</u>	<u>\$ 158,233</u>

Interfund balances result from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 10. Interfund Transfers

The following is a schedule of interfund transfers for the year ended November 30, 2009:

Fund	Transfer In	Transfer Out
Major funds:		
General Fund	\$ 1,053,780	\$ 274,741
Special revenue funds:		
County Highway Fund	99,756	34,411
Public Health Fund	39,190	132,918
Nonmajor governmental funds	676,499	1,427,155
Total	<u>\$ 1,869,225</u>	<u>\$ 1,869,225</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11. 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 protect against such risks of loss, the County purchases commercial insurance coverage through Illinois Counties Risk Management Trust Insurance Program. The deductible in effect through these policies as of November 30, 2009 was \$5,000. During the year ended November 30, 2009, there were no significant reductions in coverage. Settled claims have not exceeded the excess commercial coverage in any of the past three years.

Note 12. Regional Superintendent of Schools Trust Fund

During August 1979, Jo Daviess and Carroll County combined their Superintendent of Schools into one office. A trust fund was established which pays the expenses of the Superintendent of Schools. Effective August 7, 1995, the Regional Superintendent's office was expanded to include Stephenson County. The office was moved to Stockton, Illinois. Jo Daviess, Stephenson and Carroll reimburse this trust fund on the basis of assessed valuation. This trust is not administered by Jo Daviess County and is not included in the basic financial statements. The County made \$51,058 in payments to the trust during the year ended November 30, 2009. The financial information is available by contacting Marie Stiefel at Regional Superintendent of Schools Trust Fund, 500 N. Rush Street, Stockton, Illinois 61085.

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following Governmental Accounting Standards Board (GASB) statements during the year ended November 30, 2009:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The effect of the adoption of this Statement to the County was to record a liability of \$12,754 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$216,885 as of December 1, 2008.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the City to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. This Statement had no effect on the County in the current year.

The GASB has issued several statements not yet implemented by the County. The Statements which might impact the County are as follows:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the City beginning with its year ending November 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the City beginning with its year ending November 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the City beginning with its year ending November 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the County beginning with its year ending November 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, issued January 2010, will be effective for the County beginning with its year ending November 30, 2010. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

The County's management has not yet determined the effect these Statements will have on the County's financial statements.

Note 14. Commitments

The County has financial commitments relating to various bridge projects, culvert projects and visitor's guide that are estimated to be approximately \$2,133,400.

Note 15. Subsequent Event

The County accepted a bid on February 9, 2010 for the sale of a building and land to Jo Carroll Energy in the amount of \$450,001. This sale will result in a gain of \$237,041.

The County also approved on February 9, 2010 the purchase of property in Hanover, Illinois for \$550,000.

Jo Daviess County, Illinois

**Required Supplementary Information
Illinois Municipal Retirement Fund**

Schedule of Funding Progress

Actuarial Valuation Date	Fair Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2008	\$ 5,913,025	\$ 7,480,833	\$ 1,567,808	79.0%	\$ 3,140,007	49.9%
12/31/2007	7,867,783	8,032,236	164,453	98.0	3,089,314	5.3
12/31/2006	7,397,132	7,553,293	156,161	97.9	2,974,943	5.2
12/31/2005	6,746,262	6,837,049	90,787	98.7	2,837,437	3.2
12/31/2004	6,375,320	6,455,328	80,008	98.8	2,892,918	2.8
12/31/2003	6,392,452	6,197,363	(195,089)	103.1	2,935,168	(6.6)

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$4,021,272. On a market basis, the funded ratio would be 53.75 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2008. Additional information follows:

1. The cost method used to determine the required contribution is the entry age method.
2. The assets are shown at fair market value.
3. Economic assumptions are as follows: investment return rate of 7.5 percent, salary increase of 4.0 percent a year, attributable to inflation, salary increase of 0.4 percent to 11.6 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

Digest of changes: The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005 – 2007 experience study.

Jo Daviess County, Illinois

**Required Supplementary Information
Sheriff's Law Enforcement Personnel (SLEP)**

Schedule of Funding Progress

Actuarial Valuation Date	Fair Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over- funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2008	\$ 4,526,754	\$ 5,661,448	\$ 1,134,694	80.0%	\$ 1,529,086	74.2%
12/31/2007	5,071,931	5,231,729	159,798	96.9	1,441,501	11.1
12/31/2006	4,419,368	4,609,974	190,606	95.9	1,318,259	14.5
12/31/2005	4,573,714	4,437,571	(136,143)	103.1	1,286,855	(10.6)
12/31/2004	4,016,180	3,650,770	(365,410)	110.0	1,254,902	(29.1)
12/31/2003	3,695,292	3,182,791	(512,501)	116.1	1,192,446	(43.0)

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$3,453,189. On a market basis, the funded ratio would be 60.99 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2008. Additional information follows:

1. The cost method used to determine the required contribution is the entry age method.
2. The assets are shown at fair market value.
3. Economic assumptions are as follows: investment return rate of 7.5 percent, salary increase of 4.0 percent a year, attributable to inflation, salary increase of 0.4 percent to 11.6 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

Digest of changes: The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 experience study.

Jo Daviess County, Illinois

Required Supplementary Information
Other Postemployment Benefit Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	12/1/08	\$ -	\$ 216,885	\$ 216,885	0.00%	\$ 5,252,495	4.13%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of December 1, 2008. Additional information follows:

- The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- There are no plan assets.
- The actuarial assumptions included: 1) 4 percent discount rate and 2) health care cost trend rate of 9.52 percent initially, grading down to 5 percent in 10 years.
- The amortization method is level dollar amount on a closed basis.

Jo Daviess County, Illinois

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended November 30, 2009

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 1,561,928	\$ 1,561,928	\$ 1,542,714	\$ (19,214)
Intergovernmental	3,030,850	3,030,850	2,536,416	(494,434)
Charges for services	889,425	889,425	1,017,628	128,203
Interest	40,923	40,923	39,672	(1,251)
Licenses and permits	191,950	191,950	197,096	5,146
Other	21,498	21,498	23,167	1,669
Total revenues	5,736,574	5,736,574	5,356,693	(379,881)
Expenditures:				
Current:				
General control and administration	1,589,170	1,589,170	1,547,825	41,345
Transportation	181,500	181,500	180,318	1,182
Public health and education	578,539	578,539	419,201	159,338
Public safety	2,912,223	2,912,223	2,739,312	172,911
County development	215,082	215,082	184,652	30,430
Court services	1,283,697	1,283,697	1,227,342	56,355
Capital outlay	17,302	17,302	7,873	9,429
Total expenditures	6,777,513	6,777,513	6,306,523	470,990
Excess (deficiency) of revenues over expenditures	(1,040,939)	(1,040,939)	(949,830)	91,109
Other financing sources (uses):				
Transfers in	1,048,923	1,078,923	1,053,780	(25,143)
Transfers out	(276,741)	(276,741)	(274,741)	2,000
Total other financing sources	772,182	802,182	779,039	(23,143)
Net change in fund balance	\$ (268,757)	\$ (238,757)	(170,791)	\$ 67,966
Fund balances, beginning of year			2,404,834	
Fund balances, end of year			<u>\$ 2,234,043</u>	

See Notes to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 County Highway Fund
 Year Ended November 30, 2009

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 828,658	\$ 828,658	\$ 812,891	\$ (15,767)
Intergovernmental	187,000	187,000	186,937	(63)
Interest	10,000	10,000	9,059	(941)
Other	125,000	130,000	124,674	(5,326)
Total revenues	1,150,658	1,155,658	1,133,561	(22,097)
Expenditures:				
Current, transportation	1,238,336	1,238,336	980,553	257,783
Capital outlay	139,415	139,415	124,368	15,047
Total expenditures	1,377,751	1,377,751	1,104,921	272,830
Excess (deficiency) of revenues over expenditures	(227,093)	(222,093)	28,640	250,733
Other financing sources (uses):				
Transfers in	208,646	208,646	99,756	(108,890)
Transfers out	(34,411)	(34,411)	(34,411)	-
Total other financing sources	174,235	174,235	65,345	(108,890)
Net change in fund balance	\$ (52,858)	\$ (47,858)	93,985	\$ 141,843
Fund balances, beginning of year			727,700	
Fund balances, end of year			<u>\$ 821,685</u>	

See Notes to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 Public Health Fund
 Year Ended November 30, 2009

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 538,754	\$ 538,754	\$ 532,178	\$ (6,576)
Intergovernmental	376,396	376,396	478,223	101,827
Charges for services	135,700	135,700	128,761	(6,939)
Interest	16,000	16,000	7,359	(8,641)
Other	2,100	2,100	1,909	(191)
Total revenues	1,068,950	1,068,950	1,148,430	79,480
Expenditures:				
Current, public health and education	1,074,580	1,074,580	1,067,051	7,529
Capital outlay	12,000	12,000	5,837	6,163
Total expenditures	1,086,580	1,086,580	1,072,888	13,692
Excess of revenues over expenditures	(17,630)	(17,630)	75,542	93,172
Other financing sources (uses):				
Transfers in	42,060	42,060	39,190	(2,870)
Transfers out	(150,850)	(150,850)	(132,918)	17,932
Total other financing (uses)	(108,790)	(108,790)	(93,728)	15,062
Net change in fund balance	\$ (126,420)	\$ (126,420)	(18,186)	\$ 108,234
Fund balances, beginning of year			804,766	
Fund balances, end of year			<u>\$ 786,580</u>	

See Notes to Required Supplementary Information.

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Jo Daviess County, Illinois

Notes to Required Supplementary Information Year Ended November 30, 2009

Note 1. Basis of Accounting

The budgetary comparison schedules are presented for the General Fund and the major special revenue funds; County Highway Fund and Public Health Fund.

Budgetary information: Budgets are prepared using the same accounting basis and practices as are used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

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

- The Finance Committee of the County Board requests and receives from the County Officers proposed operating budgets for the fiscal year commencing the following December 1. The Finance Committee reviews and investigates budget requests and prepares a tentative operating budget including both proposed expenditures and the means of financing them.
- Prior to December 1, the budget is legally adopted by the County Board. The budget was adopted on November 18, 2008. It was amended on February 15, April 13, May 12, July 14 and November 10 to reflect various budget changes.
- After the adoption of the budget, no further appropriations can be made except for 1) transfers from one appropriation to another in the same fund, providing the total amount appropriated for the fund has not changed and 2) appropriations in excess of those authorized by the budget in order to meet an immediate emergency. Both of these exceptions must be approved by a two-thirds majority of the Board. Unused appropriations lapse at the end of the fiscal year.
- Formal budgetary integration is used as a management control device during the year for the General and special revenue funds.
- Budgets are not prepared for permanent and agency funds.

Note 2. Excess of Expenditures Over Budget

The following funds had an excess of expenditures over budget for the 2009 fiscal year:

	Budget	Actual	Amount Over Budget
Special Revenue, Nonmajor Funds:			
Special Service Area No. Two and Four	\$ 62,000	\$ 62,031	\$ 31
Sheriff's Forfeiture	4,600	6,984	2,384
Insurance	301,915	318,448	16,533

Jo Daviess County, Illinois

Combining Balance Sheet
Nonmajor Governmental Funds
November 30, 2009

	Special Revenue			
	County Highway Capital Investment Fund	Federal Aid Matching Fund	County Motor Fuel Tax Fund	State's Attorney Drug Forfeiture Fund
Assets				
Cash and investments	\$ 341	\$ 1,010,595	\$ 248,960	\$ 603
Accounts receivable	-	302	4,645	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	45,782	-
Property tax receivable	-	305,958	-	-
Loan receivable	-	-	-	-
Total assets	\$ 341	\$ 1,316,855	\$ 299,387	\$ 603
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 40	\$ 37,252	\$ -
Accrued liabilities	-	-	3,778	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	305,958	-	-
Total liabilities	-	305,998	41,030	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	341	1,010,857	258,357	603
Permanent fund	-	-	-	-
Total fund balances	341	1,010,857	258,357	603
Total liabilities and fund balances	\$ 341	\$ 1,316,855	\$ 299,387	\$ 603

(Continued)

Special Revenue							
Public Health Capital Investment Fund	Home Health Care Fund	HHC Memorial Fund	Public Health Bio-Terrorism Fund	Dog Fund	Rabies Control Fund	Mental Health Fund	
\$ 420,292	\$ 715,486	\$ 3,767	\$ 35,757	\$ 21,478	\$ 23,270	\$ 12,085	
-	13,338	-	-	-	-	334	
1,245	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	65,674	-	4,484	-	-	-	
-	-	-	-	-	-	338,197	
-	-	-	-	-	-	-	
<u>\$ 421,537</u>	<u>\$ 794,498</u>	<u>\$ 3,767</u>	<u>\$ 40,241</u>	<u>\$ 21,478</u>	<u>\$ 23,270</u>	<u>\$ 350,616</u>	
\$ -	\$ 16,621	\$ -	\$ -	\$ -	\$ -	\$ 10	
-	12,145	-	-	-	-	-	
-	-	-	-	-	-	-	
-	9,833	-	-	-	-	-	
-	-	-	-	-	-	338,197	
-	38,599	-	-	-	-	338,207	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
421,537	755,899	3,767	40,241	21,478	23,270	12,409	
-	-	-	-	-	-	-	
<u>421,537</u>	<u>755,899</u>	<u>3,767</u>	<u>40,241</u>	<u>21,478</u>	<u>23,270</u>	<u>12,409</u>	
<u>\$ 421,537</u>	<u>\$ 794,498</u>	<u>\$ 3,767</u>	<u>\$ 40,241</u>	<u>\$ 21,478</u>	<u>\$ 23,270</u>	<u>\$ 350,616</u>	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
November 30, 2009

	Special Revenue			
	Special Service District No. One Fund	Special Service District No. Two and Four Fund	Special Service District No. Five Fund	Rentech Energy Escrow Fund
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 538
Accounts receivable	6	28	24	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	-	-
Property tax receivable	70,000	64,800	28,611	-
Loan receivable	-	-	-	-
Total assets	\$ 70,006	\$ 64,828	\$ 28,635	\$ 538
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 6	\$ 28	\$ 24	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	70,000	64,800	28,611	-
Total liabilities	70,006	64,828	28,635	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	538
Permanent fund	-	-	-	-
Total fund balances	-	-	-	538
Total liabilities and fund balances	\$ 70,006	\$ 64,828	\$ 28,635	\$ 538

(Continued)

Special Revenue						
911 Fund	Sheriff's Forfeiture Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund	
\$ 357,470	\$ 8,946	\$ 263,856	\$ 498,376	\$ 33,244	\$ 78,667	
20,868	-	-	-	-	187	
-	-	-	-	-	-	
-	-	-	-	36,327	11,476	
14,888	-	-	-	-	8,189	
-	-	-	-	-	-	
-	-	-	139,180	-	-	
\$ 393,226	\$ 8,946	\$ 263,856	\$ 637,556	\$ 69,571	\$ 98,519	
\$ 7,093	\$ 431	\$ -	\$ 11,695	\$ -	\$ 379	
-	-	-	-	-	5,224	
-	-	-	-	36,327	7,500	
-	-	-	-	33,243	-	
-	-	-	-	-	-	
7,093	431	-	11,695	69,570	13,103	
-	-	-	139,180	-	-	
-	-	-	-	-	-	
-	-	-	-	-	48,000	
386,133	8,515	263,856	486,681	1	37,416	
-	-	-	-	-	-	
386,133	8,515	263,856	625,861	1	85,416	
\$ 393,226	\$ 8,946	\$ 263,856	\$ 637,556	\$ 69,571	\$ 98,519	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2009

	Special Revenue			
	Municipal Retirement Fund	Social Security Fund	Probation Services Fund	Extension Education Fund
Assets				
Cash and investment	\$ 249,851	\$ 189,000	\$ 95,409	\$ 1
Accounts receivable	323	240	25	79
Interest receivable	-	-	49	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	2,134	-
Property tax receivable	410,855	250,124	-	80,442
Loan receivable	-	-	-	-
Total assets	\$ 661,029	\$ 439,364	\$ 97,617	\$ 80,522
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 261	\$ 237	\$ 3,917	\$ 79
Accrued liabilities	18,553	13,308	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	410,855	250,124	-	80,442
Total liabilities	429,669	263,669	3,917	80,521
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	224,064	166,741	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	7,296	8,954	93,700	1
Permanent fund	-	-	-	-
Total fund balances	231,360	175,695	93,700	1
Total liabilities and fund balances	\$ 661,029	\$ 439,364	\$ 97,617	\$ 80,522

(Continued)

Special Revenue						
Insurance Fund	Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	
\$ 309,657	\$ 110,800	\$ 85,248	\$ 27,374	\$ 81,869	\$ 12,178	
271	-	-	-	-	-	
-	-	352	-	-	-	
-	-	3,630	-	-	-	
-	3,565	2,592	162	2,790	-	
368,500	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 678,428</u>	<u>\$ 114,365</u>	<u>\$ 91,822</u>	<u>\$ 27,536</u>	<u>\$ 84,659</u>	<u>\$ 12,178</u>	
\$ -	\$ -	\$ -	\$ -	\$ 107	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
368,500	-	-	-	-	-	
<u>368,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>-</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
322,010	-	-	-	-	-	
(12,082)	114,365	91,822	27,536	84,552	12,178	
-	-	-	-	-	-	
<u>309,928</u>	<u>114,365</u>	<u>91,822</u>	<u>27,536</u>	<u>84,552</u>	<u>12,178</u>	
\$ 678,428	\$ 114,365	\$ 91,822	\$ 27,536	\$ 84,659	\$ 12,178	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
November 30, 2009

	Special Revenue			
	Election Equipment Fund	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund
Assets				
Cash and investments	\$ 767	\$ 86,628	\$ 4,493	\$ 537,810
Accounts receivable	-	1,986	-	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	1,672	-	-
Property tax receivable	-	-	-	-
Loan receivable	-	-	-	-
Total assets	\$ 767	\$ 90,286	\$ 4,493	\$ 537,810
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 50,614
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	3,443
Unearned and deferred revenue	-	759	-	-
Deferred property taxes	-	-	-	-
Total liabilities	-	759	-	54,057
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	767	89,527	4,493	483,753
Permanent fund	-	-	-	-
Total fund balances	767	89,527	4,493	483,753
Total liabilities and fund balances	\$ 767	\$ 90,286	\$ 4,493	\$ 537,810

(Continued)

Special Revenue							
Contingency Fund	County Capital Equipment Fund	Public Health Foundation Fund	Sheriff DUI Fund	State's Attorney Felony/Misdemeanor Diversion Fund	Sheriff Vehicle Fund	Catastrophic Public Health Emergency Fund	
\$ 141,122	\$ 288,417	\$ 6,563	\$ 7,048	\$ 6,995	\$ 59,149	\$ 152,680	
-	-	-	-	-	-	-	
-	-	-	-	-	-	634	
-	3,395	-	-	-	-	-	
-	-	-	100	350	340	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 141,122</u>	<u>\$ 291,812</u>	<u>\$ 6,563</u>	<u>\$ 7,148</u>	<u>\$ 7,345</u>	<u>\$ 59,489</u>	<u>\$ 153,314</u>	
\$ -	\$ -	\$ 98	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	98	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
141,122	291,812	6,465	7,148	7,345	59,489	153,314	
-	-	-	-	-	-	-	
<u>141,122</u>	<u>291,812</u>	<u>6,465</u>	<u>7,148</u>	<u>7,345</u>	<u>59,489</u>	<u>153,314</u>	
<u>\$ 141,122</u>	<u>\$ 291,812</u>	<u>\$ 6,563</u>	<u>\$ 7,148</u>	<u>\$ 7,345</u>	<u>\$ 59,489</u>	<u>\$ 153,314</u>	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2009

	Special Revenue			
	Circuit Clerk Operation and Administrative Fund	Home Health Care Capital Equipment Fund	County Aid to Bridges Fund	Tourism Promotion Fund
Assets				
Cash and investments	\$ 10,181	\$ 43,723	\$ 780,801	\$ 708,691
Accounts receivable	-	-	152,045	59,413
Interest receivable	-	-	-	-
Due from other funds	-	-	-	36,327
Due from other governmental agencies	373	-	75,959	-
Property tax receivable	-	-	305,958	-
Loan receivable	-	-	-	-
Total assets	\$ 10,554	\$ 43,723	\$ 1,314,763	\$ 804,431
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 36,281	\$ 77,900
Accrued liabilities	-	-	-	11,391
Due to other funds	-	-	30,647	25,488
Unearned and deferred revenue	-	-	-	22,156
Deferred property taxes	-	-	305,958	-
Total liabilities	-	-	372,886	136,935
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	425,000
Unreserved, undesignated, reported in:				
Special revenue funds	10,554	43,723	941,877	242,496
Permanent fund	-	-	-	-
Total fund balances	10,554	43,723	941,877	667,496
Total liabilities and fund balances	\$ 10,554	\$ 43,723	\$ 1,314,763	\$ 804,431

Special Revenue						Total Nonmajor Governmental Funds
GIS Capital Equipment & Investments Fund	Sale in Error Fund	JDC Emergency Services Communications Fund	Public Health Emergency Response Grant Fund	Permanent Fund Working Cash Fund		
\$ 69,320	\$ 29,000	\$ 4,100	\$ -	\$ 50,744	\$ 7,883,350	
-	-	-	-	-	254,114	
423	-	-	-	-	2,703	
7,500	-	-	-	-	98,655	
-	-	-	28,009	-	257,063	
-	-	-	-	-	2,223,445	
-	-	-	-	-	139,180	
\$ 77,243	\$ 29,000	\$ 4,100	\$ 28,009	\$ 50,744	\$ 10,858,510	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,073	
-	-	-	-	-	64,399	
-	-	-	-	-	103,405	
-	-	-	13,980	-	79,971	
-	-	-	-	-	2,223,445	
-	-	-	13,980	-	2,714,293	
-	-	-	-	-	139,180	
-	-	-	-	48,631	48,631	
-	-	-	-	-	1,185,815	
77,243	29,000	4,100	14,029	-	6,768,478	
-	-	-	-	2,113	2,113	
77,243	29,000	4,100	14,029	50,744	8,144,217	
\$ 77,243	\$ 29,000	\$ 4,100	\$ 28,009	\$ 50,744	\$ 10,858,510	

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances
Nonmajor Governmental Funds
Year Ended November 30, 2009

	Special Revenue			
	County Highway Capital Investment Fund	Federal Aid Matching Fund	County Motor Fuel Tax Fund	State's Attorney Drug Forfeiture Fund
Revenues:				
Property taxes	\$ -	\$ 310,594	\$ -	\$ -
Intergovernmental	-	-	618,647	-
Charges for services	-	-	-	150
Interest	-	12,740	2,327	1
Other	-	-	6,604	-
Total revenues	-	323,334	627,578	151
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	746,389	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	746,389	-
Excess (deficiency) of revenues over expenditures	-	323,334	(118,811)	151
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(50,000)	-
Total other financing sources (uses)	-	-	(50,000)	-
Net change in fund balances	-	323,334	(168,811)	151
Fund balances, beginning of year	341	687,523	427,168	452
Fund balances, end of year	\$ 341	\$ 1,010,857	\$ 258,357	\$ 603

(Continued)

Special Revenue						
Public Health Capital Investment Fund	Home Health Care Fund	HHC Memorial Fund	Public Health Bio-Terrorism Fund	Dog Fund	Rabies Control Fund	Mental Health Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,322
-	538,484	-	26,518	-	-	-
-	60,302	-	-	-	73,477	-
11,906	7,809	17	917	242	203	605
-	29	21	-	-	-	-
11,906	606,624	38	27,435	242	73,680	343,927
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	480,717	-	-	-	-	-
17,316	-	-	-	-	-	-
-	-	-	-	-	-	341,942
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,319	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,316	485,036	-	-	-	-	341,942
(5,410)	121,588	38	27,435	242	73,680	1,985
-	-	-	-	-	-	-
50,000	-	-	-	-	-	-
-	(29,404)	-	(30,130)	-	(70,000)	(450)
50,000	(29,404)	-	(30,130)	-	(70,000)	(450)
44,590	92,184	38	(2,695)	242	3,680	1,535
376,947	663,715	3,729	42,936	21,236	19,590	10,874
\$ 421,537	\$ 755,899	\$ 3,767	\$ 40,241	\$ 21,478	\$ 23,270	\$ 12,409

Jo Daviess County, Illinois

Combining Statement Of Revenues, Expenditures And Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2009

	Special Revenue			
	Special Service District No. One Fund	Special Service District No. Two and Four Fund	Special Service District No. Five Fund	Rentech Energy Escrow Fund
Revenues:				
Property taxes	\$ 49,968	\$ 61,995	\$ 27,384	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	29	36	16	4
Other	-	-	-	-
Total revenues	49,997	62,031	27,400	4
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	49,997	62,031	27,400	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	49,997	62,031	27,400	-
Excess (deficiency) of revenues over expenditures	-	-	-	4
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	4
Fund balances, beginning of year	-	-	-	534
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 538

(Continued)

Special Revenue					
911 Fund	Sheriff's Forfeiture Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,450	100,722	-
361,325	163	-	-	-	165,087
6,592	143	5,739	19,496	-	902
802	199	-	1,135	-	-
368,719	505	5,739	25,081	100,722	165,989
-	-	-	-	-	152,580
-	-	-	-	-	-
-	-	-	-	-	-
86,852	6,984	-	-	-	-
-	-	-	-	-	-
-	-	-	66,661	-	-
-	-	-	-	-	-
-	-	-	-	-	3,415
-	-	-	-	-	-
-	-	-	-	-	-
86,852	6,984	-	66,661	-	155,995
281,867	(6,479)	5,739	(41,580)	100,722	9,994
-	5,100	-	-	-	-
-	-	20,000	-	-	23,000
(221,520)	-	-	-	(100,723)	(31,000)
(221,520)	5,100	20,000	-	(100,723)	(8,000)
60,347	(1,379)	25,739	(41,580)	(1)	1,994
325,786	9,894	238,117	667,441	2	83,422
\$ 386,133	\$ 8,515	\$ 263,856	\$ 625,861	\$ 1	\$ 85,416

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2009

	Special Revenue			
	Municipal Retirement Fund	Social Security Fund	Probation Services Fund	Extension Education Fund
Revenues:				
Property taxes	\$ 332,649	\$ 247,037	\$ -	\$ 81,659
Intergovernmental	27,700	20,600	-	-
Charges for services	-	-	34,151	-
Interest	2,511	2,327	1,947	48
Other	-	-	-	-
Total revenues	362,860	269,964	36,098	81,707
Expenditures:				
Current:				
General control and administration	2,965	2,680	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	81,707
Court services	-	-	21,030	-
Capital outlay	-	-	6,450	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,965	2,680	27,480	81,707
Excess (deficiency) of revenues over expenditures	359,895	267,284	8,618	-
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	20,056	11,676	-	-
Transfers out	(360,484)	(265,963)	(3,500)	-
Total other financing sources (uses)	(340,428)	(254,287)	(3,500)	-
Net change in fund balances	19,467	12,997	5,118	-
Fund balances, beginning of year	211,893	162,698	88,582	1
Fund balances, end of year	\$ 231,360	\$ 175,695	\$ 93,700	\$ 1

(Continued)

Special Revenue						
Insurance Fund	Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	Election Equipment Fund
\$ 278,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,571
-	40,271	44,439	2,336	19,156	2,220	-
1,118	2,098	1,898	429	717	44	8
-	-	-	-	-	-	-
279,933	42,369	46,337	2,765	19,873	2,264	1,579
318,448	-	3,460	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,719	15,447	-	12,483	-	1,571
-	-	8,976	-	-	-	-
-	-	1,557	-	-	-	-
318,448	20,719	29,440	-	12,483	-	1,571
(38,515)	21,650	16,897	2,765	7,390	2,264	8
-	-	-	-	-	-	-
38,567	-	-	-	-	-	-
-	(3,000)	-	-	-	-	-
38,567	(3,000)	-	-	-	-	-
52	18,650	16,897	2,765	7,390	2,264	8
309,876	95,715	74,925	24,771	77,162	9,914	759
\$ 309,928	\$ 114,365	\$ 91,822	\$ 27,536	\$ 84,552	\$ 12,178	\$ 767

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2009

	Special Revenue			
	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund	Contingency Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,403	-	-	-
Charges for services	-	-	-	-
Interest	375	-	6,465	2,998
Other	-	-	-	-
Total revenues	16,778	-	6,465	2,998
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	90	-	-
Capital outlay	-	-	250,927	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	90	250,927	-
Excess (deficiency) of revenues over expenditures	16,778	(90)	(244,462)	2,998
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	69,715	30,000
Transfers out	(10,000)	-	(50,183)	(49,918)
Total other financing sources (uses)	(10,000)	-	19,532	(19,918)
Net change in fund balances	6,778	(90)	(224,930)	(16,920)
Fund balances, beginning of year	82,749	4,583	708,683	158,042
Fund balances, end of year	\$ 89,527	\$ 4,493	\$ 483,753	\$ 141,122

(Continued)

Special Revenue						
County Capital Equipment Fund	Public Health Foundation Fund	Sheriff DUI Fund	State's Attorney Felony/Misdemeanor Diversion Fund	Sheriff Vehicle Fund	Catastrophic Public Health Emergency Fund	Circuit Clerk Operation and Administrative Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	4,387	-	-
-	-	3,485	3,500	5,458	-	4,093
886	-	-	19	372	2,294	21
15,590	4,964	45	-	-	-	-
16,476	4,964	3,530	3,519	10,217	2,294	4,114
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	308	-	-	-	-	-
-	-	1,779	-	23,168	-	367
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
39,394	2,663	-	-	80,180	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
39,394	2,971	1,779	-	103,348	-	367
(22,918)	1,993	1,751	3,519	(93,131)	2,294	3,747
-	-	-	-	-	-	-
49,380	-	-	-	107,000	50,000	-
(13,642)	-	-	-	-	-	-
35,738	-	-	-	107,000	50,000	-
12,820	1,993	1,751	3,519	13,869	52,294	3,747
278,992	4,472	5,397	3,826	45,620	101,020	6,807
\$ 291,812	\$ 6,465	\$ 7,148	\$ 7,345	\$ 59,489	\$ 153,314	\$ 10,554

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2009

	Special Revenue			
	Home Health Care Capital Equipment Fund	County Aid to Bridges Fund	Tourism Promotion Fund	GIS Capital Equipment & Investments Fund
Revenues:				
Property taxes	\$ -	\$ 310,594	\$ -	\$ -
Intergovernmental	-	279,944	690,575	-
Charges for services	-	-	139,727	-
Interest	200	9,482	17,948	1,329
Other	-	153,359	208	-
Total revenues	200	753,379	848,458	1,329
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	124,131	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	1,141,212	-
Court services	-	-	-	-
Capital outlay	7,017	235,527	260	12,968
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	7,017	359,658	1,141,472	12,968
Excess (deficiency) of revenues over expenditures	(6,817)	393,721	(293,014)	(11,639)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	7,500	-	100,723	88,882
Transfers out	-	(37,667)	(97,379)	-
Total other financing sources (uses)	7,500	(37,667)	3,344	88,882
Net change in fund balances	683	356,054	(289,670)	77,243
Fund balances, beginning of year	43,040	585,823	957,166	-
Fund balances, end of year	\$ 43,723	\$ 941,877	\$ 667,496	\$ 77,243

Special Revenue							
Sale in	JDC Emergency	Public Health		Permanent Fund	Total	Total	Total
Error Fund	Services	Emergency		Working Cash		Nonmajor	
	Communication Fund	Response	Grant Fund	Fund		Governmental	Funds
\$ -	\$ -	\$ -	\$ 2,044,017	\$ -	\$ 2,044,017		
-	-	14,029	2,344,030	-	2,344,030		
-	-	-	959,340	-	959,340		
80	-	-	125,338	625	125,963		
28,920	-	-	211,876	-	211,876		
29,000	-	14,029	5,684,601	625	5,685,226		
-	-	-	480,133	-	480,133		
-	-	-	870,520	-	870,520		
-	-	-	620,453	-	620,453		
-	-	-	136,466	-	136,466		
-	-	-	341,942	-	341,942		
-	-	-	1,289,580	-	1,289,580		
-	-	-	21,120	-	21,120		
-	5,900	-	699,240	-	699,240		
-	-	-	8,976	-	8,976		
-	-	-	1,557	-	1,557		
-	5,900	-	4,469,987	-	4,469,987		
29,000	(5,900)	14,029	1,214,614	625	1,215,239		
-	-	-	5,100	-	5,100		
-	10,000	-	676,499	-	676,499		
-	-	-	(1,424,963)	(2,192)	(1,427,155)		
-	10,000	-	(743,364)	(2,192)	(745,556)		
29,000	4,100	14,029	471,250	(1,567)	469,683		
-	-	-	7,622,223	52,311	7,674,534		
\$ 29,000	\$ 4,100	\$ 14,029	\$ 8,093,473	\$ 50,744	\$ 8,144,217		

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds
November 30, 2009

	Condemnation Fund	Township Motor Fuel Tax Fund	Lost and Unknown Heirs Fund
Assets			
Cash and investments	\$ 5,571	\$ 139,283	\$ 80
Due from other governments	-	101,258	-
Total assets	\$ 5,571	\$ 240,541	\$ 80
Liabilities			
Accounts payable	\$ -	\$ 30,560	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	5,571	209,981	80
Total liabilities	\$ 5,571	\$ 240,541	\$ 80

(Continued)

Township Bridge Fund	County Collectors Fund	Work Release Fund	Circuit Clerk Fund	Marriage Fund	County Clerk's Tax Redemption Fund
\$ 171,815	\$ 128,511	\$ 821	\$ 210,848	\$ 3,408	\$ 4,746
-	22,058	-	-	-	-
<u>\$ 171,815</u>	<u>\$ 150,569</u>	<u>\$ 821</u>	<u>\$ 210,848</u>	<u>\$ 3,408</u>	<u>\$ 4,746</u>
\$ -	\$ 128,511	\$ -	\$ -	\$ -	\$ -
-	-	-	106,580	-	-
171,815	22,058	821	104,268	3,408	4,746
<u>\$ 171,815</u>	<u>\$ 150,569</u>	<u>\$ 821</u>	<u>\$ 210,848</u>	<u>\$ 3,408</u>	<u>\$ 4,746</u>

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds (Continued)
November 30, 2009

	Inheritance Tax Fund	Probation Restitution Fund	Insurance Clearing Fund
Assets			
Cash and investments	\$ 1	\$ 3,539	\$ 13,686
Due from other governments	-	-	-
Total assets	\$ 1	\$ 3,539	\$ 13,686
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	1	3,539	13,686
Total liabilities	\$ 1	\$ 3,539	\$ 13,686

Treasurer's Fee Account Fund	Inmate Commissary Fund	Sheriff's Kids First Fund	Total
\$ 4,186	\$ 40,646	\$ 2,936	\$ 730,077
-	-	-	123,316
<u>\$ 4,186</u>	<u>\$ 40,646</u>	<u>\$ 2,936</u>	<u>\$ 853,393</u>
\$ -	\$ -	\$ -	159,071
-	-	-	106,580
4,186	40,646	2,936	587,742
<u>\$ 4,186</u>	<u>\$ 40,646</u>	<u>\$ 2,936</u>	<u>\$ 853,393</u>

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended November 30, 2009

	Balance November 30, 2008	Additions	Deletions	Balance November 30, 2009
Condemnation Fund				
Assets , cash and investments	\$ 5,571	\$ 30,597	\$ 30,597	\$ 5,571
Liabilities , due to individuals and private entities	\$ 5,571	\$ 30,597	\$ 30,597	\$ 5,571
Township Motor Fuel Tax Fund				
Assets				
Cash and investments	\$ 303,900	\$ 1,004,774	\$ 1,169,391	\$ 139,283
Due from other governments	62,671	838,018	799,431	101,258
	\$ 366,571	\$ 1,842,792	\$ 1,968,822	\$ 240,541
Liabilities				
Accounts payable	\$ 25,509	\$ 1,174,442	\$ 1,169,391	\$ 30,560
Due to individuals and private entities	341,062	668,350	799,431	209,981
	\$ 366,571	\$ 1,842,792	\$ 1,968,822	\$ 240,541
Lost and Unknown Heirs Fund				
Assets , cash and investments	\$ 80	\$ -	\$ -	\$ 80
Liabilities , due to individuals and private entities	\$ 80	\$ -	\$ -	\$ 80
Township Bridge Fund				
Assets , cash and investments	\$ 164,335	\$ 166,330	\$ 158,850	\$ 171,815
Liabilities , due to individuals and private entities	\$ 164,335	\$ 166,330	\$ 158,850	\$ 171,815
County Collectors Fund				
Assets				
Cash and investments	\$ 667,476	\$ 45,020,956	\$ 45,559,921	\$ 128,511
Due from other governments	22,015	22,058	22,015	22,058
Total assets	\$ 689,491	\$ 45,043,014	\$ 45,581,936	\$ 150,569
Liabilities				
Accounts payable	\$ 667,476	\$ 45,020,956	\$ 45,559,921	\$ 128,511
Due to individuals and private entities	22,015	22,058	22,015	22,058
	\$ 689,491	\$ 45,043,014	\$ 45,581,936	\$ 150,569

(Continued)

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
Year Ended November 30, 2009

	Balance November 30, 2008	Additions	Deletions	Balance November 30, 2009
Work Release Fund				
Assets, cash and investments	\$ 821	\$ 32,018	\$ 32,018	\$ 821
Liabilities, due to individuals and private entities	\$ 821	\$ 32,018	\$ 32,018	\$ 821
Circuit Clerk Fund				
Assets, cash and investments	\$ 194,320	\$ 1,180,721	\$ 1,164,193	\$ 210,848
Liabilities:				
Due to other governments	\$ 116,917	\$ 1,089,889	\$ 1,100,226	\$ 106,580
Due to individuals and private entities	77,403	90,832	63,967	104,268
	\$ 194,320	\$ 1,180,721	\$ 1,164,193	\$ 210,848
Marriage Fund				
Assets, cash and investments	\$ 2,990	\$ 418	\$ -	\$ 3,408
Liabilities, due to individuals and private entities	\$ 2,990	\$ 418	\$ -	\$ 3,408
County Clerk's Tax Redemption Fund				
Assets, cash and investments	\$ 11,861	\$ 689,559	\$ 696,674	\$ 4,746
Liabilities, due to individuals and private entities	\$ 11,861	\$ 689,559	\$ 696,674	\$ 4,746
Inheritance Tax Fund				
Assets, cash and investments	\$ 1	\$ 215,864	\$ 215,864	\$ 1
Liabilities, due to individuals and private entities	\$ 1	\$ 215,864	\$ 215,864	\$ 1
Probation Restitution Fund				
Assets, cash and investments	\$ 10,587	\$ 8,780	\$ 15,828	\$ 3,539
Liabilities, due to individuals and private entities	\$ 10,587	\$ 8,780	\$ 15,828	\$ 3,539

(Continued)

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
Year Ended November 30, 2009

	Balance November 30, 2008	Additions	Deletions	Balance November 30, 2009
Insurance Clearing Fund				
Assets, cash and investments	\$ 6,562	\$ 960,516	\$ 953,392	\$ 13,686
Liabilities, due to individuals and private entities	\$ 6,562	\$ 960,516	\$ 953,392	\$ 13,686
Treasurer's Fee Account Fund				
Assets, cash and investments	\$ 2	\$ 20,885	\$ 16,701	\$ 4,186
Liabilities, due to individuals and private entities	\$ 2	\$ 20,885	\$ 16,701	\$ 4,186
Inmate Commissary Fund				
Assets, cash and investments	\$ 38,372	\$ 39,946	\$ 37,672	\$ 40,646
Liabilities, due to individuals and private entities	\$ 38,372	\$ 39,946	\$ 37,672	\$ 40,646
Sheriff Kid's First				
Assets, cash and investments	\$ 3,155	\$ 1,275	\$ 1,494	\$ 2,936
Liabilities, due to individuals and private entities	\$ 3,155	\$ 1,275	\$ 1,494	\$ 2,936
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 1,410,033	\$ 49,372,639	\$ 50,052,595	\$ 730,077
Due from other governments	84,686	860,076	821,446	123,316
Total assets	\$ 1,494,719	\$ 50,232,715	\$ 50,874,041	\$ 853,393
Liabilities				
Accounts payable	\$ 692,985	\$ 46,195,398	\$ 46,729,312	\$ 159,071
Due to other governments	116,917	1,089,889	1,100,226	106,580
Due to individuals and private entities	684,817	2,947,428	3,044,503	587,742
Total liabilities	\$ 1,494,719	\$ 50,232,715	\$ 50,874,041	\$ 853,393

Jo Daviess County, Illinois

Schedule of Property Tax Rates, Levies, Extensions and Equalized Assessed Valuations (Unaudited) Year Ended November 30, 2009

Tax Year	2008	2007	2006
Equalized assessed valuations	\$ 800,396,298	\$ 718,040,690	\$ 646,409,013
Tax rates: (maximum allowable is disclosed in parentheses):			
General (as needed)	\$ 0.19515	\$ 0.20420	\$ 0.21237
Highway (.200)	0.10354	0.08810	0.09354
Bridges (.050)	0.03929	0.04637	0.04760
Federal aid matching (.050)	0.03929	0.04637	0.04760
Illinois municipal retirement (as needed)	0.04208	0.04653	0.04468
Social security (as needed)	0.03125	0.03008	0.03551
Extension education (.050)	0.01033	0.01070	0.01136
County health (.150)	0.06732	0.06976	0.07406
Insurance (as needed)	0.03527	0.03313	0.03504
Mental health (.150)	0.04343	0.04500	0.04778
County wide totals	\$ 0.60695	\$ 0.62024	\$ 0.64954
Tax rates: (maximum allowable is disclosed in parentheses):			
Special service district number one (.100)	\$ 0.0354	\$ 0.0301	\$ 0.0347
Special service district number two (.100)	0.0962	0.1030	0.0944
Special service district number three (.100)	-	-	-
Special service district number four (.100)	0.0962	0.1030	0.0944
Special service district number five (.110)	0.1057	0.0973	-
Special service district totals	\$ 0.3335	\$ 0.3334	\$ 0.2235
Tax levies:			
General	\$ 1,561,928	\$ 1,466,187	\$ 1,372,720
Highway	828,658	632,579	604,628
Bridges	314,437	332,901	307,668
Federal aid matching	314,437	332,901	307,668
Illinois municipal retirement	336,776	334,066	288,780
Social security	250,109	215,983	229,526
Extension education	82,642	76,828	73,400
County health	538,754	500,850	478,669
Insurance	282,279	237,823	226,442
Mental health	347,573	323,119	308,837
County wide totals	\$ 4,857,593	\$ 4,453,237	\$ 4,198,338
Tax levies:			
Special service district number one	\$ 50,000	\$ 40,000	\$ 40,000
Special service district number two	62,000	62,925	53,550
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	27,500	24,500	-
Special service district totals	\$ 139,500	\$ 127,425	\$ 93,550

(Continued)

Jo Daviess County, Illinois

**Schedule of Property Tax Rates, Levies, Extensions and Equalized
Assessed Valuations (Unaudited) (Continued)
Year Ended November 30, 2009**

Tax Year	2008	2007	2006
Tax extensions:			
General	\$ 1,561,973	\$ 1,448,144	\$ 1,372,779
Highway	823,048	632,594	604,651
Bridges	314,476	332,955	307,691
Federal aid matching	314,476	332,955	307,691
Illinois municipal retirement	336,807	334,104	288,815
Social security	250,124	215,987	229,540
Extension education	82,681	76,830	73,432
County health	538,827	500,905	478,730
Insurance	282,300	237,887	226,502
Mental health	347,612	323,190	308,854
County wide totals	\$ 4,852,324	\$ 4,435,551	\$ 4,198,685
Tax extensions:			
Special service district number one	\$ 50,013	\$ 40,003	\$ 40,006
Special service district number two	62,001	61,056	53,553
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	27,500	24,502	-
Special service district totals	\$ 139,514	\$ 125,561	\$ 93,559

Jo Daviess County, Illinois

**Schedule of Expenditures From Taxes Extended for Tort Immunity Purposes
Year Ended November 30, 2009**

Property, liability and workers' compensation insurance	\$ 314,048
County's share of insurance costs paid by the Regional Superintendent's Trust Fund	4,400
Total	\$ 318,448

Jo Daviess County, Illinois

**Schedule of Expenditures of Federal Awards
Year Ended November 30, 2009**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
(Passed through Illinois Department of Human Services):			
Special Supplemental Nutrition Program For Women, Infants and Children:			
WIC Administration	10.557	911G7279900	\$ 36,227
WIC Administration	10.557	1011GL279000	35,420
WIC Vouchers (noncash assistance)	10.557	n/a	169,694
Total U.S. Department of Agriculture			241,341
U.S. Department of Transportation:			
(Passed through Illinois Department of Transportation):			
Formula Grants for Other Than Urbanized Areas:			
Section 5311 Operating Assistance Grant	20.509	IL-18-X023	80,953
Section 5311 Operating Assistance Grant	20.509	IL-18-X026	99,365
Capital Assistance Program for Elderly Persons and Persons (Noncash Assistance)	20.513	IL-18-0025	158,790
Holiday DUI Patrol Grant	20.609	OP9-0043-165	13,203
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	36-600-6575	1,008
Total U.S. Department of Transportation			353,319
U.S. Environmental Protection Agency:			
(Passed through the Illinois Department of Public Health):			
Potable Water Grant	66.605	95280423	838
Potable Water Grant	66.605	5380330	200
			1,038
U.S. Department of Health and Human Services:			
(Passed through Illinois Department of Human Services):			
Family Planning Services:			
Title X Family Planning	93.217	L11GL279000	21,711
(Passed through the Illinois Department of Public Health):			
Immunization Grants (noncash assistance)	93.268	n/a	65,637
Centers for Disease Control and Prevention:			
Bioterrorism Grant	93.069	97181042	19,921
Bioterrorism Grant	93.069	7181042	6,597
Public Health Emergency Response (Phase 1 & 2)	93.069	7181164	28,009
Vector Grant (West Nile Virus)	93.283	95380210	3,639
Vector Grant (West Nile Virus)	93.283	95380683	3,917
			127,720

(Continued)

Jo Daviess County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2009

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued):			
(Passed through Illinois Department of Healthcare and Family Services):			
Child Support Enforcement	93.563	2008-55-007-K2AM	3,184
Child Support Enforcement	93.563	2008-55-007-K3AM	2,765
Medical Assistance Program	93.778	366006575001	35,729
			<u>41,678</u>
(Passed through Illinois Department of Human Services):			
Social Services Block Grant:			
Title XX Family Case Management Block Grant	93.667	911G7279000	9,084
Family Case Management Block Grant	93.667	911G7279000	1,999
ARRA Immunization Grant	93.712	5180350	4,012
			<u>15,095</u>
(Passed through the Illinois State Board of Election):			
Voting Access for Individuals with Disabilities	93.617	n/a	<u>1,571</u>
Total U.S. Department of Health and Human Services			<u><u>207,775</u></u>
U.S. Department of Homeland Security:			
(Passed through the Illinois Emergency Management Agency):			
Emergency Management Performance Grants	97.042	n/a	<u>18,212</u>
Total expenditures of federal awards			<u><u>\$ 821,685</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

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Jo Daviess County, Illinois

Notes to Schedule of Expenditures of Federal Awards Year Ended November 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jo Daviess County, Illinois and is presented on the modified accrual basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Noncash Assistance

As reported on the schedule of expenditures of federal awards, Jo Daviess County, Illinois received noncash awards in the form of immunizations totaling \$65,637, vehicles totaling \$158,790 and WIC Food Instrument redemptions totaling \$169,694.

Jo Daviess County, Illinois

**Summary Schedule of Prior Audit Findings
Year Ended November 30, 2009**

Number	Comment	Status	Corrective Action Plan or Other Explanation
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Findings Related to Financial Statements:

Significant Deficiencies in Internal Control:

08-II-A	The County has an inadequate segregation of duties over the cash receipts cycle.	Not Corrected.	See significant deficiency at 09-II-A.
08-II-B	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	Not Corrected.	See significant deficiency at 09-II-B.
08-II-C	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	Not Corrected.	See significant deficiency at 09-II-C.

Findings Related to Federal Awards:

Significant Deficiencies in Internal Control:

08-III-A	The County does not have a system in place to capture all federal grant information accurately.	Not Corrected.	See significant deficiency at 09-II-D.
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Instances of Noncompliance:

None

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Members of the County Board
Jo Daviess County, Illinois
Galena, Illinois

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jo Daviess County, Illinois as of and for the year ended November 30, 2009, which collectively comprise Jo Daviess County, Illinois' basic financial statements and have issued our report thereon dated April 13, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jo Daviess County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jo Daviess County, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jo Daviess County, Illinois' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 09-II-A through 09-II-E to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Jo Daviess County, Illinois in a separate letter dated April 13, 2010.

Jo Daviess County, Illinois' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questions Costs. We did not audit Jo Daviess County, Illinois' responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the County Board, federal awarding agencies, pass-through entities and other specified parties and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
April 13, 2010

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Members of the County Board
Jo Daviess County, Illinois
Galena, Illinois

Compliance

We have audited the compliance of Jo Daviess County, Illinois with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended November 30, 2009. Jo Daviess County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jo Daviess County, Illinois' management. Our responsibility is to express an opinion on Jo Daviess County, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jo Daviess County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jo Daviess County, Illinois' compliance with those requirements.

In our opinion, Jo Daviess County, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended November 30, 2009.

Internal Control Over Compliance

The management of Jo Daviess County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jo Daviess County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
April 13, 2010

Jo Daviess County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2009

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with
Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

20.509	Section 5311 Operating Assistance Grants
20.513	Consolidated Vehicle Procurement Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2009

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

09-II-A

Finding: The County has an improper segregation of duties over cash receipts.

Condition:

- One individual in the Treasurer's Office has access to the cash collected, reconciles the bank statements and then prepares the cash receipt used to post to the general ledger. Also, not all departments are reconciling their cash receipts given to the Treasurer's Office to the actual postings on the general ledger.
- One individual in the Sheriff's Department has access to cash, reconciles bank statements, records the information into the Sheriff's records and prepares the deposits that are processed by the Treasurer's Office.

Context: Pervasive to cash receipts transactions.

Effect: Misappropriation of assets or transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend the County segregate the duties of collecting cash from recording journal entries and reconciling the cash activity. The County should consider having the cash reconciliation process centralized or having departments prepare another department's bank reconciliation.

Response and corrective action plan:

- Treasurer's office – when handling cash in the Treasurer's Office the Treasurer will assign two individuals to count the cash and have each person initial the tax receipt or the receipt the deposit is for. This way, when reconciling the bank statement, there will be two initials on the tax receipt. All department heads will be reminded on a monthly basis they need to check the cash receipts with the general ledger sheets they receive from the Treasurer's Office.
- Sheriff's Office – the Sheriff's Office is aware of the lack of segregation of duties and is in the process of reviewing options to realign or reassign duties so that one individual does not receive, process, reconcile and have access to cash. One change will be the handling of 911 income whereby one person will be assigned to receive and enter receipts and a second person will be assigned to reconcile and deposit at the Treasurer's Office. Other options are being explored for segregating duties associated with revenues that are passed through to the Circuit Clerk's Office and DUI and drug fine checks that are processed and deposited directly into the bank.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2009

09-II-B

Finding: The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process as it relates to cash collection, recording receipts and reconciliation of the cash activity.

Condition: A good internal control contemplates an adequate segregation of duties so no one individual handles a transaction from its inception to its completion. Employees of the Circuit Clerk's Office who collect cash are also responsible for recording the receipts and reconciling the cash activity.

Context: Pervasive to cash receipt transactions.

Effect: Misappropriation of assets or transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend the Circuit Clerk's Office segregate the duties of collecting cash from recording cash transactions and from reconciling cash activities. The Circuit Clerk's Office should consider removing the ability to collect cash and post those cash receipts from the individuals performing the monthly bank statements reconciliations and balancing the cash drawer daily. The Circuit Clerk's Office should consider having another department prepare the cash reconciliation. We also recommend the individual reconciling the posting report to the receipts also monitor the receipt number sequence during this process.

Response and corrective action plan: The Circuit Clerk is aware of the lack of segregation of duties in the cash receipt process and the problems that a lack of segregation of duties can cause. Staffing is limited in this department; options have been discussed and changes to the extent possible have been made. The Circuit Clerk has evaluated the cost/benefit of hiring additional staff and at this time does not feel the financial burden to the County can be justified.

09-II-C

Finding: The Circuit Clerk's Office has inadequate segregation of duties in the cash disbursement process as it relates to recording disbursements, issuing checks, signing the checks and distributing the checks.

Condition: A good internal control contemplates an adequate segregation of duties so no one individual handles a transaction from its inception to its completion. Employees of the Circuit Clerk's Office who record disbursements in the ledger also issue checks, sign the checks and distribute the checks.

Context: Pervasive to the cash disbursement transactions.

Effect: Misappropriation of assets or transaction errors could occur and not be detected in a timely manner.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2009

Recommendation: We recommend the Circuit Clerk's Office segregate the duties of recording cash disbursements from issuing and signing checks. Issuing and signing checks should also be segregated from distributing checks. We recommend the individual issuing and signing the checks not have access to the recording of these disbursements in the system.

Response and corrective action plan: The Circuit Clerk is aware of the lack of segregation of duties in the cash disbursement process and the problems that a lack of segregation of duties can cause. Staffing is limited in this department; options have been discussed and changes to the extent possible have been made. The Circuit Clerk has evaluated the cost/benefit of hiring additional staff and at this time does not feel the financial burden to the County can be justified.

09-II-D

Finding: The County does not have a system in place to capture all the federal grant information accurately.

Criteria: The U.S. Office of Management and Budget (OMB) requires recipients of federal funds to track and report financial information related to the federal funds received.

Condition: The County has assigned the oversight to the Treasurer's Office. Although Departments within the County are approving that all information is provided to the Treasurer's Office, a review of the Schedule is not being done to ensure the information originally provided is complete and accurate.

Context: Pervasive to the federal grant programs.

Effect: The County could fail to report federal expenditures as required by the Single Audit Act.

Recommendation: We recommend the County implement the additional step of reviewing the preparation of the schedule of expenditures of federal awards. Although the County has adopted the internal policy to require grant administrators to forward copies of all grant documents to the Treasurer's Office, there are still program specific limitations that are not being met.

Response and corrective action plan: When the County's fiscal year ends, the Treasurer's Office requests that departments who have provided grant information to review their files and verify that everything associated with their grant has been submitted. Information provided is recorded on the schedule of federal awards report template used to compile all grants. Every grant is unique and some are very complex which increases the need for complete and accurate information from the department administering the grant. It is important that reimbursement forms and any differences be better explained by the grant holder. In the future it is our goal to improve the verbal communication between the office responsible for the grant and the Treasurer's Office.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2009

09-II-E

Finding: The County's Purchasing Card Policy is not being followed by all employees.

Criteria: The County's purchasing card policy does not allow personal charges or sales tax to be paid with the purchasing cards. Any charges not allowed under the policy are required to be paid by the employee to the County immediately.

Condition:

- One of 12 invoices tested included sales tax that was paid by the County for a total amount of \$4.
- Two of six months of statements tested included personal charges totaling \$1,085.
- The County collects monies from employees for personal charges included on the purchasing card and then uses these monies to pay the balance on the purchasing card. However, the County is not recording the cash activity related to these on the general ledger.

Context: Pervasive to the purchase card transactions.

Effect: Misappropriation of assets or transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend the County follow the approval process stated in the purchasing card policy and implement disciplinary actions for employees using the cards for personal charges. The County should also have procedures in place to prevent the payment of sales tax. We also recommend the County record the cash activity for monies received from employees for personal charges in the general ledger system.

Response and corrective action plan: A countywide purchasing card program and associated purchasing card policy was implemented by the County in 2009. The policy prohibits personal use of a County issued purchasing card and prohibits the payment of sales tax to vendors other than two listed exceptions. The policy does provide for the County to cancel or revoke a cardholder's purchasing card for misuse or noncompliance of procedures. The County will explore the recommendation of implementing additional disciplinary actions for an employee who uses a purchasing card for personal charges. One of the listed purposes of the current policy is to ensure that appropriate internal controls are established within each department procuring with purchasing cards so that they are used only for authorized purposes. The County Administrator will reinforce with Department Heads the importance of following established policy controls and procedures and the need to enforce the policy on a consistent basis with all employees so as to prevent any future misuse of a County purchasing card. The County has implemented procedures to properly record the cash activity for monies received from employees for personal charges in the general ledger system.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

None

B. Instances of Noncompliance

None

Jo Daviess County, Illinois

Corrective Action Plan Year Ended November 30, 2009

Number	Comment	Corrective Action Plan	Completion	Contact Person
Findings Related to Financial Statements:				
Significant Deficiencies in Internal Control:				
09-II-A	The County has an inadequate segregation of duties over the cash receipts cycle.	See response and corrective action plan at 09-II-A.	November 2010	Carol Soat, Treasurer
09-II-B	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	See response and corrective action plan at 09-II-B.	November 2010	Sharon Wand, Circuit Clerk
09-II-C	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	See response and corrective action plan at 09-II-C.	November 2010	Sharon Wand, Circuit Clerk
09-II-D	The County does not have a system in place to capture all federal grant information accurately.	See response and corrective action plan at 09-II-D.	November 2010	Carol Soat, Treasurer
09-II-E	The County's Purchasing Card Policy is not being followed by all employees.	See response and corrective action plan at 09-II-E.	November 2010	Dan Reimer, County Administrator