

# **Jo Daviess County, Illinois**

Annual Financial Report  
Year Ended November 30, 2010



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## 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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2011, 2011, 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 12, Illinois Municipal Retirement Fund Information on page 50, the Sheriff's Law Enforcement Personnel Information on page 51, Other Postemployment Benefit Plan information on page 52 and Budgetary Comparison information on pages 53 through 56 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 28, 2011

## Jo Daviess County, Illinois

### Management's Discussion and Analysis Year Ended November 30, 2010

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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, 2010. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begins on page 13 following this narrative.

#### Financial Highlights

The assets of Jo Daviess County's governmental activities exceeded its liabilities by \$24,304,058 and \$22,101,441 (net assets) at the close of fiscal years 2010 and 2009, respectively. Of this amount, \$11,528,711 represented the County's investment in capital assets, net of related debt, \$3,369,953, was held for restricted purposes, and \$9,405,394 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 \$2,202,617 and \$566,367 in fiscal years 2010 and 2009, respectively.

At the close of current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,565,413, an increase of \$578,888 in comparison to the prior year. Approximately 67 percent of this total amount, \$8,423,257, is available for spending at the government's discretion (unreserved and undesignated fund balance).

The unreserved, undesignated fund balance in the General Fund was \$546,428 and \$512,170 or 8 percent and 8 percent of total General Fund expenditures for fiscal years ended 2010 and 2009, 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 13 through 15 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.

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.

## **Jo Daviess County, Illinois**

### **Management's Discussion and Analysis Year Ended November 30, 2010**

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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 53 through 55.

The basic governmental fund financial statements can be found on pages 16 through 21 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 \$1,169,532 and \$853,393 for fiscal years ended 2010 and 2009, respectively.

The basic fiduciary fund financial statement can be found on page 22 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 \$24,304,058, which represents an increase of \$2,202,617 from 2009.



## Jo Daviess County, Illinois

### Management's Discussion and Analysis Year Ended November 30, 2010

Of the County's net assets, 47 percent and 45 percent for fiscal years ended 2010 and 2009, 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**

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
Current and other assets	<b>\$ 19,625,649</b>	\$ 18,535,457
Capital assets, net	<b>11,545,520</b>	10,052,995
<b>Total assets</b>	<b>31,171,169</b>	28,588,452
Current liabilities	<b>6,832,776</b>	6,457,448
Noncurrent liabilities	<b>34,335</b>	29,563
<b>Total liabilities</b>	<b>6,867,111</b>	6,487,011
Net assets:		
Invested in capital assets, net of related debt	<b>11,528,711</b>	10,026,751
Restricted for:		
Construction projects	<b>1,063,073</b>	1,010,857
Transportation	<b>397,501</b>	258,357
Mental health	<b>15,608</b>	12,409
Public safety	<b>409,417</b>	386,133
Employee benefits	<b>462,020</b>	407,055
County development	<b>599,949</b>	625,862
Insurance costs	<b>373,754</b>	309,928
Working cash	<b>48,631</b>	48,631
Unrestricted	<b>9,405,394</b>	9,015,458
<b>Total net assets</b>	<b>\$ 24,304,058</b>	\$ 22,101,441

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, \$9,405,394 (39 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2010, 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 \$2,202,617 during the current fiscal year.

Table 2 highlights the County's revenues and expenses for the fiscal year ended November 30, 2010 and 2009. 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, 2010

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

	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Program revenues:		
Charges for services	\$ 2,269,719	\$ 2,366,936
Operating grants and contributions	3,078,174	2,900,572
Capital grants and contributions	1,211,090	158,790
General revenues:		
Local property taxes	5,023,548	4,931,800
Hotel/motel taxes	739,253	656,227
State income tax	846,756	874,480
Sales and local use tax	1,054,545	1,015,302
Corporate personal property replacement taxes	218,791	202,917
Other taxes	12,581	12,951
Unrestricted investment earnings	138,706	182,053
Miscellaneous	147,381	361,626
Gain on sale of capital assets	181,290	-
<b>Total revenues</b>	<b>14,921,834</b>	<b>13,663,654</b>
Expenses:		
General control and administration	2,256,238	2,237,520
Transportation	2,304,795	2,565,499
Public health and education	2,154,183	2,131,603
Public safety	3,087,646	3,060,801
Mental health	334,551	346,851
County development	1,327,392	1,485,360
Court services	1,253,314	1,268,096
Interest	1,098	1,557
<b>Total expenses</b>	<b>12,719,217</b>	<b>13,097,287</b>
<b>Increase in net assets</b>	<b>2,202,617</b>	<b>566,367</b>
Net assets, beginning	22,101,441	21,535,074
Net assets, ending	<b>\$ 24,304,058</b>	<b>\$ 22,101,441</b>

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 2010	Net (Expense) of Services 2010	Total Cost of Services 2009	Net (Expense) of Services 2009
General control and administration	\$ 2,256,238	\$ 97,217	\$ 2,237,520	\$ (34,731)
Transportation	2,304,795	(241,067)	2,565,499	(1,491,057)
Public health and education	2,154,183	(1,011,119)	2,131,603	(1,060,070)
Public safety	3,087,646	(2,406,787)	3,060,801	(2,376,026)
Mental health	334,551	(334,551)	346,851	(346,851)
County development	1,327,392	(1,078,517)	1,485,360	(1,206,113)
Court services	1,253,314	(1,184,312)	1,268,096	(1,154,584)
Interest	1,098	(1,098)	1,557	(1,557)
<b>Total</b>	<b>\$ 12,719,217</b>	<b>\$ (6,160,234)</b>	<b>\$ 13,097,287</b>	<b>\$ (7,670,989)</b>

## **Jo Daviess County, Illinois**

### **Management's Discussion and Analysis Year Ended November 30, 2010**

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Net cost of services is 49 percent and 59 percent of total cost of services in 2010 and 2009, respectively. This reflects a continued reliance on taxes and other general revenues sources to fund the cost of services.

Revenues: Total government-wide revenue increased \$1,258,180 or 9.2 percent from the prior year. If property taxes in the amount of \$5,023,548 are factored out of the total all other government-wide revenue increased \$1,166,432 or 13.4 percent. The most significant sources of revenue during fiscal year 2010 continued to be property taxes at 33.7 percent (down from 36.1 percent in 2009), operating grants and contributions at 20.5 percent (down from 21.2 percent in 2009), and charges for services at 15.2 percent (down from 17.3 percent in 2009). Revenue sources which experienced an increase in fiscal year 2010 include local property taxes \$91,748 or 1.9 percent, operating grants and contributions \$177,602 or 6.1 percent, capital grants and contributions \$1,052,300 or 662.7 percent, sales and local use tax \$39,243 or 3.9 percent, hotel/motel tax \$83,026 or 12.7 percent and corporate personal property replacement taxes \$15,874 or 7.8 percent. Revenue sources which experienced a decrease include state income tax \$27,724 or 3.2 percent, charges for services decreased \$97,217 or 15.2 percent and investment earnings decreased \$43,347 or 23.8 percent. The County also sold capital assets for a gain on sale of capital assets of \$181,290.

Expenditures: Total government-wide expenditures decreased \$378,070 or 2.8 percent from the prior year. Programs which experienced an increase in fiscal year 2010 include general control and administration \$18,718 or 1.0 percent, public health and education \$22,580 or 1.1 percent and public safety \$26,845 or 1.0 percent. Programs which experienced a decrease include transportation which decreased \$260,709 or 10.2 percent, mental health which decreased \$12,300 or 3.5 percent and County development which decreased \$157,968 or 10.6 percent.

The most significant classification of expenditures supporting County operations are personnel related costs. In fiscal year 2010 government-wide expenditures for personnel costs (salaries, wages, pension contributions, employee benefits and health insurance) totaled approximately \$6,831,288. This is a decrease of \$5,683 or 0.08 percent below the prior year total of \$6,836,971. Salaries and wages totaled \$5,213,783, a decrease of \$39,421 or 0.75 percent below the prior year total of \$5,253,204 and is primarily due to a wage freeze for non-union employees, a voluntary furlough program and less part time hours. Employee benefits (social security, Medicare, health insurance and pension contributions) totaled \$1,617,505, an increase of \$33,738 or 2.13 percent over the prior year total of \$1,583,767 and is primarily due to increases in the IMRF pension contribution rate for employers. Personnel costs represent 53.7 percent and 52.2 percent of the County's total cost of services in 2010 and 2009, respectively.

#### **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, 2010), the County's governmental funds reported combined ending fund balances of \$12,565,413, an increase of \$578,888 in comparison with the prior year. Approximately 67 percent of this total amount, \$8,423,257, 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 \$546,428 while total fund balance reached \$2,274,280. 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 (\$6,464,144), while total fund balance represents approximately 35 percent of that same amount.

The fund balance of the County's General Fund increased by \$40,237 during the current year; this increase is primarily due to the timing of salary reimbursements received from the state of Illinois and more than anticipated penalties on tax collection. In addition, expenditures related to personnel costs were less than anticipated.

## **Jo Daviess County, Illinois**

### **Management's Discussion and Analysis Year Ended November 30, 2010**

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The County Highway Fund had a fund balance of \$840,111 which increased \$18,426 from the prior year. This increase is primarily due to less than anticipated personnel costs and fuel costs.

The Public Health Fund had a fund balance of \$901,245, which increased \$114,665 from the prior year. This increase is primarily due to less than anticipated 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 2010. 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 (\$5,506,467) fell short of estimates (\$5,613,617) for the period by \$107,150. This decrease is primarily due to less than anticipated receipts of intergovernmental revenues of \$204,270. The most significant shortfall in intergovernmental revenue was the downstate operating assistance grant (DOAP) for the JDC transit program which fell short of expectations by \$83,464, the anticipated \$200,000 ARRA capital grant for the transit garage was delayed, and state income tax revenue fell short of expectations by \$97,170 due to the delayed timing of distributions from the state of Illinois. These variances were partially offset by other intergovernmental, licenses and permits, fines and forfeitures, printing fees and other revenue which exceeded revenue projections by \$98,482, \$10,092, \$14,633, \$235 and \$8,429, respectively. Unbudgeted revenue of \$96,951 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 (\$6,464,144) were less than budget (\$6,857,511) for the period by \$393,367. Public health and education expenditures were \$314,801 less than budget due in part to less than estimated downstate operating assistance grant (DOAP) expenditures. Personnel costs of (\$4,732,020) were \$118,718 or 2.4 percent less than budget (\$4,850,738). This variance was primarily due to less than estimated part time wages, one unfilled Sheriff Department position and a voluntary furlough program. Personnel costs represent 73.3 percent of General Fund expenditures.

The General Fund had a year-end fund balance of \$2,274,280. While this is an increase of \$40,237 from the prior year, it also represents an increase of \$259,347 over the \$219,110 deficit anticipated when the fiscal year 2010 budget was adopted.

#### **Major Special Revenue Fund Variances**

County Highway Fund: The County Highway Fund had a fund balance of \$840,111, which is an \$18,426 increase from the prior year. The budget for this fund was amended by the County Board in February of 2010 to accommodate the sale of the Highway facilities in Elizabeth, Illinois (\$450,001) and the purchase of new Highway Department facilities in Hanover, Illinois (\$550,000). As a result this fund exceeded original budget estimates by \$713,051. Actual revenues exceeded expectations by \$38,522. This was primarily due to more than estimated miscellaneous income (\$7,899) and FEMA reimbursement (\$13,560). Actual expenditures were less than budget by \$268,971. This was primarily due to less than anticipated fuel costs (\$40,122) and less than anticipated building expenditures (\$146,630).

Public Health Fund: The Public Health Fund had a fund balance of \$901,245, which is an increase of \$114,665 from the prior year. This fund exceeded budget estimates by \$222,983. Actual revenues exceeded expectations by \$65,022. This was primarily due to non-cash immunization grant and WIC food instrument allocation revenue being more than anticipated. Actual expenditures were less than budget by \$154,951. 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 immunizations and 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 \$11,545,520 and \$10,052,995 (net of accumulated depreciation) as of November 30, 2010 and 2009, 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 three new Sheriff's Department vehicles, two new transit vehicles, a new Highway Department dump truck, a new Animal Control vehicle, sale of County Highway facility in

## Jo Daviess County, Illinois

### Management's Discussion and Analysis Year Ended November 30, 2010

Elizabeth, purchase of County Highway facility in Hanover, well/pump repairs, erosion control project and office improvements for the Public Health facility, courthouse downspout project, AS400 sewer for Courts/Circuit Clerk, completion of the McFadden Bridge project and construction-in-progress for the Devnet sketching project, Wurster Bridge, Welch Bridge and Bethel Bridge.

**Table 4 - Jo Daviess County, Illinois' Capital Assets**

	Governmental Activities	
	2010	2009
Land	\$ 165,150	\$ 204,300
Construction-in-progress	768,140	621,837
Buildings and improvements	2,226,357	1,959,422
Equipment and machinery	639,060	765,920
Transportation equipment	1,188,898	1,179,706
Roads and bridges	6,557,915	5,321,810
<b>Total</b>	<b>\$ 11,545,520</b>	<b>\$ 10,052,995</b>

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 \$16,809 and \$26,244 as of November 30, 2010 and 2009, respectively.

Additional information on Jo Daviess County, Illinois' long-term debt can be found in Note 5 of this report.

#### **Economic Factors and Outlook**

Recovery from the great recession, high unemployment and falling revenue especially state shared revenue were all concerns in 2010 and continue as we enter 2011. 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. In 2008 and 2009 Jo Daviess County experienced a rather significant decline in new construction especially in the recreational and second home market. For several years high levels of new construction, home sales and mortgage refinances resulted in increased revenue from building permits and recording fees. However, new construction and real estate sales slowed considerably in 2008, 2009 and 2010, continuing a trend that began in the second half of 2006. A total of 32 new home building permits were issued in 2010 in unincorporated Jo Daviess County; this is a 13.5 percent decrease from the 37 new home permits issued in 2009 and an 82 percent decrease from the 175 new home permits issued in 2005.

The fiscal year 2011 budget was adopted in November 2010 with the knowledge that the local, state and national economies are trying to recover from the great recession, unemployment is still high, negative economic trends have impacted most sources of state shared revenue, many local revenue sources have declined 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. The Tri-County Economic Development Alliance (TCEDA), a regional public/private economic development organization representing Jo Daviess County, Carroll County and part of Whiteside County and the Upper Mississippi River International Port District representing Carroll and Jo Daviess County were established to promote and enhance economic development in our region.

## **Jo Daviess County, Illinois**

### **Management's Discussion and Analysis Year Ended November 30, 2010**

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In 2010 there were some signs of economic improvement. The municipal 1 percent sales tax collected county-wide for sales made January 1 to December 31 2010 increased 3.1 percent. The Jo Daviess County supplemental sales tax (0.25 percent) increased 5.4 percent from prior year. Sales in unincorporated Jo Daviess increased 7.3 percent from prior year. FY2010 Hotel/Motel tax receipts for Galena and Jo Daviess County (combined) increased 2.27 percent from the same period in 2009. After decreasing for 11 of 12 months in 2009 Hotel/Motel Tax receipts increased 9 of 12 months in 2010. Both of these key local economic indicators will be monitored very closely.

The population of Jo Daviess County per the 2010 US Census is 22,678. This is an increase of 389 or 1.75 percent from the 2000 Census.

#### **Employment**

Similar to most cities and counties across the nation, the County of Jo Daviess faces significant economic fiscal pressures caused by the great recession. According to the National Bureau of Economic Research, the recession started nationwide in the U.S. in December 2007 and ended in June 2009. Although the recession has officially ended the recovery thus far has been weak and mixed. Unemployment rose significantly in 2009 to levels not seen since the early 1980s and remained high in 2010. One of the consequences is a decline in local revenue. Generally revenue from taxes (sales, income, use, corporate) move with income. As we enter 2011 high unemployment continues to have a negative effect on state and local revenue especially state share revenue. The Illinois Department of Employment Security (IDES) reports that the total labor force in Jo Daviess County in February 2011 was 12,841 of which 11,668 were employed, 1,173 were unemployed and an unemployment rate of 9.1 percent. This compares to a total labor force of 12,941 of which 11,288 were employed, 1,653 unemployed and an unemployment rate of 12.8 percent in February 2010. The overall 2010 unemployment rate for Jo Daviess County was 8.8 percent with a monthly low of 6.8 percent in September and a high of 12.8 percent in February.

Overall, the state's seasonally adjusted unemployment rate for February 2011 fell for the 13<sup>th</sup> straight month dropping to 8.9 percent, down from 11.4 percent in February 2010 and the first time the state's unemployment rate has been under 9 percent since February of 2009. In general Northwest Illinois continues to have the highest unemployment rates in Illinois with three of the six highest February 2011 unemployed counties in Boone 15.7 percent, Ogle 13.4 and Winnebago 13.2 percent.

The most current quarterly workforce indicator report from the Illinois Department of Employment Security (IDES) shows that total Jo Daviess County Non-Ag employment in the first quarter of 2010 was 7,364, a decrease of 82 or 1.1 percent from the 7,446 reported in first quarter 2009. In the first quarter of 2010 the reported average monthly earnings was \$2,427, an increase of \$18 or 0.75 percent from the \$2,405 reported in the first quarter of 2009.

#### **Property Tax Levy**

Most County revenue sources have decreased as a result of the recession; consequently property tax revenue continues its position as the most significant source of revenue. In fiscal year 2010 county property tax revenue totaled \$5,023,548, an increase of \$91,748 or 1.86 percent over the fiscal year 2009 amount of \$4,931,800 and represents 33.7 percent of total county-wide revenue, down from 36.1 percent in 2009.

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL) pursuant to 35 ILCS 200/18-185. This law was adopted by Jo Daviess County as a result of a November 1997 voter referendum. PTELL limits the growth in property tax extension on existing property to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less. Special Service Areas are exempt from PTELL and are not included in the County's total aggregate extension, but the County does levy per ordinance for the respective Special Service Areas. There are provisions in the laws which do allow extensions to increase more than the limit; they include increases in proportion to the amount of new property/construction and annexations of territory into a district. A CPI factor of 0.1% was utilized in administering the 2009 Property Tax Extension Limitation Law formula (payable 2010) and a 2.7% CPI factor was used to determine the 2010 property tax extension (payable 2011). Per PTELL the estimated allowable property tax extension increase for 2010 (payable 2011) is \$182,940. This compares to actual increases of \$275,768 in 2007 and \$365,539 in 2008, both good years for new construction.

## Jo Daviess County, Illinois

### Management's Discussion and Analysis Year Ended November 30, 2010

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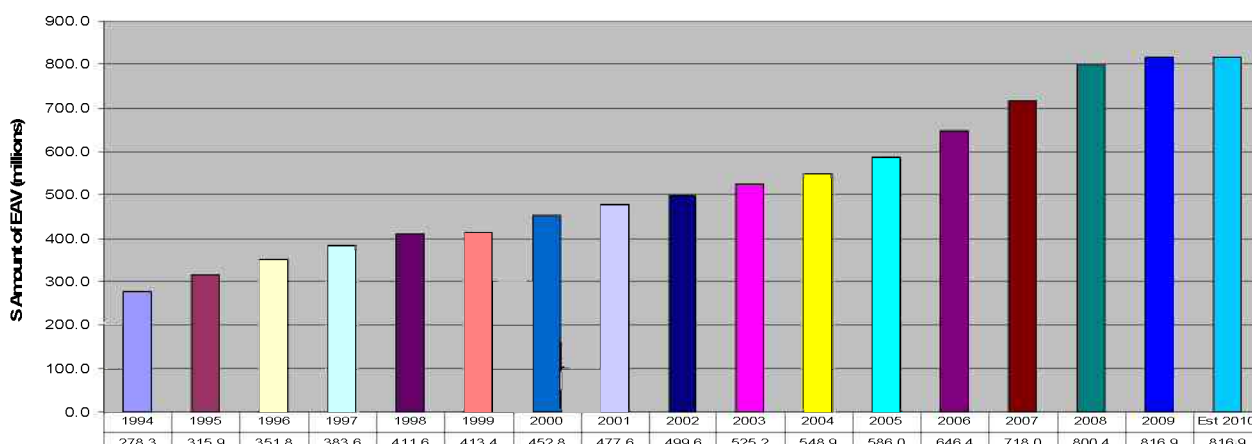
#### Special Service Areas

While Jo Daviess County Special Service Areas are exempt from PTELL and are not included in the County's total aggregate property tax levy for purposes of PTELL they are subject to a maximum property tax rate. These rates were established by ordinance (after public hearing) by the Jo Daviess County Board. Special Service Areas include: SSA #1 Warren Ambulance, SSA #2 & #4 Elizabeth Ambulance, and SSA #5 Hanover Ambulance. The combined 2010 total property tax levy (payable 2011) for all three Special Service Areas is \$163,273. This represents an increase of \$150 or 0.01 percent over the actual 2009 combined SSA property tax levy amount of \$163,123. SSA #1 has a proposed levy of \$70,000, SSA #2 & #4 has a proposed levy of \$64,956 and SSA #5 has a proposed levy of \$28,317.

#### Taxable Assessed Values (EAV)

Total taxable assessed value of property in Jo Daviess County as of January 1, 2009 was \$816,953,398, an increase of \$16,557,100 or 2.1 percent over the amount on January 1, 2008. \$11 million of this increase can be contributed to new construction. The estimated taxable assessed value as of January 1, 2010 is \$816,953,398, the same as the 2009 valuation; this includes \$8 million estimated for new construction.

**Jo Daviess County  
Taxable Assessed Values (EAV)  
1994 - 2010**



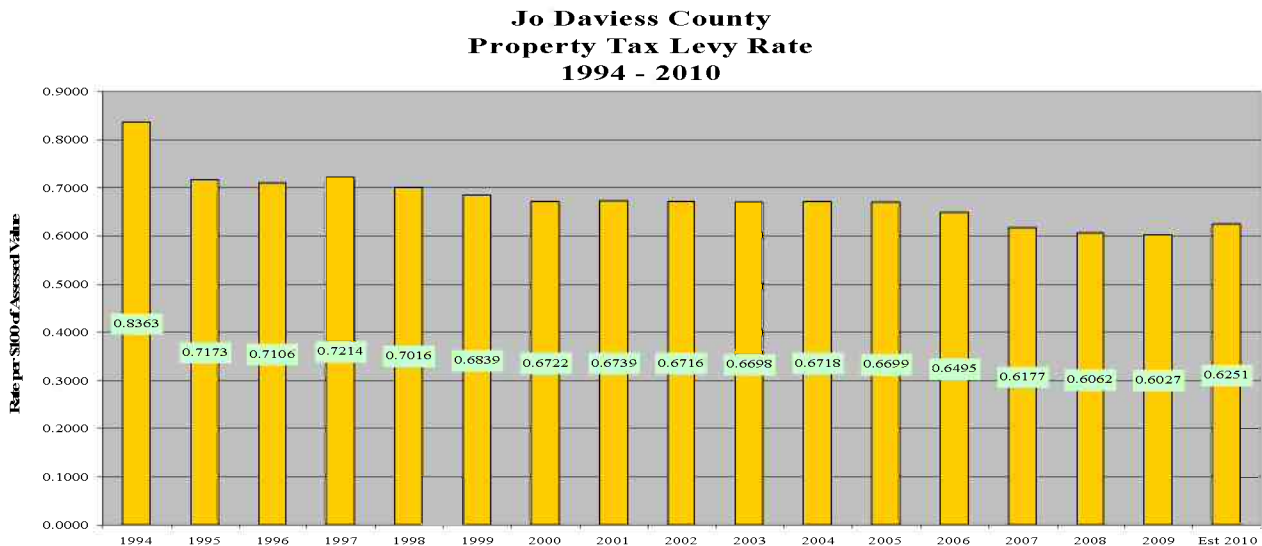
#### Property Tax Extension Rate

The proposed 2010 Jo Daviess County property tax rate (for taxes payable in 2011) is 0.62506/hundred dollars of assessed value. This is a 0.02239 or 3.07 percent increase over the 2009 rate of 0.60267. The primary reason that the property tax rate increased in 2010 is because equalized assessed values are beginning to decline in certain township assessment districts. This is a reversal of a multi-year trend that in general saw property values and equalized assessed values increase at a rate faster than the CPI which in turn limited (lowered) property tax extension levy rates. The EAV of existing Jo Daviess County property increased 6.57 percent in 2006, 7.85 percent in 2007 and 8.09 percent in 2008. The CPI for PTELL purposes in those years were 2.5 percent in 2006, 4.1 percent in 2007 and 0.1 percent in 2008.

## Jo Daviess County, Illinois

### Management's Discussion and Analysis Year Ended November 30, 2010

The proposed 2010 property tax levy rate is the first rate increase since 2004 and only the third property tax levy rate increase since PTELL was implemented in 1998.



### 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 2011 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.



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**Jo Daviess County, Illinois**

**Statement of Net Assets  
November 30, 2010**

	Primary Government Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 12,513,186
Receivables:	
Accounts	171,870
Interest	2,293
Property taxes	5,269,745
Due from other governments	1,475,107
Inventories	79,296
Loans receivable	34,440
<b>Total current assets</b>	<b>19,545,937</b>
Noncurrent assets, loan receivables	79,712
Capital assets:	
Nondepreciable:	
Land	165,150
Construction-in-progress	768,140
Depreciable:	
Buildings and improvements	3,987,793
Equipment and machinery	2,766,186
Transportation equipment	2,591,841
Road and bridges	13,164,844
Less accumulated depreciation	(11,898,434)
<b>Total capital assets</b>	<b>11,545,520</b>
<b>Total noncurrent assets</b>	<b>11,625,232</b>
<b>Total assets</b>	<b>\$ 31,171,169</b>

See Notes to Basic Financial Statements.

	Primary Government Governmental Activities
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 659,407
Accrued liabilities	365,474
Accrued compensated absences	346,528
Unearned revenue	181,704
Unearned property taxes	5,269,745
Current portion of capital lease payable	9,918
<b>Total current liabilities</b>	<b>6,832,776</b>
Noncurrent liabilities:	
Capital lease payable	6,891
Other postemployment benefits obligation	27,444
<b>Total noncurrent liabilities</b>	<b>34,335</b>
<b>Total liabilities</b>	<b>6,867,111</b>
Net assets:	
Invested in capital assets, net of related debt	11,528,711
Restricted for:	
Construction projects	1,063,073
Transportation	397,501
Mental health	15,608
Public safety	409,417
Employee benefits	462,020
County development	599,949
Insurance costs	373,754
Working cash, permanently restricted	48,631
Unrestricted	9,405,394
<b>Total net assets</b>	<b>24,304,058</b>
<b>Total liabilities and net assets</b>	<b>\$ 31,171,169</b>

**Jo Daviess County, Illinois**

**Statement of Activities  
Year Ended November 30, 2010**

Functions/ Programs	Expenses	Program Revenues			Total	
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government</b>						
Governmental activities:						
General control and administration	\$ 2,256,238	\$ 1,455,377	\$ 898,078	\$ -	\$ 97,217	
Transportation	2,304,795	-	860,811	1,202,917	(241,067)	
Public health and education	2,154,183	287,758	847,133	8,173	(1,011,119)	
Public safety	3,087,646	356,160	324,699	-	(2,406,787)	
Mental health	334,551	-	-	-	(334,551)	
County development	1,327,392	115,461	133,414	-	(1,078,517)	
Court services	1,253,314	54,963	14,039	-	(1,184,312)	
Interest	1,098	-	-	-	(1,098)	
<b>Total governmental activities</b>	<b>\$ 12,719,217</b>	<b>\$ 2,269,719</b>	<b>\$ 3,078,174</b>	<b>\$ 1,211,090</b>	<b>(6,160,234)</b>	

**General Revenues**

Taxes:

Property taxes	5,023,548
Hotel/motel tax	739,253
State income tax	846,756
Sales taxes	1,054,545
Corporate personal property replacement taxes	218,791
Other taxes	12,581
Unrestricted investment earnings	138,706
Miscellaneous	147,381
Gain on sale of capital assets	181,290
<b>Total general revenues</b>	<b>8,362,851</b>
Changes in net assets	2,202,617
Net assets, beginning of year	22,101,441
Net assets, end of year	<b>\$ 24,304,058</b>

See Notes to Basic Financial Statements

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**Jo Daviess County, Illinois**

**Balance Sheet  
Governmental Funds  
November 30, 2010**

<b>Assets</b>	General Fund	Special Revenue Funds	
		County Highway Fund	Public Health Fund
Cash and investments	\$ 2,130,622	\$ 646,763	\$ 859,185
Accounts receivable	15,792	2,847	26,611
Interest receivable	3	-	-
Due from other funds	30,512	198,064	-
Due from other governmental agencies	1,147,391	62,046	54,018
Property tax receivable	1,675,929	798,980	523,095
Loan receivable	-	-	-
Inventories	32,852	8,702	37,742
<b>Total assets</b>	<b>\$ 5,033,101</b>	<b>\$ 1,717,402</b>	<b>\$ 1,500,651</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 201,078	\$ 39,664	\$ 8,224
Accrued liabilities	232,563	23,671	25,334
Due to other funds	51,433	-	-
Unearned and deferred revenue	597,818	14,976	42,753
Deferred property taxes	1,675,929	798,980	523,095
<b>Total liabilities</b>	<b>2,758,821</b>	<b>877,291</b>	<b>599,406</b>
Fund balances:			
Reserved for:			
Inventories	32,852	8,702	37,742
Loans	-	-	-
Working cash	-	-	-
Unreserved, Board designated	1,695,000	435,000	615,000
Unreserved, undesignated, reported in:			
General Fund	546,428	-	-
Special revenue funds	-	396,409	248,503
Permanent Fund	-	-	-
<b>Total fund balances</b>	<b>2,274,280</b>	<b>840,111</b>	<b>901,245</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,033,101</b>	<b>\$ 1,717,402</b>	<b>\$ 1,500,651</b>

See Notes to Basic Financial Statements.

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Nonmajor Governmental Funds		Total
\$	8,876,616	\$ 12,513,186
	126,620	171,870
	2,290	2,293
	140,693	369,269
	211,652	1,475,107
	2,271,741	5,269,745
	114,152	114,152
	-	79,296
\$	11,743,764	\$ 19,994,918

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\$	410,441	\$ 659,407
	83,906	365,474
	317,836	369,269
	110,063	765,610
	2,271,741	5,269,745
	3,193,987	7,429,505

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	-	79,296
	114,152	114,152
	48,631	48,631
	1,155,077	3,900,077
	-	546,428
	7,230,086	7,874,998
	1,831	1,831
	8,549,777	12,565,413
\$	11,743,764	\$ 19,994,918

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Jo Daviess County, Illinois

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
November 30, 2010**

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Total governmental fund balances \$ 12,565,413

Amounts reported for governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Land	\$ 165,150	
Construction-in-progress	768,140	
Buildings and improvements	3,987,793	
Equipment and machinery	2,766,186	
Transportation equipment	2,591,841	
Roads and bridges	13,164,844	
Accumulated depreciation	<u>(11,898,434)</u>	11,545,520

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

Deferred revenues	583,906
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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	(16,809)
Compensated absences	(346,528)
Other postemployment benefits obligation	<u>(27,444)</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 24,304,058</u></u></b>

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, 2010**

	General	Special Revenue Funds	
	Fund	County Highway Fund	Public Health Fund
Revenues:			
Property taxes	\$ 1,525,843	\$ 788,770	\$ 516,411
Intergovernmental	2,764,513	190,290	501,319
Charges for services	991,516	-	107,140
Interest	29,755	5,566	4,277
Licenses and permits	170,183	-	-
Other	24,657	92,651	5,399
<b>Total revenues</b>	<b>5,506,467</b>	<b>1,077,277</b>	<b>1,134,546</b>
Expenditures:			
Current:			
General control and administration	1,634,189	-	-
Transportation	189,138	970,748	-
Public health and education	456,379	-	1,016,722
Public safety	2,784,717	-	-
Mental health	-	-	-
County development	174,936	-	-
Court services	1,213,832	-	-
Capital outlay	10,953	710,807	4,528
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>6,464,144</b>	<b>1,681,555</b>	<b>1,021,250</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(957,677)</b>	<b>(604,278)</b>	<b>113,296</b>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	450,001	-
Transfers in	1,101,013	206,710	89,114
Transfers out	(103,099)	(34,007)	(87,745)
<b>Total other financing sources (uses)</b>	<b>997,914</b>	<b>622,704</b>	<b>1,369</b>
<b>Net change in fund balances</b>	<b>40,237</b>	<b>18,426</b>	<b>114,665</b>
Fund balances, beginning of year	2,234,043	821,685	786,580
Fund balances, end of year	<u>\$ 2,274,280</u>	<u>\$ 840,111</u>	<u>\$ 901,245</u>

See Notes to Basic Financial Statements.

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Nonmajor Governmental			
Funds		Total	
\$	2,192,525	\$	5,023,549
	2,430,431		5,886,553
	958,622		2,057,278
	99,108		138,706
	-		170,183
	24,674		147,381
	5,705,360		13,423,650

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	512,179		2,146,368
	742,255		1,902,141
	663,822		2,136,923
	122,021		2,906,738
	329,660		329,660
	1,134,245		1,309,181
	15,308		1,229,140
	597,791		1,324,079
	9,435		9,435
	1,098		1,098
	4,127,814		13,294,763

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	1,577,546		128,887
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	-		450,001
	410,026		1,806,863
	(1,582,012)		(1,806,863)
	(1,171,986)		450,001

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	405,560		578,888
	8,144,217		11,986,525
\$	8,549,777	\$	12,565,413

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**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, 2010**

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Net change in fund balances - governmental funds \$ 578,888

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		1,383,286
Depreciation expense:		
General control and administration	\$ (102,129)	
Transportation	(457,291)	
Public health and education	(12,679)	
Public safety	(171,926)	
County development	(16,076)	
Court services	(22,418)	(782,519)

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	1,160,469
Proceeds from sale of capital assets	(450,001)
Gain on sale of capital assets	181,290
Trade in value of vehicle additions	20,394
Trade in value of vehicle disposals	(20,394)

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	42,258	
Operating grants and contributions	(17,726)	
Income tax	98,586	
Hotel/motel tax	33,879	
Sales tax	(572)	156,425

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	(19,966)
Change in other postemployment benefits obligation	(14,690)

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	9,435
Change in net assets of governmental activities	<u>\$ 2,202,617</u>

See Notes to Basic Financial Statements.

**Jo Daviess County, Illinois**

**Statement of Assets and Liabilities**

**Agency Funds**

**November 30, 2010**

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**Assets**

Cash and investments	\$ 1,063,231
Due from other governments	<u>106,301</u>
<b>Total assets</b>	<b><u>\$ 1,169,532</u></b>

**Liabilities**

Accounts payable	\$ 335,046
Due to other governments	116,045
Due to individuals and private entities	<u>718,441</u>
<b>Total liabilities</b>	<b><u>\$ 1,169,532</u></b>

See Notes to Basic Financial Statements.

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## **Jo Daviess County, Illinois**

### **Notes to Basic Financial Statements**

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#### **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**

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**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, 2010, is presented below:

Balance Sheet as of November 30, 2010			
<hr/>			
Assets, cash		\$	1,761,306
Capital assets, net			1,788,420
<b>Total assets</b>		<b>\$</b>	<b>3,549,726</b>
<hr/>			
Current liabilities, taxes payable		\$	3,024
<hr/>			
Net assets:			
Investment in capital assets, net	\$	1,788,420	
Unreserved		1,758,282	
<b>Total fund equity</b>			<b>3,546,702</b>
<hr/>			
<b>Total liabilities and net assets</b>		<b>\$</b>	<b>3,549,726</b>
<hr/>			
Operations for Year Ended November 30, 2010			
<hr/>			
Revenues:			
Charges for services, leases	\$	142,512	
Operating grants and contributions		22,333	
Investment earnings		44,925	
<b>Total revenues</b>			<b>209,770</b>
Expenses			504,207
<b>Change in net assets</b>			<b>(294,437)</b>
Net assets, beginning of year			3,841,139
Net assets, end of year			<b>\$ 3,546,702</b>
<hr/>			

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



## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### **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.

**Jo Daviess County, Illinois**

**Notes to Basic Financial Statements**

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**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.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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**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

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#### **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

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#### 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.

**Jo Daviess County, Illinois**

**Notes to Basic Financial Statements**

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**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 70 5ILCS 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

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**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

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#### **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.



## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### 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).

Sobriety Court Fund: The purpose of this fund is to provide financial support for the operation and administration of the Jo Daviess County Sobriety Court. Revenue for this fund is derived from fees collected from defendants on a judgment of guilty or grant of supervision for violations of the Illinois Vehicle Code or under Section 5-9-1 of the Unified Code of Corrections for a felony; for a Class A, Class B, or Class C misdemeanor; for a petty offense; and for a business offense. The Clerk of Court collects the fees and remits the fees to the Sobriety Court Fund, less 5%, retained as fee income to the Clerk of Court to be used to defray the costs of collection and disbursement of the sobriety court fees. The Director of the Jo Daviess County Probation Department administers expenditures from this fund. This Fund was established under the authority of 55 ILCS 5/5-1101 et al.

County Jail Medical Costs Fund: The purpose of this Fund is to pay expenses related to necessary medical services for all prisoners in the Jo Daviess County jail. Revenue is derived from a \$10.00 fee for each conviction or order of supervision for a criminal violation, other than a petty offense or business offense, committed in the County. This Fund was established under the authority of 730 ILCS 125/17 et seq.

Coroners Equipment and Operations Fund: This Fund is to be solely for the purchase of electronic and forensic identification equipment or other related supplies and the operating expenses of the coroner's office. Revenue is derived from Coroner's fees collected for; transcript of sworn testimony, autopsy reports, verdict of a coroner's jury, toxicology report, print of or an electronic file containing a picture obtained by the coroner, miscellaneous reports including artist's drawings but not including police reports and a coroner's or medical examiner's permit to cremate a dead human body. This Fund was established under authority 55 ILCS 5/4-7001.

#### 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.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

**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.

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.

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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

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 JLCs 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.

**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 2010 tax levy is budgeted for the fiscal year 2011, the revenue from this tax levy is deferred.

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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

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.

#### **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, including software 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

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#### **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
\$ 326,562	\$ 346,528	\$ (326,562)	\$ 346,528	\$ 346,528

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, 2010, but which were levied to finance fiscal year 2011 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

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#### 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 \$1,063,073 for construction projects, \$397,501 for transportation, \$15,608 for mental health, \$409,417 for public safety, \$462,020 for employee benefits, \$599,949 for County development, \$373,754 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, 2010, the County's cash and investments were as follows:

	Carrying Amount
Cash and deposits with financial institutions, statement of net assets	\$ 12,136,403
Investments, statement of net assets	376,783
Cash and deposits with financial institutions, fiduciary funds	1,063,231
<b>Total</b>	<b>\$ 13,576,417</b>

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### 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	\$ 376,638
Illinois Funds Money Market Mutual Fund	0.077	145
<b>Total</b>		<u><u>\$ 376,783</u></u>

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County holds no debt securities as of November 30, 2010 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.

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments (Continued)

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, 2010, the County's deposits and investments were entirely covered by federal depository insurance or collateralized.

#### 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, 2010, the County's share of the loan receivable balance was \$8,212, 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, 2010. The loan matures July 17, 2016. As of November 30, 2010, the County's loan receivable balance was \$26,460.

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, 2010. The loan matures November 10, 2011. As of November 30, 2010, the County's loan receivable balance was \$4,859.

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, 2010, the County's loan receivable balance was \$74,621.

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, 2010:

	November 30, 2009 Balance	Additions	Deletions	November 30, 2010 Balance
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 204,300	\$ 52,850	\$ 92,000	\$ 165,150
Construction-in-progress	621,837	336,039	189,736	768,140
<b>Total capital assets not being depreciated</b>	<b>826,137</b>	<b>388,889</b>	<b>281,736</b>	<b>933,290</b>
Capital assets being depreciated:				
Buildings and improvements	3,695,644	546,149	254,000	3,987,793
Equipment and machinery	2,727,106	39,080	-	2,766,186
Transportation equipment	2,433,410	324,085	165,654	2,591,841
Roads and bridges	11,764,162	1,455,682	55,000	13,164,844
<b>Total capital assets being depreciated</b>	<b>20,620,322</b>	<b>2,364,996</b>	<b>474,654</b>	<b>22,510,664</b>
Less accumulated depreciation for:				
Buildings and improvements	1,736,222	107,430	82,216	1,761,436
Equipment and machinery	1,961,186	165,940	-	2,127,126
Transportation equipment	1,253,704	289,572	140,333	1,402,943
Roads and bridges	6,442,352	219,577	55,000	6,606,929
<b>Total accumulated depreciation</b>	<b>11,393,464</b>	<b>782,519</b>	<b>277,549</b>	<b>11,898,434</b>
<b>Total capital assets being depreciated, net</b>	<b>9,226,858</b>	<b>1,582,477</b>	<b>197,105</b>	<b>10,612,230</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 10,052,995</b>	<b>\$ 1,971,366</b>	<b>\$ 478,841</b>	<b>\$ 11,545,520</b>

Depreciation expense was charged to the governmental functions as follows:

General control and administration	\$ 102,129
Transportation	457,291
Public health and education	12,679
Public safety	171,926
County development	16,076
Court services	22,418
<b>Total depreciation expense, governmental activities</b>	<b>\$ 782,519</b>

### Note 5. Long-Term Debt

Long-term liability balances and activity for the year ended November 30, 2010 were as follows:

	Balance November 30, 2009	Additions	Retirements	Balance November 30, 2010	Amounts Due Within One Year
Governmental Activities,					
Capital lease	\$ 26,244	\$ -	\$ 9,435	\$ 16,809	\$ 9,918

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 \$15,113 as of November 30, 2010.

## 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>
2011	\$ 10,533	\$ 9,918	\$ 615
2012	7,021	6,891	130
	<u>\$ 17,554</u>	<u>\$ 16,809</u>	<u>\$ 745</u>

The computation of the County's legal debt margin as of November 30, 2010 is as follows:

	<u>2009</u> <u>Tax Year</u>
Assessed valuation	<u>\$816,953,398</u>
Statutory debt limitation, (2.875% of assessed valuation)	\$ 23,487,410
Bonded debt, November 30, 2010	-
Capital lease obligation	<u>16,809</u>
<b>Available debt margin</b>	<u><b>\$ 23,470,601</b></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](http://www.imrf.org).

**Funding policy:** As set by statute, plan members are required to contribute 4.50 percent of their annual covered salary. The statute 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 2009 was 8.72 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

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#### Note 7. Pension and Retirement Systems (Continued)

Annual pension cost: For fiscal year 2010, the County's annual pension cost of \$280,603 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
12/31/2009	\$ 280,603	100%	\$ -
12/31/2008	273,181	100	-
12/31/2007	267,535	100	-

The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 10 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 15 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, 2007, was 23 years.

Funded status and funding progress: As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 78 percent funded. The actuarial accrued liability for benefits was \$8,157,433 and the actuarial value of assets was \$6,361,911, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,795,522. The covered payroll (annual payroll of active employees covered by the plan) was \$3,217,924 and the ratio of the UAAL to the covered payroll was 56 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30-year basis.

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](http://www.imrf.org).

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### Note 7. Pension and Retirement Systems (Continued)

**Funding policy:** As set by statute, SLEP plan members are required to contribute 7.50 percent of their annual covered salary. The statute 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 2009 was 13.14 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.

**Annual pension cost:** For fiscal year 2010, the County's annual pension cost of \$202,633 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
12/31/2009	\$ 202,633	100%	\$ -
12/31/2008	204,897	100	-
12/31/2007	173,557	100	-

The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 10 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 15 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, 2007, was 23 years.

**Funded status and funding progress:** As of December 31, 2009, the most recent actuarial valuation date, the SLEP plan was 81 percent funded. The actuarial accrued liability for benefits was \$6,181,906 and the actuarial value of assets was \$5,028,261, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,153,645. The covered payroll (annual payroll of active employees covered by the plan) was \$1,542,105 and the ratio of the UAAL to the covered payroll was 75 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30-year basis

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.

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### 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 eight or more years of service to be eligible for retiree benefits. The plan does not issue a stand-alone financial report.

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 2010, the County contributed \$9,209. Retiree and active members receiving benefits have required monthly contributions of \$475.32 for single coverage, \$1,164.56 for family coverage and \$437.40 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
Interest on net OPEB obligation		510
Adjustment to annual required contribution		(425)
Annual OPEB cost (expense)		<u>23,899</u>
Contributions and payments made		<u>9,209</u>
Increase in net OPEB obligation		14,690
Net OPEB obligation, beginning of year		<u>12,754</u>
Net OPEB obligation, end of year	\$	<u><u>27,444</u></u>

The County's annual OPEB cost, the percent of annual OPEB cost contributed to the plan and to the net OPEB obligations for 2010 and the two preceding years follows. Fiscal year ended November 30, 2009 was the adoption year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2010	\$ 23,899	38.5%	\$ 27,444
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 not 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 \$5,213,783 and the ratio of the UAAL to the covered payroll was 4.2 percent.

## Jo Daviess County, Illinois

### Notes to Basic Financial Statements

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#### 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, 2010 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$ 30,512	\$ 51,433
Special revenue funds, County Highway Fund	198,064	-
Nonmajor governmental funds	140,693	317,836
<b>Total</b>	<u>\$ 369,269</u>	<u>\$ 369,269</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

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#### Note 10. Interfund Transfers

The following is a schedule of interfund transfers for the year ended November 30, 2010:

Fund	Transfer In	Transfer Out
Major funds:		
General Fund	\$ 1,101,013	\$ 103,099
Special revenue funds:		
County Highway Fund	206,710	34,007
Public Health Fund	89,114	87,745
Nonmajor governmental funds	410,026	1,582,012
<b>Total</b>	<b>\$ 1,806,863</b>	<b>\$ 1,806,863</b>

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, 2010 was \$5,000. During the year ended November 30, 2010, 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 \$51,210 in payments to the trust during the year ended November 30, 2010. The financial information is available by contacting Marie Stiefel at Regional Superintendent of Schools Trust Fund, 500 N. Rush Street, Stockton, Illinois 61085.

#### 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, 2010:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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. 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. This Statement had no effect on the County in the current year.

Notes to Basic Financial Statements

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

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement improving 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. This Statement had no effect on the County in the current year.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. 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. 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. 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. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the County beginning with its year ending November 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.



Notes to Basic Financial Statements

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

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the County beginning with its year ending November 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the County beginning with its year ending November 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the County beginning with its year ending November 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

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 \$203,000.

## 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]
<b>12/31/2009</b>	<b>\$ 6,361,911</b>	<b>\$ 8,157,433</b>	<b>\$ 1,795,522</b>	<b>78.0%</b>	<b>\$ 3,217,924</b>	<b>55.8%</b>
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

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$6,140,122. On a market basis, the funded ratio would be 75.27 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2009. 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 10 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

## 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]
<b>12/31/2009</b>	<b>\$ 5,028,261</b>	<b>\$ 6,181,906</b>	<b>\$ 1,153,645</b>	<b>81.3%</b>	<b>\$ 1,542,105</b>	<b>74.8%</b>
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)

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$4,898,824. On a market basis, the funded ratio would be 79.24 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2009. 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 10 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

**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]
<b>2010</b>	<b>12/1/08</b>	<b>\$ -</b>	<b>\$ 216,885</b>	<b>\$ 216,885</b>	<b>- %</b>	<b>\$ 5,213,783</b>	<b>4.16%</b>
2009	12/1/08	-	216,885	216,885	-	5,252,495	4.13

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, 2010**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,549,366	\$ 1,549,366	\$ 1,525,843	\$ (23,523)
Intergovernmental	2,968,783	2,968,783	2,764,513	(204,270)
Charges for services	873,647	873,647	991,516	117,869
Interest	39,680	39,680	29,755	(9,925)
Licenses and permits	160,091	160,091	170,183	10,092
Other	22,050	22,050	24,657	2,607
<b>Total revenues</b>	<b>5,613,617</b>	<b>5,613,617</b>	<b>5,506,467</b>	<b>(107,150)</b>
Expenditures:				
Current:				
General control and administration	1,578,632	1,578,632	1,634,189	(55,557)
Transportation	187,000	187,000	189,138	(2,138)
Public health and education	771,180	771,180	456,379	314,801
Public safety	2,849,230	2,849,230	2,784,717	64,513
County development	197,191	197,191	174,936	22,255
Court services	1,260,902	1,260,902	1,213,832	47,070
Capital outlay	13,376	13,376	10,953	2,423
<b>Total expenditures</b>	<b>6,857,511</b>	<b>6,857,511</b>	<b>6,464,144</b>	<b>393,367</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,243,894)</b>	<b>(1,243,894)</b>	<b>(957,677)</b>	<b>286,217</b>
Other financing sources (uses):				
Transfers in	1,127,882	1,127,882	1,101,013	(26,869)
Transfers out	(103,099)	(103,099)	(103,099)	-
<b>Total other financing sources</b>	<b>1,024,783</b>	<b>1,024,783</b>	<b>997,914</b>	<b>(26,869)</b>
<b>Net change in fund balance</b>	<b>\$ (219,111)</b>	<b>\$ (219,111)</b>	<b>40,237</b>	<b>\$ 259,348</b>
Fund balances, beginning of year			2,234,043	
Fund balances, end of year			<u>\$ 2,274,280</u>	

See Notes to Required Supplementary Information.

Jo Daviess County, Illinois

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**County Highway Fund**  
**Year Ended November 30, 2010**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 800,755	\$ 800,755	\$ 788,770	\$ (11,985)
Intergovernmental	188,000	188,000	190,290	2,290
Interest	10,000	10,000	5,566	(4,434)
Other	40,000	40,000	92,651	52,651
<b>Total revenues</b>	<b>1,038,755</b>	<b>1,038,755</b>	<b>1,077,277</b>	<b>38,522</b>
Expenditures:				
Current, transportation	1,085,526	1,085,526	970,748	114,778
Capital outlay	415,000	865,000	710,807	154,193
<b>Total expenditures</b>	<b>1,500,526</b>	<b>1,950,526</b>	<b>1,681,555</b>	<b>268,971</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(461,771)</b>	<b>(911,771)</b>	<b>(604,278)</b>	<b>307,493</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	450,001	450,001
Transfers in	253,646	253,646	206,710	(46,936)
Transfers out	(36,500)	(36,500)	(34,007)	2,493
<b>Total other financing sources</b>	<b>217,146</b>	<b>217,146</b>	<b>622,704</b>	<b>405,558</b>
<b>Net change in fund balance</b>	<b>\$ (244,625)</b>	<b>\$ (694,625)</b>	<b>18,426</b>	<b>\$ 713,051</b>
Fund balances, beginning of year			821,685	
Fund balances, end of year			<u>\$ 840,111</u>	

See Notes to Required Supplementary Information.

Jo Daviess County, Illinois

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Health Fund**  
**Year Ended November 30, 2010**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 524,333	\$ 524,333	\$ 516,411	\$ (7,922)
Intergovernmental	415,291	415,291	501,319	86,028
Charges for services	118,700	118,700	107,140	(11,560)
Interest	9,600	9,600	4,277	(5,323)
Other	1,600	1,600	5,399	3,799
<b>Total revenues</b>	<b>1,069,524</b>	<b>1,069,524</b>	<b>1,134,546</b>	<b>65,022</b>
Expenditures:				
Current, public health and education	1,163,551	1,163,551	1,016,722	146,829
Capital outlay	12,650	12,650	4,528	8,122
<b>Total expenditures</b>	<b>1,176,201</b>	<b>1,176,201</b>	<b>1,021,250</b>	<b>154,951</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(106,677)</b>	<b>(106,677)</b>	<b>113,296</b>	<b>219,973</b>
Other financing sources (uses):				
Transfers in	148,460	148,460	89,114	(59,346)
Transfers out	(150,000)	(150,000)	(87,745)	62,255
<b>Total other financing sources (uses)</b>	<b>(1,540)</b>	<b>(1,540)</b>	<b>1,369</b>	<b>2,909</b>
<b>Net change in fund balance</b>	<b>\$ (108,217)</b>	<b>\$ (108,217)</b>	<b>114,665</b>	<b>\$ 222,882</b>
Fund balances, beginning of year			786,580	
Fund balances, end of year			<u>\$ 901,245</u>	

See Notes to Required Supplementary Information.

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## Jo Daviess County, Illinois

### Notes to Required Supplementary Information Year Ended November 30, 2010

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#### 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 19, 2009. It was amended on March 9, May 11 and July 13 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 2010 fiscal year:

	Budget	Actual	Amount Over Budget
Special Revenue, Nonmajor Fund, Dog	\$ 300	\$ 12,415	\$ 12,115

Jo Daviess County, Illinois

Combining Balance Sheet  
Nonmajor Governmental Funds  
November 30, 2010

	Special Revenue			
	County Highway Capital Investment Fund	Federal Aid Matching Fund	County Motor Fuel Tax Fund	State's Attorney Drug Forfeiture Fund
<b>Assets</b>				
Cash and investments	\$ 341	\$ 1,203,599	\$ 491,136	\$ 642
Accounts receivable	-	310	1,220	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	43,808	-
Property tax receivable	-	305,377	-	-
Loan receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 341</b>	<b>\$ 1,509,286</b>	<b>\$ 536,164</b>	<b>\$ 642</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ 140,836	\$ 36,464	\$ -
Accrued liabilities	-	-	4,135	-
Due to other funds	-	-	98,064	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	305,377	-	-
<b>Total liabilities</b>	<b>-</b>	<b>446,213</b>	<b>138,663</b>	<b>-</b>
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	341	1,063,073	397,501	642
Permanent fund	-	-	-	-
<b>Total fund balances</b>	<b>341</b>	<b>1,063,073</b>	<b>397,501</b>	<b>642</b>
<b>Total liabilities and fund balances</b>	<b>\$ 341</b>	<b>\$ 1,509,286</b>	<b>\$ 536,164</b>	<b>\$ 642</b>

(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	
\$ 416,296	\$ 873,038	\$ 3,777	\$ 31,338	\$ 9,141	\$ 26,722	\$ 15,925	
-	11,624	-	-	-	-	343	
1,060	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	66,265	-	19,958	-	-	-	
-	-	-	-	-	-	337,483	
-	-	-	-	-	-	-	
\$ 417,356	\$ 950,927	\$ 3,777	\$ 51,296	\$ 9,141	\$ 26,722	\$ 353,751	
\$ -	\$ 15,564	\$ -	\$ -	\$ 40	\$ -	\$ -	
-	13,678	-	-	-	-	-	
-	-	-	-	-	-	660	
-	32,160	-	17,334	-	-	-	
-	-	-	-	-	-	337,483	
-	61,402	-	17,334	40	-	338,143	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
417,356	889,525	3,777	33,962	9,101	26,722	15,608	
-	-	-	-	-	-	-	
417,356	889,525	3,777	33,962	9,101	26,722	15,608	
\$ 417,356	\$ 950,927	\$ 3,777	\$ 51,296	\$ 9,141	\$ 26,722	\$ 353,751	

Jo Daviess County, Illinois

**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**November 30, 2010**

	Special Revenue			
	Special	Special	Special	Rentech Energy
	Service District No. One Fund	Service District No. Two and Four Fund	Service District No. Five Fund	
				Escrow Fund
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 539
Accounts receivable	12	25	33	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	-	-
Property tax receivable	70,000	64,956	28,317	-
Loan receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 70,012</b>	<b>\$ 64,981</b>	<b>\$ 28,350</b>	<b>\$ 539</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 12	\$ 25	\$ 33	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	70,000	64,956	28,317	-
<b>Total liabilities</b>	<b>70,012</b>	<b>64,981</b>	<b>28,350</b>	<b>-</b>
<b>Fund balances:</b>				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	539
Permanent fund	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539</b>
<b>Total liabilities and fund balances</b>	<b>\$ 70,012</b>	<b>\$ 64,981</b>	<b>\$ 28,350</b>	<b>\$ 539</b>

(Continued)

Special Revenue							
911 Fund	Sheriff's Forfeiture Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund	Municipal Retirement Fund	
\$ 377,274	\$ 11,213	\$ 267,619	\$ 487,079	\$ 38,205	\$ 69,445	\$ 308,164	
27,658	-	-	-	-	199	416	
10	-	-	-	-	-	-	
-	-	20,000	-	36,327	11,476	-	
15,365	243	-	-	-	16,332	-	
-	-	-	-	-	-	423,600	
-	-	-	114,152	-	-	-	
<u>\$ 420,307</u>	<u>\$ 11,456</u>	<u>\$ 287,619</u>	<u>\$ 601,231</u>	<u>\$ 74,532</u>	<u>\$ 97,452</u>	<u>\$ 732,180</u>	
\$ 3,213	\$ 119	\$ -	\$ 1,283	\$ -	\$ 542	\$ 203	
-	-	-	-	-	5,787	30,418	
-	-	-	-	61,260	8,000	-	
7,677	-	-	-	13,271	-	-	
-	-	-	-	-	-	423,600	
<u>10,890</u>	<u>119</u>	<u>-</u>	<u>1,283</u>	<u>74,531</u>	<u>14,329</u>	<u>454,221</u>	
-	-	-	114,152	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	48,000	266,376	
409,417	11,337	287,619	485,796	1	35,123	11,583	
-	-	-	-	-	-	-	
<u>409,417</u>	<u>11,337</u>	<u>287,619</u>	<u>599,948</u>	<u>1</u>	<u>83,123</u>	<u>277,959</u>	
<u>\$ 420,307</u>	<u>\$ 11,456</u>	<u>\$ 287,619</u>	<u>\$ 601,231</u>	<u>\$ 74,532</u>	<u>\$ 97,452</u>	<u>\$ 732,180</u>	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2010

	Special Revenue			
	Social Security Fund	Probation Services Fund	Extension Education Fund	Insurance Fund
<b>Assets</b>				
Cash and investment	\$ 202,225	\$ 82,882	\$ 1	\$ 373,248
Accounts receivable	253	260	82	373
Interest receivable	-	137	-	133
Due from other funds	-	-	-	-
Due from other governmental agencies	-	1,691	-	-
Property tax receivable	253,124	-	80,307	403,200
Loan receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 455,602</b>	<b>\$ 84,970</b>	<b>\$ 80,390</b>	<b>\$ 776,954</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 168	\$ 1,935	\$ 82	\$ -
Accrued liabilities	18,249	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	253,124	-	80,307	403,200
<b>Total liabilities</b>	<b>271,541</b>	<b>1,935</b>	<b>80,389</b>	<b>403,200</b>
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	169,441	-	-	371,260
Unreserved, undesignated, reported in:				
Special revenue funds	14,620	83,035	1	2,494
Permanent fund	-	-	-	-
<b>Total fund balances</b>	<b>184,061</b>	<b>83,035</b>	<b>1</b>	<b>373,754</b>
<b>Total liabilities and fund balances</b>	<b>\$ 455,602</b>	<b>\$ 84,970</b>	<b>\$ 80,390</b>	<b>\$ 776,954</b>

(Continued)

Special Revenue							
Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	Election Equipment Fund	Maintenance and Child Support Fund	
\$ 106,806	\$ 103,134	\$ 30,484	\$ 90,305	\$ 12,653	\$ 769	\$ 91,025	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	3,630	-	-	-	-	-	
3,386	5,677	110	2,828	-	2,011	3,529	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 110,192</u>	<u>\$ 112,441</u>	<u>\$ 30,594</u>	<u>\$ 93,133</u>	<u>\$ 12,653</u>	<u>\$ 2,780</u>	<u>\$ 94,554</u>	
\$ -	\$ 2,952	\$ 663	\$ 94	\$ -	\$ 2,164	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	2,059	
-	-	-	-	-	-	-	
<u>-</u>	<u>2,952</u>	<u>663</u>	<u>94</u>	<u>-</u>	<u>2,164</u>	<u>2,059</u>	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
110,192	109,489	29,931	93,039	12,653	616	92,495	
-	-	-	-	-	-	-	
<u>110,192</u>	<u>109,489</u>	<u>29,931</u>	<u>93,039</u>	<u>12,653</u>	<u>616</u>	<u>92,495</u>	
<u>\$ 110,192</u>	<u>\$ 112,441</u>	<u>\$ 30,594</u>	<u>\$ 93,133</u>	<u>\$ 12,653</u>	<u>\$ 2,780</u>	<u>\$ 94,554</u>	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2010

	Special Revenue			
	Probation EMHD Program Fund	County Capital Improvements Fund	Contingency Fund	County Capital Equipment Fund
<b>Assets</b>				
Cash and investments	\$ 3,878	\$ 440,546	\$ 137,591	\$ 304,038
Accounts receivable	-	-	-	-
Interest receivable	-	-	128	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	-	-
Property tax receivable	-	-	-	-
Loan receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 3,878</b>	<b>\$ 440,546</b>	<b>\$ 137,719</b>	<b>\$ 304,038</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ 20,962	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>20,962</b>	<b>-</b>	<b>-</b>
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	3,878	419,584	137,719	304,038
Permanent fund	-	-	-	-
<b>Total fund balances</b>	<b>3,878</b>	<b>419,584</b>	<b>137,719</b>	<b>304,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,878</b>	<b>\$ 440,546</b>	<b>\$ 137,719</b>	<b>\$ 304,038</b>

(Continued)



Special Revenue							
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	Home Health Care Capital Equipment Fund	
\$ 5,404	\$ 12,615	\$ 9,145	\$ 85,430	\$ 204,746	\$ 13,003	\$ 44,042	
-	-	-	-	-	-	-	
-	-	-	-	382	-	123	
-	-	-	-	-	-	-	
-	838	-	387	-	379	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 5,404</u>	<u>\$ 13,453</u>	<u>\$ 9,145</u>	<u>\$ 85,817</u>	<u>\$ 205,128</u>	<u>\$ 13,382</u>	<u>\$ 44,165</u>	
\$ -	\$ 279	\$ 577	\$ 1,858	\$ -	\$ 144	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	279	577	1,858	-	144	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
5,404	13,174	8,568	83,959	205,128	13,238	44,165	
-	-	-	-	-	-	-	
<u>5,404</u>	<u>13,174</u>	<u>8,568</u>	<u>83,959</u>	<u>205,128</u>	<u>13,238</u>	<u>44,165</u>	
\$ 5,404	\$ 13,453	\$ 9,145	\$ 85,817	\$ 205,128	\$ 13,382	\$ 44,165	

**Jo Daviess County, Illinois**

**Combining Balance Sheet (Continued)**

**Nonmajor Governmental Funds**

**November 30, 2010**

	Special Revenue			
	County Aid to Bridges Fund	Tourism Promotion Fund	GIS Capital Equipment & Investments Fund	Sale in Error Fund
<b>Assets</b>				
Cash and investments	\$ 1,172,950	\$ 513,187	\$ 94,780	\$ 45,336
Accounts receivable	3,381	80,431	-	-
Interest receivable	-	-	296	-
Due from other funds	-	61,260	8,000	-
Due from other governmental agencies	28,258	-	-	-
Property tax receivable	305,377	-	-	-
Loan receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 1,509,966</b>	<b>\$ 654,878</b>	<b>\$ 103,076</b>	<b>\$ 45,336</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 133,590	\$ 38,490	\$ 2,570	\$ -
Accrued liabilities	-	11,639	-	-
Due to other funds	100,000	49,228	-	-
Unearned and deferred revenue	-	37,562	-	-
Deferred property taxes	305,377	-	-	-
<b>Total liabilities</b>	<b>538,967</b>	<b>136,919</b>	<b>2,570</b>	<b>-</b>
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	300,000	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	970,999	217,959	100,506	45,336
Permanent fund	-	-	-	-
<b>Total fund balances</b>	<b>970,999</b>	<b>517,959</b>	<b>100,506</b>	<b>45,336</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,509,966</b>	<b>\$ 654,878</b>	<b>\$ 103,076</b>	<b>\$ 45,336</b>

Special Revenue							
JDC Emergency Services Communications Fund	Public Health Emergency Response Grant Fund	Sobriety Court Fund	County Jail Medical Costs Fund	Coroner's Equipment Operation Fund	Permanent Fund Working Cash Fund	Total Nonmajor Governmental Funds	
\$ 9,944	\$ 40	\$ 2,561	\$ 350	\$ 940	\$ 51,065	\$ 8,876,616	
-	-	-	-	-	-	126,620	
-	-	-	-	-	21	2,290	
-	-	-	-	-	-	140,693	
-	-	377	210	-	-	211,652	
-	-	-	-	-	-	2,271,741	
-	-	-	-	-	-	114,152	
<u>\$ 9,944</u>	<u>\$ 40</u>	<u>\$ 2,938</u>	<u>\$ 560</u>	<u>\$ 940</u>	<u>\$ 51,086</u>	<u>\$ 11,743,764</u>	
\$ 5,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410,441	
-	-	-	-	-	-	83,906	
-	-	-	-	-	624	317,836	
-	-	-	-	-	-	110,063	
-	-	-	-	-	-	2,271,741	
<u>5,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624</u>	<u>3,193,987</u>	
-	-	-	-	-	-	114,152	
-	-	-	-	-	48,631	48,631	
-	-	-	-	-	-	1,155,077	
4,365	40	2,938	560	940	-	7,230,086	
-	-	-	-	-	1,831	1,831	
<u>4,365</u>	<u>40</u>	<u>2,938</u>	<u>560</u>	<u>940</u>	<u>50,462</u>	<u>8,549,777</u>	
\$ 9,944	\$ 40	\$ 2,938	\$ 560	\$ 940	\$ 51,086	\$ 11,743,764	

Jo Daviess County, Illinois

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances  
Nonmajor Governmental Funds  
Year Ended November 30, 2010**

	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	\$ -	\$ 301,475	\$ -	\$ -
Intergovernmental	-	-	685,474	-
Charges for services	-	-	-	38
Interest	-	11,651	4,621	1
Other	-	-	1,725	-
<b>Total revenues</b>	-	313,126	691,820	39
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	454,611	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	260,910	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	-	260,910	454,611	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	52,216	237,209	39
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(98,065)	-
<b>Total other financing sources (uses)</b>	-	-	(98,065)	-
<b>Net change in fund balances</b>	-	52,216	139,144	39
Fund balances, beginning of year	341	1,010,857	258,357	603
Fund balances, end of year	\$ 341	\$ 1,063,073	\$ 397,501	\$ 642

(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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,171
-	567,833	-	30,135	-	-	-
-	83,499	-	-	-	74,792	-
8,622	8,026	10	317	38	160	348
-	260	-	-	-	-	-
8,622	659,618	10	30,452	38	74,952	333,519
2,963	-	-	-	-	-	-
-	-	-	-	-	-	-
-	500,799	-	-	-	-	-
-	-	-	-	40	-	-
-	-	-	-	-	-	329,660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,840	3,367	-	-	12,375	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,803	504,166	-	-	12,415	-	329,660
(4,181)	155,452	10	30,452	(12,377)	74,952	3,859
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(21,826)	-	(36,731)	-	(71,500)	(660)
-	(21,826)	-	(36,731)	-	(71,500)	(660)
(4,181)	133,626	10	(6,279)	(12,377)	3,452	3,199
421,537	755,899	3,767	40,241	21,478	23,270	12,409
\$ 417,356	\$ 889,525	\$ 3,777	\$ 33,962	\$ 9,101	\$ 26,722	\$ 15,608

Jo Daviess County, Illinois

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances (Continued)  
Nonmajor Governmental Funds  
Year Ended November 30, 2010**

	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	\$ 69,810	\$ 64,764	\$ 28,363	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	30	28	12	1
Other	-	-	-	-
<b>Total revenues</b>	<b>69,840</b>	<b>64,792</b>	<b>28,375</b>	<b>1</b>
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	69,840	64,792	28,375	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>69,840</b>	<b>64,792</b>	<b>28,375</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Fund balances, beginning of year	-	-	-	538
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 539

(Continued)

Special Revenue						
911 Fund	Sheriff's Forfeiture Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund	Municipal Retirement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,787
-	-	-	-	99,730	-	32,000
330,149	1,725	-	-	-	165,016	-
5,558	94	3,763	15,060	-	436	2,113
715	5,000	-	51	-	-	-
336,422	6,819	3,763	15,111	99,730	165,452	438,900
-	-	-	-	-	155,483	3,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
81,246	3,997	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	41,024	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	762	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
81,246	3,997	-	41,024	-	156,245	3,039
255,176	2,822	3,763	(25,913)	99,730	9,207	435,861
-	-	-	-	-	-	-
-	-	20,000	-	-	23,000	23,399
(231,892)	-	-	-	(99,730)	(34,500)	(412,661)
(231,892)	-	20,000	-	(99,730)	(11,500)	(389,262)
23,284	2,822	23,763	(25,913)	-	(2,293)	46,599
386,133	8,515	263,856	625,861	1	85,416	231,360
\$ 409,417	\$ 11,337	\$ 287,619	\$ 599,948	\$ 1	\$ 83,123	\$ 277,959

Jo Daviess County, Illinois

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances (Continued)  
Nonmajor Governmental Funds  
Year Ended November 30, 2010**

	Special Revenue			
	Social Security Fund	Probation Services Fund	Extension Education Fund	Insurance Fund
Revenues:				
Property taxes	\$ 246,389	\$ -	\$ 79,281	\$ 363,010
Intergovernmental	21,500	-	-	-
Charges for services	-	25,813	-	-
Interest	1,913	1,201	34	1,082
Other	-	-	-	-
<b>Total revenues</b>	<b>269,802</b>	<b>27,014</b>	<b>79,315</b>	<b>364,092</b>
Expenditures:				
Current:				
General control and administration	2,506	-	-	320,098
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	79,315	-
Court services	-	15,308	-	-
Capital outlay	-	5,671	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>2,506</b>	<b>20,979</b>	<b>79,315</b>	<b>320,098</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>267,296</b>	<b>6,035</b>	<b>-</b>	<b>43,994</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	12,112	-	-	19,832
Transfers out	(271,042)	(16,700)	-	-
<b>Total other financing sources (uses)</b>	<b>(258,930)</b>	<b>(16,700)</b>	<b>-</b>	<b>19,832</b>
<b>Net change in fund balances</b>	<b>8,366</b>	<b>(10,665)</b>	<b>-</b>	<b>63,826</b>
Fund balances, beginning of year	175,695	93,700	1	309,928
Fund balances, end of year	\$ 184,061	\$ 83,035	\$ 1	\$ 373,754

(Continued)



Special Revenue						
Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	Election Equipment Fund	Maintenance and Child Support Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,011	12,738
45,904	45,780	2,638	37,826	2,650	-	-
1,639	1,334	420	306	31	2	230
-	-	-	-	-	-	-
47,543	47,114	3,058	38,132	2,681	2,013	12,968
-	3,058	-	-	297	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,716	15,856	663	29,645	1,909	2,164	-
-	9,435	-	-	-	-	-
-	1,098	-	-	-	-	-
48,716	29,447	663	29,645	2,206	2,164	-
(1,173)	17,667	2,395	8,487	475	(151)	12,968
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,000)	-	-	-	-	-	(10,000)
(3,000)	-	-	-	-	-	(10,000)
(4,173)	17,667	2,395	8,487	475	(151)	2,968
114,365	91,822	27,536	84,552	12,178	767	89,527
\$ 110,192	\$ 109,489	\$ 29,931	\$ 93,039	\$ 12,653	\$ 616	\$ 92,495

Jo Daviess County, Illinois

**Combining Statement of Revenues, Expenditures and Changes In  
Fund Balances (Continued)  
Nonmajor Governmental Funds  
Year Ended November 30, 2010**

	Special Revenue			
	Probation EMHD Program Fund	County Capital Improvements Fund	Contingency Fund	County Capital Equipment Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	6,436	1,597	3,318
Other	-	-	-	-
<b>Total revenues</b>	-	6,436	1,597	3,318
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	615	60,605	-	3,045
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	615	60,605	-	3,045
<b>Excess (deficiency) of revenues over expenditures</b>	(615)	(54,169)	1,597	273
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	10,000	11,953
Transfers out	-	(10,000)	(15,000)	-
<b>Total other financing sources (uses)</b>	-	(10,000)	(5,000)	11,953
<b>Net change in fund balances</b>	(615)	(64,169)	(3,403)	12,226
Fund balances, beginning of year	4,493	483,753	141,122	291,812
Fund balances, end of year	\$ 3,878	\$ 419,584	\$ 137,719	\$ 304,038

(Continued)

Special Revenue						
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	Home Health Care Capital Equipment Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	17,000	-	-	-
-	6,176	6,125	5,959	-	4,634	-
-	-	23	353	1,814	20	442
-	1,000	-	-	-	-	-
-	7,176	6,148	23,312	1,814	4,654	442
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16	-	-	-	-	-	-
-	1,150	749	32,869	-	1,970	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,045	-	4,176	49,973	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,061	1,150	4,925	82,842	-	1,970	-
(1,061)	6,026	1,223	(59,530)	1,814	2,684	442
-	-	-	-	-	-	-
-	-	-	84,000	50,000	-	-
-	-	-	-	-	-	-
-	-	-	84,000	50,000	-	-
(1,061)	6,026	1,223	24,470	51,814	2,684	442
6,465	7,148	7,345	59,489	153,314	10,554	43,723
\$ 5,404	\$ 13,174	\$ 8,568	\$ 83,959	\$ 205,128	\$ 13,238	\$ 44,165

**Jo Daviess County, Illinois**

**Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances (Continued)  
Nonmajor Governmental Funds  
Year Ended November 30, 2010**

	Special Revenue			
	County Aid to Bridges Fund	Tourism Promotion Fund	GIS Capital Equipment & Investments Fund	Sale in Error Fund
Revenues:				
Property taxes	\$ 301,475	\$ -	\$ -	\$ -
Intergovernmental	193,659	739,057	-	-
Charges for services	-	115,461	-	-
Interest	5,140	8,856	1,209	436
Other	-	23	-	15,900
<b>Total revenues</b>	<b>500,274</b>	<b>863,397</b>	<b>1,209</b>	<b>16,336</b>
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	287,644	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	1,013,906	-	-
Court services	-	-	-	-
Capital outlay	83,508	-	2,946	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>371,152</b>	<b>1,013,906</b>	<b>2,946</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>129,122</b>	<b>(150,509)</b>	<b>(1,737)</b>	<b>16,336</b>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	99,730	31,000	-
Transfers out	(100,000)	(98,758)	(6,000)	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>972</b>	<b>25,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>29,122</b>	<b>(149,537)</b>	<b>23,263</b>	<b>16,336</b>
Fund balances, beginning of year	941,877	667,496	77,243	29,000
Fund balances, end of year	<b>\$ 970,999</b>	<b>\$ 517,959</b>	<b>\$ 100,506</b>	<b>\$ 45,336</b>

Special Revenue								
JDC Emergency Services Communication Fund	Public Health Emergency Response Grant Fund	Sobriety Court Fund	County Jail Medical Costs Fund	Coroner's Equipment Operation Fund	Total	Permanent Fund Working Cash Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,192,525	\$ -	\$ 2,192,525	
-	29,294	-	-	-	2,430,431	-	2,430,431	
-	-	2,937	560	940	958,622	-	958,622	
-	40	1	-	-	98,766	342	99,108	
-	-	-	-	-	24,674	-	24,674	
-	29,334	2,938	560	940	5,705,018	342	5,705,360	
24,735	-	-	-	-	512,179	-	512,179	
-	-	-	-	-	742,255	-	742,255	
-	-	-	-	-	663,822	-	663,822	
-	-	-	-	-	122,021	-	122,021	
-	-	-	-	-	329,660	-	329,660	
-	-	-	-	-	1,134,245	-	1,134,245	
-	-	-	-	-	15,308	-	15,308	
-	-	-	-	-	597,791	-	597,791	
-	-	-	-	-	9,435	-	9,435	
-	-	-	-	-	1,098	-	1,098	
24,735	-	-	-	-	4,127,814	-	4,127,814	
(24,735)	29,334	2,938	560	940	1,577,204	342	1,577,546	
-	-	-	-	-	-	-	-	
25,000	-	-	-	-	410,026	-	410,026	
-	(43,323)	-	-	-	(1,581,388)	(624)	(1,582,012)	
25,000	(43,323)	-	-	-	(1,171,362)	(624)	(1,171,986)	
265	(13,989)	2,938	560	940	405,842	(282)	405,560	
4,100	14,029	-	-	-	8,093,473	50,744	8,144,217	
\$ 4,365	\$ 40	\$ 2,938	\$ 560	\$ 940	\$ 8,499,315	\$ 50,462	\$ 8,549,777	

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds  
November 30, 2010

---

	Condemnation Fund	Township Motor Fuel Tax Fund	Lost and Unknown Heirs Fund
<b>Assets</b>			
Cash and investments	\$ 5,571	\$ 487,797	\$ 81
Due from other governments	-	83,382	-
<b>Total assets</b>	<u>\$ 5,571</u>	<u>\$ 571,179</u>	<u>\$ 81</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 53,990	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	5,571	517,189	81
<b>Total liabilities</b>	<u>\$ 5,571</u>	<u>\$ 571,179</u>	<u>\$ 81</u>

(Continued)

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Township Bridge Fund	County Collectors Fund	Work Release Fund	Circuit Clerk Fund	Marriage Fund	County Clerk's Tax Redemption Fund
\$ 20,206	\$ 281,056	\$ 821	\$ 210,709	\$ 3,885	\$ 4,547
-	22,919	-	-	-	-
<u>\$ 20,206</u>	<u>\$ 303,975</u>	<u>\$ 821</u>	<u>\$ 210,709</u>	<u>\$ 3,885</u>	<u>\$ 4,547</u>
\$ -	\$ 281,056	\$ -	\$ -	\$ -	\$ -
-	-	-	116,045	-	-
20,206	22,919	821	94,664	3,885	4,547
<u>\$ 20,206</u>	<u>\$ 303,975</u>	<u>\$ 821</u>	<u>\$ 210,709</u>	<u>\$ 3,885</u>	<u>\$ 4,547</u>

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds (Continued)  
November 30, 2010

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	Inheritance Tax Fund	Probation Restitution Fund	Insurance Clearing Fund
<b>Assets</b>			
Cash and investments	\$ 1	\$ 3,420	\$ 682
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 3,420</b>	<b>\$ 682</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	1	3,420	682
<b>Total liabilities</b>	<b>\$ 1</b>	<b>\$ 3,420</b>	<b>\$ 682</b>



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Treasurer's Fee Account Fund	Inmate Commissary Fund	Sheriff's Kids First Fund	Total
\$ 12	\$ 41,983	\$ 2,460	\$ 1,063,231
-	-	-	106,301
\$ 12	\$ 41,983	\$ 2,460	\$ 1,169,532
\$ -	\$ -	\$ -	\$ 335,046
-	-	-	116,045
12	41,983	2,460	718,441
\$ 12	\$ 41,983	\$ 2,460	\$ 1,169,532

**Jo Daviess County, Illinois**

**Combining Statement of Changes in Assets and Liabilities**

**All Agency Funds**

**Year Ended November 30, 2010**

	Balance November 30, 2009	Additions	Deletions	Balance November 30, 2010
<b>Condemnation Fund</b>				
<b>Assets</b> , cash and investments	\$ 5,571	\$ 2,100	\$ 2,100	\$ 5,571
<b>Liabilities</b> , due to individuals and private entities	\$ 5,571	\$ 2,100	\$ 2,100	\$ 5,571
<b>Township Motor Fuel Tax Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 139,283	\$ 1,193,578	\$ 845,064	\$ 487,797
Due from other governments	101,258	937,172	955,048	83,382
	\$ 240,541	\$ 2,130,750	\$ 1,800,112	\$ 571,179
<b>Liabilities:</b>				
Accounts payable	\$ 30,560	\$ 868,494	\$ 845,064	\$ 53,990
Due to individuals and private entities	209,981	1,262,256	955,048	517,189
	\$ 240,541	\$ 2,130,750	\$ 1,800,112	\$ 571,179
<b>Lost and Unknown Heirs Fund</b>				
<b>Assets</b> , cash and investments	\$ 80	\$ 1	\$ -	\$ 81
<b>Liabilities</b> , due to individuals and private entities	\$ 80	\$ 1	\$ -	\$ 81
<b>Township Bridge Fund</b>				
<b>Assets</b> , cash and investments	\$ 171,815	\$ 133	\$ 151,742	\$ 20,206
<b>Liabilities</b> , due to individuals and private entities	\$ 171,815	\$ 133	\$ 151,742	\$ 20,206
<b>County Collectors Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 128,511	\$ 46,477,954	\$ 46,325,409	\$ 281,056
Due from other governments	22,058	22,919	22,058	22,919
<b>Total assets</b>	\$ 150,569	\$ 46,500,873	\$ 46,347,467	\$ 303,975
<b>Liabilities:</b>				
Accounts payable	\$ 128,511	\$ 46,477,954	\$ 46,325,409	\$ 281,056
Due to individuals and private entities	22,058	22,919	22,058	22,919
	\$ 150,569	\$ 46,500,873	\$ 46,347,467	\$ 303,975

(Continued)

**Jo Daviess County, Illinois**

**Combining Statement of Changes in Assets and Liabilities**

**All Agency Funds (Continued)**

**Year Ended November 30, 2010**

	Balance November 30, 2009	Additions	Deletions	Balance November 30, 2010
<b>Work Release Fund</b>				
<b>Assets</b> , cash and investments	\$ 821	\$ 16,048	\$ 16,048	\$ 821
<b>Liabilities</b> , due to individuals and private entities	\$ 821	\$ 16,048	\$ 16,048	\$ 821
<b>Circuit Clerk Fund</b>				
<b>Assets</b> , cash and investments	\$ 210,848	\$ 1,116,023	\$ 1,116,162	\$ 210,709
<b>Liabilities</b> :				
Due to other governments	\$ 106,580	\$ 1,009,923	\$ 1,000,458	\$ 116,045
Due to individuals and private entities	104,268	106,100	115,704	94,664
	\$ 210,848	\$ 1,116,023	\$ 1,116,162	\$ 210,709
<b>Marriage Fund</b>				
<b>Assets</b> , cash and investments	\$ 3,408	\$ 477	\$ -	\$ 3,885
<b>Liabilities</b> , due to individuals and private entities	\$ 3,408	\$ 477	\$ -	\$ 3,885
<b>County Clerk's Tax Redemption Fund</b>				
<b>Assets</b> , cash and investments	\$ 4,746	\$ 679,651	\$ 679,850	\$ 4,547
<b>Liabilities</b> , due to individuals and private entities	\$ 4,746	\$ 679,651	\$ 679,850	\$ 4,547
<b>Inheritance Tax Fund</b>				
<b>Assets</b> , cash and investments	\$ 1	\$ 209,682	\$ 209,682	\$ 1
<b>Liabilities</b> , due to individuals and private entities	\$ 1	\$ 209,682	\$ 209,682	\$ 1
<b>Probation Restitution Fund</b>				
<b>Assets</b> , cash and investments	\$ 3,539	\$ 2,708	\$ 2,827	\$ 3,420
<b>Liabilities</b> , due to individuals and private entities	\$ 3,539	\$ 2,708	\$ 2,827	\$ 3,420

(Continued)

Jo Daviess County, Illinois

**Combining Statement of Changes in Assets and Liabilities  
All Agency Funds (Continued)  
Year Ended November 30, 2010**

	Balance November 30, 2009	Additions	Deletions	Balance November 30, 2010
<b>Insurance Clearing Fund</b>				
<b>Assets</b> , cash and investments	\$ 13,686	\$ 914,355	\$ 927,359	\$ 682
<b>Liabilities</b> , due to individuals and private entities	\$ 13,686	\$ 914,355	\$ 927,359	\$ 682
<b>Treasurer's Fee Account Fund</b>				
<b>Assets</b> , cash and investments	\$ 4,186	\$ 10,439	\$ 14,613	\$ 12
<b>Liabilities</b> , due to individuals and private entities	\$ 4,186	\$ 10,439	\$ 14,613	\$ 12
<b>Inmate Commissary Fund</b>				
<b>Assets</b> , cash and investments	\$ 40,646	\$ 45,881	\$ 44,544	\$ 41,983
<b>Liabilities</b> , due to individuals and private entities	\$ 40,646	\$ 45,881	\$ 44,544	\$ 41,983
<b>Sheriff Kid's First</b>				
<b>Assets</b> , cash and investments	\$ 2,936	\$ 1,050	\$ 1,526	\$ 2,460
<b>Liabilities</b> , due to individuals and private entities	\$ 2,936	\$ 1,050	\$ 1,526	\$ 2,460
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 730,077	\$ 50,670,080	\$ 50,336,926	\$ 1,063,231
Due from other governments	123,316	960,091	977,106	106,301
<b>Total assets</b>	\$ 853,393	\$ 51,630,171	\$ 51,314,032	\$ 1,169,532
<b>Liabilities:</b>				
Accounts payable	\$ 159,071	\$ 47,346,448	\$ 47,170,473	\$ 335,046
Due to other governments	106,580	1,009,923	1,000,458	116,045
Due to individuals and private entities	587,742	3,273,800	3,143,101	718,441
<b>Total liabilities</b>	\$ 853,393	\$ 51,630,171	\$ 51,314,032	\$ 1,169,532

# Jo Daviess County, Illinois

## Schedule of Property Tax Rates, Levies, Extensions and Equalized Assessed Valuations (Unaudited) Year Ended November 30, 2010

Tax Year	2009	2008	2007
Equalized assessed valuations	\$ 816,953,398	\$ 800,396,298	\$ 718,040,690
Tax rates (maximum allowable is disclosed in parentheses):			
General (as needed)	\$ 0.18966	\$ 0.19515	\$ 0.20420
Highway (.200)	0.09802	0.10354	0.08810
Bridges (.050)	0.03746	0.03929	0.04637
Federal aid matching (.050)	0.03746	0.03929	0.04637
Illinois municipal retirement (as needed)	0.05030	0.04208	0.04653
Social security (as needed)	0.03062	0.03125	0.03008
Extension education (.050)	0.00985	0.01033	0.01070
County health (.150)	0.06417	0.06732	0.06976
Insurance (as needed)	0.04511	0.03527	0.03313
Mental health (.150)	0.04140	0.04343	0.04500
<b>County wide totals</b>	<b>\$ 0.60405</b>	<b>\$ 0.60695</b>	<b>\$ 0.62024</b>
Tax rates (maximum allowable is disclosed in parentheses):			
Special service district number one (.100)	\$ 0.05066	\$ 0.03539	\$ 0.03009
Special service district number two (.100)	0.09980	0.09620	0.10300
Special service district number three (.100)	-	-	-
Special service district number four (.100)	0.09980	0.09620	0.10300
Special service district number five (.110)	0.11000	0.10573	0.09725
<b>Special service district totals</b>	<b>\$ 0.36026</b>	<b>\$ 0.33352</b>	<b>\$ 0.33334</b>
Tax levies:			
General	\$ 1,549,366	\$ 1,561,928	\$ 1,466,187
Highway	800,755	828,658	632,579
Bridges	305,958	314,437	332,901
Federal aid matching	305,958	314,437	332,901
Illinois municipal retirement	410,855	336,776	334,066
Social security	250,124	250,109	215,983
Extension education	80,442	82,642	76,828
County health	524,233	538,754	500,850
Insurance	368,500	282,279	237,823
Mental health	338,197	347,573	323,119
<b>County wide totals</b>	<b>\$ 4,934,388</b>	<b>\$ 4,857,593</b>	<b>\$ 4,453,237</b>
Tax levies:			
Special service district number one	\$ 70,000	\$ 50,000	\$ 40,000
Special service district number two	64,800	62,000	62,925
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	28,611	27,500	24,500
<b>Special service district totals</b>	<b>\$ 163,411</b>	<b>\$ 139,500</b>	<b>\$ 127,425</b>

(Continued)

**Jo Daviess County, Illinois**

**Schedule of Property Tax Rates, Levies, Extensions and Equalized  
Assessed Valuations (Unaudited) (Continued)  
Year Ended November 30, 2010**

Tax Year	2009	2008	2007
Tax extensions:			
General	\$ 1,545,594	\$ 1,561,973	\$ 1,448,144
Highway	798,980	823,048	632,594
Bridges	305,377	314,476	332,955
Federal aid matching	305,377	314,476	332,955
Illinois municipal retirement	410,029	336,807	334,104
Social security	249,579	250,124	215,987
Extension education	80,307	82,681	76,830
County health	523,095	538,827	500,905
Insurance	367,711	282,300	237,887
Mental health	337,483	347,612	323,190
<b>County wide totals</b>	<b>\$ 4,923,532</b>	<b>\$ 4,852,324</b>	<b>\$ 4,435,551</b>
Tax extensions:			
Special service district number one	\$ 70,006	\$ 50,013	\$ 40,003
Special service district number two	64,800	62,001	61,056
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	28,317	27,500	24,502
<b>Special service district totals</b>	<b>\$ 163,123</b>	<b>\$ 139,514</b>	<b>\$ 125,561</b>

**Jo Daviess County, Illinois**

**Schedule of Expenditures From Taxes Extended for Tort Immunity Purposes**  
**Year Ended November 30, 2010**

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Property, liability and workers' compensation insurance	\$ 315,525
County's share of insurance costs paid by the Regional Superintendent's Trust Fund	<u>4,573</u>
<b>Total</b>	<u><u>\$ 320,098</u></u>

**Jo Daviess County, Illinois**

**Schedule of Expenditures of Federal Awards  
Year Ended November 30, 2010**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
(Passed through Illinois Department of Human Services):			
Special Supplemental Nutrition Program For Women, Infants and Children:			
WIC Administration	10.557	11GL279000	\$ 21,480
WIC Administration	10.557	L11GM279900	46,487
WIC Vouchers (noncash assistance)	10.557	n/a	161,685
<b>Total U.S. Department of Agriculture</b>			<u>229,652</u>
<b>U.S. Department of Defense</b>			
(Passed through the Illinois Department of Natural Resources):			
Payments in Lieu of Real Estate Taxes	12.112	n/a	<u>66,494</u>
<b>U.S. Department of the Interior</b>			
Payments in Lieu of Real Estate Taxes	15.226	n/a	<u>17,096</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership	16.607	n/a	1,563
(Passed through the Illinois Criminal Justice Information Authority):			
ARRA - JAG Law Enforcement Equipment Program	16.803	809835	<u>17,000</u>
<b>Total U.S. Department of Justice</b>			<u>18,563</u>
<b>U.S. Department of Transportation</b>			
(Passed through Illinois Department of Transportation):			
Formula Grants for Other Than Urbanized Areas:			
Section 5309 Consolidated Vehicle Grant (noncash assistance)	20.500	IL-03-0236	51,923
Section 5311 Operating Assistance Grant	20.509	IL-18-X027	111,926
Section 5311 Operating Assistance Grant	20.509	IL-18-X026	77,213
ARRA - Section 5311 Consolidated Vehicle Grant (noncash assistance)	20.509	IL-86-X001 (CVP)	64,904
Holiday DUI Patrol Grant	20.609	OPO-0043-172	28,435
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	36-600-6575	<u>2,343</u>
<b>Total U.S. Department of Transportation</b>			<u>336,744</u>
<b>U.S. Environmental Protection Agency</b>			
(Passed through the Illinois Department of Public Health):			
Potable Water Grant	66.605	5380330	<u>367</u>

(Continued)



**Jo Daviess County, Illinois**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended November 30, 2010**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
(Passed through the Illinois Department of Public Health):			
Immunization Grants (noncash assistance)	93.268	n/a	80,552
Centers for Disease Control and Prevention:			
Bioterrorism Grant	93.069	7181042	47,469
Public Health Emergency Response (Phase 3)	93.069	7181259	11,866
Public Health Emergency Response (Phase 1 & 2)	93.069	7181164	3,448
Vector Grant (West Nile Virus)	93.283	5380430	3,000
Cancer Grant	93.283	3282004	1,369
Cancer Grant	93.283	n/a	2,299
			<u>150,003</u>
(Passed through Illinois Department of Healthcare and Family Services):			
Child Support Enforcement	93.563	2008-55-007-K3AM	2,190
Child Support Enforcement	93.563	n/a	2,794
Medical Assistance Program	93.778	366006575001	29,214
Medical Assistance Program	93.778	366006575001	9,083
			<u>43,281</u>
(Passed through Illinois Department of Human Services):			
Social Services Block Grant:			
Family Case Management Block Grant	93.667	911G7279000	201
ARRA - Immunization Grant	93.712	5180350	12,988
			<u>13,189</u>
(Passed through the Illinois State Board of Election):			
Voting Access for Individuals with Disabilities	93.617	n/a	2,011
			<u>208,484</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>208,484</u>
<b>U.S. Department of Homeland Security</b>			
(Passed through the Illinois Emergency Management Agency):			
Emergency Management Performance Grants	97.042	n/a	10,373
IEMA Public Assistance Program	97.036	FEMA-1935-DR-IL	8,173
IEMA Public Assistance Program	97.036	FEMA-1935-DR-IL	42,448
<b>Total U.S. Department of Homeland Security</b>			<u>60,994</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 938,394</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, 2010**

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**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 \$80,552, vehicles totaling \$116,827 and WIC Food Instrument redemptions totaling \$161,685.

**Jo Daviess County, Illinois**

**Summary Schedule of Prior Audit Findings  
Year Ended November 30, 2010**

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<b>Number</b>	<b>Comment</b>	<b>Status</b>	<b>Corrective Action Plan or Other Explanation</b>
<b>Findings Related to Financial Statements:</b>			
<b>Significant Deficiencies in Internal Control:</b>			
09-II-A	The County has an inadequate segregation of duties over the cash receipts cycle.	Not Corrected	See significant deficiency at 10-II-A.
09-II-B	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	Not Corrected	See significant deficiency at 10-II-B.
09-II-C	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	Not Corrected	See significant deficiency at 10-II-C.
09-II-D	The County does not have a system in place to capture all federal grant information accurately.	Not Corrected	See significant deficiency at 10-II-D.
09-II-E	The County's Purchasing Card Policy is not being followed by all employees.	Corrected	



**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, 2010, which collectively comprise Jo Daviess County, Illinois' basic financial statements and have issued our report thereon dated April 28, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such as there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 10-II-A through 10-II-D. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

## 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 28, 2011.

Jo Daviess County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jo Daviess County, Illinois' responses and, accordingly, we express no opinion on them.

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 28, 2011



**Independent Auditor's Report on Compliance With  
Requirements that Could Have a Direct and Material Effect on  
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 Jo Daviess County, Illinois' compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended November 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying *schedule of findings and questioned costs* as item 10-III-A.

## 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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.

Jo Daviess County, Illinois' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned 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 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 28, 2011



**Jo Daviess County, Illinois**

**Schedule of Findings and Questioned Costs  
Year Ended November 30, 2010**

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**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?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☒ Yes ☐ None Reported  
☐ Yes ☒ No

Noncompliance material to financial statements noted?

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No  
☐ 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
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20.509	Section 5311 Operating Assistance Grants
20.509	ARRA - Section 5311 Consolidated Vehicle 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, 2010**

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**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**

**10-II-A**

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. 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.

Cause: Lack of separation of duties.

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, 2010**

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**10-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.

Criteria: A good internal control contemplates an adequate segregation of duties so no one individual handles a transaction from its inception to its completion.

Condition: 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.

Cause: Lack of separation of duties.

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 cash receipts from the individuals performing the monthly bank statement reconciliations and daily cash drawer balancing. The Circuit Clerk's office could 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.

**10-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.

Criteria: A good internal control contemplates an adequate segregation of duties so no one individual handles a transaction from its inception to its completion.

Condition: 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.

(Continued)

**Jo Daviess County, Illinois**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended November 30, 2010**

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

Cause: Lack of separation of duties.

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.

**10-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.

Cause: The County manages the grants administration on a decentralized process.

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.

(Continued)

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended November 30, 2010**

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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.

**B. Instances of Noncompliance**

None

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

None

**B. Instances of Noncompliance**

**10-III-A**

**U.S. Department of Transportation**  
**Passed through Illinois Department of Transportation**  
**Section 5311 Operating Assistance Grant**  
**(CFDA 20.509)**  
**Federal Award Year 2009-2010**

Finding: The Section 5311 Operating Assistance grant program operates as a reimbursement based grant. Reimbursement was requested for expenditures before the expenditure was incurred and services were provided.

Criteria: According to the Office of Management and Budget (OMB) Circular A-133, when entities are funded on reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

Condition: The County has an Operator Agreement with a third party to administer the grant program. The third party includes a monthly accrual for audit fees related to the upcoming fiscal year audit. These expenditures are requested for reimbursement before the audit services are provided and paid for.

Questioned costs: None

Context: Two of forty expenditures tested.

Effect: Reimbursement of grant funds was requested before the entity paid for them.

Cause: Request for reimbursement of expenditures before they were paid.

(Continued)

**Jo Daviess County, Illinois**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended November 30, 2010**

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Recommendation: For reimbursement based grants, we recommend request for reimbursement of grant funds are made after expenditures are incurred and services are provided.

Response and corrective action plan: The Grantee (Jo Daviess County) initially contracts for and pays the total cost of the County's annual audit. At the conclusion of the audit the Grantee invoices the Operator (JDC Transit) for Operator's share of the audit fees. The Grantee and the Operator acknowledge that the practice of the Operator accruing monthly an expense equal to one twelfth of the prior year's audit cost is not proper accounting for grant purposes. This practice has been discontinued and 2011 accruals were credited accordingly in February 2011. To insure future compliance the Operator will request grant reimbursement for the Operators share of the annual audit cost only after the Operator pays the Grantee the full amount invoiced for audit fees.

## Jo Daviess County, Illinois

### Corrective Action Plan Year Ended November 30, 2010

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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#### Findings Related to Financial Statements:

#### Significant Deficiencies in Internal Control:

10-II-A	The County has an inadequate segregation of duties over the cash receipts cycle.	See response and corrective action plan at 10-II-A.	November 2011	Carol Soat, Treasurer
10-II-B	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	See response and corrective action plan at 10-II-B.	November 2011	Sharon Wand, Circuit Clerk
10-II-C	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	See response and corrective action plan at 10-II-C.	November 2011	Sharon Wand, Circuit Clerk
10-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 10-II-D.	November 2011	Carol Soat, Treasurer

#### Findings Related to Federal Awards:

#### Instances of Noncompliance:

10-III-A	Reimbursement was requested for expenditures before the expenditure was incurred and services were provided	See response and corrective action plan at 10-III-A.	November 2011	Dan Reimer, County Administrator
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