

Jo Daviess County, Illinois

Annual Financial Report

Year Ended November 30, 2008

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jo Daviess County, Illinois as of and for the year ended November 30, 2008, 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, 2008, 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 13, 2009, on our consideration of Jo Daviess County, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11, Illinois Municipal Retirement Fund Information on page 47, the Sheriff's Law Enforcement Personnel Information on page 48 and budgetary comparison information on pages 49 through 55 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

Davenport, Iowa
April 13, 2009

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The County's assets exceeded its liabilities by \$21,535,074 and \$21,111,968 (net assets) at the close of fiscal years 2008 and 2007, respectively. Of this amount, \$8,704,576 (unrestricted net assets) may be used to meet the County's ongoing obligations.

The County's total net assets increased by \$423,106 and \$1,058,579 in fiscal years 2008 and 2007, respectively.

As of the close of this current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,611,834, an increase of \$434,226 in comparison to the prior year. Approximately 66 percent of this total amount, \$7,632,223, is available for spending at the government's discretion (unreserved and undesignated fund balance).

The unreserved, undesignated fund balance in the General Fund was \$759,608 and \$1,005,872 or 12 percent and 18 percent of total General Fund expenditures for fiscal years ended 2008 and 2007, 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, Illinois' finances, in a manner similar to a private-sector business.

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

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

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, Illinois, 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.

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, Illinois 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, County Aid to Bridges, Tourism Promotion 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, County Aid to Bridges Fund, Tourism Promotion Fund and Public Health Fund to demonstrate compliance with this budget on pages 49 through 55.

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

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The fiduciary funds of the County are considered agency funds. Total assets of the fiduciary funds were \$1,494,719 and \$1,143,278 for fiscal years ended 2008 and 2007, respectively.

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

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

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

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

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 \$21,535,074, which represents an increase of \$423,106 from 2007.

Of the County's net assets, 46 percent and 47 percent for fiscal years ended 2008 and 2007, 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. Jo Daviess County, Illinois uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1 - Jo Daviess County, Illinois' Net Assets

	Governmental Activities 2008	Governmental Activities 2007
Current and other assets	\$ 17,714,729	\$ 17,084,194
Capital assets, net	10,013,827	9,894,113
Total assets	27,728,556	26,978,307
Current liabilities	6,329,470	5,831,119
Noncurrent liabilities	26,244	35,220
Total liabilities	6,355,714	5,866,339
Net assets:		
Invested in capital assets, net of related debt	9,978,607	9,850,354
Restricted for:		
Construction projects	687,523	342,446
Transportation	427,168	451,979
Mental health	10,874	9,086
Public safety	325,786	238,836
Employee benefits	374,591	357,288
County development	667,442	652,006
Public health and education	-	94,408
Insurance costs	309,876	291,885
Working cash	48,631	48,631
Unrestricted	8,704,576	8,775,049
Total net assets	\$ 21,535,074	\$ 21,111,968

A restricted portion of the County's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8,704,576, may be used to meet the government's ongoing obligations to citizens and creditors.

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

The County's total net assets increased by \$423,106 during the current fiscal year.

Table 2 highlights the County's revenues and expenses for the fiscal year ended November 30, 2008 and 2007. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

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.

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

	Governmental Activities 2008	Governmental Activities 2007
Revenues:		
Program revenues:		
Charges for services	\$ 2,156,083	\$ 2,411,402
Operating grants and contributions	2,783,415	2,452,722
Capital grants and contributions	191,560	375,363
General revenues:		
Local property taxes	4,566,261	4,290,493
Hotel/motel taxes	1,245,510	1,244,611
State income tax	1,018,490	952,286
Sales and local use tax	1,137,757	1,058,359
Corporate personal property replacement taxes	240,528	244,168
Other taxes	1,961	647
Unrestricted investment earnings	272,633	399,500
Miscellaneous	357,694	355,965
Total revenues	13,971,892	13,785,516
Expenses:		
General control and administration	2,186,936	2,266,033
Transportation	2,916,327	2,453,555
Public health and education	2,128,771	1,850,150
Public safety	3,147,064	3,020,928
Mental health	324,078	317,193
County development	1,586,711	1,635,217
Court services	1,256,905	1,182,673
Interest	1,994	1,188
Total expenses	13,548,786	12,726,937
Increase in net assets	423,106	1,058,579
Net assets, beginning	21,111,968	20,053,389
Net assets, ending	\$ 21,535,074	\$ 21,111,968

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 2008	Net (Expense) of Services 2008	Total Cost of Services 2007	Net (Expense) of Services 2007
General control and administration	\$ 2,186,936	\$ 30,528	\$ 2,266,033	\$ (214,872)
Transportation	2,916,327	(2,107,372)	2,453,555	(1,355,426)
Public health and education	2,128,771	(1,230,566)	1,850,150	(887,327)
Public safety	3,147,064	(2,329,666)	3,020,928	(2,316,633)
Mental health	324,078	(324,078)	317,193	(317,193)
County development	1,586,711	(1,276,408)	1,635,217	(1,279,317)
Court services	1,256,905	(1,178,172)	1,182,673	(1,115,494)
Interest	1,994	(1,994)	1,188	(1,188)
Total	\$ 13,548,786	\$ (8,417,728)	\$ 12,726,937	\$ (7,487,450)

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

Net cost of services is 62 percent and 59 percent of total cost of services in 2008 and 2007, 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 \$186,376 or 1.4 percent from the prior year. The most significant sources of revenue during fiscal year 2008 continued to be property taxes at 32.7 percent, operating grants and contributions at 19.9 percent and charges for services at 15.4 percent. Revenue sources which experienced an increase in fiscal year 2008 include local property taxes \$275,768 or 6.4 percent, state income tax \$66,204 or 7.0 percent, sales and local use tax \$79,398 or 7.5 percent and operating grants and contributions \$330,693 or 13.5 percent. Revenue sources which experienced a decrease include charges for services which decreased \$255,319 or 10.6 percent, capital grants and contributions which decreased \$183,803 or 49.0 percent and investment earnings which decreased \$126,867 or 31.8 percent.

Expenditures: Total government-wide expenditures increased \$821,849 or 6.5 percent from the prior year. Programs which experienced an increase in fiscal year 2008 include transportation \$462,772 or 18.9 percent, public health and education, \$278,621 or 15.1 percent, court services \$74,232 or 6.3 percent, public safety \$126,136 or 4.2 percent and mental health \$6,885 or 2.2 percent. Programs which experienced a decrease include general control and administration which decreased \$79,097 or 3.5 percent and County development which decreased \$48,506 or 3.0 percent.

The most significant classification of expenditures supporting County operations are personnel related costs. Government service requires human resources to deliver both services and information to the citizens it supports. It is a sizable expenditure; however, it is also a long-term investment. Government-wide personnel costs (salaries, wages, IMRF, FICA and health insurance) in fiscal year 2008 totaled approximately \$6,699,000. This is an increase of approximately \$339,000 or 5.3 percent from the prior year and represents 49.5 percent of the County's total cost of services. The cost to maintain current levels of services continues to increase at a rate greater than the growth in available revenues. Property tax levies for insurance liability, FICA and retirement programs all fall under the guidelines of the Illinois Property Tax Extension Limitation Law (PTELL).

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, Jo Daviess County, Illinois' governmental funds reported combined ending fund balances of \$11,611,834, an increase of \$434,226 in comparison with the prior year. Approximately 66 percent of this total amount, \$7,632,223, 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 of the County. At the end of the current fiscal year, the unreserved and undesignated fund balance of the General Fund was \$759,608 while total fund balance reached \$2,404,834. 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 12 percent of total actual General Fund expenditures (\$6,339,206), while total fund balance represents approximately 38 percent of that same amount.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

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 2008. 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 (\$5,740,828) exceeded estimates (\$5,476,423) for the period by \$264,405. Intergovernmental revenues exceeded expectations by \$267,501 and represents the major source of observed revenue variance. Several factors contributed to this variance including the timing of annual federal entitlement land (PILT) payments which, per accrual accounting requirements recorded two annual payments totaling \$114,114 in fiscal year 2008; state shared tax revenues such as state income tax and County supplemental sales tax receipts were more than anticipated; an unanticipated \$280,091 downstate operating assistance grant (DOAP) for the JDC transit program was received; this offset a budgeted 5311 capital grant for transit vehicles which per GASB 34 is reported only as non-cash acquisitions on the government-wide capital asset report. Charges for services, printing fees and other revenue exceeded expectations by \$16,005, \$5,746 and \$23,790, respectively. These variances were offset by property taxes, licenses and permits and fines and forfeitures which fell short of expectations by \$16,312, \$22,418 and \$9,911, respectively.

Budget to actual expenditures: Total expenditures as reported (\$6,339,206) were less than budget by \$54,133. The Social and Environmental budget exceeded expectations by \$36,864. This variance is due in part to unbudgeted downstate operating assistance grant (DOAP) expenditures of \$280,091 which offset a budgeted \$251,746 5311 capital grant. Total labor costs of \$4,559,282 represent 70.4 percent of General Fund expenditures. Total labor costs were less than budget by \$39,428. This variance was primarily due to an unfilled courthouse security position.

The General Fund had a year-end fund balance of \$2,404,834. While this is a decrease of \$148,738 from the prior year, it also represents an increase of \$343,481 over the \$492,219 deficit anticipated when the fiscal year 2008 budget was adopted.

Major Special Revenue Fund Variances

County Highway Fund: The County Highway Fund had a fund balance of \$727,700, which is a \$171,977 increase from the prior year. This fund exceeded budget estimates by \$174,497. Actual revenues exceeded expectations by \$58,361. This was primarily due to reimbursement from townships, miscellaneous income and interest earned being more than anticipated. Actual expenditures were less than budget by \$94,413. This was primarily due to a budgeted cold storage building not being built, rather several transfers were made from this \$140,000 line item to accommodate the costs of overtime and fuel associated with an unusually severe winter.

County Aid to Bridges Fund: The County Aid to Bridges Fund had a fund balance of \$585,823, which is a decrease of \$848,063 from the prior year. The variance from budget for this fund was a decrease of \$61,264. Actual revenues were less than budget by \$97,916. These variances were primarily due to reimbursements from townships being less than anticipated. Actual expenditures were less than budget by \$36,232.

Tourism Promotion Fund: The Tourism Promotion Fund had a fund balance of \$957,166, which is an increase of \$167,829 from the prior year. This fund exceeded budget estimates by \$342,829. Actual revenues exceeded expectations by \$55,621. This was primarily due to Hotel/Motel tax receipts, service charges and interest revenue being more than anticipated. Actual expenditures were less than budget by \$286,308. This was primarily due to salaries, professional services and various operating expenditures being less than anticipated.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

Public Health Fund: The Public Health Fund had a fund balance of \$804,766, which is an increase of \$32,372 from the prior year. This fund exceeded budget estimates by \$60,624. Actual revenues exceeded expectations by \$17,281. This was primarily due to noncash immunization grants revenue being more than anticipated and unanticipated family care management revenue. Actual expenditures were less than budget by \$69,246. This was primarily due to salaries, professional services and various operating expenditures being less than anticipated.

Capital Asset and Long-Term Debt Activity

Capital assets: Jo Daviess County, Illinois' investment in capital assets for its governmental activities amounted to \$10,013,827 and \$9,894,113 (net of accumulated depreciation) as of November 30, 2008 and 2007, 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 current fiscal year included four new vehicles for the Sheriff's Department, completion of Phase I of the courthouse roof project and Raber Bridge on Willow Road, and construction-in-progress for McFadden Bridge and Veta Grande.

Table 4 - Jo Daviess County, Illinois' Capital Assets

	Governmental Activities	
	2008	2007
Land	\$ 204,300	\$ 204,300
Construction-in-progress	514,834	579,899
Buildings and improvements	1,776,032	1,468,913
Equipment and machinery	926,552	1,115,975
Transportation equipment	1,102,991	1,135,894
Roads and bridges	5,489,118	5,389,132
Total	\$ 10,013,827	\$ 9,894,113

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 \$35,220 and \$43,759 as of November 30, 2008 and 2007, respectively.

Economic Factors and Outlook

A slowed economy, rising unemployment and falling revenue especially state shared revenue are all concerns as we enter 2009. In 2008, Jo Daviess County experienced a rather significant slow down in new construction especially in the recreational and second home market. Historically Jo Daviess County has been known for its pro-business, pro-tourism environment, an abundance of available property with secondary and transient housing being a strong source of continued growth. In recent years, low interest rates have contributed to increases in new construction, home sales and mortgage refinances which resulted in increased revenue from building permits and recording fees. However, construction slowed considerably in the second half of 2008, continuing a trend that began in the second half of 2006. A total of 56 new home building permits were issued in unincorporated Jo Daviess County in 2008; this is a decrease of 50 percent from the 112 issued in 2007 and a 71.4 percent decrease from the 175 issued in 2005.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

The FY2009 budget was adopted in November 2008 before certain economic trends including rising unemployment had fully developed. In 2008, the Federal Reserve dramatically cut interest rates in an attempt to stimulate the economy. The impact thus far has been minimal as consumer spending has decreased and the national economy has continued to slip into a rather deep recession. Negative economic trends have already begun to impact state shared local revenue receipts and there is growing concern that other activity driven revenue sources may also begin to decline.

Municipal 1 percent sales tax collected for sales made in 2008 increased County-wide \$96, 699 or 3.6 percent from prior year. Several local communities experienced increased sales in 2008 including Stockton, Scales Mound and Menominee all finishing the year with double digit increases; unincorporated Jo Daviess increased 7.6 percent from prior year. There is, however, reason for concern as County-wide fourth quarter sales tax receipts increased just 1.4 percent; December receipts decreased 5.28 percent from December of 2007 and compares to state-wide municipal 1 percent sales tax receipts which decreased 10.43 percent. Hotel/Motel tax receipts totaled \$1,245,186 (receipts by month of occupancy) and came within \$66 or 0.01 percent of the \$1,245,251 collected for the same period in 2007. A decreasing trend began in the second half of 2008 with the three most recent reporting periods November, December and January 2009 showing receipts down 11.4 percent, 10.8 percent and 3.3 percent, respectively. Both of these key local economic indicators will be monitored very closely.

Although the Rentech Energy Midwest fertilizer plant coal gasification conversion project near East Dubuque was put on hold in October 2007, the County does remain 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. In December 2007, a new hospital, Midwest Regional Medical Center, was completed and opened in Galena. Several communities, including East Dubuque, Stockton, Elizabeth and Scales Mound, are in various stages of creating TIF Districts which have the potential to significantly expand both residential and commercial growth.

The population of Jo Daviess County was 22,289 as recorded in the 2000 census. The most recent U.S. Census Bureau population estimate was published July 1, 2007 and shows the County population to be 22,304, basically unchanged since 2000.

The Illinois Department of Employment Security (IDES) reports the total labor force in Jo Daviess County in 2008 was 13,486 of which 12,693 were employed. This compares to a total labor force of 13,869 and 13,282 employed in 2007 and a total labor force of 13,565 and 13,047 employed in 2006.

IDES reports the annual average unemployment rate for Jo Daviess County for 2008 was 5.9 percent, which represents a modest increase over the 2007 rate of 4.2 percent and the 2006 rate of 4.0 percent. There is reason for concern as unemployment in the 4th quarter of 2008 increased significantly. The January 2009 seasonally unadjusted unemployment rate was 11.7 percent compared with 6.9 percent in January 2008 and 5.3 percent in January 2007 and compares to the Illinois January 2009 unemployment rate of 7.9 percent and National January 2009 unemployment rate of 8.1 percent.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2008

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL). This law, which is designed to restrict taxing districts to a maximum overall tax levy amount, was adopted by Jo Daviess County as a result of a November 1997 referendum. PTELL limits the growth in property tax extensions on existing property to an annual increase of 5 percent or the change in the consumer price index (CPI), whichever is less. There are provisions in the law which allows extensions to increase more than the limit; they include increases in proportion to the amount of new construction and annexations of territory into a district. A CPI factor of 4.1 percent and 2.5 percent were utilized in administering the respective 2008 and 2007 PTELL formulas. Approximately \$21 million and \$24 million of new property EAV were added in the respective tax years of 2007 and 2008. There is concern for FY2010 as deflation in the fourth quarter of 2008 caused the CPI to slip to 0.1 percent on December 31, 2008; this will be the factor utilized for 2009 property taxes payable in 2010.

The above factors were considered while preparing the fiscal year 2009 financial plan for the County.

Requests for Information

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

Jo Daviess County, Illinois

Statement of Net Assets
November 30, 2008

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 10,850,989
Receivables:	
Accounts	460,558
Interest	4,524
Property taxes	4,997,089
Due from other governments	1,326,722
Inventories	74,847
Total current assets	<u>17,714,729</u>
Noncurrent assets, loan receivables	<u>162,232</u>
Capital assets:	
Nondepreciable:	
Land	204,300
Construction-in-progress	514,834
Depreciable:	
Buildings and improvements	3,416,756
Equipment and machinery	2,717,487
Transportation equipment	2,316,458
Road and bridges	11,713,853
Less accumulated depreciation	<u>(10,869,861)</u>
Total capital assets	<u>10,013,827</u>
Total noncurrent assets	<u>10,176,059</u>
Total assets	<u>\$ 27,890,788</u>

See Notes to Basic Financial Statements.

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 635,993
Accrued liabilities	268,749
Accrued compensated absences	301,894
Unearned revenue	116,769
Unearned property taxes	4,997,089
Current portion of capital lease payable	8,976
Total current liabilities	<u>6,329,470</u>
Noncurrent liabilities, capital lease payable	<u>26,244</u>
Total liabilities	<u>6,355,714</u>
Net assets:	
Invested in capital assets, net of related debt	9,978,607
Restricted for:	
Construction projects	687,523
Transportation	427,168
Mental health	10,874
Public safety	325,786
Employee benefits	374,591
County development	667,442
Insurance costs	309,876
Working cash, permanently restricted	48,631
Unrestricted	8,704,576
Total net assets	<u>21,535,074</u>
Total liabilities and net assets	<u>\$ 27,890,788</u>

Jo Daviess County, Illinois

Statement of Activities
Year Ended November 30, 2008

Functions/ Programs	Expenses	Program Revenues			Total
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General control and administration	\$ 2,186,936	\$ 1,373,754	\$ 824,470	\$ 19,240	\$ 30,528
Transportation	2,916,327	-	636,635	172,320	(2,107,372)
Public health and education	2,128,771	177,940	720,265	-	(1,230,566)
Public safety	3,147,064	390,613	426,785	-	(2,329,666)
Mental health	324,078	-	-	-	(324,078)
County development	1,586,711	148,808	161,495	-	(1,276,408)
Court services	1,256,905	64,968	13,765	-	(1,178,172)
Interest	1,994	-	-	-	(1,994)
Total governmental activities	\$ 13,548,786	\$ 2,156,083	\$ 2,783,415	\$ 191,560	(8,417,728)

General Revenues

Taxes:

Property taxes	4,566,261
Hotel/motel tax	1,245,510
State income tax	1,018,490
Sales taxes	1,137,757
Corporate personal property replacement taxes	240,528
Other taxes	1,961
Unrestricted investment earnings	272,633
Miscellaneous	357,694
Total general revenues	8,840,834
Changes in net assets	423,106
Net assets, beginning of year	21,111,968
Net assets, end of year	\$ 21,535,074

See Notes to Basic Financial Statements

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Jo Daviess County, Illinois

**Balance Sheet
Governmental Funds
November 30, 2008**

Assets	General Fund	Special Revenue Funds	
		County Highway Fund	County Aid to Bridges Fund
Cash and investments	\$ 2,056,014	\$ 635,909	\$ 654,024
Accounts receivable	24,826	21,904	151,997
Interest receivable	2,509	-	616
Due from other funds	33,375	89,417	-
Due from other governmental agencies	973,800	60,979	-
Property tax receivable	1,561,928	828,657	314,437
Loan receivable	-	-	-
Inventories	40,226	13,084	-
Total assets	\$ 4,692,678	\$ 1,649,950	\$ 1,121,074
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 258,192	\$ 59,169	\$ 131,397
Accrued liabilities	168,138	16,590	-
Due to other funds	51,433	-	89,417
Unearned and deferred revenue	248,153	17,834	-
Deferred property taxes	1,561,928	828,657	314,437
Total liabilities	2,287,844	922,250	535,251
Fund balances:			
Reserved for:			
Inventories	40,226	13,084	-
Loans	-	-	-
Working cash	-	-	-
Unreserved, Board designated	1,605,000	385,000	-
Unreserved, undesignated, reported in:			
General Fund	759,608	-	-
Special revenue funds	-	329,616	585,823
Permanent Fund	-	-	-
Total fund balances	2,404,834	727,700	585,823
Total liabilities and fund balances	\$ 4,692,678	\$ 1,649,950	\$ 1,121,074

See Notes to Basic Financial Statements.

Special Revenue Funds		Nonmajor Governmental Funds		Total
Tourism Promotion Fund	Public Health Fund			
\$ 922,759	\$ 739,968	\$ 5,842,315	\$ 10,850,989	
161,079	2,940	97,812	460,558	
649	-	750	4,524	
36,327	-	51,433	210,552	
-	124,931	167,012	1,326,722	
-	538,752	1,753,315	4,997,089	
-	-	162,232	162,232	
-	21,537	-	74,847	
<u>\$ 1,120,814</u>	<u>\$ 1,428,128</u>	<u>\$ 8,074,869</u>	<u>\$ 18,087,513</u>	
\$ 117,274	\$ 13,965	\$ 55,996	\$ 635,993	
9,499	25,269	49,253	268,749	
25,375	8,000	36,327	210,552	
11,500	37,376	48,433	363,296	
-	538,752	1,753,315	4,997,089	
<u>163,648</u>	<u>623,362</u>	<u>1,943,324</u>	<u>6,475,679</u>	
-	21,537	-	74,847	
-	-	162,232	162,232	
-	-	48,631	48,631	
425,000	595,000	683,901	3,693,901	
-	-	-	759,608	
532,166	188,229	5,233,101	6,868,935	
-	-	3,680	3,680	
<u>957,166</u>	<u>804,766</u>	<u>6,131,545</u>	<u>11,611,834</u>	
<u>\$ 1,120,814</u>	<u>\$ 1,428,128</u>	<u>\$ 8,074,869</u>	<u>\$ 18,087,513</u>	

Jo Daviess County, Illinois

Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
November 30, 2008

Total governmental fund balances \$ 11,611,834

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

Land	\$ 204,300	
Construction-in-progress	514,834	
Buildings and improvements	3,416,756	
Equipment and machinery	2,717,487	
Transportation equipment	2,316,458	
Roads and bridges	11,713,853	
Accumulated depreciation	<u>(10,869,861)</u>	10,013,827

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

Deferred revenues		246,527
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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		(35,220)
Compensated absences		<u>(301,894)</u>
Net assets of governmental activities		<u><u>\$ 21,535,074</u></u>

See Notes to Basic Financial Statements.

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Jo Daviess County, Illinois

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended November 30, 2008**

	General Fund	Special Revenue Funds	
		County Highway Fund	County Aid to Bridges Fund
Revenues:			
Property taxes	\$ 1,449,875	\$ 633,351	\$ 333,350
Intergovernmental	3,072,050	202,338	43,786
Charges for services	948,474	-	-
Interest	64,042	10,429	36,495
Licenses and permits	186,938	-	-
Other	19,449	160,822	151,654
Total revenues	5,740,828	1,006,940	565,285
Expenditures:			
Current:			
General control and administration	1,444,074	-	-
Transportation	174,702	988,342	171,607
Public health and education	503,903	-	-
Public safety	2,812,782	-	-
Mental health	-	-	-
County development	177,914	-	-
Court services	1,204,145	-	-
Capital outlay	21,686	34,490	1,152,161
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	6,339,206	1,022,832	1,323,768
Excess (deficiency) of revenues over expenditures	(598,378)	(15,892)	(758,483)
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Transfers in	995,374	219,726	-
Transfers out	(545,734)	(31,857)	(89,580)
Total other financing sources (uses)	449,640	187,869	(89,580)
Net change in fund balances	(148,738)	171,977	(848,063)
Fund balances, beginning of year	2,553,572	555,723	1,433,886
Fund balances, end of year	\$ 2,404,834	\$ 727,700	\$ 585,823

See Notes to Basic Financial Statements.

Special Revenue Funds		Nonmajor Governmental Funds		Total
Tourism Promotion Fund	Public Health Fund	Funds		
\$ -	\$ 501,506	\$ 1,648,179	\$	4,566,261
1,285,229	464,987	1,442,535		6,510,925
118,608	125,665	844,470		2,037,217
23,585	15,374	122,708		272,633
-	-	-		186,938
121	999	24,649		357,694
1,427,543	1,108,531	4,082,541		13,931,668
-	-	464,315		1,908,389
-	-	527,677		1,862,328
-	985,676	616,466		2,106,045
-	-	130,058		2,942,840
-	-	323,118		323,118
1,263,040	-	132,587		1,573,541
-	-	34,815		1,238,960
7,000	2,611	321,547		1,539,495
-	-	8,539		8,539
-	-	1,994		1,994
1,270,040	988,287	2,561,116		13,505,249
157,503	120,244	1,521,425		426,419
-	-	7,807		7,807
103,876	38,574	768,899		2,126,449
(93,550)	(126,446)	(1,239,282)		(2,126,449)
10,326	(87,872)	(462,576)		7,807
167,829	32,372	1,058,849		434,226
789,337	772,394	5,072,696		11,177,608
\$ 957,166	\$ 804,766	\$ 6,131,545	\$	11,611,834

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, 2008**

Net change in fund balances - governmental funds \$ 434,226

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			717,581
Depreciation expense:			
General control and administration	\$ (100,908)		
Transportation	(418,183)		
Public health and education	(18,003)		
Public safety	(197,700)		
County development	(8,357)		
Court services	(17,278)		
	(760,429)		(760,429)

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			172,320
Proceeds from sale of capital assets			(7,807)
Loss on sale of capital assets			(1,951)

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		(68,072)	
Operating grants and contributions		(82,768)	
Sales tax		18,744	(132,096)
		(132,096)	

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			(7,277)
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The issuance of long-term debt (e.g., bonds, loans, leases) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items,

Repayment of principal of long-term debt			8,539
Change in net assets of governmental activities			<u>\$ 423,106</u>

See Notes to Basic Financial Statements.

Jo Daviess County, Illinois

Statement of Assets and Liabilities

Agency Funds

November 30, 2008

Assets

Cash and investments	\$	1,410,033
Due from other governments		84,686
Total assets	\$	1,494,719

Liabilities

Accounts payable	\$	692,985
Due to other governments		116,917
Due to individuals and private entities		684,817
Total liabilities	\$	1,494,719

See Notes to Basic Financial Statements.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

Nature of operations:

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

Reporting entity:

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

Summarized modified cash basis financial information of Local Redevelopment Authority for the year ended November 30, 2008, is presented below:

Balance Sheet as of November 30, 2008

Assets, cash		\$	1,964,730
Capital assets, net			<u>2,174,236</u>
Total assets		\$	<u><u>4,138,966</u></u>
Current liabilities, taxes payable		\$	3,331
Net assets:			
Investment in capital assets, net	\$	2,174,236	
Unreserved		<u>1,961,399</u>	
Total fund equity			<u>4,135,635</u>
Total liabilities and net assets		\$	<u><u>4,138,966</u></u>

Operations for Year Ended November 30, 2008

Revenues:			
Charges for services, leases	\$	135,959	
Operating grants and contributions		176,004	
Investment earnings		<u>89,571</u>	
Total revenues			<u>401,534</u>
Expenses			<u>584,930</u>
Change in net assets			<u>(183,396)</u>
Net assets, beginning of year			<u>4,319,031</u>
Net assets, end of year		\$	<u><u>4,135,635</u></u>

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

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 County Aid to Bridges Fund and the Public Health Fund as major for public interest purposes. The following are the County's major governmental funds:

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

Notes to Basic Financial Statements

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

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

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

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.

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.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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.

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

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

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

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

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

D.A.R.E. Fund: The purpose of this fund is to pay expenses related to the activities of the Drug Abuse Resistance Education (D.A.R.E.) Program. Revenue is derived solely from fundraisers and donations of the general public. Expenditures include: classroom supplies, publications, t-shirts, stickers and other D.A.R.E. paraphernalia. The Sheriff has management control of the fund. This fund is established under the authority of 55 ILCS 5/3-6 et seq.

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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).

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

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

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

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

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

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

Permanent Fund:

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

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

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

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County's property tax is levied each year on all taxable real property located in the County on or before November 30. Property taxes attach as an enforceable lien on property as of the preceding January 1, at which time they are recognized. These taxes are due in two installments in June and September of the following year. Since the 2008 tax levy is budgeted for the fiscal year 2009, the revenue from this tax levy is deferred.

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

Significant accounting policies:

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

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

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

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

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

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

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

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

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

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

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

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

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

Beginning Balance	Additions	Payments	Ending Balance	Amount Due in One Year
\$ 294,617	\$ 301,894	\$ (294,617)	\$ 301,894	\$ 301,894

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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue in governmental financial statements and as unearned revenue in the government-wide statements. In government fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

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

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

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

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

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

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$687,523 for construction projects, \$427,168 for transportation, \$10,874 for mental health, \$325,786 for public safety, \$374,591 for employee benefits, \$667,442 for County development and \$309,876 for insurance costs.

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, 2008, the County's cash and investments were as follows:

	<u>Carrying Amount</u>
Cash and deposits with financial institutions, statement of net assets	\$ 10,590,728
Investments, statement of net assets	260,261
Cash and deposits with financial institutions, fiduciary funds	<u>1,410,033</u>
Total	<u><u>\$ 12,261,022</u></u>

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County has no specific policy as it relates to interest rate risk.

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

Investment Type	Weighted Averaged Maturities (Years)	Fair Value
Repurchase agreement, First Community Bank	0.003	\$ 260,244
Illinois Funds Money Market Mutual Fund	0.052	17
Total		\$ 260,261

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, 2008 that are subject to credit risk.

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

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County's investment policy gives discretion to the Jo Daviess County Treasurer to determine whether or not collateral will be required of financial institutions receiving funds from the County. At all times, the Treasurer is required to collateralize deposits in excess of 35 percent of the capital and surplus of a financial institution. When collateral is required, 100 percent of the deposit will be required. Acceptable collateral includes United States Government Direct Securities, obligations of federal agencies, obligations of the state of Illinois, obligations of Jo Daviess County, obligations of municipalities located within Jo Daviess County and acceptable collateral as identified in the Illinois Compiled Statutes. As of November 30, 2008, the County's deposits and investments were entirely covered by federal depository insurance or collateralized.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 3. Loan Receivable

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

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

Terms of the loan dated July 31, 2002 required 120 monthly payments of \$728 including interest at 4.5 percent. The loan matures July 31, 2012. The County is a 50 percent participant in the loan and records its portion of the loan participation agreement. As of November 30, 2008, the County's share of the loan receivable balance was \$14,803, 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 2.0 percent as of November 30, 2008. The loan matures July 17, 2016. As of November 30, 2008, the County's loan receivable balance was \$31,849.

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 2.0 percent as of November 30, 2008. The loan matures November 10, 2011. As of November 30, 2008, the County's loan receivable balance was \$15,580.

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, 2008, the County's loan receivable balance was \$100,000.

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, 2008:

	November 30, 2007		November 30, 2008	
	Balance	Additions	Deletions	Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 204,300	\$ -	\$ -	\$ 204,300
Construction-in-progress	579,899	507,334	572,399	514,834
Total capital assets not being depreciated	784,199	507,334	572,399	719,134
Capital assets being depreciated:				
Buildings and improvements	3,020,410	396,346	-	3,416,756
Equipment and machinery	2,716,947	17,485	16,945	2,717,487
Transportation equipment	2,297,810	229,643	210,995	2,316,458
Roads and bridges	11,422,361	311,492	20,000	11,713,853
Total capital assets being depreciated	19,457,528	954,966	247,940	20,164,554
Less accumulated depreciation for:				
Buildings and improvements	1,551,497	89,227	-	1,640,724
Equipment and machinery	1,600,972	206,908	16,945	1,790,935
Transportation equipment	1,161,916	252,788	201,237	1,213,467
Roads and bridges	6,033,229	211,506	20,000	6,224,735
Total accumulated depreciation	10,347,614	760,429	238,182	10,869,861
Total capital assets being depreciated, net	9,109,914	194,537	9,758	9,294,693
Governmental activities capital assets, net	\$ 9,894,113	\$ 701,871	\$ 582,157	\$ 10,013,827

Depreciation expense was charged to the governmental functions as follows:

General control and administration	\$ 100,908
Transportation	418,183
Public health and education	18,003
Public safety	197,700
County development	8,357
Court services	17,278
Total depreciation expense, governmental activities	\$ 760,429

Note 5. Long-Term Debt

Long-term liability balances and activity for the year ended November 30, 2008 were as follows:

	Balance November 30, 2007		Balance November 30, 2008		Amounts Due Within One Year
		Additions	Retirements		
Governmental Activities, Capital lease	\$ 43,759	\$ -	\$ 8,539	\$ 35,220	\$ 8,976

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, through July 2012. The net book value of these capital assets was \$37,813 as of November 30, 2008.

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>
2009	\$ 10,533	\$ 8,976	\$ 1,557
2010	10,533	9,435	1,098
2011	10,533	9,918	615
2012	7,021	6,891	130
	<u>\$ 38,620</u>	<u>\$ 35,220</u>	<u>\$ 3,400</u>

The computation of the County's legal debt margin as of November 30, 2008 is as follows:

	<u>2007 Tax Year</u>
Assessed valuation	<u>\$ 718,040,690</u>
Statutory debt limitation, (2.875% of assessed valuation)	\$ 20,643,670
Bonded debt, November 30, 2008	-
Capital lease obligation	35,220
Available debt margin	<u>\$ 20,608,450</u>

Note 6. Deferred Compensation Plan

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

Note 7. Pension and Retirement Systems

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

Funding policy: As set by statute, plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 8.66 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems (Continued)

Annual pension cost: For 2007, the County's annual pension cost of \$267,535 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
12/31/2007	\$ 267,535	100%	\$ -
12/31/2006	263,282	100	-
12/31/2005	235,223	100	-

The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, 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 10.00 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 25 years.

Funded status and funding progress: As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 97.95 percent funded. The actuarial accrued liability for benefits was \$8,032,236 and the actuarial value of assets was \$7,867,783, resulting in an underfunded actuarial accrued liability (UAAL) of \$164,453. The covered payroll (annual payroll of active employees covered by the plan) was \$3,089,314 and the ratio of the UAAL to the covered payroll was 5 percent.

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

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

Funding policy: As set by statute, SLEP plan members are required to contribute 7.50 percent of their annual covered salary. That 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 2007 was 12.04 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems (Continued)

Annual pension cost: For 2007, the County's annual pension cost of \$173,557 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
12/31/2007	\$ 173,557	100%	\$ -
12/31/2006	158,718	100	-
12/31/2005	145,801	100	-

The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, 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 10.00 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 25 years.

Funded status and funding progress: As of December 31, 2007, the most recent actuarial valuation date, the SLEP plan was 96.95 percent funded. The actuarial accrued liability for benefits was \$5,231,729 and the actuarial value of assets was \$5,071,931, resulting in an underfunded actuarial accrued liability (UAAL) of \$159,798. The covered payroll (annual payroll of active employees covered by the plan) was \$1,441,501 and the ratio of the UAAL to the covered payroll was 11 percent.

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 8. Interfund Receivable and Payable

The interfund receivable and payable balances as of November 30, 2008 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$ 33,375	\$ 51,433
Special revenue funds:		
County Highway Fund	89,417	-
County Aid to Bridges Fund	-	89,417
Tourism Promotion Fund	36,327	25,375
Public Health Fund	-	8,000
Nonmajor governmental funds, special revenue funds	51,433	36,327
Total	<u>\$ 210,552</u>	<u>\$ 210,552</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.

Note 9. Interfund Transfers

The following is a schedule of interfund transfers for the year ended November 30, 2008:

Fund	Transfer In	Transfer Out
Major funds:		
General Fund	\$ 995,374	\$ 545,734
Special revenue funds:		
County Highway Fund	219,726	31,857
County Aid to Bridges Fund	-	89,580
Tourism Promotion Fund	103,876	93,550
Public Health Fund	38,574	126,446
Nonmajor governmental funds	768,899	1,239,282
Total	<u>\$ 2,126,449</u>	<u>\$ 2,126,449</u>

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 10. 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, 2008 was \$5,000. During the year ended November 30, 2008, there were no significant reductions in coverage. Settled claims have not exceeded the excess commercial coverage in any of the past three years.

Note 11. 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 \$52,577 in payments to the trust during the year ended November 30, 2008. The financial information is available by contacting Marie Stiefel at Regional Superintendent of Schools Trust Fund, 500 N. Rush Street, Stockton, Illinois 61085.

Note 12. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following Governmental Accounting Standards Board (GASB) statements during the year ended November 30, 2008:

- GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. This Statement had no effect on the County in the current year.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues. This Statement had no effect on the County in the current year.
- GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement modified the disclosures for the County's pension plans.

Notes to Basic Financial Statements

Note 12. Governmental Accounting Standards Board (GASB) Statements (Continued)

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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County beginning with its year ending November 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the County beginning with its year ending November 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the County beginning with its year ending November 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the County beginning with its year ending November 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the County 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.

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

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 13. Commitments

The County has financial commitments relating to various bridge projects, the Courthouse roof project and visitor's guide that are estimated to be approximately \$397,400.

Note 14. Subsequent Event

The County was notified by the City of Galena that the County will no longer be receiving the City of Galena's portion of hotel/motel taxes in the Tourism Promotion Fund in fiscal year 2009. The expected loss of revenue to the County is approximately \$400,000.

Jo Daviess County, Illinois

**Required Supplementary Information
Illinois Municipal Retirement Fund**

Schedule of Funding Progress

Actuarial Valuation Date	Fair Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2007	\$ 7,867,783	\$ 8,032,236	\$ 164,453	98.0%	\$ 3,089,314	5.3%
12/31/2006	7,397,132	7,553,293	156,161	97.9	2,974,943	5.2
12/31/2005	6,746,262	6,837,049	90,787	98.7	2,837,437	3.2
12/31/2004	6,375,320	6,455,328	80,008	98.8	2,892,918	2.8
12/31/2003	6,392,452	6,197,363	(195,089)	103.1	2,935,168	(6.6)
12/31/2002	6,078,679	5,519,833	(558,846)	110.1	2,710,162	(20.6)

Schedule of Employer Contributions

Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
12/31/2007	\$ 267,535	\$ 267,535	100%
12/31/2006	263,282	263,282	100
12/31/2005	235,223	235,223	100
12/31/2004	196,718	196,718	100
12/31/2003	103,905	103,905	100

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$8,372,826. On a market basis, the funded ratio would be 104.24 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2007. 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 10.0 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

Digest of changes: The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002 – 2004 experience study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

Jo Daviess County, Illinois

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

Schedule of Funding Progress

Actuarial Valuation Date	Fair Value of Net Assets (a)	Actuarial Accrued Liability (AAL) * (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2007	\$ 5,071,931	\$ 5,231,729	\$ 159,798	96.9%	\$ 1,441,501	11.1%
12/31/2006	4,419,368	4,609,974	190,606	95.9	1,318,259	14.5
12/31/2005	4,573,714	4,437,571	(136,143)	103.1	1,286,855	(10.6)
12/31/2004	4,016,180	3,650,770	(365,410)	110.0	1,254,902	(29.1)
12/31/2003	3,695,292	3,182,791	(512,501)	116.1	1,192,446	(43.0)
12/31/2002	3,605,541	2,982,430	(623,111)	120.9	1,115,566	(55.9)

Schedule of Employer Contributions

Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
12/31/2007	\$ 173,557	\$ 173,557	100%
12/31/2006	158,718	158,718	100
12/31/2005	145,801	145,801	100
12/31/2004	98,886	98,886	100
12/31/2003	43,524	43,524	100

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$5,362,627. On a market basis, the funded ratio would be 102.50 percent.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2007. 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 10.0 percent a year and postretirement benefit increases of 3.0 percent annually.
4. The amortization method is a closed period, level percentage of payroll.

Digest of changes: The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 experience study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended November 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 1,466,187	\$ 1,466,187	\$ 1,449,875	\$ (16,312)
Intergovernmental	2,603,299	2,804,548	3,072,050	267,502
Charges for services	927,325	927,325	948,474	21,149
Interest	52,000	52,000	64,042	12,042
Licenses and permits	209,355	209,355	186,938	(22,417)
Other	17,008	17,008	19,449	2,441
Total revenues	5,275,174	5,476,423	5,740,828	264,405
Expenditures:				
Current:				
General control and administration	1,533,423	1,533,423	1,444,074	89,349
Transportation	166,440	166,440	174,702	(8,262)
Public health and education	272,587	473,836	503,903	(30,067)
Public safety	2,770,253	2,770,253	2,812,782	(42,529)
County development	193,915	193,915	177,914	16,001
Court services	1,234,177	1,234,177	1,204,145	30,032
Capital outlay	15,861	21,295	21,686	(391)
Total expenditures	6,186,656	6,393,339	6,339,206	54,133
Excess (deficiency) of revenues over expenditures	(911,482)	(916,916)	(598,378)	318,538
Other financing sources (uses):				
Transfers in	983,861	988,477	995,374	6,897
Transfers out	(563,777)	(563,777)	(545,734)	18,043
Total other financing sources	420,084	424,700	449,640	24,940
Net change in fund balance	\$ (491,398)	\$ (492,216)	(148,738)	\$ 343,478
Fund balances, beginning of year			2,553,572	
Fund balances, end of year			<u>\$ 2,404,834</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 County Highway Fund
 Year Ended November 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 632,579	\$ 632,579	\$ 633,351	\$ 772
Intergovernmental	209,000	209,000	202,338	(6,662)
Interest	6,000	6,000	10,429	4,429
Other	101,000	101,000	160,822	59,822
Total revenues	948,579	948,579	1,006,940	58,361
Expenditures:				
Current, transportation	1,057,733	1,057,733	988,342	69,391
Capital outlay	59,512	59,512	34,490	25,022
Total expenditures	1,117,245	1,117,245	1,022,832	94,413
Excess (deficiency) of revenues over expenditures	(168,666)	(168,666)	(15,892)	152,774
Other financing sources (uses):				
Transfers in	220,146	220,146	219,726	(420)
Transfers out	(54,000)	(54,000)	(31,857)	22,143
Total other financing sources	166,146	166,146	187,869	21,723
Net change in fund balance	\$ (2,520)	\$ (2,520)	171,977	\$ 174,497
Fund balances, beginning of year			555,723	
Fund balances, end of year			<u>\$ 727,700</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 County Aid to Bridges Fund
 Year Ended November 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 332,901	\$ 332,901	\$ 333,350	\$ 449
Intergovernmental	140,000	140,000	43,786	(96,214)
Interest	40,300	40,300	36,495	(3,805)
Other	150,000	150,000	151,654	1,654
Total revenues	663,201	663,201	565,285	(97,916)
Expenditures:				
Current, transportation	169,300	169,300	171,607	(2,307)
Capital outlay	1,190,700	1,190,700	1,152,161	38,539
Total expenditures	1,360,000	1,360,000	1,323,768	36,232
(Deficiency) of revenues over expenditures	(696,799)	(696,799)	(758,483)	(61,684)
Other financing (uses), transfers out	(90,000)	(90,000)	(89,580)	420
Net change in fund balance	\$ (786,799)	\$ (786,799)	(848,063)	\$ (61,264)
Fund balance, beginning of year			1,433,886	
Fund balance, end of year			<u>\$ 585,823</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 Tourism Promotion Fund
 Year Ended November 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,250,628	\$ 1,250,628	\$ 1,285,229	\$ 34,601
Charges for services	110,044	110,044	118,608	8,564
Interest	11,000	11,000	23,585	12,585
Other	250	250	121	(129)
Total revenues	1,371,922	1,371,922	1,427,543	55,621
Expenditures:				
Current, County development	1,549,348	1,549,348	1,263,040	286,308
Capital outlay	7,000	7,000	7,000	-
Total expenditures	1,556,348	1,556,348	1,270,040	286,308
Excess (deficiency) of revenues over expenditures	(184,426)	(184,426)	157,503	341,929
Other financing sources (uses):				
Transfers in	103,876	103,876	103,876	-
Transfers out	(94,450)	(94,450)	(93,550)	900
Total other financing sources	9,426	9,426	10,326	900
Net change in fund balance	\$ (175,000)	\$ (175,000)	167,829	\$ 342,829
Fund balances, beginning of year			789,337	
Fund balances, end of year			<u>\$ 957,166</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 Public Health Fund
 Year Ended November 30, 2008

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 500,850	\$ 500,850	\$ 501,506	\$ 656
Intergovernmental	425,200	425,200	464,987	39,787
Charges for services	147,600	147,600	125,665	(21,935)
Interest	15,000	15,000	15,374	374
Other	2,600	2,600	999	(1,601)
Total revenues	1,091,250	1,091,250	1,108,531	17,281
Expenditures:				
Current, public health and education	1,052,533	1,052,533	985,676	66,857
Capital outlay	5,000	5,000	2,611	2,389
Total expenditures	1,057,533	1,057,533	988,287	69,246
Excess of revenues over expenditures	33,717	33,717	120,244	86,527
Other financing sources (uses):				
Transfers in	65,031	65,031	38,574	(26,457)
Transfers out	(127,000)	(127,000)	(126,446)	554
Total other financing (uses)	(61,969)	(61,969)	(87,872)	(25,903)
Net change in fund balance	\$ (28,252)	\$ (28,252)	32,372	\$ 60,624
Fund balances, beginning of year			772,394	
Fund balances, end of year			<u>\$ 804,766</u>	

See Note to Required Supplementary Information.

Notes to Required Supplementary Information
Year Ended November 30, 2008

Note 1. Basis of Accounting

The budgetary comparison schedules are presented for the General Fund and the major special revenue funds, County Highway Fund, County Aid to Bridges Fund, Tourism Promotion Fund and Public Health Fund. These schedules are presented on the modified accrual basis of accounting and are, therefore, presented in accordance with accounting principles generally accepted in the United State of America.

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 27, 2007. It was amended on March 11, April 7, June 10, July 8, August 12, September 9 and October 14 to reflect various budget transfers.
- 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.

Jo Daviess County, Illinois

Notes to Required Supplementary Information
Year Ended November 30, 2008

Note 2. Excess of Expenditures Over Budget

The following funds had an excess of expenditures over budget for the 2008 fiscal year:

	Budget	Actual	Amount Over Budget
Special Revenue, Nonmajor Funds:			
County Motor Fuel Tax Fund	\$ 525,519	\$ 527,677	\$ 2,158
HHC Memorial	1,000	1,766	766
Rabies Control	-	29	29
Special Service Area No. One	40,000	40,055	55
D.A.R.E.	1,401	1,404	3
Municipal Retirement	3,400	3,671	271
Social Security	2,649	2,871	222
Probation Services	29,000	33,425	4,425
Extension Education	76,828	77,092	264
Probation EMHD Program	720	1,390	670

Jo Daviess County, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 November 30, 2008

	Special Revenue			
	County Highway Capital Investment Fund	Federal Aid Matching Fund	County Motor Fuel Tax Fund	State's Attorney Drug Forfeiture Fund
Assets				
Cash and investments	\$ 341	\$ 687,181	\$ 387,595	\$ 344
Accounts receivable	-	342	14,844	108
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	28,099	-
Property tax receivable	-	314,436	-	-
Loan receivable	-	-	-	-
Total assets	\$ 341	\$ 1,001,959	\$ 430,538	\$ 452
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 40	\$ -
Accrued liabilities	-	-	3,330	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	314,436	-	-
Total liabilities	-	314,436	3,370	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	341	687,523	427,168	452
Permanent fund	-	-	-	-
Total fund balances	341	687,523	427,168	452
Total liabilities and fund balances	\$ 341	\$ 1,001,959	\$ 430,538	\$ 452

(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	
\$ 376,947	\$ 602,690	\$ 3,729	\$ 33,709	\$ 21,236	\$ 19,590	\$ 10,542	
-	12,723	-	120	-	-	332	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	83,852	-	9,107	-	-	-	
-	-	-	-	-	-	347,573	
-	-	-	-	-	-	-	
<u>\$ 376,947</u>	<u>\$ 699,265</u>	<u>\$ 3,729</u>	<u>\$ 42,936</u>	<u>\$ 21,236</u>	<u>\$ 19,590</u>	<u>\$ 358,447</u>	
\$ -	\$ 16,927	\$ -	\$ -	\$ -	\$ -	\$ -	
-	12,158	-	-	-	-	-	
-	-	-	-	-	-	-	
-	6,465	-	-	-	-	-	
-	-	-	-	-	-	347,573	
-	35,550	-	-	-	-	347,573	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
376,947	663,715	3,729	42,936	21,236	19,590	10,874	
-	-	-	-	-	-	-	
<u>376,947</u>	<u>663,715</u>	<u>3,729</u>	<u>42,936</u>	<u>21,236</u>	<u>19,590</u>	<u>10,874</u>	
\$ 376,947	\$ 699,265	\$ 3,729	\$ 42,936	\$ 21,236	\$ 19,590	\$ 358,447	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2008

	Special Revenue			
	Special Service District No. One Fund	Special Service District No. Two and Four Fund	Special Service District No. Five Fund	Rentech Energy Escrow Fund
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 534
Accounts receivable	2	26	19	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	-	-
Property tax receivable	50,000	62,000	27,500	-
Loan receivable	-	-	-	-
Total assets	\$ 50,002	\$ 62,026	\$ 27,519	\$ 534
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2	\$ 26	\$ 19	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	50,000	62,000	27,500	-
Total liabilities	50,002	62,026	27,519	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	534
Permanent fund	-	-	-	-
Total fund balances	-	-	-	534
Total liabilities and fund balances	\$ 50,002	\$ 62,026	\$ 27,519	\$ 534

(Continued)

Special Revenue						
911 Fund	Sheriff's Forfeiture Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund	
\$ 270,762	\$ 8,865	\$ 238,117	\$ 512,112	\$ 33,575	\$ 69,283	
58,864	1,563	-	-	-	118	
-	-	-	750	-	-	
-	-	-	-	36,327	11,476	
-	-	-	-	8,395	7,467	
-	-	-	-	-	-	
-	-	-	162,232	-	-	
<u>\$ 329,626</u>	<u>\$ 10,428</u>	<u>\$ 238,117</u>	<u>\$ 675,094</u>	<u>\$ 78,297</u>	<u>\$ 88,344</u>	
\$ 3,840	\$ 534	\$ -	\$ 7,653	\$ -	\$ 272	
-	-	-	-	-	4,650	
-	-	-	-	36,327	-	
-	-	-	-	41,968	-	
-	-	-	-	-	-	
<u>3,840</u>	<u>534</u>	<u>-</u>	<u>7,653</u>	<u>78,295</u>	<u>4,922</u>	
-	-	-	162,232	-	-	
-	-	-	-	-	-	
-	-	-	-	-	46,000	
325,786	9,894	238,117	505,209	2	37,422	
-	-	-	-	-	-	
<u>325,786</u>	<u>9,894</u>	<u>238,117</u>	<u>667,441</u>	<u>2</u>	<u>83,422</u>	
<u>\$ 329,626</u>	<u>\$ 10,428</u>	<u>\$ 238,117</u>	<u>\$ 675,094</u>	<u>\$ 78,297</u>	<u>\$ 88,344</u>	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2008

	Special Revenue			
	Municipal Retirement Fund	Social Security Fund	Probation Services Fund	Extension Education Fund
Assets				
Cash and investment	\$ 229,023	\$ 174,637	\$ 89,039	\$ 1
Accounts receivable	344	223	53	79
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	2,321	-
Property tax receivable	336,776	250,109	-	82,642
Loan receivable	-	-	-	-
Total assets	\$ 566,143	\$ 424,969	\$ 91,413	\$ 82,722
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 293	\$ 228	\$ 2,831	\$ 79
Accrued liabilities	17,181	11,934	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	336,776	250,109	-	82,642
Total liabilities	354,250	262,271	2,831	82,721
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, board designated	202,489	157,892	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	9,404	4,806	88,582	1
Permanent fund	-	-	-	-
Total fund balances	211,893	162,698	88,582	1
Total liabilities and fund balances	\$ 566,143	\$ 424,969	\$ 91,413	\$ 82,722

(Continued)

Special Revenue

Insurance Fund	Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund
\$ 309,631	\$ 92,671	\$ 71,719	\$ 24,641	\$ 75,479	\$ 9,914
245	-	-	-	-	-
-	-	-	-	-	-
-	-	3,630	-	-	-
-	3,930	2,370	130	1,683	-
282,279	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 592,155</u>	<u>\$ 96,601</u>	<u>\$ 77,719</u>	<u>\$ 24,771</u>	<u>\$ 77,162</u>	<u>\$ 9,914</u>
\$ -	\$ 886	\$ 2,794	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
282,279	-	-	-	-	-
<u>282,279</u>	<u>886</u>	<u>2,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
277,520	-	-	-	-	-
32,356	95,715	74,925	24,771	77,162	9,914
-	-	-	-	-	-
<u>309,876</u>	<u>95,715</u>	<u>74,925</u>	<u>24,771</u>	<u>77,162</u>	<u>9,914</u>
<u>\$ 592,155</u>	<u>\$ 96,601</u>	<u>\$ 77,719</u>	<u>\$ 24,771</u>	<u>\$ 77,162</u>	<u>\$ 9,914</u>

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

November 30, 2008

	Special Revenue			
	Election Equipment Fund	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund
Assets				
Cash and investments	\$ 759	\$ 80,106	\$ 4,583	\$ 711,563
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	15,590	2,643	-	-
Property tax receivable	-	-	-	-
Loan receivable	-	-	-	-
Total assets	\$ 16,349	\$ 82,749	\$ 4,583	\$ 711,563
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 15,590	\$ -	\$ -	\$ 2,880
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	-	-	-
Total liabilities	15,590	-	-	2,880
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, Board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	759	82,749	4,583	708,683
Permanent fund	-	-	-	-
Total fund balances	759	82,749	4,583	708,683
Total liabilities and fund balances	\$ 16,349	\$ 82,749	\$ 4,583	\$ 711,563

(Continued)

Special Revenue							
Contingency Fund	County Capital Equipment Fund	Public Health Foundation Fund	Sheriff DUI Fund	State's Attorney Felony/Misdemeanor Diversion Fund	Sheriff Vehicle Fund	Catastrophic Public Health Emergency Fund	
\$ 158,042	\$ 278,992	\$ 4,472	\$ 5,297	\$ 3,476	\$ 38,375	\$ 101,020	
-	-	-	-	-	7,807	-	
-	-	-	-	-	-	-	
-	-	-	100	350	540	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 158,042</u>	<u>\$ 278,992</u>	<u>\$ 4,472</u>	<u>\$ 5,397</u>	<u>\$ 3,826</u>	<u>\$ 46,722</u>	<u>\$ 101,020</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,102	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	1,102	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
158,042	278,992	4,472	5,397	3,826	45,620	101,020	
-	-	-	-	-	-	-	
<u>158,042</u>	<u>278,992</u>	<u>4,472</u>	<u>5,397</u>	<u>3,826</u>	<u>45,620</u>	<u>101,020</u>	
\$ 158,042	\$ 278,992	\$ 4,472	\$ 5,397	\$ 3,826	\$ 46,722	\$ 101,020	

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2008

	Special Revenue			Total Nonmajor Governmental Funds
	Circuit Clerk Operation and Administrative Fund	Home Health Care Capital Equipment Fund	Permanent Fund Working Cash Fund	
Assets				
Cash and investments	\$ 6,372	\$ 43,040	\$ 52,311	\$ 5,842,315
Accounts receivable	-	-	-	97,812
Interest receivable	-	-	-	750
Due from other funds	-	-	-	51,433
Due from other governmental agencies	435	-	-	167,012
Property tax receivable	-	-	-	1,753,315
Loan receivable	-	-	-	162,232
Total assets	\$ 6,807	\$ 43,040	\$ 52,311	\$ 8,074,869
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 55,996
Accrued liabilities	-	-	-	49,253
Due to other funds	-	-	-	36,327
Unearned and deferred revenue	-	-	-	48,433
Deferred property taxes	-	-	-	1,753,315
Total liabilities	-	-	-	1,943,324
Fund balances:				
Reserved for:				
Loans	-	-	-	162,232
Working cash	-	-	48,631	48,631
Unreserved, board designated	-	-	-	683,901
Unreserved, undesignated, reported in:				
Special revenue funds	6,807	43,040	-	5,233,101
Permanent fund	-	-	3,680	3,680
Total fund balances	6,807	43,040	52,311	6,131,545
Total liabilities and fund balances	\$ 6,807	\$ 43,040	\$ 52,311	\$ 8,074,869

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Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances
Nonmajor Governmental Funds
Year Ended November 30, 2008

	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	\$ -	\$ 333,265	\$ -	\$ -
Intergovernmental	-	-	606,776	-
Charges for services	-	-	-	748
Interest	-	11,812	6,617	2
Other	-	-	10,973	-
Total revenues	-	345,077	624,366	750
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	527,677	-
Public health and education	-	-	-	-
Public safety	-	-	-	679
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	527,677	679
Excess (deficiency) of revenues over expenditures	-	345,077	96,689	71
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(121,500)	-
Total other financing sources (uses)	-	-	(121,500)	-
Net change in fund balances	-	345,077	(24,811)	71
Fund balances, beginning of year	341	342,446	451,979	381
Fund balances, end of year	\$ 341	\$ 687,523	\$ 427,168	\$ 452

(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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,579
-	584,147	-	41,878	-	-	-
-	69,774	-	-	-	73,115	-
9,606	11,726	50	1,007	357	207	1,327
-	25	-	119	-	-	-
9,606	665,672	50	43,004	357	73,322	324,906
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	489,739	145	-	-	29	-
-	-	-	-	500	-	-
-	-	-	-	-	-	323,118
-	-	-	-	-	-	-
-	94	1,621	6,978	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	489,833	1,766	6,978	500	29	323,118
9,606	175,839	(1,716)	36,026	(143)	73,293	1,788
-	-	-	-	-	-	-
50,000	-	-	-	-	-	-
-	(30,828)	-	(31,458)	-	(68,000)	-
50,000	(30,828)	-	(31,458)	-	(68,000)	-
59,606	145,011	(1,716)	4,568	(143)	5,293	1,788
317,341	518,704	5,445	38,368	21,379	14,297	9,086
\$ 376,947	\$ 663,715	\$ 3,729	\$ 42,936	\$ 21,236	\$ 19,590	\$ 10,874

Jo Daviess County, Illinois

Combining Statement Of Revenues, Expenditures And Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2008

	Special Revenue			
	Special	Special	Special	Rentech Energy Escrow Fund
	Service District No. One Fund	Service District No. Two and Four Fund	Service District No. Five Fund	
Revenues:				
Property taxes	\$ 39,966	\$ 61,134	\$ 24,398	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	89	137	54	1,145
Other	-	-	-	-
Total revenues	40,055	61,271	24,452	1,145
Expenditures:				
Current:				
General control and administration	-	-	-	51,327
Transportation	-	-	-	-
Public health and education	40,055	61,271	24,452	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	40,055	61,271	24,452	51,327
Excess (deficiency) of revenues over expenditures	-	-	-	(50,182)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	(50,182)
Fund balances, beginning of year	-	-	-	50,716
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 534

(Continued)

							Special Revenue	
911 Fund	Sheriff's Forfeiture Fund	D.A.R.E. Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCCB Grant Fund	GIS Automation Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	17,900	103,876	-	-
378,324	4,322	-	-	30,200	-	-	139,811	-
9,899	394	3	6,454	22,831	-	-	1,680	-
2,307	10,000	-	-	-	-	-	-	-
390,530	14,716	3	6,454	70,931	103,876	-	141,491	-
-	4,730	-	-	-	-	-	145,379	-
-	-	-	-	-	-	-	-	-
90,849	17,219	1,404	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	55,495	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,124	-	-	-	829	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
90,849	21,949	1,404	4,124	55,495	-	-	146,208	-
299,681	(7,233)	(1,401)	2,330	15,436	103,876	-	(4,717)	-
-	-	-	-	-	-	-	-	-
-	-	-	20,000	-	-	-	23,000	-
(212,731)	-	-	-	-	(103,876)	-	(24,550)	-
(212,731)	-	-	20,000	-	(103,876)	-	(1,550)	-
86,950	(7,233)	(1,401)	22,330	15,436	-	-	(6,267)	-
238,836	17,127	1,401	215,787	652,005	2	-	89,689	-
\$ 325,786	\$ 9,894	\$ -	\$ 238,117	\$ 667,441	\$ 2	\$ -	\$ 83,422	-

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2008

	Special Revenue			
	Municipal Retirement Fund	Social Security Fund	Probation Services Fund	Extension Education Fund
Revenues:				
Property taxes	\$ 334,495	\$ 216,250	\$ -	\$ 76,920
Intergovernmental	26,591	19,550	-	-
Charges for services	-	-	35,082	-
Interest	3,757	3,437	1,985	172
Other	-	-	-	-
Total revenues	364,843	239,237	37,067	77,092
Expenditures:				
Current:				
General control and administration	3,671	2,871	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	77,092
Court services	-	-	33,425	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,671	2,871	33,425	77,092
Excess (deficiency) of revenues over expenditures	361,172	236,366	3,642	-
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	20,382	11,637	-	-
Transfers out	(353,007)	(259,247)	(1,000)	-
Total other financing sources (uses)	(332,625)	(247,610)	(1,000)	-
Net change in fund balances	28,547	(11,244)	2,642	-
Fund balances, beginning of year	183,346	173,942	85,940	1
Fund balances, end of year	\$ 211,893	\$ 162,698	\$ 88,582	\$ 1

(Continued)

Special Revenue

Insurance Fund	Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	Election Equipment Fund
\$ 238,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,812	-	-	-	-	-	19,240
-	38,539	39,243	2,436	15,714	2,600	-
3,055	1,817	1,431	251	808	85	6
-	-	-	-	-	-	-
250,039	40,356	40,674	2,687	16,522	2,685	19,246
253,798	-	2,539	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,061	15,527	-	10,378	2,994	24,640
-	-	8,539	-	-	-	-
-	-	1,994	-	-	-	-
253,798	21,061	28,599	-	10,378	2,994	24,640
(3,759)	19,295	12,075	2,687	6,144	(309)	(5,394)
-	-	-	-	-	-	-
21,750	-	-	-	-	-	-
-	(3,000)	-	-	-	-	-
21,750	(3,000)	-	-	-	-	-
17,991	16,295	12,075	2,687	6,144	(309)	(5,394)
291,885	79,420	62,850	22,084	71,018	10,223	6,153
\$ 309,876	\$ 95,715	\$ 74,925	\$ 24,771	\$ 77,162	\$ 9,914	\$ 759

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2008

	Special Revenue			
	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund	Contingency Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,765	-	-	-
Charges for services	-	902	-	-
Interest	750	-	9,724	2,558
Other	-	-	-	-
Total revenues	14,515	902	9,724	2,558
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	1,390	-	-
Capital outlay	-	-	135,329	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,390	135,329	-
Excess (deficiency) of revenues over expenditures	14,515	(488)	(125,605)	2,558
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	377,458	32,417
Transfers out	(10,000)	-	(7,310)	(10,290)
Total other financing sources (uses)	(10,000)	-	370,148	22,127
Net change in fund balances	4,515	(488)	244,543	24,685
Fund balances, beginning of year	78,234	5,071	464,140	133,357
Fund balances, end of year	\$ 82,749	\$ 4,583	\$ 708,683	\$ 158,042

(Continued)

		Special Revenue						
County Capital Equipment Fund	Public Health Foundation Fund	Sheriff DUI Fund	State's Attorney Felony/Misdemeanor Diversion Fund	Sheriff Vehicle Fund	Catastrophic Public Health Emergency Fund	Circuit Clerk Operation and Administrative Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	2,693	2,450	4,526	-	3,991	-	
4,257	-	-	19	759	648	13	-	
-	25	1,200	-	-	-	-	-	
4,257	25	3,893	2,469	5,285	648	4,004	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	775	-	-	-	-	-	-	
-	-	1,530	-	17,877	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
26,466	675	-	45	70,786	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
26,466	1,450	1,530	45	88,663	-	-	-	
(22,209)	(1,425)	2,363	2,424	(83,378)	648	4,004	-	
-	-	-	-	7,807	-	-	-	
45,255	-	-	-	107,000	50,000	-	-	
-	-	-	-	-	-	-	-	
45,255	-	-	-	114,807	50,000	-	-	
23,046	(1,425)	2,363	2,424	31,429	50,648	4,004	-	
255,946	5,897	3,034	1,402	14,191	50,372	2,803	-	
\$ 278,992	\$ 4,472	\$ 5,397	\$ 3,826	\$ 45,620	\$ 101,020	\$ 6,807	-	

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2008

	Special Revenue		Permanent Fund		Total Nonmajor Governmental Funds
	Home Health Care Capital Equipment Fund	Total	Working Cash Fund		
Revenues:					
Property taxes	\$ -	\$ 1,648,179	\$ -	\$ 1,648,179	
Intergovernmental	-	1,442,535	-	1,442,535	
Charges for services	-	844,470	-	844,470	
Interest	291	121,220	1,488	122,708	
Other	-	24,649	-	24,649	
Total revenues	291	4,081,053	1,488	4,082,541	
Expenditures:					
Current:					
General control and administration	-	464,315	-	464,315	
Transportation	-	527,677	-	527,677	
Public health and education	-	616,466	-	616,466	
Public safety	-	130,058	-	130,058	
Mental health	-	323,118	-	323,118	
County development	-	132,587	-	132,587	
Court services	-	34,815	-	34,815	
Capital outlay	-	321,547	-	321,547	
Debt service:					
Principal	-	8,539	-	8,539	
Interest	-	1,994	-	1,994	
Total expenditures	-	2,561,116	-	2,561,116	
Excess (deficiency) of revenues over expenditures	291	1,519,937	1,488	1,521,425	
Other financing sources (uses):					
Proceeds from sale of capital assets	-	7,807	-	7,807	
Transfers in	10,000	768,899	-	768,899	
Transfers out	-	(1,236,797)	(2,485)	(1,239,282)	
Total other financing sources (uses)	10,000	(460,091)	(2,485)	(462,576)	
Net change in fund balances	10,291	1,059,846	(997)	1,058,849	
Fund balances, beginning of year	32,749	5,019,388	53,308	5,072,696	
Fund balances, end of year	\$ 43,040	\$ 6,079,234	\$ 52,311	\$ 6,131,545	

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Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds
November 30, 2008

	Condemnation Fund	Township Motor Fuel Tax Fund	Lost and Unknown Heirs Fund
Assets			
Cash and investments	\$ 5,571	\$ 303,900	\$ 80
Due from other governments	-	62,671	-
Total assets	\$ 5,571	\$ 366,571	\$ 80
Liabilities			
Accounts payable	-	25,509	-
Due to other governments	-	-	-
Due to individuals and private entities	5,571	341,062	80
Total liabilities	\$ 5,571	\$ 366,571	\$ 80

(Continued)

Township Bridge Fund	County Collectors Fund	Work Release Fund	Circuit Clerk Fund	Marriage Fund	County Clerk's Tax Redemption Fund
\$ 164,335	\$ 667,476	\$ 821	\$ 194,320	\$ 2,990	\$ 11,861
-	22,015	-	-	-	-
<u>\$ 164,335</u>	<u>\$ 689,491</u>	<u>\$ 821</u>	<u>\$ 194,320</u>	<u>\$ 2,990</u>	<u>\$ 11,861</u>
\$ -	\$ 667,476	\$ -	\$ -	\$ -	\$ -
-	-	-	116,917	-	-
164,335	22,015	821	77,403	2,990	11,861
<u>\$ 164,335</u>	<u>\$ 689,491</u>	<u>\$ 821</u>	<u>\$ 194,320</u>	<u>\$ 2,990</u>	<u>\$ 11,861</u>

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds (Continued)
 November 30, 2008

	Inheritance Tax Fund	Probation Restitution Fund	Insurance Clearing Fund
Assets			
Cash and investments	\$ 1	\$ 10,587	\$ 6,562
Due from other governments	-	-	-
Total assets	\$ 1	\$ 10,587	\$ 6,562
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	1	10,587	6,562
Total liabilities	\$ 1	\$ 10,587	\$ 6,562

Treasurer's Fee Account Fund	Inmate Commissary Fund	Sheriff's Kids First Fund	Total
\$ 2	\$ 38,372	\$ 3,155	\$ 1,410,033
-	-	-	84,686
<u>\$ 2</u>	<u>\$ 38,372</u>	<u>\$ 3,155</u>	<u>\$ 1,494,719</u>
\$ -	\$ -	\$ -	\$ 692,985
-	-	-	116,917
2	38,372	3,155	684,817
<u>\$ 2</u>	<u>\$ 38,372</u>	<u>\$ 3,155</u>	<u>\$ 1,494,719</u>

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended November 30, 2008

	Balance November 30, 2007	Additions	Deletions	Balance November 30, 2008
Condemnation Fund				
Assets, cash and investments	\$ 2,220	\$ 3,351	\$ -	\$ 5,571
Liabilities, due to individuals and private entities	\$ 2,220	\$ 3,351	\$ -	\$ 5,571
Township Motor Fuel Tax Fund				
Assets				
Cash and investments	\$ 11,396	\$ 1,121,883	\$ 829,379	\$ 303,900
Due from other governments	79,718	1,019,097	1,036,144	62,671
	\$ 91,114	\$ 2,140,980	\$ 1,865,523	\$ 366,571
Liabilities				
Accounts payable	\$ 48,030	\$ 806,858	\$ 829,379	\$ 25,509
Due to individuals and private entities	43,084	1,334,122	1,036,144	341,062
	\$ 91,114	\$ 2,140,980	\$ 1,865,523	\$ 366,571
Lost and Unknown Heirs Fund				
Assets, cash and investments	\$ 8,950	\$ 60	\$ 8,930	\$ 80
Liabilities, due to individuals and private entities	\$ 8,950	\$ 60	\$ 8,930	\$ 80
Township Bridge Fund				
Assets, cash and investments	\$ 193,550	\$ 154,330	\$ 183,545	\$ 164,335
Liabilities				
Accounts payable	\$ 3,277	\$ -	\$ 3,277	\$ -
Due to individuals and private entities	190,273	154,330	180,268	164,335
Total liabilities	\$ 193,550	\$ 154,330	\$ 183,545	\$ 164,335
County Collectors Fund				
Assets				
Cash and investments	\$ 519,883	\$ 42,802,736	\$ 42,655,143	\$ 667,476
Due from other governments	12,865	22,015	12,865	22,015
Total assets	\$ 532,748	\$ 42,824,751	\$ 42,668,008	\$ 689,491
Liabilities				
Accounts payable	\$ 519,883	\$ 42,802,736	\$ 42,655,143	\$ 667,476
Due to individuals and private entities	12,865	22,015	12,865	22,015
	\$ 532,748	\$ 42,824,751	\$ 42,668,008	\$ 689,491

(Continued)

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 Year Ended November 30, 2008

	Balance November 30, 2007	Additions	Deletions	Balance November 30, 2008
Work Release Fund				
Assets, cash and investments	\$ 821	\$ 75,943	\$ 75,943	\$ 821
Liabilities, due to individuals and private entities	\$ 821	\$ 75,943	\$ 75,943	\$ 821
Circuit Clerk Fund				
Assets, cash and investments	\$ 243,519	\$ 1,194,132	\$ 1,243,331	\$ 194,320
Liabilities:				
Due to other governments	\$ 116,327	\$ 1,153,920	\$ 1,153,330	\$ 116,917
Due to individuals and private entities	127,192	40,211	90,000	77,403
	\$ 243,519	\$ 1,194,131	\$ 1,243,330	\$ 194,320
Marriage Fund				
Assets, cash and investments	\$ 2,470	\$ 520	\$ -	\$ 2,990
Liabilities, due to individuals and private entities	\$ 2,470	\$ 520	\$ -	\$ 2,990
County Clerk's Tax Redemption Fund				
Assets, cash and investments	\$ 34,880	\$ 352,730	\$ 375,749	\$ 11,861
Liabilities, due to individuals and private entities	\$ 34,880	\$ 352,730	\$ 375,749	\$ 11,861
Inheritance Tax Fund				
Assets, cash and investments	\$ 1	\$ 65,372	\$ 65,372	\$ 1
Liabilities, due to individuals and private entities	\$ 1	\$ 65,372	\$ 65,372	\$ 1
Probation Restitution Fund				
Assets, cash and investments	\$ 4,276	\$ 44,948	\$ 38,637	\$ 10,587
Liabilities, due to individuals and private entities	\$ 4,276	\$ 44,948	\$ 38,637	\$ 10,587

(Continued)

Jo Daviess County, Illinois

Combining Statement of Changes in Assets and Liabilities
 All Agency Funds (Continued)
 Year Ended November 30, 2007

	Balance November 30, 2007	Additions	Deletions	Balance November 30, 2008
Insurance Clearing Fund				
Assets, cash and investments	\$ 3,550	\$ 899,727	\$ 896,715	\$ 6,562
Liabilities, due to individuals and private entities	\$ 3,550	\$ 899,727	\$ 896,715	\$ 6,562
Treasurer's Fee Account Fund				
Assets, cash and investments	\$ 2	\$ 24,670	\$ 24,670	\$ 2
Liabilities, due to individuals and private entities	\$ 2	\$ 24,670	\$ 24,670	\$ 2
Inmate Commissary Fund				
Assets, cash and investments	\$ 23,337	\$ 179,019	\$ 163,984	\$ 38,372
Liabilities, due to individuals and private entities	\$ 23,337	\$ 179,019	\$ 163,984	\$ 38,372
Sheriff Kid's First				
Assets, cash and investments	\$ 1,840	\$ 2,215	\$ 900	\$ 3,155
Liabilities, due to individuals and private entities	\$ 1,840	\$ 2,215	\$ 900	\$ 3,155
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 1,050,695	\$ 46,921,636	\$ 46,562,298	\$ 1,410,033
Due from other governments	92,583	1,041,112	1,049,009	84,686
Total assets	\$ 1,143,278	\$ 47,962,748	\$ 47,611,307	\$ 1,494,719
Liabilities				
Accounts payable	\$ 571,190	\$ 43,609,594	\$ 43,487,799	\$ 692,985
Due to other governments	116,327	1,153,920	1,153,330	116,917
Due to individuals and private entities	455,761	3,199,233	2,970,177	684,817
Total liabilities	\$ 1,143,278	\$ 47,962,747	\$ 47,611,306	\$ 1,494,719

Jo Daviess County, Illinois

Schedule of Property Tax Rates, Levies, Extensions and Equalized
Assessed Valuations (Unaudited)
Year Ended November 30, 2008

Tax Year	2007	2006	2005
Equalized assessed valuations	\$ 718,040,690	\$ 646,409,013	\$ 586,033,355
Tax rates: (maximum allowable is disclosed in parentheses):			
General (as needed)	\$ 0.20420	\$ 0.21237	\$ 0.22928
Highway (.200)	0.08810	0.09354	0.09663
Bridges (.050)	0.04637	0.04760	0.04918
Federal aid matching (.050)	0.04637	0.04760	0.04918
Illinois municipal retirement (as needed)	0.04653	0.04468	0.03947
Social security (as needed)	0.03008	0.03551	0.03165
Extension education (.050)	0.01070	0.01136	0.01197
County health (.150)	0.06976	0.07406	0.07650
Insurance (as needed)	0.03313	0.03504	0.03663
Mental health (.150)	0.04500	0.04778	0.04936
County wide totals	\$ 0.62024	\$ 0.64954	\$ 0.66985
Tax rates: (maximum allowable is disclosed in parentheses):			
Special service district number one (.100)	\$ 0.0301	\$ 0.0347	\$ 0.0406
Special service district number two (.100)	0.1030	0.0944	0.1062
Special service district number three (.100)	-	-	-
Special service district number four (.100)	0.1030	0.0944	-
Special service district number five (.110)	0.0973	-	-
Special service district totals	\$ 0.3334	\$ 0.2235	\$ 0.1468
Tax levies:			
General	\$ 1,466,187	\$ 1,372,720	\$ 1,343,610
Highway	632,579	604,628	566,283
Bridges	332,901	307,668	288,155
Federal aid matching	332,901	307,668	288,155
Illinois municipal retirement	334,066	288,780	231,256
Social security	215,983	229,526	185,439
Extension education	76,828	73,400	70,137
County health	500,850	478,669	448,312
Insurance	237,823	226,442	214,653
Mental health	323,119	308,837	289,250
County wide totals	\$ 4,453,237	\$ 4,198,338	\$ 3,925,250
Tax levies:			
Special service district number one	\$ 40,000	\$ 40,000	\$ 40,000
Special service district number two	62,925	53,550	51,000
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	24,500	-	-
Special service district totals	\$ 127,425	\$ 93,550	\$ 91,000

(Continued)

Jo Daviess County, Illinois

Schedule of Property Tax Rates, Levies, Extensions and Equalized
Assessed Valuations (Unaudited) (Continued)
Year Ended November 30, 2008

Tax Year	2007	2006	2005
Tax extensions:			
General	\$ 1,448,144	\$ 1,372,779	\$ 1,343,657
Highway	632,594	604,651	566,284
Bridges	332,955	307,691	288,211
Federal aid matching	332,955	307,691	288,211
Illinois municipal retirement	334,104	288,815	231,307
Social security	215,987	229,540	185,480
Extension education	76,830	73,432	70,148
County health	500,905	478,730	448,316
Insurance	237,887	226,502	214,664
Mental health	323,190	308,854	289,266
County wide totals	\$ 4,435,551	\$ 4,198,685	\$ 3,925,544
Tax extensions:			
Special service district number one	\$ 40,003	\$ 40,006	\$ 40,003
Special service district number two	61,056	53,553	48,033
Special service district number three	-	-	-
Special service district number four	-	-	-
Special service district number five	24,502	-	-
Special service district totals	\$ 125,561	\$ 93,559	\$ 88,036

Jo Daviess County, Illinois

Schedule of Expenditures From Taxes Extended for Tort Immunity Purposes
Year Ended November 30, 2008

Property, liability and workers' compensation insurance	\$	249,926
County's share of insurance costs paid by the Regional Superintendent's Trust Fund		3,872
Total	\$	<u>253,798</u>

Jo Daviess County, Illinois

**Schedule of Expenditures of Federal Awards
Year Ended November 30, 2008**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Justice (Direct):			
SCAAP Grant	16.606	2008-AP-BX-1638	\$ 9,373
U.S. Department of Agriculture:			
(Passed through Illinois Department of Human Services):			
Special Supplemental Nutrition Program For Women, Infants and Children:			
WIC Administration	10.557	811G6279900	27,323
WIC Administration	10.557	911G7279900	29,873
WIC Vouchers (noncash assistance)	10.557	n/a	82,570
Total U.S. Department of Agriculture			<u>139,766</u>
U.S. Department of Transportation:			
(Passed through Illinois Department of Transportation):			
Formula Grants for Other Than Urbanized Areas:			
Section 5311 Operating Assistance Grant	20.509	IL-18-X024	84,222
Section 5311 Operating Assistance Grant	20.509	IL-18-X023	90,480
Consolidated Vehicle Procurement Grant (Noncash assistance)	20.513	600CVP	105,746
Consolidated Vehicle Procurement Grant (Noncash assistance)	20.513	634CVP	32,564
Holiday DUI Patrol Grant	20.609	OP9-0043-165	13,459
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	36-600-6575	1,963
Total U.S. Department of Transportation			<u>328,434</u>
Election Assistance Commission:			
(Passed through the Illinois State Board of Election):			
Disability Accessible Voting Equipment	90.401	n/a	19,240
U.S. Environmental Protection Agency:			
(Passed through the Illinois Department of Public Health):			
Potable Water Grant	66.605	85380395	838
Potable Water Grant	66.605	95280423	263
			<u>1,101</u>

(Continued)

Jo Daviess County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2008

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
(Passed through Illinois Department of Human Services):			
Family Planning Services:			
Title X Family Planning	93.217	911G8279350	<u>21,900</u>
(Passed through the Illinois Department of Public Health):			
Immunization Grants (noncash assistance)	93.268	n/a	73,090
Centers for Disease Control and Prevention:			
Bioterrorism Grant	93.069	87181042	31,778
Bioterrorism Grant	93.069	97181042	10,209
Vector Grant (West Nile)	93.283	95380210	<u>4,860</u>
			<u>119,937</u>
(Passed through Illinois Department of Healthcare and Family Services):			
Child Support Enforcement	93.563	2008-55-007-K1AM	3,302
Child Support Enforcement	93.563	2008-55-007-K2AM	1,618
Medical Assistance Program	93.778	366006575001	<u>48,840</u>
			<u>53,760</u>
(Passed through Illinois Department of Human Services):			
Social Services Block Grant:			
Title XX Family Case Management Block Grant	93.667	911G7279000	11,000
Family Case Management Block Grant	93.667	911G7279000	2,200
Family Case Management Block Grant	93.667	811G8279300	<u>633</u>
			<u>13,833</u>
Total U.S. Department of Health and Human Services			<u><u>209,430</u></u>
U.S. Department of Homeland Security:			
(Passed through the Illinois Emergency Management Agency):			
Emergency Management Performance Grants	97.042	n/a	<u>10,361</u>
Total expenditures of federal awards			<u><u>\$ 717,705</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Jo Daviess County, Illinois

Notes to Schedule of Expenditures of Federal Awards Year Ended November 30, 2008

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 \$73,090, vehicles totaling \$138,310 and WIC Food Instrument redemptions totaling \$82,570.

Jo Daviess County, Illinois

Summary Schedule of Prior Audit Findings
Year Ended November 30, 2008

Number	Comment	Status	Corrective Action Plan or Other Explanation
Findings Related to Financial Statements:			
07-II-A	The County has a lack of security over their computer network.	Corrected	
07-II-B	The County has an inadequate segregation of duties over the cash receipts cycle.	Not Corrected.	See significant deficiency at 08-II-A.
07-II-C	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	Not Corrected.	See significant deficiency at 08-II-B.
07-II-D	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	Not Corrected.	See significant deficiency at 08-II-C.
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
07-III-A	The County was unable to capture all federal grant information for the current year.	Not Corrected.	See significant deficiency at 08-III-A.
Instances of Noncompliance:			
07-III-B	The County does not have a system in place to review the grant and the activities of the grant to ensure the grant is being operated in compliance with the OMB Circular A-133.	Corrected.	

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McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jo Daviess County, Illinois as of and for the year ended November 30, 2008, which collectively comprise Jo Daviess County, Illinois' basic financial statements and have issued our report thereon dated April 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-II-A through 08-II-C to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

We noted certain matters that we reported to management of Jo Daviess County, Illinois in a separate letter dated April 13, 2009.

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

McGladrey & Pullen, LLP

Davenport, Iowa
April 13, 2009

McGladrey & Pullen

Certified Public Accountants

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

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

Compliance

We have audited the compliance of Jo Daviess County, Illinois with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended November 30, 2008. Jo Daviess County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jo Daviess County, Illinois' management. Our responsibility is to express an opinion on Jo Daviess County, Illinois' compliance based on our audit.

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

In our opinion, Jo Daviess County, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended November 30, 2008.

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.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-III-A to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Jo Daviess County, Illinois' response 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' response 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 13, 2009

Jo Daviess County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2008

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.509	Section 5311 Operating Assistance Grant
20.513	Consolidated Vehicle Procurement Grant

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2008

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

08-II-A

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

Condition:

- One individual in the Treasurer's Office has access to the cash collected, reconciles the bank statements, and then prepares the cash receipt used to post to the general ledger. Also, not all departments are reconciling their cash receipts given to the Treasurer's Office to the actual postings on the general ledger.
- An employee in the County Clerk's office has the ability to collect delinquent property taxes, enters the receipts into the system and reconciles the bank statement.
- One individual in the Sheriff's Department has access to cash, reconciles bank statements, records the information into the sheriff's records and prepares the deposits that are processed by the Treasurer's Office.

Context: Pervasive to cash receipts transactions.

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

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

Response and corrective action plan: Treasurer's office – when handling cash in the treasurer's office the treasurer will assign two individuals to count the cash and have each person initial the tax receipt or the receipt the deposit is for. This way when reconciling the bank statement there will be two initials on the tax receipt. All department heads will be reminded on a monthly basis they need to check the cash receipts with the general ledger sheets they receive from the treasurer's office.

County clerk's office – despite the fact of limited staff, the county clerk's office is now required to have two signatures on all receipts for redeemed delinquent taxes. An employee other than the one reconciling the account will compare receipts to the account. All receipts are in sequential order making it easy to see that all receipts have been accounted for.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2008

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.

08-II-B

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

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

Context: Pervasive to cash receipt transactions.

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

Recommendation: We recommend the Circuit Clerk's office segregate the duties of collecting cash from recording cash transactions and from reconciling cash activities. The Circuit Clerk's office should consider removing the ability to collect cash and post those cash receipts from the individuals performing the monthly bank statements reconciliations and balancing the cash drawer daily. The Circuit Clerk's office 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.

08-II-C

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

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

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2008

Context: Pervasive to the cash disbursement transactions.

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

Recommendation: We recommend the Circuit Clerk's office segregate the duties of 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.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

08-III-A

**U.S. Department of Health and Human Services
Passed through the Illinois Department of Human Services
Family Planning Services: Title X Family Planning (CFDA 93.217)
Federal Award Year: 2009**

**U.S. Department of Health and Human Services
Passed through the Illinois Department of Human Services
Title XX Family Case Management Block Grant (CFDA 93.667)
Federal Award Year: 2009**

**U.S. Department of Health and Human Services
Passed through the Illinois Department of Healthcare and Family Services
Medical Assistance Program (CFDA 93.778)
Federal Award Year: 2009**

**U.S. Department of Homeland Security
Passed through the Illinois Emergency Management Agency
Emergency Management Performance Grants (CFDA 97.042)
Federal Award Year: 2009**

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

(Continued)

Jo Daviess County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2008

**U.S. Department of Transportation
Passed through the Illinois Department of Transportation
Consolidated Vehicle Procurement Grant (CFDA 20.513)
Federal Award Year: 2009**

**U.S. Department of Transportation
Passed through the Illinois Department of Transportation
Holiday DUI Patrol Grant (CFDA 20.609)
Federal Award Year: 2009**

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

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

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

Context: Pervasive to the federal grant programs.

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

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

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

B. Instances of Noncompliance

None

Jo Daviess County, Illinois

**Corrective Action Plan
Year Ended November 30, 2008**

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:

08-II-A	The County has an inadequate segregation of duties over the cash receipts cycle.	See response and corrective action plan at 08-II-A.	November 2009	Carol Soat, Treasurer
08-II-B	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	See response and corrective action plan at 08-II-B.	November 2009	Sharon Wand, Circuit Clerk
08-II-C	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	See response and corrective action plan at 08-II-C.	November 2009	Sharon Wand, Circuit Clerk

Findings Related to Federal Awards:

Significant Deficiencies in Internal Control:

08-III-A	The County does not have a system in place to capture all federal grant information accurately.	See response and corrective action plan at 08-III-A.	November 2009	Carol Soat, Treasurer
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Instances of Noncompliance:

None