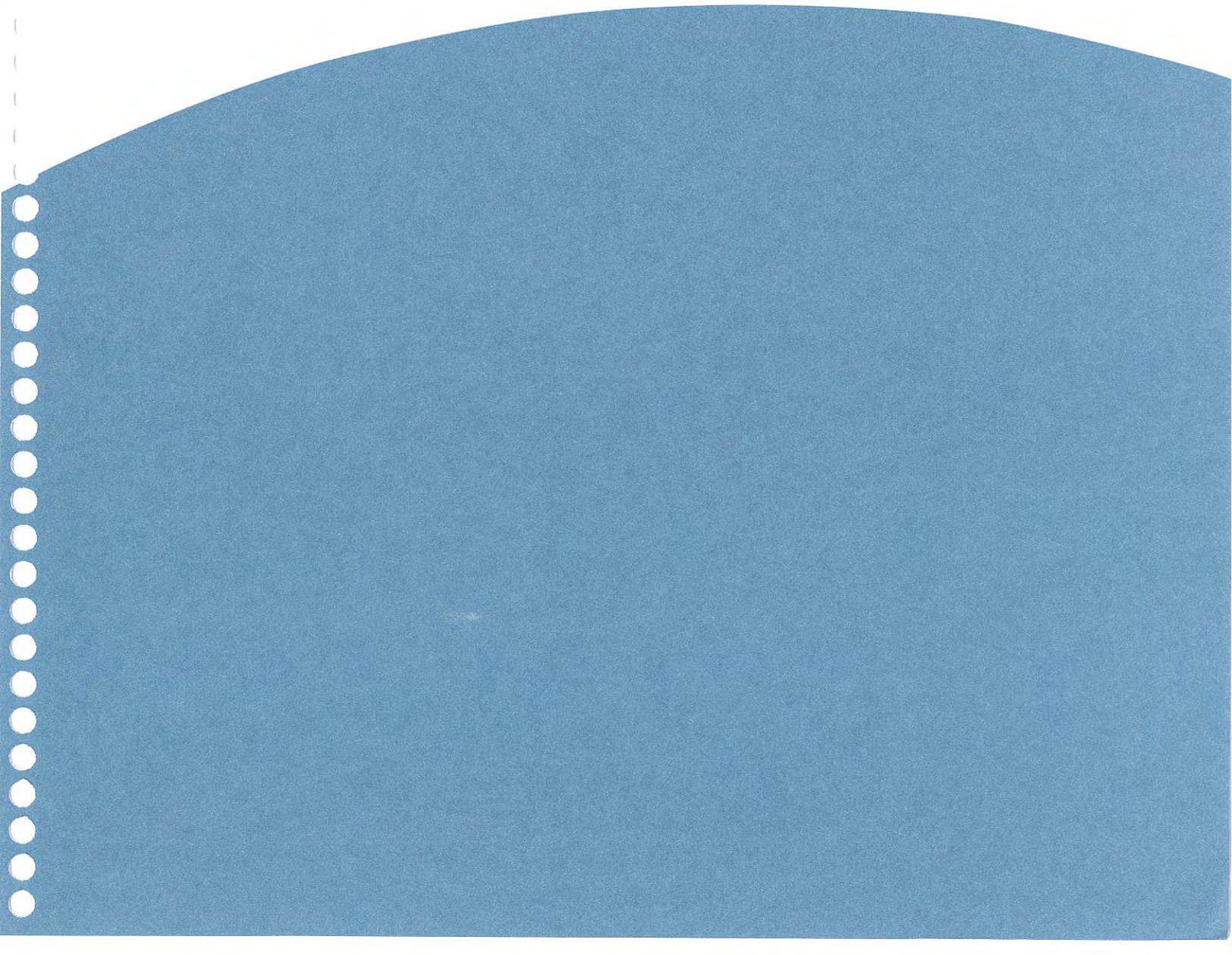




Jo Daviess County, Illinois

Annual Financial Report

Year Ended November 30, 2007



Contents

Financial Section

Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 10
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	11 – 12
Statement of activities	13
Fund financial statements:	
Balance sheet - governmental funds	14 – 15
Reconciliation of total governmental fund balances to net assets of governmental activities	16
Statement of revenues, expenditures and changes in fund balances - governmental funds	17 – 18
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	19
Statement of assets and liabilities	20
Notes to basic financial statements	21 – 41
Required supplementary information:	
Illinois Municipal Retirement Fund	42
Sheriff's Law Enforcement Personnel (SLEP)	43
Budgetary comparison schedule – General Fund	44
Budgetary comparison schedule – County Highway Fund	45
Budgetary comparison schedule – County Aid to Bridges Fund	46
Budgetary comparison schedule – Tourism Promotion Fund	47
Budgetary comparison schedule – Public Health Fund	48
Notes to required supplementary information	49 – 50
Nonmajor governmental funds:	
Supplementary information:	
Combining balance sheet – nonmajor governmental funds	51 – 59
Combining statement of revenues, expenditures and changes in fund balances (deficits) – nonmajor governmental funds	60 – 68
Combining balance sheet – agency funds	69 – 72
Combining statement of changes in assets and liabilities – all agency funds	73 – 76
Schedule of property tax rates, levies, extensions and equalized assessed valuations (unaudited)	77 – 78
Schedule of expenditures from taxes extended for tort immunity purposes	79

Compliance Section

Schedule of expenditures of federal awards	80 – 81
Notes to schedule of expenditures of federal awards	82
Summary schedule of prior audit findings	83
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	84 – 85
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	86 – 87
Schedule of findings and questioned costs	88 – 93
Corrective action plan	94

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, 2007, 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, 2007, 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 8, 2008, 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 10, Illinois Municipal Retirement Fund Information on page 42, the Sheriff's Law Enforcement Personnel Information on page 43 and budgetary comparison information on pages 44 through 50 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 8, 2008

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2007

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, 2007. 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 \$21,111,968 and \$20,053,389 (net assets) at the close of fiscal years 2007 and 2006, respectively. Of this amount \$8,775,049 (unrestricted net assets) may be used to meet the County's ongoing obligations.

The County's total net assets increased by \$1,058,579 and decreased by \$101,354 in fiscal years 2007 and 2006, respectively.

As of the close of this current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,177,608, an increase of \$842,037 in comparison to the prior year. Approximately 68 percent of this total amount, \$7,605,527, is available for spending at the government's discretion (unreserved and undesignated fund balance).

At the end of the current fiscal year, the unreserved, undesignated fund balance in the General Fund was \$1,005,872 and \$1,121,241 or 18 percent and 21 percent of total General Fund expenditures for fiscal years ended 2007 and 2006, 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 11 through 13 of this report.

Jo Daviess County, Illinois

**Management's Discussion and Analysis
Year Ended November 30, 2007**

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. The County is in the process of completing a project that will convert their internal accounting from the cash to a modified accrual basis. Most of the County's governmental funds accounted for during the fiscal year used the modified accrual basis of accounting. For year-end audit and reporting purposes, several year-end adjusting journal entries were made to complete conversion to the modified accrual basis of accounting, as required.

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 44 through 50.

The basic governmental fund financial statements can be found on pages 14 through 19 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 \$1,143,278 and \$655,702 for fiscal years ended 2007 and 2006, respectively.

The basic fiduciary fund financial statement can be found on page 20 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, 2007

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 \$21,111,968, which represents an increase of \$1,058,579 from 2006.

Of the County's net assets, 47 percent and 48 percent for fiscal years ended 2007 and 2006, 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 2007	Governmental Activities 2006
Current and other assets	\$ 17,084,194	\$ 16,311,795
Capital assets, net	9,894,113	9,714,046
Total assets	26,978,307	26,025,841
Current liabilities	5,831,119	5,972,452
Noncurrent liabilities	35,220	-
Total liabilities	5,866,339	5,972,452
Net assets:		
Invested in capital assets, net of related debt	9,850,354	9,714,046
Restricted for:		
Construction projects	342,446	20,981
Transportation	451,979	372,570
Mental health	9,086	6,802
Public safety	238,836	220,679
Employee benefits	357,288	332,342
County development	652,006	627,029
Public health and education	94,408	88,151
Insurance costs	291,885	258,315
Working cash	48,631	48,631
Unrestricted	8,775,049	8,363,843
Total net assets	\$ 21,111,968	\$ 20,053,389

A restricted portion of the County's net assets (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8,775,049, 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 \$1,058,579 during the current fiscal year.

Table 2 highlights the County's revenues and expenses for the fiscal year ended November 30, 2007 and 2006. 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, 2007

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 2007	Governmental Activities 2006
Revenues:		
Program revenues:		
Charges for services	\$ 2,411,402	\$ 2,088,548
Operating grants and contributions	2,452,722	2,668,870
Capital grants and contributions	375,363	400,187
General revenues:		
Local property taxes	4,290,493	4,017,493
Hotel/motel taxes	1,244,611	1,181,101
State income tax	952,286	880,914
Sales and local use tax	1,058,359	1,081,397
Corporate personal property replacement taxes	244,168	206,457
Other taxes	647	33,071
Unrestricted investment earnings	399,500	237,996
Miscellaneous	355,965	282,563
Total revenues	13,785,516	13,078,597
Expenses:		
General control and administration	2,266,033	2,108,983
Transportation	2,453,555	2,825,203
Public health and education	1,850,150	1,869,316
Public safety	3,020,928	3,080,164
Mental health	317,193	312,768
County development	1,635,217	1,828,855
Court services	1,182,673	1,154,662
Interest	1,188	-
Total expenses	12,726,937	13,179,951
Increase (decrease) in net assets	1,058,579	(101,354)
Net assets, beginning	20,053,389	20,154,743
Net assets, ending	\$ 21,111,968	\$ 20,053,389

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 2007	Net (Expense) of Services 2007	Total Cost of Services 2006	Net (Expense) of Services 2006
General control and administration	\$ 2,266,033	\$ (214,872)	\$ 2,108,983	\$ 260,858
Transportation	2,453,555	(1,355,426)	2,825,203	(2,149,669)
Public health and education	1,850,150	(887,327)	1,869,316	(894,861)
Public safety	3,020,928	(2,316,633)	3,080,164	(2,232,002)
Mental health	317,193	(317,193)	312,768	(312,768)
County development	1,635,217	(1,279,317)	1,828,855	(1,582,957)
Court services	1,182,673	(1,115,494)	1,154,662	(1,110,947)
Interest	1,188	(1,188)	-	-
Total	\$ 12,726,937	\$ (7,487,450)	\$ 13,179,951	\$ (8,022,346)

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2007

Net cost of services is 59 percent and 61 percent of total cost of services in 2007 and 2006, respectively. This reflects a continued reliance on taxes and other general revenues sources to fund the cost of services.

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 \$11,177,608, an increase of \$842,037 in comparison with the prior year. Approximately 68 percent of this total amount, \$7,605,527, 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 \$1,005,872 while total fund balance reached \$2,553,572. 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 18 percent of total actual General Fund expenditures (\$5,698,202), while total fund balance represents approximately 45 percent of that same amount.

Revenues: The most significant sources of General Fund revenue during fiscal year 2007 continued to be property taxes 31.1 percent, operating grants and contributions 17.8 percent, charges for services 17.5 percent and intergovernmental revenues 16.4 percent. Total government-wide revenue increased \$706,919 from the prior year. Revenue sources which experienced an increase in fiscal year 2007 include local property taxes \$273,000 or 6.8 percent, charges for services \$322,854 or 15.5 percent, investment earnings \$161,504 or 67.9 percent, state income tax \$71,372 or 8.1 percent, hotel/motel tax \$63,510 or 5.4 percent and replacement taxes \$37,771 or 18.3 percent. Revenue sources which experienced a decrease include capital grants and contributions which decreased \$24,824 or 6.2 percent and other taxes which includes inheritance tax which decreased \$32,424 or 98.0 percent.

Expenditures: Personnel costs remain the highest classification of expenditures in County operations. Government service requires human resources to provide both services and information to the citizens it supports. It is a sizable expenditure; however, it is also a long-term investment. Salaries and wages of approximately \$4.95 million and associated benefits of approximately \$1.41 million represent 50 percent of the County's total cost of services. Pension, FICA and health insurance rates have all affected the total cost of personnel services and the costs required to maintain personnel services continue to increase at a rate greater than the growth in available revenues. Property tax levies for insurance liability, FICA and retirement programs fall under the guidelines of the Illinois Property Tax Extension Limitation Law (PTELL).

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 2007. Significant changes to the budget and actual differences with the final budget are discussed on the following page.

**Management's Discussion and Analysis
Year Ended November 30, 2007**

General Fund Budgetary Variances

Budget to actual revenue: Actual revenues (\$5,256,648) exceeded estimates (\$4,872,092) for the period by \$384,556. Intergovernmental revenues, interest revenue and licenses and permits revenue exceeded expectations and represent the source of the majority of the observed variances. Approximately \$279,500 of the intergovernmental revenue variance was due to various tax revenues such as sales, replacement and state income tax being more than anticipated in the preparation of the 2007 budget. Revenue from licenses and permits exceeded expectations by \$86,221. Unbudgeted wind energy permit fees of \$49,625 are included in this total. Interest revenue exceeded expectations by \$59,443. Service charges and fines and forfeitures fell short of expectations by \$31,131 and \$22,136, respectively.

Budget to actual expenditures: Total expenditures as reported (\$5,698,202) were less than budget by \$173,621. Unbudgeted grant expenditures of \$73,158 are included in this total. Total labor costs of \$4,241,289 represent 74.4 percent of General Fund expenditures. Total labor costs were less than budget by \$128,668. This was primarily due to the timing of various personnel changes and an unfilled courthouse security position.

The General Fund had a year-end fund balance of \$2,553,572. While this is an increase of \$11,141 from the prior year, it also represents an increase of \$580,115 over the \$568,974 deficit anticipated when the fiscal year 2007 budget was adopted.

Major Special Revenue Fund Variances

County Highway Fund: The County Highway Fund had a fund balance of \$555,723, which is a \$133,469 increase from the prior year. This fund exceeded budget estimates by \$136,302. Actual revenues exceeded expectations by \$162,052. This was primarily due to reimbursement from townships, sales tax and interest earned being more than anticipated. Actual expenditures were less than budget by \$46,599. This was primarily due to various operating expenditures such as employee benefits, fuel and oil and vehicle purchases being less than anticipated.

County Aid to Bridges Fund: The County Aid to Bridges Fund had a fund balance of \$1,433,886, which is a decrease of \$259,499 from the prior year. The variance from budget for this fund was an increase of \$909,201. Actual revenues exceeded expectations by \$5,198. Actual expenditures were less than budget by \$898,707. These variances were primarily due to delays in anticipated bridge projects.

Tourism Promotion Fund: The Tourism Promotion Fund had a fund balance of \$789,337, which is an increase of \$111,478 from the prior year. This fund exceeded budget estimates by \$247,439. Actual revenues exceeded expectations by \$27,442. This was primarily due to Hotel/Motel tax receipts and interest being more than anticipated. Actual expenditures were less than budget by \$235,832. This was primarily due to salaries, professional services and various operating expenditures being less than anticipated.

Public Health Fund: The Public Health Fund had a fund balance of \$772,394, which is an increase of \$43,372 from the prior year. This fund exceeded budget estimates by \$142,241. Actual revenues exceeded expectations by \$67,412. This was primarily due to a health protection grant and interest revenue being more than anticipated and not budgeting for an immunization grant and an emergency preparedness grant. Actual expenditures were less than budget by \$77,144. This was primarily due to salaries, professional services and various operating expenditures being less than anticipated and not budgeting for an immunization grant.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2007

Capital Asset and Long-Term Debt Activity

Capital assets: Jo Daviess County, Illinois' investment in capital assets for its governmental activities amounted to \$9,894,113 and \$9,714,046 (net of accumulated depreciation) as of November 30, 2007 and 2006, 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 voter registration server and software, recording and vital records software, five new vehicles for the Sheriff's Department, two dump trucks for Highways, office improvements for State's Attorney and County Administrator offices, sound system for County Board room and construction-in-progress for Phase I of the courthouse roof project and Raber Bridge on Willow Road.

Table 4 - Jo Daviess County, Illinois' Capital Assets

	Governmental Activities	
	2007	2006
Land	\$ 204,300	\$ 200,300
Construction-in-progress	579,899	32,725
Buildings and improvements	1,468,913	1,548,522
Equipment and machinery	1,115,975	1,188,177
Transportation equipment	1,135,894	1,145,626
Roads and bridges	5,389,132	5,598,696
Total	\$ 9,894,113	\$ 9,714,046

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 \$43,759 as of November 30, 2007.

Economic Factors and Outlook

Jo Daviess County experienced moderate residential growth over the past year, primarily due to the County's pro-business, pro-tourism environment and abundance of available property. Secondary and transient housing continued to be a major source of growth. The rate of new home construction in unincorporated areas of the County began to slow in the second half of 2006 and continued to slow even further in 2007, similar to the trends in the national housing market. A total of 112 new home building permits were issued in unincorporated Jo Daviess County in 2007; this is a decrease of 30.4 percent from the five year average of 161 for the period 2002-2006.

Although the Rentech Energy Midwest fertilizer plant coal gasification conversion project near East Dubuque has been put on hold, the County remains optimistic that some commercial and industrial growth will occur during the upcoming reporting period. Reasons for this optimism include the ongoing regional redevelopment of the Savanna Army Depot, expansion of existing businesses and increased commercial activity and development adjacent to communities along U.S. Highway 20. A new hospital, Midwest Regional Medical Center, was completed and opened in Galena, and 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 U.S. Census Bureau estimates the population of Jo Daviess County on July 1, 2007 to be 22,304, compared to 22,421 on July 1, 2006 and basically unchanged since 2000.

Jo Daviess County, Illinois

Management's Discussion and Analysis Year Ended November 30, 2007

The Illinois Department of Employment Security (IDES) reports the average monthly earnings in the County during the first quarter of 2007 was \$2,409 which is equivalent to \$28,908 annually and compares to the average monthly earnings of \$2,240 during the first quarter of 2006. The IDES reports the total labor force in Jo Daviess County in 2007 was 13,869 of which 13,282 were employed, which compares to a total labor force of 13,565 and 13,047 employed in 2006.

The Illinois Department of Employment Security reports the unemployment rate for Jo Daviess County in April 2007 was 4.2 percent, which represents a slight increase over the previous year's rate of 4.1 percent. The annual average unemployment rate for 2007 was 4.2 percent, which represents a modest increase over the previous year's rate of 3.9 percent. There is, however, concern as 2008 unemployment is trending higher. The January 2008 seasonally unadjusted unemployment rate was 7.0 percent compared with 5.3 percent in January 2007 and the February 2008 seasonally unadjusted unemployment rate was 6.5 percent compared with 5.4 percent in February 2007.

Given the fact that current economic indicators show the national and regional economies have slowed significantly, especially the housing market, sales tax returns are anticipated to remain flat in 2008. The County's portion of state-based revenue is expected to be affected in a similar manner by these economic conditions and should remain stable unless new legislation or unforeseen economic events occur that have a significant impact, either positively or negatively, on the County's revenue receipts. Additionally, estimates for corporate replacement, retailer's occupation and state income tax receipts were projected with nominal variances for the fiscal year 2008 budget development.

Because the Federal Reserve began to decrease interest rates in 2007, interest earnings estimates were marginally decreased during preparation of the 2008 budget. In recent years, low interest rates contributed to an increase in new construction, home sales and mortgage refinances which resulted in increased revenue from building permits and recording fees. In 2006, the Feds increased rates to slow fears of inflation only to begin dropping rates in 2007 to help stimulate the economy. However, this round of interest rate cuts comes at a time when some economists predict the economy is headed into a recession. If this occurs, the economic impact on the County will need to be watched very carefully. Lower interest rates generally have a negative effect on County's investment earnings; combined with decreases in consumer spending, this could result in significant reductions in revenues available to the County.

Jo Daviess County is subject to the Illinois Property Tax Extension Limitation Law (PTELL). A CPI factor of 3.4 percent and 2.5 percent were utilized in administering the respective 2006 and 2007 PTELL formulas. Approximately \$26 million and \$20 million of new property EAV were added in the respective tax years of 2006 and 2007. The Property Tax Extension Limitation Law will affect the County's future levies for all nondebt related purposes.

The above factors were considered while preparing the fiscal year 2008 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, 2007

Assets	Primary Government Governmental Activities
Current assets:	
Cash and investments	\$ 10,958,176
Receivables:	
Accounts	181,341
Interest	16,389
Property taxes	4,580,666
Loan	72,621
Due from other governments	1,194,174
Inventories	80,827
Total current assets	17,084,194
Noncurrent assets; capital assets:	
Nondepreciable:	
Land	204,300
Construction-in-progress	579,899
Depreciable:	
Buildings and improvements	3,020,410
Equipment and machinery	2,716,947
Transportation equipment	2,297,810
Road and bridges	11,422,361
Less accumulated depreciation	(10,347,614)
Total noncurrent assets	9,894,113
Total assets	\$ 26,978,307

See Notes to Basic Financial Statements.

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 602,826
Accrued liabilities	231,246
Accrued compensated absences	294,617
Unearned revenue	113,225
Unearned property taxes	4,580,666
Current portion of capital lease payable	8,539
Total current liabilities	<u>5,831,119</u>
Noncurrent liabilities, capital lease payable	<u>35,220</u>
Total liabilities	<u>5,866,339</u>
Net assets:	
Invested in capital assets, net of related debt	9,850,354
Restricted for:	
Construction projects	342,446
Transportation	451,979
Mental health	9,086
Public safety	238,836
Employee benefits	357,288
County development	652,006
Public health and education	94,408
Insurance costs	291,885
Working cash, permanently restricted	48,631
Unrestricted	8,775,049
Total net assets	<u>21,111,968</u>
Total liabilities and net assets	<u>\$ 26,978,307</u>

Jo Daviess County, Illinois

Statement of Activities
Year Ended November 30, 2007

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	\$ 2,266,033	\$ 1,521,885	\$ 490,174	\$ 39,102	\$ (214,872)
Transportation	2,453,555	-	865,651	232,478	(1,355,426)
Public health and education	1,850,150	360,441	602,382	-	(887,327)
Public safety	3,020,928	366,028	334,267	4,000	(2,316,633)
Mental health	317,193	-	-	-	(317,193)
County development	1,635,217	113,912	142,205	99,783	(1,279,317)
Court services	1,182,673	49,136	18,043	-	(1,115,494)
Interest	1,188	-	-	-	(1,188)
Total governmental activities	\$ 12,726,937	\$ 2,411,402	\$ 2,452,722	\$ 375,363	(7,487,450)

General Revenues

Taxes:	
Property taxes	4,290,493
Hotel/motel tax	1,244,611
State income tax	952,286
Sales taxes	1,058,359
Corporate personal property replacement taxes	244,168
Other taxes	647
Unrestricted investment earnings	399,500
Miscellaneous	355,965
Total general revenues	8,546,029
Changes in net assets	1,058,579
Net assets, beginning of year	20,053,389
Net assets, end of year	\$ 21,111,968

See Notes to Basic Financial Statements

Jo Daviess County, Illinois

Balance Sheet
 Governmental Funds
 November 30, 2007

Assets	General Fund	Special Revenue Funds	
		County Highway Fund	County Aid to Bridges Fund
Cash and investments	\$ 2,176,653	\$ 465,117	\$ 1,689,287
Accounts receivable	14,327	11,274	-
Interest receivable	3,775	-	11,598
Due from other funds	132,925	77,764	-
Due from other governmental agencies	746,358	49,591	16,483
Property tax receivable	1,466,187	632,580	332,901
Loan receivable	-	-	-
Inventories	47,700	11,195	-
Total assets	\$ 4,587,925	\$ 1,247,521	\$ 2,050,269
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 101,907	\$ 32,153	\$ 205,918
Accrued liabilities	137,481	15,226	-
Due to other funds	54,433	-	77,564
Unearned and deferred revenue	274,345	11,839	-
Deferred property taxes	1,466,187	632,580	332,901
Total liabilities	2,034,353	691,798	616,383
Fund balances:			
Reserved for:			
Inventory	47,700	11,195	-
Loans	-	-	-
Working cash	-	-	-
Unreserved, Board designated	1,500,000	360,000	-
Unreserved, undesignated, reported in:			
General Fund	1,005,872	-	-
Special revenue funds	-	184,528	1,433,886
Permanent Fund	-	-	-
Total fund balances	2,553,572	555,723	1,433,886
Total liabilities and fund balances	\$ 4,587,925	\$ 1,247,521	\$ 2,050,269

See Notes to Basic Financial Statements.

Special Revenue Funds		Nonmajor Governmental Funds		Total
Tourism Promotion Fund	Public Health Fund			
\$ 822,948	\$ 726,775	\$ 5,077,396	\$ 10,958,176	
101,316	3,822	50,602	181,341	
1,016	-	-	16,389	
36,327	24,860	88,999	360,875	
-	89,510	292,232	1,194,174	
-	500,852	1,648,146	4,580,666	
-	-	72,621	72,621	
-	21,932	-	80,827	
<u>\$ 961,607</u>	<u>\$ 1,367,751</u>	<u>\$ 7,229,996</u>	<u>\$ 17,445,069</u>	
\$ 86,803	\$ 9,695	\$ 166,350	\$ 602,826	
7,664	24,150	46,725	231,246	
64,303	200	164,375	360,875	
13,500	60,460	131,704	491,848	
-	500,852	1,648,146	4,580,666	
<u>172,270</u>	<u>595,357</u>	<u>2,157,300</u>	<u>6,267,461</u>	
-	21,932	-	80,827	
-	-	72,621	72,621	
-	-	48,631	48,631	
425,000	499,150	585,852	3,370,002	
-	-	-	1,005,872	
364,337	251,312	4,360,915	6,594,978	
-	-	4,677	4,677	
<u>789,337</u>	<u>772,394</u>	<u>5,072,696</u>	<u>11,177,608</u>	
<u>\$ 961,607</u>	<u>\$ 1,367,751</u>	<u>\$ 7,229,996</u>	<u>\$ 17,445,069</u>	

Jo Daviess County, Illinois

Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
November 30, 2007

Total governmental fund balances		\$	11,177,608
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the funds:			
Land	\$	204,300	
Construction-in-progress		579,899	
Buildings and improvements		3,020,410	
Equipment and machinery		2,716,947	
Transportation equipment		2,297,810	
Roads and bridges		11,422,361	
Accumulated depreciation		(10,347,614)	9,894,113
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:			
Deferred revenues			378,623
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Capital lease payable			(43,759)
Compensated absences			(294,617)
Net assets of governmental activities		\$	21,111,968

See Notes to Basic Financial Statements.

This Page Intentionally Left Blank

Jo Daviess County, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended November 30, 2007

	General Fund	Special Revenue Funds	
		County Highway Fund	County Aid to Bridges Fund
Revenues:			
Property taxes	\$ 1,372,190	\$ 604,394	\$ 307,561
Intergovernmental	2,530,922	225,924	83,152
Charges for services	942,558	-	-
Interest	86,040	15,726	72,076
Licenses and permits	303,151	-	-
Other	21,787	137,279	3,709
Total revenues	5,256,648	983,323	466,498
Expenditures:			
Current:			
General control and administration	1,355,547	-	-
Transportation	165,578	889,736	265,493
Public health and education	213,592	-	-
Public safety	2,646,449	-	-
Mental health	-	-	-
County development	163,302	-	-
Court services	1,141,211	-	-
Capital outlay	12,523	92,415	375,800
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	5,698,202	982,151	641,293
Excess (deficiency) of revenue over expenditures	(441,554)	1,172	(174,795)
Other financing sources (uses):			
Issuance of capital lease	-	-	-
Transfers in	1,032,724	188,335	-
Transfers out	(580,029)	(56,038)	(84,704)
Total other financing sources (uses)	452,695	132,297	(84,704)
Net change in fund balances	11,141	133,469	(259,499)
Fund balances, beginning of year	2,542,431	422,254	1,693,385
Fund balances, end of year	\$ 2,553,572	\$ 555,723	\$ 1,433,886

See Notes to Basic Financial Statements.

Special Revenue Funds		Nonmajor Governmental Funds		Total
Tourism Promotion Fund	Public Health Fund			
\$ -	\$ 478,525	\$ 1,527,823	\$ 4,290,493	
1,282,558	475,581	1,488,302	6,086,439	
113,912	154,491	802,586	2,013,547	
22,536	21,145	181,977	399,500	
-	-	-	303,151	
43	3,490	189,657	355,965	
1,419,049	1,133,232	4,190,345	13,449,095	
-	-	574,146	1,929,693	
-	-	545,122	1,865,929	
-	994,145	617,956	1,825,693	
-	-	166,242	2,812,691	
-	-	315,053	315,053	
1,234,887	-	221,402	1,619,591	
-	-	26,830	1,168,041	
7,967	4,509	619,724	1,112,938	
-	-	12,991	12,991	
-	-	1,188	1,188	
1,242,854	998,654	3,100,654	12,663,808	
176,195	134,578	1,089,691	785,287	
-	-	56,750	56,750	
97,178	32,636	861,633	2,212,506	
(161,895)	(123,842)	(1,205,998)	(2,212,506)	
(64,717)	(91,206)	(287,615)	56,750	
111,478	43,372	802,076	842,037	
677,859	729,022	4,270,620	10,335,571	
\$ 789,337	\$ 772,394	\$ 5,072,696	\$ 11,177,608	

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, 2007

Net change in fund balances - governmental funds	\$	842,037
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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:</p>		
Capital outlay		667,881
Depreciation expense:		
General control and administration	\$ (87,180)	
Transportation	(398,638)	
Public health and education	(19,640)	
Public safety	(197,644)	
County development	(9,556)	
Court services	(11,634)	
	<u>(724,292)</u>	(724,292)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) as to increase (decrease) net assets:</p>		
Capital contributions		236,478
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements:</p>		
Charges for services	94,704	
Operating grants and contributions	11,416	
Sales tax	(6,177)	
	<u>99,943</u>	99,943
<p>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:</p>		
Change in compensated absences		(19,709)
<p>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:</p>		
Issuance of capital lease		(56,750)
Repayment of principal of long-term debt		12,991
Change in net assets of governmental activities	<u>\$</u>	<u>1,058,579</u>

See Notes to Basic Financial Statements.

Jo Daviess County, Illinois

Statement of Assets and Liabilities
Agency Funds
November 30, 2007

Assets

Cash and investments	\$	1,050,695
Due from other governments		92,583
Total assets	\$	1,143,278

Liabilities

Accounts payable	\$	571,190
Due to other governments		116,327
Due to individuals and private entities		455,761
Total liabilities	\$	1,143,278

See Notes to Basic Financial Statements.

This Page Intentionally Left Blank

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

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.

Notes to Basic Financial Statements

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

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

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

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

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

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

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.

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 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 and health insurance reimbursements, construction of, maintenance and materials for road maintenance. Monthly allotments from state of Illinois, interest income and reimbursements from the townships support this fund. The County Engineer authorizes expenditures from the fund. This fund was established under the authority of Illinois Compiled Statutes 35 ILCS 505/8 & 605 ILCS 5/5-701.

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

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

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

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.

Notes to Basic Financial Statements

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

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 pickups 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.

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.

Notes to Basic Financial Statements

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

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."
- Matching funds for 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.
- Direct investments in projects that directly promote and enhance the economic development of the County.

The revenues of this fund are derived from transfers from the former Riverboat Assistance Fund, the General Fund and revolving loan repayments. 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.

Notes to Basic Financial Statements

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

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.

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.

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

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.

Small Rental Property Program Fund: This fund accounts for grant proceeds for the assistance of low-income rental property rehabilitation.

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).

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.

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 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 Program 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.

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.

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

Circuit Clerk Fund: The revenue collected is to be deposited in the General Fund under the Circuit Clerk line item. Fees collected on civil, criminal, quasi-criminal and traffic cases support this fund. This fund was established under the authority of 705 ILCS 105/27.1 through 705 ILCS 105/27 .2a.

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

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

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

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

Insurance Clearing Fund: This fund is for pre-tax benefit of payment for insurance premium, medical and dental expenses and 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.

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

The County's property tax is levied each year on all taxable real property located in the County on or before November 30. Property taxes attach as an enforceable lien on property as of the preceding January 1, at which time they are recognized. These taxes are due in two installments in June and September of the following year. Since the 2007 tax levy is budgeted for the fiscal year 2008, the revenue from this tax levy is deferred.

Notes to Basic Financial Statements

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

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

Significant accounting policies:

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

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

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

Inventory: 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 and immunizations.

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, buildings, building improvements, transportation equipment, equipment and machinery, 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
\$ 274,908	\$ 294,617	\$ (274,908)	\$ 294,617	\$ 294,617

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, 2007, but which were levied to finance fiscal year 2008 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.

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 \$342,446 for construction projects, \$451,979 for transportation, \$9,086 for mental health, \$238,836 for public safety, \$94,408 for public health and education, \$357,288 for employee benefits, \$652,006 for County development and \$291,885 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.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 2. Cash and Investments

As of November 30, 2007, the County's cash and investments were as follows:

	Carrying Amount
Cash and deposits with financial institutions, statement of net assets	\$ 10,650,079
Investments, statement of net assets	308,097
Cash and deposits with financial institutions, fiduciary funds	1,050,695
Total	\$ 12,008,871

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	\$ 303,945
Illinois Funds Money Market Mutual Fund	0.008	4,152
Total		\$ 308,097

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 repurchase agreement is not subject to credit risk as it is an instrument of the bank. Presented below is the actual rating as of year-end for the external investment pool investment type:

Investment Type	Moody's Investor Services	Standard & Poor's
Repurchase agreement, First Community Bank	Aaa	AAA
Illinois Funds Money Market Mutual Fund	Not rated	AAAm

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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, 2007, the County's deposits and investments were entirely covered by federal depository insurance or collateralized.

Note 3. Loan Receivable

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

On July 31, 2002, the County executed a loan participation agreement with the Galena State Bank for a \$70,000 loan the bank made to Eric and Pam Wheelwright. 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, 2007, the County's share of the loan receivable balance was \$18,320, 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 6.25 percent as of November 30, 2007. The loan matures July 17, 2016. As of November 30, 2007, the County's loan receivable balance was \$33,746.

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 3. Loan Receivable (Continued)

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 6.25 percent as of November 30, 2007. The loan matures November 10, 2011. As of November 30, 2007, the County's loan receivable balance was \$20,555.

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

Note 4. Capital Assets

The following is a summary of changes in capital assets for the year ended November 30, 2007:

	November 30, 2006			November 30, 2007		
	Balance	Additions	Deletions	Balance		
Governmental Activities:						
Capital assets not depreciated:						
Land	\$ 200,300	\$ 4,000	\$ -	\$ 204,300		
Construction-in-progress	32,725	547,174	-	579,899		
Total capital assets not being depreciated	233,025	551,174	-	784,199		
Capital assets being depreciated:						
Buildings and improvements	3,020,410	-	-	3,020,410		
Equipment and machinery	2,580,338	136,609	-	2,716,947		
Transportation equipment	2,250,563	216,576	169,329	2,297,810		
Roads and bridges	11,422,361	-	-	11,422,361		
Total capital assets being depreciated	19,273,672	353,185	169,329	19,457,528		
Less accumulated depreciation for:						
Buildings and improvements	1,471,888	79,609	-	1,551,497		
Equipment and machinery	1,392,161	208,811	-	1,600,972		
Transportation equipment	1,104,937	226,308	169,329	1,161,916		
Roads and bridges	5,823,665	209,564	-	6,033,229		
Total accumulated depreciation	9,792,651	724,292	169,329	10,347,614		
Total capital assets being depreciated, net	9,481,021	(371,107)	-	9,109,914		
Governmental activities capital assets, net	\$ 9,714,046	\$ 180,067	\$ -	\$ 9,894,113		

Depreciation expense was charged to the governmental functions as follows:

General control and administration	\$ 87,180
Transportation	398,638
Public health and education	19,640
Public safety	197,644
County development	9,556
Court services	11,634
Total depreciation expense, governmental activities	\$ 724,292

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Debt

Long-term liability balances and activity for the year ended November 30, 2007 were as follows:

	Balance November 30, 2006	Additions	Retirements	Balance November 30, 2007	Amounts Due Within One Year
Governmental Activities, Capital lease	\$ -	\$ 56,750	\$ 12,991	\$ 43,759	\$ 8,539

In the current year, 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 \$49,163 as of November 30, 2007.

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>	Total Payment	Principal	Interest
2008	\$ 10,533	\$ 8,539	\$ 1,994
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>\$ 49,153</u>	<u>\$ 43,759</u>	<u>\$ 5,394</u>

The computation of the County's legal debt margin as of November 30, 2007 is as follows:

	2006 Tax Year
Assessed valuation	<u>\$ 646,409,013</u>
Statutory debt limitation, (2.875% of assessed valuation)	\$ 18,584,259
Bonded debt, November 30, 2007	-
Capital lease obligation	43,759
Available debt margin	<u>\$ 18,540,500</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.

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems

Illinois Municipal Retirement Fund: The County's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding policy: Employees participating in the IMRF, other than Sheriff's Law Enforcement Personnel ("SLEP"), plan are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 8.85 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period as of December 31, 2006 was 26 years.

Annual pension cost: For the 12 months ended December 31, 2006, the County's annual pension cost of \$263,282 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 percent to 11.60 percent per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3.00 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002 – 2004 experience study.

Trend information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Required supplementary trend information for the County may be found in the Required Supplementary Information section of the County's basic financial statements. Trend information for the past three calendar years is as follows:

Three-Year Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2006	\$ 263,282	100%	\$ -
12/31/2005	235,223	100	-
12/31/2004	196,718	100	-

Notes to Basic Financial Statements

Note 7. Pension and Retirement Systems (Continued)

Sheriff's Law Enforcement Personnel (SLEP) Plan: Employees participating in IMRF SLEP plan are required to contribute 7.50 percent of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 12.04 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period as of December 31, 2006 was 26 years.

Annual pension cost: For the 12 months ended December 31, 2006, the County's annual pension cost of \$158,718 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.60 percent per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3.0 annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002 – 2004 experience study.

Trend information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Required supplementary trend information for the County may be found in the Required Supplementary Information section of the County's basic financial statements. Trend information for the past three calendar years is as follows:

Three-Year Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2006	\$ 158,718	100%	\$ -
12/31/2005	145,801	100	-
12/31/2004	98,886	100	-

Note 8. Interfund Receivable and Payable

The interfund receivable and payable balances as of November 30, 2007 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$ 132,925	\$ 54,433
Special revenue funds:		
County Highway Fund	77,764	-
County Aid to Bridges Fund	-	77,564
Tourism Promotion Fund	36,327	64,303
Public Health Fund	24,860	200
Nonmajor governmental funds, special revenue funds	88,999	164,375
Total	\$ 360,875	\$ 360,875

Jo Daviess County, Illinois

Notes to Basic Financial Statements

Note 8. Interfund Receivable and Payable (Continued)

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, 2007:

Fund	Transfer In	Transfer Out
Major funds:		
General Fund	\$ 1,032,724	\$ 580,029
Special revenue funds:		
County Highway Fund	188,335	56,038
County Aid to Bridges Fund	-	84,704
Tourism Promotion Fund	97,178	161,895
Public Health Fund	32,636	123,842
Nonmajor governmental funds	861,633	1,205,998
Total	\$ 2,212,506	\$ 2,212,506

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

Note 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. The deductible in effect through these policies as of November 30, 2007 was \$5,000. During the year ended November 30, 2007, 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 Davies 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 \$47,705 in payments to the trust during the year ended November 30, 2007. The financial information is available by contacting Marie Stiefel at Regional Superintendent of Schools Trust Fund, 500 N. Rush Street, Stockton, Illinois 61085.

Notes to Basic Financial Statements

Note 12. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the County. The Statements which might impact the County are as follows:

- GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, issued April 2004, will be effective for the County beginning with its year ending November 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.
- 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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for its year ending November 30, 2008. 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.
- 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. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the County beginning with its year ending November 30, 2008. 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.
- 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.

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

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]
12/31/2006	\$ 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)
12/31/2001	5,942,410	4,865,981	(1,076,429)	122.1	2,418,989	(44.5)

Schedule of Employer Contributions

Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
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
12/31/2002	123,854	123,854	100

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$7,960,244. On a market basis, the funded ratio would be 105.39%.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2006. 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%, salary increase of 4.0% a year, attributable to inflation, salary increase of 0.4% to 11.6% a year and post-retirement benefit increases of 3.0% 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 2006 are based on the 2002-2004 experience study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.
- SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

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]
12/31/2006	\$ 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)
12/31/2001	3,623,338	2,621,744	(1,001,594)	138.2	1,074,929	(93.2)

Schedule of Employer Contributions

Actuarial Valuation Date	Annual Required Contributions (ARC) (a)	Total Contributions (b)	Percentage of ARC Contributed (b/a)
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
12/31/2002	10,152	10,152	100

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$4,742,062. On a market basis, the funded ratio would be 102.87%.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of December 31, 2006. 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%, salary increase of 4.0% a year, attributable to inflation, salary increase of 0.4% to 11.6% a year and post-retirement benefit increases of 3.0% 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 2006 are based on the 2002-2004 experience study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.
- SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended November 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 1,372,720	\$ 1,372,720	\$ 1,372,190	\$ (530)
Intergovernmental	2,251,435	2,251,435	2,530,922	279,487
Charges for services	988,825	988,825	942,558	(46,267)
Interest	25,000	25,000	86,040	61,040
Licenses and permits	216,930	216,930	303,151	86,221
Other	17,182	17,182	21,787	4,605
Total revenues	4,872,092	4,872,092	5,256,648	384,556
Expenditures:				
Current:				
General control and administration	1,470,749	1,470,749	1,355,547	115,202
Transportation	161,592	161,592	165,578	(3,986)
Public health and education	216,593	216,593	213,592	3,001
Public safety	2,663,431	2,663,431	2,646,449	16,982
County development	176,743	176,743	163,302	13,441
Court services	1,164,665	1,164,665	1,141,211	23,454
Capital outlay	18,050	18,050	12,523	5,527
Total expenditures	5,871,823	5,871,823	5,698,202	173,621
Excess (deficiency) of revenues over expenditures	(999,731)	(999,731)	(441,554)	558,177
Other financing sources (uses):				
Transfers in	1,010,786	1,010,786	1,032,724	21,938
Transfers out	(580,029)	(580,029)	(580,029)	-
Total other financing sources (uses)	430,757	430,757	452,695	21,938
Net change in fund balance	\$ (568,974)	\$ (568,974)	11,141	\$ 580,115
Fund balances, beginning of year			2,542,431	
Fund balances, end of year			<u>\$ 2,553,572</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 County Highway Fund
 Year Ended November 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 583,271	\$ 583,271	\$ 604,394	\$ 21,123
Intergovernmental	175,000	175,000	225,924	50,924
Interest	3,000	3,000	15,726	12,726
Other	60,000	60,000	137,279	77,279
Total revenues	821,271	821,271	983,323	162,052
Expenditures:				
Current, transportation	911,817	911,817	889,736	22,081
Capital outlay	116,933	116,933	92,415	24,518
Total expenditures	1,028,750	1,028,750	982,151	46,599
Excess (deficiency) of revenues over expenditures	(207,479)	(207,479)	1,172	208,651
Other financing sources (uses):				
Transfers in	239,646	239,646	188,335	(51,311)
Transfers out	(35,000)	(35,000)	(56,038)	(21,038)
Total other financing sources (uses)	204,646	204,646	132,297	(72,349)
Net change in fund balance	\$ (2,833)	\$ (2,833)	133,469	\$ 136,302
Fund balances, beginning of year			422,254	
Fund balances, end of year			<u>\$ 555,723</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, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 296,800	\$ 296,800	\$ 307,561	\$ 10,761
Intergovernmental	150,000	150,000	83,152	(66,848)
Interest	14,500	14,500	72,076	57,576
Other	-	-	3,709	3,709
Total revenues	461,300	461,300	466,498	5,198
Expenditures:				
Current, transportation	292,429	292,429	265,493	26,936
Capital outlay	1,247,571	1,247,571	375,800	871,771
Total expenditures	1,540,000	1,540,000	641,293	898,707
Excess (deficiency) of revenue over expenditures	(1,078,700)	(1,078,700)	(174,795)	903,905
Other financing sources (uses), transfers out	(90,000)	(90,000)	(84,704)	5,296
Net change in fund balance	\$ (1,168,700)	\$ (1,168,700)	(259,499)	\$ 909,201
Fund balance, beginning of year			1,693,385	
Fund balance, end of year			<u>\$ 1,433,886</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 Tourism Promotion Fund
 Year Ended November 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,271,907	\$ 1,271,907	\$ 1,282,558	\$ 10,651
Charges for services	108,700	108,700	113,912	5,212
Interest	11,000	11,000	22,536	11,536
Other	-	-	43	43
Total revenues	1,391,607	1,391,607	1,419,049	27,442
Expenditures:				
Current, County development	1,470,194	1,470,194	1,234,887	235,307
Capital outlay	8,492	8,492	7,967	525
Total expenditures	1,478,686	1,478,686	1,242,854	235,832
Excess (deficiency) of revenues over expenditures	(87,079)	(87,079)	176,195	263,274
Other financing sources (uses):				
Transfers in	104,258	104,258	97,178	(7,080)
Transfers out	(153,140)	(153,140)	(161,895)	(8,755)
Total other financing sources (uses)	(48,882)	(48,882)	(64,717)	(15,835)
Net change in fund balance	\$ (135,961)	\$ (135,961)	111,478	\$ 247,439
Fund balances, beginning of year			677,859	
Fund balances, end of year			<u>\$ 789,337</u>	

See Note to Required Supplementary Information.

Jo Daviess County, Illinois

Required Supplementary Information
 Budgetary Comparison Schedule
 Public Health Fund
 Year Ended November 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 478,669	\$ 478,669	\$ 478,525	\$ (144)
Intergovernmental	411,551	411,551	475,581	64,030
Charges for services	164,600	164,600	154,491	(10,109)
Interest	7,500	7,500	21,145	13,645
Other	3,500	3,500	3,490	(10)
Total revenues	1,065,820	1,065,820	1,133,232	67,412
Expenditures:				
Current, public health and education	1,070,470	1,070,470	994,145	76,325
Capital outlay	5,328	5,328	4,509	819
Total expenditures	1,075,798	1,075,798	998,654	77,144
Excess (deficiency) of revenues over expenditures	(9,978)	(9,978)	134,578	144,556
Other financing sources (uses):				
Transfers in	32,480	32,480	32,636	156
Transfers out	(121,371)	(121,371)	(123,842)	(2,471)
Total other financing sources (uses)	(88,891)	(88,891)	(91,206)	(2,315)
Net change in fund balance	\$ (98,869)	\$ (98,869)	43,372	\$ 142,241
Fund balances, beginning of year			729,022	
Fund balances, end of year			<u>\$ 772,394</u>	

See Note to Required Supplementary Information.

**Notes to Required Supplementary Information
Year Ended November 30, 2007**

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 21, 2006. It was amended on December 12, 2006, January 12, April 9, May 8, June 12, July 10, August 14, September 11, October 9 and November 13, 2007 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, 2007

Note 2. Excess of Expenditures Over Budget

The following funds had an excess of expenditures over budget for the 2007 fiscal year:

	Budget	Actual	Amount Over Budget
Special Revenue, Nonmajor Funds:			
County Motor Fuel Tax Fund	\$ 522,525	\$ 545,122	\$ 22,597
Home Health Care	480,768	522,681	41,913
Special Service Area No. One	40,000	40,184	184
Special Service Area No. Two and Four	53,550	53,864	314
Sheriff Forfeiture	20,000	27,903	7,903
Extension Education	73,400	73,748	348
Recorder Automation	68,000	116,607	48,607
Public Health Foundation	3,000	4,998	1,998

This Page Intentionally Left Blank

Jo Daviess County, Illinois

Combining Balance Sheet
 Nonmajor Governmental Funds
 November 30, 2007

	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	\$ 342,243	\$ 410,689	\$ 381
Accounts receivable	-	-	997	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	203	50,215	-
Property tax receivable	-	332,902	-	-
Loan receivable	-	-	-	-
Total assets	\$ 341	\$ 675,348	\$ 461,901	\$ 381
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 6,694	\$ -
Accrued liabilities	-	-	3,228	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	332,902	-	-
Total liabilities	-	332,902	9,922	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, Board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	341	342,446	451,979	381
Permanent fund	-	-	-	-
Total fund balances	341	342,446	451,979	381
Total liabilities and fund balances	\$ 341	\$ 675,348	\$ 461,901	\$ 381

(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
\$ 317,341	\$ 442,261	\$ 5,445	\$ 57,980	\$ 21,379	\$ 13,963	\$ 8,883
-	23,501	-	-	-	334	-
-	-	-	-	-	-	-
-	186,645	-	5,248	-	-	203
-	-	-	-	-	-	323,119
-	-	-	-	-	-	-
<u>\$ 317,341</u>	<u>\$ 652,407</u>	<u>\$ 5,445</u>	<u>\$ 63,228</u>	<u>\$ 21,379</u>	<u>\$ 14,297</u>	<u>\$ 332,205</u>
\$ -	\$ 24,790	\$ -	\$ -	\$ -	\$ -	\$ -
-	11,834	-	-	-	-	-
-	-	-	24,860	-	-	-
-	97,079	-	-	-	-	-
-	-	-	-	-	-	323,119
-	133,703	-	24,860	-	-	323,119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
317,341	518,704	5,445	38,368	21,379	14,297	9,086
-	-	-	-	-	-	-
<u>317,341</u>	<u>518,704</u>	<u>5,445</u>	<u>38,368</u>	<u>21,379</u>	<u>14,297</u>	<u>9,086</u>
\$ 317,341	\$ 652,407	\$ 5,445	\$ 63,228	\$ 21,379	\$ 14,297	\$ 332,205

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2007

	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	\$ -	\$ -	\$ -	\$ 50,716
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental agencies	-	-	-	-
Property tax receivable	40,000	62,925	24,500	-
Loan receivable	-	-	-	-
Total assets	\$ 40,000	\$ 62,925	\$ 24,500	\$ 50,716
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	40,000	62,925	24,500	-
Total liabilities	40,000	62,925	24,500	-
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, Board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	50,716
Permanent fund	-	-	-	-
Total fund balances	-	-	-	50,716
Total liabilities and fund balances	\$ 40,000	\$ 62,925	\$ 24,500	\$ 50,716

(Continued)

Special Revenue						
911 Fund	Sheriff's Forfeiture Fund	D.A.R.E. Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund
\$ 315,088	\$ 18,092	\$ 1,401	\$ 195,787	\$ 590,844	\$ 34,627	\$ 65,158
23,187	-	-	-	40	-	-
-	-	-	20,000	-	36,327	14,476
10,905	-	-	-	-	-	20,070
-	-	-	-	-	-	-
-	-	-	-	72,621	-	-
<u>\$ 349,180</u>	<u>\$ 18,092</u>	<u>\$ 1,401</u>	<u>\$ 215,787</u>	<u>\$ 663,505</u>	<u>\$ 70,954</u>	<u>\$ 99,704</u>
\$ 10,959	\$ 965	\$ -	\$ -	\$ 11,500	\$ -	\$ 5,117
-	-	-	-	-	-	4,770
99,385	-	-	-	-	36,327	128
-	-	-	-	-	34,625	-
-	-	-	-	-	-	-
<u>110,344</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>70,952</u>	<u>10,015</u>
-	-	-	-	72,621	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	50,000
238,836	17,127	1,401	215,787	579,384	2	39,689
-	-	-	-	-	-	-
<u>238,836</u>	<u>17,127</u>	<u>1,401</u>	<u>215,787</u>	<u>652,005</u>	<u>2</u>	<u>89,689</u>
\$ 349,180	\$ 18,092	\$ 1,401	\$ 215,787	\$ 663,505	\$ 70,954	\$ 99,704

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2007

	Special Revenue			
	Municipal Retirement Fund	Social Security Fund	Probation Services Fund	Extension Education Fund
Assets				
Cash and investment	\$ 189,634	\$ 179,640	\$ 85,816	\$ 1
Accounts receivable	-	-	-	-
Due from other funds	8,907	5,659	-	-
Due from other governmental agencies	190	151	1,768	48
Property tax receivable	334,066	215,983	-	76,828
Loan receivable	-	-	-	-
Total assets	\$ 532,797	\$ 401,433	\$ 87,584	\$ 76,877
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,644	\$ 48
Accrued liabilities	15,385	11,508	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	334,066	215,983	-	76,828
Total liabilities	349,451	227,491	1,644	76,876
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, Board designated	163,101	126,521	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	20,245	47,421	85,940	1
Permanent fund	-	-	-	-
Total fund balances	183,346	173,942	85,940	1
Total liabilities and fund balances	\$ 532,797	\$ 401,433	\$ 87,584	\$ 76,877

(Continued)

Special Revenue

Insurance Fund	Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund
\$ 291,736	\$ 77,269	\$ 57,120	\$ 24,092	\$ 75,256	\$ 10,223
-	-	-	-	-	-
-	-	3,630	-	-	-
149	3,210	3,183	158	1,279	-
237,823	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 529,708</u>	<u>\$ 80,479</u>	<u>\$ 63,933</u>	<u>\$ 24,250</u>	<u>\$ 76,535</u>	<u>\$ 10,223</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
237,823	-	-	-	-	-
<u>237,823</u>	<u>1,059</u>	<u>1,083</u>	<u>2,166</u>	<u>5,517</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
246,230	-	-	-	-	-
-	-	-	-	-	-
45,655	79,420	62,850	22,084	71,018	10,223
-	-	-	-	-	-
<u>291,885</u>	<u>79,420</u>	<u>62,850</u>	<u>22,084</u>	<u>71,018</u>	<u>10,223</u>
-	-	-	-	-	-
<u>\$ 529,708</u>	<u>\$ 80,479</u>	<u>\$ 63,933</u>	<u>\$ 24,250</u>	<u>\$ 76,535</u>	<u>\$ 10,223</u>

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2007

	Special Revenue			
	Election Equipment Fund	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund
Assets				
Cash and investments	\$ 739	\$ 75,937	\$ 4,828	\$ 554,235
Accounts receivable	-	-	243	-
Due from other funds	-	-	-	-
Due from other governmental agencies	5,414	2,297	-	-
Property tax receivable	-	-	-	-
Loan receivable	-	-	-	-
Total assets	\$ 6,153	\$ 78,234	\$ 5,071	\$ 554,235
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 90,095
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned and deferred revenue	-	-	-	-
Deferred property taxes	-	-	-	-
Total liabilities	-	-	-	90,095
Fund balances:				
Reserved for:				
Loans	-	-	-	-
Working cash	-	-	-	-
Unreserved, Board designated	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	6,153	78,234	5,071	464,140
Permanent fund	-	-	-	-
Total fund balances	6,153	78,234	5,071	464,140
Total liabilities and fund balances	\$ 6,153	\$ 78,234	\$ 5,071	\$ 554,235

(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
\$ 137,032	\$ 259,719	\$ 6,577	\$ 2,841	\$ 1,227	\$ 11,871	\$ 50,372
-	-	-	-	-	2,300	-
-	-	-	193	175	280	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 137,032</u>	<u>\$ 259,719</u>	<u>\$ 6,577</u>	<u>\$ 3,034</u>	<u>\$ 1,402</u>	<u>\$ 14,451</u>	<u>\$ 50,372</u>
\$ -	\$ 3,773	\$ 680	\$ -	\$ -	\$ 260	\$ -
-	-	-	-	-	-	-
3,675	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,675</u>	<u>3,773</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>260</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
133,357	255,946	5,897	3,034	1,402	14,191	50,372
-	-	-	-	-	-	-
<u>133,357</u>	<u>255,946</u>	<u>5,897</u>	<u>3,034</u>	<u>1,402</u>	<u>14,191</u>	<u>50,372</u>
<u>\$ 137,032</u>	<u>\$ 259,719</u>	<u>\$ 6,577</u>	<u>\$ 3,034</u>	<u>\$ 1,402</u>	<u>\$ 14,451</u>	<u>\$ 50,372</u>

Jo Daviess County, Illinois

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 November 30, 2007

	Special Revenue		Permanent Fund Working Cash Fund	Total Nonmajor Governmental Funds
	Circuit Clerk Operation and Administrative Fund	Home Health Care Capital Equipment Fund		
Assets				
Cash and investments	\$ 2,555	\$ 32,749	\$ 53,308	\$ 5,077,396
Accounts receivable	-	-	-	50,602
Due from other funds	-	-	-	88,999
Due from other governmental agencies	248	-	-	292,232
Property tax receivable	-	-	-	1,648,146
Loan receivable	-	-	-	72,621
Total assets	\$ 2,803	\$ 32,749	\$ 53,308	\$ 7,229,996
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 166,350
Accrued liabilities	-	-	-	46,725
Due to other funds	-	-	-	164,375
Unearned and deferred revenue	-	-	-	131,704
Deferred property taxes	-	-	-	1,648,146
Total liabilities	-	-	-	2,157,300
Fund balances:				
Reserved for:				
Loans	-	-	-	72,621
Working cash	-	-	48,631	48,631
Unreserved, Board designated	-	-	-	585,852
Unreserved, undesignated, reported in:				
Special revenue funds	2,803	32,749	-	4,360,915
Permanent fund	-	-	4,677	4,677
Total fund balances	2,803	32,749	53,308	5,072,696
Total liabilities and fund balances	\$ 2,803	\$ 32,749	\$ 53,308	\$ 7,229,996

This Page Intentionally Left Blank

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Deficits)
Nonmajor Governmental Funds
Year Ended November 30, 2007

	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	\$ -	\$ 307,561	\$ -	\$ -
Intergovernmental	-	-	667,506	-
Charges for services	-	-	-	-
Interest	-	13,904	20,084	9
Other	1	-	10,888	-
Total revenues	1	321,465	698,478	9
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	545,122	-
Public health and education	-	-	-	-
Public safety	-	-	-	1,763
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	545,122	1,763
Excess (deficiency) of revenues over expenditures	1	321,465	153,356	(1,754)
Other financing sources (uses):				
Issuance of capital lease	-	-	-	-
Transfers in	-	-	26,053	-
Transfers out	-	-	(100,000)	-
Total other financing sources (uses)	-	-	(73,947)	-
Net change in fund balances	1	321,465	79,409	(1,754)
Fund balances (deficits), beginning of year	340	20,981	372,570	2,135
Fund balances, end of year	\$ 341	\$ 342,446	\$ 451,979	\$ 381

(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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,723
-	460,625	-	42,925	-	-	-
-	55,173	-	-	-	71,408	-
10,226	14,756	67	1,242	416	171	2,398
-	-	18	-	-	-	-
10,226	530,554	85	44,167	416	71,579	311,121
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	521,693	-	-	-	-	-
1,051	-	-	-	450	-	-
-	-	-	-	-	-	315,053
-	-	-	-	-	-	-
1,045	988	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,096	522,681	-	-	450	-	315,053
8,130	7,873	85	44,167	(34)	71,579	(3,932)
-	-	-	-	-	-	-
50,000	-	-	-	-	-	6,216
-	(53,776)	-	(24,860)	-	(67,000)	-
50,000	(53,776)	-	(24,860)	-	(67,000)	6,216
58,130	(45,903)	85	19,307	(34)	4,579	2,284
259,211	564,607	5,360	19,061	21,413	9,718	6,802
\$ 317,341	\$ 518,704	\$ 5,445	\$ 38,368	\$ 21,379	\$ 14,297	\$ 9,086

Jo Daviess County, Illinois

**Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2007**

	Special Revenue			
	Special Service District No. One Fund	Special Service District No. Two and Four Fund	Rentech Energy Escrow Fund	911 Fund
Revenues:				
Property taxes	\$ 39,994	\$ 53,609	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	349,169
Interest	190	255	2,022	10,038
Other	-	-	167,864	642
Total revenues	40,184	53,864	169,886	359,849
Expenditures:				
Current:				
General control and administration	-	-	162,909	-
Transportation	-	-	-	-
Public health and education	40,184	53,864	-	-
Public safety	-	-	-	126,506
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	-	6,162
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	40,184	53,864	162,909	132,668
Excess (deficiency) of revenues over expenditures	-	-	6,977	227,181
Other financing sources (uses):				
Issuance of capital lease	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(209,024)
Total other financing sources (uses)	-	-	-	(209,024)
Net change in fund balances	-	-	6,977	18,157
Fund balances (deficits), beginning of year	-	-	43,739	220,679
Fund balances, end of year	\$ -	\$ -	\$ 50,716	\$ 238,836

(Continued)

							Special Revenue			
Sheriff's Forfeiture Fund	D.A.R.E. Fund	Tourism Capital Development Fund	Economic Development Investment Fund	LTCB Grant Fund	GIS Automation Fund	Municipal Retirement Fund				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,692				
966	-	-	-	104,258	-	24,183				
1,247	9	6,591	28,528	-	176,198	-				
1,510	-	-	1,120	-	2,704	4,710				
3,723	9	6,591	29,648	104,258	178,902	317,585				
11,885	-	-	-	-	151,811	3,188				
-	-	-	-	-	-	-				
16,018	529	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	47,871	-	-	-				
-	-	-	-	-	9,171	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
27,903	529	-	47,871	-	160,982	3,188				
(24,180)	(520)	6,591	(18,223)	104,258	17,920	314,397				
-	-	-	-	-	-	-				
-	-	20,000	43,200	-	23,000	17,813				
-	-	-	-	(97,178)	(39,267)	(319,953)				
-	-	20,000	43,200	(97,178)	(16,267)	(302,140)				
(24,180)	(520)	26,591	24,977	7,080	1,653	12,257				
41,307	1,921	189,196	627,028	(7,078)	88,036	171,089				
\$ 17,127	\$ 1,401	\$ 215,787	\$ 652,005	\$ 2	\$ 89,689	\$ 183,346				

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2007

	Special Revenue			
	Social Security Fund	Probation Services Fund	Extension Education Fund	Insurance Fund
Revenues:				
Property taxes	\$ 229,440	\$ -	\$ 73,399	\$ 226,405
Intergovernmental	18,806	-	-	13,071
Charges for services	-	29,371	-	-
Interest	4,750	2,411	349	5,402
Other	-	220	-	-
Total revenues	252,996	32,002	73,748	244,878
Expenditures:				
Current:				
General control and administration	2,339	-	-	228,743
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	73,748	-
Court services	-	26,830	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,339	26,830	73,748	228,743
Excess (deficiency) of revenues over expenditures	250,657	5,172	-	16,135
Other financing sources (uses):				
Issuance of capital lease	-	-	-	-
Transfers in	11,318	-	-	17,435
Transfers out	(249,286)	(1,000)	-	-
Total other financing sources (uses)	(237,968)	(1,000)	-	17,435
Net change in fund balances	12,689	4,172	-	33,570
Fund balances (deficits), beginning of year	161,253	81,768	1	258,315
Fund balances, end of year	\$ 173,942	\$ 85,940	\$ 1	\$ 291,885

(Continued)

Special Revenue

Circuit Clerk Automation Fund	Recorder Automation Fund	County Clerk Automation Fund	Court Document Storage Fund	Tax Sale Automation Fund	Small Rental Property Program Fund	Election Equipment Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	99,783	39,102
38,827	40,692	2,552	15,535	2,370	-	-
1,946	2,020	364	975	121	-	12
-	-	-	-	-	-	-
40,773	42,712	2,916	16,510	2,491	99,783	39,114
-	9,981	2,166	-	1,124	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	99,783	-
-	-	-	-	-	-	-
21,720	92,447	5,262	9,653	1,875	-	33,803
-	12,991	-	-	-	-	-
-	1,188	-	-	-	-	-
21,720	116,607	7,428	9,653	2,999	99,783	33,803
19,053	(73,895)	(4,512)	6,857	(508)	-	5,311
-	56,750	-	-	-	-	-
-	-	-	-	-	-	-
(3,000)	-	-	-	-	-	-
(3,000)	56,750	-	-	-	-	-
16,053	(17,145)	(4,512)	6,857	(508)	-	5,311
63,367	79,995	26,596	64,161	10,731	-	842
\$ 79,420	\$ 62,850	\$ 22,084	\$ 71,018	\$ 10,223	\$ -	\$ 6,153

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2007

	Special Revenue			
	Maintenance and Child Support Fund	Probation EMHD Program Fund	County Capital Improvements Fund	Contingency Fund
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,043	-	-	-
Charges for services	-	236	-	-
Interest	974	-	27,160	1,211
Other	-	243	2	-
Total revenues	19,017	479	27,162	1,211
Expenditures:				
Current:				
General control and administration	-	-	-	-
Transportation	-	-	-	-
Public health and education	-	-	-	-
Public safety	-	-	-	-
Mental health	-	-	-	-
County development	-	-	-	-
Court services	-	-	-	-
Capital outlay	-	-	306,825	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	306,825	-
Excess (deficiency) of revenues over expenditures	19,017	479	(279,663)	1,211
Other financing sources (uses):				
Issuance of capital lease	-	-	-	-
Transfers in	-	-	320,953	92,000
Transfers out	(10,000)	-	-	(22,654)
Total other financing sources (uses)	(10,000)	-	320,953	69,346
Net change in fund balances	9,017	479	41,290	70,557
Fund balances (deficits), beginning of year	69,217	4,592	422,850	62,800
Fund balances, end of year	\$ 78,234	\$ 5,071	\$ 464,140	\$ 133,357

(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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	3,853	1,400	12,040	-	2,796	-	-
12,110	-	-	2	4	372	7	-	-
-	7,149	-	-	-	-	-	-	-
12,110	7,149	3,853	1,402	12,044	372	2,803	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,215	-	-	-	-	-	-	-
-	-	3,527	-	16,398	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,535	2,783	-	-	88,455	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
39,535	4,998	3,527	-	104,853	-	-	-	-
(27,425)	2,151	326	1,402	(92,809)	372	2,803	-	-
-	-	-	-	-	-	-	-	-
43,925	-	-	-	107,000	50,000	-	-	-
(9,000)	-	-	-	-	-	-	-	-
34,925	-	-	-	107,000	50,000	-	-	-
7,500	2,151	326	1,402	14,191	50,372	2,803	-	-
248,446	3,746	2,708	-	-	-	-	-	-
\$ 255,946	\$ 5,897	\$ 3,034	\$ 1,402	\$ 14,191	\$ 50,372	\$ 2,803	-	-

Jo Daviess County, Illinois

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
Year Ended November 30, 2007

	Special Revenue		Permanent Fund		Total Nonmajor Governmental Funds
	Home Health Care Capital Equipment Fund	Total	Working Cash Fund		
Revenues:					
Property taxes	\$ -	\$ 1,527,823	\$ -	\$ -	1,527,823
Intergovernmental	-	1,488,302	-	-	1,488,302
Charges for services	-	802,586	-	-	802,586
Interest	29	179,786	2,191	-	181,977
Other	-	189,657	-	-	189,657
Total revenues	29	4,188,154	2,191		4,190,345
Expenditures:					
Current:					
General control and administration	-	574,146	-	-	574,146
Transportation	-	545,122	-	-	545,122
Public health and education	-	617,956	-	-	617,956
Public safety	-	166,242	-	-	166,242
Mental health	-	315,053	-	-	315,053
County development	-	221,402	-	-	221,402
Court services	-	26,830	-	-	26,830
Capital outlay	-	619,724	-	-	619,724
Debt service:					
Principal	-	12,991	-	-	12,991
Interest	-	1,188	-	-	1,188
Total expenditures	-	3,100,654	-		3,100,654
Excess (deficiency) of revenues over expenditures	29	1,087,500	2,191		1,089,691
Other financing sources (uses):					
Issuance of capital lease	-	56,750	-	-	56,750
Transfers in	32,720	861,633	-	-	861,633
Transfers out	-	(1,205,998)	-	-	(1,205,998)
Total other financing sources (uses)	32,720	(287,615)	-		(287,615)
Net change in fund balances	32,749	799,885	2,191		802,076
Fund balances (deficits), beginning of year	-	4,219,503	51,117	-	4,270,620
Fund balances, end of year	\$ 32,749	\$ 5,019,388	\$ 53,308	\$ -	\$ 5,072,696

This Page Intentionally Left Blank

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds
November 30, 2007

	Condemnation Fund	Township Motor Fuel Tax Fund	Lost and Unknown Heirs Fund
Assets			
Cash and investments	\$ 2,220	\$ 11,396	\$ 8,950
Due from other governments	-	79,718	-
Total assets	<u>\$ 2,220</u>	<u>\$ 91,114</u>	<u>\$ 8,950</u>
Liabilities			
Accounts payable	\$ -	\$ 48,030	\$ -
Due to other governments	-	-	-
Due to individuals and private entities	2,220	43,084	8,950
Total liabilities	<u>\$ 2,220</u>	<u>\$ 91,114</u>	<u>\$ 8,950</u>

(Continued)

Township Bridge Fund	County Collectors Fund	Work Release Fund	Circuit Clerk Fund	Marriage Fund	County Clerk's Tax Redemption Fund
\$ 193,550	\$ 519,883	\$ 821	\$ 243,519	\$ 2,470	\$ 34,880
-	12,865	-	-	-	-
<u>\$ 193,550</u>	<u>\$ 532,748</u>	<u>\$ 821</u>	<u>\$ 243,519</u>	<u>\$ 2,470</u>	<u>\$ 34,880</u>
\$ 3,277	\$ 519,883	\$ -	\$ -	\$ -	\$ -
-	-	-	116,327	-	-
190,273	12,865	821	127,192	2,470	34,880
<u>\$ 193,550</u>	<u>\$ 532,748</u>	<u>\$ 821</u>	<u>\$ 243,519</u>	<u>\$ 2,470</u>	<u>\$ 34,880</u>

Jo Daviess County, Illinois

Combining Balance Sheet - Agency Funds (Continued)
November 30, 2007

	Inheritance Tax Fund		Probation Restitution Fund		Insurance Clearing Fund
Assets					
Cash and investments	\$ 1		\$ 4,276		\$ 3,550
Due from other governments	-		-		-
Total assets	<u>\$ 1</u>		<u>\$ 4,276</u>		<u>\$ 3,550</u>
Liabilities					
Accounts payable	-		-		-
Due to other governments	-		-		-
Due to individuals and private entities	1		4,276		3,550
Total liabilities	<u>\$ 1</u>		<u>\$ 4,276</u>		<u>\$ 3,550</u>

Treasurer's Fee Account Fund	Inmate Commissary Fund	Sheriff's Kids First Fund	Total
\$ 2	\$ 23,337	\$ 1,840	\$ 1,050,695
-	-	-	92,583
<u>\$ 2</u>	<u>\$ 23,337</u>	<u>\$ 1,840</u>	<u>\$ 1,143,278</u>
\$ -	\$ -	\$ -	\$ 571,190
-	-	-	116,327
2	23,337	1,840	455,761
<u>\$ 2</u>	<u>\$ 23,337</u>	<u>\$ 1,840</u>	<u>\$ 1,143,278</u>

Jo Daviess County, Illinois

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

	Balance November 30, 2006	Additions	Deletions	Balance November 30, 2007
Condemnation Fund				
Assets , cash and investments	\$ 2,220	\$ -	\$ -	\$ 2,220
Liabilities , due to individuals and private entities	\$ 2,220	\$ -	\$ -	\$ 2,220
Township Motor Fuel Tax Fund				
Assets				
Cash and investments	\$ 79,761	\$ 1,199,915	\$ 1,268,280	\$ 11,396
Due from other governments	91,072	79,718	91,072	79,718
	\$ 170,833	\$ 1,279,633	\$ 1,359,352	\$ 91,114
Liabilities				
Accounts payable	\$ 43,150	\$ 48,030	\$ 43,150	\$ 48,030
Due to individuals and private entities	127,683	1,231,603	1,316,202	43,084
	\$ 170,833	\$ 1,279,633	\$ 1,359,352	\$ 91,114
Lost and Unknown Heirs Fund				
Assets , cash and investments	\$ 8,905	\$ 45	\$ -	\$ 8,950
Liabilities , due to individuals and private entities	\$ 8,905	\$ 45	\$ -	\$ 8,950
Township Bridge Fund				
Assets				
Cash and investments	\$ 95,166	\$ 183,598	\$ 85,214	\$ 193,550
Due from other governments	22,410	-	22,410	-
Total assets	\$ 117,576	\$ 183,598	\$ 107,624	\$ 193,550
Liabilities				
Accounts payable	\$ 861	\$ 3,277	\$ 861	\$ 3,277
Due to individuals and private entities	116,715	180,321	106,763	190,273
Total liabilities	\$ 117,576	\$ 183,598	\$ 107,624	\$ 193,550

(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, 2006	Additions	Deletions	Balance November 30, 2007
County Collectors Fund				
Assets				
Cash and investments	\$ 2,501	\$ 40,535,199	\$ 40,017,817	\$ 519,883
Due from other governments	12,043	12,865	12,043	12,865
Total assets	\$ 14,544	\$ 40,548,064	\$ 40,029,860	\$ 532,748
Liabilities				
Accounts payable	\$ 2,501	\$ 40,535,199	\$ 40,017,817	\$ 519,883
Due to individuals and private entities	12,043	12,865	12,043	12,865
	\$ 14,544	\$ 40,548,064	\$ 40,029,860	\$ 532,748
Work Release Fund				
Assets , cash and investments	\$ 821	\$ 9,416	\$ 9,416	\$ 821
Liabilities , due to individuals and private entities	\$ 821	\$ 9,416	\$ 9,416	\$ 821
Circuit Clerk Fund				
Assets , cash and investments	\$ 264,112	\$ 1,201,822	\$ 1,222,415	\$ 243,519
Liabilities:				
Due to other governments	\$ 118,696	\$ 1,074,630	\$ 1,076,999	\$ 116,327
Due to individuals and private entities	145,416	127,192	145,416	127,192
	\$ 264,112	\$ 1,201,822	\$ 1,222,415	\$ 243,519
Marriage Fund				
Assets , cash and investments	\$ 2,133	\$ 557	\$ 220	\$ 2,470
Liabilities , due to individuals and private entities	\$ 2,133	\$ 557	\$ 220	\$ 2,470
County Clerk's Tax Redemption Fund				
Assets , cash and investments	\$ 50,978	\$ 361,718	\$ 377,816	\$ 34,880
Liabilities , due to individuals and private entities	\$ 50,978	\$ 361,718	\$ 377,816	\$ 34,880

(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, 2006	Additions	Deletions	Balance November 30, 2007
Inheritance Tax Fund				
Assets , cash and investments	\$ 1	\$ -	\$ -	\$ 1
Liabilities , due to individuals and private entities	\$ 1	\$ -	\$ -	\$ 1
Probation Restitution Fund				
Assets , cash and investments	\$ 12,330	\$ 95,011	\$ 103,065	\$ 4,276
Liabilities , due to individuals and private entities	\$ 12,330	\$ 95,011	\$ 103,065	\$ 4,276
Insurance Clearing Fund				
Assets , cash and investments	\$ 231	\$ 835,178	\$ 831,859	\$ 3,550
Liabilities , due to individuals and private entities	\$ 231	\$ 835,178	\$ 831,859	\$ 3,550
Treasurer's Fee Account Fund				
Assets , cash and investments	\$ 1,069	\$ 79,235	\$ 80,302	\$ 2
Liabilities , due to individuals and private entities	\$ 1,069	\$ 79,235	\$ 80,302	\$ 2
Inmate Commissary Fund				
Assets , cash and investments	\$ 8,877	\$ 75,937	\$ 61,477	\$ 23,337
Liabilities , due to individuals and private entities	\$ 8,877	\$ 75,937	\$ 61,477	\$ 23,337

(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, 2006	Additions	Deletions	Balance November 30, 2007
Sheriff Kid's First				
Assets , cash and investments	\$ 1,072	\$ 2,550	\$ 1,782	\$ 1,840
Liabilities , due to individuals and private entities	\$ 1,072	\$ 2,550	\$ 1,782	\$ 1,840
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 530,177	\$ 44,580,181	\$ 44,059,663	\$ 1,050,695
Due from other governments	125,525	92,583	125,525	92,583
Total assets	\$ 655,702	\$ 44,672,764	\$ 44,185,188	\$ 1,143,278
Liabilities				
Accounts payable	\$ 46,512	\$ 40,586,506	\$ 40,061,828	\$ 571,190
Due to other governments	118,696	1,074,630	1,076,999	116,327
Due to individuals and private entities	490,494	3,011,628	3,046,361	455,761
Total liabilities	\$ 655,702	\$ 44,672,764	\$ 44,185,188	\$ 1,143,278

Jo Daviess County, Illinois

Schedule of Property Tax Rates, Levies, Extensions and Equalized
Assessed Valuations (Unaudited)
Year Ended November 30, 2007

Tax Year	2006	2005	2004
Equalized assessed valuations	\$ 646,409,013	\$ 586,033,355	\$ 548,866,997
Tax rates: (maximum allowable is disclosed in parentheses):			
General (as needed)	\$ 0.21237	\$ 0.22928	\$ 0.23310
Highway (.200)	0.09354	0.09663	0.0982
Bridges (.050)	0.04760	0.04918	0.0491
Federal aid matching (.050)	0.04760	0.04918	0.0491
Illinois municipal retirement (as needed)	0.04468	0.03947	0.0381
Social security (as needed)	0.03551	0.03165	0.0301
Extension education (.050)	0.01136	0.01197	0.0122
County health (.150)	0.07406	0.07650	0.0778
Insurance (as needed)	0.03504	0.03663	0.0339
Mental health (.150)	0.04778	0.04936	0.0502
County wide totals	\$ 0.64954	\$ 0.66985	\$ 0.67180
Tax rates: (maximum allowable is disclosed in parentheses):			
Special service district number one (.100)	\$ 0.0347	\$ 0.0406	\$ 0.0577
Special service district number two (.100)	0.0944	0.1062	0.0420
Special service district number three (.100)	-	-	-
Special service district number four (.100)	0.0944	-	0.0554
Special service district totals	\$ 0.2235	\$ 0.1468	\$ 0.1551
Tax levies:			
General	\$ 1,372,720	\$ 1,343,610	\$ 1,279,598
Highway	604,628	566,283	539,299
Bridges	307,668	288,155	269,298
Federal aid matching	307,668	288,155	269,298
Illinois municipal retirement	288,780	231,256	209,223
Social security	229,526	185,439	165,583
Extension education	73,400	70,137	66,770
County health	478,669	448,312	426,916
Insurance	226,442	214,653	185,807
Mental health	308,837	289,250	275,432
County wide totals	\$ 4,198,338	\$ 3,925,250	\$ 3,687,224
Tax levies:			
Special service district number one	\$ 40,000	\$ 40,000	\$ 50,000
Special service district number two	53,550	51,000	2,736
Special service district number three	-	-	-
Special service district number four	-	-	5,144
Special service district totals	\$ 93,550	\$ 91,000	\$ 57,880

(Continued)

Jo Daviess County, Illinois

Schedule of Property Tax Rates, Levies, Extensions and Equalized
Assessed Valuations (Unaudited) (Continued)
Year Ended November 30, 2007

Tax Year	2006	2005	2004
Tax extensions:			
General	\$ 1,372,779	\$ 1,343,657	\$ 1,279,629
Highway	604,651	566,284	539,317
Bridges	307,691	288,211	269,329
Federal aid matching	307,691	288,211	269,329
Illinois municipal retirement	288,815	231,307	209,228
Social security	229,540	185,480	165,593
Extension education	73,432	70,148	66,797
County health	478,730	448,316	426,964
Insurance	226,502	214,664	185,846
Mental health	308,854	289,266	275,476
County wide totals	\$ 4,198,685	\$ 3,925,544	\$ 3,687,508
Tax extensions:			
Special service district number one	\$ 40,006	\$ 40,003	\$ 50,002
Special service district number two	53,553	48,033	2,736
Special service district number three	-	-	-
Special service district number four	-	-	5,145
Special service district totals	\$ 93,559	\$ 88,036	\$ 57,883

Jo Daviess County, Illinois

Schedule of Expenditures From Taxes Extended for Tort Immunity Purposes
Year Ended November 30, 2007

Property, liability and workers' compensation insurance	\$	224,840
County's share of insurance costs paid by the Regional Superintendent's Trust Fund		3,903
Total	\$	228,743

Jo Daviess County, Illinois

Schedule of Expenditures of Federal Awards
Year Ended November 30, 2007

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
(Passed through Illinois Department of Human Services):			
Special Supplemental Nutrition Program For Women, Infants and Children:			
WIC Administration	10.557	711G5279000	\$ 31,849
WIC Administration	10.557	811G6279900	26,176
WIC Vouchers (noncash assistance)	10.557	n/a	99,184
Total U.S. Department of Agriculture			<u>157,209</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-X023	83,360
Section 5311 Operating Assistance Grant	20.509	IL-18-X024	82,218
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	36-600-6575	2,644
Total U.S. Department of Transportation			<u>168,222</u>
Election Assistance Commission:			
(Passed through the Illinois State Board of Election):			
Disability Accessible Voting Equipment	90.401	n/a	39,102
U.S. Environmental Protection Agency:			
(Passed through the Illinois Department of Public Health):			
Potable Water Grant	66.605	n/a	825
US Department of Housing and Urban Development			
(Passed through the Illinois Housing Development Authority)			
Small Rental Properties Program	14.239	HS-2372	99,783

(Continued)

Jo Daviess County, Illinois

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended November 30, 2007

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	711G6279350	7,439
Title X Family Planning	93.217	811G7279350	21,000
			<u>28,439</u>
(Passed through the Illinois Department of Public Health):			
Immunization Grants (noncash assistance)	93.268	n/a	56,704
Centers for Disease Control and Prevention:			
Bioterrorism Grant	93.283	77181042	16,658
Bioterrorism Grant	93.069	87181042	5,420
Pandemic Influenza 2 Supplement	93.283	77181137	5,998
			<u>84,780</u>
(Passed through Illinois Department of Healthcare and Family Services):			
Child Support Enforcement	93.563	n/a	4,484
Medical Assistance Program	93.778	366006575001	47,357
			<u>51,841</u>
(Passed through Illinois Department of Human Services):			
Social Services Block Grant:			
Title XX Family Case Management Block Grant	93.667	711G7279000	23,000
Title XX Family Case Management Block Grant	93.667	711G7279000	4,700
			<u>27,700</u>
Total U.S. Department of Health and Human Services			<u><u>192,760</u></u>
U.S. Department of Homeland Security:			
(Passed through the Illinois Emergency Management Agency):			
Emergency Management Performance Grants	97.042	n/a	15,542
Emergency Management Performance Grants	97.042	n/a	12,854
			<u>28,396</u>
Total expenditures of federal awards			<u><u>\$ 686,297</u></u>

See Notes to Schedule of Federal Awards.

Jo Daviess County, Illinois

Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2007

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 \$56,704 and WIC Food Instrument redemptions totaling \$99,184.

Jo Daviess County, Illinois

Summary Schedule of Prior Audit Findings
Year Ended November 30, 2007

Number	Comment	Status	Corrective Action Plan or Other Explanation
Findings Related to Financial Statements:			
06-II-A	The County has an inadequate segregation of duties over the payroll cycle.	Corrected	
06-II-B	The County has an inadequate segregation of duties over the cash receipts cycle.	Not corrected	Significant deficiency at 07-II-B
06-II-C	The County has a lack of security over their computer network.	Not corrected	Significant deficiency at 07-II-A
06-II-D	The County has an inadequate segregation of duties over the property tax collections cycle.	Corrected	
06-II-E	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	Not corrected	Significant deficiency at 07-II-C
06-II-F	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	Not corrected	Significant deficiency at 07-II-D
06-II-G	The County has an inadequate system over capital assets purchased with federal funds.	Corrected	
06-II-H	The County has an inadequate system to identify payable amounts for services provided but not invoiced.	Corrected	
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
06-III-C	Capital assets purchased with federal funds were not capitalized in the County's capital assets system.	Corrected	
Instances of Noncompliance:			
06-III-A	The County did not have adequate documentation for nutritional risks and bundled risk factors for the WIC program.	Corrected	
06-III-B	Reporting requirements of the Accessible Voting Equipment Grant were not met.	Corrected	

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, 2007, which collectively comprise Jo Daviess County, Illinois' basic financial statements and have issued our report thereon dated April 8, 2008. 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 07-II-A through 07-II-D to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jo Daviess County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Jo Daviess County, Illinois in a separate letter dated April 8, 2008.

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 8, 2008

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, 2007. 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 07-III-B.

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 07-III-A to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 8, 2008

Jo Daviess County, Illinois

Schedule of Findings and Questioned Costs
Year Ended November 30, 2007

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
14.239	Small Rental Properties Program

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)
For the Year Ended November 30, 2007

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

07-II-A

Finding: The County has a lack of security over its computer network.

Condition: The County currently does not require employees to change their passwords periodically for network access. The network is not monitored for usage, nor are activity logs reviewed. There are no security procedures or network configurations documented.

Context: Pervasive to the information technology system.

Effect: Access to the County network by unauthorized users.

Recommendation: We recommend the County implement security procedures over its computer network. These procedures could include the denial of access to the system after a specific number of invalid attempts to login and requiring passwords to be periodically changed. We further recommend the security procedures and network configurations be documented and maintained in a secure location and the review of activity logs.

Response and corrective action plan: Jo Daviess County staff is working with the County Board Information and Communication Technology Committee to implement a computer network password policy. This policy will fulfill the recommendations identified in 07-II-A. As County IT support staff continue to learn and develop their knowledge and skills, they will begin to monitor the network in more detail as suggested.

07-II-B

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

Condition: Two individuals in the Treasurer's Office have access to the cash collected and can post journal entries. One of the individuals reconciles the bank statements and the other individual takes the deposit to the bank on occasion.

Context: Pervasive to cash receipts transactions.

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

(Continued)

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended November 30, 2007

Recommendation: We recommend the County segregate the duties of collecting cash from recording journal entries and reconciling the cash activity.

Response and corrective action plan: The Treasurer's Office is in the process of implementing a plan to segregate duties whereby individuals who record cash receipts will not be able to enter journal entries on the computer system. The Treasurer has also implemented a process to track the sequence of numbers on receipt forms, entering the corresponding results in a log book.

07-II-C

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 that 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 at the Circuit Clerk's office.

Effect: Misappropriation of assets could occur and or a misstatement of revenues 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 from reconciling cash activity.

Response and corrective action plan: The Circuit Clerk is aware of the lack of segregation of duties and will continue to look for opportunities to realign or reassign duties when possible. Staffing is limited in this department; the Circuit Clerk has evaluated the cost/benefit of hiring additional staff and has determined it is not practical at this time.

07-II-D

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 that no one individual handles a transaction from its inception to its completion. Employees of the Circuit Clerk's office who record disbursements in the ledger also issue checks, sign the checks and distribute the checks.

Context: Pervasive to the cash disbursements transactions.

(Continued)

Jo Daviess County, Illinois

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended November 30, 2007

Effect: Misappropriation of assets could occur and or an understatement of liabilities 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 and issuing and signing checks from distributing checks.

Response and corrective action plan: The Circuit Clerk is aware of the lack of segregation of duties and will continue to look for opportunities to realign or reassign duties when possible. Staffing is limited in this department; the Circuit Clerk has evaluated the cost/benefit of hiring additional staff and has determined that is not practical at this time.

(Continued)

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended November 30, 2007

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

07-III-A

U.S. Department of Housing and Urban Development
Passed through the Illinois Housing Development Authority
Small Rental Properties Program (CFDA 14.239)
Federal Award Year: 2007

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: 2007

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: 2007

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: 2007

U.S. Department of Health and Human Services
Passed through the Illinois Department of Public Health
Immunization Grants (CFDA 93.268)
Federal Award Year: 2007

Finding: The County was unable to capture all federal grant information for the current year. During the audit process, \$243,139 of federal expenditures were added to the Schedule of Federal Awards including two additional programs.

Condition: 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. While the County has delegated the oversight of grant activity to the Treasurer's Office, a policy requiring grant administrators to forward grant agreements to the Treasurer's Office has not been approved. In addition, the County is using state revenue general ledger accounts to track state and federal grant revenues which results in difficulty capturing federal grant funding.

Context: Pervasive to the federal grant programs.

Effect: The County could fail to report receivables, expenditures and deferred grant revenues in accordance with GAAP and as required by the Single Audit Act.

(Continued)

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended November 30, 2007**

Recommendation: We recommend the County implement procedures to properly account for all grant receivables, grant revenues and deferred revenues and should include procedures to properly distinguish state funds from federal funds. We further recommend the County adopt a policy requiring all grant administrators to forward copies of all grant agreements to the Treasurer's Office when a grant is awarded.

Response and corrective action plan: County Administrative Staff will work with County Departments to develop and implement procedures to properly distinguish state grant funds from federal grants funds and procedures to properly account for all grant receivables, grant revenues and deferred revenues. The County will develop, adopt and implement a policy requiring County grant administrators to forward copies of all grant agreements to the Treasurer's Office when a grant is awarded.

B. Instances of Noncompliance

07-III-B

**U.S. Department of Transportation
Passed through Illinois Department of Transportation
Section 5311 Operating Assistance Grant (CFDA 20.509)
Federal Award Year: 2007-2008**

Finding: The County did not review the grant requirements and the activities of the grant to ensure the grant is being operated in compliance with the OMB Circular A-133 for allowable costs, matching criteria, program income and reporting.

Condition: Although the County has an Operator Agreement with a third party, the County should review the information used by the third party in order to ensure the County is in compliance with all the rules and regulations established by the OMB, and/or the grant agreement. Currently, the only review being performed is receiving the reimbursement requests that are sent to the Illinois Department of Transportation by the third party and ensuring the amount requested is what was received by the County.

Contest: Pervasive to the federal grant programs.

Effect: The County may not be in compliance with the grant agreement or the OMB Circular A-133.

Recommendation: The County should review the grant requirements of the program done by the third party to ensure program requirements are being met. These reviews should consist of reviewing the calculation of the matching criteria and program income. Also, the report submitted to the state should be reviewed for appropriate costs and proper timing under the grant.

Response and corrective action plan: The County is in the process of developing a system to review and monitor the compliance areas for the Federal Transportation Assistance Grant Program and review, on a periodic basis, the information used by the third party in order to ensure the County is in compliance with all the rules and regulations established by the OMB and/or the grant agreement.

Jo Daviess County, Illinois

**Corrective Action Plan
Year Ended November 30, 2007**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to Financial Statements:				
07-II-A	The County has a lack of security over their computer network.	See response and corrective action plan at 07-II-A.	November 2008	Dan Reimer, County Administrator
07-II-B	The County has an inadequate segregation of duties over the cash receipts cycle.	See response and corrective action plan at 07-II-B.	November 2008	Carol Soat, Treasurer
07-II-C	The Circuit Clerk's Office has inadequate segregation of duties in the cash receipt process.	See response and corrective action plan at 07-II-C.	November 2008	Sharon Wand, Circuit Clerk
07-II-D	The Circuit Clerk's office has inadequate segregation of duties in the cash disbursement cycle.	See response and corrective action plan at 07-II-D.	November 2008	Sharon Wand, Circuit Clerk
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.	See response and corrective action plan at 07-III-A.	November 2008	Carol Soat, Treasurer
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.	See response and corrective action plan at 07-III-B.	November 2008	Dan Reimer, County Administrator

This Page Intentionally Left Blank

