



LEE COUNTY, ILLINOIS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**
November 30, 2010

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Independent Auditor's Report

Lee County Board
Lee County, Illinois

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Illinois as of and for the year ended November 30, 2010, which collectively comprise Lee County, Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lee 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. The financial statements of the Lee County Emergency Telephone System Board were not audited in accordance with *Government Auditing Standards*. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Illinois as of November 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 March 10, 2011 on our consideration of Lee County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedule of Funding Progress information on page 40 and the budgetary comparison information on pages 41 - 50 are not a required part of the basic financial statements but are supplementary information required by 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. Lee County, Illinois has not presented the management's discussion and analysis as required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee County, Illinois' basic financial statements. The general fund budgetary information and combining and individual nonmajor fund financial statements listed in the table of contents 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical table on page 72 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Clifton Henderson LLP

Dixon, Illinois
March 10, 2011

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

Lee County Board
Lee County, Illinois

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Illinois as of and for the year ended November 30, 2010, which collectively comprise Lee County, Illinois' basic financial statements and have issued our report thereon dated March 10, 2011. Except for the Lee County Emergency Telephone System Board, 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. The financial statements of the Lee County Emergency Telephone Systems Board were not audited in accordance with the *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lee County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's 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 deficiencies, significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and responses to be material weaknesses in internal control over financial reporting (Finding 10-01 and 10-03).

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs and responses to be significant deficiencies (Finding 10-02 and 10-04).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee 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 Lee County, Illinois in a separate letter dated March 10, 2011.

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

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

Clifton Henderson LLP

Dixon, Illinois
March 10, 2011

LEE COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
November 30, 2010

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Cash on hand	\$ 966	\$ -
Cash in bank	1,060,345	1,036,381
Time deposits and money markets	8,715,727	-
Investments	1,562,453	-
Property tax receivable	5,265,073	-
Due from State of Illinois	1,199,198	-
Surcharge receivables	-	73,268
Other receivable	1,120,533	-
Due from various townships	59,581	-
Prepaid expenses	980	16,325
Capital assets:		
Land	1,294,156	-
Infrastructure, net of depreciation	4,928,197	-
Buildings and improvements, net of depreciation	9,628,260	483,070
Equipment, net of depreciation	1,545,855	716,895
Total capital assets	<u>17,396,468</u>	<u>1,199,965</u>
TOTAL ASSETS	<u>36,381,324</u>	<u>2,325,939</u>
LIABILITIES		
Accounts payable	221,355	1,439
Accrued payroll and taxes	452,338	3,784
Deferred revenue		
Property taxes	5,265,073	-
Grants	2,830	-
Accrued compensated absences		
Current	53,713	1,405
Noncurrent	624,608	-
Long-term liabilities:		
Due within one year	69,192	-
Due in more than one year	322,169	-
Total liabilities	<u>7,011,278</u>	<u>6,628</u>
NET ASSETS		
Invested in capital assets, net of related debt	17,291,304	1,199,965
Unrestricted:		
Board designated for:		
Capital projects	1,767,142	-
Undesignated	10,311,600	1,119,346
Total unrestricted net assets	<u>12,078,742</u>	<u>1,119,346</u>
TOTAL NET ASSETS	<u>\$ 29,370,046</u>	<u>\$ 2,319,311</u>

The accompanying notes are an integral part of the basic financial statements.

**LEE COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended November 30, 2010**

							Net Revenue (Expense) and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Governmental Activities	Component Unit	Governmental Activities	Component Unit
Functions/Programs							
PRIMARY GOVERNMENT:							
Governmental activities							
General government	\$ 6,002,437	\$ 206,782	\$ -	\$ -	\$ (5,795,655)	\$ -	-
Public safety	3,089,337	101,397	-	-	(2,987,940)	-	-
Highways and streets	3,292,463	327,331	-	-	(2,965,132)	-	-
Public health and welfare	2,008,788	194,751	769,152	-	(1,044,885)	-	-
Judiciary and court related	2,884,954	1,781,218	-	-	(1,103,736)	-	-
County development	67,730	95,172	-	-	27,442	-	-
Landfill	-	1,973,589	-	-	1,973,589	-	-
Debt service interest	5,155	-	-	-	(5,155)	-	-
Total primary government	17,350,864	4,680,240	769,152	-	(11,901,472)	-	-
COMPONENT UNIT:							
Emergency telephone systems board	455,301	420,602	-	-	-	-	(34,699)
General revenues:							
Property taxes, levied for general purposes					5,005,075	-	-
Sales tax					287,873	-	-
Supplemental county retail taxes					631,307	-	-
Increased use tax					150,677	-	-
Hotel/Motel use tax					121,319	-	-
State income tax					974,226	-	-
State replacement tax					437,937	-	-
Motor fuel tax					869,890	-	-
Other intergovernmental revenues					2,006,800	-	-
Insurance reimbursements					338,370	83,010	-
Unrestricted investment earnings					200,179	18,855	-
Other					521,323	28,675	-
					11,544,976	130,540	-
Total general revenues					11,544,976	130,540	-
Change in net assets					(356,496)	95,841	-
NET ASSETS, BEGINNING OF YEAR					29,726,542	2,223,470	-
NET ASSETS, END OF YEAR					\$ 29,370,046	\$ 2,319,311	-

The accompanying notes are an integral part of the basic financial statements.

**LEE COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2010**

	General Fund	Solid Waste Management Fund	County Highway Fund	County Health Fund	Illinois Municipal Retirement Fund	Social Security Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash on hand	\$ 800	\$ -	\$ 66	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 966
Cash in bank	555,401	-	107,104	74,428	-	-	-	323,412	1,060,345
Time deposits and money markets	116,722	1,276,641	544,011	293,325	510,807	503,455	1,754,305	3,387,634	8,386,900
Investments	-	455,541	-	417,147	210,622	-	-	479,143	1,562,453
Property tax receivable	1,614,213	-	685,000	556,000	600,000	630,000	-	899,860	4,985,073
Due from State of Illinois	967,840	-	-	117,957	-	-	-	113,401	1,199,198
Prepaid insurance	980	-	-	-	-	-	-	-	980
Other receivables	-	1,085,483	-	12,187	-	2,340	-	20,523	1,120,533
Due from various townships	-	-	47,970	-	-	-	-	11,611	59,581
Due from other County funds	56,982	-	-	7,294	-	35,279	-	-	99,555
TOTAL ASSETS	\$ 3,312,938	\$ 2,817,665	\$ 1,384,151	\$ 1,478,438	\$ 1,321,429	\$ 1,171,074	\$ 1,754,305	\$ 5,235,584	\$ 18,475,584
LIABILITIES									
Accounts payable	\$ 80,550	\$ 4,689	\$ 22,468	\$ 12,593	\$ -	\$ -	\$ -	\$ 71,055	\$ 191,355
Accrued payroll and payroll taxes	238,860	-	35,996	39,914	129,287	-	-	8,281	452,338
Deferred revenue									
Property taxes	1,614,213	-	685,000	556,000	600,000	630,000	-	899,860	4,985,073
Grants	-	-	-	2,830	-	-	-	-	2,830
Due to other County funds	44,468	-	-	-	56,770	-	-	7,506	108,744
Accrued sick pay	53,713	-	-	-	-	-	-	-	53,713
Total liabilities	2,031,804	4,689	743,464	611,337	786,057	630,000	-	986,702	5,794,053
FUND BALANCES									
Unreserved									
General	1,281,134	-	-	-	-	-	-	-	1,281,134
Special Revenue	-	2,812,976	640,687	867,101	535,372	541,074	-	4,236,045	9,633,255
Capital Projects	-	-	-	-	-	-	1,754,305	12,837	1,767,142
Total fund balances	1,281,134	2,812,976	640,687	867,101	535,372	541,074	1,754,305	4,248,882	12,681,531
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,312,938	\$ 2,817,665	\$ 1,384,151	\$ 1,478,438	\$ 1,321,429	\$ 1,171,074	\$ 1,754,305	\$ 5,235,584	\$ 18,475,584

The accompanying notes are an integral part of the basic financial statements.

LEE COUNTY, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
November 30, 2010

Total governmental fund balances		\$ 12,681,531
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$14,070,312		17,396,468
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital lease obligation		(105,164)
Other post-employment benefits		(286,197)
Accrued compensated absences		(624,608)
Internal service funds are used to account for the costs of insurance activities. The assets and liabilities of the Internal Service Fund are reported with governmental activities.		
Internal Service Fund balances are:		
Assets	\$ 618,016	
Liabilities	(310,000)	<u>308,016</u>
Total net assets - governmental activities		<u>\$ 29,370,046</u>

The accompanying notes are an integral part of the basic financial statements.

LEE COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended November 30, 2010

	General Fund	Solid Waste Management Fund	County Highway Fund	County Health Fund	Illinois Municipal Retirement Fund	Social Security Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES									
Taxes	\$ 2,597,541	\$ -	\$ 609,127	\$ 455,420	\$ 598,616	\$ 636,725	\$ -	\$ 1,019,575	\$ 5,917,004
Intergovernmental revenue	1,885,692	-	-	745,531	55,000	-	-	2,348,162	5,034,385
Licenses and permits	202,215	1,973,589	-	56,380	-	-	-	23,621	2,255,805
Revenue from services	1,555,273	-	327,331	83,157	-	-	-	482,294	2,448,055
Revenue from use of money and property	158,948	31,168	665	15,731	-	-	-	18,372	224,884
Other	<u>275,783</u>	<u>12,317</u>	<u>76,667</u>	<u>7,844</u>	<u>-</u>	<u>-</u>	<u>27,420</u>	<u>121,292</u>	<u>521,323</u>
Total revenues	<u>6,675,452</u>	<u>2,017,074</u>	<u>1,013,790</u>	<u>1,364,063</u>	<u>653,616</u>	<u>636,725</u>	<u>27,420</u>	<u>4,013,316</u>	<u>16,401,456</u>
EXPENDITURES									
General control and administration	2,730,611	-	-	-	631,653	509,851	-	1,077,105	4,949,220
County development	67,730	-	-	-	-	-	-	-	67,730
Public safety	3,034,625	-	-	-	-	-	-	2,000	3,036,625
Judiciary and court related	1,946,849	-	-	-	-	-	-	465,861	2,412,710
Public health and welfare	-	102,826	-	1,495,031	-	-	-	417,336	2,015,193
Highways and streets	-	-	1,370,466	-	-	-	-	1,595,546	2,966,012
Capital projects	-	-	-	-	-	-	-	17,910	17,910
Debt service:									
Principal	95,935	-	-	-	-	-	-	-	95,935
Interest	5,155	-	-	-	-	-	-	-	5,155
All other expenditures	<u>210,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,906</u>
Total expenditures	<u>8,091,811</u>	<u>102,826</u>	<u>1,370,466</u>	<u>1,495,031</u>	<u>631,653</u>	<u>509,851</u>	<u>-</u>	<u>3,575,758</u>	<u>15,777,396</u>
Excess (deficiency) of revenues over expenditures	<u>(1,416,359)</u>	<u>1,914,248</u>	<u>(356,676)</u>	<u>(130,968)</u>	<u>21,963</u>	<u>126,874</u>	<u>27,420</u>	<u>437,558</u>	<u>624,060</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	1,200,000	-	326,337	-	-	-	745,060	13,667	2,285,064
Operating transfers out	-	(771,397)	-	-	-	-	(1,500,000)	(13,667)	(2,285,064)
Capital lease acquisition	107,917	-	-	-	-	-	-	-	107,917
	<u>1,307,917</u>	<u>(771,397)</u>	<u>326,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(754,940)</u>	<u>-</u>	<u>107,917</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(108,442)</u>	<u>1,142,851</u>	<u>(30,339)</u>	<u>(130,968)</u>	<u>21,963</u>	<u>126,874</u>	<u>(727,520)</u>	<u>437,558</u>	<u>731,977</u>
FUND BALANCES, BEGINNING OF YEAR	<u>1,389,576</u>	<u>1,670,125</u>	<u>671,026</u>	<u>998,069</u>	<u>513,409</u>	<u>414,200</u>	<u>2,481,825</u>	<u>3,811,324</u>	<u>11,949,554</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,281,134</u>	<u>\$ 2,812,976</u>	<u>\$ 640,687</u>	<u>\$ 867,101</u>	<u>\$ 535,372</u>	<u>\$ 541,074</u>	<u>\$ 1,754,305</u>	<u>\$ 4,248,882</u>	<u>\$ 12,681,531</u>

The accompanying notes are an integral part of the basic financial statements.

LEE COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended November 30, 2010

Net change in fund balances - total governmental funds		\$ 731,977
<p>Amounts reported for governmental activities in the statement of net assets 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 as depreciation expense. This is the amount by which capital outlay differed from depreciation expense in the current year.</p>		
	(911,746)	
<p>Issuance of long-term liabilities provides current financial resources to governmental funds in the period issued, but increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Capital lease obligation issuances	\$ (107,917)	
Capital lease obligation payments	95,935	
Other post-employment benefits increase	(155,046)	
Compensated absences	<u>3,179</u>	(163,849)
<p>Internal service funds are used by management to account for the costs of insurance. The net revenue of the internal service fund is reported with governmental activities.</p>		
Change in Net Assets		<u>(12,878)</u>
Change in net assets of governmental activities		<u>\$ (356,496)</u>

The accompanying notes are an integral part of the basic financial statements.

**LEE COUNTY, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
November 30, 2010**

	Governmental Activities- Internal Service <u>Funds</u>
ASSETS	
Time deposits and money markets	\$ 328,827
Property tax receivable	280,000
Due from other County funds	<u>9,189</u>
TOTAL ASSETS	<u>618,016</u>
LIABILITIES	
Accounts payable	30,000
Deferred revenue	
Property taxes	<u>280,000</u>
Total liabilities	<u>310,000</u>
NET ASSETS	<u><u>\$ 308,016</u></u>
NET ASSETS OF PROPRIETARY FUNDS	\$ 308,016
Amounts reported for business-type activities in the statement of net assets are different because: Such amounts are included in governmental net assets	<u>(308,016)</u>
TOTAL NET ASSETS OF BUSINESS-TYPE ACTIVITIES	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the basic financial statements.

LEE COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended November 30, 2010

	Governmental Activities- Internal Service Funds
OPERATING REVENUES	
Revenue from insurance claims	\$ 44
Employee contributions	338,326
	338,370
OPERATING EXPENSES	
Employee group insurance	375,371
Insurance and bonds	255,419
	630,790
Loss from operations	(292,420)
NONOPERATING REVENUES	
General property taxes	279,247
Interest income	295
	279,542
Change in net assets	(12,878)
NET ASSETS, BEGINNING OF YEAR	320,894
NET ASSETS, END OF YEAR	\$ 308,016
NET CHANGE IN NET ASSETS - TOTAL PROPRIETARY FUNDS	\$ (12,878)
Amounts reported for business-type activities in the statement of activities are different because: The net revenue of the internal service fund is reported with governmental activities	12,878
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES	\$ -

The accompanying notes are an integral part of the basic financial statements.

**LEE COUNTY, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended November 30, 2010**

	Governmental Activities- Internal Service <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for loss claims	\$ 44
Cash payments for insurance and loss claims	(601,010)
Cash received from employee contributions	<u>338,326</u>
Net cash used in operating activities	<u>(262,640)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	<u>279,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	<u>295</u>
Net increase in cash	16,902
CASH, BEGINNING OF YEAR	<u>311,925</u>
CASH, END OF YEAR	<u><u>\$ 328,827</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (292,420)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Effects of changes in operating assets and liabilities:	
Accrued payroll and payroll taxes	(220)
Medical claims payable	<u>30,000</u>
Net cash used in operating activities	<u><u>\$ (262,640)</u></u>

The accompanying notes are an integral part of the basic financial statements.

**LEE COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
November 30, 2010**

	<u>Agency Funds</u>
ASSETS	
Cash on hand	\$ 500
Cash in bank	691,819
Time deposits and money markets	1,157,668
Investments	488,188
Other receivables	304,085
Revenue stamp inventory, at cost	<u>31,878</u>
TOTAL ASSETS	<u>2,674,138</u>
LIABILITIES	
Accounts payable	60,935
Due to taxing bodies	157,570
Escrow funds due to others	987,168
Due to other governmental bodies	<u>1,468,465</u>
TOTAL LIABILITIES	<u>2,674,138</u>
NET ASSETS	
Held in trust for other purposes	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lee County was organized in 1839 and is divided into 22 townships and 16 municipalities. The County seat is located in the City of Dixon. The County provides services to its more than 36,062 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Financial Reporting Entity

Lee County, Illinois, is governed by an elected twenty-eight member board of commissioners. As required by generally accepted accounting principles, these financial statements present Lee County (the primary government).

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, Lee County, Illinois is a primary government in that it is a county with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The County has developed criteria to determine whether other entities are component units of the County. Component units are legally separate organizations for which the elected officials of Lee County are financially accountable. Lee County would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, Lee County (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on Lee County, the County is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Lee County, Illinois is not a component unit of any other entity. However, based on the foregoing criteria, the following organization is included in Lee County's government-wide financial statements as a component unit.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Discretely Presented Component Unit - Lee County Emergency Telephone System Board

The component unit column in the combined financial statements includes the financial data of the Lee County Emergency Telephone System Board. It is reported in a separate column to emphasize that it is legally separate from the County. The Lee County Board Chairman, with the advice and consent of the Lee County Board, appoints board members to the Lee County Emergency Telephone System Board. The members of the Lee County Emergency Telephone System Board are then responsible for planning the 911 emergency system, receiving monies imposed under an established surcharge, and authorizing disbursements. The geographic area served by the Lee County Emergency Telephone System Board is the same as Lee County. The Treasurer of Lee County maintains the funds and invests or disburses them at the direction of the Lee County Emergency Telephone System Board. Lee County has the responsibility for approving the rate of the surcharge which funds the activities of the Lee County Emergency Telephone System Board and, therefore, has the ability to impose its will on that Board. Separate financial statements of the Lee County Emergency Telephone System Board are prepared.

Other Entity Considerations

The County Board Chairman and County Board may make appointments of the governing boards of a number of drainage, public water, and sanitary districts. Even though the County Board may appoint a majority of the members of the respective districts, the members do not serve at the discretion of the County Board, that is, they can be removed only for cause. There are no indications that the County Board can impose its will over these districts and therefore has no financial accountability. These units are not considered component units of Lee County, Illinois.

Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major and aggregate nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The government-wide financial statements report on all of the nonfiduciary activities of the primary government.

In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (police, judicial, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, judicial and public works). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, sales taxes, intergovernmental revenues, interest income, etc.).

The County does not allocate indirect costs.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

- a. **General fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County:

- a. **Internal service funds** account for the financing of goods or services provided by one department to other departments or agencies of the County on a cost-reimbursement basis.

Reporting Major, Nonmajor and Fiduciary Fund Statements

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The County reports the following major governmental funds:

General Fund – This fund 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.

Solid Waste Management Fund – This fund is used to account for the revenues and expenditures associated with solid waste planning and management in Lee County. Financing is provided by fees assessed at disposal sites.

County Highway Fund – This fund is used to account for the revenues and expenditures associated with streets and highways in Lee County. Financing is provided by an annual property tax levy and charges for services.

County Health Fund – This fund is used to account for the revenues and expenditures associated with providing public health services to the citizens of the County. Financing is provided by an annual property tax levy, licenses and permits, state grants, charges for services and federal financial assistance.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Illinois Municipal Retirement Fund – This fund is used to account for the revenues and expenditures associated with the Illinois Municipal Retirement pension plan. Financing is provided by an annual property tax levy.

Social Security Fund – This fund is used to account for the revenues and expenditures associated with the cost of County employees participating in the Social Security system. Financing is provided by an annual property tax levy.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Financing is provided by excess landfill surcharge fees from the Solid Waste Management fund.

Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within approximately 180 days after year end, except for property taxes, which must be collected within 60 days to be considered available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Property taxes are recorded as revenue when levied for budgetary purposes. Penalties and interest, court fees, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Sales, income, and motor fuel taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets And Budgetary Accounting

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

1. Prior to November 1, the County Finance Committee submits to the County Board a proposed operating budget for the fiscal year commencing December 1. The operating budget includes proposed disbursements and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of an ordinance.
4. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a cash basis, which is not consistent with generally accepted accounting principles (GAAP).
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.
6. Appropriations lapse at the end of each fiscal year in accordance with Illinois Compiled Statutes.
7. The County Board may authorize supplemental appropriations during the year, as well as budget transfers. During fiscal year 2010, various budgetary amendments were made, which are reflected in this report.

Investments

Investments are stated at fair value (quoted market price or the best available estimate).

Capital Assets

Capital assets purchased or acquired with an original cost of \$4,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	15 – 30 years
Buildings and improvements	10 – 40 years
Equipment	5 – 20 years

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on use either by (1) external groups such as grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

At year-end, the County did not have any restricted net assets, however, the County would first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Fund Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County’s property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the County on January 1 of that year. Taxes are due and payable in two installments in June and September.

Property taxes are accrued as a receivable in the period in which the County has an enforceable lien on property. However, recognition of the revenue is deferred until the year in which the property taxes are intended to finance through the budgetary process. Property tax revenue recorded on County records for the year ended November 30, 2010 represents installments of the 2009 property taxes which were received during 2010.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The County accrues accumulated unpaid sick leave, vacation days, and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash represents cash in checking and money market accounts and any certificates of deposit with an original maturity date of less than 12 months.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Operating And Nonoperating Revenue

Operating revenue includes charges to users for services such as insurance fees and services provided for other governmental entities. Nonoperating revenues include transactions that have the characteristics of nonexchange transactions such as (1) local property taxes and (2) other miscellaneous revenues.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County's investment policy allows them to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds. The policy states that investments shall be made that reflect the cash flow needs of the type being invested. In general, the County may invest in obligations of the United States of America or its agencies (or guaranteed by the full faith and credit of the same) and certain time deposits and short-term obligations as defined in the Public Fund Investment Act. At year-end, the carrying amount of the County's unrestricted cash and time deposits was \$11,625,559 and the bank balances totaled \$12,007,703. Cash on hand, including fiduciary funds, was \$1,466.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of November 30, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>	
	<u>Fair Value</u>	<u>Less than 1</u>
Certificate of Deposit	\$ 980,682	\$ 980,682
Illinois Funds	<u>1,069,959</u>	<u>1,069,959</u>
Total	<u>\$ 2,050,641</u>	<u>\$ 2,050,641</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy states the County shall attempt to match its investments with anticipated cash flow requirements.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the County. As of November 30, 2010, \$-0- of the County's deposits were exposed to custodial credit risk.

Concentration of Credit Risk

More than 5% of the County's investments are Certificates of Deposits and Illinois Funds. Illinois Funds are money market investments sponsored and managed by the Treasurer of the State of Illinois. Investments are maintained by the following:

Farmers State Bank of Sublette	5.09%
First National Bank of Amboy	5.41
State Bank of Paw Paw	9.98
Community State Bank	22.07
Sauk Valley Bank	5.27
Illinois Funds	<u>52.18</u>
Total	<u>100.00%</u>

NOTE 3 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year and are payable in two installments in July and September in the ensuing year. Property taxes are levied in November of the levy year.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 3 - PROPERTY TAXES (CONTINUED)

Forfeited real estate taxes uncollected and delinquent mobile home privilege taxes are not accrued as receivables, since the historical experience with the property tax collection process shows that the annual collection rate for previously forfeited real property taxes is quite low, less than one-half of one percent of total taxes distributable. Forfeited taxes are reported only when received. Delinquent mobile home privilege taxes receivable are not material.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2010, was as follows:

	Balance November 30, 2009	Additions	Retirements	Balance November 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,294,156	\$ -	\$ -	\$ 1,294,156
Capital assets being depreciated:				
Buildings and improvements	15,930,503	17,910	-	15,948,413
Equipment	5,269,668	173,010	53,869	5,388,809
Equipment under capital lease	548,351	107,917	-	656,268
Infrastructure	<u>8,179,134</u>	<u>-</u>	<u>-</u>	<u>8,179,134</u>
Total capital assets being depreciated	<u>29,927,656</u>	<u>298,837</u>	<u>53,869</u>	<u>30,172,624</u>
Less accumulated depreciation for:				
Buildings and improvements	5,840,940	479,213	-	6,320,153
Equipment	4,001,141	346,618	51,890	4,295,869
Equipment under capital lease	148,628	54,725	-	203,353
Infrastructure	<u>2,922,889</u>	<u>328,048</u>	<u>-</u>	<u>3,250,937</u>
Total accumulated depreciation	<u>12,913,598</u>	<u>1,208,604</u>	<u>51,890</u>	<u>14,070,312</u>
Total capital assets being depreciated, net	<u>17,014,058</u>	<u>(909,767)</u>	<u>1,979</u>	<u>16,102,312</u>
Governmental activities capital assets, net	<u>\$ 18,308,214</u>	<u>\$ (909,767)</u>	<u>\$ 1,979</u>	<u>\$ 17,396,468</u>

Depreciation expense was charged as direct expense to programs of the County as follows:

Governmental activities	
General government	\$ 72,771
Public safety	143,619
Highways and streets	460,269
Public health and welfare	30,276
Judiciary and court related	501,669
County development	<u>-</u>
Total depreciation expense - governmental activities	<u>\$ 1,208,604</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 5 - LONG-TERM DEBT

Transactions for the year ended November 30, 2010 are summarized as follows:

	Balance November 30, <u>2009</u>	<u>Issued</u>	<u>Retired</u>	Balance November 30, <u>2010</u>	<u>Due Within One Year</u>
Governmental Type Activities					
Capital lease obligations	\$ 93,182	\$ 107,917	\$ 95,935	\$ 105,164	\$ 69,192
Compensated absences	627,787	50,534	-	678,321	53,713
Other post- employment benefits	<u>131,151</u>	<u>155,046</u>	<u>-</u>	<u>286,197</u>	<u>-</u>
Total Governmental Type Activities	<u>\$ 852,120</u>	<u>\$ 313,497</u>	<u>\$ 95,935</u>	<u>\$ 1,069,682</u>	<u>\$ 122,905</u>

Capital lease obligations

Capital lease obligation for a Dodge Caravan dated March 27, 2009, payable in annual installments of \$6,458, final payment due in March 2011.

\$ 6,115

Capital lease obligation for five Chevrolet Impalas dated June 24, 2009, payable in annual installments of \$28,568, final payment due in June 2011.

27,104

Capital lease obligation for five Chevrolet Impalas and one Dodge Caravan dated September 3, 2010, payable in annual installments of \$35,972, final payment due in September 2012.

71,945

Total capital lease obligations

\$ 105,164

The Lee County Board passed a resolution at the September 12, 1972 meeting authorizing pay for a limited number of sick days commencing December 1, 1972. This program was changed by resolution October 10, 1978. The program permits use of sick days if needed and an accumulation of unused days. After an employee accumulates 60 days sick leave, said employee will be paid for one-half of such accumulated days in excess of 60 days. This payment is to be made in December following the close of the fiscal year in which the excess days are accumulated. The balance owed to County employees at November 30, 2010, for one-half of accumulated days in excess of 60 days is \$53,713, which is shown as a current liability of County General Fund.

As of November 30, 2010, the County has an estimated liability to its employees for 50% of the first 60 accumulated sick days in the amount of \$428,183 and is reflected as a noncurrent liability.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

As of November 30, 2010, the County has an estimated liability to its employees for accumulated vacation days in the amount of \$196,425 and is reflected as a noncurrent liability.

As of November 30, 2010, the County has other post-employment benefits accrued in the amount of \$286,197 (see Note 19).

Annual requirements to retire debt obligations

<u>Year ending November 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 69,192	\$ 5,459	\$ 74,651
2012	35,972	1,875	37,847
Total	<u>\$ 105,164</u>	<u>\$ 7,334</u>	<u>\$ 112,498</u>

NOTE 6 - LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the County as of November 30, 2010.

Assessed valuation - 2009	<u>\$ 658,311,037</u>
Statutory debt limitation (2.875% of assessed valuation)	\$ 18,926,442
Total debt:	
Capital lease obligations	<u>105,164</u>
Legal debt margin	<u>\$ 18,821,278</u>

NOTE 7 - EMPLOYEE RETIREMENT PLANS

The County is a participating member of the Illinois Municipal Retirement Fund which covers all employees who are paid from a regular payroll from County Funds except:

- Temporary employees who are expected to be employed for less than 1,000 hours per year.
- Employees who were sixty years old when hired.

There are two separate plans, one covering law enforcement personnel and one covering all other eligible County Employees. The plan descriptions are as follows:

LAW ENFORCEMENT PERSONNEL PLAN

Plan Description

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

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

LAW ENFORCEMENT PERSONNEL PLAN (Continued)

Funding Policy

As set by statute, the County's Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 15.35% of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2009, the County's annual pension cost of \$268,628 for the Sheriff's Law Enforcement personnel plan was equal to the County's required and actual contributions.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Value</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2009	\$ 268,628	100%	\$ -
December 31, 2008	287,740	100	-
December 31, 2007	269,064	100	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.00% annually. The actuarial value of the County's Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15.00% corridor between the actuarial and market value of assets. The County's Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

LAW ENFORCEMENT PERSONNEL PLAN (Continued)

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 62.39% funded. The actuarial accrued liability for benefits was \$5,383,974 and the actuarial value of assets was \$3,358,999, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,024,975. The covered payroll (annual payroll of active employees covered by the plan) was \$1,750,023 and the ratio of the UAAL to the covered payroll was 116.00%. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial liability is being amortized on a level percentage of projected payroll on an open 30-year basis.

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

OTHER COUNTY PERSONNEL PLAN

Plan Description

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

Funding Policy

As set by statute, the County's Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 5.44% of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2009, the County's annual pension cost of \$265,006 for the Regular plan was equal to the County's required and actual contributions.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

OTHER COUNTY PERSONNEL PLAN (Continued)

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Value</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2009	\$ 265,006	100%	\$ -
December 31, 2008	276,719	100	-
December 31, 2007	232,514	100	-

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.00% annually. The actuarial value of the County's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15.00% corridor between the actuarial and market value of assets. The County's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 89.08% funded. The actuarial accrued liability for benefits was \$13,111,837 and the actuarial value of assets was \$11,679,905, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,431,932. The covered payroll (annual payroll of active employees covered by the plan) was \$4,871,440 and the ratio of the UAAL to the covered payroll was 29.00%. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial liability is being amortized on a level percentage of projected payroll on an open 30-year basis.

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

NOTE 8 - DEFERRED COMPENSATION PLAN

Lee County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan allows all Lee County employees to defer a part of their salary until future years. Lee County, Illinois is not required to make any contributions to the plan. The amounts and earnings thereon, are not available to employees until termination, retirement, death, or unforeseeable emergency. During the current year, \$161,069 of contributions were made to the plan.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 9 - INTERFUND TRANSFERS/BALANCES

Interfund transfers during the year ended November 30, 2010, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Capital Projects Fund	\$ 1,200,000	\$ -
Solid Waste Management Fund:		
Highway Fund	-	26,337
Capital Projects Fund	-	745,060
	<u>-</u>	<u>771,397</u>
Capital Projects Fund:		
Solid Waste Management Fund	745,060	-
General Fund	-	1,200,000
Highway Fund	-	300,000
	<u>745,060</u>	<u>1,500,000</u>
Highway Fund:		
Solid Waste Management Fund	26,337	-
Capital Projects Fund	300,000	-
	<u>326,337</u>	<u>-</u>
Nonmajor Governmental	<u>13,667</u>	<u>13,667</u>
Total operating transfers	<u>\$ 2,285,064</u>	<u>\$ 2,285,064</u>

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

Interfund balances at November 30, 2010, consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund:		
Internal Service	\$ 9,189	\$ -
Illinois Municipal Retirement Fund	-	56,770
Social Security	35,279	-
Nonmajor Governmental	-	212
	<u>44,468</u>	<u>56,982</u>
Illinois Municipal Retirement Fund:		
General Fund	<u>56,770</u>	<u>-</u>
Internal Service:		
General Fund	<u>-</u>	<u>9,189</u>
Social Security:		
General Fund	<u>-</u>	<u>35,279</u>
County Health:		
Nonmajor Governmental	<u>-</u>	<u>7,294</u>
Nonmajor Governmental:		
General Fund	212	-
County Health Fund	7,294	-
	<u>7,506</u>	<u>-</u>
Total	<u>\$ 108,744</u>	<u>\$ 108,744</u>

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 9 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

Interfund loans existing at November 30, 2010 and their purpose were as follows:

The General Fund owed the Liability Insurance Fund \$9,189 for the payment of group health insurance premiums.

The General Fund owed the Social Security Fund \$35,279 for employee withholdings collected but not yet remitted at November 30, 2010.

An interfund loan was created payable from the Illinois Municipal Retirement Fund to the General Fund in the amount of \$56,770 for employee withholdings remitted in excess of amounts deducted from employee gross wages.

The General Fund was due \$212 from a nonmajor governmental fund for the County's share of tourism for October 2010.

The County Health Fund was due \$7,294 from a nonmajor governmental fund for contractual services provided.

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. The County has purchased commercial insurance for general liability, workers' compensation, property insurance and other risks accounted for in the Liability Insurance Fund.

NOTE 11 - DISBURSEMENTS IN EXCESS OF APPROPRIATIONS AND FUND DEFICITS

No major funds had an excess of disbursements over appropriations (non-GAAP basis).

No major funds had deficit fund balances.

The following nonmajor fund had an excess of disbursements over appropriations (non-GAAP basis):

	<u>Actual</u>	<u>Budget</u>
Drug Prevention	\$ 8,577	\$ 8,000
JJC Youth Diversion	11,320	10,200
Grant Fund	719,871	82,256

The following nonmajor fund had a deficit fund balance:

Grant Fund	\$ (6,620)
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LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 12 - CONTINGENCIES

Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 13 - AGREEMENT FOR POLICE DISPATCHING

On December 19, 2006, the Lee County Board approved an agreement with City of Dixon, Illinois for police dispatching, call taking, and telecommunication services within the City. The lease term is for a period of five years commencing December 1, 2006 with an option to extend.

The City has agreed to pay the County \$106,356 for the first year of the agreement, payable in twelve equal monthly installments. The monthly payment for the second year through the fifth year will be equal to the monthly payment for the first year adjusted in accordance with the Revised Consumer Price Index Report.

For the fiscal year ended November 30, 2010, the expenses for telecommunications services were \$114,112.

NOTE 14 - HEALTH DEPARTMENT LEASE

On June 3, 2003, the Lee County Board, as lessor, approved a lease agreement with the Lee County Health Department for a space in the New Lee County Courts Building. The lease term is for a period of twenty years with an option to extend.

The fixed annual rent is \$75,000 per year for the first ten years and a fixed rate of \$1 for the remaining ten years of the lease. If, within the first ten years of the lease, the Lee County Board pays off in full the amount that it borrowed to construct the Building, the rent will be reduced to a fixed annual rate of \$25,000 per year for the remainder of the first ten years of this lease.

In May 2008, the County Board paid off the full amount that it borrowed to construct the building.

For the fiscal year ended November 30, 2010, the rent received was \$25,000.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 15 - PAW PAW POLICE SERVICES

On August 16, 1994, the County entered into an agreement to provide police services to the Village of Paw Paw, Illinois, beginning November 1, 1994. Under the terms of the agreement, the County received reimbursement for these services as follows:

December 1, 2009 to November 30, 2010	\$ 53,232
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NOTE 16 - AGREEMENT FOR 911 AND EMERGENCY DISPATCH SERVICES

The County approved an agreement with the Lee County Emergency Telephone System Board (ETSB) for enhanced 911 and emergency dispatch services on August 28, 2006. Under the terms of this agreement, the Lee County Sheriff assigns a minimum of nine telecommunicators to the Lee County ETSB facility for dispatch, telecommunications, and enhanced 911 functions, services and related duties. The ETSB will pay 15% of telecommunications salary and associated costs for the prior year, payable on a monthly basis until November 2011.

For the fiscal year ended November 30, 2010, ETSB dispatch services were \$88,521.

NOTE 17 - SOLID WASTE MANAGEMENT HOST FEES

The County entered into an agreement with Allied Waste Industries on June 1, 1994 to allow disposing of waste in the landfill in exchange for host fee payments. Under the terms of the agreement, Allied Waste Industries is to pay Lee County a quarterly fee for the amount of waste dumped into the landfill, until the later of June 1, 2014 or the landfill permanently ceases to accept waste for disposal. In the current year, the County collected \$888,106 in host fees.

NOTE 18 - COMPONENT UNIT

Cash

At year end, the carrying amount of the ETSB's cash was \$1,036,381 and the bank balance was \$1,046,763, all of which was covered by federal depository insurance or by collateral held by the County's agent in the County's name. In accordance with state statute, the County Treasurer invests the funds held by the Lee County ETSB.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 18 - COMPONENT UNIT (CONTINUED)

Capital Assets

Capital asset activity for ETSB for the year ended November 30, 2010, was as follows:

	Balance November 30, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance November 30, <u>2010</u>
Governmental activities				
Capital assets being depreciated				
Building	\$ 79,040	\$ -	\$ -	\$ 79,040
Building improvements	669,357	-	-	669,357
Equipment and furniture	<u>1,205,908</u>	<u>129,813</u>	<u>122,337</u>	<u>1,213,384</u>
Total capital assets being depreciated	<u>1,954,305</u>	<u>129,813</u>	<u>122,337</u>	<u>1,961,781</u>
Less accumulated depreciation for:				
Building	28,309	2,268	-	30,577
Building improvements	216,203	18,547	-	234,750
Equipment and furniture	<u>508,014</u>	<u>99,253</u>	<u>110,778</u>	<u>496,489</u>
Total accumulated depreciation	<u>752,526</u>	<u>120,068</u>	<u>110,778</u>	<u>761,816</u>
Governmental activities capital assets, net	<u>\$ 1,201,779</u>	<u>\$ 9,745</u>	<u>\$ 11,559</u>	<u>\$ 1,199,965</u>

Risk Management

The ETSB 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. The ETSB has purchased commercial insurance for general liability, property insurance and other risks.

Pension Plan

The ETSB contributes to the "Illinois Municipal Retirement Fund" established under State Statute Chapter 108 ½, Article 7, regulations relating to eligibility benefits and funding of a pension program covering eligible employees. The ETSB and participating employees make contributions to the plan with other county employees. The contribution rate is derived from actuarial calculations of the actual and expected costs for retirement, disability and death benefits of the participants. The actuarial valuation of the ETSB's employee members accounts are included in the total valuation of the County of Lee, Illinois and cannot be determined separately. ETSB's contributions were \$5,629 for 2010.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 18 - COMPONENT UNIT (CONTINUED)

Commitments

The ETSB approved an agreement with the County of Lee, Illinois for enhanced 911 and emergency dispatch services on August 28, 2006. Under the terms of this agreement, the Lee County Sheriff assigns a minimum of nine telecommunicators to the Lee County ETSB facility for dispatch, telecommunications, and enhanced 911 functions, services and related duties. The ETSB will pay 15% of telecommunications salary and associated costs for the prior year, payable on a monthly basis until November 2011.

For the fiscal year ended November 30, 2010, the ETSB paid \$88,521 in dispatch services.

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS

The County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective December 1, 2008. This statement requires the costs of postemployment benefits other than pension benefits to be recognized over a period that approximates an employee's years of service. Implementation of this statement resulted in recording a liability of \$286,197 as of November 30, 2010. Additional disclosures required by this statement are included below.

a. Plan Description

In addition to providing the pension benefits described in Note 7, the County provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the County's governmental activities.

b. Benefits Provided

The County provides continued health insurance coverage at a reduced rate to all eligible retirees, which creates a subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the County's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can not participate in the plan.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010**

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

c. Membership

At November 30, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>151</u>
Total	<u><u>159</u></u>
Participating employers	<u><u>1</u></u>

d. Funding Policy

The County is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay a percentage of the premium cost for single and dependent coverage based on Medicare status and family status.

e. Annual OPEB Costs and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The County first had an actuarial valuation performed for the plan as of November 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended November 30, 2009. The County's annual OPEB cost (expense) of \$172,186 was equal to the ARC for the fiscal year 2009, as the transition liability was set at zero as of December 1, 2008. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
November 30, 2010	\$ 171,784	\$ -	9.74%	\$ 286,197

The net OPEB obligation as of November 30, 2010, was calculated as follows:

Annual required contribution	\$ 171,784
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	171,784
Contributions made	<u>16,738</u>
Increase in net OPEB obligation	155,046
Net OPEB obligation, beginning of year	<u>131,151</u>
Net OPEB obligation, end of year	<u>\$ 286,197</u>

Funded Status and Funding Progress: The funded status of the plan as of November 30, 2010, (estimated based on the most recent actuary valuation as of November 30, 2010), was as follows:

Actuarial accrued liability (AAL)	\$1,894,375
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$1,894,375
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$6,839,696
UAAL as a percentage of covered payroll	27.70%

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2010

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

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

In the November 30, 2009 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a discount rate of 5.0 percent, salary increases comprised of a wage inflation component of 5.0 percent, and an ultimate healthcare trend rate of 8.0 percent initially and an ultimate rate of 6.0 percent. The calculations assume a level-percentage-of-pay 30-year open amortization period for retirees.

The actuarial value of assets was not determined as the County has not advance funded its obligation.

NOTE 20 - NEW GOVERNMENT ACCOUNTING STANDARDS

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The County will be required to adopt GASB 54 in its November 30, 2011 financial statements. The County has not determined the effect, if any, the adoption of GASB No. 54 will have on the County's net assets.

This information is an integral part of the accompanying basic financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**LEE COUNTY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND AND OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
November 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL)- Entry Age (2)	Unfunded AAL (UAAL) (2-1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a % of Covered Payroll (2-1) / 3
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Sheriff's Law Enforcement Personnel Plan

12/31/2009	\$ 3,358,999	\$ 5,383,974	\$ 2,024,975	62.39%	\$ 1,750,023	115.71%
12/31/2008	2,876,314	4,974,622	2,098,308	57.82%	1,786,098	117.48%
12/31/2007	3,208,813	4,097,504	888,691	78.31%	1,691,165	52.55%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$3,194,363.
On a market basis, the funded ratio would be 59.33%.

Other County Personnel Plan

12/31/2009	\$ 11,679,905	\$ 13,111,837	\$ 1,431,932	89.08%	\$ 4,871,440	29.39%
12/31/2008	11,062,317	12,643,607	1,581,290	87.49%	4,897,674	32.29%
12/31/2007	13,869,497	11,750,004	(2,119,493)	118.04%	4,471,423	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$11,289,785.
On a market basis, the funded ratio would be 86.10%.

Other Post-Employment Benefits

11/30/2010	\$ -	\$ 1,894,375	\$ 1,894,375	0.00%	\$ 6,839,696	27.70%
11/30/2009	-	1,739,329	1,739,329	0.00%	6,878,305	25.29%

Information is not available for November 30, 2008 as the County implemented this standard in fiscal year 2009.

LEE COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010

	<u>Budget</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		over
				(under)
REVENUES				
Taxes				
General property taxes	\$ 1,608,975	\$ 1,608,975	\$ 1,527,684	\$ (81,291)
Sales tax	450,000	450,000	307,143	(142,857)
Supplemental county retail taxes	650,000	650,000	633,326	(16,674)
Increased use tax	180,000	180,000	152,606	(27,394)
	<u>2,888,975</u>	<u>2,888,975</u>	<u>2,620,759</u>	<u>(268,216)</u>
Intergovernmental receipts				
State income tax	1,100,000	1,100,000	815,649	(284,351)
Personal property replacement tax	400,000	400,000	316,810	(83,190)
Reimbursements by State of Illinois:				
County employee salaries	479,001	479,001	466,781	(12,220)
Elections	10,000	10,000	16,009	6,009
Inheritance taxes	4,000	4,000	73,115	69,115
Dependent children	1,330	1,330	876	(454)
Tourism tax	1,700	1,700	1,831	131
Miscellaneous	-	-	2,250	2,250
	<u>1,996,031</u>	<u>1,996,031</u>	<u>1,693,321</u>	<u>(302,710)</u>
License and permits				
Liquor licenses	43,700	43,700	50,430	6,730
Rabies tags and other	40,000	40,000	47,241	7,241
Zoning fees	75,000	75,000	95,172	20,172
	<u>158,700</u>	<u>158,700</u>	<u>192,843</u>	<u>34,143</u>
Revenue from services				
County Clerk	450,000	450,000	601,040	151,040
County Coroner	2,000	2,000	2,567	567
Public Defender	1,004	1,004	508	(496)
Chief County Assessment Officer	1,000	1,000	570	(430)
Clerk of the Circuit Court	640,000	640,000	564,649	(75,351)
Clerk of the Circuit Court - animal control	500	500	1,108	608
Animal impoundment fees	7,000	7,000	8,264	1,264
State's Attorney	18,653	18,653	21,006	2,353
County Sheriff	52,000	52,000	80,417	28,417
Court System fees	31,366	31,366	30,376	(990)
Bailiff - court security	86,423	86,423	91,214	4,791
GIS automation fee	14,500	14,500	12,383	(2,117)
County traffic fee	80,000	80,000	84,095	4,095
County's share of drug fines	7,356	7,356	2,063	(5,293)
Inmate crews	3,000	3,000	924	(2,076)
GAL	973	973	-	(973)
State's Attorney second chance	17,503	17,503	10,230	(7,273)
Village of Paw Paw police protection	52,968	52,968	53,232	264
	<u>1,466,246</u>	<u>1,466,246</u>	<u>1,564,646</u>	<u>98,400</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
REVENUES (CONTINUED)				
Revenue from use of money and property				
Interest on investments	25,000	25,000	5,554	(19,446)
Royalty income	4,200	4,200	2,782	(1,418)
Rent - Health Department	25,000	25,000	25,000	-
Rent - JTPA	7,200	7,200	7,200	-
Rent - Law Enforcement Center	120,000	120,000	114,112	(5,888)
Rent - Food pantry	1,800	1,800	1,800	-
Rent - Courthouse room	800	800	700	(100)
Rent - Lee County Council on Aging	1,800	1,800	1,800	-
	<u>185,800</u>	<u>185,800</u>	<u>158,948</u>	<u>(26,852)</u>
All other sources				
Reimbursement from Lee County Health Fund:				
Unemployment compensation/accrued sick pay	7,200	7,200	9,427	2,227
ETSB reimbursement	88,520	88,520	88,872	352
ETSB overtime credit	400	400	3,964	3,564
Deputy training reimbursement	2,812	2,812	4,664	1,852
EMA grant	11,745	11,745	18,523	6,778
EAID grant	-	-	5,500	5,500
Work release fees	8,587	8,587	4,152	(4,435)
Penalties and costs on delinquent taxes	120,000	120,000	126,296	6,296
Miscellaneous	10,000	10,000	14,385	4,385
	<u>249,264</u>	<u>249,264</u>	<u>275,783</u>	<u>26,519</u>
 Total cash receipts	 <u>\$ 6,945,016</u>	 <u>\$ 6,945,016</u>	 6,506,300	 <u>\$ (438,716)</u>
(Deduct) beginning accrued revenues			(798,688)	
Add ending accrued revenues			967,840	
Total revenues			<u>6,675,452</u>	
EXPENDITURES				
General Control and Administration				
County Clerk's office	\$ 689,973	\$ 729,973	725,420	\$ (4,553)
County Treasurer's office	182,348	182,348	177,487	(4,861)
Courthouse	655,448	655,448	568,653	(86,795)
County Board	139,236	139,236	196,979	57,743
Insurance and bonds	1,000,000	1,000,000	735,000	(265,000)
Accounting and auditing	48,000	48,000	49,598	1,598
Computer service	62,696	62,696	61,730	(966)
Assessments/property records	209,078	210,578	209,815	(763)
	<u>2,986,779</u>	<u>3,028,279</u>	<u>2,724,682</u>	<u>(303,597)</u>
County Development				
Zoning office	67,887	67,887	62,627	(5,260)
Regional Planning Commission	31,230	31,230	4,606	(26,624)
	<u>99,117</u>	<u>99,117</u>	<u>67,233</u>	<u>(31,884)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
Public Safety				
County Sheriff's office	2,862,064	2,862,064	2,840,312	(21,752)
County Coroner	116,037	117,537	109,465	(8,072)
Rabies control	68,528	68,528	61,383	(7,145)
ESDA	50,690	50,690	42,999	(7,691)
	<u>3,097,319</u>	<u>3,098,819</u>	<u>3,054,159</u>	<u>(44,660)</u>
Judiciary and Court Related				
Circuit Clerk's office	403,735	403,735	397,883	(5,852)
States Attorney	600,543	600,543	580,329	(20,214)
Public Defender	196,022	196,022	195,972	(50)
Presiding Judge (Jacobson)	160,228	161,728	121,606	(40,122)
Associate Judge (Beckman)	33,820	33,820	32,504	(1,316)
Associate Judge (Ackert)	6,800	6,800	3,520	(3,280)
Probation office	522,264	537,251	533,504	(3,747)
Circuit Judge	65,385	65,385	65,156	(229)
Jurors' certificates	11,000	11,000	11,000	-
Jury commission	5,500	5,500	4,489	(1,011)
	<u>2,005,297</u>	<u>2,021,784</u>	<u>1,945,963</u>	<u>(75,821)</u>
All Other				
Superintendent of Education Service Region	54,104	54,104	54,100	(4)
Sick pay	60,000	60,000	77,941	17,941
Contingencies	100,000	45,013	39,999	(5,014)
Contractual Service - 911	-	-	11,537	11,537
	<u>214,104</u>	<u>159,117</u>	<u>183,577</u>	<u>24,460</u>
Total cash disbursements	<u>\$ 8,402,616</u>	<u>\$ 8,407,116</u>	7,975,614	<u>\$ (431,502)</u>
(Deduct) beginning accrued expenditures			(363,864)	
Add ending accrued expenditures			372,144	
Capital lease acquisition			107,917	
Total expenditures			<u>8,091,811</u>	
Deficiency of revenues over expenditures			<u>(1,416,359)</u>	
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 950,000	\$ 950,000	1,200,000	\$ 250,000
Capital lease acquisition	-	-	107,917	107,917
	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>1,307,917</u>	<u>\$ 357,917</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses			(108,442)	
FUND BALANCE, BEGINNING OF YEAR			<u>1,389,576</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,281,134</u>	

**LEE COUNTY, ILLINOIS
SOLID WASTE MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
REVENUES				
Licenses and permits - host fees	\$ 1,800,000	\$ 1,800,000	\$ 888,106	\$ (911,894)
Receipts from use of money - interest	15,000	15,000	31,168	16,168
Miscellaneous	<u>-</u>	<u>-</u>	<u>12,317</u>	<u>12,317</u>
Total cash receipts	<u>\$ 1,815,000</u>	<u>\$ 1,815,000</u>	931,591	<u>\$ (883,409)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>1,085,483</u>	
Total revenues			<u>2,017,074</u>	
EXPENDITURES				
Programming	\$ 40,000	\$ 40,000	44,456	\$ 4,456
Contractual services	117,000	117,000	59,537	(57,463)
Per diem and committee service	6,180	6,180	3,833	(2,347)
Soil and water	20,000	20,000	20,000	-
Furniture and equipment	100	100	-	(100)
Supplies	1,000	1,000	-	(1,000)
Professional journals	300	300	-	(300)
Postage	250	250	-	(250)
Travel and meeting expense	125	125	-	(125)
Professional dues	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total cash disbursements	<u>\$ 185,255</u>	<u>\$ 185,255</u>	127,826	<u>\$ (57,429)</u>
(Deduct) beginning accrued expenditures			(29,689)	
Add ending accrued expenditures			<u>4,689</u>	
Total expenditures			<u>102,826</u>	
Excess of revenues over expenditures			1,914,248	
OTHER FINANCING USES				
Operating transfers out	<u>\$(1,614,745)</u>	<u>\$(1,614,745)</u>	<u>(771,397)</u>	<u>\$ 843,348</u>
Excess of revenues over expenditures and other financing uses			1,142,851	
FUND BALANCE, BEGINNING OF YEAR			<u>1,670,125</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,812,976</u>	

**LEE COUNTY, ILLINOIS
COUNTY HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>			Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>over (under)</u>
REVENUES				
Taxes - general property taxes	\$ 610,000	\$ 610,000	\$ 609,127	\$ (873)
Receipts from services - equipment rental, engineering, and other	150,000	150,000	150,000	-
Receipts from use of money - interest	10,000	10,000	665	(9,335)
Engineering	70,000	70,000	81,457	11,457
MFT-County Engineer Salary	97,000	97,000	95,874	(1,126)
Sold Equipment	8,750	8,750	-	(8,750)
Other - miscellaneous	65,000	65,000	30,986	(34,014)
	<u>\$ 1,010,750</u>	<u>\$ 1,010,750</u>	968,109	<u>\$ (42,641)</u>
Total cash receipts				
(Deduct) beginning accrued revenues			(2,287)	
Add ending accrued revenues			<u>47,968</u>	
Total revenues			<u>1,013,790</u>	
EXPENDITURES				
Salary - County superintendent	\$ 97,000	\$ 97,000	95,874	\$ (1,126)
Salary - overtime	30,000	30,000	30,064	64
Salary - others	663,220	663,220	663,818	598
Temporary and part-time help	15,000	15,000	-	(15,000)
Furniture and equipment	155,000	155,000	148,264	(6,736)
Maintaining machinery and equipment	60,000	60,000	82,351	22,351
Utilities	29,200	29,200	16,820	(12,380)
Telephone	8,100	8,100	5,604	(2,496)
Field and office supplies	12,000	12,000	8,484	(3,516)
Travel and meeting	1,000	1,000	28	(972)
Education and training	3,500	3,500	997	(2,503)
Maintaining county highways	150,000	150,000	112,051	(37,949)
Constructing county highways	3,500	3,500	-	(3,500)
Reimbursements to other funds:				
Health insurance	123,709	123,709	123,709	-
IMRF Reimbursement	82,000	82,000	82,000	-
	<u>\$ 1,433,229</u>	<u>\$ 1,433,229</u>	1,370,064	<u>\$ (63,165)</u>
Total cash disbursements				
(Deduct) beginning accrued expenditures			(58,061)	
Add ending accrued expenditures			<u>58,463</u>	
Total expenditures			<u>1,370,466</u>	
Deficiency of revenues over expenditures			(356,676)	
OTHER FINANCING SOURCES				
Operating transfers in	<u>\$ 326,337</u>	<u>\$ 326,337</u>	326,337	<u>\$ -</u>
Deficiency of revenues and other financing sources over expenditures			(30,339)	
FUND BALANCE, BEGINNING OF YEAR			<u>671,026</u>	
FUND BALANCE, END OF YEAR			<u>\$ 640,687</u>	

LEE COUNTY, ILLINOIS
COUNTY HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010

REVENUES	Budget		Actual	Actual over (under)
	Original	Final		
Taxes - general property taxes	\$ 556,000	\$ 556,000	\$ 455,420	\$ (100,580)
Intergovernmental receipts:				
Personal property replacement tax	17,000	17,000	17,000	-
Local health protection grant	66,287	66,287	66,287	-
Pandemic influenza - IDPH	-	-	39,978	39,978
Emergency response - IDPH	-	-	80,915	80,915
Family planning - grants	124,100	124,100	108,200	(15,900)
WIC grant - IDHS	130,700	130,700	118,000	(12,700)
Breastfeeding peer counseling - IDHS	-	-	10,800	10,800
Well Woman Grant - Stephenson County	-	-	1,000	1,000
Family care applications - IDHFS	3,000	3,000	2,150	(850)
Childhood obesity grant - IDPH	-	-	4,000	4,000
Ticket for the cure - Whiteside County	-	-	2,101	2,101
Family case management - IDHS	95,564	95,564	112,300	16,736
Federal Funding - Family case management - IDPA	38,000	38,000	31,847	(6,153)
Tanning facility inspection grant - IDPH	600	600	850	250
Body art facility inspection grant - IDPH	-	-	1,575	1,575
ARRA grant - IDPH	-	-	21,000	21,000
Tobacco free communities	19,400	19,400	20,000	600
Primary care - IDPA	21,000	21,000	17,841	(3,159)
Portable water supply	1,000	1,000	1,488	488
Vector control - IDPH	6,600	6,600	4,803	(1,797)
Family planning - IDHFS	25,500	25,500	18,700	(6,800)
Emergency preparation - IDPA	39,800	39,800	42,158	2,358
	<u>588,551</u>	<u>588,551</u>	<u>722,993</u>	<u>134,442</u>
Licenses and permits:				
Food permits	37,500	37,500	35,650	(1,850)
Sewage disposal permits - environmental health licenses	16,000	16,000	15,280	(720)
Water supply permits	7,000	7,000	5,450	(1,550)
	<u>60,500</u>	<u>60,500</u>	<u>56,380</u>	<u>(4,120)</u>
Receipts from services:				
Contractual services	23,500	23,500	17,690	(5,810)
Immunization fees	14,000	14,000	16,267	2,267
Sanitary evaluation fees	10,000	10,000	13,138	3,138
Safety seat fees and donations	2,000	2,000	1,825	(175)
Family planning fees	20,000	20,000	17,681	(2,319)
Flu clinic fees	23,000	23,000	26,179	3,179
Testing fees	1,550	1,550	1,810	260
	<u>94,050</u>	<u>94,050</u>	<u>94,590</u>	<u>540</u>

(continued)

**LEE COUNTY, ILLINOIS
COUNTY HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (CONTINUED)				
Receipts from use of money - interest	25,000	25,000	15,731	(9,269)
Other - miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>7,844</u>	<u>6,844</u>
Total cash receipts	<u>\$ 1,325,101</u>	<u>\$ 1,325,101</u>	1,352,958	<u>\$ 27,857</u>
(Deduct) beginning accrued revenues			(123,502)	
Add ending accrued revenues			<u>134,607</u>	
Total revenues			<u>1,364,063</u>	
EXPENDITURES				
Salary - officer	\$ 66,325	\$ 66,325	66,279	\$ (46)
Overtime	200	200	-	(200)
Salary - others	432,330	432,330	431,597	(733)
Salary - temporary and part-time help	382,595	382,595	382,418	(177)
Contractual services	97,560	97,560	89,196	(8,364)
Furniture and equipment	12,000	12,000	12,897	897
Service agreements	6,500	6,500	8,948	2,448
Telephone	6,100	6,100	6,747	647
Supplies	15,000	15,000	14,791	(209)
Medical supplies	7,000	7,000	7,000	-
Reimbursements to other funds:				
Health insurance	163,860	163,860	163,860	-
IMRF reimbursement	86,815	86,815	86,815	-
Unemployment insurance	1,500	1,500	1,500	-
Sick pay	5,700	5,700	7,927	2,227
Travel and meeting	48,700	48,700	44,659	(4,041)
Rent	25,000	25,000	25,000	-
Program	<u>140,000</u>	<u>166,160</u>	<u>171,454</u>	<u>5,294</u>
Total cash disbursements	<u>\$ 1,497,185</u>	<u>\$ 1,523,345</u>	1,521,088	<u>\$ (2,257)</u>
(Deduct) beginning accrued expenditures			(78,564)	
Add ending accrued expenditures			<u>52,507</u>	
Total expenditures			<u>1,495,031</u>	
Deficiency of revenues over expenditures			(130,968)	
FUND BALANCE, BEGINNING OF YEAR			<u>998,069</u>	
FUND BALANCE, END OF YEAR			<u>\$ 867,101</u>	

**LEE COUNTY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over (under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - general property taxes	\$ 600,000	\$ 600,000	\$ 598,616	\$ (1,384)
Intergovernmental receipts - personal property replacement tax	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Total cash receipts	<u>\$ 655,000</u>	<u>\$ 655,000</u>	653,616	<u>\$ (1,384)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>653,616</u>	
EXPENDITURES				
Illinois Municipal Retirement Fund payments - cash disbursements	<u>\$ 855,000</u>	<u>\$ 855,000</u>	589,751	<u>\$ (265,249)</u>
(Deduct) beginning accrued expenditures			(87,385)	
Add ending accrued expenditures			<u>129,287</u>	
Total expenditures			<u>631,653</u>	
Excess of revenues over expenditures			21,963	
FUND BALANCE, BEGINNING OF YEAR			<u>513,409</u>	
FUND BALANCE, END OF YEAR			<u>\$ 535,372</u>	

**LEE COUNTY, ILLINOIS
SOCIAL SECURITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over (under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 638,000	\$ 638,000	\$ 636,725	\$ (1,275)
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			-	
Total revenues			<u>636,725</u>	
EXPENDITURES				
Social security payments	\$ 530,000	\$ 530,000	510,336	\$ (19,664)
(Deduct) beginning accrued expenditures/ add ending prepaid expenses			1,856	
Add ending accrued expenditures (deduct) ending prepaid expenses			<u>(2,341)</u>	
Total expenditures			<u>509,851</u>	
Excess of revenues over expenditures			126,874	
FUND BALANCE, BEGINNING OF YEAR			<u>414,200</u>	
FUND BALANCE, END OF YEAR			<u>\$ 541,074</u>	

LEE COUNTY, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
November 30, 2010

NOTE 1 - BASIS OF ACCOUNTING

The Lee County, Illinois budget is prepared on the cash basis for all budgeted funds, including the major funds as presented in the Required Supplemental Information.

NOTE 2 - EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS

No major funds had an excess of disbursements over appropriations.

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to November 1, the County Finance Committee submits to the County Board a proposed operating budget for the fiscal year commencing December 1. The operating budget includes proposed disbursements and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of an ordinance.
4. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a cash basis, which is not consistent with generally accepted accounting principles (GAAP).
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.
6. Appropriations lapse at the end of each fiscal year in accordance with Illinois Compiled Statutes.
7. The County Board may authorize supplemental appropriations during the year, as well as budget transfers. During fiscal year 2010, various budgetary amendments were made, which are reflected in this report.

SUPPLEMENTAL INFORMATION

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY CLERK'S OFFICE				
Salary - officer	\$ 58,312	\$ 58,312	\$ 58,312	\$ -
Overtime	5,000	5,000	5,000	-
Salary - others	217,161	217,161	212,620	(4,541)
Temporary and part-time help	6,000	6,000	5,999	(1)
Repair and maintenance agreements	30,800	30,800	30,962	162
Telephone	1,000	1,000	996	(4)
Office supplies	15,000	15,000	14,966	(34)
Purchase of real estate transfer stamp	100,000	140,000	140,000	-
Payroll processing	1,700	1,700	1,692	(8)
Postage	6,000	6,000	5,998	(2)
Election expenses (judges, ballots, others)	245,000	245,000	244,955	(45)
National Voter Registration Act	2,000	2,000	2,000	-
Travel and meeting	2,000	2,000	1,920	(80)
	<u>689,973</u>	<u>729,973</u>	<u>725,420</u>	<u>(4,553)</u>
CIRCUIT CLERK'S OFFICE				
Salary - officer	58,312	58,312	58,312	-
Salary - others	306,973	306,973	303,248	(3,725)
Repairs and maintenance	2,000	2,000	1,933	(67)
Repairs and maintenance agreements	2,000	2,000	1,791	(209)
Office supplies	14,000	14,000	13,317	(683)
Law books and other subscriptions	50	50	40	(10)
Postage	6,500	6,500	6,500	-
Travel and meeting	3,200	3,200	2,799	(401)
Machine rental	3,250	3,250	2,943	(307)
Drainage elections	450	450	-	(450)
Circuit Clerk's Annual Audit	7,000	7,000	7,000	-
	<u>403,735</u>	<u>403,735</u>	<u>397,883</u>	<u>(5,852)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY TREASURER'S OFFICE				
Salary - officer	58,312	58,312	58,312	-
Overtime	1,000	1,000	2,303	1,303
Salary - others	60,737	60,737	60,757	20
Temporary and part-time help	21,292	21,292	19,850	(1,442)
Programming	2,807	2,807	2,628	(179)
Repairs and maintenance agreements	1,500	1,500	-	(1,500)
Telephone	300	300	336	36
Office supplies	15,000	15,000	11,146	(3,854)
Postage	18,100	18,100	19,957	1,857
Travel and meeting	1,200	1,200	557	(643)
Education and training	300	300	-	(300)
Publishing	1,800	1,800	1,641	(159)
	<u>182,348</u>	<u>182,348</u>	<u>177,487</u>	<u>(4,861)</u>
COUNTY SHERIFF'S OFFICE				
Salary - officer	70,864	70,864	70,822	(42)
Salary - deputy and assistants	1,899,771	1,899,771	1,897,306	(2,465)
Overtime	144,200	144,200	154,400	10,200
Temporary and part-time help	71,900	71,900	71,249	(651)
Holiday pay	110,700	110,700	113,272	2,572
Safety director	2,500	2,500	2,500	-
ETSB overtime credit	4,000	4,000	3,611	(389)
Merit commission	2,000	2,000	-	(2,000)
Radios	20,500	20,500	18,877	(1,623)
Automobiles	117,619	117,619	117,824	205
Automobile repairs	25,000	25,000	26,813	1,813
Repair and maintenance agreements	28,400	28,400	24,939	(3,461)
Automobile gasoline and oil	100,000	100,000	67,568	(32,432)
Telephone	30,000	30,000	30,216	216
Office supplies	60,000	60,000	54,395	(5,605)
Food for prisoners	81,500	81,500	96,939	15,439
Clothing	8,275	8,275	7,924	(351)
Prisoner's medical and hospital care	61,635	61,635	60,937	(698)
Postage	3,000	3,000	3,219	219
Travel and meeting	1,000	1,000	1,335	335
Furniture and equipment	6,000	6,000	3,013	(2,987)
Deputy education and training	13,200	13,200	13,153	(47)
	<u>2,862,064</u>	<u>2,862,064</u>	<u>2,840,312</u>	<u>(21,752)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY CORONER				
Salary - officer	40,000	40,000	40,000	-
Salary - deputy and assistant	5,500	5,500	5,200	(300)
Salary - others	25,587	27,087	27,083	(4)
Temporary and part-time help	1,400	1,400	918	(482)
Other professional fees	32,000	32,000	25,890	(6,110)
Furniture and equipment	500	500	-	(500)
Repairs and maintenance	400	400	160	(240)
Telephone	3,400	3,400	3,988	588
Office supplies	3,000	3,000	3,533	533
Jurors' fees	1,000	1,000	500	(500)
Postage	250	250	210	(40)
Travel and meeting	<u>3,000</u>	<u>3,000</u>	<u>1,983</u>	<u>(1,017)</u>
	<u>116,037</u>	<u>117,537</u>	<u>109,465</u>	<u>(8,072)</u>
SUPERINTENDENT OF EDUCATIONAL SERVICE REGION				
Salary - deputy and assistant	22,037	22,037	22,033	(4)
Contractual services	9,067	9,067	9,123	56
Repairs and maintenance	500	500	500	-
Telephone	900	900	936	36
Supplies	900	900	681	(219)
Field services	4,200	4,200	4,327	127
Rent	<u>16,500</u>	<u>16,500</u>	<u>16,500</u>	<u>-</u>
	<u>54,104</u>	<u>54,104</u>	<u>54,100</u>	<u>(4)</u>
STATES ATTORNEY				
Salary - officer	166,508	166,508	166,508	-
Salary - deputy and assistants	212,000	212,000	205,077	(6,923)
Salary - others	109,000	109,000	109,404	404
Victim Witness Coordinator	31,000	31,000	31,000	-
Temporary and part-time help	10,000	10,000	6,849	(3,151)
States Attorney Appellate Prosecutor	11,000	11,000	11,000	-
Service of process	1,000	1,000	35	(965)
Contractual services	11,000	11,000	9,613	(1,387)
Out of County prisoner expense	5,000	5,000	-	(5,000)
Furniture and equipment	2,500	2,500	835	(1,665)
Repairs and maintenance agreements	8,000	8,000	8,336	336
Supplies	8,000	8,000	5,424	(2,576)
Law books and other subscriptions	11,400	11,400	15,672	4,272
Travel and meeting	6,135	6,135	5,163	(972)
Postage	4,000	4,000	2,820	(1,180)
Education and training	<u>4,000</u>	<u>4,000</u>	<u>2,593</u>	<u>(1,407)</u>
	<u>600,543</u>	<u>600,543</u>	<u>580,329</u>	<u>(20,214)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC DEFENDER				
Salary - officer	58,545	58,545	58,545	-
Salary - deputy and assistants	45,488	45,488	45,488	-
Salary - others	58,989	58,989	58,986	(3)
Contractual services	30,000	30,000	30,000	-
Supplies	3,000	3,000	2,953	(47)
	<u>196,022</u>	<u>196,022</u>	<u>195,972</u>	<u>(50)</u>
RABIES CONTROL				
Salary - others	23,850	23,850	23,847	(3)
Dog catcher fees	23,278	23,278	19,388	(3,890)
Repairs and maintenance	1,400	1,400	823	(577)
Gasoline and oil	5,000	5,000	2,822	(2,178)
Telephone	2,000	2,000	1,620	(380)
Supplies	5,000	5,000	4,451	(549)
Postage	8,000	8,000	8,432	432
	<u>68,528</u>	<u>68,528</u>	<u>61,383</u>	<u>(7,145)</u>
COURTHOUSE				
Overtime	4,500	4,500	4,084	(416)
Salary - others	157,950	157,950	156,293	(1,657)
Temporary and part-time help	19,998	19,998	19,040	(958)
Furniture and equipment	1,000	1,000	516	(484)
Repairs and maintenance-old courthouse	8,500	8,500	7,092	(1,408)
Repairs and maintenance - Law Enforcement Center	10,000	10,000	9,312	(688)
Repairs and maintenance - Court Annex	14,000	14,000	13,838	(162)
Repair and maintenance agreements - old courthouse	18,000	18,000	13,961	(4,039)
Repair and maintenance agreements - Court Annex	20,000	20,000	21,065	1,065
Repair and maintenance agreements - Law Enforcement Center	4,000	4,000	1,417	(2,583)
Repairs and maintenance - 4th St. property	10,000	10,000	8,402	(1,598)
Gasoline and oil	4,000	4,000	1,979	(2,021)
Heat, light and water	67,000	67,000	49,761	(17,239)
Heat, light and water - Law Enforcement Center	66,000	66,000	35,147	(30,853)
Heat, light and water - Court Annex	200,000	200,000	176,760	(23,240)
Heat, light and water - Parking lot/storage building	2,500	2,500	1,241	(1,259)
Telephone	35,000	35,000	31,941	(3,059)
Supplies	13,000	13,000	16,804	3,804
	<u>655,448</u>	<u>655,448</u>	<u>568,653</u>	<u>(86,795)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
ASSOCIATE JUDGE (ACKERT)				
Furniture and equipment	200	200	119	(81)
Repair and maintenance agreements	2,600	2,600	2,170	(430)
Office supplies	1,500	1,500	1,033	(467)
Education and training	2,500	2,500	198	(2,302)
	<u>6,800</u>	<u>6,800</u>	<u>3,520</u>	<u>(3,280)</u>
ASSOCIATE JUDGE (BECKMAN)				
Salary - others	29,920	29,920	29,916	(4)
Furniture and equipment	900	900	1,368	468
Office supplies	1,500	1,500	1,220	(280)
Travel and meeting	1,500	1,500	-	(1,500)
	<u>33,820</u>	<u>33,820</u>	<u>32,504</u>	<u>(1,316)</u>
PRESIDING JUDGE (JACOBSON)				
Salary - officer	1,700	1,700	-	(1,700)
Salary - others	36,628	38,128	31,457	(6,671)
Contractual services	58,000	58,000	37,217	(20,783)
Independent services	36,000	36,000	36,000	-
Furniture and equipment	2,000	2,000	-	(2,000)
Repairs and maintenance	3,000	3,000	2,387	(613)
Office supplies	2,500	2,500	1,358	(1,142)
Law books and other subscriptions	9,000	9,000	7,653	(1,347)
Jurors' meals	3,000	3,000	107	(2,893)
Education and training	5,000	5,000	2,405	(2,595)
Dues to organization	2,500	2,500	2,122	(378)
Court administration operation	900	900	900	-
	<u>160,228</u>	<u>161,728</u>	<u>121,606</u>	<u>(40,122)</u>
COUNTY BOARD				
Salary - others	33,006	33,006	32,872	(134)
Per diem and committee service	70,000	70,000	58,484	(11,516)
Salary and expense of chairman	6,000	6,000	6,000	-
Salary - weed enforcement officer	1,000	1,000	-	(1,000)
Contractual services	500	500	58,848	58,348
Repairs and maintenance	1,200	1,200	1,239	39
Supplies	1,500	1,500	12,445	10,945
Dues to organizations	2,550	2,550	4,198	1,648
Resource conservation and development	8,400	8,400	8,399	(1)
LCIDA	10,000	10,000	10,000	-
Northeast Criminal Justice	2,080	2,080	1,885	(195)
Municipal code book, publishing, etc.	3,000	3,000	2,609	(391)
	<u>139,236</u>	<u>139,236</u>	<u>196,979</u>	<u>57,743</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
INSURANCE AND BONDS				
Funding of employee group insurance	1,000,000	1,000,000	735,000	(265,000)
PROBATION OFFICE				
Salary - officer	67,462	69,715	69,715	-
Salary - deputy and assistants	357,407	370,141	370,140	(1)
Salary - others	23,845	23,845	24,957	1,112
Salary - overtime	1,800	1,800	326	(1,474)
Temporary and part-time help	1,000	1,000	821	(179)
Dependent child care	70,750	70,750	67,545	(3,205)
	<u>522,264</u>	<u>537,251</u>	<u>533,504</u>	<u>(3,747)</u>
CIRCUIT JUDGE				
Salary - others	33,161	33,161	33,156	(5)
Furniture and equipment	1,118	1,118	707	(411)
Supplies	1,680	1,680	1,915	235
Education and training	1,096	1,096	1,048	(48)
LSSI	11,330	11,330	11,330	-
CASA	17,000	17,000	17,000	-
	<u>65,385</u>	<u>65,385</u>	<u>65,156</u>	<u>(229)</u>
ZONING OFFICE				
Salary - officer	57,705	57,705	57,696	(9)
Salary - clerk	1,044	1,044	417	(627)
Repairs and maintenance	1,000	1,000	484	(516)
Gas and oil	2,000	2,000	1,717	(283)
Telephone	600	600	704	104
Office supplies	500	500	290	(210)
Travel and meeting	400	400	40	(360)
Board of Appeals	4,638	4,638	1,279	(3,359)
	<u>67,887</u>	<u>67,887</u>	<u>62,627</u>	<u>(5,260)</u>
ACCOUNTING AND AUDITING				
	<u>48,000</u>	<u>48,000</u>	<u>49,598</u>	<u>1,598</u>
JURORS' CERTIFICATES				
	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
JURY COMMISSION				
Salary - others	1,000	1,000	-	(1,000)
Office supplies	4,500	4,500	4,489	(11)
	<u>5,500</u>	<u>5,500</u>	<u>4,489</u>	<u>(1,011)</u>
SICK PAY	<u>60,000</u>	<u>60,000</u>	<u>77,941</u>	<u>17,941</u>
ESDA				
Salary - officer	21,097	21,097	21,175	78
Contractual services	2,100	2,100	1,217	(883)
Furniture and equipment	12,500	12,500	8,917	(3,583)
Repairs and maintenance	3,500	3,500	2,057	(1,443)
Gasoline and oil	1,500	1,500	1,070	(430)
Supplies	1,905	1,905	1,424	(481)
Telephone	6,300	6,300	6,184	(116)
Postage	88	88	74	(14)
Travel and meeting	1,700	1,700	881	(819)
	<u>50,690</u>	<u>50,690</u>	<u>42,999</u>	<u>(7,691)</u>
CONTINGENCIES	<u>100,000</u>	<u>45,013</u>	<u>39,999</u>	<u>(5,014)</u>
COMPUTER SERVICE				
Programming	50,196	50,196	49,135	(1,061)
Furniture and equipment	9,000	9,000	9,592	592
Repairs and maintenance	1,000	1,000	-	(1,000)
Repairs and maintenance agreements	1,000	1,000	1,485	485
Web resources	1,500	1,500	1,518	18
	<u>62,696</u>	<u>62,696</u>	<u>61,730</u>	<u>(966)</u>
REGIONAL PLANNING COMMISSION				
Salary - clerk	1,044	1,044	584	(460)
Contractual services	25,000	25,000	1,243	(23,757)
Travel and meeting	4,636	4,636	2,362	(2,274)
Supplies	200	200	133	(67)
Postage	350	350	284	(66)
	<u>31,230</u>	<u>31,230</u>	<u>4,606</u>	<u>(26,624)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
SUPERVISOR OF ASSESSMENTS/ PROPERTY RECORDS				
Salary - officer	57,643	57,643	60,422	2,779
Salary - others	92,546	94,046	90,406	(3,640)
Temporary and part-time help	14,040	14,040	13,959	(81)
Per diem and committee services	5,700	5,700	5,727	27
Programming	5,025	5,025	4,759	(266)
Contractual services	1,500	1,500	1,621	121
Furniture and equipment	1,500	1,500	1,714	214
Repairs and maintenance	1,000	1,000	180	(820)
Telephone	324	324	336	12
Supplies, etc.	5,500	5,500	5,344	(156)
Postage	6,500	6,500	3,763	(2,737)
Travel and meeting	4,500	4,500	6,950	2,450
Board of review	500	500	400	(100)
Publishing	12,800	12,800	14,234	1,434
	<u>209,078</u>	<u>210,578</u>	<u>209,815</u>	<u>(763)</u>
CONTRACTUAL SERVICE - 911	<u>-</u>	<u>-</u>	11,537	11,537
Total cash disbursements	<u>\$ 8,402,616</u>	<u>\$ 8,407,116</u>	7,975,614	<u>\$ (431,502)</u>
(Deduct) beginning accrued expenditures			(363,864)	
Add ending accrued expenditures			372,144	
Capital lease acquisition			<u>107,917</u>	
Total expenditures			<u>\$ 8,091,811</u>	

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2010**

	Special Revenue						
	General Control and Administration Group						
	Special Recording Automation Fund	Vital Records Automation Fund	County Collector Automation Fund	County Tourism Promotion Fund	Indemnity Fund	G.I.S. Recording Fees Fund	Grant Fund
ASSETS							
Cash in bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time deposits and money markets	65,438	2,063	41,579	10,481	198,617	72,914	16,200
Investments	-	-	-	-	107,994	-	-
Property tax receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	14,208
Due from various townships	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 65,438</u>	<u>\$ 2,063</u>	<u>\$ 41,579</u>	<u>\$ 10,481</u>	<u>\$ 306,611</u>	<u>\$ 72,914</u>	<u>\$ 30,408</u>
LIABILITIES							
Accounts payable	\$ 454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,028
Accrued payroll and payroll taxes	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Due to other County funds	-	-	-	212	-	-	-
Total liabilities	<u>454</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>37,028</u>
FUND BALANCES							
Unreserved	<u>64,984</u>	<u>2,063</u>	<u>41,579</u>	<u>10,269</u>	<u>306,611</u>	<u>72,914</u>	<u>(6,620)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 65,438</u>	<u>\$ 2,063</u>	<u>\$ 41,579</u>	<u>\$ 10,481</u>	<u>\$ 306,611</u>	<u>\$ 72,914</u>	<u>\$ 30,408</u>

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2010

	Special Revenue							
	Judiciary and Court Related Group							
	Child Support Enforcement Program Fund	Probation Services Fund	Court Document Storage Fund	Circuit Clerk Automation Fee Fund	Law Library Fund	Drug Forfeiture Fund	Home Confinement Fund	JJC Alternative Detention Fund
ASSETS								
Cash in bank	\$ -	\$ 351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time deposits and money markets	131,107	69,156	165,158	167,325	114,309	2,734	4,960	-
Investments	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-
Due from various townships	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 131,107</u>	<u>\$ 69,507</u>	<u>\$ 165,158</u>	<u>\$ 167,325</u>	<u>\$ 114,309</u>	<u>\$ 2,734</u>	<u>\$ 4,960</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ 334	\$ 3,395	\$ -	\$ 1,261	\$ 1,542	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	2,089	1,284	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Due to other County funds	-	-	-	-	-	-	-	-
Total liabilities	<u>334</u>	<u>3,395</u>	<u>2,089</u>	<u>2,545</u>	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Unreserved	<u>130,773</u>	<u>66,112</u>	<u>163,069</u>	<u>164,780</u>	<u>112,767</u>	<u>2,734</u>	<u>4,960</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 131,107</u>	<u>\$ 69,507</u>	<u>\$ 165,158</u>	<u>\$ 167,325</u>	<u>\$ 114,309</u>	<u>\$ 2,734</u>	<u>\$ 4,960</u>	<u>\$ -</u>

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2010**

	Special Revenue								
	Judiciary and Court Related Group								
	JJC Council Fund	JJC Youth Diversion Fund	Probation Innovative Grant Fund	Title IV E Fund	Drug Street Fine Fund	Marriage Fund	Drug Court Fund	Domestic Violence Fund	State's Attorney Collection Fund
ASSETS									
Cash in bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,312	\$ -	\$ -	\$ -
Time deposits and money markets	22,831	27,331	6,595	12,905	14,045	-	17,457	1,080	9,502
Investments	-	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-	-
Other receivables	20,431	-	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-	-
Due from various townships	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 43,262</u>	<u>\$ 27,331</u>	<u>\$ 6,595</u>	<u>\$ 12,905</u>	<u>\$ 14,045</u>	<u>\$ 6,312</u>	<u>\$ 17,457</u>	<u>\$ 1,080</u>	<u>\$ 9,502</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to other County funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Unreserved	<u>43,262</u>	<u>27,331</u>	<u>5,952</u>	<u>12,905</u>	<u>14,045</u>	<u>6,312</u>	<u>17,457</u>	<u>1,080</u>	<u>9,502</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,262</u>	<u>\$ 27,331</u>	<u>\$ 6,595</u>	<u>\$ 12,905</u>	<u>\$ 14,045</u>	<u>\$ 6,312</u>	<u>\$ 17,457</u>	<u>\$ 1,080</u>	<u>\$ 9,502</u>

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2010**

	Special Revenue							
	Public Health and Welfare Group							
	Social Services for Senior Citizens Fund	Tuberculosis Sanatorium Fund	Veterans Assistance Fund	Animal Control Fund	Lee County Cooperative Extension Service Fund	Arrestee's Medical Costs Fund	Mental Health Fund	Pet Population Fund
ASSETS								
Cash in bank	\$ -	\$ 4,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time deposits and money markets	2,705	27,863	57,027	80,613	4,298	15,178	30,165	11,360
Investments	-	-	-	-	-	-	-	-
Property tax receivable	135,000	33,000	75,000	-	136,860	-	-	-
Other receivables	-	-	92	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-
Due from various townships	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 137,705	\$ 65,274	\$ 132,119	\$ 80,613	\$ 141,158	\$ 15,178	\$ 30,165	\$ 11,360
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 4,423	\$ -	\$ -	\$ -	\$ -	\$ 8,865
Accrued payroll and payroll taxes	-	-	754	-	-	-	-	-
Deferred revenue	135,000	33,000	75,000	-	136,860	-	-	-
Due to other County funds	-	7,294	-	-	-	-	-	-
Total liabilities	135,000	40,294	80,177	-	136,860	-	-	8,865
FUND BALANCES								
Unreserved	2,705	24,980	51,942	80,613	4,298	15,178	30,165	2,495
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,705	\$ 65,274	\$ 132,119	\$ 80,613	\$ 141,158	\$ 15,178	\$ 30,165	\$ 11,360

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2010**

	<u>Special Revenue</u>				<u>Capital Projects</u>		<u>Total Other Governmental Funds</u>
	<u>Highways and Streets Group</u>		<u>Public Safety</u>		<u>Capital Improvement, Repair, or Replacement Fund</u>		
	<u>County Special Bridge Fund</u>	<u>Federal Aid Secondary Matching Fund</u>	<u>County Motor Fuel Tax Fund</u>	<u>Police Vehicle Fund</u>	<u>Coroner Fund</u>	<u>Capital Improvement, Repair, or Replacement Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS							
Cash in bank	\$ 11,876	\$ 38,845	\$ 261,617	\$ -	\$ -	\$ -	\$ 323,412
Time deposits and money markets	679,559	1,020,369	267,760	2,707	1,406	12,837	3,387,634
Investments	-	-	371,149	-	-	-	479,143
Property tax receivable	230,000	290,000	-	-	-	-	899,860
Other receivables	-	-	-	-	-	-	20,523
Reimbursements due from State of Illinois	-	-	99,193	-	-	-	113,401
Due from various townships	11,611	-	-	-	-	-	11,611
TOTAL ASSETS	<u>\$ 933,046</u>	<u>\$ 1,349,214</u>	<u>\$ 999,719</u>	<u>\$ 2,707</u>	<u>\$ 1,406</u>	<u>\$ 12,837</u>	<u>\$ 5,235,584</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 13,110	\$ -	\$ -	\$ -	\$ 71,055
Accrued payroll and payroll taxes	4,154	-	-	-	-	-	8,281
Deferred revenue	230,000	290,000	-	-	-	-	899,860
Due to other County funds	-	-	-	-	-	-	7,506
Total liabilities	<u>234,154</u>	<u>290,000</u>	<u>13,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>986,702</u>
FUND BALANCES							
Unreserved	<u>698,892</u>	<u>1,059,214</u>	<u>986,609</u>	<u>2,707</u>	<u>1,406</u>	<u>12,837</u>	<u>4,248,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 933,046</u>	<u>\$ 1,349,214</u>	<u>\$ 999,719</u>	<u>\$ 2,707</u>	<u>\$ 1,406</u>	<u>\$ 12,837</u>	<u>\$ 5,235,584</u>

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2010**

	Special Revenue						
	General Control and Administration Group						
	Special Recording Automation Fund	Vital Records Automation Fund	County Collector Automation Fund	County Tourism Promotion Fund	Indemnity Fund	G.I.S. Recording Fees Fund	Grant Fund
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 121,319	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	625,248
Licenses and permits	-	-	-	-	-	-	-
Revenue from services	33,606	4,223	5,500	-	17,903	122,366	-
Revenue from use of money and property	141	2	86	-	2,526	147	614
All other receipts	-	-	-	-	-	-	-
Total revenues	<u>33,747</u>	<u>4,225</u>	<u>5,586</u>	<u>121,319</u>	<u>20,429</u>	<u>122,513</u>	<u>625,862</u>
EXPENDITURES							
General control and administration	48,679	6,336	7,820	122,086	473	142,632	749,079
Public safety	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
	<u>48,679</u>	<u>6,336</u>	<u>7,820</u>	<u>122,086</u>	<u>473</u>	<u>142,632</u>	<u>749,079</u>
Excess (deficiency) of revenues over expenditures	<u>(14,932)</u>	<u>(2,111)</u>	<u>(2,234)</u>	<u>(767)</u>	<u>19,956</u>	<u>(20,119)</u>	<u>(123,217)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(14,932)</u>	<u>(2,111)</u>	<u>(2,234)</u>	<u>(767)</u>	<u>19,956</u>	<u>(20,119)</u>	<u>(123,217)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>79,916</u>	<u>4,174</u>	<u>43,813</u>	<u>11,036</u>	<u>286,655</u>	<u>93,033</u>	<u>116,597</u>
FUND BALANCES, END OF YEAR	<u>\$ 64,984</u>	<u>\$ 2,063</u>	<u>\$ 41,579</u>	<u>\$ 10,269</u>	<u>\$ 306,611</u>	<u>\$ 72,914</u>	<u>\$ (6,620)</u>

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**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2010**

	Special Revenue							
	Judiciary and Court Related Group							
	Child Support Enforcement Program Fund	Probation Services Fund	Court Document Storage Fund	Circuit Clerk Automation Fee Fund	Law Library Fund	Drug Forfeiture Fund	Home Confinement Fund	JJC Alternative Detention Fund
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Revenue from services	43,453	75,271	75,483	76,211	20,250	215	140	-
Revenue from use of money and property	-	-	1,309	301	-	14	10	-
All other receipts	-	-	-	-	-	-	-	-
Total revenues	<u>43,453</u>	<u>75,271</u>	<u>76,792</u>	<u>76,512</u>	<u>20,250</u>	<u>229</u>	<u>150</u>	<u>-</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	22,383	77,942	60,557	66,425	12,023	-	-	335
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
	<u>22,383</u>	<u>77,942</u>	<u>60,557</u>	<u>66,425</u>	<u>12,023</u>	<u>-</u>	<u>-</u>	<u>335</u>
Excess (deficiency) of revenues over expenditures	<u>21,070</u>	<u>(2,671)</u>	<u>16,235</u>	<u>10,087</u>	<u>8,227</u>	<u>229</u>	<u>150</u>	<u>(335)</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	(13,667)	-	-	-	-	-	-
	<u>-</u>	<u>(13,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	21,070	(16,338)	16,235	10,087	8,227	229	150	(335)
FUND BALANCES, BEGINNING OF YEAR	<u>109,703</u>	<u>82,450</u>	<u>146,834</u>	<u>154,693</u>	<u>104,540</u>	<u>2,505</u>	<u>4,810</u>	<u>335</u>
FUND BALANCES, END OF YEAR	<u>\$ 130,773</u>	<u>\$ 66,112</u>	<u>\$ 163,069</u>	<u>\$ 164,780</u>	<u>\$ 112,767</u>	<u>\$ 2,734</u>	<u>\$ 4,960</u>	<u>\$ -</u>

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**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2010**

Special Revenue

Judiciary and Court Related Group

	JJC Council Fund	JJC Youth Diversion Fund	Probation Innovative Grant Fund	Title IV E Fund	Drug Street Fine Fund	Marriage Fund	Drug Court Fund	Domestic Violence Fund	State's Attorney Collection Fund
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	147,931	-	34,124	11,980	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Revenue from services	-	-	-	-	-	560	-	-	2,329
Revenue from use of money and property	11	58	63	-	16	3	50	-	16
All other receipts	-	7,860	-	-	12,670	-	11,800	1,080	-
Total revenues	<u>147,942</u>	<u>7,918</u>	<u>34,187</u>	<u>11,980</u>	<u>12,686</u>	<u>563</u>	<u>11,850</u>	<u>1,080</u>	<u>2,345</u>
EXPENDITURES									
General control and administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Judiciary and court related	142,331	11,320	45,776	2,635	1,864	-	22,270	-	-
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
	<u>142,331</u>	<u>11,320</u>	<u>45,776</u>	<u>2,635</u>	<u>1,864</u>	<u>-</u>	<u>22,270</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,611</u>	<u>(3,402)</u>	<u>(11,589)</u>	<u>9,345</u>	<u>10,822</u>	<u>563</u>	<u>(10,420)</u>	<u>1,080</u>	<u>2,345</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	13,667	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>13,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,611	(3,402)	2,078	9,345	10,822	563	(10,420)	1,080	2,345
FUND BALANCES, BEGINNING OF YEAR	<u>37,651</u>	<u>30,733</u>	<u>3,874</u>	<u>3,560</u>	<u>3,223</u>	<u>5,749</u>	<u>27,877</u>	<u>-</u>	<u>7,157</u>
FUND BALANCES, END OF YEAR	<u>\$ 43,262</u>	<u>\$ 27,331</u>	<u>\$ 5,952</u>	<u>\$ 12,905</u>	<u>\$ 14,045</u>	<u>\$ 6,312</u>	<u>\$ 17,457</u>	<u>\$ 1,080</u>	<u>\$ 9,502</u>

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**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2010**

	Special Revenue							
	Public Health and Welfare Group							
	Social Services For Senior Citizens Fund	Tuberculosis Sanatorium Fund	Veterans Assistance Fund	Animal Control Fund	Lee County Cooperative Extension Service Fund	Arrestee's Medical Costs Fund	Mental Health Fund	Pet Population Fund
REVENUES								
Taxes	\$ 134,047	\$ 32,854	\$ 74,911	\$ -	\$ 137,336	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	23,621	-	-	-	-
Revenue from services	-	-	-	-	-	4,784	-	-
Revenue from use of money and property	-	15	-	-	-	33	58	19
All other receipts	-	-	-	-	-	-	1,045	18,115
Total revenues	<u>134,047</u>	<u>32,869</u>	<u>74,911</u>	<u>23,621</u>	<u>137,336</u>	<u>4,817</u>	<u>1,103</u>	<u>18,134</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	137,186	20,120	62,593	27,280	137,800	4,884	899	26,574
Highways and streets	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
	<u>137,186</u>	<u>20,120</u>	<u>62,593</u>	<u>27,280</u>	<u>137,800</u>	<u>4,884</u>	<u>899</u>	<u>26,574</u>
Excess (deficiency) of revenues over expenditures	<u>(3,139)</u>	<u>12,749</u>	<u>12,318</u>	<u>(3,659)</u>	<u>(464)</u>	<u>(67)</u>	<u>204</u>	<u>(8,440)</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(3,139)</u>	<u>12,749</u>	<u>12,318</u>	<u>(3,659)</u>	<u>(464)</u>	<u>(67)</u>	<u>204</u>	<u>(8,440)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>5,844</u>	<u>12,231</u>	<u>39,624</u>	<u>84,272</u>	<u>4,762</u>	<u>15,245</u>	<u>29,961</u>	<u>10,935</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,705</u>	<u>\$ 24,980</u>	<u>\$ 51,942</u>	<u>\$ 80,613</u>	<u>\$ 4,298</u>	<u>\$ 15,178</u>	<u>\$ 30,165</u>	<u>\$ 2,495</u>

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LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2010

	Special Revenue					Capital	Total Other Governmental Funds
	Highways and Streets Group			Public Safety		Projects	
	County Special Bridge Fund	Federal Aid Secondary Matching Fund	County Motor Fuel Tax Fund	Police Vehicle Fund	Coroner Fund	Capital Improvement, Repair, or Replacement Fund	
REVENUES							
Taxes	\$ 229,329	\$ 289,779	\$ -	\$ -	\$ -	\$ -	\$ 1,019,575
Intergovernmental revenue	315,898	343,091	869,890	-	-	-	2,348,162
Licenses and permits	-	-	-	-	-	-	23,621
Revenue from services	-	-	-	-	-	-	482,294
Revenue from use of money and property	232	9,454	3,189	5	-	-	18,372
All other receipts	17,713	-	46,404	3,199	1,406	-	121,292
Total revenues	<u>563,172</u>	<u>642,324</u>	<u>919,483</u>	<u>3,204</u>	<u>1,406</u>	<u>-</u>	<u>4,013,316</u>
EXPENDITURES							
General control and administration	-	-	-	-	-	-	1,077,105
Public safety	-	-	-	2,000	-	-	2,000
Judiciary and court related	-	-	-	-	-	-	465,861
Public health and welfare	-	-	-	-	-	-	417,336
Highways and streets	93,580	658,004	843,962	-	-	-	1,595,546
Capital projects	-	-	-	-	-	17,910	17,910
	<u>93,580</u>	<u>658,004</u>	<u>843,962</u>	<u>2,000</u>	<u>-</u>	<u>17,910</u>	<u>3,575,758</u>
Excess (deficiency) of revenues over expenditures	<u>469,592</u>	<u>(15,680)</u>	<u>75,521</u>	<u>1,204</u>	<u>1,406</u>	<u>(17,910)</u>	<u>437,558</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	13,667
Operating transfers out	-	-	-	-	-	-	(13,667)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	469,592	(15,680)	75,521	1,204	1,406	(17,910)	437,558
FUND BALANCES, BEGINNING OF YEAR	<u>229,300</u>	<u>1,074,894</u>	<u>911,088</u>	<u>1,503</u>	<u>-</u>	<u>30,747</u>	<u>3,811,324</u>
FUND BALANCES, END OF YEAR	<u>\$ 698,892</u>	<u>\$ 1,059,214</u>	<u>\$ 986,609</u>	<u>\$ 2,707</u>	<u>\$ 1,406</u>	<u>\$ 12,837</u>	<u>\$ 4,248,882</u>

**LEE COUNTY, ILLINOIS
INTERNAL SERVICE FUND
LIABILITY INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>			Actual over
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(under)</u>
OPERATING REVENUES				
Taxes - general property taxes	\$ 280,000	\$ 280,000	\$ 279,247	\$ (753)
Receipts from use of money - interest	<u>-</u>	<u>-</u>	<u>149</u>	<u>149</u>
Total cash receipts	<u>\$ 280,000</u>	<u>\$ 280,000</u>	279,396	<u>\$ (604)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total operating revenues			<u>279,396</u>	
OPERATING EXPENSES				
Insurance and bonds	\$ 268,631	\$ 268,631	250,148	\$ (18,483)
Other	<u>5,950</u>	<u>5,950</u>	<u>5,491</u>	<u>(459)</u>
Total cash disbursements	<u>\$ 274,581</u>	<u>\$ 274,581</u>	255,639	<u>\$ (18,942)</u>
(Deduct) beginning accrued expenses/ add ending prepaid expenses			(220)	
Add ending accrued expenses/ (deduct) ending prepaid expenses			<u>-</u>	
Total operating expenses			<u>255,419</u>	
Operating income			23,977	
FUND BALANCE, BEGINNING OF YEAR			<u>284,021</u>	
FUND BALANCE, END OF YEAR			<u>\$ 307,998</u>	

**LEE COUNTY, ILLINOIS
INTERNAL SERVICE FUND
EMPLOYEE GROUP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAP BASIS) AND ACTUAL
Year Ended November 30, 2010**

	<u>Budget</u>			Actual over
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(under)</u>
OPERATING REVENUES				
Insurance Reimbursement - General Fund	\$ 1,000,000	\$ 1,000,000	\$ 735,000	\$ (265,000)
Insurance Reimbursement - Health Department	163,860	163,860	150,205	(13,655)
Insurance Reimbursement - Highway Department	123,709	123,709	137,364	13,655
Insurance Reimbursement - GIS	31,625	31,625	34,260	2,635
Insurance Reimbursement - Child Support Enforcement	12,164	12,164	-	(12,164)
Insurance Reimbursement - Employee Contribution	316,250	316,250	338,326	22,076
Interest	1,000	1,000	146	(854)
Rebates	-	-	44	44
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash receipts	<u>\$ 1,648,608</u>	<u>\$ 1,648,608</u>	1,395,345	<u>\$ (253,263)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u> </u>	
Total operating revenues			<u>1,395,345</u>	
OPERATING EXPENSES				
Premiums	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>1,402,200</u>	<u>\$ (147,800)</u>
Total cash disbursements	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	1,402,200	<u>\$ (147,800)</u>
(Deduct) beginning accrued expenses/ add ending prepaid expenses			-	
Add ending accrued expenses/ (deduct) ending prepaid expenses			<u>30,000</u>	
Total operating expenses			<u>1,432,200</u>	
Operating loss			(36,855)	
FUND BALANCE, BEGINNING OF YEAR			<u>36,873</u>	
FUND BALANCE, END OF YEAR			<u>\$ 18</u>	

LEE COUNTY, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX LEVIES,
TAX EXTENSIONS, AND TAX RATES
Tax Years 2009 and 2008
(Unaudited)

	<u>2009</u>			<u>2008</u>		
Assessed Valuation	<u>\$ 658,311,037</u>			<u>\$ 635,113,328</u>		
<u>Fund</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>
County General	\$ 1,608,975	.2444	\$ 1,530,573	\$ 1,400,000	.2204	\$ 1,399,790
County Highway	610,000	.0927	610,254	610,000	.0960	609,709
Federal Aid Secondary Matching	290,000	.0441	290,315	286,390	.0451	286,436
County Special Bridge	230,000	.0349	229,751	230,000	.0362	229,911
County Health	556,000	.0845	456,210	556,097	.0876	556,359
Tuberculosis Sanatorium	33,000	.0050	32,916	33,000	.0052	33,026
Illinois Municipal Retirement	600,000	.0911	599,721	600,000	.0945	600,182
County Veterans Assistance	75,000	.0114	75,048	75,000	.0118	74,943
Liability Insurance	280,000	.0425	279,782	244,776	.0385	244,519
Social Security	638,000	.0969	637,903	638,000	.1005	638,289
Social Services for Senior Citizens	134,000	.0204	134,295	134,434	.0212	134,644
Extension Education	<u>137,860</u>	<u>.0209</u>	<u>137,587</u>	<u>137,860</u>	<u>.0217</u>	<u>137,820</u>
	<u>\$ 5,192,835</u>	<u>.7888</u>	<u>\$ 5,014,355</u>	<u>\$ 4,945,557</u>	<u>.7787</u>	<u>\$ 4,945,628</u>

**LEE COUNTY, ILLINOIS
FEDERAL AWARDS SECTION**

**Independent Auditor's Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Lee County Board
Lee County, Illinois

Compliance

We have audited the compliance of Lee County, Illinois with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2010. Lee 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 Lee County, Illinois' management. Our responsibility is to express an opinion on Lee 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 Non-Profit 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 Lee 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 of Lee County, Illinois' compliance with those requirements.

In our opinion, Lee County, Illinois complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which 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 items 10-05 and 10-09.

Internal Control Over Compliance

The management of Lee 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 Lee 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 of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to 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 material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-06 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-05, 10-07, 10-08, and 10-09 to be significant deficiencies.

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

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

Clifton Henderson LLP

Dixon, Illinois
March 10, 2011

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Department of Agriculture				
Passed through:				
Illinois Department of Human Services WIC Administration and Special Supplemental Nutrition for Women, Infants, and Children	10.557	11GL305000 11GM305900	\$ 77,200 51,000	\$ - -
		Non-Cash	375,762	-
Breastfeeding Peer Counseling	10.557	11GM305000 11GM305980	6,800 <u>5,000</u>	- -
Total Department of Agriculture			<u>515,762</u>	<u>-</u>
Department of Health and Human Services				
Passed through:				
Illinois Department of Public Health Illinois Immunization Program	93.268	Non-Cash	271,271	-
Bioterrorism Preparedness	93.069		168,507	-
ARRA-Immunization	93.712		19,771	-
Illinois Department of Human Services Title X Family Planning	93.217	11GL305000 11GM305900	30,400 <u>58,955</u>	- -
			<u>89,355</u>	<u>-</u>
Title XX Block Grant – Family Planning/ Family Case Management	93.667	11GL305000	36,300	-
Illinois Department of Healthcare and Family Services Medical Assistance Program	93.778		27,419	-
Child Support Enforcement	93.563		5,383	-
Illinois State Board of Elections Voting Access for Individuals with Disabilities	93.617		1,497	-
Illinois Department of Children and Family Services Foster Care Title IV-E	93.658		<u>11,980</u>	<u>-</u>
Total Department of Health and Human Services			<u>631,483</u>	<u>-</u>
U.S. Department of Justice				
Passed through:				
Illinois Criminal Justice Information Comprehensive Approach to Sex Offender Management Program	16.738		34,124	-
Department of Transportation				
Passed through:				
Illinois Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509		267,825	267,825
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	Non-Cash	<u>191,029</u>	<u>191,029</u>
			458,854	458,854
Job Access Reverse Commute	20.516		18,693	18,693
New Freedom	20.521		<u>77,205</u>	<u>77,205</u>
Total Department of Transportation			<u>554,752</u>	<u>554,752</u>

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Environmental Protection Agency				
Passed through:				
Illinois Department of Public Health Performance Partnership Grants	66.605		1,175	-
Department of Homeland Security				
Passed through:				
Illinois Emergency Management & Agency Emergency Management Performance Homeland Security Grant Program	97.042		18,524	-
	97.067		<u>48,365</u>	-
Total Department of Homeland Security			<u>66,889</u>	-
Department of Housing and Urban Development				
Passed through:				
Illinois Department of Commerce & Economic Opportunity Community Development Assistance Program	14.228		555,932	-
General Services Administration				
Passed through:				
Illinois State Board of Elections Help America Vote Act Voter Equipment Grant	90.401		4,455	-
	90.401		<u>5,500</u>	-
Total General Services Administration			<u>9,955</u>	-
TOTAL FEDERAL AWARDS			<u>\$ 2,370,072</u>	<u>\$ 554,752</u>

This schedule should be read only in connection with
the accompanying note to this schedule.

LEE COUNTY, ILLINOIS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of Federal awards is prepared on the modified accrual basis of accounting.

NONMONETARY ASSISTANCE

Nonmonetary assistance is reported in the schedule at the fair market value of the nonmonetary assistance received and disbursed.

The WIC program, CFDA #10.557, received \$375,762 in special supplemental nutrition food instruments for the year ended June 30, 2010.

The Illinois Immunization program, CFDA #93.268, received \$271,271 in vaccines for the year ended November 30, 2010.

The Formula Grants for Other Than Urbanized Areas program, CFDA #20.509, received \$191,029 in equipment for the year ended November 30, 2010.

OTHER NONCASH ASSISTANCE

The County did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees.

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies 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 identified? yes no
- Significant deficiencies 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 programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Administration and Special Supplemental Nutrition for Women, Infants, and Children
20.509	Formula Grants for Other Than Urbanized Areas
14.228	Community Development Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes no

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO. 10-01 SEGREGATION OF DUTIES

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Segregation of duties is an aspect of an internal control environment.

Condition

There is an inadequate control over the functions of processing and recording the financial transactions of the County due to an inadequate segregation of duties stemming from limited personnel.

Context

During the process of obtaining an understanding of internal control in planning the audit, assessing control risk and assessing fraud risks, a lack of segregation of duties was noted.

Effect

A lack of segregation of duties is a deficiency in internal control that could lead to errors or irregularities in the processing and recording of financial transactions.

Cause

The County has limited personnel over accounting transactions.

Recommendation

If it is not economically feasible to hire extra personnel, the Board's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

Views of responsible officials and planned corrective actions

Management is aware that this condition exists and will closely supervise and review all accounting information on a regular basis.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

**FINDING NO. 10-02 FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS PREPARATION**

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded, accounted for, and presented and that transactions are executed in compliance with laws, regulations, and the provision of contracts or grant agreements. Management's preparation and/or review of the financial statements, schedule of expenditures of federal awards (SEFA), and its accompanying disclosures is an aspect of an internal control environment.

Condition

The County engages the external auditors to assist in preparing its financial statements, SEFA, and accompanying disclosures. However, there are inadequate review procedures in place to ensure reporting is complete and accurate under generally accepted accounting principles.

Context

During the process of obtaining an understanding of internal control in planning the audit, assessing control risk and assessing fraud risks, it was noted that management's review over the financial statements does not appear adequate as management has not been able to devote the time necessary to stay abreast of all generally accepted accounting principles, including disclosures.

Effect

Without adequate and up-to-date knowledge of generally accepted accounting principles, a deficiency in internal control is present that could lead to financial reporting misstatements that may not be prevented or detected by the County's internal control.

Cause

The County has limited personnel over the accounting function, which are not trained in monitoring recent accounting developments to the extent necessary to enable them to review the County's financial statements, SEFA, and related disclosures to provide a high level of assurance that potential omissions or other errors would be identified and corrected.

Recommendation

If it is not economically feasible to hire and train extra personnel, the Board's review of accounting information is the best means of preventing or detecting errors and financial reporting misstatements.

Views of responsible officials and planned corrective actions

Management is aware that this condition exists and will closely supervise and review all accounting information on a regular basis.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 10-03 MATERIAL ADJUSTING JOURNAL ENTRIES

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Management's adjustment and reconciliation of general ledger account balances to supporting information is an aspect of an internal control environment.

Condition

Accounts exist which material adjusting entries were required to convert the general ledger from the cash basis of accounting to the accrual basis of accounting to be in accordance with generally accepted accounting principles. The accounting personnel of Lee County, Illinois accumulates a significant amount of the supporting documentation to adjust these balances, however the accounting personnel do not make the adjusting journal entries.

Context

During the process of obtaining an understanding of internal control in planning the audit, assessing control risk and assessing fraud risks, it was noted that management does not adjust all general ledger account balances to supporting information.

Effect

Without the proper adjustment of general ledger account balances, a deficiency in internal control is present that could lead to financial reporting misstatements that may not be detected.

Cause

The County has limited personnel over the accounting function, and they are not trained in identifying all adjustments necessary to convert these balances to generally accepted accounting principles and to provide a high level of assurance that potential omissions or other errors would be identified and corrected.

Recommendation

If it is not economically feasible to hire and train extra personnel, the Board's review of accounting information is the best means of preventing or detecting errors and financial reporting misstatements.

Views of responsible officials and planned corrective actions

Management is aware that this condition exists and will closely supervise and review all accounting information on a regular basis.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 10-04 SEGREGATION OF DUTIES-DEPARTMENTAL CASH ACCOUNTS

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Segregation of duties over departmental cash accounts is an aspect of an internal control environment.

Condition

Various departmental cash accounts within the County appear to not have adequate policies and procedures in place to properly account for the receipts and disbursements and prevent or detect any errors or irregularities due to an inadequate segregation of duties stemming from limited personnel.

Context

During the process of obtaining an understanding of internal control in planning the audit, assessing control risk and assessing fraud risks, a lack of segregation of duties over departmental cash accounts was noted.

Effect

A lack of segregation of duties is a deficiency in internal control that could lead to errors or irregularities in the processing and recording of financial transactions.

Cause

The County has limited personnel over accounting transactions within these departments and it may not be economically feasible to correct this through hiring of additional personnel.

Recommendation

If it is not economically feasible to hire extra personnel within departments, the Board's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. Additional consideration should be given to centralizing the cash receipt and disbursement process.

Views of responsible officials and planned corrective actions

Management is aware that this condition exists and will closely supervise and review all cash receipt and disbursement information within these departments on a regular basis.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

DEPARTMENT OF AGRICULTURE

Passed through:

Illinois Department of Human Services

WIC Administration and Special Supplemental Nutrition for Women, Infants,
and Children – CFDA No. 10.557

**FINDING NO. 10-05 WIC ELIGIBILITY - Grant No. 11GL305000 and 11GM305900
Year Ended November 30, 2010**

QUESTIONED COSTS: None known.

Criteria or Specific Requirement

Each WIC participant must have documentation to verify income and residency eligibility. This information is then recorded on a certification form and signed by the interviewer, certifying health professional, and the applicant.

Condition

One of sixty participants selected did not have a signature from a health professional on the certification form verifying income eligibility, household size, and residency and one of sixty participants selected did not have a completed certification form; the form was missing income verification, residency verification, and source of income.

Context

During the review of eligibility, sixty participants were chosen and signed certifications examined. During this examination, one of the participants did not have all signatures required on the certification and one of the participants had missing eligibility information on the certification.

Effect

Individuals that are not eligible could receive services from the WIC program.

Cause

County does not maintain copies of the documentation necessary to establish eligibility and relies on signed certification forms. When such certification forms are not signed and properly completed, eligibility is not properly documented.

Recommendation

We recommend the County ensure that all certifications are completed and signed by all individuals. Additionally the County may consider keeping copies of the documentation which verifies income and residency eligibility.

Views of responsible officials and planned corrective actions

Management will ensure that proper documentation for signature requirements is kept and that all proper documentation is complete.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDING NO. 10-06 SEGREGATION OF DUTIES

CFDA Number and Title:	20.509	Formula Grants for Other Than Urbanized Areas
Agency:		Department of Transportation
Year:		November 30, 2010

Questioned Costs:	None known
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Finding is repeated at 10-01

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS (CONTINUED)

DEPARTMENT OF TRANSPORTATION

Passed through:

Illinois Department of Transportation

Formula Grants for Other Than Urbanized Areas – CFDA No. 20.509

QUESTIONED COSTS: None known.

FINDING NO. 10-07 FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS-EQUIPMENT MANAGEMENT-Year Ended November 30, 2010

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Monitoring the property management of vehicles procured through a grant is an aspect of an internal control environment.

Condition

There is an inadequate control over the property management of vehicles procured through the grant.

Context

During the process of obtaining an understanding of internal control, a lack of controls over the property procured through the grant was noted.

Effect

Inadequate controls over the property management may result in property being misused, disposed of, or not maintained as required by the grant agreement.

Cause

The County has limited personnel over the internal control procedures of this compliance requirement.

Recommendation

Appoint an individual or administrator to oversee the property procured through the grant process to ensure property is not being misused, improperly disposed of, or insufficiently maintained.

Views of responsible officials and planned corrective actions

Management is aware of the lack of controls and will consider assigning and implementing additional controls over property management.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDING NO. 10-08 FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PREPARATION

CFDA Number and Title:	10.557	WIC Administration and Special Supplemental Nutrition for Women, Infants, and Children
Agency:		Department of Agriculture
CFDA Number and Title:	20.509	Formula Grants for Other Than Urbanized Areas
Agency:		Department of Transportation
CFDA Number and Title:	14.228	Community Development Assistance Program
Agency:		Department of Housing and Urban Development

All other programs.

Year: November 30, 2010

Questioned Costs: None known

Finding is repeated at 10-02

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2010**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS (CONTINUED)

DEPARTMENT OF TRANSPORTATION

Passed through:

Illinois Department of Transportation

Formula Grants for Other Than Urbanized Areas - CFDA No. 20.509

QUESTIONED COSTS: None known.

FINDING NO. 10-09 FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS-SUBRECIPIENT MONITORING-Year Ended November 30, 2010

Criteria or Specific Requirement

Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Monitoring activities of subrecipients throughout the year by reviewing reports, site visits, and regular contact with the subrecipients is an aspect of an internal control environment.

Condition

There is an inadequate control over the subrecipient monitoring of the passed-through grant funds.

Context

During the process of obtaining an understanding of internal control, a lack of controls over the subrecipient monitoring through the grant was noted.

Effect

Inadequate controls over the subrecipient monitoring may result in grant funds being misused.

Cause

The County has limited personnel over the internal control procedures of this compliance requirement.

Recommendation

Appoint an individual or administrator to oversee the subrecipient monitoring through the grant process to ensure funds are not being misused.

Views of responsible officials and planned corrective actions

Management is aware of the lack of controls and will consider assigning and implementing additional controls over subrecipient monitoring.

LEE COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended November 30, 2010

FINDING NO. 09-01 - SEGREGATION OF DUTIES

The County continues to have an inadequate segregation of duties over accounting transactions. During the past year, management and the Board monitored monthly financial results and obtained explanations of variances from budget and prior year results. Finding is repeated at 10-01.

FINDING NO. 09-02 - FINANCIAL STATEMENT PREPARATION

The County continues to lack personnel who are able to prepare or sufficiently review financial statements. During the past year, management has supervised and reviewed all accounting information on a regular basis. Finding is repeated at 10-02.

FINDING NO. 09-03 - MATERIAL ADJUSTING JOURNAL ENTRIES

The County continues to lack personnel trained to identify and adjust all necessary balances. During the past year, management has supervised and reviewed all accounting information on a regular basis. Finding is repeated at 10-03.

FINDING NO. 09-04 - SEGREGATION OF DUTIES - DEPARTMENTAL CASH ACCOUNTS

The County continues to have an inadequate segregation of duties over various departmental cash accounts. During the past year, management and the Board monitored the receipts and disbursements from these accounts. Finding is repeated at 10-04.

FINDING NO. 09-05 - WIC ELIGIBILITY - CFDA NO. 10.557

Management continues to review client files to ensure that proper documentation for signature requirements is kept. Finding is repeated at 10-05.

**FINDING NO. 09-06 - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS -
EQUIPMENT MANAGEMENT - CFDA NO. 20.509**

The County continues to lack controls over equipment management. During the past year, the County has moved some of the activities with the grant to the Treasurer's office and will continue to improve the controls. Finding is repeated at 10-07.

**LEE COUNTY, ILLINOIS
CORRECTIVE ACTION PLAN
Year Ended November 30, 2010**

FINDING NO. 10-01 - SEGREGATION OF DUTIES

The Treasurer and management will continue to monitor monthly financial results and obtain explanations of variances from budget and prior year results. The Board will continue to monitor this situation and will segregate accounting duties where possible.

FINDING NO. 10-02 - FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PREPARATION

The Board and management of Lee County, Illinois are aware that this condition exists and will consider the costs and benefits of providing adequate training of qualified staff to allow an appropriate review of financial statements and accompanying disclosures, ensuring completeness and accuracy.

FINDING NO. 10-03 - MATERIAL ADJUSTING JOURNAL ENTRIES

The Board and management of Lee County, Illinois are aware that this condition exists and will consider the costs and benefits of providing adequate training of qualified staff to allow identification of all adjustments necessary to convert account balances to the accrual basis of accounting.

FINDING NO. 10-04 - SEGREGATION OF DUTIES-DEPARTMENTAL CASH ACCOUNTS

The Board and management will continue to monitor and review the cash receipts and disbursements within these departments and will segregate duties where possible.

FINDING NO. 10-05 - WIC ELIGIBILITY - CFDA NO. 10.557

The Health Department will review certification forms before participant receives benefits to ensure that proper documentation for signature requirements is kept and that all proper documentation is complete.

FINDING NO. 10-06 - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS - SEGREGATION OF DUTIES - CFDA NO. 20.509

The Treasurer and management will continue to monitor monthly financial results and obtain explanations of variances from budget and prior year results. The Board will continue to monitor this situation and will segregate accounting duties where possible.

FINDING NO. 10-07 - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS - EQUIPMENT MANAGEMENT - CFDA NO. 20.509

The Board and management will assign and implement additional controls over property management.

(continued)

**LEE COUNTY, ILLINOIS
CORRECTIVE ACTION PLAN
Year Ended November 30, 2010**

**FINDING NO. 10-08 - FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS PREPARATION - CFDA NO. 10.557, 20.509, 14.228, AND ALL
OTHER PROGRAMS**

The Board and management of Lee County, Illinois are aware that this condition exists and will consider the costs and benefits of providing adequate training of qualified staff to allow an appropriate review of financial statements and accompanying disclosures, ensuring completeness and accuracy.

**FINDING NO. 10-09 - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS -
SUBRECIPIENT MONITORING - CFDA NO. 20.509**

The Board and management will assign and implement additional controls over subrecipient monitoring.