



LEE COUNTY, ILLINOIS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
November 30, 2013



CliftonLarsonAllen

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Independent Auditors' Report

Lee County Board
Lee County, Illinois

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Restatement

As discussed in Note 20 to the financial statements, beginning net position for governmental activities has been restated to correct an error in previously reported capital assets and expenses. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress and budgetary comparison information on pages 49 and 50 through 58 be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County, Illinois' basic financial statements. The General Fund budgetary and combining information, combining and individual nonmajor fund financial statements, and Internal Service Fund budgetary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The general fund budgetary and combining information, combining and individual nonmajor fund financial statements, Internal Service Fund budgetary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund budgetary and combining information, combining and individual nonmajor fund financial statements, Internal Service Fund budgetary information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuations, Tax Levies, Tax Extension, and Tax Rates on page 83 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County, Illinois' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Peoria, Illinois
March 11, 2014



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

Lee County Board
Lee County, Illinois

We have audited, 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 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, 2013, and the related notes to the financial statements, which collectively comprise Lee County, Illinois' basic financial statements and have issued our report thereon dated March 11, 2014. The financial statements of the discretely presented component unit, Lee County Emergency Telephone System Board, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee County, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lee County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Lee County, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and 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 a 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 as items 2013-001, 2013-002, and 2013-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee County, Illinois' financial statements are free from 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*.

Lee County, Illinois' Response to Findings

Lee County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Lee County, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Peoria, Illinois
March 11, 2014

LEE COUNTY, ILLINOIS
STATEMENT OF NET POSITION
November 30, 2013

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Cash on hand	\$ 966	\$ -
Cash in bank	1,130,852	1,101,474
Time deposits and money markets	14,329,524	-
Investments	1,507,854	-
Property tax receivable	6,003,390	-
Due from State of Illinois	1,365,150	-
Surcharge receivables	-	88,099
Other receivables	778,134	-
Due from various townships	552	-
Prepaid expenses	980	24,883
Capital assets:		
Land	1,479,668	-
Infrastructure, net of depreciation	5,019,696	-
Buildings and improvements, net of depreciation	10,210,758	421,180
Equipment, net of depreciation	<u>1,343,674</u>	<u>437,215</u>
Total capital assets	<u>18,053,796</u>	<u>858,395</u>
TOTAL ASSETS	<u>43,171,198</u>	<u>2,072,851</u>
LIABILITIES		
Accounts payable	301,218	777
Accrued payroll and taxes	258,890	1,954
Unearned revenue:		
Property taxes	6,003,390	-
Grants	52,666	-
Accrued compensated absences:		
Current	53,713	1,366
Noncurrent	685,849	-
Long-term liabilities:		
Due within one year	78,360	-
Due in more than one year	<u>842,863</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,276,949</u>	<u>4,097</u>
NET POSITION		
Net investment in capital assets	17,936,064	858,395
Restricted:		
General control and administration	2,202,585	-
Judiciary and court related	1,018,007	-
Public health and welfare	3,684,481	-
Highways and streets	3,534,359	-
Public safety	14,570	-
Capital projects	1,242,600	-
Unrestricted	<u>5,261,583</u>	<u>1,210,359</u>
TOTAL NET POSITION	<u>\$ 34,894,249</u>	<u>\$ 2,068,754</u>

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

**LEE COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended November 30, 2013**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Net Revenue (Expense) and Changes in Net Position</u>
Functions/Programs							
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 6,736,722	\$ 346,807	\$ 951,319	\$ 1,050,975	\$ (4,387,621)	\$ -	
Public safety	3,269,585	212,136	26,977	-	(3,030,472)	-	
Highways and streets	2,498,829	549,328	-	-	(1,949,501)	-	
Public health and welfare	2,271,533	239,781	1,301,987	-	(729,765)	-	
Judiciary and court related	2,889,199	1,683,612	205,499	-	(1,000,088)	-	
County development	106,369	89,083	-	-	(17,286)	-	
Landfill	94,243	1,722,858	-	-	1,628,615	-	
Debt service interest	4,825	-	-	-	(4,825)	-	
Total primary government	<u>17,871,305</u>	<u>4,843,605</u>	<u>2,485,782</u>	<u>1,050,975</u>	<u>(9,490,943)</u>	<u>-</u>	
COMPONENT UNIT:							
Emergency telephone systems board	<u>533,676</u>	<u>406,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,565)</u>	
General revenues:							
Property taxes, levied for general purposes					5,756,222	-	
Sales tax					392,668	-	
Supplemental county retail taxes					725,911	-	
Use tax					222,426	-	
Hotel/Motel use tax					128,926	-	
State income tax					1,197,518	-	
State replacement tax					428,478	-	
Motor fuel tax					808,513	-	
Other intergovernmental revenues					394,501	-	
Reimbursements					418,849	-	
Unrestricted investment earnings					169,667	2,739	
Other					623,301	1,162	
Total general revenues					<u>11,266,980</u>	<u>3,901</u>	
Change in net position					<u>1,776,037</u>	<u>(123,664)</u>	
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED					32,323,926	2,192,418	
PRIOR PERIOD ADJUSTMENT - to capitalize capital assets					<u>794,286</u>	<u>-</u>	
NET POSITION, BEGINNING OF YEAR, AS RESTATED					33,118,212	2,192,418	
Change in net position					<u>1,776,037</u>	<u>(123,664)</u>	
NET POSITION, END OF YEAR					<u>\$ 34,894,249</u>	<u>\$ 2,068,754</u>	

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

**LEE COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2013**

	General Fund	County Highway Fund	County Health Fund	Illinois Municipal Retirement Fund	Social Security Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash on hand	\$ 800	\$ 66	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 966
Cash in bank	626,420	29,331	29,666	-	-	109,360	336,075	1,130,852
Time deposits and money markets	6,941,009	726,332	603,881	672,576	845,875	-	3,996,610	13,786,283
Investments	694,565	-	212,895	-	-	-	600,394	1,507,854
Property tax receivable	2,381,532	640,498	556,000	600,000	600,000	-	885,360	5,663,390
Due from State of Illinois	682,556	-	158,570	-	-	442,210	81,814	1,365,150
Prepaid insurance	980	-	-	-	-	-	-	980
Other receivables	755,658	-	16,493	-	5,891	-	92	778,134
Due from various townships	-	552	-	-	-	-	-	552
Due from other County funds	258,999	-	5,572	-	35,523	-	250	300,344
TOTAL ASSETS	\$ 12,342,519	\$ 1,396,779	\$ 1,583,177	\$ 1,272,576	\$ 1,487,289	\$ 551,570	\$ 5,900,595	\$ 24,534,505
LIABILITIES								
Accounts payable	\$ 91,333	\$ 37,167	\$ 11,385	\$ -	\$ -	87,768	\$ 43,565	\$ 271,218
Accrued payroll and payroll taxes	123,889	15,496	15,923	95,301	-	-	8,281	258,890
Unearned revenue:								
Property taxes	2,381,532	640,498	556,000	600,000	600,000	-	885,360	5,663,390
Grants	-	-	38,667	-	-	-	13,999	52,666
Due to other County funds	70,843	-	-	82,413	-	125,000	31,278	309,534
Accrued sick pay	53,713	-	-	-	-	-	-	53,713
Total liabilities	<u>2,721,310</u>	<u>693,161</u>	<u>621,975</u>	<u>777,714</u>	<u>600,000</u>	<u>212,768</u>	<u>982,483</u>	<u>6,609,411</u>
FUND BALANCES								
Nonspendable:								
Prepaid insurance	980	-	-	-	-	-	-	980
Restricted:								
General control and administration	-	-	-	494,862	887,289	337,120	483,314	2,202,585
Judiciary and court related	-	-	-	-	-	-	1,018,007	1,018,007
Public health and welfare	2,526,646	-	886,786	-	-	-	271,049	3,684,481
Highways and streets	-	696,962	-	-	-	-	2,837,397	3,534,359
Public safety	-	-	-	-	-	-	14,570	14,570
Capital projects	1,242,600	-	-	-	-	-	-	1,242,600
Committed:								
General control and administration	-	-	-	-	-	-	40,277	40,277
Judiciary and court related	-	-	-	-	-	-	6,868	6,868
Public health and welfare	-	-	-	-	-	-	25,729	25,729
Assigned:								
General control and administration	-	-	-	-	-	1,682	15,998	17,680
Judiciary and court related	-	-	-	-	-	-	22,052	22,052
Public health and welfare	7,120	-	74,416	-	-	-	583	82,119
Highways and streets	-	6,656	-	-	-	-	177,640	184,296
Public safety	-	-	-	-	-	-	4,628	4,628
Capital projects	3,639,153	-	-	-	-	-	-	3,639,153
Unassigned	2,204,710	-	-	-	-	-	-	2,204,710
Total fund balances	<u>9,621,209</u>	<u>703,618</u>	<u>961,202</u>	<u>494,862</u>	<u>887,289</u>	<u>338,802</u>	<u>4,918,112</u>	<u>17,925,094</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,342,519	\$ 1,396,779	\$ 1,583,177	\$ 1,272,576	\$ 1,487,289	\$ 551,570	\$ 5,900,595	\$ 24,534,505

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

LEE COUNTY, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
November 30, 2013

Total governmental fund balances		\$ 17,925,094
Amounts reported for governmental activities in the statement of net position 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 \$17,099,573		18,053,796
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital lease obligation		(117,732)
Other post-employment benefits		(803,491)
Accrued compensated absences		(685,849)
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	\$ 892,431	
Liabilities	<u>(370,000)</u>	<u>522,431</u>
Total net position - governmental activities		<u>\$ 34,894,249</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, 2013

	<u>General Fund</u>	<u>County Highway Fund</u>	<u>County Health Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Social Security Fund</u>	<u>Rural Transportation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Taxes	\$ 3,499,317	\$ 641,514	\$ 556,627	\$ 601,157	\$ 631,078	\$ -	\$ 1,016,057	\$ 6,945,750
Intergovernmental revenue	1,987,849	-	1,301,987	55,000	-	2,002,294	1,018,637	6,365,767
Licenses and permits	1,928,913	-	56,884	-	-	-	29,745	2,015,542
Revenue from services	1,482,018	549,328	95,342	-	-	172,144	529,231	2,828,063
Revenue from use of money and property	186,589	67	3,713	-	-	21	3,655	194,045
Other	347,384	6,589	12,819	-	-	1,661	254,848	623,301
Total revenues	<u>9,432,070</u>	<u>1,197,498</u>	<u>2,027,372</u>	<u>656,157</u>	<u>631,078</u>	<u>2,176,120</u>	<u>2,852,173</u>	<u>18,972,468</u>
EXPENDITURES								
General control and administration	2,765,544	-	-	727,440	520,192	1,182,332	267,327	5,462,835
County development	106,369	-	-	-	-	-	-	106,369
Public safety	3,134,832	-	-	-	-	-	18,570	3,153,402
Judiciary and court related	1,937,901	-	-	-	-	-	483,129	2,421,030
Public health and welfare	94,243	-	1,895,604	-	-	-	362,668	2,352,515
Highways and streets	-	1,205,696	-	-	-	-	1,231,921	2,437,617
Capital projects	198,821	23,087	-	-	-	1,049,414	-	1,271,322
Debt service:								
Principal	88,229	-	-	-	-	-	-	88,229
Interest	4,825	-	-	-	-	-	-	4,825
All other expenditures	178,842	-	-	-	-	-	-	178,842
Total expenditures	<u>8,509,606</u>	<u>1,228,783</u>	<u>1,895,604</u>	<u>727,440</u>	<u>520,192</u>	<u>2,231,746</u>	<u>2,363,615</u>	<u>17,476,986</u>
Excess (deficiency) of revenues over expenditures	<u>922,464</u>	<u>(31,285)</u>	<u>131,768</u>	<u>(71,283)</u>	<u>110,886</u>	<u>(55,626)</u>	<u>488,558</u>	<u>1,495,482</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	(61,000)	-	-	-	-	-	-	(61,000)
Capital lease acquisition	118,228	-	-	-	-	-	-	118,228
Total other financing sources (uses)	<u>57,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,228</u>
Net change in fund balance	979,692	(31,285)	131,768	(71,283)	110,886	(55,626)	488,558	1,552,710
FUND BALANCES, BEGINNING OF YEAR	<u>8,641,517</u>	<u>734,903</u>	<u>829,434</u>	<u>566,145</u>	<u>776,403</u>	<u>394,428</u>	<u>4,429,554</u>	<u>16,372,384</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,621,209</u>	<u>\$ 703,618</u>	<u>\$ 961,202</u>	<u>\$ 494,862</u>	<u>\$ 887,289</u>	<u>\$ 338,802</u>	<u>\$ 4,918,112</u>	<u>\$ 17,925,094</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, 2013

Net change in fund balances - total governmental funds		\$ 1,552,710
<p>Amounts reported for governmental activities in the Statement of Net Position 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. Below are the depreciation expense and capital outlays for the year:</p>		
Capital outlay	\$ 1,766,404	
Depreciation expense	<u>(1,322,571)</u>	443,833
<p>The effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) which do not affect change in fund balance.</p>		
Loss on capital assets		(106,679)
<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 Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Capital lease obligation issuances	(118,228)	
Capital lease obligation payments	88,229	
Other post-employment benefits increase	(225,651)	
Compensated absences	<u>(49,060)</u>	(304,710)
<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 position		<u>190,883</u>
Change in net position of governmental activities		<u>\$ 1,776,037</u>

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

**LEE COUNTY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
November 30, 2013**

	Governmental Activities- Internal Service Funds
ASSETS	
Time deposits and money markets	\$ 543,241
Property tax receivable	340,000
Due from other County funds	<u>9,190</u>
TOTAL ASSETS	<u>892,431</u>
LIABILITIES	
Accounts payable	30,000
Unearned revenue:	
Property taxes	<u>340,000</u>
Total liabilities	<u>370,000</u>
NET POSITION	<u><u>\$ 522,431</u></u>
NET POSITION OF PROPRIETARY FUNDS	\$ 522,431
Amounts reported for business-type activities in the Statement of Net Position are different because:	
Such amounts are included in governmental net position	<u>(522,431)</u>
TOTAL NET POSITION 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, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended November 30, 2013**

	Governmental Activities- Internal Service Funds
OPERATING REVENUES	
Revenue from insurance claims	\$ 12,008
Employee contributions	<u>1,588,432</u>
	<u>1,600,440</u>
 OPERATING EXPENSES	
Employee group insurance	1,401,124
Insurance and bonds	<u>350,458</u>
	<u>1,751,582</u>
 Loss from operations	 <u>(151,142)</u>
 NONOPERATING REVENUES	
General property taxes	280,403
Interest income	<u>622</u>
	<u>281,025</u>
 Change in net position before transfers	 129,883
TRANSFER IN	<u>61,000</u>
 Change in net position	 190,883
NET POSITION, BEGINNING OF YEAR	<u>331,548</u>
NET POSITION, END OF YEAR	<u>\$ 522,431</u>
 NET CHANGE IN NET POSITION - TOTAL PROPRIETARY FUNDS	 \$ 190,883
 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	 <u>(190,883)</u>
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES	<u>\$ -</u>

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, 2013**

	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for loss claims	\$ 12,008
Cash payments for insurance and loss claims	(1,751,582)
Cash received from employee contributions	<u>1,588,432</u>
Net cash used in operating activities	<u>(151,142)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	61,000
Property taxes	<u>280,403</u>
Net cash provided by noncapital financing activities	<u>341,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	<u>622</u>
Net increase in cash	190,883
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>352,358</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 543,241</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (151,142)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Effects of changes in operating assets and liabilities:	
Accounts payable	<u>-</u>
Net cash used in operating activities	<u><u>\$ (151,142)</u></u>

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

**LEE COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
November 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Cash on hand	\$ 499
Cash in bank	617,188
Time deposits and money markets	1,636,259
Investments	501,915
Revenue stamp inventory, at cost	<u>6,178</u>
TOTAL ASSETS	<u>\$ 2,762,039</u>
LIABILITIES	
Accounts payable	\$ 82,815
Due to taxing bodies	60,300
Escrow funds due to others	809,295
Due to other governmental bodies	<u>1,809,629</u>
TOTAL LIABILITIES	<u>\$ 2,762,039</u>

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

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

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 35,037 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-four 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, 2013

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. Complete financial statements for the Lee County Emergency Telephone System Board may be obtained by writing to: Lee County ETSB, E911 Center, 316 S. Hennepin Avenue, Dixon, Illinois, 61021.

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 Position, the governmental activities column (a) is presented on a consolidated basis by column, and (b) 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

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, except depreciation.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position 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 comprise 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 or regulatory restricted to expenditures for specified purposes.

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 position and changes in net position and is reported using accounting principles similar to proprietary funds.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

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 position, 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 funds 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.

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, 2013

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.

Rural Transportation Fund – This fund is used to account for the revenues and expenditures associated with the cost of running the rural transportation routes throughout the County. Financing is provided by grants.

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, 2013

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 and Special Revenue 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 and Special Revenue 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 2013, 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified prepaids as nonspendable fund balance.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County has classified state and federal grants as being restricted because their use is restricted by granting agencies. The County has also classified property taxes and various fees and fines as being restricted because their use is restricted by state laws and regulations.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. The County Board has formally classified GIS recording fees as committed to pay for any GIS related expenditures. The County Board has formally classified marriage fund revenue as committed to pay for expenses incurred within the judges' offices. The County Board has formally classified fees and fines collected within the animal control program/pet population program as committed to pay for costs associated with the animal control program/pet population program within the County. The County has formally classified Tourism Promotion revenue as committed to pay for related expenses.

Assigned – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the County Board Chair or Treasurer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013 represents installments of the 2012 property taxes which were received during 2013.

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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Beginning with fiscal year 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of November 30, 2013, there were no unspent bond proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The County first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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 \$17,713,823 and the bank balances totaled \$17,999,583. Cash on hand, including fiduciary funds, was \$1,465.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of November 30, 2013, 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>
Certificates of Deposit	\$ 819,182	\$ 819,182
Illinois Funds	<u>1,190,587</u>	<u>1,190,587</u>
Total	<u>\$ 2,009,769</u>	<u>\$ 2,009,769</u>

Deposits in the Illinois Funds

The State Treasurer maintains the Illinois Funds Money Market Fund (Fund). Its primary purpose is to provide custodians of public funds with an alternative investment vehicle which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to those funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The Pool maintains a Standard and Poor's AAA rating.

The time deposits are collateralized 105% over FDIC and FSLIC \$250,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency.

County deposits in the Illinois Funds totaled \$1,190,587 at November 30, 2013.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act. 30 ILCS 235.

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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2013, \$93,016 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:

First National Bank of Amboy	5.65%
State Bank of Paw Paw	10.59
Community State Bank	24.51
Illinois Funds	<u>59.25</u>
Total	<u><u>100.00%</u></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.

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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2013, was as follows:

	Balance November 30, 2012, <u>As Restated</u>	<u>Additions</u>	<u>Retirements</u>	Balance November 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,419,417	\$ 60,251	\$ -	\$ 1,479,668
Construction in progress	<u>862,787</u>	<u>-</u>	<u>862,787</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,282,204</u>	<u>60,251</u>	<u>862,787</u>	<u>1,479,668</u>
Capital assets being depreciated:				
Buildings and improvements	16,025,373	1,920,217	-	17,945,590
Equipment	7,004,350	123,663	890,885	6,237,128
Equipment under capital lease	146,635	118,228	23,395	241,468
Infrastructure	<u>8,842,683</u>	<u>406,832</u>	<u>-</u>	<u>9,249,515</u>
Total capital assets being depreciated	<u>32,019,041</u>	<u>2,568,940</u>	<u>914,280</u>	<u>33,673,701</u>
Less accumulated depreciation for:				
Buildings and improvements	7,259,097	475,735	-	7,734,832
Equipment	5,408,937	470,807	807,601	5,072,143
Equipment under capital lease	19,342	43,437	-	62,779
Infrastructure	<u>3,897,227</u>	<u>332,592</u>	<u>-</u>	<u>4,229,819</u>
Total accumulated depreciation	<u>16,584,603</u>	<u>1,322,571</u>	<u>807,601</u>	<u>17,099,573</u>
Total capital assets being depreciated, net	<u>15,434,438</u>	<u>1,246,369</u>	<u>106,679</u>	<u>16,574,128</u>
Governmental activities capital assets, net	<u>\$ 17,716,642</u>	<u>\$ 1,306,620</u>	<u>\$ 969,466</u>	<u>\$ 18,053,796</u>

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 215,175
Public safety	108,608
Highways and streets	476,061
Public health and welfare	32,346
Judiciary and court related	<u>490,381</u>
Total depreciation expense - governmental activities	<u>\$ 1,322,571</u>

NOTE 5 - LONG-TERM DEBT

Transactions for the year ended November 30, 2013 are summarized as follows:

	Balance November 30, <u>2012</u>	<u>Issued</u>	<u>Retired</u>	Balance November 30, <u>2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease obligations	\$ 87,733	\$ 118,228	\$ 88,229	\$ 117,732	\$ 78,360
Compensated absences	690,502	105,428	56,368	739,562	53,713
Other post-employment benefits	<u>577,840</u>	<u>225,651</u>	<u>-</u>	<u>803,491</u>	<u>-</u>
Total governmental activities	<u>\$ 1,356,075</u>	<u>\$ 449,307</u>	<u>\$ 144,597</u>	<u>\$ 1,660,785</u>	<u>\$ 132,073</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Capital lease obligations

Capital lease obligation for four Chevrolet Impalas dated June 20, 2012, payable in annual installments of \$27,620, final payment due in June 2014.	\$ 26,180
Capital lease obligation for one Dodge Ram and one Ford F150 dated March 20, 2012, payable in annual installments of \$15,678, final payment due in March 2014.	14,861
Capital lease obligation for one Dodge Ram dated September 13, 2013, payable in annual installments of \$7,714, final payment due in September 2015.	14,243
Capital lease obligation for four Chevrolet Impalas and one Ford Police Interceptor dated April 2, 2013, payable in annual installments of \$33,823, final payment due in April 2015.	<u>62,448</u>
Total capital lease obligations	<u>\$ 117,732</u>

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, 2013, for one-half of accumulated days in excess of 60 days is \$53,713, which is shown as a current liability of the County General Fund.

As of November 30, 2013, the County has an estimated liability to its employees for 50% of the first 60 accumulated sick days in the amount of \$468,465 and is reflected as a noncurrent liability.

As of November 30, 2013, the County has an estimated liability to its employees for accumulated vacation days in the amount of \$217,384 and is reflected as a noncurrent liability.

As of November 30, 2013, the County has other post-employment benefits accrued in the amount of \$803,491 (see Note 19).

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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>
2014	\$ 78,360	\$ 6,475	\$ 84,835
2015	<u>39,372</u>	<u>2,165</u>	<u>41,537</u>
Total	<u>\$ 117,732</u>	<u>\$ 8,640</u>	<u>\$ 126,372</u>

NOTE 6 - LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the County as of November 30, 2013.

Assessed valuation - 2012	<u>\$ 694,721,964</u>
Statutory debt limitation (2.875% of assessed valuation)	\$ 19,973,256
Total debt:	
Capital lease obligations	<u>117,732</u>
Legal debt margin	<u>\$ 19,855,524</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:

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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.

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 2012 was 19.04%. 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 calendar year 2012, the County's annual pension cost of \$357,744 for the Sheriff's Law Enforcement personnel plan was equal to the County's required and actual contributions.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
December 31, 2012	\$ 357,744	100%	\$ -
December 31, 2011	337,719	100	-
December 31, 2010	339,775	100	-

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

LAW ENFORCEMENT PERSONNEL PLAN (Continued)

Three-Year Trend Information (Continued)

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 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 20.00% corridor between the actuarial and market value of assets. The County's Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 72.50% funded. The actuarial accrued liability for benefits was \$7,617,548 and the actuarial value of assets was \$5,522,689, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,094,859. The covered payroll (annual payroll of active employees covered by the plan) was \$1,878,905 and the ratio of the UAAL to the covered payroll was 111%.

The schedule of funding progress, presented as Required Supplementary 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), 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, 2013**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

OTHER COUNTY PERSONNEL PLAN (Continued)

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 2012 was 10.12%. 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 calendar year 2012, the County's annual pension cost of \$478,980 for the Regular plan was equal to the County's required and actual contributions.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2012	\$ 478,980	100%	\$ -
December 31, 2011	467,195	100	-
December 31, 2010	496,286	100	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 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 20.00% corridor between the actuarial and market value of assets. The County's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

OTHER COUNTY PERSONNEL PLAN (Continued)

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 86.38% funded. The actuarial accrued liability for benefits was \$14,654,333 and the actuarial value of assets was \$12,659,107, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,995,226. The covered payroll (annual payroll of active employees covered by the plan) was \$4,733,001 and the ratio of the UAAL to the covered payroll was 42%.

The schedule of funding progress, presented as Required Supplementary 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, \$104,202 of contributions were made to the plan.

NOTE 9 - INTERFUND TRANSFERS/BALANCES

Interfund transfers during the year ended November 30, 2013, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Internal Service	\$ -	\$ 61,000
Internal Service:		
General Fund	<u>61,000</u>	<u>-</u>
Total operating transfers	<u>\$ 61,000</u>	<u>\$ 61,000</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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 9 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

Interfund balances at November 30, 2013, consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund:		
Internal Service	\$ 9,190	\$ -
Illinois Municipal Retirement Fund	25,805	108,218
Social Security	35,523	-
Rural Transportation	-	125,000
Nonmajor Governmental	<u>325</u>	<u>25,781</u>
	<u>70,843</u>	<u>258,999</u>
County Health:		
Nonmajor Governmental	<u>-</u>	<u>5,572</u>
Illinois Municipal Retirement Fund:		
General Fund	<u>82,413</u>	<u>-</u>
Social Security:		
General Fund	<u>-</u>	<u>35,523</u>
Rural Transportation:		
General Fund	<u>125,000</u>	<u>-</u>
Nonmajor Governmental:		
General Fund	25,706	250
County Health Fund	<u>5,572</u>	<u>-</u>
	<u>31,278</u>	<u>250</u>
Internal Service:		
General Fund	<u>-</u>	<u>9,190</u>
Total	<u>\$ 309,534</u>	<u>\$ 309,534</u>

Interfund loans existing at November 30, 2013 and their purpose were as follows:

The General Fund owed the Liability Insurance Fund \$9,190 for the payment of group health insurance premiums.

The General Fund owed the Social Security Fund \$35,523 for employee withholdings collected but not yet remitted at November 30, 2013.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 9 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

An interfund loan was created payable from the Illinois Municipal Retirement Fund to the General Fund in the amount of \$82,413 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 2012. The General Fund was due \$319 from a nonmajor governmental fund for law library expenses paid. The General Fund was due \$250 from a nonmajor governmental fund for arrestees medical fees expenses paid. The General Fund was due \$25,000 from a nonmajor governmental fund for a loan made to help with cash flow purposes. The General Fund owed \$75 to a nonmajor governmental fund for law library fees. The General Fund owed \$250 to a nonmajor governmental fund for home confinement fees.

An interfund loan was created payable from Rural Transportation Fund to the General Fund in the amount of \$125,000 for a loan made to help with cash flow purposes.

The County Health Fund was due \$5,572 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. There have been no significant reductions in coverage from the prior year. Settlements have not exceeded coverage in the past three years.

NOTE 11 - DISBURSEMENTS IN EXCESS OF APPROPRIATIONS AND FUND DEFICITS

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

	<u>Actual</u>	<u>Budget</u>
Rural Transportation	\$ 2,891,245	\$ 1,305,248

No major funds had deficit fund balances.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 11 - DISBURSEMENTS IN EXCESS OF APPROPRIATIONS AND FUND DEFICITS
(CONTINUED)

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

	<u>Actual</u>	<u>Budget</u>
County Tourism Promotion	\$ 128,460	\$ 110,000
State's Attorney Collection	1,619	100

No nonmajor funds had deficit fund balances.

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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 13 - AGREEMENT FOR POLICE DISPATCHING

On October 18, 2011, the Lee County Board approved an agreement with the 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, 2011 with an option to extend.

The City has agreed to pay the County \$118,000 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, 2013, the expenses for telecommunications services were \$129,542.

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, 2013, the rent received was \$25,000.

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, 2012 to November 30, 2013	\$ 56,166
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LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

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 October 8, 2013. 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. Beginning December 1, 2013, the ETSB will pay the telecommunications salary and associated costs equivalent to the percentage of 911 call volume as represented in the ETSB statistics at the end of each year. ETSB will pay on a monthly basis in 12 equal installments, adjusted each following December.

For the fiscal year ended November 30, 2013, ETSB dispatch services were \$120,435.

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, on a cash basis, \$2,016,976 in host fees.

NOTE 18 - COMPONENT UNIT

Deposits

The investment and deposit of the ETSB monies is governed by the provisions of the Illinois Compiled Statutes. In accordance with these provisions, all monies must be invested in one or more of the following:

- a. Interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the Illinois Compiled Statutes and as shall have complied with the requirements thereof;
- b. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Deposit Insurance Corporation;

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 18 - COMPONENT UNIT (CONTINUED)

Deposits (Continued)

- c. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- d. Short-term discount obligations of the Federal National Mortgage Association.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The ETSB does not have a deposit policy for custodial credit risk. At November 30, 2013, the carrying amount of the ETSB's cash was \$1,101,474 and the bank balance was \$1,117,387, 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.

Capital Assets

Capital asset activity for ETSB for the year ended November 30, 2013, was as follows:

	Balance November 30, 2012	Additions	Retirements	Balance November 30, 2013
Governmental activities:				
Capital assets being depreciated:				
Building	\$ 79,040	\$ -	\$ -	\$ 79,040
Building improvements	669,357	-	-	669,357
Equipment and furniture	<u>1,243,708</u>	<u>8,910</u>	<u>4,819</u>	<u>1,247,799</u>
Total capital assets being depreciated	<u>1,992,105</u>	<u>8,910</u>	<u>4,819</u>	<u>1,996,196</u>
Less accumulated depreciation for:				
Building	35,113	2,268	-	37,381
Building improvements	271,693	18,143	-	289,836
Equipment and furniture	<u>709,769</u>	<u>105,634</u>	<u>4,819</u>	<u>810,584</u>
Total accumulated depreciation	<u>1,016,575</u>	<u>126,045</u>	<u>4,819</u>	<u>1,137,801</u>
Governmental activities capital assets, net	<u>\$ 975,530</u>	<u>\$ (117,135)</u>	<u>\$ -</u>	<u>\$ 858,395</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 18 - COMPONENT UNIT (CONTINUED)

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. There have been no significant reductions in coverage from the prior year. Settlements have not exceeded coverage in the past three years.

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 \$9,163 for 2013.

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. The liability is \$803,491 as of November 30, 2013. 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.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 cannot participate in the plan.

c. Membership

At November 30, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	5
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>142</u>
Total	<u><u>147</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, 2013

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The County had an actuarial valuation performed for the plan as of November 30, 2013 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, 2013. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2013	\$ 265,703	\$ 40,052	15.07%	\$ 803,491
November 30, 2012	174,745	41,036	23.48	577,840
November 30, 2011	171,784	13,850	8.06	444,131

The annual required contribution for the year ended November 30, 2013, was calculated as follows:

Normal cost	\$ 164,666
Amortization of unfunded actuarial accrued liability	90,818
Interest cost	<u>10,219</u>
Total annual required contribution	<u>\$ 265,703</u>
Annual required contribution	\$ 265,703
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	265,703
Contributions made	<u>40,052</u>
Increase in net OPEB obligation	225,651
Net OPEB obligation, beginning of year	<u>577,840</u>
Net OPEB obligation, end of year	<u>\$ 803,491</u>

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Funded Status and Funding Progress: The funded status of the plan as of November 30, 2013, (estimated based on the most recent actuary valuation as of November 30, 2012), was as follows:

Actuarial accrued liability (AAL)	\$ 2,724,532
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 2,724,532
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 7,141,675
UAAL as a percentage of covered payroll	38.15%

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, 2013 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a discount rate of 4.0 percent, salary increases comprised of a wage inflation component of 4.0 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.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013**

NOTE 20 - RESTATEMENT

The County determined that it had incorrectly expensed capital items in relation to construction in progress for the transit center for the year ending November 30, 2012. In the primary government governmental activities, capital assets were understated as the County had expensed these items. Beginning net position has thereby been restated as follows:

	Total Governmental Activities
Net position, beginning of year, as previously reported	\$ 32,323,926
Adjustment for capital assets improperly expensed	<u>794,286</u>
Net position, beginning of year, as restated	<u>\$ 33,118,212</u>

NOTE 21 - SUBSEQUENT EVENTS

Events or transactions occurring after November 30, 2013, but prior to March 11, 2014, that provided evidence about conditions that existed at November 30, 2013, have been recognized in the financial statements for the year ended November 30, 2013. Events or transactions that provided evidence about conditions that did not exist at November 30, 2013, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended November 30, 2013.

NOTE 22 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may restate portions of these financial statements in future periods. Listed below are the statements and short summary of the standard's objective.

New accounting standards effective for the November 30, 2014 financial statements include:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 22 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

GASB Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012. The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013. The objective of this statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive financial guarantees. This statement will also enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees.

New accounting standards effective for the November 30, 2015 financial statements include:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012. The primary objective of this statement is to improve accounting and financial reporting by state and local governmental pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2013

NOTE 22 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, issued November 2013. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

REQUIRED SUPPLEMENTARY INFORMATION

LEE COUNTY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND AND OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
November 30, 2013

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)
<u>Sheriff's Law Enforcement Personnel Plan</u>						
12/31/2012	\$ 5,522,689	\$ 7,617,548	\$ 2,094,859	72.50%	\$ 1,878,905	111.49%
12/31/2011	4,713,266	6,837,915	2,124,649	68.93%	1,821,569	116.64%
12/31/2010	3,973,051	6,041,926	2,068,875	65.76%	1,784,533	115.93%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$5,743,957.

On a market basis, the funded ratio would be 75.40%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Lee County. They do not include amounts for retirees. The actuarial accrued liability is 100% funded.

Other County Personnel Plan

12/31/2012	\$ 12,659,107	\$ 14,654,333	\$ 1,995,226	86.38%	\$ 4,733,001	42.16%
12/31/2011	11,252,065	13,415,626	2,163,561	83.87%	4,639,469	46.63%
12/31/2010	11,713,758	13,049,200	1,335,442	89.77%	4,762,824	28.04%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$13,136,555.

On a market basis, the funded ratio would be 89.64%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Lee County. They do not include amounts for retirees. The actuarial accrued liability is 100% funded.

Other Post-Employment Benefits

11/30/2013	\$ -	\$ 2,724,532	\$ 2,724,532	0.00%	\$ 7,141,675	38.15%
11/30/2012	-	2,724,532	2,724,532	0.00%	7,004,403	38.90%
11/30/2011	-	2,052,309	2,052,309	0.00%	6,821,933	30.08%

**LEE COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
General property taxes	\$ 2,154,775	\$ 2,154,775	\$ 2,158,312	\$ 3,537
Sales tax	500,000	500,000	421,594	(78,406)
Supplemental county retail taxes	650,000	650,000	729,212	79,212
Increased use tax	150,000	150,000	219,582	69,582
	<u>3,454,775</u>	<u>3,454,775</u>	<u>3,528,700</u>	<u>73,925</u>
Intergovernmental receipts				
State income tax	1,100,000	1,100,000	1,326,327	226,327
Personal property replacement tax	300,000	300,000	373,478	73,478
Reimbursements by State of Illinois:				
County employee salaries	465,907	465,907	466,214	307
Elections	17,240	17,240	16,498	(742)
Inheritance taxes	4,000	4,000	-	(4,000)
Dependent children	1,600	1,600	1,666	66
Tourism tax	450	450	1,927	1,477
FEMA	-	-	17,454	17,454
Miscellaneous	-	-	8,555	8,555
	<u>1,889,197</u>	<u>1,889,197</u>	<u>2,212,119</u>	<u>322,922</u>
Licenses and permits				
Host fees	1,800,000	1,800,000	2,016,976	216,976
Liquor licenses	50,370	50,370	51,240	870
Rabies tags and other	50,000	50,000	59,491	9,491
Zoning fees	75,000	75,000	89,083	14,083
	<u>1,975,370</u>	<u>1,975,370</u>	<u>2,216,790</u>	<u>241,420</u>
Revenue from services				
County Clerk	533,185	533,185	585,042	51,857
County Coroner	700	700	2,100	1,400
Public Defender	327	327	1,319	992
Chief County Assessment Officer	1,000	1,000	3,665	2,665
Clerk of the Circuit Court	600,000	600,000	512,139	(87,861)
Clerk of the Circuit Court - animal control	400	400	1,497	1,097
Animal impoundment fees	3,000	3,000	4,744	1,744
State's Attorney	19,000	19,000	18,667	(333)
County Sheriff	45,000	45,000	86,463	41,463
Court System fees	25,751	25,751	28,597	2,846
Bailiff - court security	78,713	78,713	82,778	4,065
County traffic fee	83,000	83,000	102,716	19,716
County's share of drug fines	8,000	8,000	1,151	(6,849)
Application	-	-	1,515	1,515
Probation fees	65,000	65,000	-	(65,000)
GAL	270	270	-	(270)
State's Attorney second chance	8,000	8,000	9,195	1,195
Village of Paw Paw police protection	57,876	57,876	58,166	290
	<u>1,529,222</u>	<u>1,529,222</u>	<u>1,499,754</u>	<u>(29,468)</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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (CONTINUED)				
Revenue from use of money and property				
Interest on investments	\$ 3,000	\$ 3,000	\$ 21,551	\$ 18,551
Royalty income	3,000	3,000	3,096	96
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	129,542	9,542
Rent - Courthouse room	500	500	200	(300)
	<u>158,700</u>	<u>158,700</u>	<u>186,589</u>	<u>27,889</u>
All other sources				
Reimbursement from Lee County Health Fund:				
Unemployment compensation/accrued sick pay	12,000	12,000	9,907	(2,093)
Reimbursement from Township Assessment	-	-	6,359	6,359
ETSB reimbursement	112,300	112,300	119,751	7,451
ETSB overtime credit	-	-	5,188	5,188
EMA grant	22,354	22,354	5,983	(16,371)
Laredo/tapestry	5,500	5,500	31,524	26,024
Work release fees	3,409	3,409	628	(2,781)
Penalties and costs on delinquent taxes	125,000	125,000	135,925	10,925
Miscellaneous	10,000	10,000	25,551	15,551
	<u>290,563</u>	<u>290,563</u>	<u>340,816</u>	<u>50,253</u>
Total cash receipts	<u>\$ 9,297,827</u>	<u>\$ 9,297,827</u>	9,984,768	<u>\$ 686,941</u>
(Deduct) beginning accrued revenues			(2,301,451)	
Add ending accrued revenues			<u>1,748,753</u>	
Total revenues			<u>9,432,070</u>	
EXPENDITURES				
General Control and Administration				
County Clerk's office	\$ 669,217	\$ 669,217	634,719	\$ (34,498)
County Treasurer's office	165,716	165,716	165,632	(84)
Courthouse	665,045	665,045	515,891	(149,154)
County Board	164,395	164,395	172,465	8,070
Insurance and bonds	922,610	922,610	942,553	19,943
Accounting and auditing	49,500	49,500	50,345	845
Computer service	63,271	63,271	62,288	(983)
Assessments/property records	222,814	222,814	227,795	4,981
	<u>2,922,568</u>	<u>2,922,568</u>	<u>2,771,688</u>	<u>(150,880)</u>
County Development				
Zoning office	72,269	72,269	105,751	33,482
Regional Planning Commission	6,226	6,226	619	(5,607)
	<u>78,495</u>	<u>78,495</u>	<u>106,370</u>	<u>27,875</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, 2013

	<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	\$ 2,931,306	\$ 2,931,306	\$ 3,010,219	\$ 78,913
County Coroner	114,871	114,871	118,372	3,501
Rabies control	66,200	66,200	59,560	(6,640)
ESDA	<u>43,842</u>	<u>43,842</u>	<u>43,505</u>	<u>(337)</u>
	<u>3,156,219</u>	<u>3,156,219</u>	<u>3,231,656</u>	<u>75,437</u>
Judiciary and Court Related				
Circuit Clerk's office	354,978	354,978	388,437	33,459
States Attorney	682,016	682,016	622,314	(59,702)
Public Defender	205,074	205,074	208,145	3,071
Presiding Judge (Jacobson)	129,500	129,500	165,946	36,446
Associate Judge (Beckman)	33,391	33,391	33,754	363
Associate Judge (Ackert)	4,700	4,700	3,363	(1,337)
Probation office	467,525	467,525	442,833	(24,692)
Circuit Judge	66,870	66,870	67,865	995
Jurors' certificates	10,000	10,000	5,000	(5,000)
Jury commission	<u>5,500</u>	<u>5,500</u>	<u>4,448</u>	<u>(1,052)</u>
	<u>1,959,554</u>	<u>1,959,554</u>	<u>1,942,105</u>	<u>(17,449)</u>
All Other				
Superintendent of Education Service Region	57,100	57,100	58,100	1,000
Solid waste	180,992	180,992	94,243	(86,749)
Sick pay	100,000	100,000	91,899	(8,101)
Contingencies	100,000	200,000	33,000	(167,000)
Capital projects	-	60,251	60,251	-
Capital improvements	<u>100,000</u>	<u>100,000</u>	<u>20,342</u>	<u>(79,658)</u>
	<u>538,092</u>	<u>698,343</u>	<u>357,835</u>	<u>(340,508)</u>
Total cash disbursements	<u>\$ 8,654,928</u>	<u>\$ 8,815,179</u>	8,409,654	<u>\$ (405,525)</u>
(Deduct) beginning accrued expenditures			(286,199)	
Add ending accrued expenditures			267,923	
Capital lease acquisition			<u>118,228</u>	
Total expenditures			<u>8,509,606</u>	
Excess of revenues over expenditures			<u>922,464</u>	
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (61,000)	(61,000)	\$ -
Capital lease acquisition	<u>-</u>	<u>-</u>	<u>118,228</u>	<u>118,228</u>
	<u>\$ -</u>	<u>\$ (61,000)</u>	<u>57,228</u>	<u>\$ 118,228</u>
Excess of revenues and other financing sources over expenditures and other financing uses			979,692	
FUND BALANCE, BEGINNING OF YEAR			<u>8,641,517</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,621,209</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, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - general property taxes	\$ 640,500	\$ 640,500	\$ 641,514	\$ 1,014
Receipts from services - equipment rental, engineering, and other	422,000	422,000	422,000	-
Receipts from use of money - interest	300	300	67	(233)
Engineering	40,000	40,000	26,144	(13,856)
MFT-County Engineer salary	98,770	98,770	101,184	2,414
Other - miscellaneous	50,000	50,000	10,349	(39,651)
	<u>50,000</u>	<u>50,000</u>	<u>10,349</u>	<u>(39,651)</u>
Total cash receipts	<u>\$ 1,251,570</u>	<u>\$ 1,251,570</u>	1,201,258	<u>\$ (50,312)</u>
(Deduct) beginning accrued revenues			(4,310)	
Add ending accrued revenues			<u>550</u>	
Total revenues			<u>1,197,498</u>	
EXPENDITURES				
Salary - County Superintendent	\$ 98,800	\$ 98,800	99,745	\$ 945
Salary - overtime	30,000	30,000	18,735	(11,265)
Salary - others	633,722	633,722	647,161	13,439
Longevity	-	-	1,500	1,500
Furniture and equipment	37,500	37,500	61,906	24,406
Maintaining machinery and equipment	70,000	70,000	30,664	(39,336)
Utilities	31,003	31,003	13,434	(17,569)
Telephone	8,652	8,652	3,038	(5,614)
Field and office supplies	12,000	12,000	9,486	(2,514)
Travel and meeting	1,000	1,000	690	(310)
Education and training	2,500	2,500	3,143	643
Maintaining county highways	150,000	150,000	121,832	(28,168)
Constructing county highways	3,500	3,500	1,578	(1,922)
Safety	6,500	6,500	1,542	(4,958)
Reimbursements to other funds:				
Health insurance	121,250	121,250	123,080	1,830
IMRF reimbursement	76,000	76,000	76,000	-
	<u>76,000</u>	<u>76,000</u>	<u>76,000</u>	<u>-</u>
Total cash disbursements	<u>\$ 1,282,427</u>	<u>\$ 1,282,427</u>	1,213,534	<u>\$ (68,893)</u>
(Deduct) beginning accrued expenditures			(37,412)	
Add ending accrued expenditures			<u>52,661</u>	
Total expenditures			<u>1,228,783</u>	
Deficiency of revenues over expenditures			<u>(31,285)</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>734,903</u>	
FUND BALANCE, END OF YEAR			<u>\$ 703,618</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, 2013**

REVENUES	Budget		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
Taxes - general property taxes	\$ 556,000	\$ 556,000	\$ 556,627	\$ 627
Intergovernmental receipts:				
Personal property replacement tax	17,000	17,000	17,000	-
Local health protection grant	66,287	66,287	132,574	66,287
Family planning - grants	98,611	98,611	69,959	(28,652)
WIC grant - IDHS	122,286	122,286	126,802	4,516
Breastfeeding peer counseling - IDHS	17,000	17,000	14,164	(2,836)
Well Woman Grant - Stephenson County	900	900	1,000	100
Family care applications - IDHFS	-	-	250	250
Family case management - IDHS	85,338	85,338	85,338	-
Federal Funding - Family case management - IDPA	39,000	39,000	40,147	1,147
Tanning facility inspection grant - IDPH	700	700	400	(300)
Safety seat program - IDOT	6,997	6,997	6,308	(689)
We Choose Health - Whiteside Co	42,000	42,000	33,633	(8,367)
Tobacco free communities	24,247	24,247	30,309	6,062
Primary care - IDPA	34,200	34,200	52,321	18,121
Portable water supply	1,200	1,200	1,225	25
Vector control - IDPH	11,461	11,461	16,242	4,781
Family planning - IDHFS	54,000	54,000	53,249	(751)
Emergency preparation - IDPA	42,933	42,933	69,624	26,691
Life Smart - IDPH	-	-	8,000	8,000
In-person Counselor - IPHA	-	-	4,840	4,840
	664,160	664,160	763,385	99,225
Licenses and permits:				
Food permits	37,500	37,500	37,936	436
Sewage disposal permits - environmental health licenses	12,000	12,000	8,730	(3,270)
Non community well fees	250	250	475	225
Water supply permits	7,750	7,750	9,743	1,993
	57,500	57,500	56,884	(616)
Receipts from services:				
Contractual services	21,000	21,000	21,487	487
Immunization fees	11,700	11,700	7,370	(4,330)
Sanitary evaluation fees	10,500	10,500	12,942	2,442
Safety seat fees and donations	2,750	2,750	3,920	1,170
Family planning fees	12,500	12,500	29,107	16,607
Flu clinic fees	9,000	9,000	14,798	5,798
Smoke free Illinois	-	-	250	250
Testing fees	2,400	2,400	1,765	(635)
	69,850	69,850	91,639	21,789

(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, 2013**

REVENUES (CONTINUED)	Budget		<u>Actual</u>	Actual over <u>(under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts from use of money - interest	\$ 7,500	\$ 7,500	\$ 3,713	\$ (3,787)
Other - miscellaneous	2,000	2,000	12,819	10,819
Total cash receipts	<u>\$ 1,357,010</u>	<u>\$ 1,357,010</u>	1,485,067	<u>\$ 128,057</u>
Non-cash receipts:				
WIC - food instruments - noncash			355,834	
Vaccine			181,129	
(Deduct) beginning accrued revenues			(136,626)	
Add ending accrued revenues			<u>141,968</u>	
Total revenues			<u>2,027,372</u>	
 EXPENDITURES				
Salary - officer	\$ 68,322	\$ 68,322	69,301	\$ 979
Salary - others	373,155	373,155	420,306	47,151
Salary - temporary and part-time help	408,714	408,714	359,761	(48,953)
Longevity	12,431	12,431	12,454	23
Contractual services	97,560	97,560	91,820	(5,740)
Furniture and equipment	6,000	6,000	19,708	13,708
Service agreements	6,900	6,900	7,419	519
Telephone	6,500	6,500	5,714	(786)
Supplies	8,200	8,200	5,328	(2,872)
Reimbursements to other funds:				
Health insurance	99,200	99,200	92,228	(6,972)
IMRF reimbursement	91,915	91,915	91,915	-
Unemployment insurance	1,500	1,500	1,500	-
Sick pay	5,568	5,568	8,408	2,840
Travel and meetings	30,000	30,000	26,470	(3,530)
Rent	25,000	25,000	25,000	-
Program	115,000	118,500	121,309	2,809
Total cash disbursements	<u>\$ 1,355,965</u>	<u>\$ 1,359,465</u>	1,358,641	<u>\$ (824)</u>
Non-cash disbursements:				
WIC - food instruments - noncash			355,834	
Vaccine			181,129	
(Deduct) beginning accrued expenditures			(27,308)	
Add ending accrued expenditures			<u>27,308</u>	
Total expenditures			<u>1,895,604</u>	
Excess of revenues over expenditures			131,768	
FUND BALANCE, BEGINNING OF YEAR			<u>829,434</u>	
FUND BALANCE, END OF YEAR			<u>\$ 961,202</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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - general property taxes	\$ 600,000	\$ 600,000	\$ 601,157	\$ 1,157
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>	656,157	<u>\$ 1,157</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>656,157</u>	
EXPENDITURES				
Illinois Municipal Retirement Fund payments - cash disbursements	<u>\$ 1,067,915</u>	<u>\$ 1,067,915</u>	715,117	<u>\$ (352,798)</u>
(Deduct) beginning accrued expenditures			(165,391)	
Add ending accrued expenditures			<u>177,714</u>	
Total expenditures			<u>727,440</u>	
Deficiency of revenues over expenditures			(71,283)	
FUND BALANCE, BEGINNING OF YEAR			<u>566,145</u>	
FUND BALANCE, END OF YEAR			<u>\$ 494,862</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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 630,000	\$ 630,000	\$ 631,078	\$ 1,078
(Deduct) beginning accrued revenues			(5,530)	
Add ending accrued revenues			<u>5,891</u>	
Total revenues			<u>631,439</u>	
EXPENDITURES				
Social security payments	\$ 550,000	\$ 550,000	520,553	\$ (29,447)
(Deduct) beginning accrued expenditures			-	
Add ending accrued expenditures			<u>-</u>	
Total expenditures			<u>520,553</u>	
Excess of revenues over expenditures			110,886	
FUND BALANCE, BEGINNING OF YEAR			<u>776,403</u>	
FUND BALANCE, END OF YEAR			<u>\$ 887,289</u>	

**LEE COUNTY, ILLINOIS
RURAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue - grants	\$ -	\$ 905,224	\$ 2,786,247	\$ 1,881,023
Receipts from services - fares, fees, contracts, and other	-	118,843	172,144	53,301
Receipts from use of money - interest	-	-	21	21
Other - miscellaneous	-	2,500	1,661	(839)
	<u>-</u>	<u>1,026,567</u>	<u>2,960,073</u>	<u>1,933,506</u>
Total cash receipts	<u>\$ -</u>	<u>\$ 1,026,567</u>	2,960,073	<u>\$ 1,933,506</u>
(Deduct) beginning accrued revenues			(1,226,163)	
Add ending accrued revenues			<u>442,210</u>	
Total revenues			<u>2,176,120</u>	
EXPENDITURES				
Salaries	\$ -	\$ 157,824	110,526	\$ (47,298)
Contractual expense	-	1,061,624	2,682,005	1,620,381
Miscellaneous	-	85,800	98,714	12,914
	<u>-</u>	<u>1,305,248</u>	<u>2,891,245</u>	<u>1,585,997</u>
Total cash disbursements	<u>\$ -</u>	<u>\$ 1,305,248</u>	2,891,245	<u>\$ 1,585,997</u>
(Deduct) beginning accrued expenditures add ending prepaid expenses			(872,267)	
Add ending accrued expenditures (deduct) ending prepaid expenses			<u>212,768</u>	
Total expenditures			<u>2,231,746</u>	
Deficiency of revenues over expenditures			(55,626)	
FUND BALANCE, BEGINNING OF YEAR			<u>394,428</u>	
FUND BALANCE, END OF YEAR			<u>\$ 338,802</u>	

LEE COUNTY, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
November 30, 2013

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 Supplementary Information.

NOTE 2 - EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS

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

	<u>Actual</u>	<u>Budget</u>
Rural Transportation	\$ 2,891,245	\$ 1,305,248

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 and Special Revenue 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 and Special Revenue 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 2013, various budgetary amendments were made, which are reflected in this report.

SUPPLEMENTARY INFORMATION

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY CLERK'S OFFICE				
Salary - officer	\$ 59,062	\$ 59,062	\$ 59,062	\$ -
Overtime	4,000	4,000	656	(3,344)
Salary - others	232,355	232,355	238,958	6,603
Temporary and part-time help	6,000	6,000	3,530	(2,470)
Repair and maintenance agreements	30,800	30,800	29,148	(1,652)
Telephone	500	500	50	(450)
Office supplies	15,000	15,000	8,904	(6,096)
Purchase of real estate transfer stamp	100,000	100,000	131,125	31,125
Payroll processing	2,000	2,000	2,000	-
Postage	6,000	6,000	379	(5,621)
Election expenses (judges, ballots, others)	180,000	180,000	131,431	(48,569)
National Voter Registration Act	20,000	20,000	20,000	-
Laredo/tapestry	12,000	12,000	8,061	(3,939)
Education and training	1,500	1,500	1,415	(85)
	<u>669,217</u>	<u>669,217</u>	<u>634,719</u>	<u>(34,498)</u>
CIRCUIT CLERK'S OFFICE				
Salary - officer	59,062	59,062	59,062	-
Salary - others	277,701	277,701	312,916	35,215
Longevity	5,400	5,400	3,600	(1,800)
Office supplies	5,565	5,565	5,609	44
Circuit Clerk's Annual Audit	7,250	7,250	7,250	-
	<u>354,978</u>	<u>354,978</u>	<u>388,437</u>	<u>33,459</u>
COUNTY TREASURER'S OFFICE				
Salary - officer	59,062	59,062	59,062	-
Overtime	1,000	1,000	1,746	746
Salary - others	62,857	62,857	63,555	698
Longevity	-	-	1,800	1,800
Temporary and part-time help	10,000	10,000	11,106	1,106
Programming	2,900	2,900	2,623	(277)
Telephone	336	336	336	-
Office supplies	9,161	9,161	5,636	(3,525)
Postage	18,600	18,600	18,595	(5)
Publishing	1,800	1,800	1,173	(627)
	<u>165,716</u>	<u>165,716</u>	<u>165,632</u>	<u>(84)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY SHERIFF'S OFFICE				
Salary - officer	\$ 71,763	\$ 71,763	\$ 71,758	\$ (5)
Salary - deputy and assistants	1,970,867	1,970,867	2,049,083	78,216
Overtime	153,470	153,470	192,436	38,966
Temporary and part-time help	83,900	83,900	83,797	(103)
Holiday pay	117,239	117,239	123,205	5,966
Safety director	2,500	2,500	2,500	-
ETSB overtime credit	4,000	4,000	4,384	384
Merit commission	2,000	2,000	2,000	-
Radios	15,500	15,500	12,393	(3,107)
Automobiles	117,824	117,824	104,153	(13,671)
Automobile repairs	25,000	25,000	20,815	(4,185)
Repair and maintenance agreements	28,400	28,400	23,973	(4,427)
Automobile gasoline and oil	90,000	90,000	84,234	(5,766)
Telephone	30,000	30,000	25,658	(4,342)
Office supplies	53,023	53,023	58,429	5,406
Food for prisoners	81,500	81,500	84,368	2,868
Clothing	4,136	4,136	3,907	(229)
Prisoner's medical and hospital care	63,484	63,484	51,387	(12,097)
Postage	3,000	3,000	1,500	(1,500)
Furniture and equipment	4,000	4,000	3,135	(865)
Deputy education and training	9,700	9,700	7,104	(2,596)
	<u>2,931,306</u>	<u>2,931,306</u>	<u>3,010,219</u>	<u>78,913</u>
COUNTY CORONER				
Salary - officer	40,250	40,250	40,250	-
Salary - deputy and assistant	6,500	6,500	9,975	3,475
Salary - others	28,821	28,821	29,821	1,000
Temporary and part-time help	1,750	1,750	1,632	(118)
Other professional fees	29,000	29,000	31,177	2,177
Repairs and maintenance	400	400	10	(390)
Telephone	3,400	3,400	3,833	433
Office supplies	3,000	3,000	689	(2,311)
Jurors' fees	500	500	-	(500)
Postage	250	250	105	(145)
Education and training	1,000	1,000	880	(120)
	<u>114,871</u>	<u>114,871</u>	<u>118,372</u>	<u>3,501</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
SUPERINTENDENT OF EDUCATIONAL SERVICE REGION				
Salary - deputy and assistant	\$ 25,100	\$ 25,100	\$ 26,100	\$ 1,000
Contractual services	9,000	9,000	8,661	(339)
Repairs and maintenance	500	500	500	-
Supplies	900	900	1,273	373
Field services	5,100	5,100	5,066	(34)
Rent	16,500	16,500	16,500	-
	<u>57,100</u>	<u>57,100</u>	<u>58,100</u>	<u>1,000</u>
STATES ATTORNEY				
Salary - officer	166,508	166,508	166,508	-
Salary - deputy and assistants	262,000	262,000	226,115	(35,885)
Salary - others	139,500	139,500	122,092	(17,408)
Longevity	-	-	1,500	1,500
Victim Witness Coordinator	32,000	32,000	33,000	1,000
Temporary and part-time help	10,000	10,000	12,592	2,592
States Attorney Appellate Prosecutor	11,000	11,000	11,000	-
Contractual services	11,000	11,000	13,049	2,049
Out of County prisoner expense	5,000	5,000	-	(5,000)
Repairs and maintenance agreements	8,336	8,336	3,166	(5,170)
Supplies	7,500	7,500	5,680	(1,820)
Law books and other subscriptions	15,672	15,672	15,826	154
Transportation of prisoners	-	-	719	719
Postage	3,500	3,500	3,793	293
Education and training	10,000	10,000	7,274	(2,726)
	<u>682,016</u>	<u>682,016</u>	<u>622,314</u>	<u>(59,702)</u>
PUBLIC DEFENDER				
Salary - officer	58,545	58,545	59,545	1,000
Salary - deputy and assistants	45,488	45,488	46,488	1,000
Salary - others	65,841	65,841	67,841	2,000
Longevity	-	-	1,500	1,500
Contractual services	30,000	30,000	27,500	(2,500)
Supplies	3,000	3,000	3,067	67
Furniture and equipment	2,200	2,200	2,204	4
	<u>205,074</u>	<u>205,074</u>	<u>208,145</u>	<u>3,071</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
RABIES CONTROL				
Salary - others	\$ 23,000	\$ 23,000	\$ 24,000	\$ 1,000
Animal warden salary	24,000	24,000	25,000	1,000
Repairs and maintenance	1,200	1,200	1,679	479
Gasoline and oil	4,700	4,700	3,754	(946)
Telephone	1,800	1,800	1,645	(155)
Supplies	3,500	3,500	2,222	(1,278)
Postage	8,000	8,000	1,260	(6,740)
	<u>66,200</u>	<u>66,200</u>	<u>59,560</u>	<u>(6,640)</u>
COURTHOUSE				
Overtime	4,500	4,500	2,298	(2,202)
Salary - others	168,565	168,565	173,565	5,000
Temporary and part-time help	19,980	19,980	9,120	(10,860)
Repairs and maintenance-old courthouse	8,500	8,500	11,577	3,077
Repairs and maintenance - Law Enforcement Center	10,000	10,000	16,974	6,974
Repairs and maintenance - Court Annex	14,000	14,000	32,862	18,862
Repair and maintenance agreements - old courthouse	18,000	18,000	11,312	(6,688)
Repair and maintenance agreements - Court Annex	20,000	20,000	26,028	6,028
Repair and maintenance agreements - Law Enforcement Center	2,000	2,000	1,403	(597)
Repairs and maintenance - 4th St. property	10,000	10,000	8,272	(1,728)
Gasoline and oil	4,000	4,000	3,077	(923)
Heat, light and water	67,000	67,000	32,431	(34,569)
Heat, light and water - Law Enforcement Center	66,000	66,000	27,648	(38,352)
Heat, light and water - Court Annex	200,000	200,000	111,726	(88,274)
Heat, light and water - Parking lot/storage building	2,500	2,500	1,368	(1,132)
Telephone	35,000	35,000	25,811	(9,189)
Supplies	15,000	15,000	20,419	5,419
	<u>665,045</u>	<u>665,045</u>	<u>515,891</u>	<u>(149,154)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
ASSOCIATE JUDGE (ACKERT)				
Repair and maintenance agreements	\$ 2,600	\$ 2,600	\$ 1,854	\$ (746)
Office supplies	1,100	1,100	679	(421)
Education and training	1,000	1,000	830	(170)
	<u>4,700</u>	<u>4,700</u>	<u>3,363</u>	<u>(1,337)</u>
ASSOCIATE JUDGE (BECKMAN)				
Salary - others	31,791	31,791	32,791	1,000
Office supplies	1,300	1,300	684	(616)
Education and training	300	300	279	(21)
	<u>33,391</u>	<u>33,391</u>	<u>33,754</u>	<u>363</u>
PRESIDING JUDGE (JACOBSON)				
Salary - others	11,500	11,500	11,998	498
Contractual services	58,000	58,000	67,272	9,272
Independent services	36,000	36,000	66,000	30,000
Repairs and maintenance	3,000	3,000	2,973	(27)
Office supplies	2,500	2,500	509	(1,991)
Law books and other subscriptions	8,600	8,600	11,289	2,689
Jurors' meals	1,500	1,500	113	(1,387)
Education and training	5,000	5,000	2,737	(2,263)
Dues to organization	2,500	2,500	2,155	(345)
Court administration operation	900	900	900	-
	<u>129,500</u>	<u>129,500</u>	<u>165,946</u>	<u>36,446</u>
COUNTY BOARD				
Salary - others	36,095	36,095	37,095	1,000
Per diem and committee service	65,000	65,000	53,468	(11,532)
Salary and expense of chairman	6,000	6,000	6,000	-
Salary - weed enforcement officer	1,000	1,000	1,000	-
Longevity	1,500	1,500	1,500	-
Contractual services	23,000	23,000	4,751	(18,249)
Furniture and equipment	-	-	1,731	1,731
Repairs and maintenance	1,400	1,400	1,021	(379)
Supplies	1,500	1,500	37,800	36,300
Dues to organizations	5,500	5,500	4,160	(1,340)
Resource conservation and development	8,400	8,400	8,456	56
LCIDA	10,000	10,000	10,000	-
Northeast Criminal Justice	2,000	2,000	2,175	175
Municipal code book, publishing, etc.	3,000	3,000	3,308	308
	<u>164,395</u>	<u>164,395</u>	<u>172,465</u>	<u>8,070</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	Actual over (under)
	<u>Original</u>	<u>Final</u>		
INSURANCE AND BONDS				
Funding of employee group insurance	\$ 922,610	\$ 922,610	\$ 942,553	\$ 19,943
PROBATION OFFICE				
Salary - officer	71,715	71,715	71,715	-
Salary - deputy and assistants	310,315	310,315	284,654	(25,661)
Salary - others	26,995	26,995	27,995	1,000
Salary - overtime	1,500	1,500	973	(527)
Temporary and part-time help	1,000	1,000	806	(194)
Longevity	1,800	1,800	1,800	-
Postage	1,700	1,700	1,794	94
Machine maintenance	2,500	2,500	4,511	2,011
Dependent child care	50,000	50,000	48,585	(1,415)
	<u>467,525</u>	<u>467,525</u>	<u>442,833</u>	<u>(24,692)</u>
CIRCUIT JUDGE				
Salary - others	35,760	35,760	36,760	1,000
Repairs and maintenance	1,000	1,000	1,000	-
Supplies	1,280	1,280	1,280	-
Education and training	500	500	495	(5)
LSSI	11,330	11,330	11,330	-
CASA	17,000	17,000	17,000	-
	<u>66,870</u>	<u>66,870</u>	<u>67,865</u>	<u>995</u>
ZONING OFFICE				
Salary - officer	62,487	62,487	63,488	1,001
Salary - clerk	1,044	1,044	2,502	1,458
Longevity	-	-	1,500	1,500
Repairs and maintenance	700	700	89	(611)
Gas and oil	2,000	2,000	2,256	256
Telephone	900	900	759	(141)
Office supplies	500	500	432	(68)
Board of Appeals	4,638	4,638	34,725	30,087
	<u>72,269</u>	<u>72,269</u>	<u>105,751</u>	<u>33,482</u>
ACCOUNTING AND AUDITING				
	<u>49,500</u>	<u>49,500</u>	<u>50,345</u>	<u>845</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
JURORS' CERTIFICATES	\$ 10,000	\$ 10,000	\$ 5,000	\$ (5,000)
JURY COMMISSION				
Salary - others	1,000	1,000	-	(1,000)
Office supplies	4,500	4,500	4,448	(52)
	<u>5,500</u>	<u>5,500</u>	<u>4,448</u>	<u>(1,052)</u>
SICK PAY	<u>100,000</u>	<u>100,000</u>	<u>91,899</u>	<u>(8,101)</u>
ESDA				
Salary - officer	23,854	23,854	24,600	746
Contractual services	3,500	3,500	2,590	(910)
Furniture and equipment	3,370	3,370	2,995	(375)
Repairs and maintenance	2,500	2,500	2,698	198
Gasoline and oil	1,200	1,200	1,401	201
Supplies	1,600	1,600	1,487	(113)
Telephone	6,300	6,300	6,555	255
Postage	18	18	-	(18)
Education and training	1,500	1,500	1,179	(321)
	<u>43,842</u>	<u>43,842</u>	<u>43,505</u>	<u>(337)</u>
CONTINGENCIES	<u>100,000</u>	<u>200,000</u>	<u>33,000</u>	<u>(167,000)</u>
COMPUTER SERVICE				
Programming	50,853	50,853	51,709	856
Furniture and equipment	9,000	9,000	8,409	(591)
Repairs and maintenance	1,000	1,000	222	(778)
Repairs and maintenance agreements	1,000	1,000	-	(1,000)
Web resources	1,418	1,418	1,948	530
	<u>63,271</u>	<u>63,271</u>	<u>62,288</u>	<u>(983)</u>
REGIONAL PLANNING COMMISSION				
Salary - clerk	1,040	1,040	167	(873)
Travel and meetings	4,636	4,636	-	(4,636)
Per diem	-	-	377	377
Supplies	200	200	-	(200)
Postage	350	350	75	(275)
	<u>6,226</u>	<u>6,226</u>	<u>619</u>	<u>(5,607)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
SUPERVISOR OF ASSESSMENTS/ PROPERTY RECORDS				
Salary - officer	\$ 62,422	\$ 62,422	\$ 63,422	\$ 1,000
Salary - others	100,028	100,028	103,028	3,000
Temporary and part-time help	19,578	19,578	19,126	(452)
Longevity	-	-	1,500	1,500
Per diem and committee services	5,700	5,700	5,562	(138)
Programming	7,500	7,500	7,475	(25)
Contractual services	7,500	7,500	10,909	3,409
Repairs and maintenance	1,000	1,000	111	(889)
Telephone	336	336	336	-
Supplies, etc.	4,000	4,000	4,252	252
Postage	1,500	1,500	1,327	(173)
Board of review	250	250	129	(121)
Publishing	13,000	13,000	10,618	(2,382)
	<u>222,814</u>	<u>222,814</u>	<u>227,795</u>	<u>4,981</u>
SOLID WASTE				
Programming	38,162	38,162	21,690	(16,472)
Contractual services	116,000	116,000	68,784	(47,216)
Per diem and committee service	6,180	6,180	3,769	(2,411)
Soil and water	20,000	20,000	-	(20,000)
Furniture and equipment	100	100	-	(100)
Supplies	500	500	-	(500)
Postage	50	50	-	(50)
	<u>180,992</u>	<u>180,992</u>	<u>94,243</u>	<u>(86,749)</u>
CAPITAL PROJECTS				
	<u>-</u>	<u>60,251</u>	<u>60,251</u>	<u>-</u>
CAPITAL IMPROVEMENTS				
	<u>100,000</u>	<u>100,000</u>	<u>20,342</u>	<u>(79,658)</u>
Total cash disbursements	<u>\$ 8,654,928</u>	<u>\$ 8,815,179</u>	8,409,654	<u>\$ (405,525)</u>
(Deduct) beginning accrued expenditures			(286,199)	
Add ending accrued expenditures			267,923	
Capital lease acquisition			<u>118,228</u>	
Total expenditures			<u>\$ 8,509,606</u>	

**LEE COUNTY, ILLINOIS
COMBINING BALANCE SHEET
GENERAL FUND
November 30, 2013**

	<u>General Account</u>	<u>Solid Waste Management Account</u>	<u>Capital Projects Account</u>	<u>Capital Improvement or Replacement Account</u>	<u>Total General Fund</u>
ASSETS					
Cash on hand	\$ 800	\$ -	\$ -	\$ -	\$ 800
Cash in bank	626,420	-	-	-	626,420
Time deposits and money markets	658,629	1,400,627	4,802,095	79,658	6,941,009
Investments	311,763	382,802	-	-	694,565
Property tax receivable	2,381,532	-	-	-	2,381,532
Due from State of Illinois	682,556	-	-	-	682,556
Prepaid insurance	980	-	-	-	980
Other receivables	31	755,627	-	-	755,658
Due from other County funds	258,999	-	-	-	258,999
TOTAL ASSETS	<u>\$ 4,921,710</u>	<u>\$ 2,539,056</u>	<u>\$ 4,802,095</u>	<u>\$ 79,658</u>	<u>\$ 12,342,519</u>
LIABILITIES					
Accounts payable	\$ 86,043	\$ 5,290	\$ -	\$ -	\$ 91,333
Accrued payroll and payroll taxes	123,889	-	-	-	123,889
Unearned revenue:					
Property taxes	2,381,532	-	-	-	2,381,532
Due to other County funds	70,843	-	-	-	70,843
Accrued sick pay	53,713	-	-	-	53,713
Total liabilities	<u>2,716,020</u>	<u>5,290</u>	<u>-</u>	<u>-</u>	<u>2,721,310</u>
FUND BALANCES					
Nonspendable	980	-	-	-	980
Restricted:					
Public health and welfare	-	2,526,646	-	-	2,526,646
Capital projects	-	-	1,242,600	-	1,242,600
Assigned:					
Public health and welfare	-	7,120	-	-	7,120
Capital projects	-	-	3,559,495	79,658	3,639,153
Unassigned	2,204,710	-	-	-	2,204,710
Total fund balances	<u>2,205,690</u>	<u>2,533,766</u>	<u>4,802,095</u>	<u>79,658</u>	<u>9,621,209</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,921,710</u>	<u>\$ 2,539,056</u>	<u>\$ 4,802,095</u>	<u>\$ 79,658</u>	<u>\$ 12,342,519</u>

LEE COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended November 30, 2013

	<u>General Account</u>	<u>Solid Waste Management Account</u>	<u>Capital Projects Account</u>	<u>Capital Improvement or Replacement Account</u>	<u>Total General Fund</u>
REVENUES					
Taxes	\$ 3,499,317	\$ -	\$ -	\$ -	\$ 3,499,317
Intergovernmental revenue	1,987,849	-	-	-	1,987,849
Licenses and permits	206,055	1,722,858	-	-	1,928,913
Revenue from services	1,482,018	-	-	-	1,482,018
Revenue from use of money and property	168,852	7,120	10,617	-	186,589
Other	347,384	-	-	-	347,384
	<u>7,691,475</u>	<u>1,729,978</u>	<u>10,617</u>	<u>-</u>	<u>9,432,070</u>
EXPENDITURES					
General control and administration	2,765,544	-	-	-	2,765,544
County development	106,369	-	-	-	106,369
Public safety	3,134,832	-	-	-	3,134,832
Judiciary and court related	1,937,901	-	-	-	1,937,901
Public health and welfare	-	94,243	-	-	94,243
Capital projects	118,228	-	60,251	20,342	198,821
Debt service:					
Principal	88,229	-	-	-	88,229
Interest	4,825	-	-	-	4,825
All other expenditures	178,842	-	-	-	178,842
	<u>8,334,770</u>	<u>94,243</u>	<u>60,251</u>	<u>20,342</u>	<u>8,509,606</u>
Excess (deficiency) of revenues over expenditures	<u>(643,295)</u>	<u>1,635,735</u>	<u>(49,634)</u>	<u>(20,342)</u>	<u>922,464</u>
OTHER FINANCING SOURCES (USES)					
** Transfers in	600,000	-	1,902,851	100,000	2,602,851
** Transfers out	(161,000)	(1,902,851)	(600,000)	-	(2,663,851)
Capital lease acquisition	118,228	-	-	-	118,228
	<u>557,228</u>	<u>(1,902,851)</u>	<u>1,302,851</u>	<u>100,000</u>	<u>57,228</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(86,067)</u>	<u>(267,116)</u>	<u>1,253,217</u>	<u>79,658</u>	<u>979,692</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,291,757</u>	<u>2,800,882</u>	<u>3,548,878</u>	<u>-</u>	<u>8,641,517</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,205,690</u>	<u>\$ 2,533,766</u>	<u>\$ 4,802,095</u>	<u>\$ 79,658</u>	<u>\$ 9,621,209</u>

** - eliminated in combined general fund on page 10

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2013

	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	\$ 2,070	\$ 240	\$ -	\$ -	\$ -	\$ 7,274	\$ -
Time deposits and money markets	98,859	478	54,420	13,203	231,863	20,012	686
Investments	-	-	-	-	111,150	-	-
Property tax receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other							
County funds	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 100,929	\$ 718	\$ 54,420	\$ 13,203	\$ 343,013	\$ 27,286	\$ 686
LIABILITIES							
Accounts payable	\$ 454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-
Unearned revenue:							
Property tax	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Due to other:							
County funds	-	-	-	212	-	-	-
Total liabilities	454	-	-	212	-	-	-
FUND BALANCES							
Restricted:							
General control and administration	88,157	718	51,412	-	342,341	-	686
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Committed:							
General control and administration	-	-	-	12,991	-	27,286	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Assigned:							
General control and administration	12,318	-	3,008	-	672	-	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total fund balances	100,475	718	54,420	12,991	343,013	27,286	686
TOTAL LIABILITIES AND FUND BALANCES	\$ 100,929	\$ 718	\$ 54,420	\$ 13,203	\$ 343,013	\$ 27,286	\$ 686

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2013

	Special Revenue								
	Judiciary and Court Related Group								
	Child Support Enforcement Program Fund	Probation Services Fund	Court Document Storage Fund	Circuit Clerk Automation Fee Fund	Circuit Clerk Operations Fund	Law Library Fund	Drug Forfeiture Fund	Home Confinement Fund	JJC Council Fund
ASSETS									
Cash in bank	\$ 383	\$ 10,461	\$ 7,792	\$ 7,919	\$ -	\$ 2,530	\$ -	\$ -	\$ -
Time deposits and money markets	157,740	101,036	232,447	235,172	33,145	106,603	4,172	8,260	15,057
Investments	-	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Due from other									
County funds	-	-	-	-	-	-	-	250	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-	42,355
TOTAL ASSETS	\$ 158,123	\$ 111,497	\$ 240,239	\$ 243,091	\$ 33,145	\$ 109,133	\$ 4,172	\$ 8,510	\$ 57,412
LIABILITIES									
Accounts payable	\$ 334	\$ 3,395	\$ -	\$ 1,262	\$ -	\$ 1,542	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	2,089	1,284	-	-	-	-	-
Unearned revenue:									
Property tax	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Due to other:									
County funds	-	-	-	-	-	244	-	-	25,000
Total liabilities	<u>334</u>	<u>3,395</u>	<u>2,089</u>	<u>2,546</u>	<u>-</u>	<u>1,786</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
FUND BALANCES									
Restricted:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	157,789	108,102	238,117	240,510	33,145	107,347	4,164	8,508	32,409
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Committed:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-	-
Assigned:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	33	35	-	-	8	2	3
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Total fund balances	<u>157,789</u>	<u>108,102</u>	<u>238,150</u>	<u>240,545</u>	<u>33,145</u>	<u>107,347</u>	<u>4,172</u>	<u>8,510</u>	<u>32,412</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 158,123	\$ 111,497	\$ 240,239	\$ 243,091	\$ 33,145	\$ 109,133	\$ 4,172	\$ 8,510	\$ 57,412

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2013

	Special Revenue							
	Judiciary and Court Related Group							
	JJC Youth Diversion Fund	Title IV E Fund	Drug Street Fine Fund	Marriage Fund	Drug Court Fund	Domestic Violence Fund	State's Attorney Collection Fund	State's Attorney Records Automation Fund
ASSETS								
Cash in bank	\$ -	\$ -	\$ -	\$ 6,868	\$ -	\$ -	\$ -	\$ -
Time deposits and money markets	20,761	31,380	14,717	-	40,255	3,058	9,312	4,403
Investments	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Due from other								
County funds	-	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 20,761	\$ 31,380	\$ 14,717	\$ 6,868	\$ 40,255	\$ 3,058	\$ 9,312	\$ 4,403
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-
Unearned revenue:								
Property tax	-	-	-	-	-	-	-	-
Grants	-	-	-	-	13,999	-	-	-
Due to other:								
County funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	13,999	-	-	-
FUND BALANCES								
Restricted:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	13,332	31,380	14,715	-	11,718	3,058	9,310	4,403
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Committed:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	6,868	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Assigned:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	7,429	-	2	-	14,538	-	2	-
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total fund balances	<u>20,761</u>	<u>31,380</u>	<u>14,717</u>	<u>6,868</u>	<u>26,256</u>	<u>3,058</u>	<u>9,312</u>	<u>4,403</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,761	\$ 31,380	\$ 14,717	\$ 6,868	\$ 40,255	\$ 3,058	\$ 9,312	\$ 4,403

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2013

	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	\$ -	\$ 51,029	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Time deposits and money markets	8,094	-	101,283	77,324	5,760	9,239	28,810	25,859
Investments	-	-	-	-	-	-	-	-
Property tax receivable	102,500	25,000	75,000	-	136,860	-	-	-
Other receivables	-	-	92	-	-	-	-	-
Due from other								
County funds	-	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 110,594	\$ 76,029	\$ 176,375	\$ 78,324	\$ 142,620	\$ 9,239	\$ 28,810	\$ 25,859
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 4,423	\$ -	\$ -	\$ -	\$ -	\$ 130
Accrued payroll and payroll taxes	-	-	754	-	-	-	-	-
Unearned revenue:								
Property tax	102,500	25,000	75,000	-	136,860	-	-	-
Grants	-	-	-	-	-	-	-	-
Due to other:								
County funds	-	5,572	-	-	-	250	-	-
Total liabilities	102,500	30,572	80,177	-	136,860	250	-	130
FUND BALANCES								
Restricted:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	8,094	44,881	96,198	78,324	5,760	8,986	28,806	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Committed:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	25,729
Assigned:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	-	576	-	-	-	3	4	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total fund balances	8,094	45,457	96,198	78,324	5,760	8,989	28,810	25,729
TOTAL LIABILITIES AND FUND BALANCES	\$ 110,594	\$ 76,029	\$ 176,375	\$ 78,324	\$ 142,620	\$ 9,239	\$ 28,810	\$ 25,859

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2013

	Special Revenue					
	Highways and Streets Group			Public Safety		
	County Special Bridge Fund	Federal Aid Secondary Matching Fund	County Motor Fuel Tax Fund	Police Vehicle Fund	Coroner Fund	Total Other Governmental Funds
ASSETS						
Cash in bank	\$ 44,260	\$ 122,521	\$ 71,728	\$ -	\$ -	\$ 336,075
Time deposits and money markets	493,942	1,404,954	385,108	3,863	15,335	3,996,610
Investments	-	-	489,244	-	-	600,394
Property tax receivable	241,500	304,500	-	-	-	885,360
Other receivables	-	-	-	-	-	92
Due from other						
County funds	-	-	-	-	-	250
Reimbursements due from State of Illinois	-	-	39,459	-	-	81,814
TOTAL ASSETS	\$ 779,702	\$ 1,831,975	\$ 985,539	\$ 3,863	\$ 15,335	\$ 5,900,595
LIABILITIES						
Accounts payable	\$ 17,102	\$ 5,179	\$ 9,744	\$ -	\$ -	\$ 43,565
Accrued payroll and payroll taxes	4,154	-	-	-	-	8,281
Unearned revenue:						
Property tax	241,500	304,500	-	-	-	885,360
Grants	-	-	-	-	-	13,999
Due to other:						
County funds	-	-	-	-	-	31,278
Total liabilities	262,756	309,679	9,744	-	-	982,483
FUND BALANCES						
Restricted:						
General control and administration	-	-	-	-	-	483,314
Judiciary and court related	-	-	-	-	-	1,018,007
Public health and welfare	-	-	-	-	-	271,049
Highways and streets	466,860	1,519,793	850,744	-	-	2,837,397
Public safety	-	-	-	3,862	10,708	14,570
Committed:						
General control and administration	-	-	-	-	-	40,277
Judiciary and court related	-	-	-	-	-	6,868
Public health and welfare	-	-	-	-	-	25,729
Assigned:						
General control and administration	-	-	-	-	-	15,998
Judiciary and court related	-	-	-	-	-	22,052
Public health and welfare	-	-	-	-	-	583
Highways and streets	50,086	2,503	125,051	-	-	177,640
Public safety	-	-	-	1	4,627	4,628
Total fund balances	516,946	1,522,296	975,795	3,863	15,335	4,918,112
TOTAL LIABILITIES AND FUND BALANCES	\$ 779,702	\$ 1,831,975	\$ 985,539	\$ 3,863	\$ 15,335	\$ 5,900,595

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2013

	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	\$ -	\$ -	\$ -	\$ 128,926	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Revenue from services	29,889	3,735	10,420	-	7,915	122,704	-
Revenue from use of money and property	13	-	8	-	672	3	-
All other receipts	<u>12,305</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,820</u>
Total revenues	<u>42,207</u>	<u>3,735</u>	<u>13,428</u>	<u>128,926</u>	<u>8,587</u>	<u>122,707</u>	<u>7,820</u>
EXPENDITURES							
General control and administration	19,748	4,000	4,057	128,460	344	110,718	-
Public safety	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total expenditures	<u>19,748</u>	<u>4,000</u>	<u>4,057</u>	<u>128,460</u>	<u>344</u>	<u>110,718</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	22,459	(265)	9,371	466	8,243	11,989	7,820
FUND BALANCES, BEGINNING OF YEAR	<u>78,016</u>	<u>983</u>	<u>45,049</u>	<u>12,525</u>	<u>334,770</u>	<u>15,297</u>	<u>(7,134)</u>
FUND BALANCES, END OF YEAR	<u>\$ 100,475</u>	<u>\$ 718</u>	<u>\$ 54,420</u>	<u>\$ 12,991</u>	<u>\$ 343,013</u>	<u>\$ 27,286</u>	<u>\$ 686</u>

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2013

	Special Revenue								
	Judiciary and Court Related Group								
	Child Support Enforcement Program Fund	Probation Services Fund	Court Document Storage Fund	Circuit Clerk Automation Fee Fund	Circuit Clerk Operations Fund	Law Library Fund	Drug Forfeiture Fund	Home Confinement Fund	JJC Council Fund
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	1,331	-	-	-	-	136,733
Licenses and permits	-	-	-	-	-	-	-	-	-
Revenue from services	29,562	75,250	100,353	100,579	11,511	17,220	-	954	-
Revenue from use of money and property	-	-	33	35	-	-	8	2	3
All other receipts	-	-	-	-	-	-	-	-	-
Total revenues	<u>29,562</u>	<u>75,250</u>	<u>100,386</u>	<u>101,945</u>	<u>11,511</u>	<u>17,220</u>	<u>8</u>	<u>956</u>	<u>136,736</u>
EXPENDITURES									
General control and administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Judiciary and court related	27,804	56,903	65,147	77,618	4,194	23,858	-	-	143,074
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Total expenditures	<u>27,804</u>	<u>56,903</u>	<u>65,147</u>	<u>77,618</u>	<u>4,194</u>	<u>23,858</u>	<u>-</u>	<u>-</u>	<u>143,074</u>
Excess (deficiency) of revenues over expenditures	1,758	18,347	35,239	24,327	7,317	(6,638)	8	956	(6,338)
FUND BALANCES, BEGINNING OF YEAR	<u>156,031</u>	<u>89,755</u>	<u>202,911</u>	<u>216,218</u>	<u>25,828</u>	<u>113,985</u>	<u>4,164</u>	<u>7,554</u>	<u>38,750</u>
FUND BALANCES, END OF YEAR	<u>\$ 157,789</u>	<u>\$ 108,102</u>	<u>\$ 238,150</u>	<u>\$ 240,545</u>	<u>\$ 33,145</u>	<u>\$ 107,347</u>	<u>\$ 4,172</u>	<u>\$ 8,510</u>	<u>\$ 32,412</u>

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2013

	Special Revenue							
	Judiciary and Court Related Group							
	JJC Youth Diversion Fund	Title IV E Fund	Drug Street Fine Fund	Marriage Fund	Drug Court Fund	Domestic Violence Fund	State's Attorney Collection Fund	State's Attorney Records Automation Fund
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	67,435	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Revenue from services	-	-	-	520	-	-	165	3,868
Revenue from use of money and property	4	-	2	1	6	-	2	-
All other receipts	<u>7,425</u>	<u>-</u>	<u>2,760</u>	<u>-</u>	<u>14,532</u>	<u>715</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,429</u>	<u>-</u>	<u>2,762</u>	<u>521</u>	<u>81,973</u>	<u>715</u>	<u>167</u>	<u>3,868</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	9,324	250	832	55	72,451	-	1,619	-
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	<u>9,324</u>	<u>250</u>	<u>832</u>	<u>55</u>	<u>72,451</u>	<u>-</u>	<u>1,619</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,895)	(250)	1,930	466	9,522	715	(1,452)	3,868
FUND BALANCES, BEGINNING OF YEAR	<u>22,656</u>	<u>31,630</u>	<u>12,787</u>	<u>6,402</u>	<u>16,734</u>	<u>2,343</u>	<u>10,764</u>	<u>535</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,761</u>	<u>\$ 31,380</u>	<u>\$ 14,717</u>	<u>\$ 6,868</u>	<u>\$ 26,256</u>	<u>\$ 3,058</u>	<u>\$ 9,312</u>	<u>\$ 4,403</u>

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2013**

	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	\$ 102,979	\$ 25,051	\$ 75,147	\$ -	\$ 137,067	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	29,745	-	-	-	-
Revenue from services	-	2,310	-	-	-	4,260	-	-
Revenue from use of money and property	-	-	-	-	-	3	4	-
All other receipts	-	576	-	-	-	-	-	22,244
Total revenues	<u>102,979</u>	<u>27,937</u>	<u>75,147</u>	<u>29,745</u>	<u>137,067</u>	<u>4,263</u>	<u>4</u>	<u>22,244</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	95,904	21,487	57,562	27,827	136,000	9,780	512	13,596
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	<u>95,904</u>	<u>21,487</u>	<u>57,562</u>	<u>27,827</u>	<u>136,000</u>	<u>9,780</u>	<u>512</u>	<u>13,596</u>
Excess (deficiency) of revenues over expenditures	7,075	6,450	17,585	1,918	1,067	(5,517)	(508)	8,648
FUND BALANCES, BEGINNING OF YEAR	<u>1,019</u>	<u>39,007</u>	<u>78,613</u>	<u>76,406</u>	<u>4,693</u>	<u>14,506</u>	<u>29,318</u>	<u>17,081</u>
FUND BALANCES, END OF YEAR	<u>\$ 8,094</u>	<u>\$ 45,457</u>	<u>\$ 96,198</u>	<u>\$ 78,324</u>	<u>\$ 5,760</u>	<u>\$ 8,989</u>	<u>\$ 28,810</u>	<u>\$ 25,729</u>

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2013**

	<u>Special Revenue</u>					<u>Total Other Governmental Funds</u>
	<u>Highways and Streets Group</u>			<u>Public Safety</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>	
REVENUES						
Taxes	\$ 242,135	\$ 304,752	\$ -	\$ -	\$ -	\$ 1,016,057
Intergovernmental revenue	-	-	808,513	-	4,625	1,018,637
Licenses and permits	-	-	-	-	-	29,745
Revenue from services	-	-	-	-	8,016	529,231
Revenue from use of money and property	7	2,503	343	1	2	3,655
All other receipts	<u>50,079</u>	<u>-</u>	<u>124,708</u>	<u>8,684</u>	<u>-</u>	<u>254,848</u>
Total revenues	<u>292,221</u>	<u>307,255</u>	<u>933,564</u>	<u>8,685</u>	<u>12,643</u>	<u>2,852,173</u>
EXPENDITURES						
General control and administration	-	-	-	-	-	267,327
Public safety	-	-	-	8,118	10,452	18,570
Judiciary and court related	-	-	-	-	-	483,129
Public health and welfare	-	-	-	-	-	362,668
Highways and streets	<u>365,052</u>	<u>13,491</u>	<u>853,378</u>	<u>-</u>	<u>-</u>	<u>1,231,921</u>
Total expenditures	<u>365,052</u>	<u>13,491</u>	<u>853,378</u>	<u>8,118</u>	<u>10,452</u>	<u>2,363,615</u>
Excess (deficiency) of revenues over expenditures	(72,831)	293,764	80,186	567	2,191	488,558
FUND BALANCES, BEGINNING OF YEAR	<u>589,777</u>	<u>1,228,532</u>	<u>895,609</u>	<u>3,296</u>	<u>13,144</u>	<u>4,429,554</u>
FUND BALANCES, END OF YEAR	<u>\$ 516,946</u>	<u>\$ 1,522,296</u>	<u>\$ 975,795</u>	<u>\$ 3,863</u>	<u>\$ 15,335</u>	<u>\$ 4,918,112</u>

**LEE COUNTY, ILLINOIS
INTERNAL SERVICE FUND
LIABILITY INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - general property taxes	\$ 280,000	\$ 280,000	\$ 280,403	\$ 403
Receipts from use of money - interest	-	-	1,670	1,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash receipts	<u>\$ 280,000</u>	<u>\$ 280,000</u>	282,073	<u>\$ 2,073</u>
 (Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u> </u>	
			<u> </u>	
Total revenues			<u>282,073</u>	
 EXPENSES				
Insurance and bonds	\$ 280,000	\$ 347,300	347,379	\$ 79
Other	3,350	3,350	3,079	(271)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash disbursements	<u>\$ 283,350</u>	<u>\$ 350,650</u>	350,458	<u>\$ (192)</u>
 (Deduct) beginning accrued expenses/ add ending prepaid expenses			-	
Add ending accrued expenses/ (deduct) ending prepaid expenses			<u> </u>	
			<u> </u>	
Total expenses			<u>350,458</u>	
 Operating loss			(68,385)	
 OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 61,000	61,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Change in net position			(7,385)	
 NET POSITION, BEGINNING OF YEAR			<u>303,559</u>	
 NET POSITION, END OF YEAR			<u>\$ 296,174</u>	

**LEE COUNTY, ILLINOIS
INTERNAL SERVICE FUND
EMPLOYEE GROUP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2013**

	<u>Budget</u>		<u>Actual</u>	Actual over
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
REVENUES				
Insurance Reimbursement - General Fund	\$ 922,610	\$ 922,610	\$ 942,553	\$ 19,943
Insurance Reimbursement - Health Department	99,200	99,200	92,228	(6,972)
Insurance Reimbursement - Highway Department	121,250	121,250	123,080	1,830
Insurance Reimbursement - GIS	16,646	16,646	17,721	1,075
Insurance Reimbursement - Employee Contribution	350,000	350,000	350,044	44
Insurance Reimbursement - Retirees Contribution	50,000	50,000	33,224	(16,776)
Insurance Reimbursement - Rural Transportation	-	-	6,008	6,008
Insurance Reimbursement - FSA Funding	62,500	62,500	23,574	(38,926)
Miscellaneous	-	-	8,831	8,831
Interest	-	-	15	15
Rebates	-	-	2,114	2,114
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash receipts	<u>\$ 1,622,206</u>	<u>\$ 1,622,206</u>	1,599,392	<u>\$ (22,814)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u> </u>	
Total revenues			<u>1,599,392</u>	
EXPENSES				
Premiums	\$ 1,100,000	\$ 1,100,000	1,075,264	\$ (24,736)
Deductible reimbursement	367,500	367,500	235,288	(132,212)
Dental claims	60,000	60,000	56,735	(3,265)
Dental administration fees	5,700	5,700	3,729	(1,971)
Life insurance	3,600	3,600	3,488	(112)
FSA administration costs	2,910	2,910	1,290	(1,620)
FSA payments	62,500	62,500	20,421	(42,079)
Miscellaneous	-	-	4,909	4,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash disbursements	<u>\$ 1,602,210</u>	<u>\$ 1,602,210</u>	1,401,124	<u>\$ (201,086)</u>
(Deduct) beginning accrued expenses/ add ending prepaid expenses			(30,000)	
Add ending accrued expenses/ (deduct) ending prepaid expenses			<u>30,000</u>	
Total expenses			<u>1,401,124</u>	
Operating income			198,268	
NET POSITION, BEGINNING OF YEAR			<u>27,989</u>	
NET POSITION, END OF YEAR			<u>\$ 226,257</u>	

LEE COUNTY, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX LEVIES,
TAX EXTENSIONS, AND TAX RATES
Tax Years 2012 and 2011
(Unaudited)

	<u>2012</u>			<u>2011</u>		
Assessed Valuation	<u>\$694,721,964</u>			<u>\$684,893,744</u>		
<u>Fund</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>
County General	\$ 2,154,775	.3102	\$ 2,155,027	\$ 1,886,249	.2754	\$ 1,882,773
County Highway	640,500	.0922	640,534	640,500	.0935	639,691
Federal Aid Secondary Matching	304,500	.0438	304,288	304,500	.0445	304,093
County Special Bridge	241,500	.0348	241,763	241,500	.0353	241,767
County Health	556,000	.0800	555,778	556,000	.0812	555,449
Tuberculosis Sanatorium	25,000	.0036	25,010	25,000	.0037	25,341
Illinois Municipal Retirement	600,000	.0864	600,240	600,000	.0876	599,282
County Veterans Assistance	75,000	.0108	75,030	75,000	.0110	75,338
Liability Insurance	280,000	.0403	279,973	280,000	.0409	280,122
Social Security	630,000	.0907	630,113	630,000	.0920	629,417
Social Services for Senior Citizens	102,500	.0148	102,819	102,500	.0150	102,734
Extension Education	<u>136,860</u>	<u>.0197</u>	<u>136,860</u>	<u>136,860</u>	<u>.0200</u>	<u>136,979</u>
	<u>\$ 5,746,635</u>	<u>.8273</u>	<u>\$ 5,747,435</u>	<u>\$ 5,478,109</u>	<u>.8001</u>	<u>\$ 5,472,986</u>

**LEE COUNTY, ILLINOIS
FEDERAL AWARDS SECTION**



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

Lee County Board
Lee County, Illinois

Report on Compliance for Each Major Federal Program

We have audited Lee County, Illinois' compliance 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 Lee County, Illinois' major federal programs for the year ended November 30, 2013. Lee County, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lee County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lee County, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, Lee County, Illinois complied, in all material respects, with the types of compliance 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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-005. Our opinion on each major federal program is not modified with respect to this matter.

Lee County, Illinois' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lee County, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Lee County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee County, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, and 2013-003 to be material weaknesses.

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 attention by 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 2013-005 and 2013-006 to be significant deficiencies.

Lee County, Illinois' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Lee County, Illinois' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Peoria, Illinois
March 11, 2014

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract 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	FCSSQ00920	\$ 75,987	\$ -
	10.557	FCSRE00920	71,286	-
	10.557	Non-Cash	355,834	-
Breastfeeding Peer Counseling	10.557	FCSSQ01155	7,563	-
	10.557	FCSRE01155	<u>10,000</u>	<u>-</u>
Total Department of Agriculture			<u>520,670</u>	<u>-</u>
Department of Health and Human Services				
Passed through:				
Illinois Department of Public Health				
Illinois Immunization Program	93.268	Non-Cash	181,129	-
	93.268	N/A	<u>579</u>	<u>-</u>
			<u>181,708</u>	<u>-</u>
Bioterrorism Preparedness	93.069	37180050A	(12,587)	-
	93.069	27180050	25,000	-
	93.074	47180050B	15,912	-
	93.074	37180050A	<u>42,337</u>	<u>-</u>
			<u>70,662</u>	<u>-</u>
Whiteside County Health Department				
We Choose Health	93.531	N/A	<u>48,291</u>	<u>-</u>
Illinois Department of Human Services				
Title X Family Planning	93.217	46080071B	49,670	-
	93.217	FCSRE01264	(8,277)	-
	93.994	FCSRE01264	2,007	-
Title XX Block Grant – Family Planning	93.667	FCSRE01264	37,292	-
Title XX Block Grant – Family Case Management	93.667	FCSSU03100	<u>2,000</u>	<u>-</u>
			<u>82,692</u>	<u>-</u>
Illinois Public Health Association				
In-Person Counseling	93.525	IP-14-149-038	9,731	-
Illinois Department of Healthcare and Family Services				
Medical Assistance Program	93.778	N/A	39,966	-
Child Support Enforcement	93.563	N/A	<u>6,235</u>	<u>-</u>
Total Department of Health and Human Services			<u>439,285</u>	<u>-</u>
Department of Justice				
Adult Drug Court Discretionary Grant	16.571	2012-DC-BX-0016	<u>67,435</u>	<u>-</u>

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed- Through to Subrecipients</u>
Department of Transportation				
Passed through:				
Illinois Department of Transportation				
Formula Grants for Other Than Urbanized Areas	20.509	OP-14-23-FED	\$ 108,889	\$ 100,912
	20.509	RPT-13-031	<u>22,633</u>	<u>11,711</u>
			<u>131,522</u>	<u>112,623</u>
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	CAP-10-923-ARRA	750,577	-
Job Access and Reverse Commute (JARC) Education	20.516	JRC-13-010	109,003	84,660
Job Access and Reverse Commute (JARC)-Employment	20.516	JRC-13-011	50,363	26,664
Formula Grants for Other Than Urbanized Areas	20.521	NF-13-004	226,043	203,201
Child Passenger Safety (CPS)	20.613	OP-13-256	<u>6,358</u>	<u>-</u>
Total Department of Transportation			<u>1,273,866</u>	<u>427,148</u>
Environmental Protection Agency				
Passed through:				
Illinois Department of Public Health				
Potable Water Supply	66.605	35382050A	1,225	-
Department of Homeland Security				
Passed through:				
Illinois Emergency Management Agency				
Emergency Management Performance	97.042	30012EMALEE	<u>22,352</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,324,833</u>	<u>\$ 427,148</u>

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2013

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER AND CLUSTER			
	10.557	\$ 520,670	\$ -
	93.268	181,708	-
	93.069	12,413	-
	93.074	58,249	-
	93.531	48,291	-
	93.217	41,393	-
	93.994	2,007	-
	93.667	39,292	-
	93.525	9,731	-
	93.778	39,966	-
	93.563	6,235	-
	16,571	67,435	-
	20.509	882,099	112,623
	20.516	159,366}	111,324}
	20.521	<u>226,043}</u>	<u>203,201}</u>
Total Transit Services Programs Cluster		<u>385,409</u>	<u>314,525</u>
	20.613	6,358	-
	66,605	1,225	-
	97.042	<u>22,352</u>	<u>-</u>
		<u>\$ 2,324,833</u>	<u>\$ 427,148</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, 2013

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 No. 10.557, received \$355,834 in special supplemental nutrition food instruments for the year ended September 30, 2013.

The Illinois Immunization program, CFDA No. 93.268, received \$181,129 in vaccines for the year ended November 30, 2013.

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, 2013**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

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 auditors' report issued on compliance for major programs:

Unmodified

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	ARRA - Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas
20.516 and 20.521	Transit Services Programs Cluster

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, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO. 2013-001 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. Manual journal entries are not reviewed or approved by another individual.

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

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 2013-002 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 their 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

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 2013-003 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

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 2013-004 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

A cash management system in the Treasurer's office is being implemented in 2014; with this new implementation, it will improve and benefit monitoring of the cash throughout the County.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

See Section II – Financial Statement Finding 2013-001

CFDA Number and Title: Agency:	16.571	Adult Drug Court Discretionary Grant Department of Justice
CFDA Number and Title: Agency:	93.563	Child Support Enforcement Department of Health and Human Services
CFDA Number and Title: Agency:	97.042	Emergency Management Performance Department of Homeland Security
Questioned Costs:		None known

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

See Section II – Financial Statement Finding 2013-002

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 (ARRA and Non-ARRA)
Agency:		Department of Transportation
CFDA Number and Title:	20.516 and 20.521	Transit Services Programs Cluster
Agency:		Department of Transportation
All other programs.		
Grant Year:		June 30, 2013 and June 30, 2014
Questioned Costs:		None known

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

See Section II – Financial Statement Finding 2013-003

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 (ARRA and Non-ARRA)
Agency:		Department of Transportation
CFDA Number and Title:	20.516 and 20.521	Transit Services Programs Cluster
Agency:		Department of Transportation
All other programs.		
Grant Year:		June 30, 2013 and June 30, 2014
Questioned Costs:		None known

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

FINDING NO. 2013-005 – SUBRECIPIENT MONITORING

CFDA Number and Title:	20.509	Formula Grants for Other Than Urbanized Areas (ARRA and Non-ARRA)
Agency:		Department of Transportation
Year:		June 30, 2013 and June 30, 2014
CFDA Number and Title:	20.516 and 20.521	Transit Services Programs Cluster
Agency:		Department of Transportation
Grant Year:		June 30, 2014
Questioned Costs:		None known

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 process over the monitoring of the grant funds passed through the County to subrecipients.

Context

During the process of obtaining an understanding of internal control, a lack of controls over all subrecipient monitoring 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.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

FINDING NO. 2013-005 – SUBRECIPIENT MONITORING (Continued)

Recommendation

Appoint an individual or administrator to oversee the monitoring of subrecipients to ensure grant funds are not being misused.

Views of responsible officials and planned corrective actions

Lee County on behalf of Lee-Ogle Transportation System submits a quarterly requisition which includes two purchases of service providers. Corrective action will include identifying Executive Director Jaime Blatti of Lee-Ogle Transportation to perform quarterly subrecipient monitoring of both providers based on quarterly payment requests. In addition, supporting documentation of subrecipient monitoring will be filed appropriately.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

FINDING NO. 2013-006 – ALLOWABLE COSTS

CFDA Number and Title:	20.509	Formula Grants for Other Than Urbanized Areas (ARRA and Non-ARRA)
Agency:		Department of Transportation
Year:		June 30, 2013 and June 30, 2014
CFDA Number and Title:	20.516 and 20.521	Transit Services Programs Cluster
Agency:		Department of Transportation
Grant Year:		June 30, 2014
Questioned Costs:		None known

Criteria or Specific Requirement

The A-87 Compliance Supplement requires that compensation for personal services be charged to the federal grant based on approved actual time worked on the program.

Condition

In testing payroll expenditures for the Formula Grants for Other Than Urbanized Areas and the Transit Services Programs Cluster, we noted that in two of the five payroll periods tested, the employee's and supervisor's approval on the time card was not documented.

Context

During the process of obtaining and understanding internal controls and processing of payroll expenditures, we noted payroll was not approved to ensure the expense charged to the grants was correct.

Effect

The County has not fully followed compliance attributes with the allowable costs principles set forth by the A-133 Compliance Supplement related to allocation of salaries being charged based on approved time worked for a program. Personnel need to reinforce policies to ensure control procedures are in place to ensure salaries charged to a grant are appropriately based on approved time worked in a program.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2013**

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

FINDING NO. 2013-006 – ALLOWABLE COSTS (Continued)

Cause

Salary figures were charged to the federal grant based on unapproved work actually performed for the program.

Recommendation

We recommend the County charge compensation for personal services to the federal grant based on approved hours worked in the program.

Views of responsible officials and planned corrective actions

The Executive Director Jaime Blatti of Lee-Ogle Transportation will sign off on time sheets of the Lee County positions held at the Lee-Ogle Transportation Systems that are billed to the grant on a bi-weekly basis. An associate of Lee County will sign off on the time sheets that are filled out by Jaime Blatti, Executive Director of Lee-Ogle Transportation Systems, on a bi-weekly basis.

(continued)

**LEE COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended November 30, 2013**

FINDING NO. 12-01/12-05 - 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 2013-001.

FINDING NO. 12-02/12-07 - FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PREPARATION

The County continues to lack personnel who are able to prepare or sufficiently review financial statements and accompanying disclosures. During the past year, management has supervised and reviewed all accounting information on a regular basis. Finding is repeated at 2013-002.

FINDING NO. 12-03/12-08 - 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 2013-003.

FINDING NO. 12-04 - 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 2013-004.

FINDING NO. 12-06 - ARRA AND NON-ARRA - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS - SUBRECIPIENT MONITORING

The County continues to lack controls over subrecipient monitoring. During the past year, the County has moved the activities for the grant to a transit office and has hired a Transit Facility Director and Assistant Director. The County will continue to implement controls when possible. Finding is repeated at 2013-005.

**LEE COUNTY, ILLINOIS
CORRECTIVE ACTION PLAN
Year Ended November 30, 2013**

FINDING NO. 2013-001 - SEGREGATION OF DUTIES

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

FINDING NO. 2013-002 - FINANCIAL STATEMENT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PREPARATION

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

FINDING NO. 2013-003 - MATERIAL ADJUSTING JOURNAL ENTRIES

The County finds it not economically feasible to hire the extra personnel; County Board (Finance Committee) will continue to review the monthly reports as well as the Treasurer's office.

FINDING NO. 2013-004 - SEGREGATION OF DUTIES-DEPARTMENTAL CASH ACCOUNTS

A cash management system in the Treasurer's office is being implemented in 2014; with this new implementation, it will improve and benefit monitoring of the cash throughout the County.

FINDING NO. 2013-005 - SUBRECIPIENT MONITORING

Lee County on behalf of Lee-Ogle Transportation System submits a quarterly requisition which includes two purchases of service providers. Corrective action will include identifying Executive Director Jaime Blatti of Lee-Ogle Transportation to perform quarterly subrecipient monitoring of both providers based on quarterly payment requests. In addition, supporting documentation of subrecipient monitoring will be filed appropriately.

FINDING NO. 2013-006 - ALLOWABLE COSTS

The Executive Director Jaime Blatti of Lee-Ogle Transportation will sign off on time sheets of the Lee County positions held at the Lee-Ogle Transportation Systems that are billed to the grant on a bi-weekly basis. An associate of Lee County will sign off on the time sheets that are filled out by Jaime Blatti, Executive Director of Lee-Ogle Transportation Systems, on a bi-weekly basis.