



LEE COUNTY, ILLINOIS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
November 30, 2014



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, 2014, 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, 2014, 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 and beginning fund balance for the Rural Transportation Fund have been restated to correct an error in previously reported accounts payable 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, as listed in the table of contents, 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, Internal Service Fund budgetary information, and the Schedule of Assessed Valuations, Tax Levies, Tax Extension, and Tax Rates 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 information is 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 listed in the table of contents 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 June 11, 2015 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.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Peoria, Illinois
June 11, 2015



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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, 2014, and the related notes to the financial statements, which collectively comprise Lee County, Illinois' basic financial statements and have issued our report thereon dated June 11, 2015. 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 2014-001, 2014-002, and 2014-003 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 2014-004 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.



Peoria, Illinois
June 11, 2015

LEE COUNTY, ILLINOIS
STATEMENT OF NET POSITION
November 30, 2014

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Cash on hand	\$ 966	\$ -
Cash in bank	12,633,981	548,363
Time deposits and money markets	5,506,832	-
Investments	477,533	499,000
Property tax receivable	6,240,199	-
Due from State of Illinois	1,469,762	-
Surcharge receivables	-	96,306
Other receivables	567,985	11,272
Due from various townships	552	-
Prepaid expenses	980	18,713
Capital assets:		
Land	1,479,668	-
Infrastructure, net of depreciation	4,701,705	-
Buildings and improvements, net of depreciation	9,761,349	405,323
Equipment, net of depreciation	1,165,368	393,360
Total capital assets	<u>17,108,090</u>	<u>798,683</u>
TOTAL ASSETS	<u>44,006,880</u>	<u>1,972,337</u>
LIABILITIES		
Accounts payable	646,757	2,551
Accrued payroll and taxes	262,345	1,726
Unearned revenue, grants	13,999	-
Accrued compensated absences:		
Current	53,713	1,407
Noncurrent	701,159	-
Long-term liabilities:		
Due within one year	64,337	-
Due in more than one year	1,055,480	-
TOTAL LIABILITIES	<u>2,797,790</u>	<u>5,684</u>
DEFERRED INFLOWS OF RESOURCES		
Subsequent year's property taxes	<u>6,240,199</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	17,017,415	798,683
Restricted:		
General control and administration	1,991,857	-
Judiciary and court related	1,181,164	-
Public health and welfare	2,896,803	-
Highways and streets	3,678,777	-
Public safety	13,754	-
Capital projects	2,497,145	-
Unrestricted	5,691,976	1,167,970
TOTAL NET POSITION	<u>\$ 34,968,891</u>	<u>\$ 1,966,653</u>

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

**LEE COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
Year Ended November 30, 2014**

	Program Revenues				Net Revenue (Expense) and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Government Governmental Activities	Component Unit	
Functions/Programs						
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 7,219,656	\$ 400,727	\$ 1,154,248	\$ 158,190	\$ (5,506,491)	\$ -
Public safety	3,294,507	223,080	31,853	-	(3,039,574)	-
Highways and streets	3,236,087	687,006	-	-	(2,549,081)	-
Public health and welfare	2,210,162	320,189	1,052,513	-	(837,460)	-
Judiciary and court related	3,099,028	1,691,621	163,754	-	(1,243,653)	-
County development	70,955	85,361	-	-	14,406	-
Landfill	147,151	1,412,219	-	-	1,265,068	-
Debt service interest	6,475	-	-	-	(6,475)	-
Total primary government	19,284,021	4,820,203	2,402,368	158,190	(11,903,260)	-
COMPONENT UNIT:						
Emergency telephone systems board	511,286	402,482	-	-	-	(108,804)
General revenues:						
Property taxes, levied for general purposes				5,947,406		-
Sales tax				400,326		-
Supplemental county retail taxes				759,286		-
Use tax				254,701		-
Hotel/Motel use tax				143,523		-
State income tax				1,269,757		-
State replacement tax				441,133		-
Motor fuel tax				817,196		-
Other intergovernmental revenues				880,309		-
Reimbursements				446,500		-
Unrestricted investment earnings				190,297		3,178
Other				819,367		3,525
Total general revenues				12,369,801		6,703
Change in net position				466,541		(102,101)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				34,894,249		-
PRIOR PERIOD ADJUSTMENT - to record payable				(391,899)		-
NET POSITION, BEGINNING OF YEAR, AS RESTATED				34,502,350		2,068,754
Change in net position				466,541		(102,101)
NET POSITION, END OF YEAR				\$ 34,968,891		\$ 1,966,653

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

**LEE COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2014**

	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	4,036,885	743,002	601,244	597,435	988,726	171,315	4,939,456	12,078,063
Time deposits and money markets	5,179,475	2,614	212,895	-	-	-	111,848	5,506,832
Investments	296,418	-	-	-	-	-	181,115	477,533
Property tax receivable	2,601,375	640,498	556,000	600,000	600,000	-	885,360	5,883,233
Due from State of Illinois	735,718	-	185,889	-	-	438,219	109,936	1,469,762
Prepaid insurance	980	-	-	-	-	-	-	980
Other receivables	159,286	-	10,825	-	5,891	-	391,983	567,985
Due from various townships	-	552	-	-	-	-	-	552
Due from other County funds	239,278	-	5,572	-	-	-	1,938	246,788
TOTAL ASSETS	<u>\$ 13,250,215</u>	<u>\$ 1,386,732</u>	<u>\$ 1,572,525</u>	<u>\$ 1,197,435</u>	<u>\$ 1,594,617</u>	<u>\$ 609,534</u>	<u>\$ 6,621,636</u>	<u>\$ 26,232,694</u>
LIABILITIES								
Accounts payable	\$ 80,011	\$ 22,885	\$ 11,385	\$ -	\$ -	385,966	\$ 116,510	\$ 616,757
Accrued payroll and payroll taxes	123,634	15,496	15,923	99,010	-	-	8,282	262,345
Unearned revenue, grants	-	-	-	-	-	-	13,999	13,999
Due to other County funds	11,128	-	-	165,709	45,804	-	33,337	255,978
Accrued sick pay	53,713	-	-	-	-	-	-	53,713
Total liabilities	<u>268,486</u>	<u>38,381</u>	<u>27,308</u>	<u>264,719</u>	<u>45,804</u>	<u>385,966</u>	<u>172,128</u>	<u>1,202,792</u>
DEFERRED INFLOWS OF RESOURCES								
Subsequent year's property taxes	<u>2,601,375</u>	<u>640,498</u>	<u>556,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>885,360</u>	<u>5,883,233</u>
FUND BALANCES								
Nonspendable:								
Prepaid insurance	980	-	-	-	-	-	-	980
Restricted:								
General control and administration	-	-	-	332,716	948,813	209,779	500,549	1,991,857
Judiciary and court related	-	-	-	-	-	-	1,181,164	1,181,164
Public health and welfare	1,796,368	-	827,802	-	-	-	272,633	2,896,803
Highways and streets	-	672,533	-	-	-	-	3,006,244	3,678,777
Public safety	-	-	-	-	-	-	13,754	13,754
Capital projects	2,497,145	-	-	-	-	-	-	2,497,145
Committed:								
General control and administration	-	-	-	-	-	-	56,738	56,738
Judiciary and court related	-	-	-	-	-	-	7,349	7,349
Public health and welfare	-	-	-	-	-	-	32,473	32,473
Assigned:								
General control and administration	-	-	-	-	-	13,789	16,904	30,693
Judiciary and court related	-	-	-	-	-	-	22,435	22,435
Public health and welfare	12,207	-	161,415	-	-	-	594	174,216
Highways and streets	-	35,320	-	-	-	-	444,359	479,679
Public safety	-	-	-	-	-	-	8,952	8,952
Capital projects	3,768,918	-	-	-	-	-	-	3,768,918
Unassigned	2,304,736	-	-	-	-	-	-	2,304,736
Total fund balances	<u>10,380,354</u>	<u>707,853</u>	<u>989,217</u>	<u>332,716</u>	<u>948,813</u>	<u>223,568</u>	<u>5,564,148</u>	<u>19,146,669</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 13,250,215</u>	<u>\$ 1,386,732</u>	<u>\$ 1,572,525</u>	<u>\$ 1,197,435</u>	<u>\$ 1,594,617</u>	<u>\$ 609,534</u>	<u>\$ 6,621,636</u>	<u>\$ 26,232,694</u>

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, 2014

Total governmental fund balances		\$ 19,146,669
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 \$18,374,492		17,108,090
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital lease obligation		(90,675)
Other post-employment benefits		(1,029,142)
Accrued compensated absences		(701,159)
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	\$ 922,074	
Liabilities and deferred inflows	<u>(386,966)</u>	<u>535,108</u>
Total net position - governmental activities		<u>\$ 34,968,891</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, 2014

	<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	\$ 3,737,663	\$ 641,003	\$ 556,645	\$ 600,204	\$ 600,209	\$ -	\$ 1,029,317	\$ 7,165,041
Intergovernmental revenue	2,290,403	17,078	1,052,513	55,000	-	1,312,438	1,244,658	5,972,090
Licenses and permits	1,625,532	-	68,337	-	-	-	35,430	1,729,299
Revenue from services	1,434,435	669,928	158,635	-	-	226,816	590,012	3,079,826
Revenue from use of money and property	207,339	706	2,407	-	-	35	4,756	215,243
Other	356,303	10,880	16,255	-	-	12,072	431,798	827,308
Total revenues	<u>9,651,675</u>	<u>1,339,595</u>	<u>1,854,792</u>	<u>655,204</u>	<u>600,209</u>	<u>1,551,361</u>	<u>3,335,971</u>	<u>18,988,807</u>
EXPENDITURES								
General control and administration	2,830,815	-	-	817,350	538,685	1,176,646	283,673	5,647,169
County development	70,955	-	-	-	-	-	-	70,955
Public safety	3,258,328	-	-	-	-	-	15,970	3,274,298
Judiciary and court related	2,086,830	-	-	-	-	-	542,512	2,629,342
Public health and welfare	147,151	-	1,826,777	-	-	-	395,851	2,369,779
Highways and streets	-	1,335,360	-	-	-	-	1,449,929	2,785,289
Capital projects	229,793	-	-	-	-	98,050	-	327,843
Debt service:								
Principal	106,147	-	-	-	-	-	-	106,147
Interest	6,475	-	-	-	-	-	-	6,475
All other expenditures	177,126	-	-	-	-	-	-	177,126
Total expenditures	<u>8,913,620</u>	<u>1,335,360</u>	<u>1,826,777</u>	<u>817,350</u>	<u>538,685</u>	<u>1,274,696</u>	<u>2,687,935</u>	<u>17,394,423</u>
Excess (deficiency) of revenues over expenditures	<u>738,055</u>	<u>4,235</u>	<u>28,015</u>	<u>(162,146)</u>	<u>61,524</u>	<u>276,665</u>	<u>648,036</u>	<u>1,594,384</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	2,000	-	-	-	-	-	-	2,000
Transfers out	(60,000)	-	-	-	-	-	(2,000)	(62,000)
Capital lease acquisition	79,090	-	-	-	-	-	-	79,090
Total other financing sources (uses)	<u>21,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>19,090</u>
Net change in fund balance	759,145	4,235	28,015	(162,146)	61,524	276,665	646,036	1,613,474
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<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>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(391,899)</u>	<u>-</u>	<u>(391,899)</u>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>9,621,209</u>	<u>703,618</u>	<u>961,202</u>	<u>494,862</u>	<u>887,289</u>	<u>(53,097)</u>	<u>4,918,112</u>	<u>17,533,195</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,380,354</u>	<u>\$ 707,853</u>	<u>\$ 989,217</u>	<u>\$ 332,716</u>	<u>\$ 948,813</u>	<u>\$ 223,568</u>	<u>\$ 5,564,148</u>	<u>\$ 19,146,669</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, 2014

Net change in fund balances - total governmental funds		\$ 1,613,474
<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	\$ 379,571	
Depreciation expense	<u>(1,316,897)</u>	(937,326)
<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		(8,380)
<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	(79,090)	
Capital lease obligation payments	106,147	
Other post-employment benefits increase	(225,651)	
Compensated absences	<u>(15,310)</u>	(213,904)
<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>12,677</u>
Change in net position of governmental activities		<u>\$ 466,541</u>

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

**LEE COUNTY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
November 30, 2014**

	Governmental Activities- Internal Service Funds
ASSETS	
Time deposits and money markets	\$ 555,918
Property tax receivable	356,966
Due from other County funds	<u>9,190</u>
TOTAL ASSETS	<u>922,074</u>
LIABILITIES	
Accounts payable	30,000
DEFERRED INFLOWS OF RESOURCES	
Subsequent year's property taxes	<u>356,966</u>
NET POSITION	<u>\$ 535,108</u>
NET POSITION OF PROPRIETARY FUNDS	\$ 535,108
Amounts reported for business-type activities in the Statement of Net Position are different because: Such amounts are included in governmental net position	<u>(535,108)</u>
TOTAL 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 REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended November 30, 2014

	Governmental Activities- Internal Service Funds
OPERATING REVENUES	
Revenue from insurance claims	\$ 1,526
Charges for services	1,107,964
Employee contributions	444,973
	1,554,463
 OPERATING EXPENSES	
Employee group insurance	1,602,545
Insurance and bonds	339,496
	1,942,041
Loss from operations	(387,578)
 NONOPERATING REVENUES	
General property taxes	340,201
Interest income	54
	340,255
Change in net position before transfers	(47,323)
TRANSFER IN	60,000
Change in net position	12,677
NET POSITION, BEGINNING OF YEAR	522,431
NET POSITION, END OF YEAR	\$ 535,108
 NET CHANGE IN NET POSITION - TOTAL PROPRIETARY FUNDS	\$ 12,677
Amounts reported for business-type activities in the Statement of Activities are different because:	
The net revenue of the internal service fund is reported with governmental activities	(12,677)
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ -

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

**LEE COUNTY, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended November 30, 2014**

	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for loss claims	\$ 1,526
Cash payments for insurance and loss claims	(1,942,041)
Cash received from employee contributions	<u>1,552,937</u>
Net cash used in operating activities	<u>(387,578)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	60,000
Property taxes	<u>340,201</u>
Net cash provided by noncapital financing activities	<u>400,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	<u>54</u>
Net increase in cash	12,677
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>543,241</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 555,918</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (387,578)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Effects of changes in operating assets and liabilities:	
Due to other county funds	<u>-</u>
Net cash used in operating activities	<u><u>\$ (387,578)</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, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash on hand	\$ 499
Cash in bank	2,818,029
Time deposits and money markets	506,772
Investments	335,524
Revenue stamp inventory, at cost	<u>37,465</u>
TOTAL ASSETS	<u>\$ 3,698,289</u>
LIABILITIES	
Accounts payable	\$ 92,116
Due to taxing bodies	10,873
Escrow funds due to others	887,904
Due to other County funds	325,683
Due to other governmental bodies	<u>2,381,713</u>
TOTAL LIABILITIES	<u>\$ 3,698,289</u>

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

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

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 34,858 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 U.S. 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, 2014

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, 2014

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 (public safety, judicial, health and welfare, 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 (public safety, judicial, and health and welfare, etc.). 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 which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. 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.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

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.

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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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, 2014

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, 2014

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 2014, various budgetary amendments were made, which are reflected in this report.

Investments

Investments primarily consist of deposit accounts with financial institutions.

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

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balance is divided into categories to disclose the nature and extent of the constraints placed on a government's fund balance. 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 prepaid expenses 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 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, 2014

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, 2014 represents installments of the 2013 property taxes which were received during 2014.

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses/expenditures during the period. Actual results could differ from these estimates.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. 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, 2014, 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.

Deferred Outflows of Resources

The County reports decreases in net position or fund balance that relate to future periods as deferred outflows of resources in a separate section of its statements of net position or combining fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has one type of item which occurs related to revenue recognition. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year, as it is not legally available as of fiscal year end.

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, money markets, and time deposits was \$21,465,614 and the bank balances totaled \$21,452,957. Cash on hand, including fiduciary funds, was \$1,465.

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of November 30, 2014, 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>
Illinois Funds	\$ 813,057	\$ 813,057

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 \$813,057 at November 30, 2014.

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, 2014

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, 2014, none of the County's deposits were exposed to custodial credit risk.

Concentration of Credit Risk

More than 5% of the County's investments are 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:

Illinois Funds	<u>100.00%</u>
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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, 2014

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2014, was as follows:

	Balance November 30, 2013	Additions	Retirements	Transfers	Balance November 30, 2014
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,479,668	\$ -	\$ -	\$ -	\$ 1,479,668
Capital assets being depreciated:					
Buildings and improvements	17,945,590	54,946	-	-	18,000,536
Equipment	6,237,128	220,750	50,358	123,240	6,530,760
Equipment under capital lease	241,468	79,090	-	(123,240)	197,318
Infrastructure	<u>9,249,515</u>	<u>24,785</u>	<u>-</u>	<u>-</u>	<u>9,274,300</u>
Total capital assets being depreciated	<u>33,673,701</u>	<u>379,571</u>	<u>50,358</u>	<u>-</u>	<u>34,002,914</u>
Less accumulated depreciation for:					
Buildings and improvements	7,734,832	504,355	-	-	8,239,187
Equipment	5,072,143	459,222	41,978	73,493	5,562,880
Equipment under capital lease	62,779	10,544	-	(73,493)	(170)
Infrastructure	<u>4,229,819</u>	<u>342,776</u>	<u>-</u>	<u>-</u>	<u>4,572,595</u>
Total accumulated depreciation	<u>17,099,573</u>	<u>1,316,897</u>	<u>41,978</u>	<u>-</u>	<u>18,374,492</u>
Total capital assets being depreciated, net	<u>16,574,128</u>	<u>(937,326)</u>	<u>8,380</u>	<u>-</u>	<u>15,628,422</u>
Governmental activities capital assets, net	<u>\$ 18,053,796</u>	<u>\$ (937,326)</u>	<u>\$ 8,380</u>	<u>\$ -</u>	<u>\$ 17,108,090</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 234,129
Public safety	102,932
Highways and streets	486,878
Public health and welfare	19,929
Judiciary and court related	<u>473,029</u>
Total depreciation expense - governmental activities	<u>\$ 1,316,897</u>

NOTE 5 - LONG-TERM DEBT

Transactions for the year ended November 30, 2014 are summarized as follows:

	Balance November 30, <u>2013</u>	<u>Issued</u>	<u>Retired</u>	Balance November 30, <u>2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease obligations	\$ 117,732	\$ 79,090	\$ 106,147	\$ 90,675	\$ 64,337
Compensated absences	739,562	15,310	-	754,872	53,713
Other post-employment benefits	<u>803,491</u>	<u>225,651</u>	<u>-</u>	<u>1,029,142</u>	<u>-</u>
Total governmental activities	<u>\$ 1,660,785</u>	<u>\$ 320,051</u>	<u>\$ 106,147</u>	<u>\$ 1,874,689</u>	<u>\$ 118,050</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Capital lease obligations

Capital lease obligation for three Chevrolet Impalas and one Ford Interceptor dated March 20, 2014, payable in annual installments of \$27,787, final payment due in April 2016. \$ 51,303

Capital lease obligation for one Dodge Ram dated September 13, 2013, payable in annual installments of \$7,714, final payment due in September 2015. 7,312

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. 32,060

Total capital lease obligations \$ 90,675

Annual lease requirements

<u>Year ending November 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 64,337	\$ 4,987	\$ 69,324
2016	<u>26,338</u>	<u>1,449</u>	<u>27,787</u>
Total	<u>\$ 90,675</u>	<u>\$ 6,436</u>	<u>\$ 97,111</u>

Compensated absences

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, 2014, 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, 2014, the County has an estimated liability to its employees for 50% of the first 60 accumulated sick days in the amount of \$480,022 and is reflected as a noncurrent liability.

As of November 30, 2014, the County has an estimated liability to its employees for accumulated vacation days in the amount of \$221,137 and is reflected as a noncurrent liability.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Other post-employment benefits

As of November 30, 2014, the County has other post-employment benefits accrued in the amount of \$1,029,142 (see Note 19).

NOTE 6 - LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the County as of November 30, 2014.

Assessed valuation - 2013	<u>\$ 691,037,715</u>
Statutory debt limitation (2.875% of assessed valuation)	\$ 19,867,334
Total debt:	
Capital lease obligations	<u>90,675</u>
Legal debt margin	<u>\$ 19,776,659</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, 2014**

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 2013 was 19.87%. 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 2013, the County's annual pension cost of \$384,199 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, 2013	\$ 384,199	100%	\$ -
December 31, 2012	357,744	100	-
December 31, 2011	337,719	100	-

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

LAW ENFORCEMENT PERSONNEL PLAN (Continued)

Three-Year Trend Information (Continued)

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 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, 2011 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, 2013, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 76.02% funded. The actuarial accrued liability for benefits was \$8,773,529 and the actuarial value of assets was \$6,670,034, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,103,495. The covered payroll (annual payroll of active employees covered by the plan) was \$1,933,562 and the ratio of the UAAL to the covered payroll was 109%.

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, 2014**

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 2013 was 11.17%. 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 2013, the County's annual pension cost of \$575,791 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, 2013	\$ 575,791	100%	\$ -
December 31, 2012	478,890	100	-
December 31, 2011	467,195	100	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 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, 2011 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, 2014**

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

OTHER COUNTY PERSONNEL PLAN (Continued)

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 91.42% funded. The actuarial accrued liability for benefits was \$16,036,006 and the actuarial value of assets was \$14,660,446, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,375,560. The covered payroll (annual payroll of active employees covered by the plan) was \$4,886,225 and the ratio of the UAAL to the covered payroll was 28%.

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, \$115,761 of contributions were made to the plan.

NOTE 9 - INTERFUND TRANSFERS/BALANCES

Interfund transfers during the year ended November 30, 2014, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor special revenue	\$ 2,000	\$ -
Internal Service	-	60,000
Nonmajor special revenue:		
General Fund	-	2,000
Internal Service:		
General Fund	<u>60,000</u>	<u>-</u>
Total operating transfers	<u>\$ 62,000</u>	<u>\$ 62,000</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

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

NOTE 9 - INTERFUND TRANSFERS/BALANCES (CONTINUED)

revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund balances at November 30, 2014, consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund:		
Internal Service	\$ 9,190	\$ -
Illinois Municipal Retirement Fund	-	165,709
Social Security	-	45,804
Nonmajor Governmental	<u>1,938</u>	<u>27,765</u>
	<u>11,128</u>	<u>239,278</u>
County Health:		
Nonmajor Governmental	<u>-</u>	<u>5,572</u>
Illinois Municipal Retirement Fund:		
General Fund	<u>165,709</u>	<u>-</u>
Social Security:		
General Fund	<u>45,804</u>	<u>-</u>
Nonmajor Governmental:		
General Fund	27,765	1,938
County Health Fund	<u>5,572</u>	<u>-</u>
	<u>33,337</u>	<u>1,938</u>
Internal Service:		
General Fund	<u>-</u>	<u>9,190</u>
Total	<u>\$ 255,978</u>	<u>\$ 255,978</u>

Interfund loans existing at November 30, 2014 and their purpose were as follows:

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

An interfund loan was created payable from the Social Security Fund to the General Fund in the amount of \$45,804 for employee withholdings remitted in excess of amounts deducted from employee gross wages.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

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 \$165,709 for employee withholdings remitted in excess of amounts deducted from employee gross wages.

The County Health Fund was due \$5,572 from a nonmajor governmental fund for contractual services provided.

Remaining interfund balances represent temporary cash loans and allocations of expenditures for which transfer of cash had not been made at year end.

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

	<u>Budget</u>	<u>Actual</u>
Rural Transportation	\$ 1,225,846	\$ 1,368,397

No major funds had deficit fund balances.

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

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

No nonmajor funds had an excess of expenditures over appropriations.

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, 2014

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, 2014, the expenses for telecommunications services were \$121,647.

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, 2014, 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, 2013 to November 30, 2014	\$ 59,666
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LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

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 pays 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 pays on a monthly basis in 12 equal installments, adjusted each following December.

For the fiscal year ended November 30, 2014, ETSB dispatch services were \$122,160.

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. The Agreement provides that Allied Waste Industries is to pay Lee County a quarterly fee for the amount of waste dumped into the landfill. The contract states that the term of the contract is until the later of June 1, 2014 or the landfill permanently ceases to accept waste for disposal. The County is involved in a declaratory judgment action with Allied Waste seeking a court opinion on the rights and responsibilities of the contract. In the Second Amendment and the Third Amendment to the Agreement executed on November 18, 2008 and March 20, 2012, there is a clause that states that Allied Waste will have capacity to dispose of the County's waste until October 15, 2022. In the current year, the County collected, on a cash basis, \$2,008,591 in host fees, but this amount does include payment from the previous year tonnage.

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, 2014**

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.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Board does not have a formal policy that limits interest rate risk. The ETSB's certificates of deposit have maturities of one year.

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, 2014, the carrying amount of the ETSB's cash was \$1,047,363 and the bank balance was \$1,080,737, 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, 2014, was as follows:

	Balance November 30, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance November 30, <u>2014</u>
Governmental activities:				
Capital assets being depreciated:				
Building	\$ 79,040	\$ 6,125	\$ 3,896	\$ 81,269
Building improvements	669,357	-	-	669,357
Equipment and furniture	<u>1,247,799</u>	<u>39,287</u>	<u>6,902</u>	<u>1,280,184</u>
Total capital assets being depreciated	<u>1,996,196</u>	<u>45,412</u>	<u>10,798</u>	<u>2,030,810</u>
Less accumulated depreciation for:				
Building	37,381	2,324	1,980	37,725
Building improvements	289,836	17,742	-	307,578
Equipment and furniture	<u>810,584</u>	<u>83,142</u>	<u>6,902</u>	<u>886,824</u>
Total accumulated depreciation	<u>1,137,801</u>	<u>103,208</u>	<u>8,882</u>	<u>1,232,127</u>
Governmental activities capital assets, net	<u>\$ 858,395</u>	<u>\$ (57,796)</u>	<u>\$ 1,916</u>	<u>\$ 798,683</u>

LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014

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 \$10,021 for 2014.

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS

Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 \$1,029,142 as of November 30, 2014. 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, 2014**

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, 2014, 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, 2014

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, 2014 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, 2014. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
November 30, 2014	\$ 265,703	\$ 40,052	15.07%	\$1,029,142
November 30, 2013	265,703	40,052	15.07	803,491
November 30, 2012	174,745	41,036	23.48	577,840

The annual required contribution for the year ended November 30, 2014, 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>803,491</u>
Net OPEB obligation, end of year	<u>\$ 1,029,142</u>

**LEE COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2014**

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, 2014, (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, 2014 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, 2014**

NOTE 20 - RESTATEMENT

The County determined that it had not recorded a payable in relation to the Rural Transportation Fund for the year ending November 30, 2013. In the primary government governmental activities, and the Rural Transportation Fund, expenses were understated as the County had not recognized this item. Beginning net position/fund balance have thereby been restated as follows:

	Total Governmental Activities
Net position, beginning of year, as previously reported	\$ 34,894,249
Adjustment for payable	<u>(391,899)</u>
Net position, beginning of year, as restated	<u>\$ 34,502,350</u>
	Rural Transportation Fund
Fund balance, beginning of year, as previously reported	\$ 338,802
Adjustment for payable	<u>(391,899)</u>
Fund balance, beginning of year, as restated	<u>\$ (53,097)</u>

REQUIRED SUPPLEMENTARY INFORMATION

LEE COUNTY, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND AND OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
November 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (1)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (2)</u>	<u>Unfunded AAL (UAAL) (2-1)</u>	<u>Funded Ratio (1/2)</u>	<u>Covered Payroll (3)</u>	<u>UAAL as a % of Covered Payroll (2-1) / 3)</u>
<u>Sheriff's Law Enforcement Personnel Plan</u>						
12/31/2013	\$ 6,670,034	\$ 8,773,529	\$ 2,103,495	76.02%	\$ 1,933,562	108.79%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$7,971,636.
On a market basis, the funded ratio would be 90.86%.

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

12/31/2013	\$ 14,660,446	\$ 16,036,006	\$ 1,375,560	91.42%	\$ 4,886,225	28.15%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$17,438,807.
On a market basis, the funded ratio would be 108.75%.

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

11/30/2012	-	\$ 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%
11/30/2010	-	1,894,375	1,894,375	0.00%	6,839,696	27.70%

**LEE COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
General property taxes	\$ 2,381,532	\$ 2,381,532	\$ 2,323,349	\$ (58,183)
Sales tax	500,000	500,000	408,647	(91,353)
Supplemental county retail taxes	690,000	690,000	756,086	66,086
Increased use tax	200,000	200,000	241,615	41,615
	<u>3,771,532</u>	<u>3,771,532</u>	<u>3,729,697</u>	<u>(41,835)</u>
Intergovernmental receipts				
State income tax	1,200,000	1,200,000	1,271,130	71,130
Personal property replacement tax	325,000	325,000	389,092	64,092
Reimbursements by State of Illinois:				
County employee salaries	483,575	483,575	471,895	(11,680)
Elections	13,873	13,873	67,798	53,925
Dependent children	1,600	1,600	1,060	(540)
Tourism tax	-	-	2,123	2,123
Gaming and pull tabs	12,000	12,000	28,834	16,834
	<u>2,036,048</u>	<u>2,036,048</u>	<u>2,231,932</u>	<u>195,884</u>
Licenses and permits				
Host fees	1,800,000	1,800,000	2,008,591	208,591
Liquor licenses	50,290	50,290	50,810	520
Rabies tags and other	59,223	59,223	70,861	11,638
Zoning fees	75,000	75,000	85,361	10,361
	<u>1,984,513</u>	<u>1,984,513</u>	<u>2,215,623</u>	<u>231,110</u>
Revenue from services				
County Clerk	591,232	591,232	491,765	(99,467)
County Coroner	1,000	1,000	977	(23)
Public Defender	600	600	2,304	1,704
Chief County Assessment Officer	1,500	1,500	1,004	(496)
Clerk of the Circuit Court	447,819	447,819	550,597	102,778
Clerk of the Circuit Court - animal control	600	600	1,601	1,001
Animal impoundment fees	3,000	3,000	4,680	1,680
State's Attorney	19,000	19,000	19,752	752
County Sheriff	45,000	45,000	84,048	39,048
Court System fees	26,047	26,047	31,405	5,358
Bailiff - court security	73,277	73,277	86,864	13,587
County traffic fee	82,225	82,225	88,684	6,459
County's share of drug fines	1,334	1,334	2,347	1,013
Township assessment reimbursement	11,000	11,000	-	(11,000)
Probation fees	68,000	68,000	-	(68,000)
State's Attorney second chance	10,000	10,000	13,375	3,375
Village of Paw Paw police protection	59,616	59,616	59,666	50
	<u>1,441,250</u>	<u>1,441,250</u>	<u>1,439,069</u>	<u>(2,181)</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, 2014**

	<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	\$ 13,000	\$ 13,000	\$ 45,582	\$ 32,582
Royalty income	3,000	3,000	4,547	1,547
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	121,647	1,647
Rent - Courthouse room	500	500	500	-
	<u>168,700</u>	<u>168,700</u>	<u>204,476</u>	<u>35,776</u>
All other sources				
Reimbursement from Lee County Health Fund:				
Unemployment compensation/accrued sick pay	7,068	7,068	11,351	4,283
Reimbursement from Township Assessment	-	-	6,000	6,000
ETSB reimbursement	112,300	112,300	91,476	(20,824)
ETSB overtime credit	3,000	3,000	42,533	39,533
EMA grant	22,705	22,705	21,774	(931)
ESDA grant	-	-	5,440	5,440
Laredo/tapestry	32,540	32,540	28,727	(3,813)
Work release fees	-	-	10,677	10,677
Penalties and costs on delinquent taxes	125,000	125,000	155,657	30,657
Miscellaneous	15,000	15,000	11,730	(3,270)
	<u>317,613</u>	<u>317,613</u>	<u>385,365</u>	<u>67,752</u>
 Total cash receipts	 <u>\$ 9,719,656</u>	 <u>\$ 9,719,656</u>	 10,206,162	 <u>\$ 486,506</u>
 (Deduct) beginning accrued revenues			 (1,748,753)	
Add ending accrued revenues			<u>1,194,266</u>	
Total revenues			<u>9,651,675</u>	
EXPENDITURES				
General Control and Administration				
County Clerk's office	\$ 760,524	\$ 760,524	703,196	\$ (57,328)
County Treasurer's office	172,972	172,972	171,942	(1,030)
Courthouse	679,293	679,293	603,286	(76,007)
County Board	152,245	152,245	134,194	(18,051)
Insurance and bonds	839,950	839,950	839,950	-
Accounting and auditing	43,500	43,500	42,650	(850)
Computer service	60,364	60,364	92,119	31,755
Assessments/property records	253,139	253,139	240,636	(12,503)
	<u>2,961,987</u>	<u>2,961,987</u>	<u>2,827,973</u>	<u>(134,014)</u>
County Development				
Zoning office	75,216	75,216	70,207	(5,009)
Regional Planning Commission	6,526	6,526	748	(5,778)
	<u>81,742</u>	<u>81,742</u>	<u>70,955</u>	<u>(10,787)</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, 2014**

	<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	\$ 3,102,900	\$ 3,102,900	\$ 3,111,913	\$ 9,013
County Coroner	120,371	120,371	149,768	29,397
Rabies control	69,700	69,700	63,891	(5,809)
ESDA	45,817	62,802	58,046	(4,756)
	<u>3,338,788</u>	<u>3,355,773</u>	<u>3,383,618</u>	<u>27,845</u>
Judiciary and Court Related				
Circuit Clerk's office	396,643	396,643	399,878	3,235
States Attorney	678,008	678,008	660,346	(17,662)
Public Defender	209,874	209,874	193,167	(16,707)
Presiding Judge (Jacobson)	165,500	210,500	250,176	39,676
Associate Judge (Beckman)	35,341	35,341	34,773	(568)
Associate Judge (Ackert)	4,700	4,700	3,630	(1,070)
Probation office	471,775	471,775	467,738	(4,037)
Circuit Judge	66,870	66,870	67,884	1,014
Jurors' certificates	10,000	10,000	10,000	-
Jury commission	5,500	5,500	-	(5,500)
	<u>2,044,211</u>	<u>2,089,211</u>	<u>2,087,592</u>	<u>(1,619)</u>
All Other				
Superintendent of Education Service Region	59,850	59,850	60,336	486
Solid waste	206,472	206,472	147,151	(59,321)
Sick pay	100,000	100,000	91,732	(8,268)
Contingencies	50,000	50,000	26,051	(23,949)
Capital projects	150,511	150,511	140,801	(9,710)
Capital improvements	100,000	110,000	9,902	(100,098)
	<u>666,833</u>	<u>676,833</u>	<u>475,973</u>	<u>(200,860)</u>
Total cash disbursements	<u>\$ 9,093,561</u>	<u>\$ 9,165,546</u>	8,846,111	<u>\$ (319,435)</u>
(Deduct) beginning accrued expenditures			(267,923)	
Add ending accrued expenditures			256,342	
Capital lease acquisition			79,090	
Total expenditures			<u>8,913,620</u>	
Excess of revenues over expenditures			<u>738,055</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 250,000	\$ 250,000	2,000	\$ (248,000)
Capital lease acquisition	-	-	79,090	79,090
Transfers out	-	-	(60,000)	(60,000)
	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>21,090</u>	<u>\$ (228,910)</u>
Excess of revenues and other financing sources over expenditures and other financing uses			759,145	
FUND BALANCE, BEGINNING OF YEAR			<u>9,621,209</u>	
FUND BALANCE, END OF YEAR			<u>\$ 10,380,354</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, 2014**

	<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	\$ 641,003	\$ 503
Receipts from services - equipment rental, engineering, and other	422,000	422,000	422,723	723
Receipts from use of money - interest	300	300	706	406
Engineering	40,000	40,000	101,689	61,689
MFT-County Engineer salary	101,184	101,184	103,212	2,028
Other - miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>70,262</u>	<u>20,262</u>
 Total cash receipts	 <u>\$ 1,253,984</u>	 <u>\$ 1,253,984</u>	 1,339,595	 <u>\$ 85,611</u>
 (Deduct) beginning accrued revenues			 (550)	
Add ending accrued revenues			<u>550</u>	
 Total revenues			 <u>1,339,595</u>	
EXPENDITURES				
Salary - County Superintendent	\$ 101,200	\$ 101,200	101,964	\$ 764
Salary - overtime	30,000	57,991	87,113	29,122
Salary - others	658,600	658,600	640,179	(18,421)
Longevity	-	-	1,800	1,800
Furniture and equipment	37,500	37,500	35,715	(1,785)
Maintaining machinery and equipment	70,000	70,000	87,446	17,446
Utilities	31,003	31,003	17,075	(13,928)
Telephone	8,652	8,652	3,733	(4,919)
Field and office supplies	12,000	12,000	12,545	545
Travel and meeting	1,000	1,000	877	(123)
Education and training	4,000	4,000	3,092	(908)
Maintaining county highways	150,000	150,000	153,009	3,009
Constructing county highways	3,500	3,500	2,000	(1,500)
Safety	6,500	6,500	2,627	(3,873)
Reimbursements to other funds:				
Health insurance	131,696	131,696	130,611	(1,085)
IMRF reimbursement	<u>76,000</u>	<u>76,000</u>	<u>69,856</u>	<u>(6,144)</u>
 Total cash disbursements	 <u>\$ 1,321,651</u>	 <u>\$ 1,349,642</u>	 1,349,642	 <u>\$ -</u>
 (Deduct) beginning accrued expenditures			 (52,661)	
Add ending accrued expenditures			<u>38,379</u>	
 Total expenditures			 <u>1,335,360</u>	
 Excess of revenues over expenditures			 <u>4,235</u>	
OTHER FINANCING SOURCES				
Transfers in	<u>\$ 29,642</u>	<u>\$ 29,642</u>	<u>-</u>	<u>\$ (29,642)</u>
 Excess of revenues and other financing sources over expenditures			 4,235	
 FUND BALANCE, BEGINNING OF YEAR			 <u>703,618</u>	
 FUND BALANCE, END OF YEAR			 <u>\$ 707,853</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, 2014**

REVENUES	Budget		Actual	Actual over (under)
	Original	Final		
Taxes - general property taxes	\$ 556,000	\$ 556,000	\$ 556,645	\$ 645
Intergovernmental receipts:				
Personal property replacement tax	17,000	17,000	17,000	-
Local health protection grant	66,287	66,287	-	(66,287)
Family planning - grants	102,525	102,525	110,267	7,742
WIC grant - IDHS	126,639	126,639	125,079	(1,560)
Breastfeeding peer counseling - IDHS	14,400	14,400	16,348	1,948
Well Woman Grant - Stephenson County	900	900	1,000	100
Family case management - IDHS	85,338	85,338	82,421	(2,917)
Federal Funding - Family case management - IDPA	39,000	39,000	18,416	(20,584)
Tanning facility inspection grant - IDPH	1,000	1,000	750	(250)
Safety seat program - IDOT	-	-	50	50
Ticket for the Cure- Whiteside Co	-	-	15,122	15,122
We Choose Health - Whiteside Co	30,000	30,000	23,709	(6,291)
Tobacco free communities	24,247	24,247	24,247	-
Primary care - IDPA	44,000	44,000	19,634	(24,366)
Portable water supply	1,200	1,200	1,325	125
Vector control - IDPH	15,412	15,412	14,772	(640)
Family planning - IDHFS	75,000	75,000	8,446	(66,554)
Emergency preparation - IDPA	42,555	42,555	42,555	-
In-person Counselor - IPHA	-	-	25,411	25,411
	<u>685,503</u>	<u>685,503</u>	<u>546,552</u>	<u>(138,951)</u>
Licenses and permits:				
Food permits	40,000	40,000	45,072	5,072
Sewage disposal permits - environmental health licenses	12,000	12,000	12,320	320
Non community well fees	250	250	1,465	1,215
Water supply permits	7,750	7,750	9,480	1,730
	<u>60,000</u>	<u>60,000</u>	<u>68,337</u>	<u>8,337</u>
Receipts from services:				
Contractual services	21,000	21,000	21,155	155
Immunization fees	6,800	6,800	30,292	23,492
Sanitary evaluation fees	13,000	13,000	12,365	(635)
Safety seat fees and donations	2,750	2,750	3,109	359
Family planning fees	14,000	14,000	69,364	55,364
Flu clinic fees	15,000	15,000	20,986	5,986
Testing fees	2,000	2,000	1,365	(635)
	<u>74,550</u>	<u>74,550</u>	<u>158,636</u>	<u>84,086</u>

(continued)

LEE COUNTY, ILLINOIS
COUNTY HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014

REVENUES (CONTINUED)	Budget		<u>Actual</u>	Actual over (under)
	<u>Original</u>	<u>Final</u>		
Receipts from use of money - interest	\$ 3,300	\$ 3,300	\$ 2,407	\$ (893)
Other - miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>16,252</u>	<u>14,252</u>
Total cash receipts	<u>\$ 1,381,353</u>	<u>\$ 1,381,353</u>	1,348,829	<u>\$ (32,524)</u>
Non-cash receipts:				
WIC - food instruments - noncash			325,521	
Vaccine			120,124	
(Deduct) beginning accrued revenues			(141,968)	
Add ending accrued revenues			<u>202,286</u>	
Total revenues			<u>1,854,792</u>	
EXPENDITURES				
Salary - officer	\$ 70,072	\$ 70,072	70,057	\$ (15)
Salary - others	432,421	432,456	432,453	(3)
Salary - temporary and part-time help	361,963	362,123	361,953	(170)
Longevity	1,205	1,445	1,441	(4)
Contractual services	92,000	95,930	95,407	(523)
Furniture and equipment	6,000	12,200	13,288	1,088
Service agreements	6,900	6,900	5,316	(1,584)
Telephone	6,100	6,100	5,639	(461)
Supplies	5,500	5,500	6,351	851
Reimbursements to other funds:				
Health insurance	114,572	121,572	121,558	(14)
IMRF reimbursement	89,849	89,849	89,849	-
Unemployment insurance	1,500	1,500	1,500	-
Sick pay	5,568	9,858	9,852	(6)
Travel and meetings	26,000	26,000	28,472	2,472
Rent	25,000	25,000	25,000	-
Program	<u>115,000</u>	<u>115,000</u>	<u>112,996</u>	<u>(2,004)</u>
Total cash disbursements	<u>\$ 1,359,650</u>	<u>\$ 1,381,505</u>	1,381,132	<u>\$ (373)</u>
Non-cash disbursements:				
WIC - food instruments - noncash			325,521	
Vaccine			120,124	
(Deduct) beginning accrued expenditures			(27,308)	
Add ending accrued expenditures			<u>27,308</u>	
Total expenditures			<u>1,826,777</u>	
Excess of revenues over expenditures			28,015	
FUND BALANCE, BEGINNING OF YEAR			<u>961,202</u>	
FUND BALANCE, END OF YEAR			<u>\$ 989,217</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, 2014**

	<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	\$ 600,204	\$ 204
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>	655,204	<u>\$ 204</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>655,204</u>	
EXPENDITURES				
Illinois Municipal Retirement Fund payments - cash disbursements	<u>\$ 733,516</u>	<u>\$ 733,516</u>	730,344	<u>\$ (3,172)</u>
(Deduct) beginning accrued expenditures			(177,714)	
Add ending accrued expenditures			<u>264,720</u>	
Total expenditures			<u>817,350</u>	
Deficiency of revenues over expenditures			(162,146)	
FUND BALANCE, BEGINNING OF YEAR			<u>494,862</u>	
FUND BALANCE, END OF YEAR			<u>\$ 332,716</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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 600,000	\$ 600,000	\$ 600,209	\$ 209
(Deduct) beginning accrued revenues			(5,891)	
Add ending accrued revenues			<u>5,891</u>	
Total revenues			<u>600,209</u>	
EXPENDITURES				
Social security payments	\$ 550,000	\$ 550,000	538,685	\$ (11,315)
(Deduct) beginning accrued expenditures			-	
Add ending accrued expenditures			<u>-</u>	
Total expenditures			<u>538,685</u>	
Excess of revenues over expenditures			61,524	
FUND BALANCE, BEGINNING OF YEAR			<u>887,289</u>	
FUND BALANCE, END OF YEAR			<u>\$ 948,813</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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue - grants	\$ 1,502,965	\$ 1,502,965	\$ 1,316,429	\$ (186,536)
Receipts from services - fares, fees, contracts, and other	231,100	231,100	226,816	(4,284)
Receipts from use of money - interest	24	24	35	11
Other - miscellaneous	<u>500</u>	<u>500</u>	<u>12,072</u>	<u>11,572</u>
Total cash receipts	<u>\$ 1,734,589</u>	<u>\$ 1,734,589</u>	1,555,352	<u>\$ (179,237)</u>
(Deduct) beginning accrued revenues			(442,210)	
Add ending accrued revenues			<u>438,219</u>	
Total revenues			<u>1,551,361</u>	
EXPENDITURES				
Salaries	\$ 115,500	\$ 127,818	149,436	\$ 21,618
Contractual expense	956,223	1,011,223	1,133,360	122,137
Miscellaneous	<u>77,805</u>	<u>86,805</u>	<u>85,601</u>	<u>(1,204)</u>
Total cash disbursements	<u>\$ 1,149,528</u>	<u>\$ 1,225,846</u>	1,368,397	<u>\$ 142,551</u>
(Deduct) beginning accrued expenditures add ending prepaid expenses			(479,667)	
Add ending accrued expenditures (deduct) ending prepaid expenses			<u>385,966</u>	
Total expenditures			<u>1,274,696</u>	
Excess of revenues over expenditures			276,665	
FUND BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED			<u>338,802</u>	
PRIOR PERIOD ADJUSTMENT - to record payable			<u>(391,899)</u>	
FUND BALANCE, BEGINNING OF YEAR AS RESTATED			<u>(53,097)</u>	
FUND BALANCE, END OF YEAR			<u>\$ 223,568</u>	

LEE COUNTY, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
November 30, 2014

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>Budget</u>	<u>Actual</u>
Rural Transportation	\$ 1,225,846	\$ 1,368,397

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 2014, 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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
COUNTY CLERK'S OFFICE				
Salary - officer	\$ 59,312	\$ 59,312	\$ 59,307	\$ (5)
Overtime	4,000	4,000	75	(3,925)
Salary - others	232,962	232,962	230,851	(2,111)
Temporary and part-time help	6,000	6,000	396	(5,604)
Longevity	5,400	5,400	5,400	-
Repair and maintenance agreements	35,000	35,000	33,861	(1,139)
Telephone	350	350	336	(14)
Office supplies	15,000	15,000	13,439	(1,561)
Purchase of real estate transfer stamp	150,000	150,000	150,000	-
Payroll processing	2,000	2,000	1,828	(172)
Postage	5,000	5,000	4,997	(3)
Election expenses (judges, ballots, others)	230,000	230,000	191,665	(38,335)
National Voter Registration Act	2,000	2,000	2,000	-
Laredo/tapestry	12,000	12,000	7,800	(4,200)
Education and training	1,500	1,500	1,241	(259)
	<u>760,524</u>	<u>760,524</u>	<u>703,196</u>	<u>(57,328)</u>
CIRCUIT CLERK'S OFFICE				
Salary - officer	59,312	59,312	59,307	(5)
Salary - others	320,416	320,416	318,929	(1,487)
Longevity	3,600	3,600	5,400	1,800
Office supplies	5,565	5,565	8,492	2,927
Circuit Clerk's Annual Audit	7,750	7,750	7,750	-
	<u>396,643</u>	<u>396,643</u>	<u>399,878</u>	<u>3,235</u>
COUNTY TREASURER'S OFFICE				
Salary - officer	59,312	59,312	59,307	(5)
Overtime	2,000	2,000	2,570	570
Salary - others	68,863	68,863	68,178	(685)
Temporary and part-time help	10,000	10,000	9,495	(505)
Programming	2,900	2,900	2,900	-
Telephone	336	336	516	180
Office supplies	9,161	9,161	9,417	256
Postage	18,600	18,600	18,399	(201)
Publishing	1,800	1,800	1,160	(640)
	<u>172,972</u>	<u>172,972</u>	<u>171,942</u>	<u>(1,030)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<u>Budget</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		<u>(under)</u>
COUNTY SHERIFF'S OFFICE				
Salary - officer	\$ 72,063	\$ 72,063	\$ 72,058	\$ (5)
Salary - deputy and assistants	2,108,071	2,108,071	2,119,516	11,445
Overtime	159,570	159,570	199,253	39,683
Temporary and part-time help	83,900	83,900	84,954	1,054
Holiday pay	130,729	130,729	131,766	1,037
Safety director	2,500	2,500	2,500	-
ETSB overtime credit	4,000	4,000	2,928	(1,072)
Merit commission	2,000	2,000	2,000	-
Radios	30,000	30,000	27,908	(2,092)
Automobiles	117,824	117,824	117,814	(10)
Automobile repairs	25,000	25,000	27,044	2,044
Repair and maintenance agreements	28,400	28,400	23,472	(4,928)
Automobile gasoline and oil	90,000	90,000	88,329	(1,671)
Telephone	30,000	30,000	22,161	(7,839)
Office supplies	53,023	53,023	50,969	(2,054)
Food for prisoners	81,500	81,500	70,220	(11,280)
Clothing	4,136	4,136	4,103	(33)
Prisoner's medical and hospital care	63,484	63,484	51,312	(12,172)
Postage	3,000	3,000	3,000	-
Furniture and equipment	4,000	4,000	3,129	(871)
Deputy education and training	9,700	9,700	7,477	(2,223)
	<u>3,102,900</u>	<u>3,102,900</u>	<u>3,111,913</u>	<u>9,013</u>
COUNTY CORONER				
Salary - officer	40,500	40,500	40,495	(5)
Salary - deputy and assistant	10,000	10,000	11,500	1,500
Salary - others	30,571	30,571	30,557	(14)
Temporary and part-time help	1,750	1,750	1,292	(458)
Other professional fees	29,000	29,000	60,796	31,796
Repairs and maintenance	400	400	-	(400)
Telephone	3,400	3,400	4,320	920
Office supplies	3,000	3,000	441	(2,559)
Jurors' fees	500	500	-	(500)
Postage	250	250	11	(239)
Education and training	1,000	1,000	356	(644)
	<u>120,371</u>	<u>120,371</u>	<u>149,768</u>	<u>29,397</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<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	\$ 27,850	\$ 27,850	\$ 26,836	\$ (1,014)
Longevity	-	-	1,500	1,500
Contractual services	9,000	9,000	9,786	786
Repairs and maintenance	500	500	500	-
Supplies	900	900	1,037	137
Field services	5,100	5,100	4,177	(923)
Rent	16,500	16,500	16,500	-
	<u>59,850</u>	<u>59,850</u>	<u>60,336</u>	<u>486</u>
STATES ATTORNEY				
Salary - officer	166,508	166,508	166,508	-
Salary - deputy and assistants	256,000	256,000	246,271	(9,729)
Salary - others	120,000	120,000	121,942	1,942
Longevity	-	-	1,500	1,500
Victim Witness Coordinator	32,500	32,500	33,736	1,236
Temporary and part-time help	10,000	10,000	17,169	7,169
States Attorney Appellate Prosecutor	11,000	11,000	11,000	-
Contractual services	31,000	31,000	18,806	(12,194)
Out of County prisoner expense	5,000	5,000	-	(5,000)
Repairs and maintenance agreements	8,000	8,000	3,581	(4,419)
Supplies	7,000	7,000	5,834	(1,166)
Law books and other subscriptions	16,000	16,000	20,172	4,172
Transportation of prisoners	-	-	5,728	5,728
Postage	5,000	5,000	1,929	(3,071)
Education and training	10,000	10,000	6,170	(3,830)
	<u>678,008</u>	<u>678,008</u>	<u>660,346</u>	<u>(17,662)</u>
PUBLIC DEFENDER				
Salary - officer	60,295	60,295	60,281	(14)
Salary - deputy and assistants	47,238	47,238	47,224	(14)
Salary - others	69,341	69,341	52,666	(16,675)
Contractual services	30,000	30,000	30,000	-
Supplies	3,000	3,000	2,996	(4)
	<u>209,874</u>	<u>209,874</u>	<u>193,167</u>	<u>(16,707)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
RABIES CONTROL				
Salary - officer	\$ 25,750	\$ 25,750	\$ 26,736	\$ 986
Salary - others	24,750	24,750	25,537	787
Repairs and maintenance	1,200	1,200	879	(321)
Gasoline and oil	4,700	4,700	3,811	(889)
Telephone	7,800	7,800	1,849	(5,951)
Supplies	3,500	3,500	2,016	(1,484)
Postage	2,000	2,000	3,063	1,063
	<u>69,700</u>	<u>69,700</u>	<u>63,891</u>	<u>(5,809)</u>
COURTHOUSE				
Overtime	4,500	4,500	5,691	1,191
Salary - others	177,315	177,315	177,244	(71)
Temporary and part-time help	21,978	21,978	4,997	(16,981)
Longevity	3,000	3,000	1,500	
Repairs and maintenance-old courthouse	28,500	28,500	47,924	19,424
Repairs and maintenance - Law Enforcement Center	30,000	30,000	11,189	(18,811)
Repairs and maintenance - Court Annex	34,000	34,000	68,559	34,559
Repair and maintenance agreements - old courthouse	18,000	18,000	-	(18,000)
Repair and maintenance agreements - Court Annex	20,000	20,000	-	(20,000)
Repair and maintenance agreements - Law Enforcement Center	2,000	2,000	-	(2,000)
Repairs and maintenance - 4th St. property	10,000	10,000	12,016	2,016
Gasoline and oil	4,500	4,500	3,654	(846)
Heat, light and water	47,000	47,000	39,281	(7,719)
Heat, light and water - Law Enforcement Center	46,000	46,000	33,460	(12,540)
Heat, light and water - Court Annex	180,000	180,000	146,666	(33,334)
Heat, light and water - Parking lot/storage building	2,500	2,500	2,567	67
Telephone	35,000	35,000	31,278	(3,722)
Supplies	15,000	15,000	17,260	2,260
	<u>679,293</u>	<u>679,293</u>	<u>603,286</u>	<u>(76,007)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<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	\$ 1,975	\$ (625)
Office supplies	1,100	1,100	900	(200)
Education and training	1,000	1,000	755	(245)
	<u>4,700</u>	<u>4,700</u>	<u>3,630</u>	<u>(1,070)</u>
ASSOCIATE JUDGE (BECKMAN)				
Salary - others	33,541	33,541	33,526	(15)
Office supplies	1,400	1,400	949	(451)
Education and training	400	400	298	(102)
	<u>35,341</u>	<u>35,341</u>	<u>34,773</u>	<u>(568)</u>
PRESIDING JUDGE (JACOBSON)				
Salary - others	11,500	11,500	12,368	868
Contractual services	58,000	103,000	103,176	176
Independent services	72,000	72,000	110,000	38,000
Repairs and maintenance	3,000	3,000	2,312	(688)
Office supplies	2,500	2,500	1,482	(1,018)
Law books and other subscriptions	8,600	8,600	9,374	774
Jurors' meals	1,500	1,500	289	(1,211)
Education and training	5,000	5,000	1,466	(3,534)
Dues to organization	2,500	2,500	2,255	(245)
Court administration operation	900	900	900	-
	<u>165,500</u>	<u>210,500</u>	<u>250,176</u>	<u>39,676</u>
COUNTY BOARD				
Salary - others	37,845	37,845	37,831	(14)
Per diem and committee service	65,000	65,000	47,042	(17,958)
Salary and expense of chairman	6,000	6,000	6,000	-
Salary - weed enforcement officer	1,000	1,000	1,000	-
Contractual services	10,000	10,000	5,386	(4,614)
Repairs and maintenance	1,400	1,400	880	(520)
Supplies	1,500	1,500	9,691	8,191
Dues to organizations	5,500	5,500	4,193	(1,307)
Resource conservation and development	8,400	8,400	8,456	56
LCIDA	10,000	10,000	10,000	-
Northeast Criminal Justice	2,500	2,500	2,318	(182)
Municipal code book, publishing, etc.	3,100	3,100	1,397	(1,703)
	<u>152,245</u>	<u>152,245</u>	<u>134,194</u>	<u>(18,051)</u>

(continued)

LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
INSURANCE AND BONDS				
Funding of employee group insurance	\$ 839,950	\$ 839,950	\$ 839,950	\$ -
PROBATION OFFICE				
Salary - officer	71,715	71,715	73,612	1,897
Salary - deputy and assistants	310,315	310,315	318,521	8,206
Salary - others	28,745	28,745	28,745	-
Salary - overtime	1,200	1,200	883	(317)
Temporary and part-time help	1,000	1,000	711	(289)
Longevity	3,600	3,600	3,600	-
Postage	2,200	2,200	1,187	(1,013)
Machine maintenance	3,000	3,000	3,099	99
Dependent child care	50,000	50,000	37,380	(12,620)
	<u>471,775</u>	<u>471,775</u>	<u>467,738</u>	<u>(4,037)</u>
CIRCUIT JUDGE				
Salary - others	35,760	35,760	37,496	1,736
Repairs and maintenance	1,000	1,000	594	(406)
Supplies	1,280	1,280	1,338	58
Education and training	500	500	126	(374)
LSSI	11,330	11,330	11,330	-
CASA	17,000	17,000	17,000	-
	<u>66,870</u>	<u>66,870</u>	<u>67,884</u>	<u>1,014</u>
ZONING OFFICE				
Salary - officer	64,238	64,238	64,223	(15)
Salary - clerk	1,340	1,340	558	(782)
Repairs and maintenance	700	700	546	(154)
Gas and oil	2,400	2,400	1,958	(442)
Telephone	900	900	1,007	107
Office supplies	500	500	143	(357)
Travel and meeting expenses	500	500	-	(500)
Board of Appeals	4,638	4,638	1,772	(2,866)
	<u>75,216</u>	<u>75,216</u>	<u>70,207</u>	<u>(5,009)</u>
ACCOUNTING AND AUDITING				
	<u>43,500</u>	<u>43,500</u>	<u>42,650</u>	<u>(850)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
JURORS' CERTIFICATES	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
JURY COMMISSION				
Salary - others	1,000	1,000	-	(1,000)
Office supplies	4,500	4,500	-	(4,500)
	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>(5,500)</u>
SICK PAY	<u>100,000</u>	<u>100,000</u>	<u>91,732</u>	<u>(8,268)</u>
ESDA				
Salary - officer	25,200	25,200	25,188	(12)
Contractual services	3,897	3,897	3,437	(460)
Furniture and equipment	3,370	3,370	490	(2,880)
Repairs and maintenance	2,400	2,400	1,431	(969)
Gasoline and oil	1,500	1,500	1,253	(247)
Supplies	1,500	1,500	459	(1,041)
Telephone	6,400	6,400	7,177	777
Postage	50	50	73	23
Grant expenditures	-	16,985	17,100	115
Education and training	1,500	1,500	1,438	(62)
	<u>45,817</u>	<u>62,802</u>	<u>58,046</u>	<u>(4,756)</u>
CONTINGENCIES	<u>50,000</u>	<u>50,000</u>	<u>26,051</u>	<u>(23,949)</u>
COMPUTER SERVICE				
Salary- officer	-	-	33,029	33,029
Programming	47,946	47,946	48,126	180
Furniture and equipment	9,000	9,000	7,207	(1,793)
Repairs and maintenance	2,000	2,000	2,440	440
Web resources	1,418	1,418	1,317	(101)
	<u>60,364</u>	<u>60,364</u>	<u>92,119</u>	<u>31,755</u>
REGIONAL PLANNING COMMISSION				
Salary - clerk	1,340	1,340	222	(1,118)
Travel and meetings	4,636	4,636	-	(4,636)
Per diem	-	-	526	526
Supplies	200	200	-	(200)
Postage	350	350	-	(350)
	<u>6,526</u>	<u>6,526</u>	<u>748</u>	<u>(5,778)</u>

(continued)

**LEE COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended November 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
SUPERVISOR OF ASSESSMENTS/ PROPERTY RECORDS				
Salary - officer	\$ 64,172	\$ 64,172	\$ 64,157	\$ (15)
Salary - others	105,278	105,278	105,235	(43)
Temporary and part-time help	19,578	19,578	19,776	198
Per diem and committee services	5,700	5,700	5,662	(38)
Programming	10,625	10,625	11,595	970
Contractual services	20,000	20,000	11,598	(8,402)
Repairs and maintenance	500	500	111	(389)
Telephone	336	336	336	-
Supplies, etc.	4,000	4,000	4,400	400
Postage	1,100	1,100	2,290	1,190
Board of review	250	250	196	(54)
Training	-	-	3,003	3,003
Publishing	21,600	21,600	12,277	(9,323)
	<u>253,139</u>	<u>253,139</u>	<u>240,636</u>	<u>(12,503)</u>
SOLID WASTE				
Programming	39,000	39,000	40,846	1,846
Contractual services	140,642	140,642	97,750	(42,892)
Per diem and committee service	6,180	6,180	3,555	(2,625)
Soil and water	20,000	20,000	5,000	(15,000)
Furniture and equipment	100	100	-	(100)
Supplies	500	500	-	(500)
Postage	50	50	-	(50)
	<u>206,472</u>	<u>206,472</u>	<u>147,151</u>	<u>(59,321)</u>
CAPITAL PROJECTS	<u>150,511</u>	<u>150,511</u>	<u>140,801</u>	<u>(9,710)</u>
CAPITAL IMPROVEMENTS	<u>100,000</u>	<u>110,000</u>	<u>9,902</u>	<u>(100,098)</u>
Total cash disbursements	<u>\$ 9,093,561</u>	<u>\$ 9,165,546</u>	8,846,111	<u>\$ (319,435)</u>
(Deduct) beginning accrued expenditures			(267,923)	
Add ending accrued expenditures			256,342	
Capital lease acquisition			<u>79,090</u>	
Total expenditures			<u>\$ 8,913,620</u>	

**LEE COUNTY, ILLINOIS
COMBINING BALANCE SHEET
GENERAL FUND
November 30, 2014**

	<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	1,295,687	1,270,118	1,301,324	169,756	4,036,885
Time deposits and money markets	-	384,492	4,794,983	-	5,179,475
Investments	296,418	-	-	-	296,418
Property tax receivable	2,601,375	-	-	-	2,601,375
Due from State of Illinois	735,718	-	-	-	735,718
Prepaid insurance	980	-	-	-	980
Other receivables	31	159,255	-	-	159,286
Due from other County funds	239,278	-	-	-	239,278
	<u>239,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,278</u>
TOTAL ASSETS	\$ 5,170,287	\$ 1,813,865	\$ 6,096,307	\$ 169,756	\$ 13,250,215
LIABILITIES					
Accounts payable	\$ 74,721	\$ 5,290	\$ -	\$ -	\$ 80,011
Accrued payroll and payroll taxes	123,634	-	-	-	123,634
Due to other County funds	11,128	-	-	-	11,128
Accrued sick pay	53,713	-	-	-	53,713
	<u>53,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,713</u>
Total liabilities	<u>263,196</u>	<u>5,290</u>	<u>-</u>	<u>-</u>	<u>268,486</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent year's property taxes	<u>2,601,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,601,375</u>
FUND BALANCES					
Nonspendable	980	-	-	-	980
Restricted:					
Public health and welfare	-	1,796,368	-	-	1,796,368
Capital projects	-	-	2,497,145	-	2,497,145
Assigned:					
Public health and welfare	-	12,207	-	-	12,207
Capital projects	-	-	3,599,162	169,756	3,768,918
Unassigned	<u>2,304,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,304,736</u>
Total fund balances	<u>2,305,716</u>	<u>1,808,575</u>	<u>6,096,307</u>	<u>169,756</u>	<u>10,380,354</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,170,287	\$ 1,813,865	\$ 6,096,307	\$ 169,756	\$ 13,250,215

LEE COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended November 30, 2014

	<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	\$ 3,737,663	\$ -	\$ -	\$ -	\$ 3,737,663
Intergovernmental revenue	2,290,403	-	-	-	2,290,403
Licenses and permits	213,313	1,412,219	-	-	1,625,532
Revenue from services	1,434,435	-	-	-	1,434,435
Revenue from use of money and property	162,585	5,087	39,667	-	207,339
Other	356,303	-	-	-	356,303
	<u>8,194,702</u>	<u>1,417,306</u>	<u>39,667</u>	<u>-</u>	<u>9,651,675</u>
EXPENDITURES					
General control and administration	2,830,815	-	-	-	2,830,815
County development	70,955	-	-	-	70,955
Public safety	3,258,328	-	-	-	3,258,328
Judiciary and court related	2,086,830	-	-	-	2,086,830
Public health and welfare	-	147,151	-	-	147,151
Capital projects	79,090	-	140,801	9,902	229,793
Debt service:					
Principal	106,147	-	-	-	106,147
Interest	6,475	-	-	-	6,475
All other expenditures	177,126	-	-	-	177,126
	<u>8,615,766</u>	<u>147,151</u>	<u>140,801</u>	<u>9,902</u>	<u>8,913,620</u>
Excess (deficiency) of revenues over expenditures	<u>(421,064)</u>	<u>1,270,155</u>	<u>(101,134)</u>	<u>(9,902)</u>	<u>738,055</u>
OTHER FINANCING SOURCES (USES)					
** Transfers in	602,000	-	1,995,346	100,000	2,697,346
** Transfers out	(160,000)	(1,995,346)	(600,000)	-	(2,755,346)
Capital lease acquisition	79,090	-	-	-	79,090
	<u>521,090</u>	<u>(1,995,346)</u>	<u>1,395,346</u>	<u>100,000</u>	<u>21,090</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	100,026	(725,191)	1,294,212	90,098	759,145
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 2,305,716</u>	<u>\$ 1,808,575</u>	<u>\$ 6,096,307</u>	<u>\$ 169,756</u>	<u>\$ 10,380,354</u>

** - eliminated in combined general fund on page 10

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2014

	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	\$ 106,846	\$ 1,122	\$ 41,698	\$ 13,745	\$ 253,666	\$ 36,510	\$ 686
Time deposits and money markets	-	-	-	-	111,848	-	-
Investments	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-
Other receivables	1,881	-	-	-	-	6,696	-
Due from other County funds	-	214	-	-	-	-	-
Reimbursements due from State of Illinois	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 108,727	\$ 1,336	\$ 41,698	\$ 13,745	\$ 365,514	\$ 43,206	\$ 686
LIABILITIES							
Accounts payable	\$ 453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-
Unearned revenue, grants	-	-	-	-	-	-	-
Due to other County funds	-	-	55	213	-	-	-
Total liabilities	<u>453</u>	<u>-</u>	<u>55</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Subsequent year's property taxes	-	-	-	-	-	-	-
FUND BALANCES							
Restricted:							
General control and administration	95,933	1,336	38,586	-	364,008	-	686
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Committed:							
General control and administration	-	-	-	13,532	-	43,206	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Assigned:							
General control and administration	12,341	-	3,057	-	1,506	-	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total fund balances	<u>108,274</u>	<u>1,336</u>	<u>41,643</u>	<u>13,532</u>	<u>365,514</u>	<u>43,206</u>	<u>686</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 108,727	\$ 1,336	\$ 41,698	\$ 13,745	\$ 365,514	\$ 43,206	\$ 686

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2014

	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
ASSETS								
Cash in bank	\$ 154,389	\$ 125,322	\$ 288,460	\$ 263,390	\$ 43,494	\$ 104,200	\$ 15,061	\$ 10,617
Time deposits and money markets	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	8,129	8,322	-	1,070	-	-
Due from other County funds	-	-	-	-	-	-	-	250
Reimbursements due from State of Illinois	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 154,389	\$ 125,322	\$ 296,589	\$ 271,712	\$ 43,494	\$ 105,270	\$ 15,061	\$ 10,867
LIABILITIES								
Accounts payable	\$ 335	\$ 3,395	\$ -	\$ 1,262	\$ -	\$ 1,539	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	2,089	1,285	-	-	-	-
Unearned revenue, grants	-	-	-	-	-	-	-	-
Due to other County funds	-	-	-	-	-	247	-	-
Total liabilities	<u>335</u>	<u>3,395</u>	<u>2,089</u>	<u>2,547</u>	<u>-</u>	<u>1,786</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Subsequent year's property taxes	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	154,054	121,927	294,415	269,080	43,494	103,484	14,798	10,864
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	-	-	85	85	-	-	263	3
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total fund balances	<u>154,054</u>	<u>121,927</u>	<u>294,500</u>	<u>269,165</u>	<u>43,494</u>	<u>103,484</u>	<u>15,061</u>	<u>10,867</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 154,389	\$ 125,322	\$ 296,589	\$ 271,712	\$ 43,494	\$ 105,270	\$ 15,061	\$ 10,867

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2014

	Special Revenue								
	Judiciary and Court Related Group								
	JJC Council Fund	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	\$ 247	16,497	\$ 33,324	\$ 11,660	\$ 7,349	\$ 85,782	\$ 4,139	\$ 8,456	\$ 7,025
Time deposits and money markets	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Due from other County funds	-	-	-	-	-	-	-	-	-
Reimbursements due from State of Illinois	64,916	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 65,163	\$ 16,497	\$ 33,324	\$ 11,660	\$ 7,349	\$ 85,782	\$ 4,139	\$ 8,456	\$ 7,025
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	-
Unearned revenue, grants	-	-	-	-	-	13,999	-	-	-
Due to other County funds	27,000	-	-	-	-	-	-	-	-
Total liabilities	27,000	-	-	-	-	13,999	-	-	-
DEFERRED INFLOWS OF RESOURCES									
Subsequent year's property taxes	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	38,154	9,063	33,324	11,655	-	57,236	4,138	8,453	7,025
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Committed:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	7,349	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	-	-
Assigned:									
General control and administration	-	-	-	-	-	-	-	-	-
Judiciary and court related	9	7,434	-	5	-	14,547	1	3	-
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Total fund balances	38,163	16,497	33,324	11,660	7,349	71,783	4,139	8,456	7,025
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 65,163	\$ 16,497	\$ 33,324	\$ 11,660	\$ 7,349	\$ 85,782	\$ 4,139	\$ 8,456	\$ 7,025

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2014

	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	\$ 8,332	\$ 56,431	\$ 124,321	\$ 55,915	\$ 6,676	\$ 4,298	\$ 28,161	\$ 32,603
Time deposits and money markets	-	-	-	-	-	-	-	-
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	\$ 110,832	\$ 81,431	\$ 199,413	\$ 55,915	\$ 143,536	\$ 4,298	\$ 28,161	\$ 32,603
LIABILITIES								
Accounts payable	-	-	\$ 4,423	-	-	-	-	\$ 130
Accrued payroll and payroll taxes	-	-	754	-	-	-	-	-
Unearned revenue, grants	-	-	-	-	-	-	-	-
Due to other County funds	-	5,572	-	-	-	250	-	-
Total liabilities	-	5,572	5,177	-	-	250	-	130
DEFERRED INFLOWS OF RESOURCES								
Subsequent year's property taxes	102,500	25,000	75,000	-	136,860	-	-	-
FUND BALANCES								
Restricted:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	8,332	50,279	119,236	55,915	6,676	4,044	28,151	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Committed:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-	32,473
Assigned:								
General control and administration	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	-	580	-	-	-	4	10	-
Highways and streets	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Total fund balances	8,332	50,859	119,236	55,915	6,676	4,048	28,161	32,473
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 110,832	\$ 81,431	\$ 199,413	\$ 55,915	\$ 143,536	\$ 4,298	\$ 28,161	\$ 32,603

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
November 30, 2014**

	<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>	
ASSETS						
Cash in bank	\$ 432,491	\$ 1,665,203	\$ 868,634	\$ 3,483	\$ 19,223	\$ 4,939,456
Time deposits and money markets	-	-	-	-	-	111,848
Investments	-	-	181,115	-	-	181,115
Property tax receivable	241,500	304,500	-	-	-	885,360
Other receivables	365,793	-	-	-	-	391,983
Due from other County funds	-	-	1,474	-	-	1,938
Reimbursements due from State of Illinois	-	-	45,020	-	-	109,936
TOTAL ASSETS	<u>\$ 1,039,784</u>	<u>\$ 1,969,703</u>	<u>\$ 1,096,243</u>	<u>\$ 3,483</u>	<u>\$ 19,223</u>	<u>\$ 6,621,636</u>
LIABILITIES						
Accounts payable	\$ 17,102	\$ 5,179	\$ 82,692	\$ -	\$ -	\$ 116,510
Accrued payroll and payroll taxes	4,154	-	-	-	-	8,282
Unearned revenue, grants	-	-	-	-	-	13,999
Due to other County funds	-	-	-	-	-	33,337
Total liabilities	<u>21,256</u>	<u>5,179</u>	<u>82,692</u>	<u>-</u>	<u>-</u>	<u>172,128</u>
DEFERRED INFLOWS OF RESOURCES						
Subsequent year's property taxes	<u>241,500</u>	<u>304,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,360</u>
FUND BALANCES						
Restricted:						
General control and administration	-	-	-	-	-	500,549
Judiciary and court related	-	-	-	-	-	1,181,164
Public health and welfare	-	-	-	-	-	272,633
Highways and streets	695,598	1,640,652	669,994	-	-	3,006,244
Public safety	-	-	-	3,482	10,272	13,754
Committed:						
General control and administration	-	-	-	-	-	56,738
Judiciary and court related	-	-	-	-	-	7,349
Public health and welfare	-	-	-	-	-	32,473
Assigned:						
General control and administration	-	-	-	-	-	16,904
Judiciary and court related	-	-	-	-	-	22,435
Public health and welfare	-	-	-	-	-	594
Highways and streets	81,430	19,372	343,557	-	-	444,359
Public safety	-	-	-	1	8,951	8,952
Total fund balances	<u>777,028</u>	<u>1,660,024</u>	<u>1,013,551</u>	<u>3,483</u>	<u>19,223</u>	<u>5,564,148</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,039,784</u>	<u>\$ 1,969,703</u>	<u>\$ 1,096,243</u>	<u>\$ 3,483</u>	<u>\$ 19,223</u>	<u>\$ 6,621,636</u>

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2014

	<u>Special Revenue</u>						
	<u>General Control and Administration Group</u>						
	<u>Special Recording Automation Fund</u>	<u>Vital Records Automation Fund</u>	<u>County Collector Automation Fund</u>	<u>County Tourism Promotion Fund</u>	<u>Indemnity Fund</u>	<u>G.I.S. Recording Fees Fund</u>	<u>Grant Fund</u>
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 143,523	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Revenue from services	24,395	3,618	12,616	-	26,831	106,451	-
Revenue from use of money and property	23	-	9	-	749	5	-
All other receipts	-	-	40	-	15	-	-
Total revenues	<u>24,418</u>	<u>3,618</u>	<u>12,665</u>	<u>143,523</u>	<u>27,595</u>	<u>106,456</u>	<u>-</u>
EXPENDITURES							
General control and administration	16,619	3,000	25,442	142,982	5,094	90,536	-
Public safety	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total expenditures	<u>16,619</u>	<u>3,000</u>	<u>25,442</u>	<u>142,982</u>	<u>5,094</u>	<u>90,536</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>7,799</u>	<u>618</u>	<u>(12,777)</u>	<u>541</u>	<u>22,501</u>	<u>15,920</u>	<u>-</u>
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	7,799	618	(12,777)	541	22,501	15,920	-
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 108,274</u>	<u>\$ 1,336</u>	<u>\$ 41,643</u>	<u>\$ 13,532</u>	<u>\$ 365,514</u>	<u>\$ 43,206</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, 2014

	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	-	-	-	660	-	-	-	-	156,669
Licenses and permits	-	-	-	-	-	-	-	-	-
Revenue from services	23,087	100,182	111,952	112,452	12,950	17,680	16,479	2,356	-
Revenue from use of money and property	-	-	52	50	-	-	255	1	6
All other receipts	-	-	-	-	-	-	-	-	-
Total revenues	<u>23,087</u>	<u>100,182</u>	<u>112,004</u>	<u>113,162</u>	<u>12,950</u>	<u>17,680</u>	<u>16,734</u>	<u>2,357</u>	<u>156,675</u>
EXPENDITURES									
General control and administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Judiciary and court related	26,822	86,357	55,654	84,542	2,601	21,543	5,845	-	150,924
Public health and welfare	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Total expenditures	<u>26,822</u>	<u>86,357</u>	<u>55,654</u>	<u>84,542</u>	<u>2,601</u>	<u>21,543</u>	<u>5,845</u>	<u>-</u>	<u>150,924</u>
Excess (deficiency) of revenues over expenditures	<u>(3,735)</u>	<u>13,825</u>	<u>56,350</u>	<u>28,620</u>	<u>10,349</u>	<u>(3,863)</u>	<u>10,889</u>	<u>2,357</u>	<u>5,751</u>
OTHER FINANCING USES									
Transfers out	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(3,735)</u>	<u>13,825</u>	<u>56,350</u>	<u>28,620</u>	<u>10,349</u>	<u>(3,863)</u>	<u>10,889</u>	<u>2,357</u>	<u>5,751</u>
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 154,054</u>	<u>\$ 121,927</u>	<u>\$ 294,500</u>	<u>\$ 269,165</u>	<u>\$ 43,494</u>	<u>\$ 103,484</u>	<u>\$ 15,061</u>	<u>\$ 10,867</u>	<u>\$ 38,163</u>

(continued)

LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2014

	<u>Special Revenue</u>							
	<u>Judiciary and Court Related Group</u>							
	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	-	6,425	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Revenue from services	-	-	-	520	-	-	339	2,622
Revenue from use of money and property	5	-	3	-	9	1	1	-
All other receipts	7,815	-	1,806	-	131,076	1,080	-	-
Total revenues	<u>7,820</u>	<u>6,425</u>	<u>1,809</u>	<u>520</u>	<u>131,085</u>	<u>1,081</u>	<u>340</u>	<u>2,622</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	12,084	4,481	4,866	39	85,558	-	1,196	-
Public health and welfare	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	<u>12,084</u>	<u>4,481</u>	<u>4,866</u>	<u>39</u>	<u>85,558</u>	<u>-</u>	<u>1,196</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(4,264)</u>	<u>1,944</u>	<u>(3,057)</u>	<u>481</u>	<u>45,527</u>	<u>1,081</u>	<u>(856)</u>	<u>2,622</u>
OTHER FINANCING USES								
Transfers out	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(4,264)</u>	<u>1,944</u>	<u>(3,057)</u>	<u>481</u>	<u>45,527</u>	<u>1,081</u>	<u>(856)</u>	<u>2,622</u>
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 16,497</u>	<u>\$ 33,324</u>	<u>\$ 11,660</u>	<u>\$ 7,349</u>	<u>\$ 71,783</u>	<u>\$ 4,139</u>	<u>\$ 8,456</u>	<u>\$ 7,025</u>

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2014**

	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	\$ 102,338	\$ 24,896	\$ 75,372	\$ -	\$ 136,916	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	35,430	-	-	-	-
Revenue from services	-	1,657	-	-	-	5,320	-	-
Revenue from use of money and property	-	4	-	-	-	1	6	-
All other receipts	-	-	-	-	-	-	365	23,885
Total revenues	<u>102,338</u>	<u>26,557</u>	<u>75,372</u>	<u>35,430</u>	<u>136,916</u>	<u>5,321</u>	<u>371</u>	<u>23,885</u>
EXPENDITURES								
General control and administration	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judiciary and court related	-	-	-	-	-	-	-	-
Public health and welfare	102,100	21,155	52,334	57,839	136,000	10,262	1,020	15,141
Highways and streets	-	-	-	-	-	-	-	-
Total expenditures	<u>102,100</u>	<u>21,155</u>	<u>52,334</u>	<u>57,839</u>	<u>136,000</u>	<u>10,262</u>	<u>1,020</u>	<u>15,141</u>
Excess (deficiency) of revenues over expenditures	<u>238</u>	<u>5,402</u>	<u>23,038</u>	<u>(22,409)</u>	<u>916</u>	<u>(4,941)</u>	<u>(649)</u>	<u>8,744</u>
OTHER FINANCING USES								
Transfers out	-	-	-	-	-	-	-	(2,000)
Excess (deficiency) of revenues over expenditures and other financing uses	<u>238</u>	<u>5,402</u>	<u>23,038</u>	<u>(22,409)</u>	<u>916</u>	<u>(4,941)</u>	<u>(649)</u>	<u>6,744</u>
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 8,332</u>	<u>\$ 50,859</u>	<u>\$ 119,236</u>	<u>\$ 55,915</u>	<u>\$ 6,676</u>	<u>\$ 4,048</u>	<u>\$ 28,161</u>	<u>\$ 32,473</u>

(continued)

**LEE COUNTY, ILLINOIS
NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended November 30, 2014**

	<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	\$ 241,329	\$ 304,943	\$ -	\$ -	\$ -	\$ 1,029,317
Intergovernmental revenue	255,308	4,080	817,196	-	4,320	1,244,658
Licenses and permits	-	-	-	-	-	35,430
Revenue from services	-	-	-	-	8,505	590,012
Revenue from use of money and property	5	3,232	335	-	4	4,756
All other receipts	31,339	9,557	218,171	6,649	-	431,798
Total revenues	<u>527,981</u>	<u>321,812</u>	<u>1,035,702</u>	<u>6,649</u>	<u>12,829</u>	<u>3,335,971</u>
EXPENDITURES						
General control and administration	-	-	-	-	-	283,673
Public safety	-	-	-	7,029	8,941	15,970
Judiciary and court related	-	-	-	-	-	542,512
Public health and welfare	-	-	-	-	-	395,851
Highways and streets	267,899	184,084	997,946	-	-	1,449,929
Total expenditures	<u>267,899</u>	<u>184,084</u>	<u>997,946</u>	<u>7,029</u>	<u>8,941</u>	<u>2,687,935</u>
Excess (deficiency) of revenues over expenditures	<u>260,082</u>	<u>137,728</u>	<u>37,756</u>	<u>(380)</u>	<u>3,888</u>	<u>648,036</u>
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	(2,000)
Excess (deficiency) of revenues over expenditures and other financing uses	260,082	137,728	37,756	(380)	3,888	646,036
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 777,028</u>	<u>\$ 1,660,024</u>	<u>\$ 1,013,551</u>	<u>\$ 3,483</u>	<u>\$ 19,223</u>	<u>\$ 5,564,148</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, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Actual over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - general property taxes	\$ 340,000	\$ 340,000	\$ 340,201	\$ 201
Receipts from use of money - interest	<u>-</u>	<u>-</u>	<u>1,550</u>	<u>1,550</u>
Total cash receipts	<u>\$ 340,000</u>	<u>\$ 340,000</u>	341,751	<u>\$ 1,751</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>341,751</u>	
EXPENSES				
Insurance and bonds	\$ 343,000	\$ 347,300	336,275	\$ (11,025)
Other	<u>3,350</u>	<u>3,350</u>	<u>3,221</u>	<u>(129)</u>
Total cash disbursements	<u>\$ 346,350</u>	<u>\$ 350,650</u>	339,496	<u>\$ (11,154)</u>
(Deduct) beginning accrued expenses/ add ending prepaid expenses			-	
Add ending accrued expenses/ (deduct) ending prepaid expenses			<u>-</u>	
Total expenses			<u>339,496</u>	
Operating income			2,255	
OTHER FINANCING SOURCES				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>60,000</u>	<u>\$ 60,000</u>
Change in net position			62,255	
NET POSITION, BEGINNING OF YEAR			<u>296,174</u>	
NET POSITION, END OF YEAR			<u>\$ 358,429</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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>over</u>
REVENUES				(under)
Insurance Reimbursement - General Fund	\$ 839,950	\$ 839,950	\$ 839,950	\$ -
Insurance Reimbursement - Health Department	114,572	114,572	121,558	6,986
Insurance Reimbursement - Highway Department	131,696	131,696	130,611	(1,085)
Insurance Reimbursement - GIS	18,852	18,852	11,051	(7,801)
Insurance Reimbursement - Employee Contribution	371,290	371,290	394,804	23,514
Insurance Reimbursement - Retirees Contribution	42,800	42,800	31,490	(11,310)
Insurance Reimbursement - Rural Transportation	6,393	6,393	4,793	(1,600)
Insurance Reimbursement - FSA Funding	24,244	24,244	18,680	(5,564)
Insurance Refund	2,140	2,140	-	(2,140)
Cobra Premiums	7,490	7,490	-	(7,490)
Interest	-	-	30	30
	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
Total cash receipts	<u>\$ 1,559,427</u>	<u>\$ 1,559,427</u>	1,552,967	<u>\$ (6,460)</u>
(Deduct) beginning accrued revenues			-	
Add ending accrued revenues			<u>-</u>	
Total revenues			<u>1,552,967</u>	
EXPENSES				
Premiums	\$ 1,142,760	\$ 1,267,760	\$ 1,271,860	\$ 4,100
Deductible reimbursement	256,800	256,800	253,404	(3,396)
Dental claims	57,780	57,780	48,697	(9,083)
Dental administration fees	3,996	3,996	3,906	(90)
Life insurance	3,745	3,745	3,514	(231)
FSA administration costs	1,380	1,380	1,561	181
FSA payments	24,244	24,244	18,403	(5,841)
Miscellaneous	-	-	1,200	1,200
	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total cash disbursements	<u>\$ 1,490,705</u>	<u>\$ 1,615,705</u>	1,602,545	<u>\$ (13,160)</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>1,602,545</u>	
Operating loss			(49,578)	
NET POSITION, BEGINNING OF YEAR			<u>226,257</u>	
NET POSITION, END OF YEAR			<u>\$ 176,679</u>	

LEE COUNTY, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX LEVIES,
TAX EXTENSIONS, AND TAX RATES
Tax Years 2013 and 2012
(Unaudited)

	<u>2013</u>			<u>2012</u>		
Assessed Valuation	<u>\$ 691,037,715</u>			<u>\$ 694,721,964</u>		
<u>Fund</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>	<u>Levy</u>	<u>Rate</u>	<u>Extension</u>
County General	\$ 2,381,532	.3446	\$ 2,321,887	\$ 2,154,775	.3102	\$ 2,155,027
County Highway	640,500	.0927	640,592	640,500	.0922	640,534
Federal Aid Secondary Matching	304,500	.0441	304,748	304,500	.0438	304,288
County Special Bridge	241,500	.0349	241,172	241,500	.0348	241,763
County Health	556,000	.0805	556,285	556,000	.0800	555,778
Tuberculosis Sanatorium	25,000	.0036	24,877	25,000	.0036	25,010
Illinois Municipal Retirement	600,000	.0868	599,821	600,000	.0864	600,240
County Veterans Assistance	75,000	.0109	75,323	75,000	.0108	75,030
Liability Insurance	340,000	.0492	339,991	280,000	.0403	279,973
Social Security	600,000	.0868	599,821	630,000	.0907	630,113
Social Services for Senior Citizens	102,500	.0148	102,273	102,500	.0148	102,819
Extension Education	<u>136,860</u>	<u>.0198</u>	<u>136,825</u>	<u>136,860</u>	<u>.0197</u>	<u>136,860</u>
	<u>\$ 6,003,392</u>	<u>.8687</u>	<u>\$ 5,943,615</u>	<u>\$ 5,746,635</u>	<u>.8273</u>	<u>\$ 5,747,435</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, 2014. 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-005 and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

Lee County, Illinois' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questions 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.

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 2014-001, 2014-002, and 2014-003 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 2014-005 and 2014-006 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
June 11, 2015

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2014

<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	\$ 50,652	\$ -
	10.557	FCSTQ00920	76,738	-
	10.557	Non-Cash	325,521	-
Breastfeeding Peer Counseling	10.557	FCSSQ01155	6,837	-
	10.557	FCSTQ01155	<u>10,259</u>	<u>-</u>
Total Department of Agriculture			<u>470,007</u>	<u>-</u>
Department of Health and Human Services				
Passed through:				
Illinois Department of Public Health				
Illinois Immunization Program	93.268	Non-Cash	120,124	-
Ship Grant	93.991	N/A	1,500	-
Bioterrorism Preparedness	93.074	47180050B	26,643	-
	93.074	57180050C	<u>20,882</u>	<u>-</u>
			<u>47,525</u>	<u>-</u>
Whiteside County Health Department				
We Choose Health	93.531	N/A	23,709	-
Illinois Department of Human Services				
Title X Family Planning	93.217	46080071B	19,800	-
	93.217	56180059C	39,129	-
	93.994	46080071B	5,296	-
	93.667	46080071B	29,202	-
	93.667	56180059C	5,719	-
Title XX Block Grant – Family Case Management	93.667	FCSTU03100	<u>2,000</u>	<u>-</u>
			<u>101,146</u>	<u>-</u>
Illinois Public Health Association				
In-Person Counseling	93.525	IP-14-149-038	23,780	-
Illinois Department of Healthcare and Family Services				
Medical Assistance Program	93.778	N/A	20,034	-
Child Support Enforcement	93.563	N/A	<u>5,662</u>	<u>-</u>
Total Department of Health and Human Services			<u>343,480</u>	<u>-</u>
Department of Justice				
Adult Drug Court Discretionary Grant	16.571	2012-DC-BX-0016	<u>81,879</u>	<u>-</u>

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2014

<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	\$ 136,522	\$ 111,447
	20.509	OP-15-23-FED	174,268	146,053
	20.509	OP-14-29-FED	<u>62,227</u>	<u>-</u>
			<u>373,017</u>	<u>257,500</u>
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	CAP-10-923-ARRA	86	-
Job Access and Reverse Commute (JARC) Education	20.516	JRC-13-010	35,554	21,445
		JRC-15-010	58,821	51,807
Job Access and Reverse Commute (JARC)-Employment	20.516	JRC-13-011	101,474	78,222
		JRC-15-011	<u>28,122</u>	<u>24,927</u>
			<u>223,971</u>	<u>176,401</u>
Hazardous Materials Emergency Program	20.703	50013HMELEE	3,440	-
Formula Grants for Other Than Urbanized Areas	20.521	NF-13-004	<u>9,337</u>	<u>6,910</u>
Total Department of Transportation			<u>609,851</u>	<u>440,811</u>
Environmental Protection Agency				
Passed through:				
Illinois Department of Public Health				
Potable Water Supply	66.605	35382050A	325	-
	66.432	400031232	<u>1,250</u>	<u>-</u>
Total Environmental Protection Agency			<u>1,575</u>	<u>-</u>
United States Election Commission				
Help America Vote Act	90.401	N/A	<u>44,933</u>	<u>-</u>
Department of Homeland Security				
Passed through:				
Illinois Emergency Management Agency				
Emergency Management Performance	97.042	50014EMALEE	<u>22,093</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,573,818</u>	<u>\$ 440,811</u>

(continued)

LEE COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2014

	<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	\$ 470,007	\$ -
	93.268	120,124	-
	93.991	1,500	-
	93.074	47,525	-
	93.531	23,709	-
	93.217	58,929	-
	93.994	5,296	-
	93.667	36,921	-
	93.525	23,780	-
	93.778	20,034	-
	93.563	5,662	-
	16,571	81,879	-
	20.509	373,103	257,500
	20.516	223,971}	176,401}
	20.521	<u>9,337}</u>	<u>6,910}</u>
Total Transit Services Programs Cluster		<u>233,308</u>	<u>183,311</u>
	20.703	3,440	-
	66,605	325	-
	66,432	1,250	-
	90.401	44,933	-
	97.042	<u>22,093</u>	<u>-</u>
		<u>\$ 1,573,818</u>	<u>\$ 440,811</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, 2014

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 \$325,521 in special supplemental nutrition food instruments for the year ended September 30, 2014.

The Illinois Immunization program, CFDA No. 93.268, received \$120,124 in vaccines for the year ended November 30, 2014.

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, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' 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

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, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO. 2014-001 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's current operations need to be evaluated, and thereafter, the county will find a practical and effective procedure to improve the accounting principles.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

**FINDING NO. 2014-002 ANNUAL FINANCIAL REPORTING UNDER GENERALLY
ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

Criteria or Specific Requirement

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with GAAP, including the schedule of expenditures of federal awards (SEFA) required by OMB Circular A-133.

Context

Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures and SEFA.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Cause

The County relies on the audit firm to prepare the annual financial statements and related footnote disclosures and SEFA. However, they have reviewed and approved the annual financial statements and the related footnote disclosures and SEFA.

Recommendation

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

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, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 2014-003 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's current operations need to be evaluated, and thereafter, the county will find a practical and effective procedure to improve the accounting principles.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

FINDING NO. 2014-004 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

The County's current operations need to be evaluated, and thereafter, the county will find a practical and effective procedure to improve the accounting principles.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

See Section II – Financial Statement Finding 2014-001

CFDA Number and Title: Agency:	16.571	Adult Drug Court Discretionary Grant Department of Justice
CFDA Number and Title: Agency:	20.703	Hazardous Materials Emergency Program Department of Transportation
CFDA Number and Title: Agency:	90.401	Help America Vote Act United States Election Commission
CFDA Number and Title: Agency:	93.563	Child Support Enforcement Department of Health and Human Services
CFDA Number and Title: Agency:	93.991	Ship Grant 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, 2014**

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

See Section II – Financial Statement Finding 2014-002

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
All other programs.		
Grant Year:		June 30, 2014 and June 30, 2015
Questioned Costs:		None known

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

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

See Section II – Financial Statement Finding 2014-003

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

All other programs.

Grant Year:	June 30, 2014 and June 30, 2015
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Questioned Costs:	None known
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**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

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

FINDING NO. 2014-005 – 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, 2014 and June 30, 2015
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, 2014**

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

FINDING NO. 2014-005 – 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

During the Lee County fiscal year 2014, it has been noted that there is an inadequate control process over the monitoring of the grant funds passed through the County to subrecipients. This process is designed to provide reasonable assurance that transactions are properly recorded and accounted for and that the transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Each quarter of the fiscal year, two (2) grant subrecipients from Lee County submit expenses to be reimbursed from the grant funds. Monitoring activities of subrecipients throughout the year by reviewing reports, site visits, and regular contact with the subrecipients is the means in which Lee County currently oversees both subrecipients, however, while one provided sufficient documentation, there was a lack of documentation from the second provider. In order to correct this finding, the Executive Director of the public transportation department, Jaime L. Blatti, has been designated to continue the monitoring efforts but to include more stringent timeframes, guidelines, and increase supporting documentation.

(continued)

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

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

FINDING NO. 2014-006 – 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, 2014 and June 30, 2015
CFDA Number and Title:	20.516 and 20.521	Transit Services Programs Cluster
Agency:		Department of Transportation
Grant Year:		June 30, 2014 and June 30, 2015
Questioned Costs:		None known

Criteria or Specific Requirement

The A-87 Compliance Supplement requires that charges to the federal grant are for actual costs incurred during that period, rather than based on budgeted or projected amounts.

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 three federal expenditures tested, the amount of federal expenditures reported did not agree to the amount incurred during that period.

Context

It was not in both cases, the total amount charged to the grant by the end of the grant year was properly “trued up” and thus ultimately there were no questioned costs during the year. However, the quarterly amount paid and reported in both instances were under-reported by \$8,807 and \$2,481, respectively.

Effect

The County has not fully followed compliance attributes with the allowable costs principles set forth by the A-133 Compliance Supplement related to federal disbursements. Personnel need to reinforce policies to ensure control procedures are in place to ensure federal expenditures charged to the grant are for expenditures incurred during that period.

**LEE COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2014**

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

FINDING NO. 2014-006 – ALLOWABLE COSTS (Continued)

Cause

The County receives federal funding and acts as a pass-through entity to subaward transit grant funding to other entities. The County calculates an allocation for these grants each period. In these two cases noted, the amount paid did not reflect the allocation as calculated.

Recommendation

We recommend the County charge expenditures to the federal grant based on actual costs incurred during the period.

Views of responsible officials and planned corrective actions

During the Lee County fiscal year 2014, it has been noted that 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 three federal expenditures tested, the amount of federal expenditures reported did not agree to the amount incurred during that period. However, it was noted that the total amount charged to the grant by the end of the grant year was properly “trued up” and thus ultimately there were no questioned costs during the year. However, the quarterly payment paid and reported in both instances were under-reported by \$8,807 and \$2,481, respectively. Both of these costs were also “trued up”, leaving no unanswered questions. Moving forward, Lee County will ensure that all expenditures to the federal grant are based on actual costs incurred during the period.

(continued)

**LEE COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended November 30, 2014**

FINDING NO. 2013-001 - SEGREGATION OF DUTIES

The County continues to have an inadequate segregation of duties over accounting transactions. Finding is repeated at 2014-001.

FINDING NO. 2013-002 - 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. Finding is repeated at 2014-002.

FINDING NO. 2013-003 - MATERIAL ADJUSTING JOURNAL ENTRIES

The County continues to lack personnel trained to identify and adjust all necessary balances. Finding is repeated at 2014-003.

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

The County continues to have an inadequate segregation of duties over various departmental cash accounts. Finding is repeated at 2014-004.

FINDING NO. 2013-005 - TRANSIT PROGRAMS - SUBRECIPIENT MONITORING

The County continues to lack controls over subrecipient monitoring. The County will continue to implement controls when possible. Finding is repeated at 2014-005.

FINDING NO. 2013-006 - TRANSIT PROGRAMS - ALLOWABLE COSTS

Finding was not repeated in fiscal year 2014.

A similar finding for allowable costs was reported at 2014-006.