

Adams County, Illinois

Annual Financial Report
Year Ended November 30, 2012

	<u>Page</u>
Elected Officials	i
Financial Section	
Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	12 – 13
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	14 – 15
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet-Governmental Funds	18 – 19
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21 – 22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Assets – Agency Funds	27
Notes to Financial Statements	28 – 43
Required Supplementary Information	
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis):	
General Fund	44 - 48
IMRF/Social Security Funds	49
Liability Insurance Fund	50
Ambulance Fund	51
Health Department	52
TB Treatment Board	53
County Highway Department	54
County Bridge Fund	55
Motor Fuel Tax Fund	56
Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation	57 – 58

	<u>Page</u>
Required Supplementary Information (Concluded)	
Schedule of Funding Progress – Illinois Municipal Retirement Fund (IMRF)	59
Schedule of Funding Progress – Other Postemployment Benefits (OPEB)	59
Combining Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	60 – 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	63 – 65
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	66 – 69
Combining Statement of Changes in Assets and Liabilities – All County Collector Tax Agency Funds	70 – 72
Statistical Section	
Valuations, Tax Extensions and Collections – All Governmental Units	73
Valuations, Tax Extensions and Collections – Adams County	74 – 75
General Obligation Bonds - Debt Service Schedule	76
Federal Compliance Section	
Schedule of Expenditures of Federal Awards	77 – 79
Notes to Schedule of Expenditures of Federal Awards	80
Schedule of Findings and Questioned Costs	81 – 89
Summary Schedule of Prior Year Findings	90

Adams County, Illinois

County Board

Michael K. McLaughlin, Chairman

District 1	Nick Peters Connie Sparks Richard C. Reis	District 5	Mathias R. Obert Mark Peter Rick Gengenbacher
District 2	Joe Holtschlag. Randall K. Reis Steve Schutte	District 6	Seldon R. Totsch John Brady Les Post
District 3	Michael K. McLaughlin Todd W. Duesterhaus Kevin J. Rankin	District 7	Theresa Bockhold Duane Venvertloh Robert L. Scott
District 4	John C. Johnson Joseph Wand John A. Heidbreder		

County Officials

County Clerk/Recorder
Georgia Volm

State's Attorney
Jonathan H. Barnard

County Treasurer
Terry Asher

Sheriff
Brent A. Fischer

Circuit Clerk
Randy E. Frese

Coroner
James Keller

Appointed Officials

County Engineer
James R. Frankenhoff

Public Health Administrator
Jerrod Welch

Supervisor of Assessments
Georgene Zimmerman

Animal Warden
Jennifer L. Benjamin

Emergency Management Director
John W. Simon, II

Juvenile Detention Center Superintendent
John Jones

Director of Court Services
Michael A. Hancox

Chief Probation Officer
Charles V. Otte Jr.

Public Defender
Holly Henze

Ambulance and E.M.S. Director
J. Paul Davis

911 Director Quincy/Adams County
Steve Rolands

Financial Section



Independent Auditor's Report

To the Adams County Board
Adams County, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Adams County, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Adams County, Illinois, as of November 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2013, on our consideration of Adams County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 3 through 11 and 44 through 59 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.

Independent Auditor's Report (Concluded)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams County, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory and statistical sections have 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 them.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

August 20, 2013
Quincy, Illinois

County of Adams

TERRY ASHER
County Treasurer

Adams County Treasurer
507 Vermont Street
Quincy, Illinois 62301

Telephone: (217)-277-2245
www.co.adams.il.us/treasurer

Management's Discussion and Analysis

As Treasurer of Adams County, we present the following overview and analysis of the financial activities of Adams County for the fiscal year ended November 30, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The County's total net assets decreased \$3.0 million (or nearly 4.0%) over the course of this year's operations. Unrestricted net assets (those available to pay for the day-to-day operations of the County) *decreased* by only 2 thousand and net assets invested in capital assets (net of related long-term debt) *decreased* by \$1.8 million.
- The assets of Adams County exceeded its liabilities at the close of the fiscal year 2012 by \$72.6 million (net assets). Of this amount, \$3.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Adams County's total assets were \$83.1 million at November 30, 2012.
- As of the close of the 2012 fiscal year, Adams County governmental funds ending fund balances were \$15.7 million, compared to \$17.1 million in 2011.
- Adams County's total long term debt decreased by \$317 thousand during the year.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to Adams County's basic financial statements. Adams County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting Adams County as a Whole. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how Adams County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the *timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flow in future fiscal periods (e.g., accrued interest expense).

Both of the government-wide financial statements distinguish functions of Adams County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Adams County does not operate other functions that are intended to recover all or significant portions of their costs through user fees and charges (*business-type activities*). The governmental activities of Adams County include general government, public safety, public works, judicial and courts, health, recreation and education.

The government-wide financial statements may be found on pages 16 - 17 of this report.

Reporting Adams County's Most Significant Funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Adams County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three broad categories: *governmental funds, proprietary funds and fiduciary funds*.

Management's Discussion and Analysis (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirement.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information present for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Within the governmental funds, Adams County maintains four fund types: General, Special Revenue, Capital Projects and Debt Service. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, IMRF and Social Security, Liability Insurance, Ambulance, Health Department, Tuberculosis Treatment, County Highway, County Bridge and Motor Fuel Tax Funds, all of which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Adams County adopts an annual budget for each of its funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with their budgets.

The fund financial statements may be found on pages 18 - 27 of this report.

General Fund. The general fund is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes.

Capital Projects Fund. Capital projects funds are used to account for the accumulation of funds or debt proceeds for large capital projects, such as construction of a new facility.

Debt Service Fund. Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Proprietary Funds

Internal Service Funds. Internal service funds account for the financing of goods or services provided by such departments to other departments or agencies of the County on a cost-reimbursement basis. The County's Internal Service Fund includes the Medical Insurance Fund. This fund is included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenue or expenses for the funds are allocated to the appropriate functional activity.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Adams County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements may be found on page 27 of this report.

Management's Discussion and Analysis (Continued)

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements and schedules which begin on page 60 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Adams County, assets exceeded liabilities by \$72.6 million at the close of the most recent fiscal year, which is a decrease of \$3.0 million from 2011. Net capital assets of Adams County at November 30, 2012 were \$64.7 million.

76% of Adams County's non-capital net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3.5 million) may be used to meet Adams County's ongoing obligations to citizens and creditors.

Table 1 provides a summary of the County's net assets for 2012 and 2011.

Table 1
Net Assets (in Thousands)

	Governmental Activities	
	2012	2011
Assets		
Current & Other Assets	\$ 18,418	\$ 19,292
Capital Assets, net	64,682	66,802
Total Assets	\$ 83,100	\$ 86,094
Liabilities		
Current & Other Liabilities	\$ 2,485	\$ 2,180
Long-Term Liabilities		
Due Within One Year	398	385
Due in More Than One Year	7,602	7,919
Total Liabilities	\$ 10,485	\$ 10,484
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 57,782	\$ 59,602
Restricted:		
Streets and Highways	7,841	9,071
Equipment and GIS	254	254
Employee Benefits	1,808	1,732
Liability Insurance	635	653
Probation and Court Services	515	454
Health and Sanitation	168	203
Other Purposes	123	150
Unrestricted	3,489	3,491
Total Net Assets	\$ 72,615	\$ 75,610

During the year ended November 30, 2012, Net Assets decreased \$3.0 million.

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis (Continued)

Table 2 below provides a summary of the changes in net assets for 2012 and 2011.

Table 2
Changes in Net Assets (In Thousands)

	Governmental Activities	
	2012	2011
Program Revenues:		
Charges for Services	\$ 10,662	\$ 9,907
Operating Grants & Contributions	3,639	3,769
Capital Grants and Contributions	38	1,365
General Revenues:		
Property Taxes	8,415	8,659
Sales and Use Taxes	2,880	3,178
Income and Other Taxes	4,469	4,706
Investment Earnings	135	166
Other	-	15
Total Revenues	\$ 30,238	\$ 31,765
Program Expenses:		
General Government	\$ 9,073	\$ 8,827
Public Safety	4,659	4,652
Public Works	7,511	7,451
Judicial and Courts	4,484	4,501
Health	6,881	7,097
Community Development	148	121
Education	191	200
Interest on Long-Term Debt	286	296
Total Expenses	\$ 33,233	\$ 33,145
Increase (Decrease) in Net Assets	\$ (2,995)	\$ (1,380)

Governmental Activities

The general government programs of the County represent the activities related to the governing body and other elected officials in the performance of their primary duties and subsidiary activities. These activities directly support other programs of the County and service its citizens. This represented 27.3% and 26.6% of the County's total expenses in 2012 and 2011, respectively.

For the year ended November 30, 2012, the County has considered all funds in which taxes are levied to be major reporting funds.

Under authority granted by state statute, the County is allowed to levy taxes on real estate to pay for its contribution to the Illinois Municipal Retirement Fund (IMRF) as well as its share of Social Security and Medicare taxes. As more fully described in Note 5 to the financial statements, the County is required to contribute a percentage of each covered employee's salary or wages to IMRF. The County is required to pay Social Security and Medicare taxes at a rate of 7.65% of employee salaries, subject to certain limitations in Federal payroll law. The County's contribution to IMRF and Social Security represented 8.55% and 7.46% of total expenditures for the years ended November 30, 2012 and 2011, respectively.

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis (Concluded)

Governmental Activities (Concluded)

The County levies a tax on real estate to pay for liability and workers compensation insurance. Insurance expenditures amounted to 1.5% and 1.5% of total expenditures for the years ended November 30, 2012 and 2011, respectively.

The Ambulance service provides emergency medical services throughout Adams County. The ambulance fund is supported by private, insurance and federal (Medicare and Medicaid) payments for services provided, supplemented by a tax levy on real estate. During the years ended November 30, 2012 and 2011, ambulance operating expenditures represented 9.5% and 9.3% of County-Wide expenditures, respectively.

The County's Health Department provides a variety of services designed to benefit individuals both socially and economically. In 2012, program expenditures decreased approximately 8.1%, when compared to 2011, and the overall program represented 10.2% (vs. 11.2% in 2011) of expenditures for governmental activities. A decrease in expenditures due to the elimination of some state-funded programs accounted for nearly all of the decrease in expenditures.

As provided by statute, the County provides tuberculosis treatment to its residents. Expenditures amounted to only 0.2% and 0.2% of county-wide expenditures in 2012 and 2011, respectively.

The Adams County Highway Department provides engineering, construction, maintenance and fiscal services to county townships and road districts, as well as infrastructure assets owned by the County itself. These services are accounted for in several funds, including County Highway and County Bridge. Combined, these funds accounted for 87.2% of public works expenditures in 2012 and 19.7% of overall expenditures, compared to 18.6% in 2011.

Adams County receives Motor Fuel Tax from the State of Illinois for use in constructing and maintaining streets, highways and bridges throughout the County. Motor fuel tax expenditures represented 9.2% of total public works expenditures and 2.1% of county-wide governmental activity expenses for the year ended November 30, 2012. These expenditures represented 15.0% and 4.6% of public works and total expenditures in 2011.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15.7 million. The bulk of the governmental fund balances are restricted in the governmental fund statements, and they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal governments or a tax levy.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned and total fund balance of the general fund was \$2.6 million. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 21.6% of the total general fund expenditures and other financing uses (roughly 11 weeks of expenditures).

The fund balance of the County's general fund decreased in size from 2011 with expenditures exceeding revenues by just \$24 thousand.

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

For the fiscal year ending November 30, 2012, actual expenditures on a budgetary basis were \$12.6 million compared to the budget amount of \$14.3 million. The \$1.7 million positive variance was mainly due to spending less in the County Administration for repayment of a tax anticipation note that didn't materialize and transfers to other funds.

The County's actual revenues on a budgetary basis were \$12.7 million as compared to the budget amount of \$13.3 million. This resulted in a negative variance of \$0.6 million. Much of this variance is due to budgeting \$1.0 million in tax anticipation note proceeds that were not received. This variance was offset by grants and reimbursements of \$1.5 million compared to the budget amount of \$1.3 million for a positive variance of \$225 thousand and income taxes of \$1.8 million compared to the budget amount of \$1.6 million for a positive variance of \$177 thousand.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the fiscal year, the County had \$64.7 million invested in its funds for land, buildings, automobiles, furniture/fixtures/equipment and roads/bridges. This amount represents a decrease of \$2.1 million or 3.2%. Due to budget constraints on purchasing new capital assets, depreciation far outweighed capital outlay this year.

Table 3
Capital Assets & Infrastructure

	Balance 11/30/2011	Additions	Retirements	Balance 11/30/2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 669,633	\$ -	\$ -	\$ 669,633
Capital Assets being depreciated:				
Buildings	\$ 20,012,688	\$ 46,992	\$ -	\$ 20,059,680
Roads and bridges	99,189,659	2,626,884	-	101,816,543
Automotive	4,833,882	184,826	-	5,018,708
Furniture, fixtures and equipment	4,463,168	519,045	(8,130)	4,974,083
	<u>\$ 128,499,397</u>	<u>\$ 3,377,747</u>	<u>\$ (8,130)</u>	<u>\$ 131,869,014</u>
Less Accumulated Depreciation:				
Buildings	\$ (6,814,055)	\$ (448,185)	\$ -	\$ (7,262,240)
Roads and bridges	(48,753,513)	(4,428,287)	-	(53,181,800)
Automotive	(3,573,830)	(321,468)	-	(3,895,298)
Furniture, fixtures and equipment	(3,225,601)	(299,921)	8,130	(3,517,392)
	<u>\$ (62,366,999)</u>	<u>\$ (5,497,861)</u>	<u>\$ 8,130</u>	<u>\$ (67,856,730)</u>
Governmental Capital Assets, Net	<u>\$ 66,802,031</u>	<u>\$ (2,120,114)</u>	<u>\$ -</u>	<u>\$ 64,681,917</u>

Management's Discussion and Analysis (Continued)

Debt

At year-end, the County had \$6.9 million in long-term debt. The County did not issue any long-term debt during the fiscal year. The County made principal payments on its debt of \$300,000 and interest payments totaling \$288,636 for the year ended November 30, 2012.

Table 4
Outstanding Debt

\$8,180,000 General Obligation Bonds, Series 2008, Dated September 25, 2008, due in annual installments ranging from \$300,000 to \$575,000 through 2028, with interest from 3.250% to 4.375%, payable February 15 and August 15.

\$ 6,900,000

Economic Factors and Next Year's Budgets and Rates

On November 13, 2012 the Adams County Board approved the Adams County's Government budget for the 2012-2013 fiscal year.

REVENUE. The projected revenue budget for all funds decreased by \$1,711,733 to \$33,276,690, a 4.9% decrease from FY 2011-2012. The projected revenue budget for the General Fund decreased by \$733,160 to \$12,623,510. This reflects a 5.49% decrease compared to 2011-2012.

The revenue structure of the General Fund is diversified so that the operation of the county is not overly dependent on any one source. Over 63% of all projected revenue will come from State-shared sources and real estate property taxes. State-shared sources that include sales tax, use tax, income tax, retailers occupational tax, and personal property replacement tax will account for 41% of the total revenue. Real estate property taxes will provide an additional 22% of revenue. Licenses and fees, interest, grants and other state and federal reimbursements make up the remaining revenue.

Revenue from State-shared sources is expected to increase 1.7% to \$5,208,200. Real estate property tax revenue is expected to increase only 0.27% to \$2,723,300.

EXPENSES. The General Fund's projected expense budget is \$13,341,634.48. This reflects a 6.9% decrease over the FY 2011-2012 budget.

Although the expense budget includes a 2% salary increase for most employees, the County Board directed officeholders to offset these increases with decreases elsewhere in their respective budgets.

The Capital Expense budget is \$170,000 which includes \$138,000 for six vehicles for the Adams County Sheriff Department.

LEVY. On December 11, 2012 the Adams County Board approved a 2012 property tax levy of 0.89055 per equalized assessed valuation (EAV). This previous levy was 0.90173.

The total real estate EAV increased by \$9,217,610 to \$1,015,459,361, or 0.92% for the 2012 tax year. However, the lower levy rate will decrease total tax collections by \$28,933 to \$9,044,020, which is 0.32% less than last year.

Management's Discussion and Analysis (Continued)

The table below lists the budget amounts for 2012, the change for each fund compared to the 2011 tax year, and the levy rate:

	2011	2012	CHANGE	%	LEVY
General	2,715,960	2,742,879	26,919	0.99%	0.27000
Bonds and Interest	-	-	-	-	0.00000
Pension/IMRF	1,588,003	1,452,448	(135,555)	-8.54%	0.14304
County Highway	905,320	914,293	8,973	0.99%	0.09004
County Bridge/Joint Bridge	452,660	457,146	4,487	0.99%	0.04502
TB Care & Treatment	70,648	74,000	3,352	4.75%	0.00729
Federal Aid Matching	452,660	457,146	4,487	0.99%	0.04502
County Health Department	250,000	250,000	-	-	0.02462
Tort Judgment/Liability	465,922	457,840	(8,082)	-1.73%	0.04509
Social Security	987,782	1,004,268	16,486	1.67%	0.09890
Extension Education	134,000	134,000	-	-	0.01320
Ambulance	500,000	500,000	-	-	0.04924
Developmental Disability	550,000	600,000	50,000	9.09%	0.05909
TOTALS	9,072,953	9,044,020	(28,933)	-0.32%	0.89055

The following discusses selected funds:

Bonds and Interest. The County has a General Obligation Bond that was issued in 2008. Principal and interest payments totaling approximately \$590,000 are paid from the General Fund and are not levied for separately.

Pension/IMRF. Pension/IMRF expenses decreased because earnings increased in the IMRF fund.

Tort Judgment/Liability. The Tort and Liability expenses was reduced because to better reflect the actual workers compensation and liability premium. Claims continued to remain low during 2012.

Economic Factors.

Although the general economic outlook is slowly improving, the general financial outlook remains challenging. State finances continue to negatively impact the County. Delays in receiving state payments increased due to the state backlog of unpaid bills. At the end of 2012 the Illinois Comptroller estimated that the backlog exceeded \$9 billion with pending vouchers dated back to August, 2012.

The State's pension crisis will continue to maintain pressure on other budget lines which may trickle down to local governments. Even if funds are budgeted, there is a high risk that the State may not make payments if funds run out before the end of their fiscal year. The County revenue budget should assume that the state will not pay reimbursements and revenues as promised.

The finance committee will closely monitor revenue shortfalls and take necessary action to adjust the spending if necessary.

Management's Discussion and Analysis (Concluded)

Requests for Information

This financial report is designed to provide a general overview of Adams County's finances for all those with an interest in the Government's finances. Address questions concerning any of the information provided in this report or requests for additional financial information to the Adams County Treasurer:

Adams County Treasurer
507 Vermont St Ste G12
Quincy, IL 62301-2998
(217) 277-2245
e-mail: treasurer@adams.co.il.us

Audit reports are available in the County Clerk's Office at (217) 277-2150. Digital copies of current and past reports are available at the following website:

<http://www.co.adams.il.us/budget/cafr.htm>



**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Adams County Board
Adams County, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise Adams County, Illinois' basic financial statements and have issued our report thereon dated August 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Adams County, Illinois is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Adams County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adams County, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Adams County, Illinois' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 to be material weaknesses. Findings 2012-01 and 2012-02.

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 deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Findings 2012-04 through 2012-06.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2012-03.

**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*
(Concluded)**

We noted certain matters that we reported to management of Adams County, Illinois, in a separate letter dated August 20, 2013.

Adams County, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Adams County, Illinois' response and, accordingly, we express no opinion on it.

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

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

August 20, 2013
Quincy, Illinois



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

To the Adams County Board
Adams County, Illinois

Compliance

We have audited Adams 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 Adams County, Illinois' major federal programs for the year ended November 30, 2012. Adams County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Adams County, Illinois' management. Our responsibility is to express an opinion on Adams County, Illinois' compliance based on our audit.

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

In our opinion, Adams County, Illinois, complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

The management of Adams County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Adams County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adams County, Illinois' internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

August 20, 2013
Quincy, Illinois

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

Adams County, Illinois
Statement of Net Assets
November 30, 2012

Assets

Cash and cash equivalents	\$	16,463,468
Other receivables		1,836,671
Inventory		117,856
Capital assets, net of accumulated depreciation		64,681,917
Total Assets	\$	83,099,912

Liabilities

Accounts payable	\$	569,236
Salaries and benefits payable		605,224
Deferred revenues		1,716
Held in trust of others		1,309,840
Long term liabilities		
Net pension obligation		215,192
OPEB liability		36,839
Compensated absences		764,554
Accrued interest payable		82,507
Portion of bonds payable due within one year		315,000
Portion of bonds payable due after one year		6,585,000
Total Liabilities	\$	10,485,108

Net Assets

Invested in capital assets, net of related debt	\$	57,781,917
Restricted for:		
Streets and highways		7,841,205
Equipment and GIS		254,460
Employee benefits		1,807,575
Liability insurance		634,904
Probation and court services		515,304
Health and sanitation		167,406
Other purposes		123,252
Unrestricted		3,488,781
Total Net Assets	\$	72,614,804

Adams County, Illinois
Statement of Activities
For the Year Ended November 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total (Governmental Activities)
Governmental Activities:					
General government	\$ 9,073,404	\$ 3,425,928	\$ 38,361	\$ -	\$ (5,609,115)
Public safety	4,658,543	283,099	289,250	-	(4,086,194)
Public works	7,511,313	2,387,096	1,093,363	-	(4,030,854)
Judicial and courts	4,483,568	723,916	566,274	-	(3,193,378)
Health	6,881,570	3,836,810	1,651,725	37,594	(1,355,441)
Community development	148,023	5,109	-	-	(142,914)
Education	191,017	-	-	-	(191,017)
Interest on long-term debt	285,801	-	-	-	(285,801)
Total Governmental Activities	\$ 33,233,239	\$ 10,661,958	\$ 3,638,973	\$ 37,594	\$ (18,894,714)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 2,724,388
Property taxes, levied for special purposes					5,690,928
General sales and use taxes					2,880,125
Income and inheritance taxes					2,864,475
Motor fuel taxes					1,604,474
Investment earnings					135,129
Miscellaneous					345
Total general revenues and transfers					<u>\$ 15,899,864</u>
Change in Net Assets					\$ (2,994,850)
Net Assets - December 1, 2011					75,609,654
Net Assets - November 30, 2012					<u>\$ 72,614,804</u>

The accompanying notes are an integral part of these financial statements.

	General Fund	IMRF and Social Security	Liability Insurance	Ambulance	Health Department
Assets					
Cash and cash equivalents	\$ 3,490,693	\$ 1,892,514	\$ 634,904	\$ (129,063)	\$ 862,413
Other receivables	845,952	19,227	-	359,657	356,005
Inventory	-	-	-	-	117,856
Internal receivables	-	-	-	-	-
Total Assets	\$ 4,336,645	\$ 1,911,741	\$ 634,904	\$ 230,594	\$ 1,336,274
Liabilities					
Accounts payable	\$ 98,694	\$ -	\$ -	\$ 42,636	\$ 1,491
Salaries and benefits payable	304,919	104,166	-	85,396	74,574
Internal payables	31,275	-	-	-	-
Held in trust of others	1,305,316	-	-	-	-
Deferred revenues	1,716	-	-	-	-
Total Liabilities	\$ 1,741,920	\$ 104,166	\$ -	\$ 128,032	\$ 76,065
Fund Balances/Net Assets					
<i>Fund Balances:</i>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 117,856
Restricted	-	1,807,575	634,904	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	102,562	1,142,353
Unassigned	2,594,725	-	-	-	-
Total Fund Balances	\$ 2,594,725	\$ 1,807,575	\$ 634,904	\$ 102,562	\$ 1,260,209
Total Liabilities and Fund Balances	\$ 4,336,645	\$ 1,911,741	\$ 634,904	\$ 230,594	\$ 1,336,274

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Balance Sheet-Governmental Funds
November 30, 2012

Tuberculosis Treatment	County Highway	County Bridge	Motor Fuel Tax	Other Funds	Total
\$ 52,061	\$ 2,701,574	\$ 965,095	\$ 4,118,574	\$ 1,430,857	\$ 16,019,622
-	-	-	95,086	25,642	1,701,569
-	-	-	-	-	117,856
-	-	-	-	31,275	31,275
<u>\$ 52,061</u>	<u>\$ 2,701,574</u>	<u>\$ 965,095</u>	<u>\$ 4,213,660</u>	<u>\$ 1,487,774</u>	<u>\$ 17,870,322</u>
\$ -	\$ 29,139	\$ -	\$ -	\$ 35,773	\$ 207,733
2,511	19,288	-	14,370	-	605,224
-	-	-	-	-	31,275
-	-	-	-	4,524	1,309,840
-	-	-	-	-	1,716
<u>\$ 2,511</u>	<u>\$ 48,427</u>	<u>\$ -</u>	<u>\$ 14,370</u>	<u>\$ 40,297</u>	<u>\$ 2,155,788</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,856
49,550	2,653,147	965,095	4,199,290	916,689	11,226,250
-	-	-	-	530,788	530,788
-	-	-	-	-	1,244,915
-	-	-	-	-	2,594,725
<u>\$ 49,550</u>	<u>\$ 2,653,147</u>	<u>\$ 965,095</u>	<u>\$ 4,199,290</u>	<u>\$ 1,447,477</u>	<u>\$ 15,714,534</u>
<u>\$ 52,061</u>	<u>\$ 2,701,574</u>	<u>\$ 965,095</u>	<u>\$ 4,213,660</u>	<u>\$ 1,487,774</u>	<u>\$ 17,870,322</u>

Adams County, Illinois
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
November 30, 2012

Total Governmental Fund Balances	\$ 15,714,534
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	64,681,917
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets	
Current assets	443,846
Current liabilities	(361,503)
Other long-term assets are not available to pay for the current period expenditures and, therefore, they are not reported in the governmental funds balance sheet.	135,102
Long term liabilities including bonds payable with related interest and deferred compensation are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(7,999,092)</u>
Net Assets of Governmental Activities	<u><u>\$ 72,614,804</u></u>

	General Fund	IMRF and Social Security	Liability Insurance	Ambulance	Health Department
Revenues					
Property taxes	\$ 2,724,388	\$ 2,583,798	\$ 467,424	\$ 501,536	\$ 250,818
Sales and use taxes	2,880,125	-	-	-	-
Licenses and permits	49,015	-	-	-	-
Fees and fines	1,687,895	-	-	-	-
Charges for services	914,379	-	-	2,653,597	1,172,221
Intergovernmental	3,844,826	330,761	2,175	37,594	1,727,685
Miscellaneous	10,109	-	-	6,225	4,767
Investment earnings	81,502	1,195	216	232	2,012
Total Revenues	<u>\$ 12,192,239</u>	<u>\$ 2,915,754</u>	<u>\$ 469,815</u>	<u>\$ 3,199,184</u>	<u>\$ 3,157,503</u>
Expenditures					
<i>Current:</i>					
General government	\$ 3,181,402	\$ 2,839,996	\$ 487,768	\$ -	\$ -
Public safety	4,362,344	-	-	-	-
Public works	-	-	-	-	-
Judicial and courts	4,059,825	-	-	-	-
Health and sanitation	-	-	-	3,143,406	3,403,064
Community development	148,023	-	-	-	-
Education	191,017	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Capital Outlay</i>	90,492	-	-	46,992	-
Total Expenditures	<u>\$ 12,033,103</u>	<u>\$ 2,839,996</u>	<u>\$ 487,768</u>	<u>\$ 3,190,398</u>	<u>\$ 3,403,064</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 159,136</u>	<u>\$ 75,758</u>	<u>\$ (17,953)</u>	<u>\$ 8,786</u>	<u>\$ (245,561)</u>
Other Financing Sources (Uses)					
Transfers in	\$ 405,560	\$ -	\$ -	\$ -	\$ -
Transfers out	(588,540)	-	-	-	-
Total Other Financing Sources and Uses	<u>\$ (182,980)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in Fund Balances	<u>\$ (23,844)</u>	<u>\$ 75,758</u>	<u>\$ (17,953)</u>	<u>\$ 8,786</u>	<u>\$ (245,561)</u>
Fund Balances:					
December 1, 2011	2,618,569	1,731,817	652,857	93,776	1,505,770
November 30, 2012	<u>\$ 2,594,725</u>	<u>\$ 1,807,575</u>	<u>\$ 634,904</u>	<u>\$ 102,562</u>	<u>\$ 1,260,209</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended November 30, 2012

Tuberculosis Treatment	County Highway	County Bridge	Motor Fuel Tax	Other Funds	Total
\$ 70,955	\$ 1,362,298	\$ 454,099	\$ -	\$ -	\$ 8,415,316
-	-	-	-	-	2,880,125
-	-	-	-	20,305	69,320
-	-	-	-	1,053,879	2,741,774
-	437,961	-	-	164,659	5,342,817
-	306,052	197,282	1,604,474	177,244	8,228,093
-	-	-	-	22,865	43,966
33	2,486	210	38,141	7,892	133,919
<u>\$ 70,988</u>	<u>\$ 2,108,797</u>	<u>\$ 651,591</u>	<u>\$ 1,642,615</u>	<u>\$ 1,446,844</u>	<u>\$ 27,855,330</u>
\$ -	\$ -	\$ -	\$ -	\$ 128,421	\$ 6,637,587
-	-	-	-	109,032	4,471,376
-	1,833,159	47,545	691,086	258,112	2,829,902
-	-	-	-	332,635	4,392,460
82,300	-	-	-	-	6,628,770
-	-	-	-	-	148,023
-	-	-	-	-	191,017
-	-	-	-	300,000	300,000
-	-	-	-	288,636	288,636
-	629,478	846,154	1,586,577	178,053	3,377,746
<u>\$ 82,300</u>	<u>\$ 2,462,637</u>	<u>\$ 893,699</u>	<u>\$ 2,277,663</u>	<u>\$ 1,594,889</u>	<u>\$ 29,265,517</u>
<u>\$ (11,312)</u>	<u>\$ (353,840)</u>	<u>\$ (242,108)</u>	<u>\$ (635,048)</u>	<u>\$ (148,045)</u>	<u>\$ (1,410,187)</u>
\$ -	\$ -	\$ 10,900	\$ 259,664	\$ 588,540	\$ 1,264,664
-	(270,564)	-	-	(405,560)	(1,264,664)
<u>\$ -</u>	<u>\$ (270,564)</u>	<u>\$ 10,900</u>	<u>\$ 259,664</u>	<u>\$ 182,980</u>	<u>\$ -</u>
\$ (11,312)	\$ (624,404)	\$ (231,208)	\$ (375,384)	\$ 34,935	\$ (1,410,187)
<u>60,862</u>	<u>3,277,551</u>	<u>1,196,303</u>	<u>4,574,674</u>	<u>1,412,542</u>	<u>17,124,721</u>
<u>\$ 49,550</u>	<u>\$ 2,653,147</u>	<u>\$ 965,095</u>	<u>\$ 4,199,290</u>	<u>\$ 1,447,477</u>	<u>\$ 15,714,534</u>

Adams County, Illinois
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended November 30, 2012

Net change in fund balances - total governmental funds \$ (1,410,187)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (2,120,114)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. This amount is the net effect of these differences in the treatment of long-term debt and related items. 300,000

Compensated absences do not require the use of current financial resources, as they are considered long-term liabilities. Therefore, the change in compensated absences liability is not included as an expenditure in governmental funds. 30,464

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 253,093

Some expenses reported in the statement of net activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (48,106)

Change in net assets of governmental activities \$ (2,994,850)

Adams County, Illinois
Statement of Net Assets
Proprietary Funds
November 30, 2012

	Governmental Activities- Internal Service Funds- Medical Insurance
Assets	
Current Assets	
Cash and cash equivalents	\$ 443,846
Total Current Assets	<u>\$ 443,846</u>
Total Assets	<u><u>\$ 443,846</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 361,503
Total Liabilities	<u>\$ 361,503</u>
Net Assets	
Unrestricted	\$ 82,343
Total Net Assets	<u><u>\$ 82,343</u></u>

Adams County, Illinois
**Statement of Revenues, Expenses and
Changes in Net Assets - Proprietary Funds**
For the Year Ended November 30, 2012

	<u>Governmental Activities- Internal Service Funds- Medical Insurance</u>
Operating Revenues	
Charges for services	\$ 2,404,648
Total Operating Revenues	<u>\$ 2,404,648</u>
Operating Expenses	
Claims and judgments	\$ 2,035,592
Other objects	117,173
Total Operating Expenses	<u>\$ 2,152,765</u>
Operating Income (Loss)	\$ 251,883
Non-Operating Revenues (Expenses)	
Interest and investment income	\$ 1,210
Total Non-operating Revenues (Expenses)	<u>\$ 1,210</u>
Change in Net Assets	\$ 253,093
Net Assets at beginning of year	<u>(170,750)</u>
Net Assets at year end	<u><u>\$ 82,343</u></u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Statement of Cash Flows
Proprietary Funds
For the Year Ended November 30, 2012

	Governmental Activities- Internal Service Funds- Medical Insurance
Cash Flows from Operating Activities:	
Receipts from customers	\$ 458,207
Payments to suppliers	(117,173)
Internal activity - payments to other funds	2,107,174
Claims paid	(2,133,517)
Net Cash Provided (Used) by Operating Activities	<u>\$ 314,691</u>
Cash Flows from Investing Activities:	
Interest received	<u>\$ 1,210</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,210</u>
Net Increase (Decrease) in Cash and Cash Investments	\$ 315,901
Cash and Cash Equivalents, December 1, 2011	<u>127,945</u>
Cash and Cash Equivalents, November 30, 2012	<u>\$ 443,846</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Income (loss) from operations	\$ 251,883
Increase (Decrease) in:	
Accounts payable	<u>62,808</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 314,691</u>

Adams County, Illinois
Statement of Fiduciary Net Assets
November 30, 2012

	<u>Agency Funds</u>
Assets	
Cash	\$ 1,634,488
Due from other governments	127,174
Total Assets	<u>\$ 1,761,662</u>
Liabilities	
Protested and other property taxes held	\$ 103,688
Interest and fees to be distributed	2,417
Held in trust for others	1,497,032
Due to other governments	3,727
Due to others	154,798
Total Liabilities	<u>\$ 1,761,662</u>

1. Significant Accounting Policies

A. General Statement

Adams County, Illinois was formed in 1825. Adams is a county of the second class as defined under Illinois statute and operates under an elected county board form of government. The County provides the following services: public safety, corrections, judiciary, public works, public health and welfare, and economic development.

B. Financial Reporting Entity

The accounting and reporting policies of the County relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is a fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County has determined that the Adams County Health Department is a component unit of Adams County, Illinois. Financial information of this entity has been blended within the County's reporting entity.

C. 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 funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the County's services are classified as governmental activities. The County does not operate any services that are classified as business-type activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

1. Significant Accounting Policies (Continued)

C. *Basic Financial Statements – Government-Wide Statements (Concluded)*

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

The County does not allocate indirect costs. Administrative services are included in the general government function. Administrative services provided include finance, personnel, purchasing, legal, technology management, etc.

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

D. *Basic Financial Statements – Fund Financial Statements*

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

The following fund types are used by the County:

Governmental Funds:

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

- a. County General fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- d. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds:

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

- a. Internal Service Funds account for the financing of goods or services provided by such departments to other departments or agencies of the County on a cost-reimbursement basis. The County's Internal Service Fund includes the Medical Insurance Fund. This fund is included in the governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess revenue or expenses for the funds are allocated to the appropriate functional activity.

1. Significant Accounting Policies (Continued)

D. Basic Financial Statements – Fund Financial Statements (Concluded)

Fiduciary Funds:

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

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

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

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Governmental activities in the government-wide financial statements 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 60 days after year end. 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.

F. Financial Statement Amounts

1. Cash and Cash Equivalents:

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Investments:

Investments are stated at fair value, (quoted market price or the best available estimate). The County had no investments at November 30, 2012.

1. Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

3. Inventories:

Inventories in the Health Department fund consist of expendable immunization vaccines held for the County's use and are carried at cost using the first-in, first-out method.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 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:

Buildings and improvements	20 – 50 years
Automotive	5 – 10 years
Furniture, fixtures and equipment	5 – 10 years

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

The County accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Under terms of its various employee agreements, the County has a potential long-term liability for sick leave. Various employee agreements state that upon retirement, an employee may turn in sixty (60) days of sick leave and be paid for thirty (30) days at their current wage rate. The balance of unused sick leave over the sixty (60) days may be added to the employee's retirement benefit with I.M.R.F. As of November 30, 2012, there was no reasonable method to estimate the potential liability because it is unknown how many employees seeking retirement would elect the option to be paid for the thirty (30) days of unused sick leave at their current wage rate.

Under the various employee agreements, vacation is earned on a calendar year to be used in the subsequent calendar year. As of November 30, 2012, the County had a liability for unused vacation and compensatory time totaling \$764,554.

1. Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Concluded)

8. Interfund Activity:

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are 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.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Fund Balances and Net Assets

Net Assets represent the difference between assets and liabilities. Net Assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by laws or regulations of the government. All other net assets that do not meet the definition of "restricted" are reported as unrestricted net position. It is the County's policy to expend restricted resources first if the restrictions are met.

Fund balances are classified as follows:

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 reported \$117,856 in nonspendable fund balance as of November 30, 2012.

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 law or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County had \$11,226,250 in restricted fund balances that consisted of various funds.

Committed- This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County had committed fund balances of \$530,788 as of November 30, 2012.

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 County Board through budgetary process. The County had assigned resources of \$1,244,915 as of November 30, 2012.

Unassigned- All amounts not included in other spendable classifications. The County had unassigned resources of \$2,594,725 as of November 30, 2012.

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.

1. Significant Accounting Policies (Concluded)

H. Fund Balances and Net Assets (Concluded)

The Fund Balances are classified in more detail below:

Nonspendable for:	
Inventories	\$ 117,856
Restricted for:	
Equipment	39,363
Debt service	7,007
Employee benefits	1,807,575
Liability insurance	634,904
Health and sanitation	49,550
Geographic Information System	215,097
Highways and bridges	7,841,205
Property tax automation	23,161
Probation and court services	515,304
Inmate expenses	56,994
Public safety operations	36,090
Committed for:	
Equipment	62,845
Economic development loans	467,943
Assigned for:	
Ambulance	102,562
Health department	1,142,353
Unassigned	2,594,725
	\$ 15,714,534

2. Budgetary Basis of Accounting

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual.
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred.
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance.
4. Advances in and advances out are operating transactions (Budget) as opposed to balance sheets transactions.

The fiscal year of Adams County, Illinois has been established as the twelve-month period beginning on December 1. The Finance Committee submits a budget of estimated expenditures and revenues to the County Board. State law requires that the County make available for public inspection at least fifteen days prior to final action the annual budget. The budget is required to be legally adopted through passage of an ordinance prior to November 30.

2. Budgetary Basis of Accounting (Concluded)

The annual budget is required to contain: a) a statement of the receipts and payments and a statement of the revenues and expenditures of the fiscal year last ended; b) a statement of all moneys in the county treasury or in any funds thereof, unexpended at the termination of the fiscal year last ended, of all amounts due or accruing to the county, and of all outstanding obligations or liabilities of the county incurred in any preceding fiscal year; c) estimates of all probable income for the current fiscal year and for the ensuing fiscal year covered by the budget, specifying separately for each of those years the estimated income from taxes, fees and all other sources; d) a detailed statement showing estimates of expenditures for the current fiscal year, revised to date of such estimate, and, separately, the proposed expenditures for the ensuing fiscal year for which the budget is prepared. The estimates and proposals shall show the amounts for current expenses and capital outlay and specify the several objects and purposes of each item; e) a schedule of proposed appropriations itemized as provided for proposed expenditures included in the schedule.

At any point following the adoption of the annual budget, the County Board, by a 2/3 vote of all members constituting the board, may amend the budget for the remainder of the fiscal year (to the extent of the total amount appropriated for the fiscal year). The County Board is authorized to transfer from one appropriation of any one fund to another of the same fund, not affecting the total amount appropriated.

Budgeted amounts are as originally adopted. Final budgeted amounts include amendments by the County Board through November 30, 2012.

3. Deposits and Investments

Deposits – State statutes require that deposits be made only in banks that are insured by the Federal Deposit Insurance Corporation and credit unions that are insured by applicable law. Statutes allow, and the County follows a policy of requiring collateralization of all deposits in excess of federally insured amounts. At year-end, the carrying amount of the County's deposits, including agency funds, was \$18,101,953 and the respective bank balances totaled \$19,355,396. The insured and collateral status of the bank balances, reported by category risk, were as follows:

FDIC Insured	\$	774,358
Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.		18,581,038
		18,581,038
	\$	19,355,396

The County's investment policy requires deposits to have FDIC insurance or collateral pledged to 110% of the uninsured balance. At November 30, 2012, the County was in compliance with this policy.

Credit Risk – State statutes and the County's investment policy authorize and regulate the County's investments. The County is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, obligations of any state or a political subdivision of any state, money market mutual funds registered under the Investment Company Act of 1940, repurchase agreements, insured or collateralized certificates of deposit and money market funds. The County has no investment policy that would further limit its investment choices.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The County places no limit on the amount it may invest in any one issuer. The County had no investments during the year ended or at November 30, 2012.

4. Long Term Liabilities

	Balance	(Retirements)	Balance
	November 30, 2011	Additions	November 30, 2012
General Obligation Bonds	\$ 7,200,000	\$ (300,000)	\$ 6,900,000
Accrued interest on bonds	85,342	(2,835)	82,507
Compensated absences	795,018	(30,464)	764,554
Pension obligation	205,207	9,985	215,192
OPEB obligation	18,682	18,157	36,839
	\$ 8,304,249	\$ (305,157)	\$ 7,999,092

At November 30, 2012, long-term debt consisted of the following issues:

\$8,180,000 General Obligation Bonds, Series 2008, Dated September 25, 2008, due in annual installments ranging from \$300,000 to \$575,000 through 2028, with interest from 3.250% to 4.375%, payable February 15 and August 15.	\$ 6,900,000
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The annual aggregate maturities of General Obligation bonded debt for years subsequent to November 30, 2012 are as follows:

Year Ended November 30	Principal	Interest	Total
2013	\$ 315,000	\$ 278,643	\$ 593,643
2014	325,000	267,024	592,024
2015	340,000	253,724	593,724
2016	355,000	239,824	594,824
2017	370,000	225,324	595,324
2018-2022	2,075,000	887,252	2,962,252
2023-2027	2,545,000	409,288	2,954,288
2028	575,000	12,577	587,577
	\$ 6,900,000	\$ 2,573,656	\$ 9,473,656

The Illinois Compiled Statutes limit the outstanding amount of authorized general obligation bonds of a district to 5.75 percent of the assessed valuation of the district. The legal debt margin of the County at November 30, 2012 was:

Adjusted Assessed Valuation:	
Equalized 2011 Tax Levy Year	\$ 1,006,241,751
Legal Debt Limitation Percentage	5.75%
Legal Debt Limitation	\$ 57,858,901
Less: Bonded Indebtedness	6,900,000
Legal Debt Margin	\$ 50,958,901

4. Long Term Liabilities (Concluded)

Interest expense from these bonds totaling \$285,801 has been included as a direct function expense. No interest was required to be capitalized during the year ended November 30, 2012. Accrued interest on these bonds was \$82,507 at November 30, 2012.

Accumulated unpaid vacation pay is accrued as the liability is incurred. The amount of the liability is determined by calculating each employee's accumulated number of vacation hours at their rate of pay on November 30, 2012. The liability at November 30, 2012 was \$764,554.

The County currently maintains two defined benefit pension plans for its employees as explained later in these notes to financial statements. In accordance with Government Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as amended by GASB Statement No. 50, *Pension Disclosures*, the County is required to report a liability if the County did not make contributions equal to or more than the Annual Required Contribution (ARC) as calculated by the actuary. For the year ended November 30, 2012, the County had accumulated a liability of \$215,192.

In accordance with Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the County is required to account for a liability for postemployment benefits owed to retirees and beneficiaries. While the County does not pay for continued health insurance coverage, they do allow retirees and beneficiaries to remain on the City's health plan. This creates an implicit rate subsidy because typically the costs for medical insurance for retirees are higher than for active employees. The details of this plan are explained later in these notes to financial statements. The County is required to report a liability if the County did not make contributions equal to or more than the Annual Required Contribution (ARC) as calculated by the actuary. For the year ended November 30, 2012, the County's OPEB liability was \$36,839.

5. Capital Assets

Primary government capital asset activity for the year ended November 30, 2012 was as follows:

	Balance 11/30/2011	Additions	Retirements	Balance 11/30/2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 669,633	\$ -	\$ -	\$ 669,633
Capital Assets being depreciated:				
Buildings	\$ 20,012,688	\$ 46,992	\$ -	\$ 20,059,680
Roads and bridges	99,189,659	2,626,884	-	101,816,543
Automotive	4,833,882	184,826	-	5,018,708
Furniture, fixtures and equipment	4,463,168	519,045	(8,130)	4,974,083
	<u>\$ 128,499,397</u>	<u>\$ 3,377,747</u>	<u>\$ (8,130)</u>	<u>\$ 131,869,014</u>
Less Accumulated Depreciation:				
Buildings	\$ (6,814,055)	\$ (448,185)	\$ -	\$ (7,262,240)
Roads and bridges	(48,753,513)	(4,428,287)	-	(53,181,800)
Automotive	(3,573,830)	(321,468)	-	(3,895,298)
Furniture, fixtures and equipment	(3,225,601)	(299,921)	8,130	(3,517,392)
	<u>\$ (62,366,999)</u>	<u>\$ (5,497,861)</u>	<u>\$ 8,130</u>	<u>\$ (67,856,730)</u>
Governmental Capital Assets, Net	<u>\$ 66,802,031</u>	<u>\$ (2,120,114)</u>	<u>\$ -</u>	<u>\$ 64,681,917</u>

5. Capital Assets (Concluded)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 257,797
Public safety	187,421
Judicial and courts	137,224
Public works	4,665,439
Health	249,980
	\$ 5,497,861

6. Pension Plans

Plan Description:

Adams County's defined benefit pension plan for regular employees and Sheriff's law enforcement personnel (SLEP) employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer 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, regular plan members are required to contribute 4.5 percent (7.5 percent for members participating in SLEP) of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 used by the employer was 11.84 percent for regular employees and 21.33 percent for SLEP employees. 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 ending December 31, 2012, the County's actual contributions for pension cost were \$1,323,544 and \$339,864 for the regular plan and SLEP plan, respectively. Its required contributions for calendar year 2012 were \$1,323,544 and \$339,864 for the regular plan and SLEP plan, respectively.

Three-Year Trend Information for each Plan:

Regular Employees			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 1,323,544	100%	\$ 187,525
12/31/2011	1,311,839	95%	183,598
12/31/2010	1,240,602	91%	109,999

6. Pension Plans (Concluded)

SLEP			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 339,864	100%	\$ 27,981
12/31/2011	331,558	100%	27,395
12/31/2010	325,850	92%	25,473

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent 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 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the County's 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% corridor between the actuarial and market value of assets. The County plan's unfunded actuarial accrued liability at December 31, 2010, is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress:

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 74.81 percent funded and the SLEP plan was 66.65 percent funded.

For the regular plan, the actuarial accrued liability for benefits was \$33,875,560 and the actuarial value of assets was \$25,343,804, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,531,756. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$11,178,579 and the ratio of the UAAL to the covered payroll was 76 percent.

For the SLEP plan, the actuarial accrued liability for benefits was \$7,206,456 and the actuarial value of assets was \$4,803,032, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,403,424. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,593,362 and the ratio of the UAAL to the covered payroll was 151 percent.

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

7. Other Postemployment Benefits

Plan Description

The County established the Health Insurance Plan for Retired Employees, providing for limited health care insurance coverage for its eligible retired employees. The plan is a single-employer defined benefit health care plan administered by the County which provides medical insurance to eligible retirees and beneficiaries with the retiree or beneficiary paying the County's cost of the premium.

As of the latest valuation performed November 30, 2011, the plan has 18 retirees receiving benefits and has a total of 293 active participants, of which 109 are not yet eligible to receive benefits.

7. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2012, the County's annual OPEB cost for the plan was \$88,571. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended November 30, 2012, were as follows:

Annual required contribution	\$	88,571
Interest on net pension obligation(asset)		-
Adjustment to annual requirement contribution		-
Annual pension cost	\$	88,571
Contributions made		(70,414)
Decrease in net pension obligation	\$	18,157
Net pension obligation (asset), beginning of year		18,682
Net pension obligation (asset), end of year	\$	<u>36,839</u>

Trend Information

Fiscal Year Ended	Annual OPEB Cost	% of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
2012	\$ 88,571	79.5%	\$ 36,839
2011	90,951	79.5%	18,682
2010			

Fiscal year 2011 was the year of implementation of GASB Statement No. 45 and the County has elected to implement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be completed above. Also, the County is required to have an actuarial study done every two years, therefore, the trend information shown is an estimate of the actual and will be updated with the next study. The liability in prior years is deemed to be immaterial to these financial statements.

Funded Status and Funding Progress

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2011 was the year of implementation of GASB Statement No. 45 and the County elected to apply the statement prospectively, only two years is presented in the schedule at this time. In future years, required trend data will be presented. Again, since the County is required to have this study done every two years, the trend information shown for 2012 is an estimate based on the prior year.

Funding Policy

Plan members receiving benefits contribute the monthly insurance premium. Therefore, there is no direct plan subsidy for retirees from the County. Because the State prohibits local governments from separately rating active employees and retirees, the County charges both groups an equal, blended premium rate. Although both groups are charged the same rate, GAAP require the actuarial amounts to be calculated using age adjusted premiums that approximate costs for retirees separately from those for active employees. The use of age adjusted premiums results in the inclusion of an implicit rate subsidy in the actuarial accrued liability. However, the County's contributions to the plan are based on actuarial valuations prepared using the blended rate premium that is actually charged.

7. Other Postemployment Benefits (Concluded)

The County's contribution rate in effect for the fiscal year 2012 was 0.0% as the County is not currently funding this plan. All contributions made to the plan are from retirees and their beneficiaries.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 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.

The entry age normal actuarial cost method was used in the November 30, 2011 valuation. The actuarial assumptions included a 5.0% investment rate of return, compounded annually, net of investment expenses. The annual healthcare cost trend rate of 6.0% is the ultimate rate. The initial rate was 8.0%. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.0%. The actuarial valuation of the plan assets was set at market value of investments as of the measurement date.

8. Property Taxes

Property tax is levied prior to December 31 on the equalized assessed value listed as of the prior January 1 for all real estate located within the County. Equalized assessed value is equal to one-third of the appraised fair value of the real estate, less applicable exemptions authorized by the County Board and/or the State of Illinois. The assessed value of each property may be appealed to the Board of Review and are subject to final approval by the Illinois Department of Revenue.

Taxes are payable in two installments on July 1 and September 1 of the year following the levy, or thirty days following the mailing of real estate tax bills. Current tax collections for the year ended November 30, 2012, were 99.7% of the 2011 tax levy.

9. Expenditures Paid in Excess of Budgeted Amounts/Budgeted Deficits

Expenditures exceeded budgeted amounts in the following funds:

Fund Name	Expenditures		
	Paid	Budget	Excess
<i>Special Revenue Funds:</i>			
Ambulance	\$ 3,169,975	\$ 2,938,590	\$ 231,385
Coroners Fees	22,576	22,372	204
Drug Enforcement	44,293	31,200	13,093
DUI Equipment	20,961	8,000	12,961
Recorder's Equipment	60,190	49,800	10,390

Deficits were budgeted in the following funds:

Fund Name	Beginning Balance	Estimated Revenues	Budgeted Charges to Appropriations	Budgeted Deficit
<i>Special Revenue Funds:</i>				
County Bridge	\$ 1,209,026	\$ 452,660	\$ 1,670,000	\$ (8,314)

10. Interfund Accounts Receivable/Payable

Interfund accounts receivable and payable at November 30, 2012 consisted of the following:

	Due From	Due To
<i>General Fund:</i>		
County Clerk/Recorder	\$ 31,275	\$ -
<i>Special Revenue Funds:</i>		
GIS Equipment	-	22,529
Recorder's GIS Equipment	-	1,213
County Recorder's Equipment	-	6,327
County Clerk's Equipment	-	1,206
	\$ 31,275	\$ 31,275

These interfund accounts receivable and payable is derived from fees collected by the County Clerk/Recorder Office that have not yet been disbursed to the appropriate fund.

11. Interfund Transfers

Under terms of its bond covenants, the County uses sales tax revenue as an alternative to property tax levies to retire its bonded debt. During the year ended November 30, 2012, the County transferred \$588,000 of sales tax revenue to the Debt Service Fund for retirement of principal and interest.

The County budgets for the purchase of capital assets and other expenditures through the "County General" fund. Some of these purchases and expenditures are made with funds available for such purposes in various special revenue funds. As a result, the County transfers resources from the appropriate funds to County General to complete the purchases. During the year ended November 30, 2012, the following transfers were made:

Transfer from:	Transfer to:					Totals
	General Fund	Mobile Data	County Bridge	Motor Fuel Tax	Debt Service	
General Fund	\$ -	\$ 540	\$ -	\$ -	\$ 588,000	\$ 588,540
Inmate and Commissary	14,000	-	-	-	-	14,000
Animal Control	18,798	-	-	-	-	18,798
Law Library	6,000	-	-	-	-	6,000
Circuit Clerk Operations	20,562	-	-	-	-	20,562
Court Automation	13,500	-	-	-	-	13,500
Court Finance	48,000	-	-	-	-	48,000
Court Document	133,500	-	-	-	-	133,500
Probation	80,000	-	-	-	-	80,000
GIS	6,000	-	-	-	-	6,000
Recorder's Equipment	22,000	-	-	-	-	22,000
Drug Enforcement	10,200	-	-	-	-	10,200
County Clerk Equipment	18,000	-	-	-	-	18,000
Tax Sale Automation	15,000	-	-	-	-	15,000
County Highway	-	-	10,900	259,664	-	270,564
	\$ 405,560	\$ 540	\$ 10,900	\$ 259,664	\$ 588,000	\$ 1,264,664

12. Construction and Other Commitments

The County has significant construction commitments related to road and bridge construction projects as of November 30, 2012. All contracts are in various stages of completion.

Adams County entered into a contract with the City of Quincy, Illinois on January 12, 1988 for the creation, operation and control of an Emergency Communications System (911). 911 has been determined to be a component unit of the City of Quincy, however Adams County is responsible for paying 40% of all operating costs of the system. The City of Quincy invoices the County for their share of expenses on a monthly basis.

The County participates in a number of state and federal grant programs, which are subject to program and financial audits by the granting agencies. The County Board believes that adjustments (if any) that may arise from these audits will be insignificant to the County's operations.

13. Self Insurance Funds

The County is self-insured for medical insurance through a plan administered by Private Health Care Systems. Premiums are recorded as an expense in the paying fund and as income in the internal service fund. Premiums collected from employees are also recorded as income in the internal service fund. Expenditures for health care claims are treated as expenses in the internal service fund.

14. Conduit Debt

From time-to-time, the County has issued industrial revenue bonds on behalf of private sector and nonprofit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The County is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements.

15. Subsequent Events

Subsequent events have been evaluated through August 20, 2013, which is the date the financial statements were available to be issued.

16. Recently Issued Accounting Pronouncements

As of November 30, 2012, the Governmental Accounting Standards Board (GASB) had issued the following statements not yet implemented by the County. The statements which might impact the County are as follows:

Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, will be effective for the County beginning with its year ending November 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, will be effective for the County beginning with its year ended November 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

16. Recently Issued Accounting Pronouncements (Concluded)

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will be effective for the County beginning with its year ended November 30, 2013. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This Statement amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government* and other pronouncements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 65, *Items Previously Reported and Assets and Liabilities*, will be effective for the County beginning with its year ended November 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, will be effective for the County beginning with its year ended November 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Management has not yet completed its evaluation of the impact, if any, of the provisions of these statements on its financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - General Fund
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 2,050,126	\$ 2,050,126	\$ 2,050,126	\$ -
Resources (inflows):				
Property taxes	2,715,000	2,715,960	2,724,388	8,428
Sales taxes	2,090,000	2,090,000	2,059,782	(30,218)
Licenses and permits	44,000	44,000	49,015	5,015
Fees and fines				
Animal control	4,000	4,000	11,679	7,679
County Clerk fees	83,000	83,000	77,649	(5,351)
Circuit Clerk fees	747,000	747,000	681,157	(65,843)
County Recorder fees	490,000	490,000	515,128	25,128
Sheriff	112,400	112,400	121,802	9,402
State's Attorney	243,900	243,900	296,378	52,478
Traffic fines	310,000	310,000	279,834	(30,166)
Drug fines	4,110	4,110	3,139	(971)
Tax fees	170,000	170,000	156,302	(13,698)
Court security fees	210,000	210,000	193,634	(16,366)
Electronic monitoring fees	3,000	3,000	1,620	(1,380)
Other fees	10,000	-	-	-
Charges for services				
Rents	96,800	96,800	155,127	58,327
Prisoner room & board payments	44,000	44,000	48,363	4,363
Prescription card revenue	-	5,000	54	(4,946)
Intergovernmental				
Income taxes	1,636,600	1,636,600	1,813,280	176,680
Personal Property Replacement Tax	590,500	590,500	571,530	(18,970)
State inheritance tax	-	-	100,690	100,690
Retailer occupational tax	481,900	481,900	493,306	11,406
Use tax	321,000	321,000	296,487	(24,513)
Grants and reimbursements	1,319,049	1,328,935	1,553,924	224,989
Miscellaneous	12,900	1,012,900	5,833	(1,007,067)
Interest received	110,000	110,000	81,502	(28,498)
Transfers from other funds	502,551	502,551	405,560	(96,991)
Amounts available for Appropriation	<u>\$ 14,401,836</u>	<u>\$ 15,407,682</u>	<u>\$ 14,747,289</u>	<u>\$ (660,393)</u>

Adams County, Illinois
 Budgetary Comparison Schedule - General Fund (Continued)
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows)				
General Government				
<i>County Administration</i>				
Personal services and benefits	\$ 1,418,337	\$ 1,418,337	\$ 1,409,016	\$ 9,321
Supplies	25,500	25,500	19,080	6,420
Other services and charges	266,498	1,267,162	122,319	1,144,843
Capital expenditures	-	-	-	-
	<u>\$ 1,710,335</u>	<u>\$ 2,710,999</u>	<u>\$ 1,550,415</u>	<u>\$ 1,160,584</u>
<i>County Treasurer</i>				
Personal services and benefits	\$ 186,815	\$ 186,815	\$ 186,211	\$ 604
Supplies	15,500	15,500	11,191	4,309
Other services and charges	10,314	10,314	11,770	(1,456)
	<u>\$ 212,629</u>	<u>\$ 212,629</u>	<u>\$ 209,172</u>	<u>\$ 3,457</u>
<i>County Clerk</i>				
Personal services and benefits	\$ 277,220	\$ 277,220	\$ 277,973	\$ (753)
Supplies	25,150	25,150	22,752	2,398
Other services and charges	44,850	44,850	44,813	37
	<u>\$ 347,220</u>	<u>\$ 347,220</u>	<u>\$ 345,538</u>	<u>\$ 1,682</u>
<i>County Clerk - Elections</i>				
Personal services and benefits	\$ 84,100	\$ 84,100	\$ 79,731	\$ 4,369
Supplies	12,000	12,000	15,743	(3,743)
Other services and charges	103,500	103,500	48,086	55,414
Capital expenditures	-	-	-	-
	<u>\$ 199,600</u>	<u>\$ 199,600</u>	<u>\$ 143,560</u>	<u>\$ 56,040</u>
<i>Supervisor of Assessments</i>				
Personal services and benefits	\$ 152,303	\$ 152,303	\$ 152,140	\$ 163
Supplies	6,200	6,200	5,636	564
Other services and charges	21,460	18,921	7,056	11,865
	<u>\$ 179,963</u>	<u>\$ 179,963</u>	<u>\$ 167,371</u>	<u>\$ 12,592</u>
<i>Board of Review</i>				
Personal services and benefits	\$ 20,605	\$ 20,605	\$ 20,604	\$ 1
Supplies	600	600	-	600
Other services and charges	690	690	148	542
	<u>\$ 21,895</u>	<u>\$ 21,895</u>	<u>\$ 20,752</u>	<u>\$ 1,143</u>
<i>County Recorder</i>				
Personal services and benefits	\$ 96,849	\$ 96,849	\$ 67,553	\$ 29,296
Supplies	201,000	201,000	200,526	474
Other services and charges	800	800	154	646
	<u>\$ 298,649</u>	<u>\$ 298,649</u>	<u>\$ 268,233</u>	<u>\$ 30,416</u>

Adams County, Illinois
 Budgetary Comparison Schedule - General Fund (Continued)
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Computer Technology</i>				
Personal services and benefits	\$ 59,967	\$ 59,967	\$ 59,967	\$ -
Supplies	46,600	46,600	48,647	(2,047)
Other services and charges	53,000	53,886	54,486	(600)
Capital expenditures	-	-	-	-
	<u>\$ 159,567</u>	<u>\$ 160,453</u>	<u>\$ 163,100</u>	<u>\$ (2,647)</u>
<i>Maintenance Department</i>				
Personal services and benefits	\$ 145,714	\$ 145,714	\$ 125,405	\$ 20,309
Supplies	30,000	30,000	28,574	1,426
Other services and charges	161,000	161,000	174,457	(13,457)
Capital expenditures	-	-	-	-
	<u>\$ 336,714</u>	<u>\$ 336,714</u>	<u>\$ 328,436</u>	<u>\$ 8,278</u>
<i>Public Safety</i>				
<i>County Sheriff - Law Enforcement</i>				
Personal services and benefits	\$ 1,750,347	\$ 1,750,347	\$ 1,728,872	\$ 21,475
Supplies	180,758	180,758	216,751	(35,993)
Other services and charges	102,600	102,600	134,984	(32,384)
Capital expenditures	94,000	94,000	91,972	2,028
	<u>\$ 2,127,705</u>	<u>\$ 2,127,705</u>	<u>\$ 2,172,579</u>	<u>\$ (44,874)</u>
<i>County Sheriff - Jail</i>				
Personal services and benefits	\$ 963,008	\$ 963,008	\$ 943,856	\$ 19,152
Supplies	227,000	227,000	228,108	(1,108)
Other services and charges	117,000	117,000	149,234	(32,234)
Capital expenditures	-	-	-	-
	<u>\$ 1,307,008</u>	<u>\$ 1,307,008</u>	<u>\$ 1,321,198</u>	<u>\$ (14,190)</u>
<i>County Sheriff - Courts Legal</i>				
Personal services and benefits	\$ 290,388	\$ 290,388	\$ 273,576	\$ 16,812
Supplies	1,300	1,300	1,655	(355)
Other services and charges	750	750	388	362
	<u>\$ 292,438</u>	<u>\$ 292,438</u>	<u>\$ 275,619</u>	<u>\$ 16,819</u>
<i>Sheriff Merit Commission</i>				
Personal services and benefits	\$ 5,754	\$ 5,754	\$ 5,754	\$ -
Supplies	50	50	55	(5)
Other services and charges	2,000	2,000	2,130	(130)
	<u>\$ 7,804</u>	<u>\$ 7,804</u>	<u>\$ 7,939</u>	<u>\$ (135)</u>
<i>Animal Control</i>				
Personal services and benefits	\$ 64,248	\$ 64,248	\$ 58,162	\$ 6,086
Supplies	7,700	7,700	6,865	835
Other services and charges	10,400	10,400	12,416	(2,016)
Capital expenditures	-	-	-	-
	<u>\$ 82,348</u>	<u>\$ 82,348</u>	<u>\$ 77,443</u>	<u>\$ 4,905</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - General Fund (Continued)
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>County Coroner</i>				
Personal services and benefits	\$ 66,169	\$ 66,669	\$ 66,942	\$ (273)
Supplies	1,600	1,600	1,544	56
Other services and charges	55,273	66,336	58,904	7,432
Capital expenditures	-	-	-	-
	<u>\$ 123,042</u>	<u>\$ 134,605</u>	<u>\$ 127,390</u>	<u>\$ 7,215</u>
<i>Emergency Management Agency</i>				
Personal services and benefits	\$ 48,551	\$ 48,551	\$ 48,436	\$ 115
Supplies	3,050	3,050	3,032	18
Other services and charges	17,100	18,100	17,050	1,050
Capital expenditures	-	-	-	-
	<u>\$ 68,701</u>	<u>\$ 69,701</u>	<u>\$ 68,518</u>	<u>\$ 1,183</u>
<i>Judicial and Courts</i>				
<i>State's Attorney</i>				
Personal services and benefits	\$ 785,465	\$ 785,465	\$ 775,282	\$ 10,183
Supplies	14,500	21,500	23,609	(2,109)
Other services and charges	36,165	40,165	39,003	1,162
Capital expenditures	-	-	-	-
	<u>\$ 836,130</u>	<u>\$ 847,130</u>	<u>\$ 837,894</u>	<u>\$ 9,236</u>
<i>Circuit Clerk</i>				
Personal services and benefits	\$ 543,561	\$ 543,561	\$ 546,279	\$ (2,718)
Supplies	56,392	56,392	56,139	253
Other services and charges	3,500	3,500	1,829	1,671
	<u>\$ 603,453</u>	<u>\$ 603,453</u>	<u>\$ 604,247</u>	<u>\$ (794)</u>
<i>Judges</i>				
Personal services and benefits	\$ 14,336	\$ 14,336	\$ 14,659	\$ (323)
Supplies	9,400	9,400	6,713	2,687
Other services and charges	25,500	25,500	18,784	6,716
Capital expenditures	-	-	-	-
	<u>\$ 49,236</u>	<u>\$ 49,236</u>	<u>\$ 40,156</u>	<u>\$ 9,080</u>
<i>Public Defender</i>				
Personal services and benefits	\$ 429,399	\$ 429,399	\$ 417,930	\$ 11,469
Supplies	5,600	5,600	5,465	135
Other services and charges	23,000	23,000	17,406	5,594
	<u>\$ 457,999</u>	<u>\$ 457,999</u>	<u>\$ 440,801</u>	<u>\$ 17,198</u>
<i>Jury Commission</i>				
Personal services and benefits	\$ 41,715	\$ 41,715	\$ 41,608	\$ 107
Supplies	4,400	4,400	4,119	281
Other services and charges	25,650	25,650	17,501	8,149
	<u>\$ 71,765</u>	<u>\$ 71,765</u>	<u>\$ 63,228</u>	<u>\$ 8,537</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - General Fund (Concluded)
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Probation Department</i>				
Personal services and benefits	\$ 913,197	\$ 913,197	\$ 913,140	\$ 57
Supplies	1,000	1,000	-	1,000
Other services and charges	-	-	-	-
Capital expenditures	-	-	-	-
	<u>\$ 914,197</u>	<u>\$ 914,197</u>	<u>\$ 913,140</u>	<u>\$ 1,057</u>
<i>Juvenile Detention Center</i>				
Personal services and benefits	\$ 1,026,117	\$ 1,026,117	\$ 1,014,670	\$ 11,447
Supplies	52,400	52,400	51,809	591
Other services and charges	76,400	76,775	69,289	7,486
Capital expenditures	-	-	-	-
	<u>\$ 1,154,917</u>	<u>\$ 1,155,292</u>	<u>\$ 1,135,768</u>	<u>\$ 19,524</u>
Nondepartmental				
Payments to other entities:				
911 Board	\$ 456,000	\$ 456,000	\$ 429,038	\$ 26,962
Regional Superintendent	153,088	156,224	156,991	(767)
Transfers to other funds	990,263	990,263	588,540	401,723
Agency subsidies	135,907	135,907	135,757	150
	<u>\$ 1,735,258</u>	<u>\$ 1,738,394</u>	<u>\$ 1,310,326</u>	<u>\$ 428,068</u>
Total Charges to Appropriations	<u>\$ 13,298,573</u>	<u>\$ 14,327,197</u>	<u>\$ 12,592,823</u>	<u>\$ 1,734,374</u>
Budgetary Balance, November 30, 2012	<u><u>\$ 1,103,263</u></u>	<u><u>\$ 1,080,485</u></u>	<u><u>\$ 2,154,466</u></u>	<u><u>\$ 1,073,981</u></u>

Adams County, Illinois
 Budgetary Comparison Schedule - IMRF/Social Security
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 1,812,034	\$ 1,812,034	\$ 1,812,034	\$ -
Resources (inflows):				
Property taxes	2,688,000	2,575,785	2,583,798	8,013
Intergovernmental				
Personal Property Replacement Tax	320,000	320,000	315,310	(4,690)
Grants and reimbursements	14,000	14,000	7,224	(6,776)
Interest received	-	-	1,195	1,195
Amounts available for Appropriation	<u>\$ 4,834,034</u>	<u>\$ 4,721,819</u>	<u>\$ 4,719,561</u>	<u>\$ (2,258)</u>
Charges to appropriations (outflows)				
General Government				
County Administration				
Personal services and benefits	<u>\$ 2,961,436</u>	<u>\$ 2,961,436</u>	<u>\$ 2,827,047</u>	<u>\$ 134,389</u>
Budgetary Balance, November 30, 2012	<u><u>\$ 1,872,598</u></u>	<u><u>\$ 1,760,383</u></u>	<u><u>\$ 1,892,514</u></u>	<u><u>\$ 132,131</u></u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - Liability Insurance
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 653,925	\$ 653,925	\$ 653,925	\$ -
Resources (inflows):				
Property taxes	625,000	465,922	467,424	1,502
Interest received	1,000	1,000	216	(784)
Amounts available for Appropriation	<u>\$ 1,279,925</u>	<u>\$ 1,120,847</u>	<u>\$ 1,121,565</u>	<u>\$ 718</u>
Charges to appropriations (outflows)				
General Government				
County Administration				
Other services and charges	\$ 510,924	\$ 510,924	\$ 486,661	\$ 24,263
Budgetary Balance, November 30, 2012	<u><u>\$ 769,001</u></u>	<u><u>\$ 609,923</u></u>	<u><u>\$ 634,904</u></u>	<u><u>\$ 24,981</u></u>

Adams County, Illinois
 Budgetary Comparison Schedule - Ambulance
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ (35,706)	\$ (35,706)	\$ (35,706)	\$ -
Resources (inflows):				
Property taxes	500,000	500,000	501,536	1,536
Charges for services				
Special Events	13,000	13,000	16,230	3,230
Payments for services	2,541,700	2,541,700	2,514,801	(26,899)
Intergovernmental				
Grants and reimbursements	-	37,594	37,594	-
Miscellaneous	3,000	3,000	6,225	3,225
Interest received	1,400	1,400	232	(1,168)
Amounts available for Appropriation	<u>\$ 3,023,394</u>	<u>\$ 3,060,988</u>	<u>\$ 3,040,912</u>	<u>\$ (20,076)</u>
Charges to appropriations (outflows)				
Health and Sanitation				
<i>Ambulance</i>				
Personal services and benefits	\$ 2,354,747	\$ 2,354,747	\$ 2,581,053	\$ (226,306)
Supplies	24,000	24,000	17,523	6,477
Other services and charges	423,749	423,749	438,277	(14,528)
Capital expenditures	98,500	136,094	133,122	2,972
Total Health and Sanitation	<u>\$ 2,900,996</u>	<u>\$ 2,938,590</u>	<u>\$ 3,169,975</u>	<u>\$ (231,385)</u>
Budgetary Balance, November 30, 2012	<u>\$ 122,398</u>	<u>\$ 122,398</u>	<u>\$ (129,063)</u>	<u>\$ (251,461)</u>

Adams County, Illinois
 Budgetary Comparison Schedule - Health Department
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 971,036	\$ 971,036	\$ 971,036	\$ -
Resources (inflows):				
Property taxes	250,000	250,000	250,818	818
Fees and fines				
Environmental Fees	55,000	55,000	77,981	22,981
Births & Deaths	65,000	65,000	57,955	(7,045)
Charges for services				
Dental income	1,000,000	1,000,000	1,041,688	41,688
Immunization income	125,000	125,000	132,606	7,606
Screening Fees	30,000	30,000	28,359	(1,641)
Intergovernmental				
Personal Property Replacement Tax	90,000	90,000	75,660	(14,340)
Grants and reimbursements	1,221,399	1,221,399	1,288,760	67,361
Miscellaneous	50,000	50,000	4,766	(45,234)
Interest received	5,500	5,500	2,012	(3,488)
Amounts available for Appropriation	<u>\$ 3,862,935</u>	<u>\$ 3,862,935</u>	<u>\$ 3,931,641</u>	<u>\$ 68,706</u>
Charges to appropriations (outflows)				
Health and Sanitation				
<i>Health Department</i>				
Personal services and benefits	\$ 2,775,593	\$ 2,775,593	\$ 2,358,234	\$ 417,359
Supplies	16,000	16,000	13,507	2,493
Other services and charges	1,223,940	1,059,340	689,451	369,889
Capital expenditures	12,000	12,000	8,035	3,965
Total Health and Sanitation	<u>\$ 4,027,533</u>	<u>\$ 3,862,933</u>	<u>\$ 3,069,227</u>	<u>\$ 793,706</u>
Budgetary Balance, November 30, 2012	<u>\$ (164,598)</u>	<u>\$ 2</u>	<u>\$ 862,414</u>	<u>\$ 862,412</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - TB Treatment Board
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 63,288	\$ 63,288	\$ 63,288	\$ -
Resources (inflows):				
Property taxes	74,000	70,648	70,955	307
Interest received	100	100	33	(67)
Amounts available for Appropriation	<u>\$ 137,388</u>	<u>\$ 134,036</u>	<u>\$ 134,276</u>	<u>\$ 240</u>
Charges to appropriations (outflows)				
Health and Sanitation				
<i>TB Treatment Board</i>				
Personal services and benefits	\$ 77,816	\$ 77,816	\$ 76,858	\$ 958
Supplies	5,700	5,700	5,121	579
Other services and charges	1,800	1,800	237	1,563
Total Health and Sanitation	<u>\$ 85,316</u>	<u>\$ 85,316</u>	<u>\$ 82,216</u>	<u>\$ 3,100</u>
Budgetary Balance, November 30, 2012	<u>\$ 52,072</u>	<u>\$ 48,720</u>	<u>\$ 52,060</u>	<u>\$ 3,340</u>

Adams County, Illinois
 Budgetary Comparison Schedule - County Highway Department
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 3,320,199	\$ 3,320,199	\$ 3,320,199	\$ -
Resources (inflows):				
Property taxes	1,500,000	1,357,980	1,362,298	4,318
Intergovernmental				
Grants and reimbursements	392,808	392,808	684,971	292,163
Miscellaneous	5,192	5,192	59,042	53,850
Interest received	2,000	2,000	2,486	486
Amounts available for Appropriation	<u>\$ 5,220,199</u>	<u>\$ 5,078,179</u>	<u>\$ 5,428,996</u>	<u>\$ 350,817</u>
Charges to appropriations (outflows)				
Public Works				
<i>County Highway Department</i>				
Personal services and benefits	\$ 1,246,123	\$ 1,246,123	\$ 585,784	\$ 660,339
Supplies	475,000	475,000	382,890	92,110
Other services and charges	602,066	602,066	671,712	(69,646)
Capital expenditures	2,325,000	2,250,000	816,472	1,433,528
Total Public Works	<u>\$ 4,648,189</u>	<u>\$ 4,573,189</u>	<u>\$ 2,456,858</u>	<u>\$ 2,116,331</u>
Nondepartmental				
Transfers to other funds	\$ -	\$ -	\$ 270,564	\$ (270,564)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,564</u>	<u>\$ (270,564)</u>
Total Charges to Appropriations	<u>\$ 4,648,189</u>	<u>\$ 4,573,189</u>	<u>\$ 2,727,422</u>	<u>\$ 2,116,331</u>
Budgetary Balance, November 30, 2012	<u>\$ 572,010</u>	<u>\$ 504,990</u>	<u>\$ 2,701,574</u>	<u>\$ 2,467,148</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule - County Bridge
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 1,209,026	\$ 1,209,026	\$ 1,209,026	\$ -
Resources (inflows):				
Property taxes	500,000	452,660	454,099	1,439
Miscellaneous	-	-	197,282	197,282
Interest received	-	-	210	210
Transfers from other funds	-	-	10,900	10,900
Amounts available for Appropriation	<u>\$ 1,709,026</u>	<u>\$ 1,661,686</u>	<u>\$ 1,871,517</u>	<u>\$ 209,831</u>
Charges to appropriations (outflows)				
Public Works				
<i>County Bridge</i>				
Capital expenditures	\$ 1,750,000	\$ 1,670,000	\$ 906,422	\$ 763,578
Total Public Works	<u>\$ 1,750,000</u>	<u>\$ 1,670,000</u>	<u>\$ 906,422</u>	<u>\$ 763,578</u>
Budgetary Balance, November 30, 2012	<u>\$ (40,974)</u>	<u>\$ (8,314)</u>	<u>\$ 965,095</u>	<u>\$ 973,409</u>

Adams County, Illinois
 Budgetary Comparison Schedule - Motor Fuel Tax Fund
 For the Year Ended November 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, December 1, 2011	\$ 4,493,838	\$ 4,493,838	\$ 4,493,838	\$ -
Resources (inflows):				
Intergovernmental				
Motor Fuel Tax	1,345,000	1,345,000	1,607,787	262,787
Interest received	30,000	30,000	38,141	8,141
Transfers from other funds	-	-	259,664	259,664
Amounts available for Appropriation	<u>\$ 5,868,838</u>	<u>\$ 5,868,838</u>	<u>\$ 6,399,430</u>	<u>\$ 530,592</u>
Charges to appropriations (outflows)				
Public Works				
Streets and Highways				
Personal services and benefits	\$ 850,000	\$ 850,000	\$ 501,034	\$ 348,966
Other services and charges	2,000,000	2,000,000	1,559,419	440,581
Capital expenditures	2,150,000	2,150,000	220,403	1,929,597
Total Public Works	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 2,280,856</u>	<u>\$ 2,719,144</u>
Budgetary Balance, November 30, 2012	<u>\$ 868,838</u>	<u>\$ 868,838</u>	<u>\$ 4,118,574</u>	<u>\$ 3,249,736</u>

Adams County, Illinois
 Budgetary Comparison Schedule
 Budget - to - GAAP Reconciliation
 For the Year Ended November 30, 2012

	<u>General Fund</u>	<u>IMRF and Social Security</u>	<u>Liability Insurance</u>	<u>Ambulance</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 14,747,289	\$4,719,561	\$1,121,565	\$ 3,040,912
Differences - Budget to GAAP:				
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,050,126)	(1,812,034)	(653,925)	35,706
Revenues in the statement of revenues, expenditures, and changes in fund balances are reported on the cash (budgetary) basis of accounting. In the statement of activities, revenues are reported when earned. A negative amount indicates that revenues receivable at the beginning of the period exceeded the amounts due the County at the end of the period.	(99,364)	8,227	2,175	122,566
Transfers from other funds and bond proceeds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	(405,560)	-	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,192,239</u>	<u>\$2,915,754</u>	<u>\$ 469,815</u>	<u>\$ 3,199,184</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule.	\$ 12,592,823	\$2,827,047	\$ 486,661	\$ 3,169,975
Differences - Budget to GAAP:				
Expenditures in the statement of revenues, expenditures, and changes in fund balances are reported on the cash (budgetary) basis of accounting. In the statement of activities, expenses are reported when the liability is incurred. A negative amount indicates that expenditures payable at the end of the year exceeded the amounts due by the County to others at the beginning of the period.	28,820	12,949	1,107	20,423
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	(588,540)	-	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,033,103</u>	<u>\$2,839,996</u>	<u>\$ 487,768</u>	<u>\$ 3,190,398</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
 Budgetary Comparison Schedule
 Budget - to - GAAP Reconciliation (Concluded)
 For the Year Ended November 30, 2012

	<u>Health Department</u>	<u>Tuberculosis Treatment</u>	<u>County Highway</u>	<u>County Bridge</u>	<u>Motor Fuel Tax</u>
Sources/Inflows of Resources					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 3,931,641	\$ 134,276	\$5,428,996	\$1,871,517	\$ 6,399,430
Differences - Budget to GAAP:					
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(971,036)	(63,288)	(3,320,199)	(1,209,026)	(4,493,838)
Revenues in the statement of revenues, expenditures, and changes in fund balances are reported on the cash (budgetary) basis of accounting. In the statement of activities, revenues are reported when earned. A negative amount indicates that revenues receivable at the beginning of the period exceeded the amounts due the County at the end of the period.	196,898	-	-	-	(3,313)
Transfers from other funds are inflows of budgetary resources but are not <i>revenues</i> for financial reporting purposes.	-	-	-	(10,900)	(259,664)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,157,503</u>	<u>\$ 70,988</u>	<u>\$2,108,797</u>	<u>\$ 651,591</u>	<u>\$ 1,642,615</u>
Uses/Outflows of Resources					
Actual amounts (budgetary basis) "total charges to appropriations" from budgetary comparison schedule.	\$ 3,069,227	\$ 82,216	\$2,456,858	\$ 906,422	\$ 2,280,856
Differences - Budget to GAAP:					
Expenditures in the statement of revenues, expenditures, and changes in fund balances are reported on the cash (budgetary) basis of accounting. In the statement of activities, expenses are reported when the liability is incurred. A negative amount indicates that expenditures payable at the end of the year exceeded the amounts due by the County to others at the beginning of the period.	333,837	84	276,343	(12,723)	(3,193)
Transfers to other funds are outflows of budgetary resources but are not <i>expenditures</i> for financial reporting purposes.	-	-	(270,564)	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,403,064</u>	<u>\$ 82,300</u>	<u>\$2,462,637</u>	<u>\$ 893,699</u>	<u>\$ 2,277,663</u>

The accompanying notes are an integral part of these financial statements.

Schedules of Funding Progress – Illinois Municipal Retirement Fund (IMRF)
Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered P/R ((b)-(a)/(c))
Regular						
12/31/2012	\$ 25,343,804	\$ 33,875,560	\$ 8,531,756	74.81%	\$ 11,178,579	76.32%
12/31/2011	24,446,264	33,045,164	8,598,900	73.98%	11,308,959	76.04%
12/31/2010	24,788,897	32,178,589	7,389,692	77.04%	11,340,051	65.16%
SLEP						
12/31/2012	\$ 4,803,032	\$ 7,206,456	\$ 2,403,424	66.65%	\$ 1,593,362	150.84%
12/31/2011	4,050,245	6,419,090	2,368,845	63.10%	1,530,739	154.75%
12/31/2010	3,383,215	5,830,812	2,447,597	58.02%	1,516,288	161.42%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$26,258,202 for the Regular plan and \$4,988,724 for the SLEP plan. On a market basis, the fund ratio would be 77.51% and 69.23%, respectively.

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

Schedule of Funding Progress – Other Postemployment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered P/R ((b)-(a)/(c))
11/30/2012	\$ -	\$ 1,184,945	\$ 1,184,945	0.00%	\$ 12,788,961	9.27%
11/30/2011	-	1,184,945	1,184,945	0.00%	12,835,782	9.23%
11/30/2010						

Combining Financial Statements

	<u>Inmate & Commissary</u>	<u>Animal Control</u>	<u>Law Library</u>	<u>Federal and State Grants</u>	<u>Circuit Clerk Operations</u>	<u>Court Automation</u>
Assets						
Cash and cash equivalents	\$ 65,379	\$ 20,305	\$ 36,997	\$ (21,466)	\$ 13,066	\$ 58,391
Other receivables	-	-	-	25,642	-	-
Internal receivables	-	-	-	-	-	-
Total Assets	<u>\$ 65,379</u>	<u>\$ 20,305</u>	<u>\$ 36,997</u>	<u>\$ 4,176</u>	<u>\$ 13,066</u>	<u>\$ 58,391</u>
Liabilities						
Accounts payable	\$ 3,861	\$ -	\$ -	\$ 260	\$ -	\$ 644
Held in trust for others	4,524	-	-	-	-	-
Total Liabilities	<u>\$ 8,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 644</u>
Fund Balances/Net Assets						
<i>Fund Balances:</i>						
Restricted	\$ 56,994	\$ 20,305	\$ 36,997	\$ 3,916	\$ 13,066	\$ 57,747
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>\$ 56,994</u>	<u>\$ 20,305</u>	<u>\$ 36,997</u>	<u>\$ 3,916</u>	<u>\$ 13,066</u>	<u>\$ 57,747</u>
Total Liabilities and Fund Balances	<u>\$ 65,379</u>	<u>\$ 20,305</u>	<u>\$ 36,997</u>	<u>\$ 4,176</u>	<u>\$ 13,066</u>	<u>\$ 58,391</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Balance Sheet
Nonmajor Government Funds
November 30, 2012

Court Finance	Court Document	Probation	Coroners' Fees	Flood Control	GIS	DUI Equipment
\$ 85,918	\$ 196,102	\$ 133,627	\$ 3,385	\$ 26,225	\$ 211,658	\$ 2,685
-	-	-	-	-	-	-
-	-	-	-	-	23,742	-
<u>\$ 85,918</u>	<u>\$ 196,102</u>	<u>\$ 133,627</u>	<u>\$ 3,385</u>	<u>\$ 26,225</u>	<u>\$ 235,400</u>	<u>\$ 2,685</u>
\$ -	\$ -	\$ 8,153	\$ -	\$ 2,552	\$ 20,303	\$ -
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,153</u>	<u>\$ -</u>	<u>\$ 2,552</u>	<u>\$ 20,303</u>	<u>\$ -</u>
\$ 85,918	\$ 196,102	\$ 125,474	\$ 3,385	\$ 23,673	\$ 215,097	\$ 2,685
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 85,918</u>	<u>\$ 196,102</u>	<u>\$ 125,474</u>	<u>\$ 3,385</u>	<u>\$ 23,673</u>	<u>\$ 215,097</u>	<u>\$ 2,685</u>
<u>\$ 85,918</u>	<u>\$ 196,102</u>	<u>\$ 133,627</u>	<u>\$ 3,385</u>	<u>\$ 26,225</u>	<u>\$ 235,400</u>	<u>\$ 2,685</u>

Adams County, Illinois
Combining Balance Sheet
Nonmajor Government Funds (Concluded)
November 30, 2012

	Recorder Equipment	County Clerk Equipment	Drug Enforcement	Economic Loan	Tax Sale Automation	Debt Service	Total Nonmajor
Assets							
Cash and cash equivalents	\$ 21,432	\$ 61,639	\$ 17,403	\$ 467,943	\$ 23,161	\$ 7,007	\$ 1,430,857
Other receivables	-	-	-	-	-	-	25,642
Internal receivables	6,327	1,206	-	-	-	-	31,275
Total Assets	\$ 27,759	\$ 62,845	\$ 17,403	\$ 467,943	\$ 23,161	\$ 7,007	\$ 1,487,774
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,773
Held in trust for others	-	-	-	-	-	-	4,524
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,297
Fund Balances/Net Assets							
<i>Fund Balances:</i>							
Reserved for jail	\$ 27,759	\$ -	\$ 17,403	\$ -	\$ 23,161	\$ 7,007	\$ 916,689
Special revenue funds	-	62,845	-	467,943	-	-	530,788
Capital project fund	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-
Total Fund Balances	\$ 27,759	\$ 62,845	\$ 17,403	\$ 467,943	\$ 23,161	\$ 7,007	\$ 1,447,477
Total Liabilities and Fund Balances	\$ 27,759	\$ 62,845	\$ 17,403	\$ 467,943	\$ 23,161	\$ 7,007	\$ 1,487,774

The accompanying notes are an integral part of these financial statements.

	<u>Inmate & Commissary</u>	<u>Animal Control</u>	<u>Law Library</u>	<u>Federal and State Grants</u>	<u>Circuit Clerk Operations</u>	<u>Court Automation</u>
Revenues						
Licenses and permits	\$ -	\$ 20,305	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	42,104	-	5,096	57,829
Charges for services	44,321	-	-	-	-	-
Intergovernmental	-	-	-	91,460	22,844	-
Miscellaneous	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Total Revenues	<u>\$ 44,321</u>	<u>\$ 20,305</u>	<u>\$ 42,104</u>	<u>\$ 91,460</u>	<u>\$ 27,940</u>	<u>\$ 57,829</u>
Expenditures						
<i>Current:</i>						
General government	\$ -	\$ -	\$ -	\$ 59,312	\$ -	\$ -
Public safety	17,099	-	-	42,097	-	-
Public works	-	-	-	-	-	-
Judicial and courts	-	-	29,426	-	4,732	40,978
<i>Debt Service:</i>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-
Total Expenditures	<u>\$ 17,099</u>	<u>\$ -</u>	<u>\$ 29,426</u>	<u>\$ 101,409</u>	<u>\$ 4,732</u>	<u>\$ 40,978</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 27,222</u>	<u>\$ 20,305</u>	<u>\$ 12,678</u>	<u>\$ (9,949)</u>	<u>\$ 23,208</u>	<u>\$ 16,851</u>
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ -	\$ -	\$ 540	\$ -	\$ -
Transfers out	(14,000)	(18,798)	(6,000)	-	(20,562)	(13,500)
Total Other Financing Sources and Uses	<u>\$ (14,000)</u>	<u>\$ (18,798)</u>	<u>\$ (6,000)</u>	<u>\$ 540</u>	<u>\$ (20,562)</u>	<u>\$ (13,500)</u>
Net change in Fund Balances	<u>\$ 13,222</u>	<u>\$ 1,507</u>	<u>\$ 6,678</u>	<u>\$ (9,409)</u>	<u>\$ 2,646</u>	<u>\$ 3,351</u>
Fund Balances:						
December 1, 2011	43,772	18,798	30,319	13,325	10,420	54,396
November 30, 2012	<u>\$ 56,994</u>	<u>\$ 20,305</u>	<u>\$ 36,997</u>	<u>\$ 3,916</u>	<u>\$ 13,066</u>	<u>\$ 57,747</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Government Funds
 For the Year Ended November 30, 2012

Court Finance	Court Document	Probation	Coroners' Fees	Flood Control	GIS	DUI Equipment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110,497	172,384	351,647	-	-	271,391	13,238
-	-	-	12,855	-	14,564	-
-	-	-	-	62,940	-	-
-	-	-	-	-	65	-
-	-	-	-	-	1,966	-
<u>\$ 110,497</u>	<u>\$ 172,384</u>	<u>\$ 351,647</u>	<u>\$ 12,855</u>	<u>\$ 62,940</u>	<u>\$ 287,986</u>	<u>\$ 13,238</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 707	\$ -
-	-	-	676	-	-	15,067
-	-	-	-	61,722	196,390	-
66,912	6,090	184,497	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	67,500	21,899	-	82,760	5,894
<u>\$ 66,912</u>	<u>\$ 6,090</u>	<u>\$ 251,997</u>	<u>\$ 22,575</u>	<u>\$ 61,722</u>	<u>\$ 279,857</u>	<u>\$ 20,961</u>
<u>\$ 43,585</u>	<u>\$ 166,294</u>	<u>\$ 99,650</u>	<u>\$ (9,720)</u>	<u>\$ 1,218</u>	<u>\$ 8,129</u>	<u>\$ (7,723)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(48,000)	(133,500)	(80,000)	-	-	(6,000)	-
<u>\$ (48,000)</u>	<u>\$ (133,500)</u>	<u>\$ (80,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>
<u>\$ (4,415)</u>	<u>\$ 32,794</u>	<u>\$ 19,650</u>	<u>\$ (9,720)</u>	<u>\$ 1,218</u>	<u>\$ 2,129</u>	<u>\$ (7,723)</u>
90,333	163,308	105,824	13,105	22,455	212,968	10,408
<u>\$ 85,918</u>	<u>\$ 196,102</u>	<u>\$ 125,474</u>	<u>\$ 3,385</u>	<u>\$ 23,673</u>	<u>\$ 215,097</u>	<u>\$ 2,685</u>

Adams County, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Government Funds (Concluded)
For the Year Ended November 30, 2012

	Recorder Equipment	County Clerk Equipment	Drug Enforcement	Economic Loan	Tax Sale Automation	Debt Service	Total Nonmajor
Revenues							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,305
Fees and fines	-	-	15,527	-	14,166	-	1,053,879
Charges for services	75,595	17,324	-	-	-	-	164,659
Intergovernmental	-	-	-	-	-	-	177,244
Miscellaneous	-	-	-	22,800	-	-	22,865
Investment earnings	-	-	243	4,433	-	1,250	7,892
Total Revenues	<u>\$ 75,595</u>	<u>\$ 17,324</u>	<u>\$ 15,770</u>	<u>\$ 27,233</u>	<u>\$ 14,166</u>	<u>\$ 1,250</u>	<u>\$ 1,446,844</u>
Expenditures							
<i>Current:</i>							
General government	\$ 38,190	\$ 27,781	\$ -	\$ -	\$ 2,170	\$ 261	\$ 128,421
Public safety	-	-	34,093	-	-	-	109,032
Public works	-	-	-	-	-	-	258,112
Judicial and courts	-	-	-	-	-	-	332,635
<i>Debt Service:</i>							
Principal	-	-	-	-	-	300,000	300,000
Interest	-	-	-	-	-	288,636	288,636
<i>Capital Outlay</i>	-	-	-	-	-	-	178,053
Total Expenditures	<u>\$ 38,190</u>	<u>\$ 27,781</u>	<u>\$ 34,093</u>	<u>\$ -</u>	<u>\$ 2,170</u>	<u>\$ 588,897</u>	<u>\$ 1,594,889</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 37,405</u>	<u>\$ (10,457)</u>	<u>\$ (18,323)</u>	<u>\$ 27,233</u>	<u>\$ 11,996</u>	<u>\$ (587,647)</u>	<u>\$ (148,045)</u>
Other Financing Sources (Uses)							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 588,000	\$ 588,540
Transfers out	(22,000)	(18,000)	(10,200)	-	(15,000)	-	(405,560)
Total Other Financing Sources and Uses	<u>\$ (22,000)</u>	<u>\$ (18,000)</u>	<u>\$ (10,200)</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ 588,000</u>	<u>\$ 182,980</u>
Net change in Fund Balances	<u>\$ 15,405</u>	<u>\$ (28,457)</u>	<u>\$ (28,523)</u>	<u>\$ 27,233</u>	<u>\$ (3,004)</u>	<u>\$ 353</u>	<u>\$ 34,935</u>
Fund Balances:							
December 1, 2011	12,354	91,302	45,926	440,710	26,165	6,654	1,412,542
November 30, 2012	<u>\$ 27,759</u>	<u>\$ 62,845</u>	<u>\$ 17,403</u>	<u>\$ 467,943</u>	<u>\$ 23,161</u>	<u>\$ 7,007</u>	<u>\$ 1,447,477</u>

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
County Collector Tax Funds				
Assets				
Cash	\$ 113,437	\$ 69,485,604	\$ 69,483,398	\$ 115,643
Total Assets	\$ 113,437	\$ 69,485,604	\$ 69,483,398	\$ 115,643
Liabilities				
Protested and other property taxes held	\$ 100,033	\$ 471,673	\$ 468,018	\$ 103,688
Interest and fees to be distributed	2,465	31,209	31,257	2,417
Held in trust for others	8,375	17,938	25,833	480
Due to other governments	1,018	68,910,469	68,907,760	3,727
Due to others	1,546	6,678	2,893	5,331
Total Liabilities	\$ 113,437	\$ 69,437,967	\$ 69,435,761	\$ 115,643

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
State Inheritance Tax Fund				
Assets				
Cash	\$ -	\$ 543,426	\$ 543,426	\$ -
Total Assets	\$ -	\$ 543,426	\$ 543,426	\$ -
Liabilities				
Held in trust for others	\$ -	\$ 543,426	\$ 543,426	\$ -
Total Liabilities	\$ -	\$ 543,426	\$ 543,426	\$ -

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Motel Operators Tax				
Assets				
Cash	\$ 1,014	\$ 7,725	\$ 8,660	\$ 79
Total Assets	\$ 1,014	\$ 7,725	\$ 8,660	\$ 79
Liabilities				
Held in trust for others	\$ 1,014	\$ 7,725	\$ 8,660	\$ 79
Total Liabilities	\$ 1,014	\$ 7,725	\$ 8,660	\$ 79

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Motor Fuel Tax Township Road Districts Fund				
Assets				
Cash	\$ 1,164,287	\$ 2,168,607	\$ 2,154,607	\$ 1,178,287
Due from other governments	132,748	127,174	132,748	127,174
Total Assets	\$ 1,297,035	\$ 2,295,781	\$ 2,287,355	\$ 1,305,461
Liabilities				
Due to others	\$ 157,642	\$ 147,110	\$ 157,642	\$ 147,110
Held in trust for others	1,139,393	2,163,033	2,144,075	1,158,351
Total Liabilities	\$ 1,297,035	\$ 2,310,143	\$ 2,301,717	\$ 1,305,461

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Township Bridge Fund				
Assets				
Cash	\$ 445,753	\$ 180,965	\$ 323,824	\$ 302,894
Total Assets	\$ 445,753	\$ 180,965	\$ 323,824	\$ 302,894
Liabilities				
Held in trust for others	\$ 372,733	\$ 180,965	\$ 250,804	\$ 302,894
Due to others	73,020	-	73,020	-
Total Liabilities	\$ 445,753	\$ 180,965	\$ 323,824	\$ 302,894

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Sheriff Accounts (DARE & Calendar)				
Assets				
Cash	\$ 1,632	\$ 4,798	\$ 3,605	\$ 2,825
Total Assets	\$ 1,632	\$ 4,798	\$ 3,605	\$ 2,825
Liabilities				
Held in trust for others	\$ 1,632	\$ 4,798	\$ 3,605	\$ 2,825
Total Liabilities	\$ 1,632	\$ 4,798	\$ 3,605	\$ 2,825

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Continued)
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Condemnation Proceeds Fund				
Assets				
Cash	\$ 4,000	\$ -	\$ -	\$ 4,000
Total Assets	\$ 4,000	\$ -	\$ -	\$ 4,000
Liabilities				
Held in trust for others	\$ 4,000	\$ -	\$ -	\$ 4,000
Total Liabilities	\$ 4,000	\$ -	\$ -	\$ 4,000

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Unclaimed Money Fund				
Assets				
Cash	\$ 22,676	\$ 355	\$ 8,224	\$ 14,807
Total Assets	\$ 22,676	\$ 355	\$ 8,224	\$ 14,807
Liabilities				
Held in trust for others	\$ 22,676	\$ 355	\$ 8,224	\$ 14,807
Total Liabilities	\$ 22,676	\$ 355	\$ 8,224	\$ 14,807

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Adams County Cooperative Extension Fund				
Assets				
Cash	\$ 147	\$ 134,509	\$ 132,299	\$ 2,357
Total Assets	\$ 147	\$ 134,509	\$ 132,299	\$ 2,357
Liabilities				
Due to others	\$ 147	\$ 134,509	\$ 132,299	\$ 2,357
Total Liabilities	\$ 147	\$ 134,509	\$ 132,299	\$ 2,357

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Concluded)
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Adams County Benevolent Fund				
Assets				
Cash	\$ 3,898	\$ 24	\$ -	\$ 3,922
Total Assets	\$ 3,898	\$ 24	\$ -	\$ 3,922
Liabilities				
Held in trust for others	\$ 3,898	\$ 24	\$ -	\$ 3,922
Total Liabilities	\$ 3,898	\$ 24	\$ -	\$ 3,922

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Adams County Developmentally Disabled				
Assets				
Cash	\$ 604	\$ 551,958	\$ 542,888	\$ 9,674
Total Assets	\$ 604	\$ 551,958	\$ 542,888	\$ 9,674
Liabilities				
Held in trust for others	\$ 604	\$ 551,958	\$ 542,888	\$ 9,674
Total Liabilities	\$ 604	\$ 551,958	\$ 542,888	\$ 9,674

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Total - All Agency Funds				
Assets				
Cash	\$ 1,757,448	\$ 73,077,971	\$ 73,200,931	\$ 1,634,488
Due from other governments	132,748	127,174	132,748	127,174
Total Assets	\$ 1,890,196	\$ 73,205,145	\$ 73,333,679	\$ 1,761,662
Liabilities				
Protested and held taxes	\$ 100,033	\$ 471,673	\$ 468,018	\$ 103,688
Interest and fees	2,465	31,209	31,257	2,417
Held in trust for others	1,554,325	3,470,222	3,527,515	1,497,032
Due to other governments	1,018	68,910,469	68,907,760	3,727
Due to others	232,355	288,297	365,854	154,798
Total Liabilities	\$ 1,890,196	\$ 73,171,870	\$ 73,300,404	\$ 1,761,662

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All County Collector Tax Agency Funds
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Trustee Payment Account				
Assets				
Cash	\$ 8,375	\$ 17,938	\$ 25,833	\$ 480
Total Assets	\$ 8,375	\$ 17,938	\$ 25,833	\$ 480
Liabilities				
Held in trust for others	\$ 8,375	\$ 17,938	\$ 25,833	\$ 480
Total Liabilities	\$ 8,375	\$ 17,938	\$ 25,833	\$ 480

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
2011 Tax Account				
Assets				
Cash	\$ 1,411	\$ 68,676,976	\$ 68,677,510	\$ 877
Total Assets	\$ 1,411	\$ 68,676,976	\$ 68,677,510	\$ 877
Liabilities				
Interest and fees to be distributed	\$ 1,411	\$ 27,727	\$ 28,261	\$ 877
Due to other governments	-	68,649,249	68,649,249	-
Total Liabilities	\$ 1,411	\$ 68,676,976	\$ 68,677,510	\$ 877

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Prior Year Tax Account				
Assets				
Cash	\$ 1,054	\$ 174,042	\$ 170,812	\$ 4,284
Total Assets	\$ 1,054	\$ 174,042	\$ 170,812	\$ 4,284
Liabilities				
Interest and fees to be distributed	\$ 1,054	\$ 1,540	\$ 1,054	\$ 1,540
Due to other governments	-	172,502	169,758	2,744
Total Liabilities	\$ 1,054	\$ 174,042	\$ 170,812	\$ 4,284

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All County Collector Tax Agency Funds (Continued)
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
<i>Tax Redemption Revolving Fund</i>				
Assets				
Cash	\$ 1,546	\$ 6,678	\$ 2,893	\$ 5,331
Total Assets	\$ 1,546	\$ 6,678	\$ 2,893	\$ 5,331
Liabilities				
Due to others	\$ 1,546	\$ 6,678	\$ 2,893	\$ 5,331
Total Liabilities	\$ 1,546	\$ 6,678	\$ 2,893	\$ 5,331

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
<i>Mobile Home Local Services Tax Account</i>				
Assets				
Cash	\$ 1,018	\$ 88,718	\$ 88,753	\$ 983
Total Assets	\$ 1,018	\$ 88,718	\$ 88,753	\$ 983
Liabilities				
Due to other governments	1,018	88,718	88,753	983
Total Liabilities	\$ 1,018	\$ 88,718	\$ 88,753	\$ 983

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
<i>Special Tax Account</i>				
Assets				
Cash	\$ -	\$ 507,501	\$ 507,501	\$ -
Total Assets	\$ -	\$ 507,501	\$ 507,501	\$ -
Liabilities				
Protested and other property taxes held	\$ -	\$ 457,922	\$ 457,922	\$ -
Interest and fees to be distributed	-	1,942	1,942	-
Total Liabilities	\$ -	\$ 459,864	\$ 459,864	\$ -

The accompanying notes are an integral part of these financial statements.

Adams County, Illinois
Combining Statement of Changes in Assets and Liabilities
All County Collector Tax Agency Funds (Concluded)
Year Ended November 30, 2012

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
Tax Sale in Error				
Assets				
Cash	\$ 100,033	\$ 13,751	\$ 10,096	\$ 103,688
Total Assets	\$ 100,033	\$ 13,751	\$ 10,096	\$ 103,688
Liabilities				
Protested and other property taxes held	\$ 100,033	\$ 13,751	\$ 10,096	\$ 103,688
Total Liabilities	\$ 100,033	\$ 13,751	\$ 10,096	\$ 103,688

	Balance 12/01/2011	Additions	Deductions	Balance 11/30/2012
All County Collector Tax Agency Funds				
Assets				
Cash	\$ 113,437	\$ 69,485,604	\$ 69,483,398	\$ 115,643
Total Assets	\$ 113,437	\$ 69,485,604	\$ 69,483,398	\$ 115,643
Liabilities				
Protested and other property taxes held	\$ 100,033	\$ 471,673	\$ 468,018	\$ 103,688
Interest and fees to be distributed	2,465	31,209	31,257	2,417
Held in trust for others	8,375	17,938	25,833	480
Due to other governments	1,018	68,910,469	68,907,760	3,727
Due to others	1,546	6,678	2,893	5,331
Total Liabilities	\$ 113,437	\$ 69,437,967	\$ 69,435,761	\$ 115,643

The accompanying notes are an integral part of these financial statements.

Statistical Section

Adams County, Illinois
Valuations, Tax Extensions and Collections - All Governmental Units
Tax Levy Years 2011, 2010, and 2009

	<u>Levy Year 2009</u>	<u>Levy Year 2010</u>	<u>Levy Year 2011</u>
Equalized Assessed Valuations			
Residential	\$ 627,284,422	\$ 639,656,630	\$ 657,275,273
Farm	97,692,622	104,570,686	113,337,827
Commercial	187,507,304	193,625,402	190,779,848
Industrial	42,998,844	41,279,216	39,928,864
Total Real Estate	<u>\$ 955,483,192</u>	<u>\$ 979,131,934</u>	<u>\$ 1,001,321,812</u>
Railroads	3,798,295	4,154,101	4,919,939
Tax Increment Financing (TIF)	5,602,199	5,902,192	5,631,231
Total Assessed Valuations	<u>\$ 964,883,686</u>	<u>\$ 989,188,227</u>	<u>\$ 1,011,872,982</u>
State Equalization Factor	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Total Equalized Assessed Valuations	<u><u>\$ 964,883,686</u></u>	<u><u>\$ 989,188,227</u></u>	<u><u>\$ 1,011,872,982</u></u>
Tax Extensions			
County	\$ 8,251,068	\$ 9,323,125	\$ 9,073,584
Townships or road districts	3,294,280	3,478,876	3,443,007
Cities, villages and incorporated towns	6,194,797	6,289,172	6,306,841
School districts	42,395,819	43,586,302	44,521,344
Fire protection districts	1,360,035	1,435,587	1,480,901
Park districts	2,671,061	3,054,697	3,108,311
Sanitary districts	-	3,000	3,000
Library districts	534,798	544,829	563,588
Multi-township districts	47,277	47,905	48,271
Street lighting districts	14,001	14,701	14,700
Total Taxes Extended	<u><u>\$ 64,763,136</u></u>	<u><u>\$ 67,778,194</u></u>	<u><u>\$ 68,563,547</u></u>

Adams County, Illinois
Valuations, Tax Extensions and Collections - Adams County
Tax Levy Years 2011, 2010, and 2009

	Levy Year 2009	Levy Year 2010	Levy Year 2011
Equalized Assessed Valuations			
Total Assessed Valuations	\$ 964,883,686	\$ 989,188,227	\$ 1,011,872,982
Tax Increment Financing (TIF)	5,602,199	5,902,192	5,631,231
Total Equalized Assessed Valuations	\$ 959,281,487	\$ 983,286,035	\$ 1,006,241,751
Tax Extensions by Fund			
General	\$ 2,581,331	\$ 2,654,872	\$ 2,716,048
Social Security	982,880	996,069	987,828
Municipal Retirement	1,150,179	1,409,934	1,588,051
Tort Judgment/Liability	574,322	618,094	465,991
County Highway	956,116	983,286	905,416
County Bridge	428,031	491,643	452,708
County Matching	478,106	491,643	452,708
County Health	90,077	420,060	250,051
TB Care and Treatment	103,890	74,041	70,739
Ambulance	90,077	500,001	500,002
(a) Mental Health/Developmentally Disabled	682,049	549,460	550,012
(a) Extension Education	134,012	134,022	134,031
Total Taxes Extended	\$ 8,251,070	\$ 9,323,125	\$ 9,073,585
Additional Collections:			
Back Taxes	967	941	10,094
Payments in Lieu of Taxes	6,735	5,362	8,770
Deductions:			
Billing Adjustments	6,405	8,467	11,972
(a) Mental Health/Developmentally Disabled	(681,791)	(549,167)	(550,122)
(a) Extension Education	(133,963)	(133,949)	(134,062)
Uncollected/Forfeited Taxes	(17,237)	(19,718)	(29,040)
	\$ 7,432,186	\$ 8,635,061	\$ 8,391,197

Adams County, Illinois
Valuations, Tax Extensions and Collections - Adams County (Concluded)
 Tax Levy Years 2011, 2010, and 2009

	Levy Year 2009	Levy Year 2010	Levy Year 2011
Tax Rates by Fund (per \$100 EAV)			
General	\$ 0.26909	\$ 0.27000	\$ 0.26992
Social Security	0.10246	0.10130	0.09817
Municipal Retirement	0.11990	0.14339	0.15782
Tort Judgment/Liability	0.05987	0.06286	0.04631
County Highway	0.09967	0.10000	0.08998
County Bridge	0.04462	0.05000	0.04499
County Matching	0.04984	0.05000	0.04499
County Health	0.00939	0.04272	0.02485
TB Care and Treatment	0.01083	0.00753	0.00703
Ambulance	0.00939	0.05085	0.04969
Total County Funds Tax Rate	\$ 0.77506	\$ 0.87865	\$ 0.83375
(a) Mental Health/Developmentally Disabled	0.07110	0.05588	0.05466
(a) Extension Education	0.01397	0.01363	0.01332
Total Taxes Extended Tax Rate	\$ 0.86013	\$ 0.94816	\$ 0.90173
Tax Distributions by Fund			
General	\$ 2,580,335	\$ 2,653,453	\$ 2,716,579
Social Security	982,511	995,544	988,028
Illinois Municipal Retirement	1,149,746	1,409,188	1,588,364
Liability Insurance	574,106	617,767	466,084
County Highway	955,755	982,760	905,596
County Bridge	427,870	491,385	452,798
County Matching	477,927	491,385	452,798
County Health	90,043	419,840	250,099
Tuberculosis Treatment Board	103,850	74,005	70,752
Ambulance	90,043	499,734	500,099
	\$ 7,432,186	\$ 8,635,061	\$ 8,391,197

- (a) Adams County extends real estate taxes on behalf of the Adams County Cooperative Extension Service (Extension Education) and Transitions of Western Illinois (Mental Health/Developmentally Disabled). These agencies have been determined to not be component units of Adams County.

Adams County, Illinois
General Obligation Bonds - Debt Service Schedule
November 30, 2012

\$8,180,000 General Obligation Bonds, Series 2008

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year Total</u>
2/15/2009	3.250%	\$ 380,000	\$ 126,529	
8/15/2009		-	156,506	\$ 663,035
2/15/2010	3.250%	300,000	156,506	
8/15/2010		-	151,631	608,137
2/15/2011	3.250%	300,000	151,631	
8/15/2011		-	146,756	598,387
2/15/2012	3.250%	300,000	146,756	
8/15/2012		-	141,881	588,637
2/15/2013	3.250%	315,000	141,881	
8/15/2013		-	136,762	593,643
2/15/2014	4.000%	325,000	136,762	
8/15/2014		-	130,262	592,024
2/15/2015	4.000%	340,000	130,262	
8/15/2015		-	123,462	593,724
2/15/2016	4.000%	355,000	123,462	
8/15/2016		-	116,362	594,824
2/15/2017	4.000%	370,000	116,362	
8/15/2017		-	108,962	595,324
2/15/2018	4.000%	385,000	108,962	
8/15/2018		-	101,262	595,224
2/15/2019	4.000%	400,000	101,262	
8/15/2019		-	93,262	594,524
2/15/2020	4.000%	415,000	93,262	
8/15/2020		-	84,962	593,224
2/15/2021	4.100%	430,000	84,962	
8/15/2021		-	76,147	591,109
2/15/2022	4.100%	445,000	76,147	
8/15/2022		-	67,024	588,171
2/15/2023	4.200%	465,000	67,024	
8/15/2023		-	57,259	589,283
2/15/2024	4.200%	490,000	57,259	
8/15/2024		-	46,969	594,228
2/15/2025	4.300%	510,000	46,969	
8/15/2025		-	36,004	592,973
2/15/2026	4.300%	530,000	36,004	
8/15/2026		-	24,609	590,613
2/15/2027	4.375%	550,000	24,609	
8/15/2027		-	12,578	587,187
2/15/2028	4.375%	575,000	12,578	587,578
		<u>\$ 8,180,000</u>	<u>\$ 3,751,849</u>	<u>\$ 11,931,849</u>

Federal Compliance Section

Adams County, Illinois
Schedule of Expenditures of Federal Awards
Year Ended November 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
<i>Passed Through Illinois State Board of Education</i>			
Commodity Supplemental Food Program	10.565	00100900A2012	\$ 1,150
	10.565	00100900A2013	1,672
			<u>\$ 2,822</u>
School Breakfast Program	10.553	2012-4220-00-01001005P00	\$ 8,705
	10.553	2013-4220-00-01001005P00	1,321
			<u>\$ 10,026</u>
National School Lunch Program	10.555	2012-4210-00-01001005P00	\$ 16,880
	10.555	2013-4210-00-01001005P00	2,606
			<u>\$ 19,486</u>
			<u>\$ 32,334</u>
<i>Total Passed Through Illinois State Board of Education</i>			
<i>Passed Through Illinois Department of Human Services</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2011GQ01170	\$ 133,463
	10.557	FCSRE00682	134,820
	10.557	2011GQ00010	1,375
	10.557	376000379	833,636
			<u>M \$ 1,103,294</u>
WIC-Farmers' Market Nutrition Program	10.572	2011GQ01463	\$ 1,000
	10.572	FCSRE00695	1,000
			<u>\$ 2,000</u>
			<u>\$ 1,105,294</u>
<i>Total Passed Through Illinois Department of Human Services</i>			
<i>Passed Through Illinois Department of Public Health</i>			
Summer Food Service Program for Children	10.559	001072	\$ 550
Total U.S. Department of Agriculture			<u>\$ 1,138,178</u>
U.S. Department of Justice			
<i>Passed Through Illinois Department of Human Services</i>			
Juvenile Justice and Delinquency Prevention	16.540	2011GQ00009	\$ 1,229
	16.540	FCSRE01707	870
			<u>\$ 2,099</u>
<i>Passed through to the West Central Illinois Task Force</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	411019	\$ 44,463
	16.738	408719	2,385
	16.738	409019	88,926
			<u>\$ 135,774</u>
			<u>\$ 135,774</u>
<i>Total Passed Through Illinois Criminal Justice Information Agency</i>			<u>\$ 135,774</u>
Total U.S. Department of Justice			<u>\$ 137,873</u>

Adams County, Illinois
Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
<i>Passed through Illinois Department of Transportation</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	AL-13-279	\$ 2,081
Total U.S. Department of Transportation			\$ 2,081
Environmental Protection Agency			
<i>Passed through Illinois Emergency Management Agency</i>			
Performance Partnership Grants	66.605	25380223	\$ 200
Total Environmental Protection Agency			\$ 200
Election Assistance Commission			
<i>Passed through Illinois Board of Elections</i>			
Help America Vote Act Requirements Payments	90.401	376000379	\$ 50,576
Total Election Assistance Commission			\$ 50,576
U.S. Department of Health and Human Services			
Drug-Free Communities Support Program Grants	93.276	5H79-SP012308-10	\$ 23,050
	93.276	5H79-SP012308-09	102,451
			\$ 125,501
<i>Passed Through Illinois Department of Human Services</i>			
Maternal and Child Health Services Block Grant	93.994	2011GQ01385	\$ 16,933
	93.994	FCSRE00939	13,383
			\$ 30,316
Social Services Block Grant	93.667	FCSRE01447	\$ 8,600
Substance Abuse & Mental Health Services	93.243	2011GQ01398	\$ 82,402
	93.243	FCSRE01821	31,944
			\$ 114,346
<i>Total Passed Through Illinois Department of Human Services</i>			\$ 153,262
<i>Passed Through Illinois Department of Public Health</i>			
Immunization Grants (Non-Cash)	93.268	001072	\$ 348,191
Immunization Grants	93.268	25180008	29,668
	93.268	15180103	7,918
			\$ 385,777
Public Health Emergency Preparedness	93.069	37180001A	\$ 20,063
	93.069	27180001	37,335
			\$ 57,398
<i>Total Passed Through Illinois Department of Public Health</i>			\$ 443,175

Adams County, Illinois
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended November 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<i>Passed Through National Association of City and County Health Officials</i>			
Medical Reserve Corps Small Grant Program	93.008	MRC 12-0187	\$ 5,000
<i>Total Passed Through National Association of City and County Health Officials</i>			<u>\$ 5,000</u>
<i>Passed Through Southern Illinois University School of Medicine</i>			
HIV Care Formula Grants	93.917	376000379	\$ 7,798
<i>Total Passed Through Southern Illinois University School of Medicine</i>			<u>\$ 7,798</u>
<i>Passed Through Sangamon County Health Department</i>			
HIV Prevention Activities	93.940	15780137	\$ 11,549
<i>Total Passed Through Sangamon County Health Department</i>			<u>\$ 11,549</u>
<i>Passed Through Illinois Department of Healthcare & Family Services</i>			
Child Support Enforcement	93.563	Circuit Clerk	\$ 12,244
Medical Assistance Program	93.778		\$ 36,299
<i>Total Passed Through Illinois Department of Healthcare & Family Services</i>			<u>\$ 48,543</u>
Total U.S. Department of Health and Human Services			<u>\$ 794,828</u>
Department of Homeland Security			
Assistance to Firefighters Grant Program	97.044		M \$ 37,594
<i>Passed Through Illinois Emergency Management Agency</i>			
Emergency Management Performance Grants	97.042	10EMAADAMS	\$ 2,578
	97.042	12EMAADAMS	31,807
			<u>\$ 34,385</u>
Homeland Security Grant Program	97.067	10CCPADAMS	\$ 4,506
	97.067	11CCPADAMS	4,142
			<u>\$ 8,648</u>
Interoperable Emergency Communications Grant Program	97.001	09IECGPAD2	\$ 21,500
<i>Total Passed Through Illinois Emergency Management Agency</i>			<u>\$ 64,533</u>
Total Department of Homeland Security			<u>\$ 102,127</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,225,863</u></u>

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Adams County, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

2. Subrecipients

Adams County, Illinois received federal awards on behalf of others. The County provided these federal awards to the following subrecipients:

Subrecipient/Program Title	Grant Number	Amount Provided
West Central Illinois Drug Task Force		
Byrne Formula Grant Program	411019	\$ 44,463
CFDA #16.738	408719	2,385
	409019	88,926
		\$ 135,774

3. Non-Monetary Federal Awards

Non-monetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. During the year ended November 30, 2012, Non-monetary federal awards were received as follows:

Program Title	CFDA #	Fair Market Value
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$ 833,636
Donated Food	10.565	2,822
Immunization Grants	93.268	348,191
		\$ 1,184,649

At November 30, 2012, the County had immunizations with an estimated fair market value of \$117,856 in inventory.

4. Insurance

As of and for the year ended November 30, 2012, Adams County had no federal insurance in effect.

5. Federal Loans or Loan Guarantees

As of and for the year ended November 30, 2012, Adams County had no federal loans or loan guarantees.

1. Summary of Auditor's Results

- A. The auditor's report on the financial statements of Adams County, Illinois was unqualified.
- B. Three significant deficiencies in internal control over financial reporting disclosed during the audit of the financial statements are reported in accordance with *Government Auditing Standards*, two of which are repeat findings. In addition, two material weaknesses are reported, both repeat findings.
- C. One instance of noncompliance with laws and regulations is reported in accordance with *Government Auditing Standards*.
- D. No significant deficiencies were disclosed during the audit of internal control over major federal award programs of Adams County, Illinois.
- E. The auditor's report on compliance for the major federal award programs for Adams County, Illinois expresses an unqualified opinion on all major federal programs.
- F. No audit findings relative to the major federal award programs for Adams County, Illinois were noted.
- G. The programs tested as major programs included the following programs:
 - Special Supplemental Nutrition Program for Women, Infants and Children (CFDA #10.557)
 - Assistance to Firefighters Grant Program (CFDA #97.044)
- H. The threshold for distinguishing Types A and B programs was \$300,000.
- I. Adams County, Illinois did not qualify as a low-risk auditee.

2. Findings – Financial Statement Audit

Material Weaknesses

Finding 2012-01 – Journal Entries (Repeat Finding)

Condition:

We found journal entries are posted without proper documentation and approval. Most of these entries were due to the payroll import file. The County Clerk's office processes payroll using a third-party vendor (ADP) and receives an import file with a journal entry to record payroll in the general ledger. During the course of our audit, we noted that a number of these import files were altered before being posted. An examination of a sample of journal entries from each office revealed a higher number of errors and error corrections from these journal entries.

Reason Improvement Needed:

All transactions, whether generated by deposit, voucher or journal entry should have adequate documentation to support the transaction. In the case of journal entries, the documentation should be either attached to the entry, or readily available to support the entry. Non-related transactions should be made as separate entries to avoid confusion and simplify reconciliation. All journal entries should be reviewed and approved by someone other than the person initiating the journal entry before being made to reduce the risk of error, whether intentional or inadvertent. Journal entries should only be posted by the County Treasurer's office as they have ultimate custody of the general ledger.

Cause of Condition:

The County utilizes a de-centralized accounting system, with the general ledger being maintained by the County Treasurer's office. The County Clerk has access to, and utilizes the information in, the payroll entry as a short-cut to posting error corrections in the general ledger. The entries generated by the County Clerk are not reviewed for accuracy or appropriateness by someone other than the Clerk before being posted. Also, no other personnel have access to the payroll vendor to inquire about these import files or to just ask general questions regarding account allocation.

2. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Continued)

Finding 2012-01 – Journal Entries (Repeat Finding) (Concluded)

Effect of Condition:

By changing amounts in the entry generated from information provided by the County's third party payroll provider, errors and error corrections become more difficult to locate and correct. Without adequate documentation to support the non-payroll related portion of these journal entries, no determination as to whether the entries are proper and reasonable can be made by the Treasurer's office before posting.

Recommendation:

We recommend that access to journal entry posting be restricted to only the County Treasurer's office and all journal entries, payroll and adjusting, be proposed, approved by the appropriate personnel and forwarded to the Treasurer's office with supporting documentation for posting. Entries provided by ADP to properly record payroll in the various funds and accounts should be forwarded directly to the County Treasurer's office for posting. Any subsequent adjustments that need to be made should be posted separately using the process explained above. A standard form can be used for recurring journal entries that are routinely posted. These should also be approved before posting.

We also recommend that other departments, such as the Treasurer's office, have access to the payroll processing vendor so import files can be received directly and so others may contact the vendor with questions. Also, in case the County Clerk becomes unavailable, there should be another contact for the vendor as a backup.

Costs and Benefits of Recommended Action:

Costs associated with restricting journal entry posting access to the Treasurer's office would include extra time spent by that office's personnel. However, this would be offset by reducing the time spent researching entries made with no supporting documentation. The benefits include better financial reporting, fewer error corrections as a result of proper supervision and simplification of the reconciliation process when errors do occur. Implementation of this recommendation and better communication between offices will reduce the amount of time spent researching errors and irregularities and improve productivity.

Management's Response:

Disagree. The County Clerk's Office has not been provided with any documentation supporting the claim that journal entries are posted without proper documentation and approval. In addition, posting of the journal entries is restricted to the Treasurer's Office. All source documents are filed in the County Clerk's Office. Prior to releasing the entry for posting the County Clerk's Offices uses these source documents to reconcile, review, etc. the entry. The reconciliation is completed with every by-weekly payroll that is issued for county employees. The summary information (the entry) is required in the County Clerk's Office to ensure the integrity of our payroll and to have adjustments made, if needed, prior to the final distribution of checks and entries. Eliminating access to any office of vital information regarding a process they are responsible for is not a responsible way to "segregate duties", eliminate research, or improve our financial reporting.

Individuals not involved with the daily processes will not be given access to any of our vendors, including payroll, to ask questions or make technical changes. The County Clerk's Office is available for suggestions, etc. and, if viable and efficient, we will contact the vendor and make adjustments. The vendors used for County Clerk functions do not, and in some cases will not, accept calls from more than one to three individuals. All of our vendors have at least two individuals in the County Clerk's Office whom they can, and will, take inquiries from. Therefore if the County Clerk is unavailable, there will not be any stoppage in work.

Auditor's Rebuttal to Management's Response:

We feel that this response is not only inadequate, but also invalid. This finding has been repeated for several years with no alleviation. Reconciliations are very important and should always be performed using the payroll reports from the payroll provider. However, making adjustments on the source document (the journal entry from the payroll provider) is not a viable response to mistakes made in the payroll processing. Those adjustments need to be made separately so they can be reviewed and approved appropriately pursuant to County policies and procedures.

2. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Continued)

Finding 2012-02 County Clerk/Recorder Account (Repeat Finding)

Condition:

During the course of our audit and several audits previously, we became aware of the lack of segregation of duties in this area as the County Clerk is responsible for making disbursements and reconciling the bank account as well as the reporting with no other party reviewing and approving. The lack of oversight has caused the balance in the cash account to be insufficient to pay all of the liabilities it has incurred at times in the past. For example, during the year ended November 30, 2011, this account became overdrawn on more than one occasion causing disbursements made to the state of Illinois and tax redemption recipients to be returned from the bank. The tax redemption recipients were later paid, however, as of November 30, 2012, the State of Illinois had not yet received payment in the amount of \$8,856 for the returned ACH from September 2011.

The receipts from the prior month are normally disbursed in the following month to their respective recipients, including various funds of the County. In October and November 2011 in the previous fiscal year, and in December 2011 in this fiscal year, these receipts were reduced before being remitted to the General Fund in an effort to make up for the accumulated shortfall in this account. As this account is not reviewed by anyone, these transactions and reductions were not approved or even detected by anyone else within the County. Also, since this account is not maintained in the main accounting system, these transactions were not posted to any general ledger account, therefore, other general ledger accounts may not be accurate. These amounts are immaterial to the financial statements, but this signals a severe lack of internal control with this account. The ability to initiate transactions in this manner opens the door to misstatements and misappropriations.

Reconciliations were performed from the checkbook balance to the bank statement. However, these are not accurate. The amount due to the state is shown as an outstanding check on the bank reconciliation, but is also shown as a liability due to the state. This should only be shown as a liability and not an outstanding check. Therefore, the reconciled book balance was not correct. In addition, a reconciliation of the cash balance to the general ledger is never performed since this account is not maintained on the accounting system. As reported earlier all accounts should be maintained in one accounting system.

Reason Improvement Needed:

Good internal control over financial reporting requires segregation of duties to ensure that misstatements are detected and corrected in a timely manner. Good internal control over financial reporting also requires that all reporting and reconciliations are reviewed and initialed by a second party before issuance. This reduces the chance for errors and miscalculations, as in this case. Review of reconciliations would have allowed management to discover these past miscalculations. This would result in accurate reporting and accurate remittance of funds to the respective offices.

By having this account reported separately, income is reported in the period after it is received since it is reported when the funds are transferred into the County's funds. Also, the County's internal controls used for its main accounting system are not applied to this account.

Cause of Condition:

The County Clerk is responsible for reporting the income received from recorder fees and remitting those fees appropriately. GIS county fees, Recorder equipment fees and GIS recorder fees collected are remitted to their respective funds, Rental housing support payments are remitted to the appropriate office. The remaining income is then transferred to the General Fund. In prior years, the total income was overstated causing this remaining amount remitted to the General Fund to also be overstated. This miscalculation was due to mathematical errors and computer system mistakes compounded with the lack of oversight of this account.

By recognizing the income in the incorrect period, reporting is erroneous and the cash balance in this account is not reported within the General Fund regularly. This account, therefore, is not included in the financial reports with the other cash accounts and does not receive the same oversight from the County Board.

2. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Continued)

Finding 2012-02 County Clerk/Recorder Account (Repeat Finding) (Continued)

Effect of Condition:

By allowing this account to be maintained by one individual with no oversight opens an avenue for one person to make adjustments, necessary or otherwise, without the notification and/or approval of those responsible for maintaining the general ledger. This will cause erroneous reporting and can be time consuming when it becomes necessary to research discrepancies caused by these “backdoor” adjustments. Given the possible ramifications, we consider this to be a serious internal control breakdown.

The lack of segregation of duties could result in inadvertent errors that may not be discovered without another party involved in the process. Also, allegations of fraud or impropriety are more difficult to disprove without segregation of duties.

Recommendation:

We recommend that the receipts from the recorder and clerk offices be deposited in accordance with the County’s receipt and revenue policy. The monies collected should be deposited daily to the Treasurer’s office using the same procedures that other departments use when they receive funds. The revenue can be deposited into the correct fund and bank account during this time which would eliminate the need to write checks to transfer money to different funds. This provides the same internal control used in the normal course of business. This would also allow the amount owed to others for tax redemptions and rental housing support payments to be shown on the general ledger and regularly monitored for accuracy. This eliminates the need for a separate bank account and therefore, a separate bank reconciliation, etc. This would solve all of the concerns listed above.

Costs and Benefits of Recommended Action:

The costs associated with eliminating this account would be minimal as most of these things are already being performed. They would just be performed a little differently. It should also reduce personnel time by eliminating the need to transfer money to various funds since the money would already be included in the appropriate fund when the deposit is posted. The benefits of accurate reporting, better cash management and accurate remittances far outweigh these costs, if any.

Management’s Response:

Disagree -- The auditors our completing the year-end work and simultaneously auditing our records. Any report or analysis mentioned in said finding has been for the auditors, and has been generated and changed throughout the years in an attempt to provide them with information needed to complete the year-end work. Unfortunately, we never know at the time of the request whether the information is needed to make a year-end entry or to audit our books; nor are we provided much detail about what they really do need. Communication is a requirement to complete year-end processes efficiently, as well as to ensure the records are accurate.

Auditor’s Rebuttal to Management’s Response:

We feel this response is completely irrelevant and in no way addresses the material weakness in this area. It is never appropriate to have a bank account funded with County revenue to be kept off of the books with no oversight. This finding has been repeated for several years and will continue to be a high risk area if no attention is given to rectify this weakness.

2. Findings – Financial Statement Audit (Continued)

Significant Deficiencies

Finding 2012-03 – Budgeting/Excess of Approved Budgeted Amounts (Repeat Finding)

Condition:

As described in Footnote 2 to the financial statements, the County adopts an annual budget in accordance with State law. Expended funds were in excess of approved budgeted amounts for two funds.

Reason Improvement Needed:

State Statutes forbid expending funds in excess of approved budgeted amounts.

Criteria:

Neither the County Board nor anyone on its behalf shall have power, either directly or indirectly, to make any contract or do any act which adds to the county expenditures or liabilities in any year anything above the amount provided for in the annual budget for that fiscal year. (55 ILCS 5/6-1005)

Cause of Condition:

The General Fund is the main fund and much of the focus of the budget is placed on that fund. Budget amendments are normally done for the general fund so expenditures do not exceed appropriations.

Effect of Condition:

The following funds had expenditures in excess of approved budgeted appropriations for the year ended November 30, 2012:

Fund Name	Expenditures Paid	Budget	Excess
<i>Special Revenue Funds:</i>			
Ambulance	\$ 3,169,975	\$ 2,938,590	\$ 231,385
Coroners Fees	22,576	22,372	204
Drug Enforcement	44,293	31,200	13,093
DUI Equipment	20,961	8,000	12,961
Recorder's Equipment	60,190	49,800	10,390

Recommendation:

We recommend that the County Board make the appropriate transfers, budget amendments and supplementary budgets as required by State Statute.

Management's Response:

Ambulance fund started year with a negative balance. During the year an investigation revealed that the billing and collection firm being used was found to be not doing its job and was fired. New billing and collection firm estimated that collection would catch up to expenses during the year but it did not. Ambulance Dept. and its fund were supported by the County General Fund as this is a mandatory service for the citizens. Expense budget was not adjusted as management was concentrating on getting billing and collections correct.

The other 4 funds above received additional revenue for specific purposes and the money was received and spent on the specific purposes. At no time did any of the funds go negative. Budget revisions was an oversight by the receiving Office or Department, the Finance Committee and the County Board.

2. Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued)

Finding 2012-04 Payroll Account (Repeat Finding)

Condition:

During the course of our audit, we became aware of the lack of segregation of duties in this area as the County Clerk is responsible for making disbursements and reconciling the bank account with no other party reviewing and approving. The balance of this account per the County Clerk's reconciliation was \$1,000, however, the general ledger showed a balance of \$3,045. It appears that this reconciliation is not compared to the general ledger but only reconciled to \$1,000. No adjustment had been submitted to the Treasurer's office to correct this.

This account is maintained in the County Clerk's office where the County Clerk is responsible for the oversight of the payroll preparation, bank statement reconciliation and has access to make adjustments to both the payroll and the import file as stated in Finding 2012-01 above.

Reason Improvement Needed:

Good internal control requires segregation of duties to ensure that misstatements are detected and corrected in a timely manner and done with the proper approval and oversight to prevent further misstatements. Reconciliations were performed from the checkbook balance to the bank statement, however, a reconciliation of the cash balance to the general ledger is not performed. This reconciliation would have allowed management to discover this difference and correct it appropriately.

Cause of Condition:

The County Clerk is responsible for overseeing the payroll preparation done by a third-party vendor and can request adjustments through them. They are also responsible for reconciling the bank statement with the payroll reports. In addition, they have access to the import file that is received from the third-party vendor and can make adjustments to that file before it is imported to the general ledger.

The lack of segregation of duties could result in inadvertent errors that may not be discovered without another party involved in the process. Also, allegations of fraud or impropriety are more difficult to disprove without segregation of duties.

Effect of Condition:

Though the cash difference at November 30, 2012 was not significant, the potential for misstatement is evident. If not addressed, the risk of impropriety remains and can become a legitimate issue in the future. Strengthening internal control in this area will prevent misstatements and reduce inherent risk in this area.

Recommendation:

We recommend that this account be reconciled by someone without access to the payroll system and without check signing authority. Bank statements should be received by this designated person directly and the bank reconciliation should be reviewed by a second party for accuracy. We have addressed the access to the import file in an earlier finding, however, we again recommend eliminating access to this file. Payroll reports should be reviewed by a second party for any adjustments made to ensure they were both reasonable and necessary.

As stated in an earlier finding, access to the payroll vendor should be given to others within the entity so that inquiries can be made and as a backup to the County Clerk. If an emergency arises and the County Clerk is no longer available, there needs to be access for another person to speak to the vendor to ensure there is no interruption in the payroll process. A resolution has been approved by the County Board to give access to the payroll preparer for various supervisory personnel, however, that access had not been given by audit fieldwork date.

2. Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued)

Finding 2012-04 Payroll Account (Concluded)

Costs and Benefits of Recommended Action:

The costs associated with performing the reconciliations would be personnel time added for review of reconciliations. The benefits of accurate reporting, better cash management and risk reduction far outweigh these costs.

Management's Response:

Disagree. The payroll account is essentially a "sweep" account with an average balance of \$1,000.00. The funds are deposited and are removed within a day or two of funding. Minor changes in the actual bank balance as well as the general ledger balance do occur due to uncashed checks, etc. The Treasurer's Office always receives a copy of the payroll bank statement; and should easily be able to ascertain the funds going in with the offsetting funds disbursed, and may reconcile the account at any time, if needed.

Auditor's Rebuttal to Management's Response:

We feel this response does not address the issue at hand. Regardless of the bank account balance, the general ledger balance should always remain at \$1,000 as this is a sweep-type account. Outstanding checks and deposits are reconciling items and do not affect the general ledger balance in any way. The general ledger does not show this \$1,000 balance. Therefore, it is obvious this account has not been reconciled to the general ledger.

Finding 2012-05 Dental Income (Repeat Finding)

Condition:

During the course of our audit, we became aware of a deficiency in the billing for dental income. The Health Department could not easily provide us with a report showing the amount owed to them from private pay patients and government assistance centers. After extensive research, this amount was determined, however, it became evident that an internal control deficiency existed in this area. Also, payments were being deposited timely, but the payments were not posted in the system for several days causing the accounts receivable reports to be incorrect.

Reason Improvement Needed:

In order to report accurate revenue and ensure all accounts are collected timely, reports should be easily available for review and oversight. Reports should be monitored by supervisory and billing personnel so that, initially, all services are billed appropriately and payments are collected from all accounts or written off for good reason.

Cause of Condition:

There is not enough staff available to perform these duties timely and effectively.

Effect of Condition:

Revenue could be lost if billing procedures are not strengthened and delinquent accounts not dealt with timely.

Recommendation:

We recommend that policies and procedures are installed to require at least monthly reviews of the accounts receivable. Therefore, the payments need to be posted more timely in order to be able to review accurate reports. This review should include a review of the delinquent accounts to ensure those accounts are rebilled or sent to the collection agency for collection. Accounts written off should be approved by management and all adjustments made to the billing or customer account be reviewed to ensure they were appropriate and necessary.

Costs and Benefits of Recommended Action:

The costs associated with performing the reconciliations would be personnel time added, but this is offset by potentially more income received through better billing and collection procedures. The benefits of accurate reporting, better cash management and risk reduction far outweigh these costs.

2. Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued)

Finding 2012-05 Dental Income (Repeat Finding) (Concluded)

Management's Response:

This is a known issue that has been worked on several times. Each year, auditors have struggled to determine the breakdown of amounts owed. Private Pay patients are a minimal portion of the department business, and payments for these are applied at the time of their arrival unless the patient is unable to pay at that point. If this occurs, the patient must pay their account balance prior to the next visit. Attempts to collect private pay balances occur through billing letters based on 90 day overdue balances. However the collection rate on these balances is extremely low, and the department's limited staffing has necessitated balance collection to occur prior to scheduling of the next patient visit instead of through a late billing process and follow up collection effort. Regarding payment of government assistance centers, the department deposits payments when they arrive, copies the account statements and enters those payments when staff is available to do so. Processing payments cannot occur in a quick turn-around time because it is a time consuming process that can only be completed by a few staff members to assure a separation of duties. Auditors have historically pointed out this issue, and despite the concern over deficiency in internal controls in this area, have been able to reconcile these amounts after some research. Further, by the very nature of the type of clinic that we are running, revenue will be lost at times. Private pay patients who come in for pain treatment or a procedure may walk out the door with a balance owed at times. When they do, it becomes very difficult to receive payment until such time as they require additional services. Government assistance payments occur in large blocks, and it is impossible to enter individual account payments in a timely fashion when there are many of these lumped together. Further, these payments may be reimbursed fully, partially, or even not reimbursed at times. If the payments are partially or non-reimbursed, we have no mechanism or intent to attempt additional collection upon a patient. Recommendations discussed above have been tried at times, but the effort to implement them will cost more in limited management time than the gain from implementing them. Management periodically reviews delinquent accounts to either approve re-billing or to approve writing off of the account, and no accounts are written off without direct management approval. At this point, we feel we have implemented all processes any feasible option, and additional attention to this matter would require the hiring of more dental and financial staff, which we do not intend to do.

Finding 2012-06 Ambulance Accounts Receivable

Condition:

During the course of our audit, we became aware of a deficiency in the accounts receivable reporting in the Ambulance Department. The Ambulance Department could not easily provide us with a report showing the amount owed to them from private pay patients and government assistance centers. After extensive research, this amount was determined, however, it became evident that an internal control deficiency existed in this area.

Reason Improvement Needed:

In order to report accurate revenue and ensure all accounts are collected timely, reports should be easily available for review and oversight. Reports should be monitored by supervisory and billing personnel so that, initially, all services are billed appropriately and payments are collected from all accounts or written off for good reason.

Cause of Condition:

During the year ended November 30, 2012, the Ambulance outsourced its billing to an outside vendor. This vendor performed all of the billing and collection procedures. The reports available from this vendor are complicated and it was discovered that they did not paint a true picture of the actual accounts receivable balance at year end. Contractual write-offs from insurance companies and governmental agencies are not posted until payment is received, therefore, the majority of the receivables shown on the report will not be received due to the significant write-offs required by Medicaid and Medicare plans. Also, there were numerous old accounts that may never be collected and writing those off rather than showing them in the receivable report may be more appropriate.

2. Findings – Financial Statement Audit (Concluded)

Significant Deficiencies (Concluded)

Finding 2012-06 Ambulance Accounts Receivable (Concluded)

Effect of Condition:

Revenue could be lost if accurate reports are not able to be maintained for accounts receivable. Also, planning and budgeting can only be done well with accurate information. Inflated accounts receivable may cause budgeting expenses to be inflated as well since management expects this revenue will be collected.

Recommendation:

We recommend that policies and procedures are installed to require at least monthly reviews of the accounts receivable. This review should include a review of the delinquent accounts to ensure those accounts are rebilled or sent to the collection agency for collection. Accounts written off should be approved by management and all adjustments made to the billing or customer account be reviewed to ensure they were appropriate and necessary.

Also, we recommend that receivable reports are able to show what is due net of contractual write-offs in order to have a more accurate projection of what will be received.

Costs and Benefits of Recommended Action:

The costs associated with performing the reconciliations would be personnel time added, but this is offset by potentially more income received through better billing and collection procedures. The benefits of accurate reporting, better cash management, and risk reduction far outweigh these costs.

Management's Response:

In late 2011 Adams County Ambulance & EMS administration and governing board realized concerns with the billing service, Intermedix. Inefficiencies were noticed, including lost revenues. We engaged a local medical revenue enhancement company to audit our accounts and help us determine where problems were and how we could resolve issues. The audit took place in April 2012. Upon identifying deficiencies and sources of lost revenue, particularly accounts older than 360 days, we met with representatives from Intermedix to share what we learned and begin taking corrective actions. However, by the autumn of 2012 it was apparent Intermedix was not meeting expectations even after the governing board met with a senior vice-president.

By the end of the 2012 fiscal year the ambulance board had decided to terminate the agreement with Intermedix and bring the billing back in-house in order to have complete control over patient accounts and improve processes overall.

The ambulance service resumed its own billing operation in April 2013. We expect this action will allow improved oversight not only from an administrative perspective but from a governing board view point as well. Additionally we will see custom reports, including gross charges and net receivable reports, that are easy to read and understand and with usable data for budget planning, charges/bills that are filed in a timely fashion to ensure all payers receive their invoices/statements on time. We will see improved oversight of patient accounts to ensure payment is received in a timely manner and that accounts receivable remain current.

We have and are continuing to write new or revised policies regarding accounts receivable including, accounts that require a time-pay arrangement, patient financial hardship, and delinquent accounts and those being referred to a collection agency.

The ambulance service's administrative staff and governing board have embraced this opportunity to improve its financial capacity and will continue to work with members of Adams County's finance committee to execute its fiduciary duties responsibly.

3. Findings and Questioned Costs – Major Federal Award Programs Audit

There are no findings or questioned costs associated with major federal award programs required to be reported under OMB Circular A-133

Adams County, Illinois
Summary Schedule of Prior Year Findings
Year Ended November 30, 2012

There are no prior year findings and questioned costs related to federal award programs required to be reported under OMB Circular A-133.