

Montgomery County, Illinois

Kerber, Eck & Braeckel LLP
An Overview of the Audit
for the Year Ended November 30, 2019



Kerber, Eck & Braeckel ^{LLP}
CPAs and Management Consultants

Table of Contents

- ▶ Summary of Auditors' Results
 - Financial statements
 - Federal awards
- ▶ Other Required Communications
- ▶ Financial Highlights and Analysis



Summary of Auditors' Results -Financial Statements

- ▶ Management's responsibility = preparing financial statements in accordance with the *cash basis of accounting* and for designing, implementing and maintaining internal control.

- ▶ Auditors' responsibility = performing our audit in accordance in professional standards and expressing an opinion on the financial statements.

- ▶ Audit performed in accordance with:
 - Generally Accepted Auditing Standards
 - *Government Auditing Standards*
 - OMB's Uniform Guidance



Summary of Auditors' Results -Financial Statements

- ▶ Type of auditors' report issued on financial statements: Unmodified opinion

Types of Audit Opinions

- ✓ Unmodified opinion – This is also known as a “clean opinion” meaning that the financial statements appear to be presented fairly in conformity with the cash basis of accounting.

Qualified opinion – This means that the auditor has taken exception to certain accounting applications or is unable to establish the potential outcome of a material uncertainty.

Adverse opinion – This is a type of audit opinion which states that the financial statements do not fairly present the financial position and changes in financial position in conformity with the cash basis of accounting.



Summary of Auditors' Results -Financial Statements

▶ Other Information

○ Budgetary Comparison Schedules

- General Fund
- Public Health Fund
- Coal Royalties Fund
- Emergency Telephone System Fund

} Unaudited

○ Combining and Individual Fund Schedules

- General Fund
- Nonmajor Funds
- Agency Funds

} Fairly stated in relation to the
to the basic financial statements



Summary of Auditors' Results -Financial Statements

- ▶ Internal control over financial reporting
 - Material weaknesses: None noted
 - Significant deficiency: None noted
 - Noncompliance with laws, regulations, grants, and contracts material to the financial statements: None noted
 - Other recommendations
 - Budgetary controls
 - Accounting procedures manual
 - Economic interest forms
 - Positive pay banking
 - Revolving fund



Summary of Auditors' Results -Federal Awards

- ▶ Federal programs to be tested as major programs: 10.557 WIC and 93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations
- ▶ Type of auditors' report issued on compliance for major programs: TBD
- ▶ Internal control over major programs: TBD
- ▶ Compliance finding: TBD



Other Required Communications

Professional standards require that we communicate the following additional information related to our audit:

- ▶ Significant accounting policies are described in Note 1 to the financial statements. (*Cash basis of accounting.*)
- ▶ No transactions lacked authoritative guidance or consensus.
- ▶ All significant transactions have been recognized in the financial statements in the proper period.
- ▶ No significant accounting estimates.
- ▶ The most sensitive financial statement disclosure was:
 - The impact of COVID-19 on the operations and financial performance of the County is uncertain as disclosed in Note 12.



Other Required Communications

- ▶ No significant difficulties encountered in performing the audit.
- ▶ Audit adjustments to the financial statements: None
- ▶ No disagreements with management.
- ▶ No management consultations with other independent accountants to obtain “second opinion” regarding accounting or auditing matters.
- ▶ Upon acceptance of the audit, we expect management will provide us a representation letter attesting to the accuracy and completeness of the financial statements.



FINANCIAL HIGHLIGHTS AND ANALYSIS



Kerber, Eck & Braeckel ^{LLP}
CPAs and Management Consultants 10

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances - Total Governmental Funds

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Taxes	\$ 8,507,651	\$ 9,261,937	\$ (754,286)	-8.1%
Intergovernmental	4,954,848	3,178,108	1,776,740	55.9%
Licenses, fees and fines	3,191,635	2,944,544	247,091	8.4%
Interest	173,927	123,965	49,962	40.3%
Miscellaneous	<u>660,117</u>	<u>426,083</u>	<u>234,034</u>	54.9%
Total revenue	17,488,178	15,934,637	1,553,541	9.7%
Expenditures				
General government	5,877,797	4,991,723	886,074	17.8%
Public safety	3,404,366	2,856,414	547,952	19.2%
Health and welfare	3,353,712	2,803,696	550,016	19.6%
Transportation	2,866,396	1,753,107	1,113,289	63.5%
Judiciary and court related	1,808,240	1,671,597	136,643	8.2%
Capital outlay	<u>549,641</u>	<u>409,583</u>	<u>140,058</u>	34.2%
Total expenses	<u>17,860,152</u>	<u>14,486,120</u>	<u>3,374,032</u>	23.3%
Revenues over (under) expenditures	(371,974)	1,448,517	(1,820,491)	
Beginning fund balance	<u>18,526,399</u>	<u>17,077,882</u>	<u>1,448,517</u>	
Ending fund balance	<u>\$ 18,154,425</u>	<u>\$ 18,526,399</u>	<u>\$ (371,974)</u>	-2.0%



Condensed Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds - By Fund

	General Fund*	Public Health Fund	Coal Royalties Fund	Emergency Telephone System Fund	Nonmajor Governmental Funds	Total Governmental Funds
Total revenues	\$ 7,219,845	\$ 3,059,243	\$ 181,210	\$ 499,449	\$ 6,528,431	\$ 17,488,178
Total expenditures	<u>6,979,620</u>	<u>2,712,749</u>	<u>1,124,217</u>	<u>433,511</u>	<u>6,610,055</u>	<u>17,860,152</u>
Revenues over (under) expenditures	240,225	346,494	(943,007)	65,938	(81,624)	(371,974)
Total other financing sources (uses)	<u>139,042</u>	<u>-</u>	<u>(67,042)</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	379,267	346,494	(1,010,049)	65,938	(153,624)	(371,974)
Fund balances at December 1, 2018	<u>1,931,327</u>	<u>1,067,783</u>	<u>5,096,285</u>	<u>229,292</u>	<u>10,201,712</u>	<u>18,526,399</u>
Fund balances at November 30, 2019	<u>\$ 2,310,594</u>	<u>\$ 1,414,277</u>	<u>\$ 4,086,236</u>	<u>\$ 295,230</u>	<u>\$ 10,048,088</u>	<u>\$ 18,154,425</u>
Unassigned fund balance at November 30, 2019	<u>\$ 1,712,145</u>					
Unassigned fund balance as a % of expenditures	<u>25%</u>					

* Includes the following combined funds: General Fund; Revolving Loan Fund; Employees Insurance Fund; Sheriff's Funds; State's Attorney Fund; Supervisor of Assessments Imprest Fund; Coordinated Services Imprest Fund; Treasurer's Computer Fund; Recycling Fund; Animal Control Fund; and Pet Population Fund.

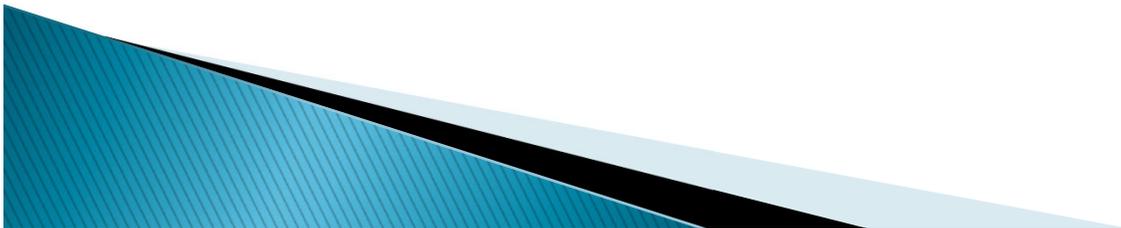


Budget to Actual General Fund – Budgetary Basis

Revenues	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Taxes	\$3,671,400	\$3,655,882	\$ (15,518)	-0.4%
Investment income	2,500	9,909	7,409	296.4%
Fines, fees and licenses	1,410,785	1,305,799	(104,986)	-7.4%
Other	55,983	274,744	218,761	390.8%
Reimbursed expenditures	<u>1,094,956</u>	<u>956,040</u>	<u>(138,916)</u>	-12.7%
 Total revenues	 6,235,624	 6,202,374	 (33,250)	 -0.5%
 Expenditures				
General government	2,327,321	2,100,447	226,874	9.7%
Judiciary and courts	1,297,346	1,234,213	63,133	4.9%
Public safety	<u>2,613,760</u>	<u>2,598,252</u>	<u>15,508</u>	0.6%
 Total expenditures	 <u>6,238,427</u>	 <u>5,932,912</u>	 <u>305,515</u>	 4.9%
 Excess of revenues over (under) expenditures	 (2,803)	 269,462	 272,265	 -9713.3%
 Other financing sources	 <u>140,000</u>	 <u>40,000</u>	 <u>(100,000)</u>	 -71.4%
 Net change in fund balance	 <u>\$ 137,197</u>	 <u>\$ 309,462</u>	 <u>\$ 172,265</u>	 125.6%

Conclusion

We would like to express our sincere appreciation to the County Board, Elected Officials and all County staff for their cooperation and assistance throughout the audit and for the opportunity to serve Montgomery County, Illinois.



KEB Audit Team



Rick Gratz, CPA
Engagement Partner



Paul Osborne, CPA
Quality Control Reviewer



Allison Weems, CPA
Audit Manager



Elizabeth Oakley
Staff Auditor



Terry Moore
Staff Auditor

