

MONTGOMERY COUNTY, ILLINOIS

FINANCIAL STATEMENTS

November 30, 2018

MONTGOMERY COUNTY, ILLINOIS

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position - Cash Basis	6
Statement of Activities - Cash Basis	7
Fund Financial Statements	
Balance Sheet - Cash Basis - Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - Governmental Funds	9
Statement of Fiduciary Net Position - Cash Basis - Agency Funds	10
Notes to Basic Financial Statements	11
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual - Unaudited	
General Fund	22
Public Health Fund	28
Coal Royalties Fund	29
Emergency Telephone System Fund	30
IMRF Fund	31
Notes to Budgetary Comparison Schedules	32
Combining and Individual Fund Financial Statements	
Combining Balance Sheet - Cash Basis - General Fund	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - General Fund	34

MONTGOMERY COUNTY, ILLINOIS

TABLE OF CONTENTS

Combining Balance Sheet - Cash Basis - Nonmajor Governmental Funds	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - Nonmajor Governmental Funds	39
Combining Statement of Fiduciary Net Position - Cash Basis - Agency Funds	43
Statement of Changes in Assets and Liabilities – Cash Basis	
Circuit Clerk’s Funds	44
County Clerk’s Funds	45
Ambulance Districts and Civil Defense Funds	46
Commissary Funds	47
Township Motor Fuel Tax Fund	48
County Treasurer’s Other Funds	49



Kerber, Eck & Braeckel LLP

Independent Auditors' Report

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Montgomery County Board
Montgomery County, Illinois

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Illinois, as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise the Montgomery County, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Illinois, as of November 30, 2018, and the respective changes in cash basis financial position, thereof, for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Illinois' basic financial statements. The budgetary comparison schedules and combining and individual fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The budgetary comparison schedules have not been subject 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of Montgomery 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 effectiveness of Montgomery County, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County, Illinois', internal control over financial reporting and compliance.

Kerber, Eck & Braeich LLP

Litchfield, Illinois
April 30, 2019

MONTGOMERY COUNTY, ILLINOIS

STATEMENT OF NET POSITION - CASH BASIS

November 30, 2018

	<u>Governmental activities</u>
ASSETS	
Cash	\$ 18,425,483
Notes receivable	<u>100,916</u>
Total assets	<u><u>\$ 18,526,399</u></u>
NET POSITION	
Restricted for:	
Employee benefits	\$ 2,983,551
Property and liability insurance	1,061,722
Public health	1,260,571
Transportation	3,101,246
Public safety	234,011
Judiciary	1,789,050
Unrestricted	<u>8,096,248</u>
Total net position	<u><u>\$ 18,526,399</u></u>

See notes to financial statements.

MONTGOMERY COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES - CASH BASIS
Year ended November 30, 2018

Function/Program	Expenses	Program revenues		Net (expense) revenue and change in net position
		Charges for services	Operating grants and contributions	
Governmental activities				
General government	\$ 4,828,783	\$ 269,146	\$ 101,357	\$ (4,458,280)
Public safety	2,856,414	1,034,923	79,068	(1,742,423)
Health and welfare	2,803,696	535,458	1,455,507	(812,731)
Transportation	1,753,107	-	68,960	(1,684,147)
Judiciary and court-related	1,671,597	1,232,925	494,640	55,968
Total governmental activities	\$ 13,913,597	\$ 3,072,452	\$ 2,199,532	(8,641,613)

General revenues

Taxes

Property	5,675,312
Sales	1,822,626
Income and replacement	962,318
Real estate transfer	141,354
Motor fuel	658,660
Video gaming	1,667
Investment income	123,965
Other	704,228
Total general revenues	10,090,130

CHANGE IN NET POSITION

Net position at December 1, 2017

17,077,882

Net position at November 30, 2018

\$ 18,526,399

See notes to financial statements.

MONTGOMERY COUNTY, ILLINOIS

BALANCE SHEET - CASH BASIS - GOVERNMENTAL FUNDS

November 30, 2018

	General Fund	Public Health Fund	Coal Royalties Fund	Emergency Telephone System Fund	IMRF Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,831,264	\$ 1,067,783	\$ 5,046,285	\$ 279,292	\$ 1,961,937	\$ 8,238,922	\$ 18,425,483
Notes receivable	100,916	-	-	-	-	-	100,916
Due from other funds	-	-	50,000	-	-	-	50,000
Total assets	\$ 1,932,180	\$ 1,067,783	\$ 5,096,285	\$ 279,292	\$ 1,961,937	\$ 8,238,922	\$ 18,576,399
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
FUND BALANCES							
Nonspendable	100,916	-	-	-	-	-	100,916
Restricted	-	-	-	229,292	1,961,937	8,238,922	10,430,151
Committed	133,388	-	5,096,285	-	-	-	5,229,673
Assigned	294,593	1,067,783	-	-	-	-	1,362,376
Unassigned	1,403,283	-	-	-	-	-	1,403,283
Total fund balances	1,932,180	1,067,783	5,096,285	229,292	1,961,937	8,238,922	18,526,399
Total liabilities and fund balances	\$ 1,932,180	\$ 1,067,783	\$ 5,096,285	\$ 279,292	\$ 1,961,937	\$ 8,238,922	\$ 18,576,399

See notes to financial statements.

MONTGOMERY COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
Year ended November 30, 2018**

	General Fund	Public Health Fund	Coal Royalties Fund	Emergency Telephone System Fund	IMRF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 3,667,373	\$ 539,048	\$ -	\$ -	\$ 1,354,822	\$ 3,700,694	\$ 9,261,937
Intergovernmental	1,237,667	1,861,560	-	-	1,625	77,256	3,178,108
Licenses, fees and fines	1,715,945	120,420	-	532,802	-	575,377	2,944,544
Interest	10,270	5,580	54,559	1,307	8,638	43,611	123,965
Miscellaneous	247,748	11,003	-	-	-	167,332	426,083
Total revenues	6,879,003	2,537,611	54,559	534,109	1,365,085	4,564,270	15,934,637
Expenditures							
Current							
General government	3,048,069	-	171,929	-	790,968	980,757	4,991,723
Public safety	2,426,355	-	-	430,059	-	-	2,856,414
Health and welfare	-	2,205,147	-	-	-	598,549	2,803,696
Transportation	-	-	-	-	-	1,753,107	1,753,107
Judiciary and court related	1,245,034	-	-	-	-	426,563	1,671,597
Capital outlay	-	-	117,856	-	-	291,727	409,583
Total expenditures	6,719,458	2,205,147	289,785	430,059	790,968	4,050,703	14,486,120
Revenues over (under) expenditures	159,545	332,464	(235,226)	104,050	574,117	513,567	1,448,517
Other financing sources (uses)							
Transfers in	163,335	-	-	-	-	245,616	408,951
Transfers out	-	-	(73,335)	-	-	(335,616)	(408,951)
Total other financing sources (uses)	163,335	-	(73,335)	-	-	(90,000)	-
NET CHANGE IN FUND BALANCE	322,880	332,464	(308,561)	104,050	574,117	423,567	1,448,517
Fund balances at December 1, 2017	1,609,300	735,319	5,404,846	125,242	1,387,820	7,815,355	17,077,882
Fund balances at November 30, 2018	\$ 1,932,180	\$ 1,067,783	\$ 5,096,285	\$ 229,292	\$ 1,961,937	\$ 8,238,922	\$ 18,526,399

See notes to financial statements.

MONTGOMERY COUNTY, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS -
AGENCY FUNDS**

November 30, 2018

ASSETS

Cash and temporary investments \$ 1,683,732

LIABILITIES

Due to others \$ 1,683,732

See notes to financial statements.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Montgomery County (the County) was established in 1821. The County is governed by a board consisting of 21 persons, three elected from each of the seven districts. Board members are elected to four year terms. Montgomery County government provides a number of services to the citizens of Montgomery County. These include law enforcement and administration of the criminal justice system, administration of consolidated elections, property tax records and tax collection for all taxing bodies, maintenance of county roads, bridges and highways, and the provision of health services.

These financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity

The financial reporting entity must include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, there are no component units which are required to be included in the accompanying financial statements.

The County's board members are responsible for appointing members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The County Board appoints board members to the following: Public Building Commission, Montgomery County Housing, some drainage districts in Montgomery County, all fire protection districts in Montgomery County, Abandoned Cemetery, Ambulance, Board of Review, Economic Development Corporation, Airport Authority, Mental Health Board and West Central Planning Workforce Investment.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity, except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County has no business-type activities.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

The County does not allocate indirect costs. Program revenues include charges paid by the recipients of goods and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Illinois.

Public Health Fund

The County Health Fund accounts for a county-wide property tax levy and federal and state grants for operating the Montgomery County Health Department, and the costs of services provided to the public through the department.

Coal Royalties Fund

This fund is used to account for royalties from coal mined at Deer Run Mine located in Montgomery County.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Emergency Telephone System Fund

This fund is used to account for the billing of telephone subscribers for an emergency telephone number “911” system and to maintain certain personnel, equipment, and training costs.

IMRF Fund

The IMRF Fund is a fund that levies property taxes to fund retirement as prescribed by the statutes of the State of Illinois.

Fiduciary Funds

Agency Funds

These funds account for assets that the County holds in a fiduciary capacity or as an agent for individuals, private organizations, or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for the operations of the County Treasurer and County Clerk and other agency operations.

Basis of Accounting

The financial statements are prepared using a cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues, and expenditures when they result from cash transactions except that the purchase of investments and loans granted by the Revolving Loan Fund are recorded as assets. Interfund loans are also reported as assets and liabilities. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable and compensated absences) and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

Cash and Investments

The County Treasurer maintains a cash and investment pool that is available for use by all funds, except certain restricted special revenue and agency funds. Interest income earned is allocated to the contributing funds based on each fund’s proportionate share of funds invested on a monthly basis. Investments, if any, are carried at fair value.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Interfund Activity

Interfund activity, if any, within and among the governmental and fiduciary fund categories is reported as follows in the fund financial statements:

Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund reimbursements - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are reported as a reduction of expenditures.

Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity has been eliminated in the government-wide financial statements.

Net Position

In the government-wide financial statements, equity is classified as net position. Net position is reported as restricted when there are constraints imposed on its use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted. The County first utilizes restricted resources to finance qualifying activities.

Fund Balances – Governmental Funds

In the governmental fund financial statements, equity is classified as fund balance. Governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources or by constitutional provision or enabling legislations.

Committed – includes amounts that can only be used for specific purposes determined by an ordinance of the County Board. Commitments may be modified or rescinded only through resolutions approved by the Board.

Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent can be expressed by the County Board or by an official or body to which the County Board delegates the authority.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, a negative fund balance may be reported.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions. The details of the fund balances are disclosed in Note 6.

Property Taxes

Montgomery County property is assessed as of January 1 of each year by the Township Assessors. The values are adjusted by various percentages according to the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The assessed valuation for the calendar year 2017 was \$422,183,303.

Taxes levied in one year become due and payable in two installments during the following year. The first installment is due no later than June 1 and the second installment is due no later than September 1. A lien on taxable property is effective thirty days after the second installment due date. Property taxes are collected by the Montgomery County Treasurer who periodically remits to each taxing unit its respective share of the collections. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within applicable funds.

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was as follows:

General Corporate	\$ 0.20250
I.M.R.F.	0.30598
County Highway	0.10000
Bridges	0.05000
Community Mental Health	0.15000
Federal Aid Matching	0.05000
Public Health	0.12223
Liability Insurance	0.12673
Social Security	0.19039
Veteran's Assistance	0.00994
Senior Citizens	<u>0.02500</u>
Total	<u>\$ 1.33277</u>

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH

At November 30, 2018 the County's deposits were fully insured by federal depository insurance or collateralized with securities held in the County's name.

NOTE 3 - COAL ROYALTIES

The County entered into an agreement with Colt, LLC, a West Virginia limited liability company, and Colt Coal Company, Inc. a West Virginia corporation, in regards to coal mined at the Deer Run Mine located in Montgomery County, Illinois. The County will receive a production royalty of two percent of the F.O.B. Mine Average Gross Realization per ton of coal.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

The Coal Royalties Fund loaned \$50,000 to the Emergency Telephone System Fund. The balance is expected to be repaid within one year.

Fund transfers for the year ended November 30, 2018 are as follows:

Transfers in	Transfers out			Total
	General Fund	Coal Royalties Fund	Nonmajor Funds	
General Fund	\$ -	\$ 73,335	\$ 90,000	\$ 163,335

Transfers are made from the Coal Royalties Fund to the General Fund annually to finance general County operations in accordance with a County resolution. Transfers are also used to move revenues from the fund that State statute or the budget requires to collect them to the fund that State statute or budget requires them to be expended.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN

Plan Description

The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided below. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. The Elected County Official (ECO) plan is for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Contributions

As set by statute, the County's RP members are required to contribute 4.5% of their annual covered salary and SLEP and ECO members are required to contribute 7.5%. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rates for calendar year 2018 were 11.74% for regular members, 12.90% for SLEP, and 52.09% for ECO. For the fiscal year ended November 30, 2018, contributions to the regular plan, SLEP plan and ECO plans were \$596,206, \$110,457 and \$79,922, respectively. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FUND BALANCES

Amounts for specific purposes by fund balance classifications for the year ended November 30, 2018, are as follows:

	General Fund	Other Major Funds	Nonmajor Governmental Funds	Total
Nonspendable				
Notes receivable	\$ 100,916	\$ -	\$ -	\$ 100,916
Restricted				
Infrastructure repairs and improvements	-	-	3,101,246	3,101,246
Health	-	-	1,260,571	1,260,571
Public safety	-	229,292	4,719	234,011
Court related matters	-	-	1,789,050	1,789,050
Insurance	-	-	1,061,722	1,061,722
Employee benefits	-	1,961,937	1,021,614	2,983,551
	<u>-</u>	<u>2,191,229</u>	<u>8,238,922</u>	<u>10,430,151</u>
Committed				
Future capital outlay projects	-	5,096,285	-	5,096,285
Revolving loans	133,388	-	-	133,388
	<u>133,388</u>	<u>5,096,285</u>	<u>-</u>	<u>5,229,673</u>
Assigned				
Health department	-	1,067,783	-	1,067,783
Employee health insurance	235,935	-	-	235,935
Public safety	56,362	-	-	56,362
Court related matters	1,334	-	-	1,334
Other	962	-	-	962
	<u>294,593</u>	<u>1,067,783</u>	<u>-</u>	<u>1,362,376</u>
Unassigned				
General government	1,403,283	-	-	1,403,283
	<u>\$ 1,932,180</u>	<u>\$ 8,355,297</u>	<u>\$ 8,238,922</u>	<u>\$ 18,526,399</u>

NOTE 7 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters; and net income losses for which the County carries insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

The County is insured by the Illinois Counties Risk Management Trust through which property, general liability, automobile liability, crime, boiler and machinery, and workers' compensation coverage is provided in excess of specified limits.

The County pays all elected officials' bond by statute.

NOTE 8 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended November 30, 2018, expenditures exceeded legally adopted budgets as follows:

<u>Fund</u>	<u>Department</u>	<u>Expenditures in excess of budget</u>
General Fund	General Administrative	\$ 47,238
General Fund	Solid Waste	2,099
General Fund	Public Defender	1,487
General Fund	Jury and Jurors	1,224
General Fund	EMA	33,913
Property and Liability Insurance Fund	-----	2,013
County Farm Special Bridge Matching Fund	-----	7,789
Law Library	-----	3,157
Treasurers' Automation	-----	603
Animal Control	-----	11,419
State's Attorney Automation	-----	1,710
Drug Asset Forfeiture	-----	400
Hotel Operators	-----	4,460
Animal Control Vanek Estate	-----	12,101

NOTE 9 - TAX ABATEMENTS

As of November 30, 2018, the County provides tax abatements on real property located in the Montgomery County Enterprise Zone. County wide tax revenues were reduced by \$243,229 during 2018 as a result of the tax abatement, of which the County's share was \$35,977.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LITIGATION

Various claims and lawsuits are pending against the County. In the opinion of the County, the potential loss on all claims and lawsuits, if any, will not be material to the County's financial statements taken as a whole.

NOTE 11 – RELATED PARTY TRANSACTIONS

The spouse of a County Board Member is the President of a law firm located in Hillsboro, IL. During the year ended November 30, 2018, the County made payments to the law firm of approximately \$50,000.

NOTE 12 – SUBSEQUENT EVENTS

On March 26, 2019, the County purchased a property in Hillsboro, Illinois for \$600,000.

MONTGOMERY COUNTY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED Year ended November 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Revenues				
Taxes				
Sales	\$ 1,445,000	\$ 1,445,000	\$ 1,608,963	\$ 163,963
Income	750,000	750,000	736,753	(13,247)
Replacement	62,000	62,000	46,367	(15,633)
Property	1,163,249	1,163,249	1,132,269	(30,980)
Real estate transfers	120,000	120,000	141,354	21,354
Video gaming	1,100	1,100	1,667	567
Total taxes	3,541,349	3,541,349	3,667,373	126,024
Interest, costs and penalties - net	2,700	2,700	7,674	4,974
Fines and fees				
Geographic Information System	99,000	99,000	82,871	(16,129)
County Clerk	180,000	180,000	150,531	(29,469)
Supervisor of Assessments	10,000	10,000	10,000	-
Coroner	5,500	5,500	4,727	(773)
State's Attorney	520,000	520,000	484,917	(35,083)
Circuit Clerk	230,000	230,000	290,404	60,404
Public Defender	6,000	6,000	5,465	(535)
Sheriff	367,349	367,349	381,228	13,879
EMA	3,000	3,000	-	(3,000)
Total fines and fees	1,420,849	1,420,849	1,410,143	(10,706)
Licenses and fees				
Liquor and gaming	3,150	3,150	3,150	-
Other revenues				
Miscellaneous revenues, refunds and reimbursements from other departments	60,483	60,483	127,814	67,331
Indemnity	8,000	8,000	8,584	584
Tax sale automation	-	-	10,720	10,720
Total other revenues	68,483	68,483	147,118	78,635

MONTGOMERY COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended November 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Reimbursed Expenditures				
Help Americans Vote Act	\$ -	\$ -	\$ 7,720	\$ 7,720
Sheriff reimbursements	14,875	14,875	4,101	(10,774)
Supervisor of Assessments	31,260	31,260	30,349	(911)
Election judges	12,240	12,240	-	(12,240)
State's Attorney, assistants and violent crime	164,652	164,652	152,298	(12,354)
Probation	189,187	189,187	242,447	53,260
Ambulance	77,049	77,049	60,540	(16,509)
Public defender	99,905	99,905	99,895	(10)
Safety grants	39,784	39,784	53,366	13,582
EMA grants	27,000	27,000	14,427	(12,573)
Total reimbursed expenditures	655,952	655,952	665,143	9,191
Total revenues	5,692,483	5,692,483	5,900,601	208,118
Expenditures				
General Government				
Building and Grounds				
Salaries	33,904	33,904	33,904	-
Other	293,500	293,500	237,419	56,081
Total building and grounds	327,404	327,404	271,323	56,081
County Clerk				
Salaries	147,243	147,243	144,497	2,746
Other	9,850	9,850	9,518	332
Total County Clerk	157,093	157,093	154,015	3,078
Treasurer				
Salaries	190,980	190,980	189,665	1,315
Other	6,650	6,650	7,423	(773)
Total Treasurer	197,630	197,630	197,088	542
Coroner				
Salaries	38,647	38,647	39,797	(1,150)
Other	58,100	58,100	44,917	13,183
Total Coroner	96,747	96,747	84,714	12,033
Regional Office of Education				
Salaries	31,666	31,666	31,666	-
Other	12,258	12,258	12,257	1
Total Regional Office of Education	43,924	43,924	43,923	1

MONTGOMERY COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended November 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Supervisor of Assessments				
Salaries	\$ 184,186	\$ 184,186	\$ 173,365	\$ 10,821
Other	23,300	23,300	15,393	7,907
Total Supervisor of Assessments	207,486	207,486	188,758	18,728
Board of Review				
Salaries	25,394	25,394	23,387	2,007
Other	2,850	2,850	1,076	1,774
Total Board of Review	28,244	28,244	24,463	3,781
County Board Office				
Salary - County Board Chairman	6,000	6,000	6,000	-
Other	88,250	88,250	73,258	14,992
Total County Board Office	94,250	94,250	79,258	14,992
Information System				
Salaries	91,170	91,170	92,650	(1,480)
Other	33,170	33,170	29,241	3,929
Total Information System	124,340	124,340	121,891	2,449
Election				
Salaries	14,000	14,000	14,652	(652)
Other	124,105	124,105	119,872	4,233
Total Election	138,105	138,105	134,524	3,581
Economic and Infrastructure Development				
Trail maintenance	17,000	17,000	15,886	1,114
General Administrative				
Other	681,745	681,745	728,983	(47,238)
Geographic Information System				
Salaries	38,000	38,000	30,143	7,857
Other	26,480	26,480	23,616	2,864
Total Geographic Information System	64,480	64,480	53,759	10,721

MONTGOMERY COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended November 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Coordinated Services				
Salaries	\$ 56,591	\$ 56,591	\$ 57,679	\$ (1,088)
Other	5,350	5,350	3,999	1,351
Total Coordinated Services	61,941	61,941	61,678	263
Solid Waste				
Salaries	41,932	41,932	42,739	(807)
Other	2,650	2,650	3,942	(1,292)
Total Solid Waste	44,582	44,582	46,681	(2,099)
Total General Government	2,284,971	2,284,971	2,206,944	78,027
Judiciary and Court-Related				
Montgomery County Judge's Office				
Salaries	1,404	1,404	1,165	239
Other	2,150	2,150	1,198	952
Total Montgomery County Judge's Office	3,554	3,554	2,363	1,191
State's Attorney Office				
Salaries	343,945	343,945	350,803	(6,858)
Other	42,475	42,475	27,228	15,247
Total State's Attorney Office	386,420	386,420	378,031	8,389
Circuit Clerk's Office				
Salaries	237,852	237,852	234,396	3,456
Other	8,000	8,000	6,054	1,946
Total Circuit Clerk's Office	245,852	245,852	240,450	5,402
Probation Office				
Salaries	287,496	287,496	286,604	892
Other	34,450	34,450	33,503	947
Total Probation Office	321,946	321,946	320,107	1,839

MONTGOMERY COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended November 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Public Defender				
Salaries	\$ 172,430	\$ 172,430	\$ 173,825	\$ (1,395)
Other	2,400	2,400	2,492	(92)
Total Public Defender	<u>174,830</u>	<u>174,830</u>	<u>176,317</u>	<u>(1,487)</u>
Jury and Jurors				
Other	11,100	11,100	12,324	(1,224)
Court Appointed				
Other	<u>116,000</u>	<u>116,000</u>	<u>114,449</u>	<u>1,551</u>
Total Judiciary and Court-Related	1,259,702	1,259,702	1,244,041	15,661
Public Safety				
Sheriff				
Salaries	1,783,346	1,783,346	1,742,343	41,003
Other	<u>303,790</u>	<u>303,790</u>	<u>284,089</u>	<u>19,701</u>
Total Sheriff	2,087,136	2,087,136	2,026,432	60,704
EMA				
Salaries	27,000	27,000	27,000	-
Other	<u>5,900</u>	<u>5,900</u>	<u>39,813</u>	<u>(33,913)</u>
Total EMA	32,900	32,900	66,813	(33,913)
Ambulance				
Salaries	48,900	48,900	46,215	2,685
Other	<u>13,500</u>	<u>13,500</u>	<u>8,322</u>	<u>5,178</u>
Total Ambulance	62,400	62,400	54,537	7,863
Total Public Safety	<u>2,182,436</u>	<u>2,182,436</u>	<u>2,147,782</u>	<u>34,654</u>

MONTGOMERY COUNTY, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended November 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget - Favorable (Unfavorable)
Total expenditures	\$ 5,727,109	\$ 5,727,109	\$ 5,598,767	\$ 128,342
Excess (deficiency) of revenues over expenditures	(34,626)	(34,626)	301,834	336,460
Other financing sources				
Transfers in	<u>140,000</u>	<u>140,000</u>	<u>40,000</u>	<u>(100,000)</u>
Net change in fund balance	<u>\$ 105,374</u>	<u>\$ 105,374</u>	341,834	<u>\$ 236,460</u>
Fund balance at December 1, 2017			<u>1,061,449</u>	
Fund balance at November 30, 2018			<u>\$ 1,403,283</u>	
Budgetary basis fund balance			\$ 1,403,283	
Adjustments to reconcile the cash basis and budgetary basis statements:				
Other funds combined with General Fund for GAAP reporting				
Revolving Loan Fund			234,304	
Employees Insurance Fund			235,935	
Sheriff's Funds			41,656	
Probation Fund			853	
State's Attorney Fund			481	
Supervisors of Assessments Imprest Fund			385	
Coordinated Services Fund			73	
Treasurer's Computer Fund			504	
Recycling Fund			2,859	
Animal Control Fund			9,531	
Pet Population Fund			<u>2,316</u>	
Cash basis fund balance			<u>\$ 1,932,180</u>	

See notes to supplementary information.

MONTGOMERY COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL - PUBLIC HEALTH FUND - UNAUDITED Year ended November 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Revenues				
Replacement taxes	\$ 30,000	\$ 30,000	\$ 24,595	\$ (5,405)
Property taxes	516,000	516,000	514,453	(1,547)
Intergovernmental	2,394,165	2,394,165	1,861,560	(532,605)
Fees	133,000	133,000	120,420	(12,580)
Interest	2,500	2,500	5,580	3,080
Miscellaneous	3,000	3,000	11,003	8,003
Total revenues	3,078,665	3,078,665	2,537,611	(541,054)
Expenditures				
Current				
Health and welfare	2,976,810	2,976,810	2,205,147	771,663
Net change in fund balance	\$ 101,855	\$ 101,855	332,464	\$ 230,609
Fund balance at December 1, 2017			735,319	
Fund balance at November 30, 2018			\$ 1,067,783	

See notes to supplementary information.

MONTGOMERY COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
COAL ROYALTIES FUND - UNAUDITED
Year ended November 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Revenues				
Interest	\$ 30,000	\$ 30,000	\$ 54,559	\$ 24,559
Expenditures				
Current				
General government	192,561	192,561	171,929	20,632
Capital outlay	300,000	300,000	117,856	182,144
Total expenditures	492,561	492,561	289,785	202,776
Revenues under expenditures	(462,561)	(462,561)	(235,226)	227,335
Other financing uses				
Transfers out	(113,335)	(113,335)	(73,335)	40,000
Net change in fund balance	<u>\$ (575,896)</u>	<u>\$ (575,896)</u>	(308,561)	<u>\$ 267,335</u>
Fund balance at December 1, 2017			<u>5,404,846</u>	
Fund balance at November 30, 2018			<u>\$ 5,096,285</u>	

See notes to supplementary information.

MONTGOMERY COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
EMERGENCY TELEPHONE SYSTEM FUND - UNAUDITED**

Year ended November 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget - Favorable (Unfavorable)
Revenues				
Fees	\$ 439,000	\$ 439,000	\$ 532,802	\$ 93,802
Interest	50	50	1,307	1,257
Total revenues	439,050	439,050	534,109	95,059
Expenditures				
Current				
Public safety	431,058	431,058	430,059	999
Net change in fund balance	<u>\$ 7,992</u>	<u>\$ 7,992</u>	104,050	<u>\$ 96,058</u>
Fund balance at December 1, 2017			<u>125,242</u>	
Fund balance at November 30, 2018			<u>\$ 229,292</u>	

See notes to supplementary information.

MONTGOMERY COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
IMRF FUND - UNAUDITED
Year ended November 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget - Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,293,489	\$ 1,293,489	\$ 1,287,689	\$ (5,800)
Replacement taxes	75,000	75,000	67,133	(7,867)
Intergovernmental	2,300	2,300	1,625	(675)
Interest	<u>2,800</u>	<u>2,800</u>	<u>8,638</u>	<u>5,838</u>
Total revenues	1,373,589	1,373,589	1,365,085	(8,504)
Expenditures				
Current				
General government	<u>894,284</u>	<u>894,284</u>	<u>790,968</u>	<u>103,316</u>
Net change in fund balance	<u>\$ 479,305</u>	<u>\$ 479,305</u>	574,117	<u>\$ 94,812</u>
Fund balance at December 1, 2017			<u>1,387,820</u>	
Fund balance at November 30, 2018			<u>\$ 1,961,937</u>	

See notes to supplementary information.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE 1 - BUDGETARY INFORMATION

All funds, except agency funds, require legally adopted budgets. The County prepares its budget on the cash basis of accounting. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Officeholders prepare their budget requirements.
- b) Officeholders meet with the various committees and discuss and revise, if necessary, their original budget amounts.
- c) The various committees of the Board present the revised budget requests to the Finance Committee for final revision.
- d) The budget goes on public display with a public meeting to obtain taxpayers comments and review additional requests for changes.
- e) The appropriated budget is legally enacted through the passage of an appropriation ordinance by the Board in November. The majority of a quorum is necessary for passage.
- f) After the adoption of the county budget, transfers of appropriations may be made without a vote of the board; however, transfers of appropriations affecting personnel and capital may be made at any meeting of the board by a two-thirds vote of all the members, provided for any type of transfer that the total amount appropriated for the fund is not affected.
- g) At any point following the adoption of the annual budget, if the county board determines that revenue to be received totals an amount substantially less than that projected at the time of adoption of the annual budget, the County board may by two-thirds vote of all members, adopt an amended budget.
- h) Appropriations in excess of those authorized by the budget in order to meet an immediate emergency may be made at any meeting of the board by a two-thirds vote of all the members.
- i) All unexpended appropriations lapse at year-end, requiring appropriation the following year.
- j) The legal level of budgetary control is by fund and by department within the General Fund.

MONTGOMERY COUNTY, ILLINOIS

COMBINING BALANCE SHEET - CASH BASIS - GENERAL FUND

November 30, 2018

	General Fund	Revolving Loan Fund	Employees Insurance Fund	Sheriff's Funds	Probation Fund	State's Attorney Fund	Supervisor of Assessments Imprest Fund	Coordinated Services Imprest Fund	Treasurer's Computer Fund	Recycling Fund	Animal Control Fund	Pet Population Fund	Total General Fund
ASSETS													
Cash	\$ 1,403,283	\$ 133,388	\$ 235,935	\$ 41,656	\$ 853	\$ 481	\$ 385	\$ 73	\$ 504	\$ 2,859	\$ 9,531	\$ 2,316	\$ 1,831,264
Notes receivables	-	100,916	-	-	-	-	-	-	-	-	-	-	100,916
Total assets	\$ 1,403,283	\$ 234,304	\$ 235,935	\$ 41,656	\$ 853	\$ 481	\$ 385	\$ 73	\$ 504	\$ 2,859	\$ 9,531	\$ 2,316	\$ 1,932,180
FUND BALANCES													
Nonspendable	\$ -	\$ 100,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,916
Committed	-	133,388	-	-	-	-	-	-	-	-	-	-	133,388
Assigned	-	-	235,935	41,656	853	481	385	73	504	2,859	9,531	2,316	294,593
Unassigned	1,403,283	-	-	-	-	-	-	-	-	-	-	-	1,403,283
Total fund balances	\$ 1,403,283	\$ 234,304	\$ 235,935	\$ 41,656	\$ 853	\$ 481	\$ 385	\$ 73	\$ 504	\$ 2,859	\$ 9,531	\$ 2,316	\$ 1,932,180

MONTGOMERY COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - GENERAL FUND
Year ended November 30, 2018

	General Fund	Revolving Loan Fund	Employees Insurance Fund	Sheriff's Funds	Probation Fund	State's Attorney Fund	Supervisor of Assessments		Coordinated Services Imprest Fund	Treasurer's Computer Fund	Recycling Fund	Animal Control Fund	Pet Population Fund	Eliminations	Total General Fund
							Imprest Fund	Imprest Fund							
Revenues															
Taxes	\$ 3,667,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,667,373
Intergovernmental	665,143	-	942,437	-	-	-	-	-	-	-	-	-	-	(369,913)	1,237,667
Licenses, fees and fines	1,413,293	-	-	172,194	699	500	1,211	5,601	1,556	46,637	68,144	6,110	-	-	1,715,945
Interest	7,674	960	1,625	-	-	-	-	-	-	-	-	11	-	-	10,270
Miscellaneous	147,118	-	-	-	-	-	-	-	-	100,630	-	-	-	-	247,748
Total revenues	5,900,601	960	944,062	172,194	699	500	1,211	5,601	1,556	147,267	68,144	6,121	(369,913)	6,879,003	
Expenditures															
Current															
General government	2,206,944	-	985,000	-	-	-	1,068	5,671	1,556	217,743	-	-	-	(369,913)	3,048,069
Public safety	2,147,782	-	-	166,155	-	-	-	-	-	-	108,613	3,805	-	-	2,426,355
Judiciary and court related	1,244,041	-	-	-	578	415	-	-	-	-	-	-	-	-	1,245,034
Total expenditures	5,598,767	-	985,000	166,155	578	415	1,068	5,671	1,556	217,743	108,613	3,805	(369,913)	6,719,458	
Revenues over (under) expenditures	301,834	960	(40,938)	6,039	121	85	143	(70)	-	(70,476)	(40,469)	2,316	-	-	159,545
Other financing sources	40,000	-	-	-	-	-	-	-	-	75,335	50,000	-	-	-	165,335
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	341,834	960	(40,938)	6,039	121	85	143	(70)	-	2,859	9,531	2,316	-	-	322,880
Fund balances at December 1, 2017	1,061,449	233,344	276,873	35,617	732	396	242	143	504	-	-	-	-	-	1,609,300
Fund balances at November 30, 2018	\$ 1,403,283	\$ 234,304	\$ 235,935	\$ 41,656	\$ 853	\$ 481	\$ 385	\$ 73	\$ 504	\$ 2,859	\$ 9,531	\$ 2,316	\$ -	\$ -	\$ 1,932,180

MONTGOMERY COUNTY, ILLINOIS

COMBINING BALANCE SHEET - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS

November 30, 2018

	Special Revenue Funds									
	Social Security Fund	Senior Citizens Fund	Property & Liability Insurance Fund	Drug Asset Forfeiture Fund	Hotel Operators Fund	Veterans Assistance Fund	County Highway Fund	County Farm Special Bridge Matching Fund		
ASSETS										
Cash	\$ 1,021,614	\$ 138,561	\$ 1,061,722	\$ 4,719	\$ 37,352	\$ 195,221	\$ 441,679	\$ -		
FUND BALANCES	\$ 1,021,614	\$ 138,561	\$ 1,061,722	\$ 4,719	\$ 37,352	\$ 195,221	\$ 441,679	\$ -		
Restricted										

MONTGOMERY COUNTY, ILLINOIS

COMBINING BALANCE SHEET - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
November 30, 2018

	Special Revenue Funds							
	County Aid to Bridges Fund	Probation Fee Fund	Record Keeping Improvement Fund	Treasurers Automation Fund	Animal Control Vanek Estate Fund	Coroner's Fund	Township Bridge Program Fund	Electronic Citation Fund
ASSETS								
Cash	\$ 960,589	\$ 356,323	\$ 466,220	\$ 6,503	\$ 462,103	\$ 39,674	\$ 133,712	\$ 6,967
FUND BALANCES								
Restricted	\$ 960,589	\$ 356,323	\$ 466,220	\$ 6,503	\$ 462,103	\$ 39,674	\$ 133,712	\$ 6,967

MONTGOMERY COUNTY, ILLINOIS

COMBINING BALANCE SHEET - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS

November 30, 2018

	Special Revenue Funds							
	Document Storage Fund	Victim Impact Fund	Clerk Automation Fund	Drug Court Fund	County Court Fund	State's Attorney Automation Fund	Automation Fund	County Drug Fund
ASSETS								
Cash	\$ 168,051	\$ 5,517	\$ 124,150	\$ 46,400	\$ 92,188	\$ 16,074	\$ 308,167	\$ 8,200
FUND BALANCES								
Restricted	\$ 168,051	\$ 5,517	\$ 124,150	\$ 46,400	\$ 92,188	\$ 16,074	\$ 308,167	\$ 8,200

MONTGOMERY COUNTY, ILLINOIS

COMBINING BALANCE SHEET - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
 November 30, 2018

	Special Revenue Funds							Capital Projects Funds Equipment Fund	Total Nonmajor Governmental Funds
	Law Library Fund	Separation Maintenance and Child Support	Drug Test Fund	County Motor Fuel Tax Fund	Federal Aid Matching	Mental Health Board Fund			
ASSETS									
Cash	\$ 38,183	\$ 133,029	\$ 13,078	\$ 365,412	\$ 1,162,502	\$ 425,012	\$ -	\$ 8,238,922	
FUND BALANCES									
Restricted	\$ 38,183	\$ 133,029	\$ 13,078	\$ 365,412	\$ 1,162,502	\$ 425,012	\$ -	\$ 8,238,922	

MONTGOMERY COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**
Year ended November 30, 2018

	Special Revenue Funds									
	Social Security Fund	Senior Citizens Fund	Property & Liability Insurance Fund	Drug Asset Forfeiture Fund	Hotel Operators Fund	Veterans Assistance Fund	County Highway Fund	County Farm Special Bridge Matching Fund		
Revenues										
Taxes	\$ 843,012	\$ 105,210	\$ 533,334	\$ -	\$ -	\$ 41,831	\$ 443,691	\$ -		
Intergovernmental	2,437	-	5,859	-	-	-	-	-		
Licenses, fees and fines	-	-	-	1,686	22,594	-	69,203	-		
Interest	4,177	419	4,379	33	188	1,184	2,518	394		
Miscellaneous	-	-	-	-	-	-	99,091	-		
Total revenues	849,626	105,629	543,572	1,719	22,782	43,015	614,503	394		
Expenditures										
Current										
General government	494,214	82,958	350,512	2,500	18,210	-	-	-		
Public safety	-	-	-	-	-	-	-	-		
Health and welfare	-	-	-	-	-	70,775	-	-		
Transportation	-	-	-	-	-	-	563,443	97,789		
Judiciary and court-related	-	-	-	-	-	-	-	-		
Capital outlay	-	-	-	-	-	-	285,286	-		
Total expenditures	494,214	82,958	350,512	2,500	18,210	70,775	848,729	97,789		
Revenues over (under) expenditures	355,412	22,671	193,060	(781)	4,572	(27,760)	(234,226)	(97,395)		
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	245,616	-		
Transfers out	-	-	-	-	-	-	-	-		
Total other financing sources (uses)	-	-	-	-	-	-	245,616	-		
NET CHANGE IN FUND BALANCE	355,412	22,671	193,060	(781)	4,572	(27,760)	11,390	(97,395)		
Fund balances at December 1, 2017	666,202	115,890	868,662	5,500	32,780	222,981	430,289	97,395		
Fund balances at November 30, 2018	\$ 1,021,614	\$ 138,561	\$ 1,061,722	\$ 4,719	\$ 37,352	\$ 195,221	\$ 441,679	\$ -		

MONTGOMERY COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
Year ended November 30, 2018

	Special Revenue Funds									
	County Aid to Bridges Fund	Probation Fee Fund	Record Keeping Improvement Fund	Treasurers Automation Fund	Vanek Estate Control Fund	Animal Control Fund	Coroner's Fund	Township Bridge Program Fund	Electronic Citation Fund	
Revenues										
Taxes	\$ 221,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	68,960	-	-
Licenses, fees and fines	-	84,456	178,402	4,030	-	-	4,260	-	5,845	-
Interest	5,249	2,012	2,621	28	2,973	-	251	882	30	-
Miscellaneous	24,219	-	-	-	-	-	-	-	-	-
Total revenues	251,314	86,468	181,023	4,058	2,973	2,973	4,511	69,842	5,875	-
Expenditures										
Current										
General government	-	-	-	2,003	-	30,360	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	6,741	-	-	-
Transportation	154,208	-	-	-	-	-	-	84,739	-	-
Judiciary and court-related	-	80,994	119,809	-	-	-	-	-	3,840	-
Capital outlay	-	-	-	-	-	6,441	-	-	-	-
Total expenditures	154,208	80,994	119,809	2,003	-	36,801	6,741	84,739	3,840	-
Revenues over (under) expenditures	97,106	5,474	61,214	2,055	(33,828)	(2,230)	(2,230)	(14,897)	2,035	-
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(50,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(50,000)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	97,106	5,474	61,214	2,055	(83,828)	(2,230)	(2,230)	(14,897)	2,035	-
Fund balances at December 1, 2017	863,483	350,849	405,006	4,448	545,931	-	41,904	148,609	4,932	-
Fund balances at November 30, 2018	\$ 960,589	\$ 356,323	\$ 466,220	\$ 6,503	\$ 462,103	\$ 39,674	\$ 133,712	\$ 6,967	\$ -	\$ -

MONTGOMERY COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
Year ended November 30, 2018**

	Special Revenue Funds									
	Document Storage Fund	Victim Impact Fund	Clerk Automation Fund	Drug Court Fund	County Court Fund	State's Attorney Automation Fund	Automation Fund	County Drug Fund		
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Licenses, fees and fines	42,483	280	15,409	7,226	35,410	3,352	42,370	-	-	-
Interest	1,016	33	780	274	462	95	1,934	48	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	43,499	313	16,189	7,500	35,872	3,447	44,304	48	-	-
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Judiciary and court-related	32,049	199	33,206	4,985	21,255	4,710	56,751	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	32,049	199	33,206	4,985	21,255	4,710	56,751	-	-	-
Revenues over (under) expenditures	11,450	114	(17,017)	2,515	14,617	(1,263)	(12,447)	48	-	-
Other financing sources (uses)										
Transfers in	-	-	-	-	(40,000)	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(40,000)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	11,450	114	(17,017)	2,515	(25,383)	(1,263)	(12,447)	48	-	-
Fund balances at December 1, 2017	156,601	5,403	141,167	43,885	117,571	17,337	320,614	8,152	-	-
Fund balances at November 30, 2018	\$ 168,051	\$ 5,517	\$ 124,150	\$ 46,400	\$ 92,188	\$ 16,074	\$ 308,167	\$ 8,200	\$ -	\$ -

MONTGOMERY COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
Year ended November 30, 2018**

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Law Library Fund	Separation Maintenance and Child Support	Drug Test Fund	County Motor Fuel Tax Fund	Federal Aid Matching	Mental Health Board Fund	Capital Project Funds Equipment Fund				
Revenues											
Taxes	\$ -	\$ -	\$ -	\$ 658,660	\$ 221,846	\$ 631,264	\$ -	\$ -	\$ -	\$ -	\$ 3,700,694
Intergovernmental	-	-	-	-	-	-	-	-	-	-	77,256
Licenses, fees and fines	16,036	21,465	20,870	-	-	-	-	-	-	-	575,377
Interest	236	801	68	2,026	6,543	1,736	-	-	221	-	43,611
Miscellaneous	-	-	-	-	44,022	-	-	-	-	-	167,332
Total revenues	16,272	22,266	20,938	660,686	272,411	633,000	221	-	-	221	4,564,270
Expenditures											
Current											
General government	-	-	-	-	-	-	-	-	-	-	980,757
Public safety	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	521,033	-	-	-	-	598,549
Transportation	-	-	-	628,382	224,546	-	-	-	-	-	1,753,107
Judiciary and court-related	20,657	31,420	16,688	-	-	-	-	-	-	-	426,563
Capital outlay	-	-	-	-	-	-	-	-	-	-	291,727
Total expenditures	20,657	31,420	16,688	628,382	224,546	521,033	-	-	-	-	4,050,703
Revenues over (under) expenditures	(4,385)	(9,154)	4,250	32,304	47,865	111,967	221	-	-	-	513,567
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	245,616
Transfers out	-	-	-	-	-	-	-	-	(245,616)	-	(335,616)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(245,616)	-	(90,000)
NET CHANGE IN FUND BALANCE	(4,385)	(9,154)	4,250	32,304	47,865	111,967	(245,395)	-	-	(245,395)	423,567
Fund balances at December 1, 2017	42,568	142,183	8,828	333,108	1,114,637	313,045	245,395	-	-	-	7,815,355
Fund balances at November 30, 2018	\$ 38,183	\$ 133,029	\$ 13,078	\$ 365,412	\$ 1,162,502	\$ 425,012	\$ -	\$ -	\$ -	\$ -	\$ 8,238,922

MONTGOMERY COUNTY, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS

AGENCY FUNDS

November 30, 2018

	Circuit Clerk's Fund	County Clerk's Fund	Ambulance District and Civil Defense Funds	Commissary Fund	Township Motor Fuel Tax Fund	County Treasurer's Other Funds	Total
Assets							
Cash and temporary investments	\$ 374,775	\$ 109,908	\$ 140,869	\$ 93,112	\$ 456,404	\$ 508,664	\$ 1,683,732
	<u>\$ 374,775</u>	<u>\$ 109,908</u>	<u>\$ 140,869</u>	<u>\$ 93,112</u>	<u>\$ 456,404</u>	<u>\$ 508,664</u>	<u>\$ 1,683,732</u>
Liabilities							
Due to others							

MONTGOMERY COUNTY, ILLINOIS

CIRCUIT CLERK'S FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS

Year ended November 30, 2018

	<u>Balance December 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance November 30, 2018</u>
Assets				
Cash and temporary investments	<u>\$ 520,304</u>	<u>\$ 2,248,244</u>	<u>\$ 2,393,773</u>	<u>\$ 374,775</u>
Liabilities				
Due to others	<u>\$ 520,304</u>	<u>\$ 2,248,244</u>	<u>\$ 2,393,773</u>	<u>\$ 374,775</u>

MONTGOMERY COUNTY, ILLINOIS

COUNTY CLERK'S FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
Year ended November 30, 2018

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Assets				
Cash	\$ 76,334	\$ 1,196,786	\$ 1,163,212	\$ 109,908
Liabilities				
Due to others	\$ 76,334	\$ 1,196,786	\$ 1,163,212	\$ 109,908

MONTGOMERY COUNTY, ILLINOIS

AMBULANCE DISTRICTS AND CIVIL DEFENSE FUNDS STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS Year ended November 30, 2018

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Assets				
Cash	<u>\$ 108,677</u>	<u>\$ 1,544,443</u>	<u>\$ 1,512,251</u>	<u>\$ 140,869</u>
Liabilities				
Due to others	<u>\$ 108,677</u>	<u>\$ 1,544,443</u>	<u>\$ 1,512,251</u>	<u>\$ 140,869</u>

MONTGOMERY COUNTY, ILLINOIS

COMMISSARY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS

Year ended November 30, 2018

	<u>Balance December 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance November 30, 2018</u>
Assets				
Cash	<u>\$ 87,325</u>	<u>\$ 459,114</u>	<u>\$ 453,327</u>	<u>\$ 93,112</u>
Liabilities				
Due to others	<u>\$ 87,325</u>	<u>\$ 459,114</u>	<u>\$ 453,327</u>	<u>\$ 93,112</u>

MONTGOMERY COUNTY, ILLINOIS

TOWNSHIP MOTOR FUEL TAX FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS

Year ended November 30, 2018

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Assets				
Cash	<u>\$ 580,588</u>	<u>\$ 1,358,942</u>	<u>\$ 1,483,126</u>	<u>\$ 456,404</u>
Liabilities				
Due to others	<u>\$ 580,588</u>	<u>\$ 1,358,942</u>	<u>\$ 1,483,126</u>	<u>\$ 456,404</u>

MONTGOMERY COUNTY, ILLINOIS

**COUNTY TREASURER'S OTHER FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
Year ended November 30, 2018**

	Balance December 1, 2017	Additions	Deductions	Balance November 30, 2018
Drainage District Funds				
Assets				
Cash	\$ 365,438	\$ 267,652	\$ 222,973	\$ 410,117
Liabilities				
Due to drainage districts	\$ 365,438	\$ 267,652	\$ 222,973	\$ 410,117
Trustee Auction Escrow				
Assets				
Cash	\$ 2,214	\$ 33,519	\$ 32,696	\$ 3,037
Liabilities				
Due to others	\$ 2,214	\$ 33,519	\$ 32,696	\$ 3,037
County Treasurer Escheats Fund				
Assets				
Cash	\$ 82,055	\$ 30,866	\$ 18,211	\$ 94,710
Liabilities				
Due to others	\$ 82,055	\$ 30,866	\$ 18,211	\$ 94,710
Collectors Funds				
Assets				
Cash	\$ 1,297	\$ 39,311,128	\$ 39,311,625	\$ 800
Liabilities				
Due to taxing bodies	\$ 1,297	\$ 39,311,128	\$ 39,311,625	\$ 800
Total County Treasurer's Funds				
Assets				
Cash	\$ 451,004	\$ 39,643,165	\$ 39,585,505	\$ 508,664
Liabilities				
Due to others	\$ 451,004	\$ 39,643,165	\$ 39,585,505	\$ 508,664

MONTGOMERY COUNTY, ILLINOIS
REPORT TO THE MONTGOMERY COUNTY BOARD
November 30, 2018



Kerber, Eck & Braeckel LLP

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The Honorable Members
Montgomery County Board
Montgomery County, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Illinois for the year ended November 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Montgomery County, Illinois are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by Montgomery County, Illinois during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

There are no sensitive estimates affecting Montgomery County, Illinois' financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 30, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Montgomery County's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Montgomery County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the combining and individual fund statements which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the budgetary comparison schedules, which accompany the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Montgomery County Board and management of Montgomery County, Illinois and is not intended to be, and should not be, used by anyone other than these specified parties.

Kerber, Eck & Brandel LLP

Litchfield, Illinois
April 30, 2019



Kerber, Eck & Braeckel LLP

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The Honorable Members
Montgomery County Board
Hillsboro, Illinois

In planning and performing our audit of the financial statements of Montgomery County, Illinois as of and for the year ended November 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Montgomery County, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery County Illinois' internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated April 30, 2019 contains our communication of significant deficiencies and material weaknesses in Montgomery County, Illinois' internal control. This letter does not affect our report dated April 30, 2019 on the financial statements of Montgomery County, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

Kerber, Eck & Braeckel LLP

Litchfield, Illinois
April 30, 2019

MEMORANDUM OF ADVISORY COMMENTS

Budgetary Controls

We noted that actual expenditures exceeded the legally adopted budget for certain funds and departments. We recommend the County strengthen budgetary controls to ensure the budget is amended prior to expending any funds that will exceed the approved budget.

Develop an Accounting Procedures Manual

Currently, the County does not have an accounting procedures manual. Written procedures, instructions, and assignments of duties may help prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by the Board and other County stakeholders. A good accounting manual should also aid in the training of new employees and possibly allow for delegation to other employees.

In the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, the County might discover procedures that can be eliminated or improved to make the system more efficient and effective.

We recognize that the preparation of the manual will be a very time-consuming task. However, we believe that action should be taken by the County to establish priorities and provide a timetable for the completion of the manual.

Statement of Economic Interest

Elected and appointed officials are required by Illinois statute to file a Statement of Economic Interest. Statements for three Veterans Assistance Commission members could not be located. We recommend all Statements of Economic interest be retained by the County for public inspection.

Positive Pay Banking

Positive pay banking is a fraud detection tool that allows entities to submit a list of checks to the bank depository in advance of distribution of payments. As the payee deposits the checks, the bank compares the check number, amount, and payee name to verify the check is properly authorized. We recommend the County consider working with its financial institution to implement positive pay banking.

Revolving Fund

The bank balance in the Revolving Fund maintained by the Sheriff has increased significantly over the past few years. This bank account funds expenditures for various civil activities conducted by the Sheriff including paper service, evictions and sheriff sales. We recommend the Sheriff determine the amount necessary to fund these activities, and any excess funds over that amount be transferred to the custody of the Treasurer each month for safekeeping.

MONTGOMERY COUNTY, ILLINOIS

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE
REQUIRED BY GOVERNMENT AUDITING
STANDARDS AND UNIFORM GUIDANCE**

Year Ended November 30, 2018

MONTGOMERY COUNTY, ILLINOIS

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and on Schedule of Expenditures of Federal Awards	5
Schedule of Expenditures of Federal Awards	8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10



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

To Honorable Members
Montgomery County Board
Hillsboro, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Illinois, as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise Montgomery County, Illinois' basic financial statements and have issued our report thereon dated April 30, 2019. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the County prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

Purpose of this Report

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

Kerber, Eck & Braeckel LLP

Litchfield, Illinois
April 30, 2019



Kerber, Eck & Braeckel LLP

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance and on
Schedule of Expenditures of Federal Awards**

To Honorable Members
Montgomery County Board
Hillsboro, Illinois

Report on Compliance for Each Major Federal Program

We have audited Montgomery County, Illinois' compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of Montgomery County, Illinois' major federal programs for the year ended November 30, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Montgomery County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Montgomery County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Montgomery County, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, Montgomery County, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2018.

Report on Internal Control over Compliance

Management of Montgomery County, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Montgomery 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Illinois as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise Montgomery County, Illinois' basic financial statements. We issued our report thereon dated April 30, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Kerber, Eck & Braeckel LLP

Litchfield, Illinois
April 30, 2019

MONTGOMERY COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended November 30, 2018

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures
U.S. Department of Agriculture			
Passed-through Illinois Department of Human Services			
WIC Special Supplemental Nutrition Program for			
Women, Infants, and Children			
WIC Suppl Food Program	10.557	FCSWQ00836	\$ 52,518
WIC Suppl Food Program - Breastfeeding	10.557	FCSXQ01187	5,695
WIC Suppl Food Program	10.557	FCSWQ00836	65,463
WIC Suppl Food Program - Breastfeeding	10.557	FCSXQ01187	10,066
WIC Suppl Food Voucher (non-cash)	10.557		<u>285,664</u>
Total U.S. Department of Agriculture			419,406
U.S. Department of Health and Human Services			
Passed-through Area Agency on Aging for Lincolnland			
Special Programs for the Aging, Title VII, Chapter 3 Programs for Prevention			
of Elder Abuse, Neglect, and Exploitation			
	93.041	MT02-17/18	4,062
Special Programs for the Aging, Title III, Part B Programs for Supportive			
Services for Senior Citizens			
	93.044	IA02-18/19	8,487
National Family Caregiver Support Title III, Part E			
	93.052	AA02-18/19	2,800
Passed-through Illinois Department of Public Health			
Public Health Emergency Preparedness (PHEP) Program			
	93.074	97180065G	18,746
Public Health Emergency Preparedness (PHEP) Program			
	93.074	87180065F	<u>23,783</u>
Total Public Health Emergency Preparedness (PHEP) Program			42,529
Cancer Prevention and Control Programs for State, Territorial and			
Tribal Organizations			
	93.898	9086180019G	47,094
Cancer Prevention and Control Programs for State, Territorial and			
Tribal Organizations			
	93.898	9086180019F	75,000
Cancer Prevention and Control Programs for State, Territorial and			
Tribal Organizations			
	93.898	8086180019F	<u>143,188</u>
Total Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations			265,282
Social Services Block Grant			
	93.667	FCSXU05031	1,111
Performance Partnership Grants			
	66.605	75380169E	75
Performance Partnership Grants			
	66.605	85380167F	<u>362</u>
Total Performance Partnership Grants			437
Passed-through Illinois Department of Human Services			
Block Grants for Prevention and Treatment of Substance Abuse			
	93.959	43CXZ03259	27,944
Block Grants for Prevention and Treatment of Substance Abuse			
	93.959	43CXC03074	5,742
Block Grants for Prevention and Treatment of Substance Abuse			
	93.959	43CWZ03259	46,618
Block Grants for Prevention and Treatment of Substance Abuse			
	93.959	43CWC03074	<u>12,925</u>
Total Passed-through Illinois Department of Human Services			93,229
Passed through Illinois Department of Healthcare and Family Services			
Child Support Enforcement			
	93.563	IV-D-17/18	<u>3,848</u>
Total U.S. Department of Health and Human Services			421,785
U.S. Department of Homeland Security			
Passed-through Illinois Emergency Management Agency			
Homeland Security Grant Program			
	97.067	16EOCMONTG	14,427
Emergency Management Performance			
	97.042	17EMAMONTG	<u>20,496</u>
Total U.S. Department of Homeland Security			34,923
U.S. Department of Transportation			
Passed-through Illinois Department of Transportation			
Local Federal Bridge Program			
	20.205	17-1005-JOB-C9610318- SECTION-09-00132-00-RS	<u>19,548</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 895,662</u>

See notes to the schedule of expenditure of federal awards.

MONTGOMERY COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Montgomery County, Illinois, under programs of the federal government for the year ended November 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the County's operations, it is not intended to and does not present the financial position and changes in financial position of Montgomery County, Illinois.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The County has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

There have been no awards passed through to subrecipients.

MONTGOMERY COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report issued on financial statements: Unmodified opinion

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to the financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors’ report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance? No

The program tested as a major program is as follows:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children

The dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low risk auditee? No

MONTGOMERY COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2018-001

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that the financial management system of the County provide for the identification, in its accounts, of all Federal awards received and expended and the Federal programs for which they are received. The Uniform Guidance also requires that the County prepare a Schedule of Expenditures of Federal Awards (SEFA) that includes all Federal awards expended during the fiscal year.

Condition: The Federal awards expenditure data compiled by the County to prepare the SEFA was found to be incomplete and inaccurate.

Questioned Cost: None

Cause: Grants management is decentralized across county departments. At year end, the County Treasurer request that department administrators complete a form summarizing data necessary for completion of SEFA. In some instances, the data provided by department administrators was found to be incomplete or inaccurate. Certain other department administrators did not respond to the Treasurer's request to provide the data on a timely basis.

Effect: The County is not in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

Repeat Finding: Not applicable.

Statistical Sampling: The sample was not intended to be, and was not, a statistically valid sample.

Recommendation: We recommend all County departments receiving federal awards establish a financial management system that provides for the identification, in its accounts, of all Federal awards received and expended and the Federal programs for which they are received. We also recommend that County departments report their expenditures of federal awards to the County Treasurer on a timely basis to facilitate preparation of the SEFA.

Views of responsible Official and Planned Corrective Action: The Montgomery County Treasurer will be in contact with the Department heads and begin a turn in date for grants prior to the auditors being in house so the information submission does not prolong the audit process.

MONTGOMERY COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to the major federal award program audit