

MORGAN COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
August 31, 2016

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ILLINOIS SOCIETY OF CPA  
AMERICAN INSTITUTE OF CPA**

## **INDEPENDENT AUDITORS' REPORT**

**Members of the County Board  
Morgan County, Illinois**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Morgan 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of August 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36-45, retirement fund historical data on pages 46-51, and the related notes on pages 52-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morgan County, Illinois' basic financial statements. The combining nonmajor fund financial statements, combining agency fund financial statements, schedule of equalized assessed valuations and tax extensions, and schedule of equalized assessed valuations, tax levies, rates, extensions and collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining nonmajor fund and agency fund financial statements are the responsibility of management and were derived from and relate 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 nonmajor fund and agency fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Equalized Assessed Valuations and Tax Extensions and the Schedule of Equalized Assessed Valuations, Tax Levies, Rates, Extensions and Collections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017, on our consideration of Morgan 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 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 Morgan County, Illinois' internal control over financial reporting and compliance.

*Zumbahlen, Eyth, Smart, Foote + Flynn Ltd.*

Jacksonville, Illinois  
January 30, 2017

MORGAN COUNTY, ILLINOIS  
Statement of Net Position  
August 31, 2016

Governmental  
Activities

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Cash	\$ 12,070,831
Taxes receivable, net of allowance for uncollectibles	3,133,013
Accounts receivable, net of allowance for uncollectibles	311,136
Due from governmental agencies	1,106,335
Capital assets, net of accumulated depreciation	11,148,214
Total assets	<u>27,769,529</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	4,022,198
Total Deferred Outflows of Resources	<u>4,022,198</u>

Total Assets and Deferred Outflows of Resources	<u><u>31,791,727</u></u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

Accounts payable	540,650
Unearned Grant Revenue	28,806
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	173,069
Net Pension Liability	7,380,148
Total liabilities	<u>8,122,673</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions	121,773
Total Deferred Inflows of Resources	<u>121,773</u>

Total Liabilities and Deferred Inflows of Resources	<u><u>8,244,446</u></u>
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NET POSITION

Investments in capital assets, net of related debt	11,148,214
Restricted for:	
Law and Judicial	494,066
Transportation	4,343,547
Health and Human Services	1,731,419
Other Purposes	661,932
Unrestricted	<u>5,168,103</u>
Total net position	<u><u>\$ 23,547,281</u></u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

Statement of Activities

Year Ended August 31, 2016

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ 3,574,335	\$ 685,056	\$ 683,510
Law and Judicial	5,840,042	1,168,568	10,754
Health and Human Services	2,998,430	277,343	1,369,302
Transportation	2,028,717	96,851	764,079
Total Governmental Activities	\$ 14,441,524	\$ 2,227,818	\$ 2,827,645

General Revenues

Taxes

Intergovernmental

Sales Tax

Replacement Tax

Income Tax

Interest

Miscellaneous

Total General Revenues

Change in Net Position

Net Position-Beginning - RESTATED

Net Position-Ending

Capital Grants and Contributions	Governmental Activities
\$ 55,809	\$ (2,149,960)
	(4,660,720)
	(1,351,785)
<u>83,977</u>	<u>(1,083,810)</u>
<u>\$ 139,786</u>	<u>(9,246,275)</u>

6,091,217
1,240,896
554,955
776,714
119,564
<u>527,199</u>
<u>9,310,545</u>
64,270
<u>23,483,011</u>
<u>\$ 23,547,281</u>

See accompanying notes to financial statements

## MORGAN COUNTY, ILLINOIS

GOVERNMENTAL FUNDS  
BALANCE SHEET

August 31, 2016

	General Fund	Cooperative Extension Fund	Motor Fuel Tax Fund
<b>ASSETS</b>			
Cash	\$ 5,501,681	\$ -	\$ 1,304,183
Property Taxes Receivable	2,171,859	93,950	
Intergovernmental Receivables:			
Federal Grants	21,331		
State Grants			
Motor Fuel Tax			46,443
Other	623,729		
Other Receivables	40,503		
Due from Other Funds	94,706		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>8,453,809</u>	\$ <u>93,950</u>	\$ <u>1,350,626</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 29,820	\$ 93,950	\$ 109,412
Unearned Grant Revenue			
Due to Other Funds	78,996		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	108,816	93,950	109,412
Fund Balance			
Restricted for:			
Law and Judicial	66,852		
Transportation			1,241,214
Health and Human Services			
Other Purposes	35,417		
Committed			
Unassigned	8,242,724		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>8,344,993</u>	<u>          </u>	<u>1,241,214</u>
Total Liabilities and Fund Balance	\$ <u>8,453,809</u>	\$ <u>93,950</u>	\$ <u>1,350,626</u>

Bridge Construction and Repair Fund	Corporate and Miscel- laneous Grant Programs	Other Governmental Funds	Total Governmental Funds
\$ 784,098	\$ 16,916	\$ 4,463,953	\$ 12,070,831
135,400		731,804	3,133,013
	5,501	209,139	235,971
	116	66,625	66,741
		-	46,443
133,451			757,180
		270,633	311,136
	130,628	89,932	315,266
<u>\$ 1,052,949</u>	<u>\$ 153,161</u>	<u>\$ 5,832,086</u>	<u>\$ 16,936,581</u>
\$ 143,006	\$ 7,768	\$ 156,694	\$ 540,650
		28,806	28,806
	80,471	155,799	315,266
<u>143,006</u>	<u>88,239</u>	<u>341,299</u>	<u>884,722</u>
909,943		427,214	494,066
		2,192,390	4,343,547
	64,922	1,666,497	1,731,419
		626,515	661,932
		616,939	616,939
		(38,768)	8,203,956
<u>909,943</u>	<u>64,922</u>	<u>5,490,787</u>	<u>16,051,859</u>
<u>\$ 1,052,949</u>	<u>\$ 153,161</u>	<u>\$ 5,832,086</u>	<u>\$ 16,936,581</u>

See accompanying notes to financial statements



MORGAN COUNTY, ILLINOIS

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE  
STATEMENT OF NET POSITION

Year Ended August 31, 2016

Fund Balances - Total Governmental Funds	\$ 16,051,859
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,148,214
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	4,022,198
Deferred inflows of resources related to pensions	(121,773)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	
Compensated absences	(173,069)
Net pension liability	<u>(7,380,148)</u>
Net Position of Governmental Activities	\$ <u>23,547,281</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2016

	General Fund	Cooperative Extension Fund	Motor Fuel Tax Fund
REVENUE			
Taxes	\$ 3,922,928	\$ 156,619	\$
Intergovernmental	3,256,076		764,079
Licenses and Permits	358,038		
Fines and Forfeits	504,325		
Revenue from Services	254,944		
Interest	101,112		3,428
Miscellaneous	335,164		
	<u>8,732,587</u>	<u>156,619</u>	<u>767,507</u>
Total Revenue			
EXPENDITURES			
Current:			
General Government	2,996,567	156,619	
Law and Judicial	4,811,483		
Health and Human Services	255,650		
Transportation	123,075		459,970
Capital Outlay	145,133		
Debt Expense			
	<u>8,331,908</u>	<u>156,619</u>	<u>459,970</u>
Total Expenditures			
Revenue Over (Under) Expenditures	400,679		307,537
OTHER FINANCING SOURCES (USES)			
Gain/(Loss) on Sale of Asset			
Interfund Transfers	(484,667)		
	<u>(83,988)</u>	<u>-</u>	<u>307,537</u>
Net change in fund balances			
FUND BALANCE, BEGINNING- RESTATED	8,428,981	-	933,677
FUND BALANCE, ENDING	\$ <u>8,344,993</u>	\$ <u>-</u>	\$ <u>1,241,214</u>

Bridge Construction and Repair Fund	Corporate and Miscel- laneous Grant Programs	Other Governmental Funds	Total Governmental Funds
\$ 244,230	\$	\$ 1,767,440	\$ 6,091,217
83,977	102,740	2,358,200	6,565,072
		520	358,558
		357,925	862,250
		697,177	952,121
1,847	44	13,133	119,564
	10,045	181,990	527,199
<u>330,054</u>	<u>112,829</u>	<u>5,376,385</u>	<u>15,475,981</u>
		211,404	3,364,590
		488,836	5,300,319
	121,068	3,435,139	3,811,857
		467,295	1,050,340
66,310		939,498	1,150,941
		0	0
<u>66,310</u>	<u>121,068</u>	<u>5,542,172</u>	<u>14,678,047</u>
263,744	(8,239)	(165,787)	797,934
		-	-
		484,667	-
263,744	(8,239)	318,880	797,934
646,199	73,161	5,171,907	15,253,925
<u>\$ 909,943</u>	<u>\$ 64,922</u>	<u>\$ 5,490,787</u>	<u>\$ 16,051,859</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended August 31, 2016

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 797,934
Governmental Funds do not report accrued vacation as an expenditure. However, in the Statement of Activities, those costs are shown. This represents the net change in accrued vacation.	12,977
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	(161,433)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense reflects the net change in the net pension obligation and deferred outflows and inflows related to pensions. This is the amount by which the actuarial change in net pension obligation exceeds pension contributions.	<u>(585,208)</u>
Change in Net Position of Governmental Activities	\$ <u>64,270</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS  
ALL AGENCY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
August 31, 2016

	Total
<b>ASSETS</b>	
Cash	\$ 15,793,756
Intergovernmental	
Receivables:	
Motor Fuel Tax	163,575
Other	<u>6,110</u>
Total Assets	<u>15,963,441</u>
<b>LIABILITIES</b>	
Intergovernmental	
Payables:	
Accounts Payable	579,468
Funds Available	
for Distribution	<u>15,383,973</u>
Total Liabilities	<u>15,963,441</u>
NET ASSETS	<u><u>\$ 0</u></u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Morgan County, Illinois (County) are based upon accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as GAAP).

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

Morgan County is a municipal corporation governed by an elected 3 member board. These financial statements present Morgan County, the primary government unit.

County officials are responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The County Board appoints the board members of the following organizations:

Drainage Districts  
Fire Protection Districts  
Cemeteries  
Housing Authority  
Airport Authorities  
Water Districts  
Mass Transit Districts

The County's financial statements include the accounts of all County operations. The criteria for including organizations within the County's reporting entity, as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", is financial accountability. A component unit is included in the County's reporting entity if it is both fiscally dependent on the County (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government.



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

The primary government is required to consider 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 upon the application of the criteria for inclusion as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", there are no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges for services which report fees, fines and forfeitures, and other charges to users of the County's services; 2) operating grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation – Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are summarized by type in the combined financial statements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation – Fund Accounting (continued)

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) requiring separate accounting because of legal, regulatory provisions or administrative action.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources committed for acquiring or constructing general capital assets.

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are considered available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Cooperative Extension Fund* accounts for the receipt and expenditure of property taxes levied for the University of Illinois Extension Office.

The *Motor Fuel Tax Fund* accounts for the collection of motor fuel taxes from the State of Illinois and the expenditure of those funds for the maintenance and construction of County roads.

The *Bridge Construction and Repair Fund* accounts for the collection of property taxes levied and the expenditure of those funds for the maintenance and construction of the County bridges.

The *Corporate and Miscellaneous Grant Programs Fund* accounts for miscellaneous grant, other revenue, miscellaneous expenditures and interfund balances.

E. Cash and Cash Equivalents

Cash and Cash Equivalents represent cash on hand, cash deposited in checking accounts, certificates of deposits, repurchase agreements and U.S. treasury bills and notes which are stated at cost (which approximates fair value).

F. Receivables

GASB Statements No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions* requires the recognition of receivables associated with nonexchange transactions as follows:

- Derived tax receivables (such as: sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables (continued)

- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.

Government – mandates or voluntary non-exchange transaction receivables (such as: mandates or grants) are recognized when all eligibility requirements have been met.

G. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Governmental activities capital assets having a useful life greater than one year are capitalized using the following dollar thresholds: \$50,000 for land, \$100,000 for buildings and improvements, \$25,000 for equipment, \$15,000 for vehicles, and \$200,000 for roads and bridges.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The County uses the direct method for accounting for planned major maintenance. Amounts are expensed or capitalized as incurred.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Description	Years
Building and Improvements	30 - 40
Equipment	4 - 10
Vehicles	4 - 10
Road and Bridges	20

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Accrued sick leave has not been recorded; the County is not liable in the amount to the employees upon retirement or discontinued service, so the amount is undetermined.

Accrued vacation leave, which the employees have elected to accumulate in their bank, amounted to \$173,069 for the Governmental Funds and has been recorded in the Statement of Net Assets as noncurrent liabilities due in more than one year.

Employees are allowed to accumulate up to 320 hours of vacation time.

I. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance: amounts that are not in spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance: amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation

Committed fund balance: amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint

Assigned fund balance: amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority

Unassigned fund balance: amounts that are available for any purpose; positive amounts are reported only in the General fund

The County Board establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established through lower level action of the County Board.



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fund Equity (continued)

The County expends restricted resources first when both restricted and unrestricted resources are available for the same purpose. When unrestricted resources are expended, the County uses any committed resources first, followed by assigned resources and unassigned resources.

J. Property Tax Revenue

Property tax revenue line items include adjustments of prior year's tax revenue from tax sales, the adjustment for the allowance for uncollectible taxes and tax increment financing (TIF) distributions. These line items are not reported separately because the amounts are immaterial.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfer.

L. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

The County follows the procedures indicated below in establishing the budgetary data reflected in the combined financial statements:



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 2. LEGAL COMPLIANCE AND ACCOUNTABILITY (continued)

- (a) At a regular or specially called meeting of the County Board in early August, the County Board submits a proposed budget for the fiscal year commencing on the following September.
  - 1. The budget includes proposed expenditures and the means of financing them.
- (b) The budget is available for public inspection for at least 15 days prior to passage by the County Board.
- (c) Prior to September, the budget is legally enacted through passage of an appropriation ordinance. The original budget was approved on August 31, 2015.
- (d) The level of budgetary control, on which expenditures may not legally exceed appropriations, is at the fund level in accordance with Illinois Compiled Statutes. Any transfers between funds require County board approval.
- (e) Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds through an internal reporting basis. Unexpended appropriations and encumbrances lapse at August 31.
- (f) Budgets for the general and special revenue funds are legally adopted and are on a basis consistent with GAAP.

NOTE 3. CASH AND CASH EQUIVALENTS

The County is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act of Illinois.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party. The County's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposit. Collateral agreements must be approved prior to deposit of funds. The County Board designates a list of authorized depository institutions.

Deposits of the County's reporting entity are insured or collateralized with securities held by the County, its agent, or by the pledging financial institution's trust department or agent in the name of the County.

**MORGAN COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2016

**NOTE 3. CASH AND CASH EQUIVALENTS (continued)**

On August 31, 2016, \$2,510,552 of the County's deposits was covered by Federal Deposit Insurance, \$23,246,062 was covered by collateral held by the pledging institution in the name of the County, and \$38,552 was not covered by Federal Deposit Insurance or collateralized and is subject to the credit risk of the banks.

**NOTE 4. PROPERTY TAXES**

Property taxes are collected by the County on behalf of all taxing bodies. Distributions are made to all taxing bodies, including the County, at least once every 30 days. Distributions are made more often during the two main collection periods.

The 2015 property tax levy is recorded as revenues in fiscal year 2016, net of estimated loss on collections. The County's policy complies with the GASB policy, which requires property tax revenue to actually be collected within 60 days of the entity's year-end in order to be recorded as revenues within that year.

The property tax calendar for Morgan County, Illinois is as follows:

Lien Date	January 1, 2016
Levy Date	December 28, 2015
First Installment (one-half of the total bill) Due	July 5, 2016
Second Installment (balance of the total bill) Due	September 6, 2016
Tax Sale of Delinquent Accounts Held On	November 2, 2016

**NOTE 5. ACCOUNTS RECEIVABLE**

Receivables in the general fund are intergovernmental and other receivables. Receivables in the IHWAP Fund are intergovernmental and other receivables. The other governmental funds receivables are intergovernmental receivables and other receivables.

**NOTE 6. CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

**NOTE 7. DEFERRED COMPENSATION PLAN**

The County funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable rate annuity contracts underwritten by National Association of Counties Deferred Compensation Program.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The investment activity for the year ended August 31, 2016 is as follows:

Beginning Investment Balance	\$ 845,457
Contributions	37,160
Investment Income/(Loss)	54,509
Withdrawals	(59,230)
Asset Fees	(1,169)
<b>Ending Investment Balance</b>	<b>\$ 876,727</b>
<b>Life Insurance Policy Holder Account Value</b>	<b>\$ 1,487</b>

**NOTE 8. DEFINED BENEFIT PENSION PLAN**

**IMRF 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 in the "Benefits Provided" section of this document. 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](http://www.imrf.org).

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**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. Counties could adopt the Elected County Official (ECO) plan 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
- ☐ ½ of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms – RP**

As of December 31, 2015, the County's membership consisted of 128 retirees and beneficiaries currently receiving benefits, 73 inactive plan members entitled to but not yet receiving benefits, and 95 active plan members for a total of 296 plan members.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**Employees Covered by Benefit Terms – SLEP**

As of December 31, 2015, the County's membership consisted of 26 retirees and beneficiaries currently receiving benefits, 14 inactive plan members entitled to but not yet receiving benefits, and 35 active plan members for a total of 75 plan members.

**Employees Covered by Benefit Terms – ECO**

As of December 31, 2015, the County's membership consisted of 12 retirees and beneficiaries currently receiving benefits, 2 inactive plan members entitled to but not yet receiving benefits, and 4 active plan members for a total of 18 plan members.

**Contributions – RP**

As set by statute, the County's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2015 was 13.81%. For the fiscal year ended August 31, 2016, the County contributed \$580,608 to the plan. 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.

**Contributions – SLEP**

As set by statute, the County's SLEP Plan Members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2015 was 20.00%. For the fiscal year ended August 31, 2016, the County contributed \$311,671 to the plan. 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.



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**Contributions – ECO**

As set by statute, the County's ECO Plan Members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2015 was 45.34%. For the fiscal year ended August 31, 2016, the County contributed \$101,331 to the plan. 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.

**Net Pension Liability**

For all three of the County's plans, net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be as follows: 7.46% for RP, 7.49% for SLEP, and 7.46% for ECO.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For non-disabled retirees, an IMRF-specific **Mortality** table was used with fully-generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully-generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully-generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

**Single Discount Rate**

Single Discount Rates of 7.47% for RP, 7.50% for SLEP, and 7.49% for ECO were used to measure total pension liability. The projection of cash flows used to determine these Single Discount Rates assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rates reflect:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.46% for RP, 7.49% for SLEP, and 7.46% for ECO.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**Changes in the Net Pension Liability – RP**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at December 31, 2014</b>	\$ 28,224,929	\$ 24,915,334	\$ 3,309,595
<b>Changes for the year:</b>			
Service Cost	457,398	-	457,398
Interest on the Total Pension Liability	2,078,458	-	2,078,458
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(101,199)	-	(101,199)
Changes of Assumptions	34,106	-	34,106
Contributions – Employer	-	561,222	(561,222)
Contributions – Employees	-	184,636	(184,636)
Net Investment Income	-	123,294	(123,294)
Benefit Payments, including Refunds of Employee Contributions	(1,259,120)	(1,259,120)	-
Other (Net Transfer)		138,925	(138,925)
<b>Net Changes</b>	1,209,643	(251,043)	1,460,686
<b>Balances at December 31, 2015</b>	\$ 29,434,572	\$ 24,664,291	\$ 4,770,281

**Changes in the Net Pension Liability – SLEP**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at December 31, 2014</b>	\$13,368,700	\$12,300,773	\$ 1,067,927
<b>Changes for the year:</b>			
Service Cost	283,568	-	283,568
Interest on the Total Pension Liability	988,365	-	988,365
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	25,800	-	25,800
Changes of Assumptions	17,737	-	17,737
Contributions – Employer	-	306,192	(306,192)
Contributions – Employees	-	114,822	(114,822)
Net Investment Income	-	60,895	(60,895)
Benefit Payments, including Refunds of Employee Contributions	(664,557)	(664,557)	-
Other (Net Transfer)		148,995	148,995
<b>Net Changes</b>	650,913	(33,653)	684,566
<b>Balances at December 31, 2015</b>	\$14,019,613	\$12,267,120	\$ 1,752,493

**MORGAN COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2016

**NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)**

**Changes in the Net Pension Liability – ECO**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at December 31, 2014</b>	\$ 4,982,617	\$ 4,469,029	\$ 513,588
<b>Changes for the year:</b>			
Service Cost	69,386	-	69,386
Interest on the Total Pension Liability	362,979	-	362,979
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	235,605	-	235,605
Changes of Assumptions	17,358	-	17,358
Contributions – Employer	-	100,386	(100,386)
Contributions – Employees	-	25,667	(25,667)
Net Investment Income	-	21,805	(21,805)
Benefit Payments, including Refunds of Employee Contributions	(342,252)	(342,252)	-
Other (Net Transfer)		193,684	(193,684)
<b>Net Changes</b>	<u>343,076</u>	<u>(710)</u>	<u>343,786</u>
<b>Balances at December 31, 2015</b>	<u>\$ 5,325,693</u>	<u>\$ 4,468,319</u>	<u>\$ 857,374</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plans' net pension liabilities, calculated using Single Discount Rates of 7.46%, 7.49%, and 7.46% for RP, SLEP, and ECO, respectively, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

**RP:**

	1% Decrease (6.46%)	Current Discount Rate (7.46%)	1% Increase (8.46%)
Total Pension Liability	\$33,140,098	\$29,434,572	\$26,388,457
Plan Fiduciary Net Position	24,664,291	24,664,291	24,664,291
<b>Net Pension Liability/(Asset)</b>	<b>\$ 8,475,807</b>	<b>\$ 4,770,281</b>	<b>\$ 1,724,166</b>

**MORGAN COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2016

**NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)**

**SLEP:**

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Total Pension Liability	\$15,947,444	\$14,019,613	\$12,449,478
Plan Fiduciary Net Position	12,267,120	12,267,120	12,267,120
Net Pension Liability/(Asset)	\$ 3,680,324	\$ 1,752,493	\$ 182,358

**ECO:**

	1% Decrease (6.46%)	Current Discount Rate (7.46%)	1% Increase (8.46%)
Total Pension Liability	\$5,953,127	\$5,325,693	\$4,831,497
Plan Fiduciary Net Position	4,468,319	4,468,319	4,468,319
Net Pension Liability/(Asset)	\$1,484,808	\$ 857,374	\$ 363,178

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2016, the County recognized pension expense of \$580,608 for RP, \$311,671 for SLEP, and \$101,331 for ECO. At August 31, 2016, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**RP:**

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	0	70,748
Net difference between projected and actual earnings on pension plan investments	1,584,462	0
Changes of assumptions	<u>410,335</u>	<u>0</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>1,994,797</u>	<u>70,748</u>
Employer contributions subsequent to the measurement date (December 31, 2015)	<u>388,865</u>	<u>0</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b>2,383,662</b>	<b>70,748</b>

**SLEP:**

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	21,515	51,025
Net difference between projected and actual earnings on pension plan investments	784,012	0
Changes of assumptions	<u>174,505</u>	<u>0</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>980,032</u>	<u>51,025</u>
Employer contributions subsequent to the measurement date (December 31, 2015)	<u>206,955</u>	<u>0</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b>1,186,987</b>	<b>51,025</b>

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

**ECO:**

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	92,961	0
Net difference between projected and actual earnings on pension plan investments	286,395	0
Changes of assumptions	<u>6,849</u>	<u>0</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>386,205</u>	<u>0</u>
Employer contributions subsequent to the measurement date (December 31, 2015)	<u>65,344</u>	<u>0</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b>451,549</b>	<b>0</b>

Amounts reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during the year ending August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

**RP:**

Year ended August 31:	
2017	\$ 747,599
2018	419,042
2019	411,146
2020	346,262
2021	0
Total	<u>\$1,924,049</u>

**MORGAN COUNTY, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
August 31, 2016

**NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)**

**SLEP:**

Year ended August 31:	
2017	\$238,504
2018	238,504
2019	238,504
2020	206,000
2021	7,344
Thereafter	151
Total	\$929,007

**ECO:**

Year ended August 31:	
2017	\$174,440
2018	74,630
2019	74,631
2020	62,504
2021	0
Total	\$386,205

**NOTE 9. JOINTLY GOVERNED ORGANIZATIONS**

The County is a member of four jointly governed organizations: Illinois County Solid Waste Management Association, Mid-America Intermodal Authority Port District, Workforce Development Council and Illinois Public Health Mutual Aid System.

**NOTE 10. CONSTRUCTION IN PROGRESS**

As of August 31, 2016, construction projects in progress consist of courthouse renovations and a boiler project. These projects are expected to be completed at various different times and for varying amounts.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 11. LONG-TERM DEBT

Employees can accumulate up to 320 hours of vacation time. The liability is calculated on the employee's current hourly rate times the accumulated hours. The net change in total liability for the year ended August 31, 2016 is as follows:

<b><u>Balance</u></b> <b><u>August 31, 2015</u></b>	<b><u>Net Increase/</u></b> <b><u>(Decrease)</u></b>	<b><u>Balance</u></b> <b><u>August 31, 2016</u></b>
\$ 186,046	(\$12,977)	\$ 173,069

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of Illinois Counties Risk Management Trust (ICRMT), a public entity risk pool operating as a common risk management and insurance program for Illinois Municipalities. The program provides for the creation of a self-insurance pool and the purchase of excess insurance with loss coverage. The County continues to carry commercial insurance for all other risks of loss. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13. RESTRICTED FUND BALANCE/NET ASSETS

Amounts included as restricted fund balance include property tax levies, grant funds, fines and fees, and other amounts externally restricted for specific purposes. Committed fund balance consists of amounts committed for capital projects and for animal control under local intergovernmental agreements.



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 14. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2016 was as follows:

	Beginning Balance 8/31/15	Increases	Transfer of Construction In Progress	Decreases	Ending Balance 08/31/16
Capital assets not being depreciated					
Construction in progress	\$ 189,651	\$ 407,605	\$ -	\$ -	\$ 597,256
Capital assets being depreciated					
Road and bridges	20,969,843				20,969,843
Building and improvements	4,364,729	422,178			4,786,907
Equipment	1,859,327	67,119			1,926,446
Vehicles	1,017,418	68,316			1,085,734
Total capital assets being depreciated	28,211,317	557,613	0	0	28,768,930
Less accumulated depreciation for:					
Road and bridges	12,827,050	794,742			13,621,792
Buildings and improvements	2,166,589	103,376			2,269,965
Equipment	1,268,384	155,725			1,424,109
Vehicles	829,298	72,808			902,106
Total accumulated depreciation	17,091,321	\$ 1,126,651	\$ 0	\$ 0	18,217,972
Total capital assets being depreciated, net	11,119,996				10,550,958
Governmental activities capital assets, net	\$ 11,309,647				\$ 11,148,214

Depreciation Expense

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

Governmental activities	
General Government	\$ 52,146
Law and Judicial	186,571
Health and Human Services	25,786
Transportation	862,148
Total depreciation expense - governmental activities	\$ 1,126,651

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 15. INTERFUND BALANCES

Interfund balances among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities.

At August 31, 2016, interfund receivables and payables consisted of the following:

Funds	Due From Other Funds	Due to Other Funds
General		
Corporate and Miscellaneous Grant Programs	\$ 69,535	\$
Nonmajor Governmental	<u>25,171</u>	<u>78,996</u>
Total General	<u>94,706</u>	<u>78,996</u>
Corporate and Miscellaneous Grant Programs		
General		69,535
Nonmajor Governmental	<u>130,628</u>	<u>10,936</u>
Total Corporate and Miscellenaous Grant Programs	<u>130,628</u>	<u>80,471</u>
Nonmajor Governmental		
General	78,996	25,171
Corporate and Miscellaneous Grant Programs	<u>10,936</u>	<u>130,628</u>
Total Nonmajor Governmental	<u>89,932</u>	<u>155,799</u>
Total Interfund - All Funds	<u>\$ 315,266</u>	<u>\$ 315,266</u>

In general, interfund balances exist due to the allocation of salaries and fringe benefits to various funds, as well as for various short-term cash flow needs.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 16. OPERATING TRANSFERS

Operating transfers among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities. The following operating transfers were made:

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund		
Nonmajor Governmental	\$ <u>          </u>	\$ <u>484,667</u>
Total General Fund	<u>          </u>	<u>484,667</u>
Nonmajor Governmental		
General	<u>484,667</u>	<u>          </u>
Total Nonmajor Governmental	<u>484,667</u>	<u>-</u>
Total Interfunds - All Funds	\$ <u><u>484,667</u></u>	\$ <u><u>484,667</u></u>

Animal Control Fund received a \$14,667 transfer from General Fund to support the ordinary operations of the fund.

General Assistance Fund received \$70,000 transfer from General Fund to support the ordinary operations of the fund.

Capital Improvements fund received a \$400,000 transfer from General Fund for the purpose of committing additional funds to ongoing capital projects.

NOTE 17. LEGAL DEBT MARGIN

Equalized Assessed Valuation, 2015 Tax Year	\$ <u>551,301,359</u>
Statutory Debt Limitation (5.75% of Equalized Assessed Valuation)	\$ 31,699,828
Less: Bond Indebtedness	<u>          </u>
Legal Debt Margin	\$ <u><u>31,699,828</u></u>

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

**NOTE 18. DEFICIT FUND BALANCE**

At August 31, 2016, the Regional Planning Commission Fund and Vital Statistics Fund have a deficit fund balance of \$(38,768) and \$(310) respectively.

**NOTE 19. SUBSEQUENT EVENTS**

Events that occur after the statement of net assets date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management evaluated the activity of the County through January 30, 2017, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**NOTE 20. RESTATEMENT OF BEGINNING NET POSITION**

The governmental fund balance and net position of the governmental activities has been restated as of August 31, 2015, for the inclusion of a receivable understatement. The restatement of fund balance/ net position was calculated as follows:

		Fund Balance		Net Position
Fund Balance/Net Position 08/31/15 As Originally Reported	\$	15,175,888	\$	23,404,974
Inclusion of Receivable Understatement		78,037		78,037
Fund Balance/Net Position 08/31/15 As Restated	\$	15,253,925	\$	23,483,011

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUE</b>				
Property Taxes	\$ 3,903,830	\$ 3,903,830	\$ 3,922,928	\$ 19,098
Intergovernmental:				
Sales Tax	1,651,000	1,651,000	1,224,874	(426,126)
Income Tax	800,000	800,000	776,714	(23,286)
Replacement Tax	600,000	600,000	554,955	(45,045)
Video Gaming Tax	0	0	16,023	16,023
State Other	523,500	523,500	657,594	134,094
Federal	20,000	20,000	25,916	5,916
Licenses and Permits	410,000	410,000	358,038	(51,962)
Fines and Forfeits	496,000	496,000	504,325	8,325
Revenue from Services	152,000	152,000	254,944	102,944
Interest	88,000	88,000	101,112	13,112
Miscellaneous	304,050	304,050	335,164	31,114
<b>Total Revenue</b>	<u>8,948,380</u>	<u>8,948,380</u>	<u>8,732,587</u>	<u>(215,793)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	3,328,111	3,328,111	2,996,567	331,544
Law and Judicial	4,890,869	4,890,869	4,811,483	79,386
Health and Human Services	275,400	275,400	255,650	19,750
Transportation	162,000	162,000	123,075	38,925
Capital Outlay	292,000	292,000	145,133	146,867
<b>Total Expenditures</b>	<u>8,948,380</u>	<u>8,948,380</u>	<u>8,331,908</u>	<u>616,472</u>
Revenues Over (Under) Expenditures	0	0	400,679	400,679
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers	<u>(400,000)</u>	<u>(400,000)</u>	<u>(484,667)</u>	<u>(84,667)</u>
Net change in fund balances	\$ <u>(400,000)</u>	\$ <u>(400,000)</u>	(83,988)	\$ <u>316,012</u>
FUND BALANCE, BEGINNING			<u>8,428,981</u>	
FUND BALANCE, ENDING			\$ <u>8,344,993</u>	

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Current:				
General Government				
Commissioners' Office				
Commissioners' Salaries	\$ 113,250	\$ 113,250	\$ 113,250	\$ 0
Other Salaries	40,200	40,200	28,279	11,921
Services	8,000	8,000	5,649	2,351
Materials	2,000	2,000	969	1,031
Total Commissioners' Office	163,450	163,450	148,147	15,303
Treasurer's Office				
County Treasurer's Salary	63,188	63,188	63,187	1
Other Salaries	45,000	45,000	36,372	8,628
Services	6,000	6,000	6,809	(809)
Materials	6,000	6,000	6,860	(860)
Total Treasurer's Office	120,188	120,188	113,228	6,960
County Clerk's Office				
County Clerk's Salary	63,188	63,188	63,187	1
Other Salaries	145,505	145,505	146,419	(914)
Services	10,000	10,000	12,593	(2,593)
Materials	140,000	140,000	127,508	12,492
Election Grant Expense	20,000	20,000	5,592	14,408
Election	227,825	227,825	213,973	13,852
Total County Clerk's Office	606,518	606,518	569,272	37,246
Assessor's Office				
Salaries	174,686	174,686	172,102	2,584
Services	13,500	13,500	5,885	7,615
Materials	9,000	9,000	4,661	4,339
Total Assessor's Office	\$ 197,186	\$ 197,186	\$ 182,648	\$ 14,538

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
-continued-

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government (con't)				
General Expenditures				
E.D. Director	\$ 118,000	\$ 118,000	\$ 66,874	\$ 51,126
Other	35,000	35,000	27,556	7,444
Medical Insurance	790,000	790,000	719,955	70,045
Postage	70,000	70,000	42,845	27,155
Professional Fees	80,000	80,000	71,440	8,560
Computer Services	150,000	150,000	114,248	35,752
Merit Commission	3,000	3,000	1,166	1,834
Flood Control	5,000	5,000	5,000	0
Economic Development	35,000	35,000	35,000	0
Planning Commission	25,000	25,000	25,000	0
Animal Control	14,667	14,667	0	14,667
Solid Waste Planning	5,000	5,000	5,000	0
Liability Insurance	405,000	405,000	371,686	33,314
Health Committee	16,000	16,000	4,293	11,707
Drug Court	5,000	5,000		5,000
Total General Expenditures	<u>1,756,667</u>	<u>1,756,667</u>	<u>1,490,063</u>	<u>266,604</u>
Educational Service Region Office Services	<u>120,120</u>	<u>120,120</u>	<u>154,848</u>	<u>(34,728)</u>
Total Educational Service Region Office	<u>120,120</u>	<u>120,120</u>	<u>154,848</u>	<u>(34,728)</u>
Courthouse				
Salaries	31,782	31,782	31,741	41
Services	38,000	38,000	26,862	11,138
Materials	<u>4,500</u>	<u>4,500</u>	<u>5,209</u>	<u>(709)</u>
Total Courthouse	<u>74,282</u>	<u>74,282</u>	<u>63,812</u>	<u>10,470</u>
Morgan County Center				
Salaries	1,500	1,500	750	750
Services	27,000	27,000	28,216	(1,216)
Materials	<u>2,000</u>	<u>2,000</u>	<u>441</u>	<u>1,559</u>
Total Morgan County Center	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 29,407</u>	<u>\$ 1,093</u>

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
-continued-

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government (con't)				
Retirement	\$ 259,200	\$ 259,200	\$ 245,142	\$ 14,058
Total Retirement	259,200	259,200	245,142	14,058
Total General Government	\$ 3,328,111	\$ 3,328,111	\$ 2,996,567	\$ 331,544
Law and Judicial				
Sheriff and Law Enforcement				
Sheriff's Salary	74,000	74,000	74,000	0
Other Salaries	766,788	766,788	755,163	11,625
Services	98,200	98,200	86,457	11,743
Materials	84,200	84,200	46,383	37,817
Total Sheriff and Law Enforcement	1,023,188	1,023,188	962,003	61,185
Civil Defense Office				
City/County Agreement	42,458	42,458	25,731	16,727
Payments to Other Governments	15,750	15,750	19,643	(3,893)
Total Civil Defense Office	58,208	58,208	45,374	12,834
Coroner's Office				
Coroner's Salary	30,750	30,750	30,750	0
Other Salaries	15,200	15,200	15,200	0
Services	58,000	58,000	52,065	5,935
Materials	3,500	3,500	1,452	2,048
Total Coroner's Office	107,450	107,450	99,467	7,983
Probation Office				
Salaries	484,256	484,256	484,257	(1)
Services	12,920	12,920	10,777	2,143
Materials	2,210	2,210	1,784	426
Total Probation Office	\$ 499,386	\$ 499,386	\$ 496,818	\$ 2,568



MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
-continued-

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Law and Judicial (con't)				
County Jail				
Salaries	\$ 1,044,591	\$ 1,044,591	\$ 1,074,607	\$ (30,016)
Services	212,200	212,200	250,881	(38,681)
Materials	29,000	29,000	88,387	(59,387)
Total County Jail	1,285,791	1,285,791	1,413,875	(128,084)
Circuit Clerk's Office				
Circuit Clerk's Salary	63,450	63,450	63,450	0
Other Salaries	142,000	142,000	141,683	317
Services	4,000	4,000	4,013	(13)
Materials	5,000	5,000	5,005	(5)
Total Circuit Clerk's Office	214,450	214,450	214,151	299
Public Defender's Office				
Salaries	193,842	193,842	193,442	400
Services			407	(407)
Total Public Defender's Office	193,842	193,842	193,849	(7)
Court Related				
Salaries	39,010	39,010	38,462	548
Materials	2,500	2,500	1,757	743
Drug Court	0	0	3,131	(3,131)
Care and Support of Minors	50,000	50,000	52,536	(2,536)
Court Appointed Counsel	30,000	30,000	22,019	7,981
Publication	6,000	6,000	871	5,129
Interpreters	10,000	10,000	12,297	(2,297)
Jury	25,000	25,000	31,650	(6,650)
Total Court Related	162,510	162,510	162,723	(213)
Circuit Judge's Office				
Services	4,500	4,500	2,784	1,716
Materials	2,500	2,500	867	1,633
Equipment	5,000	5,000		5,000
Total Circuit Judge's Office	\$ 12,000	\$ 12,000	\$ 3,651	\$ 8,349

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
-continued-

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Law and Judicial (con't)				
Associate Circuit Judge's Office				
Services	\$ 3,500	\$ 3,500	\$ 1,896	\$ 1,604
Materials	1,500	1,500	788	712
Equipment	<u>3,000</u>	<u>3,000</u>		<u>3,000</u>
Total Associate Circuit Judge's Office	<u>8,000</u>	<u>8,000</u>	<u>2,684</u>	<u>5,316</u>
State's Attorney				
State's Attorney Salary	166,500	166,500	166,500	0
Other Salaries	169,904	169,904	170,156	(252)
Victim Assistance	32,240	32,240	32,240	0
Services	26,000	26,000	24,773	1,227
Materials	<u>8,000</u>	<u>8,000</u>	<u>7,614</u>	<u>386</u>
Total State's Attorney	<u>402,644</u>	<u>402,644</u>	<u>401,283</u>	<u>1,361</u>
Retirement	<u>923,400</u>	<u>923,400</u>	<u>815,605</u>	<u>107,795</u>
Total Retirement	<u>923,400</u>	<u>923,400</u>	<u>815,605</u>	<u>107,795</u>
Total Law and Judicial	\$ <u>4,890,869</u>	\$ <u>4,890,869</u>	\$ <u>4,811,483</u>	\$ <u>79,386</u>
Health and Human Services				
Retirement	<u>275,400</u>	<u>275,400</u>	<u>255,650</u>	<u>19,750</u>
Total Retirement	<u>275,400</u>	<u>275,400</u>	<u>255,650</u>	<u>19,750</u>
Total Health and Human Services	\$ <u>275,400</u>	\$ <u>275,400</u>	\$ <u>255,650</u>	\$ <u>19,750</u>
Transportation				
Retirement	<u>162,000</u>	<u>162,000</u>	<u>123,075</u>	<u>38,925</u>
Total Retirement	<u>162,000</u>	<u>162,000</u>	<u>123,075</u>	<u>38,925</u>
Total Transportation	\$ <u>162,000</u>	\$ <u>162,000</u>	\$ <u>123,075</u>	\$ <u>38,925</u>
Capital Outlay	\$ <u>292,000</u>	\$ <u>292,000</u>	\$ <u>145,133</u>	\$ <u>146,867</u>
Total General Fund Expenditures	\$ <u>8,948,380</u>	\$ <u>8,948,380</u>	\$ <u>8,331,908</u>	\$ <u>616,472</u>

## MORGAN COUNTY, ILLINOIS

COOPERATIVE EXTENSION FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Taxes	\$ <u>170,000</u>	\$ <u>170,000</u>	\$ <u>156,619</u>	\$ <u>(13,381)</u>
Total Revenue	<u>170,000</u>	<u>170,000</u>	<u>156,619</u>	<u>(13,381)</u>
EXPENDITURES				
Current				
General Government	<u>170,000</u>	<u>170,000</u>	<u>156,619</u>	<u>13,381</u>
Total Expenditures	<u>170,000</u>	<u>170,000</u>	<u>156,619</u>	<u>13,381</u>
Net change in fund balances	\$ <u>0</u>	\$ <u>0</u>	-	\$ <u>0</u>
FUND BALANCE, BEGINNING			<u>-</u>	
FUND BALANCE, ENDING			\$ <u>-</u>	

## MORGAN COUNTY, ILLINOIS

## MOTOR FUEL TAX FUND

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Intergovernmental:				
State	\$ 750,000	\$ 750,000	\$ 764,079	\$ 14,079
Interest	<u>500</u>	<u>500</u>	<u>3,428</u>	<u>2,928</u>
Total Revenue	<u>750,500</u>	<u>750,500</u>	<u>767,507</u>	<u>17,007</u>
EXPENDITURES				
Current				
Transportation	<u>1,065,500</u>	<u>1,065,500</u>	<u>459,970</u>	<u>605,530</u>
Total Expenditures	<u>1,065,500</u>	<u>1,065,500</u>	<u>459,970</u>	<u>605,530</u>
Net Change in Fund Balance	\$ <u>(315,000)</u>	\$ <u>(315,000)</u>	307,537	\$ <u>622,537</u>
FUND BALANCE, BEGINNING			<u>933,677</u>	
FUND BALANCE, ENDING			\$ <u>1,241,214</u>	

## MORGAN COUNTY, ILLINOIS

BRIDGE CONSTRUCTION AND REPAIR FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Taxes	\$ 245,000	\$ 245,000	\$ 244,230	\$ (770)
Intergovernmental	50,000	50,000	83,977	33,977
Interest	<u>100</u>	<u>100</u>	<u>1,847</u>	<u>1,747</u>
Total Revenue	<u>295,100</u>	<u>295,100</u>	<u>330,054</u>	<u>34,954</u>
EXPENDITURES				
Current				
Capital Outlay	<u>250,000</u>	<u>250,000</u>	<u>66,310</u>	<u>183,690</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>66,310</u>	<u>183,690</u>
Net change in fund balances	\$ <u>45,100</u>	\$ <u>45,100</u>	263,744	\$ <u>218,644</u>
FUND BALANCE, BEGINNING			<u>646,199</u>	
FUND BALANCE, ENDING			\$ <u>909,943</u>	

## MORGAN COUNTY, ILLINOIS

CORPORATE AND MISCELLANEOUS GRANT PROGRAMS  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Intergovernmental:				
Federal Grants	\$ 188,483	\$ 188,483	\$ 97,623	\$ (90,860)
State Grants	9,920	9,920	5,117	(4,803)
Interest	75	75	44	(31)
Revenue From Services	7,203	7,203		(7,203)
Other	618	618	10,045	9,427
	<u>206,299</u>	<u>206,299</u>	<u>112,829</u>	<u>(93,470)</u>
Total Revenue				
EXPENDITURES				
Current:				
Health and Human Services	<u>206,299</u>	<u>206,299</u>	<u>121,068</u>	<u>85,231</u>
Total Expenditures	<u>206,299</u>	<u>206,299</u>	<u>121,068</u>	<u>85,231</u>
Net change in fund balances	\$ <u>(0)</u>	\$ <u>(0)</u>	(8,239)	\$ <u>(8,239)</u>
FUND BALANCE, BEGINNING			<u>73,161</u>	
FUND BALANCE, ENDING			\$ <u>64,922</u>	

MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP PLAN

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 302,568	\$ 304,630	\$ (2,062)	\$ 1,478,106	20.61%
2015	306,192	306,192		1,530,961	20.00%



MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND - ECO PLAN

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 106,044	\$ 99,121	\$ 6,923	\$ 272,116	36.43%
2015	100,385	100,386	(1)	221,404	45.34%

MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 565,443	\$ 577,033	\$ (11,590)	\$ 4,007,395	14.40%
2015	561,222	561,222		4,063,884	13.81%

MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service Cost	\$ 283,568	\$ 286,835								
Interest on the Total Pension Liability	988,365	933,944								
Benefit Changes	-	-								
Difference Between Expected and Actual Experience	25,800	(76,513)								
Assumption Changes	17,737	239,490								
Benefit Payments and Refunds	(664,557)	(648,460)								
<b>Net Change in Total Pension Liability</b>	<b>650,913</b>	<b>735,296</b>	-	-	-	-	-	-	-	-
<b>Total Pension Liability - Beginning</b>	<b>13,368,700</b>	<b>12,633,404</b>								
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 14,019,613</b>	<b>\$ 13,368,700</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 306,192	\$ 304,630								
Employee Contributions	114,822	111,614								
Pension Plan Net Investment Income	60,895	716,986								
Benefit Payments and Refunds	(664,557)	(648,460)								
Other	148,995	(53,981)								
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(33,653)</b>	<b>430,789</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	<b>12,300,773</b>	<b>11,869,984</b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 12,267,120</b>	<b>\$ 12,300,773</b>	-	-	-	-	-	-	-	-
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 1,752,493</b>	<b>\$ 1,067,927</b>								
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>87.50%</b>	<b>92.01%</b>								
<b>Covered Valuation Payroll</b>	<b>\$ 1,530,961</b>	<b>\$ 1,478,106</b>								
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>114.47%</b>	<b>72.25%</b>								

**Notes to Schedule:**

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those year for which information is available.

MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND - ECC PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service Cost	\$ 69,386	\$ 73,737								
Interest on the Total Pension Liability	362,979	347,182								
Benefit Changes	-	-								
Difference Between Expected and Actual Experience	235,605	(21,647)								
Assumption Changes	17,358	110,014								
Benefit Payments and Refunds	(342,252)	(250,138)								
<b>Net Change in Total Pension Liability</b>	<b>343,076</b>	<b>259,148</b>	-	-	-	-	-	-	-	-
<b>Total Pension Liability - Beginning</b>	<b>4,982,617</b>	<b>4,723,469</b>								
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 5,325,693</b>	<b>\$ 4,982,617</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 100,386	\$ 99,121								
Employee Contributions	25,667	21,871								
Pension Plan Net Investment Income	21,805	258,759								
Benefit Payments and Refunds	(342,252)	(250,138)								
Other	193,684	32,894								
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(710)</b>	<b>162,507</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	<b>4,469,029</b>	<b>4,306,522</b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 4,468,319</b>	<b>\$ 4,469,029</b>	-	-	-	-	-	-	-	-
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 857,374</b>	<b>\$ 513,588</b>								
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>83.90%</b>	<b>89.69%</b>								
<b>Covered Valuation Payroll</b>	<b>\$ 221,404</b>	<b>\$ 272,116</b>								
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>387.24%</b>	<b>188.74%</b>								

**Notes to Schedule:**

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MORGAN COUNTY, ILLINOIS  
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service Cost	\$ 457,398	\$ 477,577								
Interest on the Total Pension Liability	2,078,458	1,915,964								
Benefit Changes										
Difference Between Expected and Actual Experience	(101,199)	(7,087)								
Assumption Changes	34,106	1,105,334								
Benefit Payments and Refunds	(1,259,120)	(1,216,731)								
<b>Net Change in Total Pension Liability</b>	<b>1,209,643</b>	<b>2,275,057</b>	-	-	-	-	-	-	-	-
<b>Total Pension Liability - Beginning</b>	<b>28,224,929</b>	<b>25,949,872</b>								
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 29,434,572</b>	<b>\$ 28,224,929</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 561,222	\$ 577,033								
Employee Contributions	184,636	183,266								
Pension Plan Net Investment Income	123,294	1,444,217								
Benefit Payments and Refunds	(1,259,120)	(1,216,731)								
Other	138,925	23,646								
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(251,043)</b>	<b>1,011,431</b>	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	<b>24,915,334</b>	<b>23,903,903</b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 24,664,291</b>	<b>\$ 24,915,334</b>	-	-	-	-	-	-	-	-
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 4,770,281</b>	<b>\$ 3,309,595</b>								
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>83.79%</b>	<b>88.27%</b>								
<b>Covered Valuation Payroll</b>	<b>\$ 4,063,884</b>	<b>\$ 4,007,395</b>								
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>117.38%</b>	<b>82.59%</b>								

**Notes to Schedule:**

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those year for which information is available.

MORGAN COUNTY, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
August 31, 2016

Illinois Municipal Retirement Fund  
Sheriff's Law Enforcement Personnel (SLEP)  
(Unaudited)

**NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE\***

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	4.00%
Price Inflation:	3.00%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16.00%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes: There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MORGAN COUNTY, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
August 31, 2016

Illinois Municipal Retirement Fund  
Elected County Official (ECO)  
(Unaudited)

NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE\* (CONTINUED)

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	4.00%
Price Inflation:	3.00%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16.00%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes: There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



MORGAN COUNTY, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
August 31, 2016

Illinois Municipal Retirement Fund  
Regular Plan (RP)  
(Unaudited)

**NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE\* (CONTINUED)**

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	4.00%
Price Inflation:	3.00%, approximate; No explicit price inflation assumption is used in this valuation
Salary Increases:	4.40% to 16.00%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**Other Information:**

Notes: There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

August 31, 2016

	Total	County Recorders Fund	Animal Control Fund
ASSETS			
Cash	\$ 4,463,953	\$ 31,016	\$ 482,243
Property Taxes Receivable	731,804		
Intergovernmental Receivables:			
Federal Grants	209,139		
State Grants	66,625		
Motor Fuel Tax	-		
Other Receivables	270,633		
Due from Other Funds	89,932		
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 5,832,086	\$ 31,016	\$ 482,243
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 156,694	\$	\$
Unearned Grant Revenue	28,806		
Due to Other Funds	155,799		2,693
	<hr/>	<hr/>	<hr/>
Total Liabilities	341,299	-	2,693
Fund Balance			
Restricted for:			
Law and Judicial	427,214		
Transportation	2,192,390		
Health and Human Services	1,666,497		
Other Purposes	626,515	31,016	385,159
Committed	616,939		94,391
Unassigned	(38,768)		
	<hr/>	<hr/>	<hr/>
Total Fund Balances	5,490,787	31,016	479,550
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 5,832,086	\$ 31,016	\$ 482,243

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund
\$ 39,710	\$ 40,693	\$ 585,917	\$ 12,583	\$ 16,940
	55,264	189,005		
		128,848		
	495	15,067		240
<u>\$ 39,710</u>	<u>\$ 96,452</u>	<u>\$ 918,837</u>	<u>\$ 12,583</u>	<u>\$ 17,180</u>
\$	\$	\$ 5,041	\$	\$
<u>3,000</u>	<u>15,000</u>			
3,000	15,000	5,041		
36,710	81,452	913,796	12,583	17,180
<u>36,710</u>	<u>81,452</u>	<u>913,796</u>	<u>12,583</u>	<u>17,180</u>
<u>\$ 39,710</u>	<u>\$ 96,452</u>	<u>\$ 918,837</u>	<u>\$ 12,583</u>	<u>\$ 17,180</u>

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2016

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
ASSETS			
Cash	\$ 690	\$ 31,532	\$ 9,216
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other Receivables			
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>690</u>	\$ <u>31,532</u>	\$ <u>9,216</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$	\$
Deferred Revenue			
Due to Other Funds	<u>1,000</u>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,000	-	-
Fund Balance			
Restricted for:			
Law and Judicial		31,532	
Transportation			
Health and Human Services			
Other Purposes	(310)		9,216
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(310)</u>	<u>31,532</u>	<u>9,216</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>690</u>	\$ <u>31,532</u>	\$ <u>9,216</u>

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$ 29,388	\$ 33,611	\$ 97,394	\$ 107,277	\$ 5,978	\$ 19,756
			595 307		
2,982	1,473	3,639	5,704	535	
<u>32,370</u>	<u>35,084</u>	<u>101,033</u>	<u>113,883</u>	<u>6,513</u>	<u>19,756</u>
\$	\$	\$	\$	\$	\$
2,000			1,477		
2,000	-	-	1,477	-	-
30,370	35,084	101,033	112,406	6,513	19,756
<u>30,370</u>	<u>35,084</u>	<u>101,033</u>	<u>112,406</u>	<u>6,513</u>	<u>19,756</u>
\$ <u>32,370</u>	\$ <u>35,084</u>	\$ <u>101,033</u>	\$ <u>113,883</u>	\$ <u>6,513</u>	\$ <u>19,756</u>

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2016

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
ASSETS			
Cash	\$ 84,165	\$ 591,962	\$ 9,535
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other Receivables	6,355	201,274	
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>90,520</u>	\$ <u>793,236</u>	\$ <u>9,535</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$ 121,996	\$
Deferred Revenue			
Due to Other Funds			
	<hr/>	<hr/>	<hr/>
Total Liabilities		121,996	
Fund Balance			
Restricted for:			
Law and Judicial	90,520		
Transportation			
Health and Human Services		671,240	
Other Purposes			9,535
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>90,520</u>	<u>671,240</u>	<u>9,535</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>90,520</u>	\$ <u>793,236</u>	\$ <u>9,535</u>

Title IV-D (KIDS) Fund	Highway Fund	Aid Matching Fund	Marnico Special Service Fund	LIHEAP Fund	IHWAP Fund
\$ 2,227	\$ 712,670	\$ 948,103	\$ 20,139	\$ 6,459	\$ 21,081
	359,218	127,110	1,207		
1,223				30,307	32,498
630				4,508	5,371
	33,867				
					9,170
<u>\$ 4,080</u>	<u>\$ 1,105,755</u>	<u>\$ 1,075,213</u>	<u>\$ 21,346</u>	<u>\$ 41,274</u>	<u>\$ 68,120</u>
\$	\$ 786	\$ 9,138	\$	\$ 3,968	\$ 11,019
				7,550	21,256
				29,747	35,845
	786	9,138		41,265	68,120
	1,104,969	1,066,075	21,346	9	-
4,080					
<u>4,080</u>	<u>1,104,969</u>	<u>1,066,075</u>	<u>21,346</u>	<u>9</u>	<u>-</u>
<u>\$ 4,080</u>	<u>\$ 1,105,755</u>	<u>\$ 1,075,213</u>	<u>\$ 21,346</u>	<u>\$ 41,274</u>	<u>\$ 68,120</u>

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2016

	CSBG Programs	Regional Planning Commission Fund	GIS Fund
ASSETS			
Cash	\$ 3,665	\$ 5,808	\$ 89,948
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants	15,668		
State Grants			
Motor Fuel Tax			
Other Receivables			
Due from Other Funds	<u>5,873</u>	<u></u>	<u></u>
Total Assets	<u>\$ 25,206</u>	<u>\$ 5,808</u>	<u>\$ 89,948</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 4,746	\$	
Deferred Revenue			
Due to Other Funds	<u>20,460</u>	<u>44,576</u>	<u>1</u>
Total Liabilities	25,206	44,576	1
Fund Balance			
Restricted for:			
Law and Judicial			
Transportation			
Health and Human Services			
Other Purposes			89,947
Committed			
Unassigned	<u></u>	<u>(38,768)</u>	<u></u>
Total Fund Balances	<u>-</u>	<u>(38,768)</u>	<u>89,947</u>
Total Liabilities and Fund Balance	<u>\$ 25,206</u>	<u>\$ 5,808</u>	<u>\$ 89,948</u>



County Clerk GIS Fund	State's Attorney Law Enforcement Fund	<u>Capital Projects Fund</u>  Capital Improvements Fund
\$ 11,949	\$ 15,309	\$ 396,989
		55,809
475		
<u>          </u>	<u>3,666</u>	<u>69,750</u>
\$ <u>12,424</u>	\$ <u>18,975</u>	\$ <u>522,548</u>
\$	\$	\$
<u>          </u>	<u>          </u>	<u>          </u>
-	-	-
12,424	18,975	
<u>          </u>	<u>          </u>	<u>522,548</u>
<u>12,424</u>	<u>18,975</u>	<u>522,548</u>
\$ <u>12,424</u>	\$ <u>18,975</u>	\$ <u>522,548</u>

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2016

	Total	County Recorders Fund	Animal Control Fund
REVENUE			
Taxes	\$ 1,767,440	\$	\$
Intergovernmental:			
Federal	1,484,313		
State	818,999		
Local	54,888		54,888
Licenses and Permits	520		
Fines and Forfeits	357,925		507
Revenue from Services	697,177	20,029	78,669
Interest	13,133	14	1,312
Miscellaneous	181,990		891
Total Revenue	<u>5,376,385</u>	<u>20,043</u>	<u>136,267</u>
EXPENDITURES			
Current:			
General Government	211,404	7,900	
Law and Judicial	488,836		139,363
Health and Human Services	3,435,139		
Transportation	467,295		
Capital Outlay	939,498	4,150	443
Debt Expense	-		
Total Expenditures	<u>5,542,172</u>	<u>12,050</u>	<u>139,806</u>
Revenue Over (Under) Expenditures	(165,787)	7,993	(3,539)
OTHER FINANCING SOURCES (USES)			
Gain/(Loss) on Sale of Asset	-		
Interfund Transfers	484,667		14,667
Net change in fund balances	318,880	7,993	11,128
FUND BALANCE, BEGINNING- RESTATED	<u>5,171,907</u>	<u>23,023</u>	<u>468,422</u>
FUND BALANCE, ENDING	<u>\$ 5,490,787</u>	<u>\$ 31,016</u>	<u>\$ 479,550</u>

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund
\$ 489	\$ 99,890	\$ 341,591	\$	\$
		364,931		
		347,674		
				2,177
15,000	1,231	261,112	6,577	
51	25	2,528	15	16
	42			
<u>15,540</u>	<u>101,188</u>	<u>1,317,836</u>	<u>6,592</u>	<u>2,193</u>
			9,860	
99,110	99,658	1,230,445		
0	1,182	20,824		
<u>99,110</u>	<u>100,840</u>	<u>1,251,269</u>	<u>9,860</u>	<u>-</u>
(83,570)	348	66,567	(3,268)	2,193
70,000				
<u>(13,570)</u>	<u>348</u>	<u>66,567</u>	<u>(3,268)</u>	<u>2,193</u>
50,280	81,104	847,229	15,851	14,987
<u>36,710</u>	<u>81,452</u>	<u>913,796</u>	<u>12,583</u>	<u>17,180</u>

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2016

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
REVENUE			
Taxes	\$	\$	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			520
Fines and Forfeits		3,418	
Revenue from Services	6,370		
Interest	4	32	5
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenue	6,374	3,450	525
EXPENDITURES			
Current:			
General Government	5,237		-
Law and Judicial		3,002	
Health and Human Services			
Transportation			
Capital Outlay	3,150		
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	8,387	3,002	-
Revenue Over (Under) Expenditures	(2,013)	448	525
OTHER FINANCING SOURCES (USES)			
Gain/(Loss) on Sale of Asset			
Interfund Transfers			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(2,013)	448	525
FUND BALANCE, BEGINNING- RESTATED	1,703	31,084	8,691
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ENDING	\$ (310)	\$ 31,532	\$ 9,216

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$	\$	\$	\$	\$	\$
			2,773 1,429		
27,661	22,877	46,977	58,132	4,326	125,984
		1,689			
27	39	93	225	9	4
		150	290		
<u>27,688</u>	<u>22,916</u>	<u>48,909</u>	<u>62,849</u>	<u>4,335</u>	<u>125,988</u>
15,442	22,122	36,212	67,913	6,173	115,170
		5,094	1,553		
<u>15,442</u>	<u>22,122</u>	<u>41,306</u>	<u>69,466</u>	<u>6,173</u>	<u>115,170</u>
12,246	794	7,603	(6,617)	(1,838)	10,818
<u>12,246</u>	<u>794</u>	<u>7,603</u>	<u>(6,617)</u>	<u>(1,838)</u>	<u>10,818</u>
18,124	34,290	93,430	119,023	8,351	8,938
<u>18,124</u>	<u>34,290</u>	<u>93,430</u>	<u>119,023</u>	<u>8,351</u>	<u>8,938</u>
\$ <u>30,370</u>	\$ <u>35,084</u>	\$ <u>101,033</u>	\$ <u>112,406</u>	\$ <u>6,513</u>	\$ <u>19,756</u>

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2016

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
REVENUE			
Taxes	\$	\$ 444,548	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			
Fines and Forfeits	63,106		2,760
Revenue from Services			
Interest	195	3,723	
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenue	<hr/> 63,301	<hr/> 448,271	<hr/> 2,760
EXPENDITURES			
Current:			
General Government			
Law and Judicial	66,805		204
Health and Human Services		341,434	
Transportation			
Capital Outlay		200,230	
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<hr/> 66,805	<hr/> 541,664	<hr/> 204
Revenue Over (Under) Expenditures	(3,504)	(93,393)	2,556
OTHER FINANCING SOURCES (USES)			
Gain/(Loss) on Sale of Asset			
Interfund Transfers			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(3,504)	(93,393)	2,556
FUND BALANCE, BEGINNING- RESTATED	<hr/> 94,024	<hr/> 764,633	<hr/> 6,979
FUND BALANCE, ENDING	\$ <hr/> 90,520	\$ <hr/> 671,240	\$ <hr/> 9,535

Title IV-D (KIDS) Fund	Highway Fund	Aid Matching Fund	Marnico Special Service Fund	LIHEAP Fund	IHWAP Fund
\$	\$	\$	\$	\$	\$
4,324	649,436	229,679	1,807	650,366	330,757
2,228				319,821	92,038
	96,851				
5	1,473	2,590	20	107	66
	35,922			35,900	108,540
6,557	783,682	232,269	1,827	1,006,194	531,401
6,237					
	467,146	149		1,008,110	525,201
	143,676				6,200
6,237	610,822	149	-	1,008,110	531,401
320	172,860	232,120	1,827	(1,916)	-
320	172,860	232,120	1,827	(1,916)	-
3,760	932,109	833,955	19,519	1,925	
\$ 4,080	\$ 1,104,969	\$ 1,066,075	\$ 21,346	\$ 9	\$ -

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2016

	CSBG Programs	Regional Planning Commission Fund	GIS Fund
REVENUE			
Taxes	\$	\$	\$
Intergovernmental:			
Federal	131,162		
State			
Local			
Licenses and Permits			
Fines and Forfeits			
Revenue from Services		87,000	102,175
Interest	19	19	97
Miscellaneous			255
	<hr/>	<hr/>	<hr/>
Total Revenue	131,181	87,019	102,527
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General Government		84,190	108,904
Law and Judicial			
Health and Human Services	131,181		
Transportation			
Capital Outlay			
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	131,181	84,190	108,904
	<hr/>	<hr/>	<hr/>
Revenue Over (Under) Expenditures	-	2,829	(6,377)
OTHER FINANCING SOURCES (USES)			
Gain/(Loss) on Sale of Asset			
Interfund Transfers			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	2,829	(6,377)
FUND BALANCE, BEGINNING- RESTATED	<hr/>	(41,597)	96,324
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ENDING	\$ -	\$ (38,768)	\$ 89,947
	<hr/>	<hr/>	<hr/>



County Clerk GIS Fund	State's Attorney Law Enforcement Fund	Capital Projects Fund
\$	\$	\$
		55,809
5,108 6	15,366	414
<u>5,114</u>	<u>15,366</u>	<u>56,223</u>
5,000	333	173
		552,996
<u>5,000</u>	<u>333</u>	<u>553,169</u>
114	15,033	(496,946)
		400,000
114	15,033	(96,946)
<u>12,310</u>	<u>3,942</u>	<u>619,494</u>
\$ <u>12,424</u>	\$ <u>18,975</u>	\$ <u>522,548</u>

## MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS  
COMBINING BALANCE SHEET

August 31, 2016

	Total	Tax Collector's Fund	Road District Motor Fuel Tax Allotment Fund	Trust Fund
<b>ASSETS</b>				
Cash	\$ 15,793,756	\$ 13,914,580	\$ 344,384	\$ 83,045
Intergovernmental Receivables:				
Motor Fuel Tax	163,575		163,575	
Other	<u>6,110</u>			
Total Assets	<u>\$ 15,963,441</u>	<u>\$ 13,914,580</u>	<u>\$ 507,959</u>	<u>\$ 83,045</u>
<b>LIABILITIES</b>				
Intergovernmental Payables:				
Accounts Payable	\$ 579,468	\$ 6,110	\$ 436,006	\$
Funds Available for Distribution	<u>15,383,973</u>	<u>13,908,470</u>	<u>71,953</u>	<u>83,045</u>
Total Liabilities	<u>15,963,441</u>	<u>13,914,580</u>	<u>507,959</u>	<u>83,045</u>
NET ASSETS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Circuit Clerk Bond Fund	Tax Sale Indemnity Fund	Road District Bridge Fund	Trustee Escrow Fund	Trustee Fund
\$ 1,034,408	\$ 228,137	\$ 150,788	\$ 6,712	\$ 2,715
	6,110			
<u>\$ 1,034,408</u>	<u>\$ 234,247</u>	<u>\$ 150,788</u>	<u>\$ 6,712</u>	<u>\$ 2,715</u>
\$	\$	\$ 137,352	\$	\$
<u>1,034,408</u>	<u>234,247</u>	<u>13,436</u>	<u>6,712</u>	<u>2,715</u>
<u>1,034,408</u>	<u>234,247</u>	<u>150,788</u>	<u>6,712</u>	<u>2,715</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2016

	Sheriff Bond Fund	MCS Revolving Loan Fund	Health Benefit Fund
<b>ASSETS</b>			
Cash	\$ 3,709	\$ 22,754	\$ 2,524
Intergovernmental Receivables:			
Motor Fuel Tax			
Other			
Total Assets	\$ <u>3,709</u>	\$ <u>22,754</u>	\$ <u>2,524</u>
<b>LIABILITIES</b>			
Intergovernmental Payables:			
Accounts Payable	\$	\$	\$
Funds Available for Distribution	<u>3,709</u>	<u>22,754</u>	<u>2,524</u>
Total Liabilities	<u>3,709</u>	<u>22,754</u>	<u>2,524</u>
NET ASSETS	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS  
COMBINIG SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUNDS AVAILABLE FOR DISTRIBUTION

Year Ended August 31, 2016

	Funds Available For Distribution Beginning Of Year	Receipts	Disbursements	Funds Available For Distribution End Of Year
Tax Collector's Fund	\$ 11,046,356	\$ 43,519,339	\$ 40,657,225	\$ 13,908,470
Road District Motor Fuel				
Tax Allotment Fund	707,839	1,104,558	1,740,444	71,953
Trust Fund	127,632	45,741	90,328	83,045
Circuit Clerk Bond Fund	1,442,107	956,056	1,363,755	1,034,408
Tax Sale Indemnity Fund	224,190	10,069	12	234,247
Road District Bridge Fund	27,315	150,003	163,882	13,436
Trustee Escrow Fund	0	6,712	0	6,712
Trustee Fund	3,665	1,351	2,301	2,715
Sheriff Bond Fund	3,328	130,986	130,605	3,709
MCS Revolving Loan Fund	22,852	48	146	22,754
Health Benefit Fund	2,970	1,149,341	1,149,787	2,524
	<u>\$ 13,608,254</u>	<u>\$ 47,074,204</u>	<u>\$ 45,298,485</u>	<u>\$ 15,383,973</u>

## MORGAN COUNTY, ILLINOIS

## SCHEDULE OF EQUALIZED ASSESSED VALUATIONS AND TAX EXTENSIONS

August 31, 2016

	2015	2014	2013
<b>EQUALIZED ASSESSED VALUATIONS</b>			
Residential	\$ 279,449,674	\$ 272,216,072	\$ 275,835,693
Farm	130,056,976	125,017,420	116,926,999
Commercial	95,256,265	86,703,926	85,300,641
Industrial	37,742,399	34,738,071	35,923,091
Railroads	<u>8,796,045</u>	<u>8,369,400</u>	<u>8,329,505</u>
Total Equalized Assessed Valuations	<u>\$ 551,301,359</u>	<u>\$ 527,044,889</u>	<u>\$ 522,315,929</u>
<b>TAX EXTENSIONS</b>			
County Totals	\$ 5,666,872	\$ 5,584,674	\$ 5,466,350
School Districts	26,455,504	25,735,695	24,436,741
Junior College Districts	2,694,329	2,479,528	2,356,331
Cities and Villages	6,516,860	6,231,844	5,724,826
Road Districts	2,122,111	2,097,731	2,030,242
Airport Authority	144,667	142,628	138,175
Fire Protection Districts	319,718	317,109	238,735
Tax Increment Financing Districts	714,464	691,436	512,511
Special Districts	82,115	80,697	76,824
Library Districts	<u>78,767</u>	<u>75,411</u>	<u>69,190</u>
Total Tax Extensions	<u>\$ 44,795,407</u>	<u>\$ 43,436,753</u>	<u>\$ 41,049,925</u>

## MORGAN COUNTY, ILLINOIS

SCHEDULE OF EQUALIZED ASSESSED VALUATIONS, TAX LEVIES,  
RATES, EXTENSIONS AND COLLECTIONS

August 31, 2016

	2015	2014	2013
TAX LEVIES			
General	\$ 4,015,215	\$ 3,900,318	\$ 3,833,215
Highway	650,000	707,000	650,000
Bridge	245,000	200,000	245,000
Aid Matching	230,000	235,000	230,000
Health	342,000	358,000	320,000
Extension Education	170,000	175,000	170,000
General Assistance	-	58,000	25,000
Tuberculosis	100,000	105,800	107,343
	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ <u>5,752,215</u>	\$ <u>5,739,118</u>	\$ <u>5,580,558</u>

TAX RATES		MAX		
General	As Needed	0.74240	0.74004	0.71882
Highway	0.20000	0.12019	0.13415	0.12190
Bridge	0.25000	0.04530	0.03795	0.04595
Aid Matching	0.05000	0.04253	0.04459	0.04314
Health	0.10000	0.06324	0.06793	0.06002
Extension Education	0.05000	0.03144	0.03321	0.03189
General Assistance	0.10000	-	0.01101	0.00470
Tuberculosis	0.07500	0.01849	0.02008	0.02014
		<u>          </u>	<u>          </u>	<u>          </u>
Total		<u>1.06359</u>	<u>1.08896</u>	<u>1.04656</u>

	2015	2014	2013
<b>TAX EXTENSIONS</b>			
General	\$ 3,929,887	\$ 3,795,145	\$ 3,754,512
Highway	649,990	688,004	636,703
Bridge	244,998	194,638	240,004
Aid Matching	230,001	228,685	225,327
Health	342,000	348,377	313,494
Extension Education	169,999	170,341	166,566
General Assistance	-	56,499	24,549
Tuberculosis	99,997	102,985	105,195
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<b>\$ <u>5,666,872</u></b>	<b>\$ <u>5,584,674</u></b>	<b>\$ <u>5,466,350</u></b>

#### TAX COLLECTIONS

General	\$ 1,718,730	\$ 3,789,532	\$ 3,729,595
Highway	284,272	686,988	632,479
Bridge	107,149	194,350	238,413
Aid Matching	100,591	228,349	223,833
Health	149,574	347,862	311,415
Extension Education	74,349	170,092	165,460
General Assistance	-	56,416	24,386
Tuberculosis	43,734	102,835	104,496
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<b>\$ <u>2,478,399</u></b>	<b>\$ <u>5,576,424</u></b>	<b>\$ <u>5,430,077</u></b>

#### EQUALIZED ASSESSED VALUATIONS

<b>\$ <u>551,301,359</u></b>	<b>\$ <u>527,044,889</u></b>	<b>\$ <u>522,315,929</u></b>
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**MORGAN COUNTY, ILLINOIS**  
**FEDERAL SINGLE AUDIT REPORT**  
**For the Year Ended August 31, 2016**

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AMERICAN INSTITUTE OF CPA**

## **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**

**Members of the County Board  
Morgan County, 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 Morgan County, Illinois, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Morgan County, Illinois' basic financial statements, and have issued our report thereon dated January 30, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Morgan 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 the Morgan County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Morgan 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 or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-01, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Morgan County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Morgan County, Illinois' Response to Findings**

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

### **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.

*Zumbahlen, Eyll, Smith, Foote + Faye Ltd*

Jacksonville, Illinois  
January 30, 2017

# **ZUMBAHLEN, EYTH, SURRATT, FOOTE & FLYNN, LTD**

**Certified Public Accountants**

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**VALERIE L. FLYNN, CPA**  
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**AMERICAN INSTITUTE OF CPA**

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Members of the County Board**  
**Morgan County, Illinois**

### **Report on Compliance for Each Major Federal Program**

We have audited Morgan County, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morgan County, Illinois' major federal programs for the year ended August 31, 2016. Morgan County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of 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 Morgan 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 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 Morgan 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 Morgan County, Illinois' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Morgan 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 August 31, 2016.

### **Report on Internal Control over Compliance**

Management of Morgan 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 Morgan 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 Morgan County, Illinois' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-02, that we consider to be a material weakness.

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 Morgan County, Illinois, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Morgan County, Illinois' basic financial statements. We issued our report thereon dated January 30, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming 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 basic 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Zumbahlen, Egeth, Smart, Foote & Flynn Ltd*

Jacksonville, IL  
January 30, 2017



MORGAN COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2016

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Morgan County, Illinois were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements is reported in the *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*. No significant deficiencies that are not considered to be material weaknesses were identified.
3. No instances of noncompliance material to the financial statements of Morgan County, Illinois, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for Morgan County, Illinois expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was: Department of Health and Human Services, Low Income Home Energy Assistance CFDA #93.568.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Morgan County, Illinois, was not determined to be a low-risk auditee.
10. Morgan County, Illinois had no audit findings from prior year.



MORGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2016

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**MATERIAL WEAKNESS**

2016-01: Financial Reporting

**Condition:** Multiple adjustments were required during the audit in order to reclassify items of revenue, expenditure and cross-fund transactions.

**Criteria:** Internal controls should be in place to provide reasonable assurance that internally-generated financial reports are accurate.

**Cause:** Procedures for entering financial information into the County's accounting software do not include a sufficient review process to identify errors in classification or fund allocation

**Effect:** Misstatements in transaction processing, most notably related to cross-fund accounting, were noted and corrected during the audit.

**Recommendation:** Procedures should be implemented to provide assurance that errors or misstatements resulting from transaction processing will be identified and corrected on a timely basis, through a review process.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and recommended procedures will be implemented.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**MATERIAL WEAKNESS**

2016-02: Low Income Home Energy Assistance (LIHEAP) CFDA No. 93.568

SEE FINDING 2016-01

QUESTIONED COSTS: NONE

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs		
Permanent Supportive Housing Program renewal 1	14.235	IL0476L5T191301
Permanent Supportive Housing Program renewal 2	14.235	IL0569L5T191300
Permanent Supportive Housing Program renewal 1A	14.235	IL0476L5T191402
Permanent Supportive Housing Program renewal 2A	14.235	IL0569L5T191401

**Total CFDA 14.235**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH		
ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Emergency Solutions Grant Program - 2014	14.231	FCSTH03757
Emergency Solutions Grant Program - 2015	14.231	FCSUH03757

**Total CFDA 14.231**

**TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**

U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH ILLINOIS		
EMERGENCY MANAGEMENT AGENCY		
Emergency Management Performance Grant	97.042	497-58830-4400

**Total CFDA 97.042**

**TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY**

Revenue Recognized	Expenditures
\$ 975	\$ 975
15,625	15,625
18,744	18,744
<u>50,406</u>	<u>50,406</u>
<b><u>85,750</u></b>	<b><u>85,750</u></b>
\$ 662	\$ 662
<u>11,211</u>	<u>11,211</u>
<b><u>11,873</u></b>	<b><u>11,873</u></b>
<b><u>\$ 97,623</u></b>	<b><u>\$ 97,623</u></b>
\$ <u>25,916</u>	\$ <u>25,916</u>
<u>25,916</u>	<u>25,916</u>
<b><u>\$ 25,916</u></b>	<b><u>\$ 25,916</u></b>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH ILLINOIS		
DEPARTMENT OF HUMAN SERVICES		
WIC Admin	10.557	FCSUQ01068
WIC Admin	10.557	FCSVQ01068
WIC Supplemental Nutrition	10.557	FCSTQ01068
<b>Total CFDA 10.557</b>		
WIC Farmers Market Nutrition Prog.	10.572	FCSVQ01268
<b>Total CFDA 10.572</b>		
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		
U.S. DEPARTMENT OF ENERGY PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Weatherization Assistance for Low-Income Persons		
DOE	81.042	13-403037
DOE	81.042	13-404037
<b>Total CFDA 81.042</b>		
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Low Income Home Energy Assistance-LIHEAP	93.568	15-224037
Low Income Home Energy Assistance-LIHEAP	93.568	16-224037
Low Income Home Energy Assistance-IHWAP	93.568	15-221037
Low Income Home Energy Assistance-IHWAP	93.568	16-221037
<b>Total CFDA 93.568 ***</b>		

Revenue Recognized	Expenditures
\$ 75,216	\$ 75,216
29,440	29,440
<u>277,645</u>	<u>277,645</u>
<b>382,301</b>	<b>382,301</b>
\$ 1,000	\$ 1,000
<u>1,000</u>	<u>1,000</u>
<b>\$ 383,301</b>	<b>\$ 383,301</b>
\$ 186,620	\$ 186,620
<u>18,973</u>	<u>18,973</u>
<b>205,593</b>	<b>205,593</b>
<b>\$ 205,593</b>	<b>\$ 205,593</b>
\$ 378,903	\$ 378,903
271,463	271,463
109,058	109,058
<u>16,106</u>	<u>16,106</u>
<b>775,530</b>	<b>775,530</b>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
Community Services Block Grant-EHP	93.569	15-231037
Community Services Block Grant-EHP	93.569	16-231037
<b>Total CFDA 93.569</b>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES		
Child Support Enforcement Program	93.563	2016-55-007-KL
<b>Total CFDA 93.563</b>		
Medical Assistance Program-Medicaid	93.778	
<b>Total CFDA 93.778</b>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF PUBLIC HEALTH		
Social Services Block Grant-Family Case Mgt	93.667	66180066D
<b>Total CFDA 93.667</b>		
Family Planning Services	93.217	66180066D
Family Planning Services	93.217	67180066D
<b>Total CFDA 93.217</b>		
Maternal and Child H. S. Block Gr -Teen Preg Prev	93.994	66180066D
<b>Total CFDA 93.994</b>		
Maternal and Child H. S. Block Gr -Teen Preg Prev	93.283	67180066D
<b>Total CFDA 93.994</b>		
Public Health Emergency Preparedness	93.069	66180066D
Public Health Emergency Preparedness	93.069	77180066E
<b>Total CFDA 93.069</b>		

**TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN  
SERVICES**

**TOTAL FEDERAL AWARDS**

\*\*\* Indicates Major Program

Revenue Recognized	Expenditures
\$ 85,020	\$ 85,020
46,142	46,142
<u>131,162</u>	<u>131,162</u>
7,097	7,097
<u>7,097</u>	<u>7,097</u>
\$ 116,330	\$ 116,330
<u>116,330</u>	<u>116,330</u>
\$ 12,104	\$ 12,104
<u>12,104</u>	<u>12,104</u>
\$ 29,816	\$ 29,816
9,003	9,003
<u>38,819</u>	<u>38,819</u>
\$ 30,864	\$ 30,864
<u>30,864</u>	<u>30,864</u>
\$ 4,261	\$ 4,261
<u>4,261</u>	<u>4,261</u>
\$ 49,102	\$ 49,102
7,795	7,795
<u>56,897</u>	<u>56,897</u>
\$ <u>1,173,064</u>	\$ <u>1,173,064</u>
\$ <u>1,885,497</u>	\$ <u>1,885,497</u>

MORGAN COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2016

**Note 1 – Summary of Significant Accounting Policies**

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Morgan County, Illinois. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Relationship to Basic Financial Statements

Federal awards received are reflected in the County's financial statements as revenue from federal sources.

**Note 2 – Non-Cash Assistance**

The County Health Department received non-cash assistance for Special Supplemental Nutrition program for Women, Infant and Children (WIC). The dollar value WIC Food Instruments redemptions for WIC Food benefit issued by the Health Department was \$277,645. The CFDA # for the program is 10.557.

**Note 3 – Reconciliation of Financial Statement Federal Revenues to Schedule of Expenditures of Federal Awards**

Federal Revenues Per Financial Statements	\$ 1,607,852
Non-Cash Assistance Not Included in Financial Statements	<u>277,645</u>
Federal Revenues Per Schedule of Expenditures of Federal Awards	\$ <u><u>1,885,497</u></u>



MORGAN COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2016

**Note 4 – Federal Insurance**

Morgan County, Illinois had no Federal insurance in effect during the year ended August 31, 2016.

**Note 5 – Federal Loans/Loan Guarantees**

Morgan County, Illinois had no Federal loans or Federal loan guarantees outstanding as of August 31, 2016.

**Note 6 – Payments to Subrecipients**

During the year ended August 31, 2016, Morgan County, Illinois paid \$19,643 to the City of Jacksonville, Illinois as a subrecipient of the Emergency Management Performance Grant (CFDA 97.042).



MORGAN COUNTY

Morgan County, Illinois  
Corrective Action Plan  
Year Ended August 31, 2016

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**Financial Statement Findings**

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**Finding: 2016-01**

Name of contact person: Jenny Geirnaeirt, County Treasurer

Corrective Action: Internal controls will be implemented to prevent financial reporting misstatements resulting from transaction processing errors. In addition, review procedures will be expanded to identify and correct misstatements as they occur.

Proposed Completion Date: Procedures will be implemented immediately and processes will be continuously improved as deemed necessary.

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding: 2016-02**

See Finding 2016-01 for Details.