

**CLARK COUNTY, ILLINOIS**  
**FINANCIAL STATEMENTS,**  
**SUPPLEMENTARY AND OTHER**  
**INFORMATION**

**November 30, 2016**

**Clark County, Illinois**  
**November 30, 2016**

**Table of Contents**

	<u>Page</u>
INTRODUCTORY SECTION:	
Title Page	
Table of Contents	
FINANCIAL SECTION:	
Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	6
Statement of Activities – Modified Cash Basis	7
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds- Modified Cash Basis to the Statement of Activities – Modified Cash Basis	10
Statement of Fiduciary Net Position – Modified Cash Basis	11
Notes to Financial Statements	12-24
SUPPLEMENTARY INFORMATION:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis	25-29
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis	30-34
OTHER INFORMATION:	
Budgetary Comparison Schedules – Modified Cash Basis:	
General Fund	35
County Highway Fund	36
Aid to Federal Roads Fund	37

**Clark County, Illinois**  
**November 30, 2016**

**Table of Contents**

**OTHER INFORMATION (Continued):**

Notes to Other Information	38
Illinois Municipal Retirement Fund Schedule of Funding Progress	39
Assessed Valuation, Rates, Extensions and Collections – UNAUDITED	40

**FEDERAL AWARDS SECTION:**

**Supplementary Information Required by the Uniform Guidance:**

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	41-42
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-47
Summary Schedule of Prior Audit Findings	48



# Holbert & Phipps, LLP

*Certified Public Accountants*

1098 Ohio Street | Terre Haute, IN 47807 | Phone: 812-233-3082 | Fax: 812-233-3091

## INDEPENDENT AUDITOR'S REPORT

To the Board Members of  
Clark County, Illinois  
Marshall, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and aggregate remaining fund information of Clark County, Illinois as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise Clark County Illinois' basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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.

### **Basis of Qualified Opinion on Governmental Activities**

As described in Note 1, Clark County, Illinois prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting requires the government-wide financial statements present the value of inventory on hand at year end.

### **Basis of Qualified Opinion on Governmental Activities, Concluded**

These financial statements omit inventory of the County Highway Fund. If inventory were included in these financial statements total assets and net assets would increase and change the expenditures. The amount by which the omission would affect assets, fund balance, and current period expenditures is not known.

### **Qualified Opinion**

In our opinion, except for the effect of the matter described in the “Basis of Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities Clark County, Illinois as of November 30, 2016, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of each major fund and the aggregate remaining fund information of Clark County, Illinois, as of November 30, 2016, and the respective changes in the modified cash basis financial position for the year then ended in accordance with the modified cash basis as described in Note 1.

### **Basis of Accounting**

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

### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clark County Illinois’ basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

### ***Supplementary Information***

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

The budgetary comparison information, the Illinois Municipal Retirement Fund Schedules of Funding Progress and the Schedule of Assessed Valuation, Rates, Extensions and Collections, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017, on our consideration of Clark 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 Clark County, Illinois' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Holbert & Phipps, LLP". The script is cursive and fluid, with the letters "H" and "P" being particularly prominent.

Holbert & Phipps, LLP  
Certified Public Accountants

October 20, 2017



# Holbert & Phipps, LLP

Certified Public Accountants

1098 Ohio Street | Terre Haute, IN 47807 | Phone: 812-233-3082 | Fax: 812-233-3091

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board Members of  
Clark County, Illinois  
Marshall, 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 Clark County, Illinois, as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise Clark County, Illinois' basic financial statements and have issued our report thereon dated October 20, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clark 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 Clark County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Clark 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 identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

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

Clark County, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Clark 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.

A handwritten signature in cursive script that reads "Holbert & Phipps, LLP".

Holbert & Phipps, LLP  
Certified Public Accountants  
October 20, 2017

## **BASIC FINANCIAL STATEMENTS**

**Clark County, Illinois**  
**Statement of Net Position - Modified Cash Basis**  
**November 30, 2016**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,825,414	\$ 13,825,414
Capital assets (net of accumulated depreciation)	9,844,227	9,844,227
Total assets	<u>\$ 23,669,641</u>	<u>\$ 23,669,641</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities:		
Due within one year:		
Capital lease payable	\$ 225,846	\$ 225,846
Due in more than one year:		
Capital lease payable	5,183	5,183
Total liabilities	<u>231,029</u>	<u>231,029</u>
Net Position:		
Invested in capital assets, net of related debt	9,613,198	9,613,198
Restricted for:		
Other purposes	9,567,686	9,567,686
Unrestricted	<u>4,257,728</u>	<u>4,257,728</u>
Total net position	<u>23,438,612</u>	<u>23,438,612</u>
Total liabilities and net position	<u>\$ 23,669,641</u>	<u>\$ 23,669,641</u>

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

**Clark County, Illinois**

### Functions/Programs

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

**Clark County, Illinois**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**November 30, 2016**

	General Fund	County Highway Fund	Aid to Federal Roads Fund	Township Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,568,810	\$ 315,073	\$ 2,601,714	\$ 657,311	\$ 5,682,506	\$ 13,825,414
Total assets	<u>\$ 4,568,810</u>	<u>\$ 315,073</u>	<u>\$ 2,601,714</u>	<u>\$ 657,311</u>	<u>\$ 5,682,506</u>	<u>\$ 13,825,414</u>
<b>FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Other purposes	\$ 311,082	\$ 315,073	\$ 2,601,714	\$ 657,311	\$ 5,682,506	\$ 9,567,686
Unassigned		-	-	-	-	4,257,728
General fund	<u>4,257,728</u>	<u>315,073</u>	<u>2,601,714</u>	<u>657,311</u>	<u>5,682,506</u>	<u>13,825,414</u>
Total fund balances	<u>\$ 4,568,810</u>	<u>\$ 315,073</u>	<u>\$ 2,601,714</u>	<u>\$ 657,311</u>	<u>\$ 5,682,506</u>	<u>\$ 13,825,414</u>

**Reconciliation to Statement of Net Position:**

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

Capital assets used in governmental activities of \$16,635,531 net of accumulated depreciation of \$6,791,304 are not financial resources and; therefore, are not reported in the funds.

9,844,227

Long-term liabilities, including notes payable, are not due and payable in the current period and; therefore, are not reported in the funds

(231,029)

Net position of governmental activities

\$ 23,438,612

Clark County, Illinois  
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Year Ended November 30, 2016

	General Fund	County Highway Fund	Aid to Federal Roads Fund	Towaship Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 532,693	\$ 196,707	\$ 98,259	\$ -	\$ 2,032,952	\$ 2,860,611
Intergovernmental:						
Income and use taxes	1,013,582	-	-	-	-	1,013,582
Sales tax	280,705	-	125,000	-	-	405,705
Personal property replacement taxes	127,765	-	-	-	-	127,765
Public safety tax	995,776	-	-	-	-	995,776
Other intergovernmental	48,551	280,035	-	-	426,830	755,416
Fees and fines	555,527	1,974,462	-	-	257,072	812,599
Charges for services	-	614,293	4,647,794	1,530,098	498,033	2,472,495
Operating grants	325,728	530	3,763	2,333	968,398	8,086,311
Interest	4,411	-	864	-	5,027	16,064
Miscellaneous	69,348	-	-	-	-	70,212
Total revenues	3,954,086	3,066,027	4,875,680	1,532,431	4,188,312	17,616,536
<b>EXPENDITURES</b>						
Current:						
General government	1,287,196	-	-	-	681,269	1,968,465
Public safety	1,217,680	-	-	-	751,974	1,969,654
Corrections	148,866	-	-	-	36,631	185,497
Judiciary and legal	553,089	-	-	-	164,519	717,608
Transportation and public works	-	2,862,102	803,680	1,300,975	715,749	5,682,506
Public health and welfare	-	-	-	-	1,081,623	1,081,623
Debt service:						
Principal	-	38,968	-	-	4,607	43,575
Interest	-	12,939	-	-	891	13,830
Capital outlay	128,688	341,405	1,986,900	-	33,670	2,490,663
Total expenditures	3,335,519	3,255,414	2,790,580	1,300,975	3,470,933	14,153,421
Net change in fund balances	618,567	(189,387)	2,085,100	231,456	717,379	3,463,115
Fund balances - beginning	3,950,243	504,460	516,614	425,855	4,965,127	10,362,299
Fund balances - ending	\$ 4,568,810	\$ 315,073	\$ 2,601,714	\$ 657,311	\$ 5,682,506	\$ 13,825,414

**Clark County, Illinois**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds - Modified Cash Basis to the**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended November 30, 2016**

Net change in fund balances - total governmental funds \$ 3,463,115

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

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments in the current period.

Proceeds	(259,928)	
Repayments	<u>43,575</u>	(216,353)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	2,750,591	
Depreciation	<u>(809,071)</u>	1,941,520

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This amount represents the net book value of a capital asset that was traded in the current period.

(4,299)

Change in net position of governmental activities \$ 5,183,983

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

**Clark County, Illinois**  
**Statement of Fiduciary Net Position - Modified Cash Basis**  
**Fiduciary Funds**  
**November 30, 2016**

**ASSETS**

Cash and cash equivalents	\$ 509,939
Total assets	<u>\$ 509,939</u>

**LIABILITIES**

Refunds payable and due to others	\$ 509,939
Total liabilities	<u>\$ 509,939</u>

**NET POSITION**

\$ -

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

**Clark County, Illinois**  
**Notes to Financial Statements**  
**November 30, 2016**

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

**A. Reporting Entity**

Clark County, Illinois (the "County") operates under the County organization article of 55 ILCS. It provides for the following services as authorized by statute: public safety and health; recording of legal documents and maintaining public records; maintenance and construction of highways and bridges; provision for prosecuting and defending suits; social service and general administration.

The accounting policies and presentation of the basic financial statements of the County (the primary government) and its component units have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles, as applicable to governments. The following is a summary of the more significant accounting policies.

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations. The following component units have been included in the financial statements of the County.

**Blended Component Units**

The Clark County Ambulance Department, Emergency 911 Department and Board of Health Department serve all citizens of the County and are governed by boards comprised of the County's board members or citizens appointed by the County. The fees for service and debt issuance authorization are approved by the County and the legal liability for any general obligation portion of the departments remains with the County. The departments are presented as special revenue funds.

**B. Basis of Presentation**

The County's basic financial statements consist of government-wide statements including the statement of net position and statement of activities and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The government-wide focus is on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the County as a whole.

These statements include financial activities of the primary government, including the blended component units; fiduciary activities have been excluded. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the County's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as property taxes, are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each county function is self-financing or draws from the general revenues of the County.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 1: Summary of Significant Accounting Policies, Continued**

**B. Basis of Presentation, Concluded**

**Fund Financial Statements**

The financial transactions of the County are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Fund financial statements are provided for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds; therefore each is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Funds are classified into the following categories:

Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. Agency funds generally are used to account for assets that the County holds on behalf of others as their agent.

**C. Measurement Focus**

The government-wide statements are presented using the economic resources measurement focus. Fiduciary fund financial statements also report using this same focus. Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the government-wide presentation) a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

**D. Basis of Accounting**

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The County maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

**E. Fund Types and Major Funds**

The County reports the following major governmental funds:

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. This includes the activity of the offices of the County's elected officials: Circuit Clerk, Coroner, County Clerk, County Board, sheriff, State's Attorney, and Treasurer.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 1: Summary of Significant Accounting Policies, Continued**

**E. Fund Types and Major Funds, Concluded**

The County Highway Fund accounts for revenues and expenditures for the administration, building and maintenance of County roads.

The Aid to Federal Roads Fund accounts for revenues and expenditures for the building and maintenance of County roads.

The Township Motor Fuel Tax Fund accounts for revenues and expenditures for the building and maintenance of township roads.

**F. Cash and Cash Equivalents**

The County maintains cash balances to meet current operating requirements. Cash in excess of current requirements is invested in interest bearing deposit accounts and included in the financial statements as Cash and Cash Equivalents.

**G. Inventory**

Inventory consisting of road materials are recorded as expenditures when purchased in the County Highway Fund. The County uses purchased materials and other raw materials it dredges for maintenance of County roads. The modified cash basis of accounting requires the value of inventory be included on the statement of net position and the County Highway Fund balance sheet. However, because of difficulties in valuing the cost of the dredged raw materials these financial statements omit inventory and the impact on financial position and results of operations is not readily determinable.

**H. Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways and bridges), are reported in the government-wide financial statements. The County is including infrastructure assets prospectively beginning December 1, 2003. Capital assets are defined by the County as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Such assets are recorded at historical costs if purchased or constructed, except for land and buildings acquired before December 1, 2003, for which an estimated historical cost was used. Donated capital assets are not recorded because they did not result from a cash transaction. The County does not write off fully depreciated assets.

The cost 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment, Furniture and Fixtures	3-10
Roads	20
Bridges	20
Infrastructure	20

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 1: Summary of Significant Accounting Policies, Continued**

**J. Compensated Absences**

County employees are entitled to certain compensated absences (e.g., unused vacation, sick leave, comp time and personal time) based on their length of employment and Departmental Union agreements. Compensated absences are recorded as expenditures when they are paid. The liability for compensated absences as of November 30, 2016 for the governmental funds is approximately \$695,702. The obligations of each governmental fund have historically been funded by the associated fund.

**K. Long-Term Obligations**

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities fund type financial statements.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties or enabling legislation for use for a specific purpose. In the government-wide financial statements, restricted net assets are legally restricted by outside parties or enabling legislation for use for a specific purpose. Invested in capital assets, net of related debt is the net cost (book value) of the capital assets, less principal on any long-term debt outstanding that was issued to construct, purchase or otherwise acquire the capital asset.

**M. Program Revenues**

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the County health and highway departments. Program specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third parties or state grants received for program operations.

**N. Use of Estimates**

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the County's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**O. Date of Management's Review**

Management has evaluated subsequent events through October 20, 2017, the date which the financial statements were available to be issued.

**Note 2: Common Bank Account**

Separate bank accounts are not maintained for all County funds. Certain funds maintain a portion of their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally, certain funds participating in the common bank account may incur a ledger overdraft (deficit) in the account. An overdraft would constitute an unauthorized interfund loan since the board does not authorize it by a resolution.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 3: Cash and Cash Equivalents**

The County is authorized by State statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of state and their political subdivisions, savings accounts, credit union shares, and Illinois Public Treasurer's Investment Pools or such other officially recognized Illinois funds. The County does not have a written investment policy.

The County's cash deposits consist of checking, savings, money market accounts and certificates of deposit. These deposits are stated at cost. The carrying amount and the bank balance of the County's deposits at November 30, 2016, were \$13,641,330 and \$14,582,411, respectively. The carrying amount of the cash deposits excludes petty cash and cash on hand amounts kept by the General Fund of \$6,182 and Illinois Funds which amounted to \$687,841 at November 30, 2016.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a written policy for custodial credit risk. As of November 30, 2016, \$12,513,336 of the County's bank balance of \$14,582,411 was exposed to custodial credit risk as follows:

Uncollateralized and uninsured	<u>\$ 2,296,507</u>
Collateral held by pledging bank's trust department not in the County's name	<u>\$ 10,216,829</u>

Interest rate risk is the risk that changes in interest rates of investments that will adversely affect the fair value of an investment. The County invests solely in certificates of deposit and money market accounts which minimizes the risk of fair market losses.

**Note 4: Changes in Capital Assets**

The following is a summary of changes in capital assets:

Capital Assets	Balance 12/1/2015	Additions	Deletions	Balance 11/30/2016
Assets Depreciated:				
Buildings	\$ 5,396,908	\$ 50,099	\$ -	\$ 5,447,007
Infrastructure	4,724,563	1,986,900	-	6,711,463
Equipment	4,052,918	713,592	(289,449)	4,477,061
Total Capital Assets	14,174,389	2,750,591	(289,449)	16,635,531
Less: Accumulated Depreciation				
Buildings	(1,740,861)	(138,973)	-	(1,879,834)
Infrastructure	(1,569,957)	(285,901)	-	(1,855,858)
Equipment	(2,956,565)	(384,197)	285,150	(3,055,612)
Total Accumulated Depreciation	(6,267,383)	(809,071)	285,150	(6,791,304)
Capital Assets, Net	<u>\$ 7,907,006</u>	<u>\$ 1,941,520</u>	<u>\$ (4,299)</u>	<u>\$ 9,844,227</u>

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 4: Changes in Capital Assets, Concluded**

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

<u>Governmental Activities</u>	
General government	\$ 39,386
Public safety	196,779
Judiciary and legal	4,879
Public health and welfare	94,302
Transportation and public works	473,725
	<u>\$ 809,071</u>

**Note 5: Risk Management**

The County utilizes the Illinois Counties Risk Management Trust insurance pool for liability, property, public officials and workers compensation insurance coverage. This pool charges the County for its portion of insurance costs during the year, and is permitted by agreement to charge or credit the County for experience factors, subject to certain limitations. County officials believe no additional liabilities were owed at November 30, 2016, associated with this plan. No workers compensation claims have exceeded coverage for the two prior fiscal years.

The County also maintains an Internal Revenue Code Section 125 insurance plan for employees, in which the County pays a fixed portion of the health insurance premium of eligible employees. County officials believe no additional liabilities were owed at November 30, 2016 associated with these plans.

**Note 6: Non-cash Assistance**

The Clark County Health Department received non-cash assistance under two different programs. They received non-cash assistance under the Special Supplemental Nutrition Program for Women, Infants and Children in the amount of \$152,865 for the State's fiscal year ended June 30, 2016. They also received non-cash assistance under the Illinois Immunization Program in the amount of \$69,946 for the fiscal year ended November 30, 2016.

**Note 7: Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in August of the prior year and are payable in two installments in July and September. Property taxes are billed and collected by the County, which in turn, remits them to the appropriate taxing authorities. Payments are typically made by the County during the period August through November.

**Note 8: Defined Benefit Pension Plan**

**A. Illinois Municipal Retirement Plan – Regular Plan Members**

*Plan Description*

The County's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 8: Defined Benefit Pension Plan, Continued**

**A. Illinois Municipal Retirement Plan – Regular Plan Members, Concluded**

*Funding Policy*

As set by statute, the County's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual required contribution rate for calendar year 2015 was 11.78 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost*

The required contribution for calendar year 2015 was \$304,159.

Three-Year Trend Information

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2015	\$ 304,159	100%	\$ -
12/31/2014	290,402	100%	-
12/31/2013	299,659	100%	-

The required contribution for 2015 was determined as part of the December 31, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 to 10.00 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.00 percent annually. The actuarial value of the County's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00 percent corridor between the actuarial and market value of assets. The County Regular plan's unfunded actuarial accrued liability at December 31, 2013 is being amortized as a level percentage of projected payroll on an open 28-year basis.

*Funded Status and Funding Progress*

As of December 31, 2015, the most recent actuarial valuation date, the Regular plan was 83.59 percent funded. The actuarial accrued liability for benefits was \$8,028,262 and the actuarial value of assets was \$6,711,077, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,317,185. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$2,581,996 and the ratio of the UAAL to the covered payroll was 51 percent. The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 8: Defined Benefit Pension Plan, Continued**

**B. Illinois Municipal Retirement Plan – Elected County Officials**

*Plan Description*

The County's defined benefit pension plan for Elected County Officials provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy*

As set by statute, the County's Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual required contribution rate for calendar year 2015 was 62.99 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost*

The required contribution for calendar year 2015 was \$159,956.

Three-Year Trend Information

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2015	\$ 159,956	100%	\$ -
12/31/2014	198,601	82%	-
12/31/2013	132,390	100%	-

The required contribution for 2015 was determined as part of the December 31, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 to 10.00 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.00 percent annually. The actuarial value of the County's Elected County Official plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00 percent corridor between the actuarial and market value of assets. The County Elected County Official plan's unfunded actuarial accrued liability at December 31, 2013 is being amortized as a level percentage of projected payroll on an open 28-year basis.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 8: Defined Benefit Pension Plan, Continued**

**B. Illinois Municipal Retirement Plan – Elected County Officials, Concluded**

*Funded Status and Funding Progress*

As of December 31, 2015, the most recent actuarial valuation date, the Elected County Official plan was 7.84 percent funded. The actuarial accrued liability for benefits was \$1,257,680 and the actuarial value of assets was \$98,623, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,159,057. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$253,939 and the ratio of the UAAL to the covered payroll was 456 percent. The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**C. Illinois Municipal Retirement Plan – Sheriff's Law Enforcement Personnel**

*Plan Description*

The County's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy*

As set by statute, the County Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires the County to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual required contribution rate for calendar year 2015 was 24.11 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost*

The required contribution for calendar year 2015 was \$97,956.

Three-Year Trend Information

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2015	\$ 97,956	100%	\$ -
12/31/2014	101,445	100%	-
12/31/2013	113,589	100%	-

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 8: Defined Benefit Pension Plan, Concluded**

**C. Illinois Municipal Retirement Plan – Sheriff's Law Enforcement Personnel, Concluded**

The required contribution for 2015 was determined as part of the December 31, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40 to 10.00 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.00 percent annually. The actuarial value of the County Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00 percent corridor between the actuarial and market value of assets. The County Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2013 is being amortized as a level percentage of projected payroll on an open 28-year basis.

*Funded Status and Funding Progress*

As of December 31, 2015, the most recent actuarial valuation date, the County Sheriff's Law Enforcement Personnel plan was 64.32 percent funded. The actuarial accrued liability for benefits was \$2,345,294 and the actuarial value of assets was \$1,508,488, resulting in an underfunded actuarial accrued liability (UAAL) of \$836,806. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$406,286 and the ratio of the UAAL to the covered payroll was 206 percent. The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**D. Social Security Plan**

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund (IMRF) are considered "non-participating employees." These employees and those qualifying for coverage under the IMRF are covered under Social Security. The County paid \$269,442, the total required contribution for the current fiscal year.

**Note 9: Retirement Plan**

The County has adopted a deferred compensation plan under Internal Revenue Code Section 457. The plan covers all eligible full-time employees. Employees who elect to participate in the plan are allowed to make voluntary salary reductions with the employer. The employer remits the deferrals to a third-party investment company. The employer does not make contributions to this plan.

**Note 10: Post-Employment Health Care Benefits**

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium, and, if applicable a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date, and is subject to extension. There is no associated cost to the County under this program.

**Note 11: On-Behalf Payments**

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits and salaries for the year ended November 30, 2016 was \$32,500.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 12: Fund Balance Reporting**

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance. Below are the definitions of the five major classifications of fund balance:

**A. Non-spendable Fund Balance**

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the nature of the County there is nothing to report for this classification.

**B. Restricted Fund Balance**

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity; things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. In addition, the County has other revenue sources received within different funds that also fall into the following category:

Public safety tax

The County receives funds from a public safety tax that are recorded in the General Fund, but are legally segregated for future public safety expenditures. Fees received exceeded expenditures, resulting in a restricted fund balance of \$311,082. This balance is included in the financial statements as Restricted in the General Fund.

**C. Committed Fund Balance**

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the County Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The County Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Board has not committed any funds.

**D. Assigned Fund Balance**

The assigned fund balance classification refers to amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the County Board itself or (b) the finance committee when the County Board has delegated the authority to assign amounts to be used for specific purposes. The Board has not assigned any amounts for specific purposes.

**E. Unassigned Fund Balance**

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned Fund Balance amounts are shown in the financial statements as Unassigned Fund Balances.

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 12: Fund Balance Reporting, Concluded**

**E. Unassigned Fund Balance, Concluded**

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

**Note 13: Leases and Contractual Commitments**

**A. Capital Leases**

The County entered into a capital lease for the purchase of 911 emergency equipment on March 15, 2014 and expiring on March 15, 2018. The obligation is recorded in the 911 Emergency Fund at the present value of future minimum lease payments. The capitalized cost of \$24,515 is included in the capital assets of the governmental activities and the amortization of governmental activities assets under a capital lease is included with depreciation expense. Accumulated amortization is \$14,446 for the year ended November 30, 2016. Future minimum payments under this capital lease are as follows:

<u>Fiscal Year</u> <u>Ending November 30,</u>	<u>General Fund</u> <u>Capital Lease</u>
2017	\$ 4,886
2018	5,183
2019	-
2020	-
2021	-
	<hr/>
Total	<u>\$ 10,069</u>

The County entered into two capital leases for the purchase of equipment in the County Highway Fund on August 1, 2014 and July 16, 2015 and expiring on August 1, 2019 and July 16, 2018, respectively. The obligation is recorded in the County Highway Fund at the present value of future minimum lease payments. The capitalized cost of both leases is \$259,928 and is included in the capital assets of the governmental activities and the amortization of governmental activities assets under a capital lease is included with depreciation expense. Accumulated amortization on both leases is \$38,968 for the year ended November 30, 2016. These leases were paid off in fiscal year 2017. Future minimum payments under this capital lease are as follows:

<u>Fiscal Year</u> <u>Ending November 30,</u>	<u>County Highway</u> <u>Capital Lease</u>
2017	\$ 220,960
2018	-
2019	-
2020	-
2021	-
	<hr/>
Total	<u>\$ 220,960</u>

**Clark County, Illinois**  
**Notes to Financial Statements, Continued**  
**November 30, 2016**

**Note 14: Commitments and Contingencies**

**Grant Audit:**

In the normal course of operations, the County receives grant funds from various Federal and State agencies. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Litigation:**

The County is party to various legal proceedings which normally occur in governmental operations. These proceedings, in the opinion of various counsel which the County utilizes, are not likely to have any material impact on the affected funds of the County.

## **SUPPLEMENTARY INFORMATION**

Clark County, Illinois  
Combining Balance Sheet - Modified Cash Basis  
Nonmajor Governmental Funds  
November 30, 2016

	Aid to Township Bridges Fund	Social Security and Retirement	Board of Health Fund	Extension Education Fund	911 Emergency Fund	County Motor Fuel Tax Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 293,604	\$ 1,191,568	\$ 543,850	\$ 381	\$ 57,109	\$ 291,644
Total assets	\$ 293,604	\$ 1,191,568	\$ 543,850	\$ 381	\$ 57,109	\$ 291,644
<b>FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Other purposes	\$ 293,604	\$ 1,191,568	\$ 543,850	\$ 381	\$ 57,109	\$ 291,644
Total fund balances	\$ 293,604	\$ 1,191,568	\$ 543,850	\$ 381	\$ 57,109	\$ 291,644

Clark County, Illinois  
Combining Balance Sheet - Modified Cash Basis  
Nonmajor Governmental Funds  
November 30, 2016

	Township Bridge State Fund	Mental Health Fund	County Ambulance Fund	Tax Sale in Error Fees Fund	Tax Sale Fees Fund	Special Drug Fund
ASSETS						
Cash and cash equivalents	\$ 151,198	\$ 872	\$ 929,566	\$ (14,570)	\$ 144,925	\$ 7,734
Total assets	\$ 151,198	\$ 872	\$ 929,566	\$ (14,570)	\$ 144,925	\$ 7,734
FUND BALANCES						
Fund Balances:						
Restricted:						
Other purposes	\$ 151,198	\$ 872	\$ 929,566	\$ (14,570)	\$ 144,925	\$ 7,734
Total fund balances	\$ 151,198	\$ 872	\$ 929,566	\$ (14,570)	\$ 144,925	\$ 7,734

Clark County, Illinois  
Combining Balance Sheet - Modified Cash Basis  
Nonmajor Governmental Funds  
November 30, 2016

	Arrestee's Medical Costs Fund	Court Automation Fund	Document Storage Fund	Special Recording Fund	Certified Copies Fund	CIS Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 23,907	\$ 67,267	\$ 76,049	\$ 64,238	\$ 43,170	\$ 137,985
Total assets	\$ 23,907	\$ 67,267	\$ 76,049	\$ 64,238	\$ 43,170	\$ 137,985
<b>FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Other purposes	\$ 23,907	\$ 67,267	\$ 76,049	\$ 64,238	\$ 43,170	\$ 137,985
Total fund balances	\$ 23,907	\$ 67,267	\$ 76,049	\$ 64,238	\$ 43,170	\$ 137,985

Clark County, Illinois  
Combining Balance Sheet - Modified Cash Basis  
Nonmajor Governmental Funds  
November 30, 2016

	Liability Insurance Fund	Law Library Fund	Court System Fund	STD Fund	Judicial Security Fund	State's Attorney Automation Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 994,493	\$ 6,289	\$ 136,511	\$ 859	\$ 183,259	\$ 3,172
Total assets	<u>\$ 994,493</u>	<u>\$ 6,289</u>	<u>\$ 136,511</u>	<u>\$ 859</u>	<u>\$ 183,259</u>	<u>\$ 3,172</u>
<b>FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Other purposes	\$ 994,493	\$ 6,289	\$ 136,511	\$ 859	\$ 183,259	\$ 3,172
Total fund balances	<u>\$ 994,493</u>	<u>\$ 6,289</u>	<u>\$ 136,511</u>	<u>\$ 859</u>	<u>\$ 183,259</u>	<u>\$ 3,172</u>

Clark County, Illinois  
Combining Balance Sheet - Modified Cash Basis  
Nonmajor Governmental Funds  
November 30, 2016

	Probation Services Fund	Home Confinement Fund	Child Support Maintenance Fund	DUI Equipment Fund	Sheriff Patrol Car Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 238,485	\$ 37,404	\$ 37,520	\$ 28,995	\$ 5,022	\$ 5,682,506
Total assets	\$ 238,485	\$ 37,404	\$ 37,520	\$ 28,995	\$ 5,022	\$ 5,682,506
<b>FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Other purposes	\$ 238,485	\$ 37,404	\$ 37,520	\$ 28,995	\$ 5,022	\$ 5,682,506
Total fund balances	\$ 238,485	\$ 37,404	\$ 37,520	\$ 28,995	\$ 5,022	\$ 5,682,506

**Clark County, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Modified Cash Basis**  
**Nonmajor Governmental Funds**  
**For the Year Ended November 30, 2016**

	Aid to Township Bridges	Social Security and Retirement	Board of Health Fund	Extension Education Fund	911 Emergency Fund	County Motor Fuel Tax Fund
<b>REVENUES</b>						
Property taxes	\$ 98,259	\$ 943,215	\$ 143,941	\$ 98,259	\$ -	\$ -
Intergovernmental:						
Other intergovernmental	-	(6,658)	-	-	433,488	-
Fees and fines	-	-	-	-	-	-
Charges for services	-	-	44,990	-	16,467	-
Operating grants	-	-	404,999	-	-	531,399
Interest	368	1,062	1,108	-	-	174
Total revenues	98,627	937,619	595,038	98,259	449,955	531,573
<b>EXPENDITURES</b>						
Current:						
General government	-	108,577	-	98,304	-	-
Public safety	-	338,455	-	-	411,419	-
Corrections	-	24,460	-	-	-	-
Judiciary and legal	-	146,129	-	-	-	-
Transportation and public works	81,241	126,685	-	-	-	499,064
Public health and welfare	-	113,084	543,690	-	-	-
Debt service:						
Principal	-	-	-	-	4,607	-
Interest	-	-	-	-	891	-
Capital outlay	-	-	-	-	-	-
Total expenditures	81,241	857,390	543,690	98,304	416,917	499,064
Net changes in fund balance	17,386	80,229	51,348	(45)	33,038	32,509
Fund balances - beginning	276,218	1,111,339	492,502	426	24,071	259,135
Fund balances - ending	\$ 293,604	\$ 1,191,568	\$ 543,850	\$ 381	\$ 57,109	\$ 291,644

Clark County, Illinois  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Modified Cash Basis  
Nonmajor Governmental Funds  
For the Year Ended November 30, 2016

	Township Bridge State Fund	Mental Health Fund	County Ambulance Fund	Tax Sale in Error Fees Fund	Tax Sale Fees Fund	Special Drug Fund
<b>REVENUES</b>						
Property taxes	\$ -	\$ 225,388	\$ 237,156	\$ -	\$ -	\$ -
Intergovernmental:						
Other intergovernmental	-	-	-	-	-	-
Fees and fines	-	-	-	5,040	39,707	367
Charges for services	77,350	-	359,226	-	-	-
Operating grants	32,000	-	-	-	-	-
Interest	383	-	793	-	-	-
Total revenues	109,733	225,388	597,175	5,040	39,707	367
<b>EXPENDITURES</b>						
Current:						
General government	-	225,496	-	13,302	-	-
Public safety	-	-	-	-	-	2,100
Corrections	-	-	-	-	-	-
Judiciary and legal	-	-	-	-	-	-
Transportation and public works	8,759	-	-	-	-	-
Public health and welfare	-	-	424,849	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	8,759	225,496	424,849	13,302	-	2,100
Net changes in fund balance	100,974	(108)	172,326	(8,262)	39,707	(1,733)
Fund balances - beginning	50,224	980	757,240	(6,308)	105,218	9,467
Fund balances - ending	\$ 151,198	\$ 872	\$ 929,566	\$ (14,570)	\$ 144,925	\$ 7,734

**Clark County, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Modified Cash Basis**  
**Nonmajor Governmental Funds**  
**For the Year Ended November 30, 2016**

	Arrestee's Medical Costs Fund	Court Automation Fund	Document Storage Fund	Special Recording Fund	Certified Copies Fund	GIS Fund
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
Other intergovernmental	-	-	-	-	-	-
Fees and fines	4,006	29,620	29,494	12,357	5,283	54,120
Charges for services	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest	-	7	-	97	5	-
Total revenues	4,006	29,627	29,494	12,454	5,288	54,120
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	13,648	1,046	33,774
Public safety	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judiciary and legal	-	14,550	1,323	-	-	-
Transportation and public works	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	16,835	16,835	-	-	-
Total expenditures	-	31,385	18,158	13,648	1,046	33,774
Net changes in fund balance	4,006	(1,758)	11,336	(1,194)	4,242	20,346
Fund balances - beginning	19,901	69,025	64,713	65,432	38,928	117,639
Fund balances - ending	\$ 23,907	\$ 67,267	\$ 76,049	\$ 64,238	\$ 43,170	\$ 137,985

Clark County, Illinois  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Modified Cash Basis  
Nonmajor Governmental Funds  
For the Year Ended November 30, 2016

	Liability Insurance Fund	Law Library Fund	Court System Fund	STD Fund	Judicial Security Fund	State's Attorney Automation Fund
<b>REVENUES</b>						
Property taxes	\$ 286,734	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
Other intergovernmental	-	-	-	-	-	-
Fees and fines	-	4,524	9,045	-	22,092	1,005
Charges for services	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-
Interest	815	-	124	-	-	-
Total revenues	287,549	4,524	9,169	-	22,092	1,005
<b>EXPENDITURES</b>						
Current:						
General government	187,122	-	-	-	-	-
Public safety	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judiciary and legal	-	-	-	-	807	-
Transportation and public works	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	187,122	-	-	-	807	-
Net changes in fund balance	100,427	4,524	9,169	-	21,285	1,005
Fund balances - beginning	894,066	1,765	127,342	859	161,974	2,167
Fund balances - ending	\$ 994,493	\$ 6,289	\$ 136,511	\$ 859	\$ 183,259	\$ 3,172

Clark County, Illinois  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Modified Cash Basis  
Nonmajor Governmental Funds  
For the Year Ended November 30, 2016

	Probation Services Fund	Home Confinement Fund	Child Support Maintenance Fund	DUI Equipment Fund	Sheriff Patrol Car Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,032,952
Intergovernmental:						
Other intergovernmental	-	-	-	-	-	426,830
Fees and fines	26,667	4,427	3,414	5,466	438	257,072
Charges for services	-	-	-	-	-	498,033
Operating grants	-	-	-	-	-	968,398
Interest	56	-	22	13	-	5,027
Total revenues	26,723	4,427	3,436	5,479	438	4,188,312
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	681,269
Public safety	-	-	-	-	-	751,974
Corrections	9,287	2,884	-	-	-	36,631
Judiciary and legal	-	-	1,710	-	-	164,519
Transportation and public works	-	-	-	-	-	715,749
Public health and welfare	-	-	-	-	-	1,081,623
Debt service:						
Principal	-	-	-	-	-	4,607
Interest	-	-	-	-	-	891
Capital outlay	-	-	-	-	-	33,670
Total expenditures	9,287	2,884	1,710	-	-	3,470,933
Net changes in fund balance	17,436	1,543	1,726	5,479	438	717,379
Fund balances - beginning	221,049	35,861	35,794	23,516	4,584	4,965,127
Fund balances - ending	\$ 238,485	\$ 37,404	\$ 37,520	\$ 28,995	\$ 5,022	\$ 5,682,506

## **OTHER INFORMATION**

**Clark County, Illinois**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**General Fund**  
**For the Year Ended November 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 519,983	\$ 519,983	\$ 532,693	\$ 12,710
Intergovernmental:				
Income and use taxes	1,030,000	1,030,000	1,013,582	(16,418)
Sales tax	275,000	275,000	280,705	5,705
Personal property replacement taxes	122,000	122,000	127,765	5,765
Public safety tax	1,000,000	1,000,000	995,776	(4,224)
Other intergovernmental	40,358	40,358	48,551	8,193
Operating grants	293,103	293,103	325,728	32,625
Fees and fines	446,000	446,000	555,527	109,527
Interest	2,500	2,500	4,411	1,911
Miscellaneous	37,000	37,000	69,348	32,348
Total revenues	<u>3,765,944</u>	<u>3,765,944</u>	<u>3,954,086</u>	<u>188,142</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,372,150	1,372,150	1,287,196	84,954
Public safety	1,386,090	1,386,090	1,217,680	168,410
Corrections	150,118	150,118	148,866	1,252
Judiciary and legal	545,606	545,606	553,089	(7,483)
Capital outlay	301,000	301,000	128,688	172,312
Total expenditures	<u>3,754,964</u>	<u>3,754,964</u>	<u>3,335,519</u>	<u>419,445</u>
Net change in fund balance	<u>\$ 10,980</u>	<u>\$ 10,980</u>	618,567	<u>\$ 607,587</u>
Fund balance - beginning			<u>3,950,243</u>	
Fund balance - ending			<u>\$ 4,568,810</u>	

**Clark County, Illinois**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**County Highway Fund**  
**For the Year Ended November 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property taxes	\$ 192,697	\$ 192,697	\$ 196,707	\$ 4,010
Intergovernmental	250,000	250,000	280,035	30,035
Operating grants	-	-	614,293	614,293
Charges for services	3,245,000	3,245,000	1,974,462	(1,270,538)
Interest	1,500	1,500	530	(970)
Total revenues	<u>3,689,197</u>	<u>3,689,197</u>	<u>3,066,027</u>	<u>(623,170)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation and public works	2,587,000	2,587,000	2,862,102	(275,102)
Debt service:				
Principal	-	-	38,968	(38,968)
Interest	-	-	12,939	(12,939)
Capital Outlay	190,000	190,000	341,405	(151,405)
Total expenditures	<u>2,777,000</u>	<u>2,777,000</u>	<u>3,255,414</u>	<u>(478,414)</u>
Net change in fund balance	<u>\$ 912,197</u>	<u>\$ 912,197</u>	(189,387)	<u>\$ (1,101,584)</u>
Fund balance - beginning			<u>504,460</u>	
Fund balance - ending			<u>\$ 315,073</u>	

**Clark County, Illinois**  
**Budgetary Comparison Schedule - Modified Cash Basis**  
**Aid to Federal Roads**  
**For the Year Ended November 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Property taxes	\$ 96,349	\$ 96,349	\$ 98,259	\$ 1,910
Intergovernmental	125,000	125,000	125,000	-
Operating grants	100,000	100,000	4,647,794	4,547,794
Interest	350	350	3,763	3,413
Miscellaneous	-	-	864	864
Total revenues	<u>321,699</u>	<u>321,699</u>	<u>4,875,680</u>	<u>4,553,981</u>
<b>EXPENDITURES</b>				
Current:				
Transportation and public works	300,000	300,000	803,680	(503,680)
Capital outlay	-	-	1,986,900	(1,986,900)
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>2,790,580</u>	<u>(2,490,580)</u>
Net change in fund balance	<u>\$ 21,699</u>	<u>\$ 21,699</u>	2,085,100	<u>\$ 2,063,401</u>
Fund balance - beginning			516,614	
Fund balance - ending			<u>\$ 2,601,714</u>	

**Clark County, Illinois**  
**Notes to Other Information**  
**November 30, 2016**

**Note 1: Budgets and Budgetary Accounting**

The County adopts its budget in accordance with the modified cash basis of accounting utilized by that fund. Annual appropriated budgets are adopted for general and certain special revenue funds. The County does not adopt a budget for the Township Motor Fuel Tax Fund. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not used by the County. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. At the regularly scheduled November County Board meeting, a proposed operating budget for the fiscal year commencing the following December 1 is presented. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to November 30, the appropriation ordinance is legally enacted through passage of an ordinance.
4. No further appropriations can be made during the fiscal year once the budget has been legally adopted, except:
  - a. Transfers from one appropriation of any fund to another appropriation of the same fund may be made by 2/3 vote of the County Board.
  - b. Any revisions which alter the total expenditures of any fund may be approved by the County Board in the same manner as the original appropriation if new or additional revenues were not available when the initial appropriation was made.
5. Expenditures may not legally exceed appropriated amounts for an individual fund.
6. Budget amounts reflected in the financial statements are the original amounts as adopted and approved on November 16, 2016.

**Note 2: Individual Fund Disclosures**

A deficit fund balance exists in the Tax Sale in Error Fees fund in the amount of \$14,570 at November 30, 2016.

Actual expenditures exceeded appropriations for the year ended November 30, 2016 for the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Overexpenditure</u>
County Highway Fund	\$2,777,000	\$3,255,414	\$ 478,414
Aid to Federal Roads	\$ 300,000	\$2,790,580	\$2,490,580

**Clark County, Illinois  
Illinois Municipal Retirement Fund  
Schedule of Funding Progress  
November 30, 2016**

COUNTY EMPLOYEES

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	\$ 6,711,077	\$ 8,028,262	\$ 1,317,185	83.59%	\$2,581,996	51.01%
12/31/2014	6,127,777	7,337,518	1,209,741	83.51%	2,380,340	50.82%
12/31/2013	5,454,217	7,007,031	1,552,814	77.84%	2,187,294	70.99%

On a market value basis, the actuarial value of assets as of December 31, 2015 is \$6,585,518. On a market basis, the funded ratio would be 82.03%.

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

ELECTED COUNTY OFFICIALS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	\$ 98,623	\$ 1,257,680	\$ 1,159,057	7.84%	\$ 253,939	456.43%
12/31/2014	(268,966)	1,136,411	1,405,377	0.00%	288,287	487.49%
12/31/2013	(81,990)	1,319,109	1,401,099	0.00%	301,435	464.81%

On a market value basis, the actuarial value of assets as of December 31, 2015 is \$54,727. On a market basis, the funded ratio would be 4.35%.

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

SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	\$ 1,508,488	\$ 2,345,294	\$ 836,806	64.32%	\$ 406,286	205.96%
12/31/2014	1,220,738	2,157,770	937,032	56.57%	405,457	231.10%
12/31/2013	2,132,153	3,114,335	982,182	68.46%	442,495	221.96%

On a market value basis, the actuarial value of assets as of December 31, 2015 is \$1,472,854. On a market basis, the funded ratio would be 62.80%.

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

**Clark County, Illinois**  
**Assessed Valuation, Rates, Extensions and Collections**  
**November 30, 2016**  
**UNAUDITED**

	<b>2015 Taxes Payable in 2016</b>
<b>Assessed Valuations - County</b>	<b>\$ 202,575,904</b>
<b>Assessed Valuations - Ambulance</b>	<b>\$ 97,352,573</b>
<b>Tax Rates:</b>	
General Fund	0.25670%
County Highway Fund	0.09480%
Aid to Township Bridges Fund	0.04740%
Aid to Federal Roads Fund	0.04740%
Social Security and Retirement Fund	0.45520%
Board of Health Fund	0.07160%
Extension Education Fund	0.04740%
Mental Health Fund	0.10870%
Ambulance Fund	0.23630%
Tort Liability Fund	0.13830%
<b>Total</b>	<b>1.50380%</b>
<b>Tax Extensions:</b>	
General Fund	\$ 520,012
County Highway Fund	192,042
Aid to Township Bridges Fund	96,021
Aid to Federal Roads Fund	96,021
Social Security and Retirement Fund	922,126
Board of Health Fund	145,044
Extension Education Fund	96,021
Mental Health Fund	220,200
Ambulance Fund	230,044
Tort Liability Fund	280,162
<b>Total</b>	<b>\$ 2,797,693</b>
<b>Collections: ***</b>	
General Fund	\$ 530,270
County Highway Fund	195,914
Aid to Township Bridges Fund	97,862
Aid to Federal Roads Fund	97,862
Social Security and Retirement	939,410
Board of Health Fund	143,355
Extension Education Fund	97,862
Mental Health Fund	224,479
Ambulance Fund	236,189
Tort Liability Fund	285,578
<b>Total</b>	<b>\$ 2,848,781</b>
<b>Percentage of Extensions to Collections</b>	<b>101.83%</b>

\*\*\* Current year collections include the final distribution of 2014-2015 property taxes.

## **FEDERAL AWARDS SECTION**



# Holbert & Phipps, LLP

*Certified Public Accountants*

1098 Ohio Street | Terre Haute, IN 47807 | Phone: 812-233-3082 | Fax: 812-233-3091

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

To the Board Members of  
Clark County, Illinois  
Marshall, Illinois

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

We have audited Clark 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 Clark County, Illinois' major federal programs for the year ended November 30, 2016. Clark 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 laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Clark County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clark 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 Clark County, Illinois' compliance.

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

In our opinion, Clark County, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2016.

## Report on Internal Control over Compliance

Management of Clark 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 Clark 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 Clark 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questions costs as item 2016-003, that we consider to be a material weakness.

Clark County, Illinois' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Clark County, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Holbert & Phipps, LLP  
Certified Public Accountants  
October 20, 2017

**Clark County, Illinois**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended November 30, 2016**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture:</b>				
Pass-through Programs from the Illinois Department of Human Services:				
Special Supplemental Nutrition Program for Women, Infants and Children				
Non-Cash	10.557	FCSUQ00827	\$ -	\$ 152,865
Cash	10.557	FCSUQ00827	-	68,457
			-	221,322
<b>U.S. Department of Housing and Urban Development:</b>				
Pass-through Programs from the Illinois Department of Commerce and Economic Opportunity		B-13-DC-17-0001		
CDAP - ED Grant Yargus Manufacturing, Inc.	14.228	13-241002	614,293	614,293
<b>U.S. Department of Health and Human Services:</b>				
Pass-through Programs from the Illinois Department of Public Health:				
Public Health Emergency Preparedness (PHEP)	93.074	67180012D	-	33,458
Pass-through Programs from the Illinois Department of Healthcare and Family Services:				
Medical Assistance Program	93.778	366006620001	-	85,742
Child Support Enforcement	93.563	366006621	-	1,711
			-	120,911
<b>U.S. Department of Justice</b>				
Pass-through from Southeastern Illinois Drug Task Force:				
Edward Byrne Memorial Justice Assistance Program	16.738	Not available	-	28,080
<b>U.S. Department of Transportation:</b>				
Pass-through Programs from the Illinois Department of Transportation:		10-00270-00-RS		
Highway Planning & Construction Grant	{M} 20.205	14-00274-00-RS Job #C-97-042-15	-	1,906,411
<b>U.S. Department of Homeland Security:</b>				
Pass-through Programs from the Illinois Emergency Management Agency:				
Emergency Preparedness Grant Program	97.042	16EMACLARK	-	11,981
			\$ 614,293	\$ 2,902,998

{M} Major Program

See accompanying notes to schedule of expenditures of federal awards.

**Clark County, Illinois**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended November 30, 2016**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Clark County, Illinois under programs of the federal government for the year ended November 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clark County, Illinois, it is not intended to and does not present the modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information and the changes in modified cash basis financial position.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

**Note 3: Non-Cash Assistance**

The County received non-monetary assistance as part of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Program in the amount of \$152,865, which is included in the amount listed on the Schedule.

**Note 4: Insurance & Loan Guarantees**

The County did not receive any non-cash insurance assistance and did not have any loans or loan guarantees outstanding as of November 30, 2016.

**Clark County**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended November 30, 2016**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on the financial statements: Unmodified

Internal control over financial reporting:

Were any significant deficiencies in internal control disclosed? None reported

Were any material weaknesses in internal control disclosed? Yes

Were any instances of noncompliance that would be considered material to the financial statements disclosed? No

**Federal Awards**

Internal control over major programs:

Were any significant deficiencies in internal control disclosed? None reported

Were any material weaknesses in internal control disclosed? Yes

Type of report issued on compliance for major programs: Unmodified

Did the audit disclose any audit findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance? No

Major programs are: Highway Planning Grant  
CFDA #20.205

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Does the auditee qualify as a low-risk auditee? No

**Clark County, Illinois**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended November 30, 2016**

**FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Material Weaknesses**

**2016-001      Segregation of Duties**

*Condition:* We noted that the County has inadequate control over cash receipts and disbursements due to a lack of segregation of duties.

*Criteria:* The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

*Effect:* Because all duties are performed by the same individual, the County is at risk for misstatements to occur and not be prevented or detected in the processing of transactions.

*Recommendation:* We recommend that each individual office separate duties among employees to the extent possible, especially in those offices where cash is handled. We recommend that procedures be established that allow for different employees to handle transactions involving cash. Bank statements and cancelled checks should be received and reviewed by someone other than the individual responsible for reconciling them, such as a board member.

*Management's Response:* The County acknowledges this is a problem and segregates duties and procedures to the extent possible.

**2016-002      Inability to Draft Financial Statements and Footnotes**

*Condition:* We noted that the County does not have any individual staff with the necessary knowledge and expertise to properly draft the financial statements or notes to the financial statements.

*Criteria:* The County should have an employee or official with the knowledge and expertise to properly prepare the financial statements and notes to the financial statements.

*Effect:* The County cannot prepare the financial statements or notes to the financial statements.

*Recommendation:* The County should provide the necessary training to personnel or contract with an independent contractor with the knowledge to properly prepare the financial statements and notes to the financial statements.

*Management's Response:* The County acknowledges this is a problem; however, the County believes that the cost of correcting this material weakness would exceed the benefits to be derived.

**Clark County, Illinois  
Schedule of Findings and Questioned Costs  
For the Year Ended November 30, 2016**

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**U.S. Department of Transportation; Pass-through Programs from the Illinois Department of Transportation – Highway Planning Grant CFDA #20.205**

**Material Weaknesses**

**2016-003      Inability to Prepare Schedule of Expenditures of Federal Awards**

*Deficiency:* The County does not have any individual staff with the necessary knowledge and expertise to properly prepare the schedule of expenditures of federal awards.

*Criteria:* The County should have at least one staff member with the training and expertise to properly prepare the schedule of expenditures of federal awards.

*Effect:* The County cannot prepare the schedule of expenditures of federal awards.

*Recommendation:* The County should employ an individual with the expertise to prepare the schedule of expenditures of federal awards or contract with an independent contractor to provide these services subject to their review and approval.

*Views of Responsible Officials and Planned Corrective Actions:* Management will continue to contract with an independent contractor to draft the schedule of expenditures of federal awards for their review and approval.

*Questioned Costs:* There are no questioned costs associated with this finding for this major federal award program.

**Clark County, Illinois  
Summary of Prior Year Audit Findings  
For the Year Ended November 30, 2016**

<b><u>FINDING</u></b>	<b><u>CONDITION</u></b>	<b><u>CURRENT STATUS</u></b>
2015-001	Segregation of Duties	Repeated as Finding 2016-001
2015-002	Inability to Draft Financial Statements and Footnotes	Repeated as Finding 2016-002