



SHELBY COUNTY, ILLINOIS

Annual Financial Report

Year ended August 31, 2022

(With Independent Auditors' Report Thereon)

SHELBY COUNTY, ILLINOIS

TABLE OF CONTENTS

	<u>Page(s)</u>
PART I – FINANCIAL SECTION	
Independent Auditors’ Report	1 - 4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Modified Cash Basis - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet – Modified Cash Basis the Statement of Net Position – Modified Cash Basis	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 – Modified Cash Basis - Governmental Funds to the Statement of Activities – Modified Cash Basis	10
Fiduciary Funds:	
Statement of Net Position – Modified Cash Basis - Fiduciary Funds	11
Statement of Changes in Net Position – Modified Cash Basis - Fiduciary Funds	12
Notes to Financial Statements	13 - 41
PART II – OTHER INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios	42 - 44
Schedule of Illinois Municipal Retirement Fund Contributions	
Related Ratios	45 - 46
Notes to Other Information	47

SHELBY COUNTY, ILLINOIS

TABLE OF CONTENTS (continued)

	<u>Page(s)</u>
General Funds:	
Combining Balance Sheet – Modified Cash Basis.....	48
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis.....	49
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis.....	50 - 52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis.....	53 - 55
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position – Modified Cash Basis.....	56
Combining Statement of Changes in Fiduciary Net Position – Modified Cash Basis.....	57
Schedule of Expenditures from Taxes Extended for Tort Immunity Purposes....	58
Consolidated Year-End Financial Report.....	59 - 60
PART III – GOVERNMENT AUDITING STANDARDS	
Independent Auditors’ Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	61 - 62
PART IV – UNIFORM GUIDANCE	
Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance.....	63 - 65
Schedule of Expenditures of Federal Awards.....	66 - 67
Note to Schedule.....	68
Schedule of Findings and Questioned Costs.....	69 - 79
Summary Schedule of Prior Audit Findings.....	80
Corrective Action Plan.....	81 - 82

DRAFT

PART I – FINANCIAL SECTION

Independent Auditors' Report

To the County Board of Trustees:
Shelby County, Illinois

Report on the Audit of the Financial Statements *Qualified and Unqualified Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shelby County, Illinois (County), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Qualified Opinion for Governmental Activities and on the General Fund

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities and on the General fund of Shelby County, Illinois, as of August 31, 2022, and the changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 2.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the IMRF fund, ARPA Grant fund, Township Motor Fuel fund, and the aggregate remaining fund information of Shelby County, Illinois as of August 31, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unqualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shelby County, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinion for Governmental Activities and on the General Fund

We were unable to obtain sufficient appropriate audit evidence for capital assets and accrued compensated absences balances reported in the footnotes to the basic financial statements for the year ended August 31, 2022. The effects on these balances have not been determined.

We were unable to obtain sufficient appropriate audit evidence for the cash, revenues, expenses and fund balance accounts for the County Clerk fund, Sheriff's Office fund, Supervisor of Assessments fund, and Circuit Clerk Child Support fund, all of which are a part of the General fund. These accounts have not been included in the General fund financial statements.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 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.

Responsibilities of Management 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 2, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements, schedule of expenditures federal awards (SEFA), which is required by the Title 2 *U.S. Code of Federal Regulations Federal Awards (Uniform Guidance)*; and the Consolidated Year-End Financial Report (CYEFR) which is required by the State of Illinois Grant Accountability and Transparency Act (GATA) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information contained in the combining financial statements, SEFA, and CYEFR has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, SEFA, and CYEFR are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of changes in County net pension liability and related ratios, schedule of IMRF contributions, and schedule of expenditures of taxes extended for tort immunity purposes are the responsibility of management and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 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 July 25, 2024, on our consideration of the County’s 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 the Shelby County, Illinois’ internal control over financial reporting and compliance.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

Benford Brown & Associates, LLC
Chicago, IL
July 25, 2024

SHELBY COUNTY, ILLINOIS
Statement of Net Position - Modified Cash Basis
August 31, 2022

DRAFT	Governmental activities	DRAFT Component Unit - Tourism
ASSETS	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 19,674,750	\$ 103,060
Total current assets	<u>19,674,750</u>	<u>103,060</u>
Capital assets:		
Capital assets not being depreciated	3,443,233	-
Capital assets, net depreciation	<u>13,450,915</u>	<u>-</u>
Total capital assets	<u>16,894,148</u>	<u>-</u>
Total assets	<u>36,568,898</u>	<u>\$ 103,060</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 30,526	
Payroll liabilities	22,189	-
Note payable - current portion	<u>7,309</u>	<u>-</u>
Total current liabilities	<u>60,024</u>	<u>-</u>
Noncurrent liabilities:		
Note payable - noncurrent portion	<u>30,150</u>	<u>-</u>
Total noncurrent liabilities	<u>30,150</u>	<u>-</u>
Total liabilities	<u>90,174</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	16,856,689	-
Restricted for:		
General control and administration	2,433,592	-
Public safety	1,764,173	-
Judiciary and legal	734,829	-
Corrections	196,002	-
Public works and transportation	6,226,679	-
Health and welfare	4,085,370	-
Culture and recreation	-	103,060
Unassigned	<u>4,181,390</u>	<u>-</u>
Total net position	<u>36,478,724</u>	<u>\$ 103,060</u>

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Statement of Activities
For the year ended August 31, 2022

DRAFT

DRAFT

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (expense)/ revenues and changes in net position</u>	<u>Component unit</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>	<u>Tourism</u>
					<u>Governmental activities</u>	
Primary government						
Governmental activities:						
General control and administration	\$ 4,446,589	\$ 1,315,147	1,058,180	\$ 56,337	\$ (2,016,925)	\$ -
Public safety	3,071,723	20,414	2,101,076	-	(950,233)	-
Judiciary and legal	568,671	136,543	-	-	(432,128)	-
Corrections	204,608	1,727	-	-	(202,881)	-
Public works and transportation	8,081,476	659,698	2,174,041	975,119	(4,272,618)	-
Health and welfare	1,912,890	577,768	284,828	-	(1,050,294)	-
Interest	2,062	-	-	-	(2,062)	-
Total governmental activities	<u>18,288,019</u>	<u>2,711,297</u>	<u>5,618,125</u>	<u>1,031,456</u>	<u>(8,927,141)</u>	<u>-</u>
Component unit						
Tourism	<u>79,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,000)</u>
Total component unit	<u>\$ 79,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,000)</u>
General revenues						
Property taxes					4,981,253	-
Intergovernmental revenue:						
Replacement taxes					447,142	-
State sales taxes					714,195	-
State income taxes					1,529,917	-
Other taxes					3,447,187	78,915
Unrestricted investment earnings					57,441	-
Miscellaneous					211,113	31
Total general revenues					<u>11,388,248</u>	<u>78,946</u>
Change in net position					<u>2,461,107</u>	<u>(54)</u>
Net position						
Beginning of fiscal year, as restated					<u>34,017,617</u>	<u>103,114</u>
End of fiscal year					<u>\$ 36,478,724</u>	<u>\$ 103,060</u>

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Balance Sheet - Modified Cash Basis - Governmental Funds
For the year ended August 31, 2022

DRAFT

DRAFT

	General	IMRF	American Rescue Plan Act Grant	Township Motor Fuel Tax	Nonmajor governmental funds	Total governmental funds
ASSETS						
Cash and cash equivalents	\$ 4,199,904	1,046,724	1,605,070	4,108,096	8,714,956	\$ 19,674,750
Total assets	4,199,904	1,046,724	1,605,070	4,108,096	8,714,956	19,674,750
LIABILITIES						
Current liabilities:						
Accounts payable	-	27,862	-	-	2,664	30,526
Payroll liabilities	18,514	-	-	-	3,675	22,189
Total liabilities	18,514	27,862	-	-	6,339	52,715
FUND BALANCES						
Restricted for:						
General control and administration	-	1,018,862	-	-	1,414,730	2,433,592
Public safety	-	-	1,605,070	-	159,103	1,764,173
Judiciary and legal	-	-	-	-	734,829	734,829
Corrections	-	-	-	-	196,002	196,002
Public works and transportation	-	-	-	4,108,096	2,118,583	6,226,679
Health and welfare	-	-	-	-	4,085,370	4,085,370
Assigned	-	-	-	-	-	-
Unassigned	4,181,390	-	-	-	-	4,181,390
Total fund balances	4,181,390	1,018,862	1,605,070	4,108,096	8,708,617	19,622,035
Total liabilities and fund balances	\$ 4,199,904	1,046,724	1,605,070	4,108,096	8,714,956	\$ 19,674,750

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds
to the Statement of Net Position - Modified Cash Basis
August 31, 2022

DRAFT	DRAFT
Total fund balances - governmental funds	\$ 19,622,035
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,894,148
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(37,459)</u>
Total net position - governmental activities	<u>\$ 36,478,724</u>

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Statement of Revenues, Expenditures and Changes In Fund Balance - Modified Cash Basis - Governmental Funds
For the year ended August 31, 2022

DRAFT

	General	IMRF	ARPA	Township Motor Fuel Tax	Other governmental funds	DRAFT Total governmental funds
REVENUES RECEIVED:						
Taxes	\$ 2,010,493	928,343	-	-	2,042,417	\$ 4,981,253
Intergovernmental revenues	3,859,997	101,043	2,101,076	3,597,218	3,128,688	12,788,022
Charges for services	592,662	-	-	3,446	1,217,640	1,813,748
Licenses and permits	8,825	-	-	-	-	8,825
Fines and forfeitures	462,600	-	-	-	426,124	888,724
Interest	10,907	1,805	3,968	12,615	28,146	57,441
Miscellaneous	118,148	-	-	-	92,965	211,113
Total revenues received	<u>7,063,632</u>	<u>1,031,191</u>	<u>2,105,044</u>	<u>3,613,279</u>	<u>6,935,980</u>	<u>20,749,126</u>
EXPENDITURES DISBURSED:						
General control and administration	2,875,319	897,353	-	-	514,956	4,287,628
Public safety	2,430,271	-	469,974	-	24,373	2,924,618
Judiciary and legal	516,414	-	-	-	52,257	568,671
Corrections	203,179	-	-	-	-	203,179
Public works and transportation	-	-	-	3,548,052	4,141,733	7,689,785
Health and welfare	70,276	-	-	-	1,840,614	1,910,890
Debt service:						
Principal payments	-	-	-	-	6,954	6,954
Interest expense	-	-	-	-	2,062	2,062
Capital outlay	252,374	11,780	30,000	-	43,639	337,793
Total expenditures	<u>6,347,833</u>	<u>909,133</u>	<u>499,974</u>	<u>3,548,052</u>	<u>6,626,588</u>	<u>17,931,580</u>
Excess of revenues over expenditures	<u>715,799</u>	<u>122,058</u>	<u>1,605,070</u>	<u>65,227</u>	<u>309,392</u>	<u>2,817,546</u>
OTHER FINANCING SOURCES/(USES):						
Transfers in	45,259	-	-	-	-	45,259
Transfers out	-	-	-	-	(45,259)	(45,259)
Total other financing sources/(uses)	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,259)</u>	<u>-</u>
Net change in fund balance	<u>761,058</u>	<u>122,058</u>	<u>1,605,070</u>	<u>65,227</u>	<u>264,133</u>	<u>2,817,546</u>
Fund balance, beginning of fiscal year, as restated	<u>3,420,332</u>	<u>896,804</u>	<u>-</u>	<u>4,042,869</u>	<u>8,444,484</u>	<u>16,804,489</u>
Fund balance, end of fiscal year	<u>\$ 4,181,390</u>	<u>1,018,862</u>	<u>1,605,070</u>	<u>4,108,096</u>	<u>8,708,617</u>	<u>\$ 19,622,035</u>

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds to the Statement of Activities
For the year ended August 31, 2022

DRAFT

DRAFT

Net change in fund balance - governmental funds	\$ 2,817,546
---	--------------

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets:

Capital asset purchases	337,793
Depreciation expense	(701,186)

The issuance of long-term debt and related costs are shown on the fund financial statements as other financing sources/(uses) and current expenditures, but are recorded as long-term liabilities and deferred outflows of resources on the government-wide statements.

Issuance of long-term debt	-
Principle payments of note payable	6,954
	6,954

Change in net position - governmental activities	\$ 2,461,107
--	--------------

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Statement of Fiduciary Net Position - Modified Cash Basis
For the year ended August 31, 2022

DRAFT	DRAFT Custodial funds
ASSETS	
Cash and cash equivalents	\$ 5,700,967
Certificate of deposit	<u>10,000</u>
Total assets	<u>\$ 5,710,967</u>
LIABILITIES	
Accounts payable	<u>\$ 53,371</u>
Total liabilities	<u>53,371</u>
NET POSITION	
Restricted	<u>\$ 5,657,596</u>

See accompanying notes to the financial statements.

SHELBY COUNTY, ILLINOIS
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the year ended August 31, 2022

DRAFT	DRAFT Custodial funds
ADDITIONS:	
Amount received as fiscal agent	\$ 902,447
Property taxes collected for other governments	37,414,545
Interest income	9,473
	38,326,465
DEDUCTIONS:	
Property taxes distributed to other governments	35,635,617
Fines distributed to other governments	644,319
	36,279,936
Total additions	38,326,465
OTHER FINANCING SOURCES/(USES):	
Transfers in	42
Transfers out	-
	42
Total other financing sources	42
Change in net position	2,046,571
Net position, beginning of the fiscal year, as restated	3,611,025
Net position, end of fiscal year	\$ 5,657,596

See accompanying notes to the financial statements.

DRAFT

PART II – OTHER INFORMATION

SHELBY COUNTY, ILLINOIS
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Last Ten Calendar Years
(schedule to be built prospectively from 2014)

IMRF Regular Plan	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Calendar year ending December 31											
Total pension liability:											
Service cost	\$ 291,485	333,155	326,614	322,795	343,404	369,697	346,362	375,636	-	-	\$ -
Interest on total pension liability	1,545,908	1,495,851	1,464,330	1,410,032	1,415,193	1,357,496	1,269,826	1,176,572	-	-	-
Changes of benefit changes	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	109,512	156,846	(239,026)	139,995	(312,381)	(100,500)	276,869	(172,147)	-	-	-
Changes of assumption	-	(107,873)	-	561,047	(553,800)	(46,565)	22,760	576,116	-	-	-
Benefit payments, including refunds of employee contributions	(1,204,346)	(1,129,055)	(1,111,767)	(965,340)	(936,520)	(755,652)	(709,855)	(641,236)	-	-	-
Net change in total pension liability	742,559	748,924	440,151	1,468,529	(44,104)	824,476	1,205,962	1,314,941	-	-	-
Total pension liability, beginning	21,779,301	21,030,377	20,590,226	19,121,697	19,165,801	18,341,325	17,135,363	15,820,422	-	-	-
Total pension liability, ending (a)	22,521,860	21,779,301	21,030,377	20,590,226	19,121,697	19,165,801	18,341,325	17,135,363	-	-	-
Plan fiduciary net position:											
Contributions - employer	380,893	356,777	302,361	386,333	377,825	397,804	414,553	394,542	-	-	-
Contributions - employees	150,471	151,346	153,482	155,876	148,518	152,753	151,233	158,319	-	-	-
Net investment income	3,852,007	2,920,317	3,399,373	(1,050,092)	2,918,857	1,061,012	78,964	905,450	-	-	-
Benefit payments, including refunds of employee contributions	(1,204,346)	(1,129,055)	(1,111,767)	(965,340)	(936,520)	(755,652)	(709,855)	(641,236)	-	-	-
Other (net transfers)	(137,841)	32,846	(67,032)	392,540	(387,613)	165,125	(184,634)	160,084	-	-	-
Net change in plan fiduciary net position	3,041,184	2,332,231	2,676,417	(1,080,683)	2,121,067	1,021,042	(249,739)	977,159	-	-	-
Plan net position, beginning	22,685,129	20,352,898	17,676,481	18,757,164	16,636,097	15,615,055	15,864,794	14,887,635	-	-	-
Plan net position, ending (b)	25,726,313	22,685,129	20,352,898	17,676,481	18,757,164	16,636,097	15,615,055	15,864,794	-	-	-
Net pension liability (asset) - Ending (a) - (b)	\$ (3,041,184)	(2,332,231)	(2,676,417)	1,080,683	(2,121,067)	(1,021,042)	249,739	(977,159)	-	-	\$ -
Plan fiduciary net position as a percentage of the total pension liability											
	114.23%	104.16%	96.78%	85.85%	98.09%	86.80%	85.14%	92.59%	#DIV/0!	#DIV/0!	#DIV/0!
Covered valuation payroll	\$ 3,343,777	\$ 3,196,923	\$ 3,210,706	\$ 3,257,515	\$ 3,210,590	\$ 3,257,260	\$ 3,356,791	\$ 3,061,225	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered valuation payroll	-95.83 %	-28.33%	21.10 %	89.45 %	11.35 %	77.66 %	81.22 %	41.51 %			

SHELBY COUNTY, ILLINOIS
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Last Ten Calendar Years
(schedule to be built prospectively from 2014)

IMRF SLEP Plan	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Calendar year ending December 31:											
Total pension liability:											
Service cost	\$ 105,376	128,649	136,659	122,157	128,862	128,451	111,643	128,976	-	-	\$ -
Interest on total pension liability	423,666	396,513	390,359	369,168	343,358	331,120	293,662	272,090	-	-	-
Changes of benefit changes	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	163,261	268,047	(190,535)	26,616	142,494	(120,449)	240,639	(21,213)	-	-	-
Changes of assumption	-	(87,856)	-	172,099	(50,973)	-	-	67,159	-	-	-
Benefit payments, including refunds of employee contributions	(376,653)	(261,747)	(233,434)	(237,108)	(195,406)	(156,897)	(152,922)	(148,511)	-	-	-
Net change in total pension liability	315,650	443,606	103,049	452,932	368,335	182,225	493,022	298,501	-	-	-
Total pension liability, beginning	5,979,301	5,535,695	5,432,646	4,979,714	4,611,379	4,429,154	3,936,132	3,637,631	-	-	-
Total pension liability, ending (a)	6,294,951	5,979,301	5,535,695	5,432,646	4,979,714	4,611,379	4,429,154	3,936,132	-	-	-
Plan fiduciary net position:											
Contributions - employer	156,447	103,912	83,939	88,037	107,634	81,277	90,067	92,845	-	-	-
Contributions - employees	56,090	52,694	55,030	55,346	55,084	53,472	53,488	54,487	-	-	-
Net investment income	1,118,923	778,999	929,750	(321,027)	760,722	287,234	20,786	238,249	-	-	-
Benefit payments, including refunds of employee contributions	(376,653)	(261,747)	(233,434)	(237,108)	(195,406)	(156,897)	(152,922)	(148,511)	-	-	-
Other (net transfers)	27,080	73,889	(68,870)	109,054	(54,449)	58,212	(76,619)	18,413	-	-	-
Net change in plan fiduciary net position	981,887	747,747	766,415	(305,698)	673,585	323,298	(65,200)	255,483	-	-	-
Plan net position, beginning	6,301,947	5,554,200	4,787,785	5,093,483	4,419,898	4,096,600	4,161,800	3,906,317	-	-	-
Plan net position, ending (b)	7,283,834	6,301,947	5,554,200	4,787,785	5,093,483	4,419,898	4,096,600	4,161,800	-	-	-
Net pension liability (asset) - Ending (a) - (b)	\$ (988,883)	(322,646)	(18,505)	644,861	(113,769)	191,481	332,554	(225,668)	-	-	\$ -
Plan fiduciary net position as a percentage of the total pension liability											
Covered valuation payroll	115.71 %	105.40 %	100.33 %	88.13 %	102.28 %	95.85 %	92.49 %	105.73 %	0.00 %	0.00 %	0.00 %
Net pension liability as a percentage of covered valuation payroll	-132.23%	-45.92%	-2.52%	87.39%	-15.49%	26.86%	46.89%	-37.09%	0.00%	0.00%	0.00%

SHELBY COUNTY, ILLINOIS
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Last Ten Calendar Years
(schedule to be built prospectively from 2014)

IMRF ECO Plan	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Calendar year ending December 31:											
Total pension liability:											
Interest on total pension liability	\$ 310,812	314,750	316,865	322,746	337,355	331,890	330,713	316,944	-	-	\$ -
Changes of benefit changes	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual	(837,246)	59,354	93,729	119,061	105,475	100,781	104,007	105,427	-	-	-
Changes of assumption	-	(59,236)	-	91,958	(179,131)	(186,226)	(45,085)	293,239	-	-	-
Benefit payments, including refunds of employee contributions	(328,642)	(409,726)	(469,820)	(463,164)	(453,815)	(444,906)	(435,629)	(420,352)	-	-	-
Net change in total pension liability	(855,076)	(94,858)	(59,226)	70,601	(190,116)	(198,461)	(45,994)	295,258	-	-	-
Total pension liability, beginning	4,451,379	4,546,237	4,605,463	4,534,862	4,724,978	4,923,439	4,969,433	4,674,175	-	-	-
Total pension liability, ending (a)	3,596,303	4,451,379	4,546,237	4,605,463	4,534,862	4,724,978	4,923,439	4,969,433	-	-	-
Plan fiduciary net position:											
Contributions - employer	440,319	437,608	487,822	708,918	244,566	270,031	276,901	265,706	-	-	-
Net investment income	630,010	550,895	594,182	(167,783)	466,029	166,485	10,383	123,553	-	-	-
Benefit payments, including refunds of employee contributions	(328,642)	(409,726)	(469,820)	(463,164)	(453,815)	(444,906)	(435,629)	(420,352)	-	-	-
Other (net transfers)	(470,237)	(509,713)	91,259	198,717	(62,115)	108,352	391,238	84,275	-	-	-
Net change in plan fiduciary net position	271,450	69,064	703,443	276,688	194,665	99,962	242,893	53,182	-	-	-
Plan net position, beginning	3,742,673	3,673,609	2,970,166	2,693,478	2,498,813	2,398,851	2,155,958	2,102,776	-	-	-
Plan net position, ending (b)	\$ 4,014,123	3,742,673	3,673,609	2,970,166	2,693,478	2,498,813	2,398,851	2,155,958	-	-	\$ -
Net pension liability (asset) - Ending (a) - (b)	(417,820)	708,706	872,628	1,635,297	1,841,384	2,226,165	2,524,588	2,813,475	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	111.62 %	84.08 %	80.81 %	64.49 %	59.39 %	52.89 %	48.72 %	43.38 %	0.00 %	0.00 %	0.00 %

SHELBY COUNTY, ILLINOIS
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Ten Calendar Years

IMRF Regular Plan

Fiscal Year August 31	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage of Covered Valuation Payroll
2021	\$ 334,043	380,893	(46,850)	\$ 3,343,777	11.39 %
2020	356,777	356,777	-	3,196,923	11.16 %
2019	296,348	302,361	(6,013)	3,210,706	9.42 %
2018	386,341	386,333	8	3,257,515	11.86 %
2017	\$ 377,886	377,825	61	\$ 3,210,590	11.77 %

* Estimated based on 9.99% 2022 calendar year contribution rate, 11.39% 2021 calendar year contribution rate, and covered valuation payroll of \$3,343,777.

The County implemented GASB Statement No. 68 in fiscal year 2015 but County's contributions only reported for fiscal year 2020 moving forward is available.

IMRF SLEP Plan

Fiscal Year August 31	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage of Covered Valuation Payroll
2021	\$ 110,140	156,447	(46,307)	\$ 747,868	20.92 %
2020	106,914	103,912	3,002	702,593	14.79 %
2019	83,939	83,939	-	733,931	11.44 %
2018	88,037	88,037	-	737,946	11.93 %
2017	\$ 97,389	107,634	(10,245)	\$ 734,455	14.65 %

* Estimated based on 13.39% 2022 calendar year contribution rate, 20.92% 2021 calendar year contribution rate,

The County implemented GASB Statement No. 68 in fiscal year 2015 but County's contributions only reported for fiscal year 2020 moving forward is available.

SHELBY COUNTY, ILLINOIS
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Ten Calendar Years

IMRF ECO Plan

Fiscal Year August 31	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage of Covered Valuation Payroll
2021	\$ -	440,319	(440,319)	\$ -	0.00 %
2020	-	437,608	(437,608)	-	0.00 %
2019	-	487,822	(487,822)	-	0.00 %
2018	-	708,918	(708,918)	-	0.00 %
2017	\$ -	244,566	(244,566)	\$ -	0.00 %

* Estimated based on 15.08% 2022 calendar year contribution rate, 0% 2021 calendar year contribution rate,

The County implemented GASB Statement No. 68 in fiscal year 2015 but County's contributions only reported for fiscal year 2020 moving forward is available.

SHELBY COUNTY, ILLINOIS

Notes to Other Information

For the year ended August 31, 2022

(1) Basis of Accounting

The budgets are prepared for County funds on a cash basis and include a statement of the cash revenue and expenditures of the immediately preceding fiscal year and a projection of the cash revenue (including the available beginning cash balance) and the proposed itemized appropriations of the ensuing fiscal year. All appropriations cease with the close of the fiscal year. The County did not budget for the Township Motor Fuel Tax Fund.

(2) Excess of Disbursements Over Appropriations

The County had the following major funds with expenditures exceeding appropriations (legally adopted) for fiscal year 2022: Community Services, Sheriff's Office, Geographic Information Systems (GIS), Capital Improvement, Coroner Special,.

Budgetary Process

Budget amounts are originally adopted by the Board of Trustees and all annual appropriations lapse at fiscal year end. The County did not amend the budget during the year ended August 31, 2022. Prior to December 31, the County Clerk submits to the County Board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The County is authorized to change budgeted amounts within any fund, however, revisions must be approved by two-thirds of the members of the County Board. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function and department. The County Clerk is authorized to transfer budget amounts between departments within any fund; however, the County Board must approve revisions that alter the total expenditures of any fund.

**PART III – COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

SHELBY COUNTY, ILLINOIS
Combining Balance Sheet - Modified Cash Basis - General Fund
August 31, 2022

DRAFT

DRAFT

	General	Insurance	Capital Improvement	Solid Waste	County Clerk	Child Support	Sheriff	Supervisor of Assessments	Totals
ASSETS									
Cash and cash equivalents	\$ 3,662,469	372,105	83,573	888	39,105	40,887	859	18	\$ 4,199,904
Total assets	<u>\$ 3,662,469</u>	<u>372,105</u>	<u>83,573</u>	<u>888</u>	<u>39,105</u>	<u>40,887</u>	<u>859</u>	<u>18</u>	<u>\$ 4,199,904</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Payroll and related	\$ 18,514	-	-	-	-	-	-	-	\$ 18,514
Total liabilities	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,514</u>
Fund balances:									
Assigned	-	372,105	83,573	888	39,105	40,887	859	18	537,435
Unassigned	3,643,955	-	-	-	-	-	-	-	3,643,955
Total fund balances	<u>3,643,955</u>	<u>372,105</u>	<u>83,573</u>	<u>888</u>	<u>39,105</u>	<u>40,887</u>	<u>859</u>	<u>18</u>	<u>4,181,390</u>
Total liabilities and fund balances	<u>\$ 3,662,469</u>	<u>372,105</u>	<u>83,573</u>	<u>888</u>	<u>39,105</u>	<u>40,887</u>	<u>859</u>	<u>18</u>	<u>\$ 4,199,904</u>

SHELBY COUNTY, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Modified Cash Basis - General Funds
For the year ended August 31, 2022

DRAFT

DRAFT

	General	Insurance	Capital Improvement	Solid Waste	County Clerk	Circuit Clerk Child Support	Sheriff	Supervisor of Assessments	Totals
REVENUES RECEIVED:									
Taxes	\$ 2,010,493	-	-	-	-	-	-	-	\$ 2,010,493
Intergovernmental revenues	3,859,997	-	-	-	-	-	-	-	3,859,997
Charges for services	63,931	-	30,000	-	497,328	-	-	1,403	592,662
Licenses and permits	8,825	-	-	-	-	-	-	-	8,825
Fines and forfeitures	462,600	-	-	-	-	-	-	-	462,600
Interest	10,129	579	196	3	-	-	-	-	10,907
Miscellaneous	105,513	12,635	-	-	-	-	-	-	118,148
Total revenues received	<u>6,521,488</u>	<u>13,214</u>	<u>30,196</u>	<u>3</u>	<u>497,328</u>	<u>-</u>	<u>-</u>	<u>1,403</u>	<u>7,063,632</u>
EXPENDITURES DISBURSED:									
General control and administration	2,384,392	-	-	-	488,867	-	-	2,060	2,875,319
Public safety	2,652,645	-	-	-	-	-	-	-	2,652,645
Judiciary and legal	516,414	-	-	-	-	-	-	-	516,414
Corrections	203,179	-	-	-	-	-	-	-	203,179
Public works and transportation	-	-	-	-	-	-	-	-	-
Health and welfare	70,276	-	-	-	-	-	-	-	70,276
Capital outlay	-	-	30,000	-	-	-	-	-	30,000
Total expenditures	<u>5,826,906</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>488,867</u>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>6,347,833</u>
Excess/(deficiency) of revenues over expenditures	694,582	13,214	196	3	8,461	-	-	(657)	715,799
OTHER FINANCING SOURCES (USES):									
Transfers in	45,259	-	-	-	-	-	-	-	45,259
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,259</u>
Net change in fund balance	<u>739,841</u>	<u>13,214</u>	<u>196</u>	<u>3</u>	<u>8,461</u>	<u>-</u>	<u>-</u>	<u>(657)</u>	<u>761,058</u>
Fund balance, beginning of fiscal year, as restated	<u>2,904,114</u>	<u>358,891</u>	<u>83,377</u>	<u>885</u>	<u>30,644</u>	<u>40,887</u>	<u>859</u>	<u>675</u>	<u>3,420,332</u>
Fund balance, end of fiscal year	<u>\$ 3,643,955</u>	<u>372,105</u>	<u>83,573</u>	<u>888</u>	<u>39,105</u>	<u>40,887</u>	<u>859</u>	<u>18</u>	<u>\$ 4,181,390</u>

SHELBY COUNTY, ILLINOIS
Combining Balance Sheet
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
August 31, 2022

DRAFT

DRAFT

	County Health	Animal Control	Ambulance	Mental Health	Social Security	Indemnity	Court Security	County Bridge	County Highway	Federal Aid Secondary Matching Fund	County Motor Fuel Tax	Probation	Fees to Assist Court	Law Library	Automation
ASSETS															
Cash and cash equivalents	\$ 2,167,829	156,925	116,202	1,648,089	283,662	142,146	118,764	211,052	297,498	376,175	1,140,219	359,836	132,943	8,173	46,131
Total assets	\$ 2,167,829	156,925	116,202	1,648,089	283,662	142,146	118,764	211,052	297,498	376,175	1,140,219	359,836	132,943	8,173	46,131
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable	-	-	-	-	-	-	-	-	2,403	-	-	-	-	-	-
Payroll liabilities	3,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	3,675	-	-	-	-	-	-	-	2,403	-	-	-	-	-	-
Fund balances:															
Restricted for:															
General control and administration	-	-	-	-	283,662	142,146	-	-	-	-	-	-	-	-	46,131
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Judiciary and legal	-	-	-	-	-	-	118,764	-	-	-	-	359,836	132,943	8,173	-
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works and transportation	-	-	-	-	-	-	-	211,052	295,095	376,175	1,140,219	-	-	-	-
Health other than hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	2,164,154	156,925	116,202	1,648,089	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	2,164,154	156,925	116,202	1,648,089	283,662	142,146	118,764	211,052	295,095	376,175	1,140,219	359,836	132,943	8,173	46,131
Total liabilities and fund balances	\$ 2,167,829	156,925	116,202	1,648,089	283,662	142,146	118,764	211,052	297,498	376,175	1,140,219	359,836	132,943	8,173	46,131

SHELBY COUNTY, ILLINOIS
Combining Balance Sheet
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
August 31, 2022

DRAFT

	Recording	Drug Traffic Prevention	Airport	CEFS	Local Bridge	Township Construction	Arrestee's/ Prisoners Medical Cost	Minor Unknown Heirs	Public Defender Records Automation	Shop With a Cop	Probation Drug Testing	Document Storage	Victim Impact Panel	States Attorney Forfeited	DRAFT Rescue Squad Dive Team
ASSETS															
Cash and cash equivalents	338,697	1,588	69,009	2,706	24,325	2	5,835	-	685	9,970	29,870	142,118	18,112	8,544	3,915
Total assets	338,697	1,588	69,009	2,706	24,325	2	5,835	-	685	9,970	29,870	142,118	18,112	8,544	3,915
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:															
Restricted for:															
General contol and administration	338,697	-	-	-	-	-	-	-	-	-	-	142,118	-	-	-
Public safety	-	1,588	-	-	-	-	-	-	-	9,970	-	-	-	-	3,915
Judiciary and legal	-	-	-	-	-	-	-	-	685	-	29,870	-	18,112	8,544	-
Corrections	-	-	-	-	-	-	5,835	-	-	-	-	-	-	-	-
Public works and transportation	-	-	69,009	2,706	24,325	2	-	-	-	-	-	-	-	-	-
Health other than hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	338,697	1,588	69,009	2,706	24,325	2	5,835	-	685	9,970	29,870	142,118	18,112	8,544	3,915
Total liabilities and fund balances	338,697	1,588	69,009	2,706	24,325	2	5,835	-	685	9,970	29,870	142,118	18,112	8,544	3,915

SHELBY COUNTY, ILLINOIS
Combining Balance Sheet
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
August 31, 2022

DRAFT

DRAFT

	DUI Equipment	GIS	Pet Population	EMA Special	State's Attorney Automation	Drug Court	Tax Sale Auto- mation	Rescue Squad	Coroner Special	Sale in Error	Circuit Clerk's Marriage Fund	Circuit Clerk Trust	Sheriff Special	Inmate Commissary	County Clerk Tax Redemption	Totals
ASSETS																
Cash and cash equivalents	33,992	394,318	50,116	13,525	6,439	27,398	8,343	22,895	13,817	26,592	1,369	22,696	9,285	190,167	32,984	\$ 8,714,956
Total assets	33,992	394,318	50,116	13,525	6,439	27,398	8,343	22,895	13,817	26,592	1,369	22,696	9,285	190,167	32,984	\$ 8,714,956
LIABILITIES AND FUND BALANCES																
Liabilities:																
Accounts payable	-	261	-	-	-	-	-	-	-	-	-	-	-	-	-	2,664
Payroll liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,675
Total liabilities	-	261	-	-	-	-	-	-	-	-	-	-	-	-	-	6,339
Fund balances:																
Restricted for:																
General contol and administration	-	394,057	-	-	-	-	8,343	-	-	26,592	-	-	-	-	32,984	1,414,730
Public safety	33,992	-	50,116	13,525	-	-	-	22,895	13,817	-	-	-	9,285	-	-	159,103
Judiciary and legal	-	-	-	-	6,439	27,398	-	-	-	-	1,369	22,696	-	-	-	734,829
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	190,167	-	196,002
Public works and transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,118,583
Health other than hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,085,370
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	33,992	394,057	50,116	13,525	6,439	27,398	8,343	22,895	13,817	26,592	1,369	22,696	9,285	190,167	32,984	8,708,617
Total liabilities and fund balances	33,992	394,318	50,116	13,525	6,439	27,398	8,343	22,895	13,817	26,592	1,369	22,696	9,285	190,167	32,984	\$ 8,714,956

SHELBY COUNTY, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
For the year ended August 31, 2022

DRAFT

DRAFT

	County Health	Animal Control	Ambulance	Mental Health	Social Security	Indemnity	Court Security	County Bridge	County Highway	Federal Aid Secondary Matching Fund	County Motor Fuel Tax	Probation	Fees to Assist Court	Law Library	Automation
REVENUES RECEIVED:															
Taxes	\$ 314,452	-	37,389	618,901	326,314	-	-	158,807	327,404	205,323	-	-	-	-	-
Intergovernmental revenues	316,317	-	-	61,894	-	-	-	33,196	68,564	33,196	967,082	-	-	-	-
Charges for services	522,996	8,129	-	-	30,263	-	-	2,415	308,494	8,410	2,711	-	-	-	-
Fines and forfeitures	24,788	12,580	-	-	-	4,720	32,351	-	-	-	-	37,754	42,641	7,050	18,466
Interest	5,839	457	292	10,026	554	346	242	692	639	878	3,608	911	276	19	125
Miscellaneous	250	1,085	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues received	1,184,642	22,251	37,681	690,821	357,131	5,066	32,593	195,110	705,101	247,807	973,401	38,665	42,917	7,069	18,591
EXPENDITURES DISBURSED:															
General control and administration	-	-	-	-	342,281	-	-	-	-	-	-	-	-	-	23,255
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Judiciary and legal	-	-	-	-	-	-	1,120	-	-	-	-	30,073	7,827	7,032	-
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works and transportation	-	-	-	-	-	-	-	259,404	829,295	114,578	859,408	-	-	-	-
Health and welfare	1,120,982	727	48,150	643,482	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:															
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,120,982	727	48,150	643,482	342,281	-	1,120	259,404	829,295	114,578	859,408	30,073	7,827	7,032	23,255
Excess/(deficiency) of revenues over expenditures	63,660	21,524	(10,469)	47,339	14,850	5,066	31,473	(64,294)	(124,194)	133,229	113,993	8,592	35,090	37	(4,664)
OTHER FINANCING SOURCES/(USES):															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	63,660	21,524	(10,469)	47,339	14,850	5,066	31,473	(64,294)	(124,194)	133,229	113,993	8,592	35,090	37	(4,664)
Fund balance, beginning of fiscal year, as restated	2,100,494	135,401	126,671	1,600,750	268,812	137,080	87,291	275,346	419,289	242,946	1,026,226	351,244	97,853	8,136	50,795
Fund balance, end of fiscal year	\$2,164,154	156,925	116,202	1,648,089	283,662	142,146	118,764	211,052	295,095	376,175	1,140,219	359,836	132,943	8,173	46,131

SHELBY COUNTY, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
For the year ended August 31, 2022

DRAFT

DRAFT

	Recording	Drug Traffic Prevention	Airport	CEFS	Local Bridge	Township Construction	Arrestee's/ Prisoners Medical Cost	Minor Unknown Heirs	Public Defender Records Automation	Shop With a Cop	Probation Drug Testing	Document Storage	Victim Impact Panel	States Attorney Forfeited	DRAFT Rescue Squad Dive Team
REVENUES RECEIVED:															
Taxes	-	-	53,827	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	66,714	1,448,782	132,943	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	117,963	-	-	216,259	-	-	-	-	-	-	-	-	-
Fines and forfeitures	102,283	113	-	-	-	-	1,727	-	252	-	10,327	18,521	1,400	-	-
Interest	746	3	56	49	207	2	11	124	1	25	63	327	43	7	9
Miscellaneous	-	-	28,174	-	-	-	-	-	-	-	-	-	-	7,302	220
Total revenues received	103,029	116	266,734	1,448,831	133,150	216,261	1,738	124	253	25	10,390	18,848	1,443	7,309	229
EXPENDITURES DISBURSED:															
General control and administration	38,295	-	-	-	-	-	-	-	-	-	-	3,391	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Judiciary and legal	-	-	-	-	-	-	-	-	-	-	3,689	-	154	-	-
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works and transportation	-	-	230,235	1,462,827	169,727	216,259	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:															
Principal payment	-	-	6,954	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	2,062	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	43,639	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	38,295	-	282,890	1,462,827	169,727	216,259	-	-	-	-	3,689	3,391	154	-	-
Excess/(deficiency) of revenues over expenditures	64,734	116	(16,156)	(13,996)	(36,577)	2	1,738	124	253	25	6,701	15,457	1,289	7,309	229
OTHER FINANCING SOURCES/(USES):															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(45,259)	-	-	-	-	-	-	-
Total other financing sources/(uses)	-	-	-	-	-	-	-	(45,259)	-	-	-	-	-	-	-
Net change in fund balance	64,734	116	(16,156)	(13,996)	(36,577)	2	1,738	(45,135)	253	25	6,701	15,457	1,289	7,309	229
Fund balance, beginning of fiscal year, as restated	273,963	1,472	85,165	16,702	60,902	-	4,097	45,135	432	9,945	23,169	126,661	16,823	1,235	3,686
Fund balance, end of fiscal year	338,697	1,588	69,009	2,706	24,325	2	5,835	-	685	9,970	29,870	142,118	18,112	8,544	3,915

SHELBY COUNTY, ILLINOIS
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Modified Cash Basis - Nonmajor Governmental Funds - Special Revenue Funds
For the year ended August 31, 2022

DRAFT

DRAFT

	DUI Equipment	GIS	Pet Population	EMA Special	State's Attorney Auto- mation	Drug Court	Tax Sale Auto- mation	Rescue Squad	Coroner Special	Sale in Error	Circuit Clerk's Marriage Fund	Circuit Clerk Trust	Sheriff Special	Inmate Commissary	County Clerk Tax Redemption	Total
REVENUES RECEIVED:																
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,042,417
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,128,688
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,217,640
Fines and forfeitures	2,309	64,889	5,474	-	292	4,476	2,247	-	9,275	9,671	-	-	12,518	-	-	426,124
Interest	81	1,064	144	43	16	65	22	51	34	49	-	-	-	-	-	28,146
Miscellaneous	-	-	-	15	-	-	-	3,425	-	-	-	-	3,938	48,556	-	92,965
Total revenues received	2,390	65,953	5,618	58	308	4,541	2,269	3,476	9,309	9,720	-	-	16,456	48,556	-	6,935,980
EXPENDITURES DISBURSED:																
General control and administration	-	104,646	-	-	-	-	2,500	-	-	588	-	-	-	-	-	514,956
Public safety	-	-	724	1,971	-	-	-	-	-	-	-	-	21,678	-	-	24,373
Judiciary and legal	-	-	-	-	-	2,362	-	-	-	-	-	-	-	-	-	52,257
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works and transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,141,733
Health and welfare	-	-	-	-	-	-	-	-	27,273	-	-	-	-	-	-	1,840,614
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:																
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,954
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,062
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,639
Total expenditures	-	104,646	724	1,971	-	2,362	2,500	-	27,273	588	-	-	21,678	-	-	6,626,588
Excess/(deficiency) of revenues over expenditures	2,390	(38,693)	4,894	(1,913)	308	2,179	(231)	3,476	#####	9,132	-	-	(5,222)	48,556	-	309,392
OTHER FINANCING SOURCES/(USES):																
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,259)
Total other financing sources/(uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,259)
Net change in fund balance	2,390	(38,693)	4,894	(1,913)	308	2,179	(231)	3,476	#####	9,132	-	-	(5,222)	48,556	-	264,133
Fund balance, beginning of fiscal year, as restated	31,602	432,750	45,222	15,438	6,131	25,219	8,574	19,419	31,781	17,460	1,369	22,696	14,507	141,611	32,984	8,444,484
Fund balance, end of fiscal year	33,992	394,057	50,116	13,525	6,439	27,398	8,343	22,895	13,817	26,592	1,369	22,696	9,285	190,167	32,984	\$8,708,617

SHELBY COUNTY, ILLINOIS
Combining Statement of Fiduciary Net Position - Modified Cash Basis
August 31, 2022

DRAFT	Collector			DRAFT
	Circuit Clerk	Accounts	Drainage	Total
ASSETS				
Cash and cash equivalents	\$ 803,339	4,443,590	\$ 454,038	\$ 5,700,967
Certificate of deposit	10,000	-	-	10,000
Total assets	<u>\$ 813,339</u>	<u>4,443,590</u>	<u>454,038</u>	<u>\$ 5,710,967</u>
LIABILITIES				
Accounts payable	<u>\$ 53,371</u>	<u>-</u>	<u>-</u>	<u>\$ 53,371</u>
Total liabilities	<u>53,371</u>	<u>-</u>	<u>-</u>	<u>53,371</u>
NET POSITION				
Restricted	<u>\$ 759,968</u>	<u>\$ 4,443,590</u>	<u>454,038</u>	<u>\$ 5,657,596</u>

SHELBY COUNTY, ILLINOIS
Combining Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the year ended August 31, 2022

DRAFT

DRAFT

	Circuit Clerk	Collector Accounts	Drainage	Totals
ADDITIONS				
Amount received as fiscal agent	\$ 902,447	-	-	\$ 902,447
Property taxes collected for other governments	-	37,331,310	83,235	37,414,545
Interest	-	8,473	1,000	9,473
Total additions	902,447	37,339,783	84,235	38,326,465
DEDUCTIONS				
Fines distributed to other governments	\$ 644,319	-	-	644,319
Property taxes distributed to other governments	-	35,558,012	77,605	35,635,617
Total deductions	644,319	35,558,012	77,605	36,279,936
Excess (deficiency) of revenues over expenditures	258,128	1,781,771	6,630	2,046,529
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	-	-	-
Transfers out	-	42	-	42
Total other financing sources/(uses)	-	42	-	42
Change in net position	258,128	1,781,813	6,630	2,046,571
Net position, beginning of the year	501,840	2,661,777	447,408	3,611,025
Net position, end of year	\$ 759,968	4,443,590	454,038	\$ 5,657,596

PART IV – GOVERNMENT AUDITING STANDARDS

**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 of Trustees of
Shelby County, Illinois:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Illinois (the County), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Shelby County, Illinois (County)'s basic financial statements and have issued our report thereon dated July 25, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 County'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 the 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 which are described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 2022-004 and 2022-006.

Shelby County, Illinois’ Response to Findings

The County’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 County’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 County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

Benford Brown & Associates, LLC

Chicago, IL

July 25, 2024

DRAFT

PART V – UNIFORM GUIDANCE

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

To the Board of Trustees of
Shelby County, Illinois:

Qualified Opinion on Each Major Program

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, Shelby County, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major programs for the year ended August 31, 2022.

Basis for Qualified Opinion

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Major Programs

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the County with the following:

<u>Finding Number</u>	<u>AL Number</u>	<u>Program Name</u>	<u>Compliance Requirements</u>
2022-02	21.027	American Rescue Plan Act	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Consequently, we were unable to determine whether the County complied with the requirements listed above as applicable to the programs listed above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as finding 2022-03. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance which are described in the accompanying schedule of findings and questioned costs as Finding 2022-001, 2022-003, and 2022-004.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

Benford Brown & Associates, LLC

Chicago, IL

July 25, 2024

SHELBY COUNTY, ILLINOIS

Notes to Schedule

For the year ended August 31, 2022

(1) Schedule of Expenditures of Federal Awards

Basis of Presentation

The Schedule of Expenditures of Federal Awards (Schedule) has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Schedule includes the federal grant activity of the County and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Sub-recipients

The County made no disbursements to subrecipients during the fiscal year 2022.

Non-cash Assistance

The County did not receive any federal non-cash assistance during the fiscal year 2022.

Insurance

The County did not receive any federally-funded insurance during fiscal year 2022.

Loans

The County did not have any federal loans or loan guarantees outstanding as of August 31, 2022.

De Minimis Cost Rate

The County elected to use the 10% de minimis cost rate during fiscal year 2022.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issue on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Qualified

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of report the auditor issue on compliance for major federal programs:

Qualified

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	-----------------------------

Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

The dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

21.027

American Rescue Plan Act Program

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section II - Findings Relating to the Financial Statements

Internal Control Findings

Finding 2022-01 Lack of Financial Accounting Information and Related Supporting Documentation

Criteria

In order to maintain proper controls over financial reporting it is essential that the County maintain a complete set of financial accounting records and adequate supporting documentation. In accordance with 55 ILCS 5/3-13002, the Board of Commissioners and any person authorized by the Board of Commissioners, such as the County Treasurer, is to have free and unrestricted access to books, papers, records and memoranda.

Condition

The County does not have a centralized process for maintaining its financial accounting records and related supporting documentation so that it can prepare financial reports that include financial activity for all offices and departments of the County. Additionally, it appears that certain offices and departments are noncompliant with the County’s financial policy that requires that all financial accounting records and related supporting documentation be provided to the County Treasurer so that the County Treasurer can maintain a complete set of accounting records for the entire County. Financial activity for the following funds within the General fund was not provided to the County Treasurer to be compiled, reconciled and included in the County’s financial accounting records available for audit:

<u>Office/Department</u>	<u>Name of Bank Account</u>
County Clerk	Revenue Stamp Tax Redemption
Circuit Clerk	Circuit Clerk Child Support Marriage Fourth Judicial Circuit Trust
Sheriff	General Stellar Inmate Inmate Fund Special Account
Supervisor of Assessments	Supervisor of Assessments
Airport	Airport Farm
Tourism	General

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section II - Findings Relating to the Financial Statements (continued)

Internal Control Findings (continued)

Finding 2022-001 (continued)

Cause

Several offices and departments within the County have historically maintained their accounting records and related supporting documentation independent of the County Treasurer. Certain of these offices and departments do not provide the County Treasurer with its compiled accounting records and related supporting documentation including trial balances, general ledgers, bank statements, vendor invoices, accrued compensated absences detail, and grant vouchers and financial reports. Additionally, the County does not appear to have an effective method of enforcing Illinois statutes requiring all financial accounting records and related supporting documentation be provided to the County Treasurer so that the County Treasurer can maintain a complete set of accounting records for the entire County.

Effect

The effect of these conditions is that 1) the County Treasurer is not able to maintain a complete set of accounting records for the entire County; 2) the County Treasurer is also not able to ensure that all account reconciliations are completed on a monthly basis including reconciliations for bank accounts, capital asset accounts, and accrued compensated absences accounts; and 3) the Board of Commissioners is not able to properly govern over activities of the County that are not being included in various financial reports produced by the County Treasurer due to a lack of relevant financial information. Allowing these conditions to persist puts the County, its elected Officers, other members of management and the Board of Commissioners at risk of 1) material misstatements being included in the County's financial statements without being detected; 2) noncompliance with laws, regulations, contracts, and grant agreements; 3) noncompliance with union contracts, and 4) violation of Illinois statutes. These conditions could result in a suspension of funding from federal and state sources, investigations of potential abuse of funding and/or misappropriation of assets, orders to return grant funds, legal action from unions, and charges of petty offenses for County Officers.

The effect of these conditions on the financial statements was that the balances for cash, revenue, and expenses for the general fund were understated and its fund balance was misstated by the net difference of these balances.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section II - Findings Relating to the Financial Statements (continued)

Finding 2022-001 (continued)

Repeat Finding

This finding also occurred in 2020 (2020-002), 2019 (2019-005) and 2017 (2017-002).

Recommendation

We recommend that the Board of Commissioners enforce the Illinois statute requiring that all accounting records and related supporting documentation from all County Offices and departments be made available to the County Treasurer so that there is a process in which all of the County's financial activity is compiled, reconciled and included in a complete set of financial reports for the County.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Finding 2022-002 Material Weakness in Financial Reporting

Criteria

Shelby County is required to maintain a system of controls over the preparation of financial statements in accordance with the modified cash basis. County internal controls over financial reporting should include adequately trained personnel with the knowledge and ability to prepare and/or thoroughly review the modified cash basis financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section II - Findings Relating to the Financial Statements (continued)

Finding 2022-002 (continued)

Condition

The County does not have internal control procedures in place to ensure that its annual financial statements and related footnote disclosures are properly prepared, complete, and presented in accordance with the modified cash basis of accounting.

Cause

The County does not have internal personnel or contracted personnel with the requisite skills, knowledge, and experience to prepare its financial statements and footnotes. As a result, the County relies on its audit firm to prepare its annual financial statements and related footnotes disclosures.

Effect

The effect is that controls over financial reporting are significantly weakened thereby significantly increasing likelihood that a material misstatement of the financial statements and/or missing required disclosures will not be detected by management.

Repeat Finding

This finding also occurred in 2020 (2020-002), 2019 (2019-005) and 2017 (2017-002).

Recommendation

We recommend that management either 1) provide training for its key accounting personnel so that they will be able to prepare financial statements and footnotes for the County and/or 2) contract with an accountant or firm that has the relevant skills, knowledge and experience to prepare the financial statements and footnotes.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Compliance Findings

See Findings 2022-003 and 2022-005 in section III.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards

Internal Control Findings

**Finding 2022-003 Material Weakness in Internal Control Over Activities
Allowed or Unallowed and Allowable Costs/Cost Principles**

Assistance Listing Numbers	21.027 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Federal Agency	U.S. Department of Treasury
Passthrough Agency	Not applicable
Award Number/Year	2022

Criteria

The County is responsible for keeping an accurate accounting of all federal expenditures and maintaining all of the required documentation and reports in accordance with applicable federal regulations.

Condition

For AL No. 21.027, Coronavirus State and Local Fiscal Recovery Funds, a sample of employee payroll transactions were tested for Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The County was not able to provide adequate supporting documentation of time and effort (e.g. timesheets or timecards) charged to the CSLFRF program.

Cause

The County does not have a consistent process for tracking and recording each employee’s time spent on various activities so that the portion of each employee’s salaries and wages allocated to each grant and/or activity can be calculated.

Effect

The County is not in compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements of its federally funded programs.

Questioned Costs

See scope limitation.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

**Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards
(continued)**

Finding 2022-003 (continued)

Repeat Finding

Yes. This finding also occurred in 2020 (2020-002) and 2019 (2019-002).

Recommendation

We recommend that the County require that all employees submit time records that provide enough detail to allow for their salaries and wages to be allocated to grants and other activities based on actual reported time. We further recommend that these time records be maintained through a timekeeping software that has the capability of calculating such allocation percentages by employee.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Finding 2022-004 Material Weakness in Grant Reporting

Assistance Listing Numbers 21.027 Coronavirus State and Local Fiscal Recovery Funds

Federal Agency U.S. Department of Treasury

Passthrough Agency Not applicable

Award Number/Year 2022

Criteria

The County is required to maintain a system of controls over the preparation of its Schedule of Expenditures of Federal Awards (SEFA) per the Uniform Guidance at 2 CFR 200.510(b) and its Consolidated Year-End Financial Report (CYEFR) in compliance with the 30 ILCS 708/1 Grant Accountability and Transparency Act (GATA).

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards (continued)

Finding 2022-004 (continued)

Condition

The County did not have a centralized process for maintaining its grant accounting records and related supporting documentation to ensure that all federal grants expenditures were included on its SEFA and to ensure that all state grant expenditures were included on its CYEFR for fiscal year 2022. The County's expenditures totaling \$xxx,xxx for its Coronavirus State and Local Fiscal Recovery Fund program were not provided with grant expenditures to be included in the SEFA and CYEFR.

Additionally, it appears that certain offices and departments are noncompliant with the County's financial policy that requires that all financial accounting records and related supporting documentation be provided to the County Treasurer so that the County Treasurer can maintain a complete set of grant accounting records for the entire County.

Cause

The County does not have internal personnel or contracted personnel with the requisite knowledge and experience to prepare its SEFA and CYEFR. Additionally, offices and departments within the County that receive and administer grants maintain the grant accounting records and related supporting documentation independent of the County Treasurer. These offices and departments provide the grant expenditures that are included in the CYEFR but do not consistently provide the detailed grant accounting records for use to prepare the SEFA and CYEFR.

Effect

Allowing these conditions to persist puts the County, its management and the Board of Commissioners at risk of 1) material misstatements being included in the County's SEFA and CYEFR without being detected and noncompliance with grant agreements. These conditions could also result in a suspension of funding from grant funding sources, investigations of potential abuse and/or misappropriation of grant funds, and orders to return grant funds.

Recommendation

We recommend that management either 1) provide training for its key accounting personnel so that they will be able to prepare SEFA and CYEFR for the County and/or 2) contract with an accountant or firm that has the relevant skills, knowledge and experience to prepare the SEFA and CYEFR.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards (continued)

Finding 2022-004 (continued)

We further recommend that the Board of Commissioners enforce the County’s policy of requiring that all accounting records and related supporting documentation be made available to the County Treasurer so that there is a process in which all of the County’s financial activity pertaining to grants is compiled, reconciled and included in a complete set of grant financial reports utilized to prepare the SEFA and CYEFR for the County.

Questioned Costs

None noted.

Repeat Finding

Yes. This finding also occurred in 2020 (2020-003) and 2019 (2019-002).

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Compliance Findings

Finding 2022-005 Noncompliance with Federal and State Reporting Requirements

Assistance Listing Numbers 21.027 American Rescue Plan Act Program

Federal Agencies U.S. Department of Treasury

Award Number/Year 2022

Criteria

The County has grant agreements from State of Illinois agencies with terms requiring compliance with financial reporting requirements in accordance with Uniform Guidance and the State of Illinois Grant Accountability and Transparency Act (GATA). As such, for the year ended August 31, 2022, the County is required to submit audited financial statements, a schedule of expenditures of federal awards (SEFA) and single audit reports to the Federal Audit Clearinghouse and the same audit package plus a Consolidated Year End Financial Report (CYEFR) to the GATA portal. All items are required to be submitted within nine (9) months after the County’s fiscal year-end.

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards (continued)

Finding 2022-005 (continued)

The Office of Management and Budget (OMB) issued a memorandum granting extensions to the due date for entities affected by the COVID-19 pandemic during 2022. The extended due date was September 30, 2023 for the County. Illinois' Grant Accountability and Transparency Act (GATA) has similar reporting deadlines to Uniform Guidance.

Condition

The County did not submit its audited financial statements, SEFA and CYEFR and other required information as of and for the year ended August 31, 2022 to the Federal Audit Clearinghouse and GATA portal prior to the due date of May 31, 2023. This finding also occurred in 2020 and 2019.

Cause

The County was not able to provide adequate documentation for transactions selected for testing which caused significant delays in the performance of the audit.

Effect

The effect is that controls over the financial reporting process were significantly weakened thereby increasing the risk that material misstatements could be included in the financial statements, SEFA, CYEFR and other supplementary schedules without management being aware. Additionally, noncompliance with financial reporting deadlines could cause funding sources for the County to suspend funding until compliance is achieved.

Section III - Findings and Questioned Costs Relating to Compliance Over Federal Awards (continued)

Finding 2022-005 Noncompliance with Federal and State Reporting Requirements (continued)

Questioned Costs

None noted.

Recommendation

During 2021 the County hired a CPA firm to which a majority of the accounting function was outsourced including preparing financial statements, SEFA, CYEFR and other supplementary

SHELBY COUNTY, ILLINOIS

Schedule of Findings and Questioned Costs

For the year ended August 31, 2022

schedules. We recommend that the County continue to implement this corrective action plan until financial statements are prepared monthly in a timely manner and the SEFA, CYEFR and other supplementary schedules are prepared annually in a timely manner as prescribed the County's accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

DRAFT

SHELBY COUNTY, ILLINOIS

Summary Schedule of Prior Audit Findings

For the year ended August 31, 2022

Findings Relating to the Financial Statements

Internal Control Findings

Finding 2021-001 Financial Statement Preparation

Condition

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with the modified cash basis of accounting.

Status

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and ensure related footnote disclosures are complete and presented in accordance with the modified cash basis of accounting. The County did not implement a corrective action plan thus this finding is a repeat finding for fiscal years 2016-2021. See Finding 2022-02.

Finding 2021-02 Noncompliance with Federal and State Reporting Requirements

Condition

Internal controls state that bank reconciliations are performed for all of the Treasurer bank accounts. Part of the procedure includes reconciling the bank balances to the general ledger balances. The bank reconciliation procedures were improperly implemented due to multiple bank reconciliations not reconciling to the general ledger balance.

Status

The County Treasurer addressed this finding by enhancing procedures to reconcile bank accounts to the general ledger and to have them reviewed and approved in a timely manner.

SHELBY COUNTY, ILLINOIS

Corrective Action Plan

For the year ended August 31, 2022

Finding 2022-01 Lack of Complete Financial Accounting Information and Related Supporting Documentation

Views of Responsible Officials and Planned Corrective Actions

[Insert response]

Contact Person Responsible for Corrective Action

Board of Commissioners and Robert Orman, Board Chairman

Anticipated Completion Date

[Insert response]

Finding 2022-02 Material Weakness in Financial Reporting

Views of Responsible Officials and Planned Corrective Actions

The County has evaluated the resources needed to produce its financial statements, supplementary information and related footnotes in accordance with the modified cash basis of accounting. As a result of the evaluation, the County has determined that it does not have the resources to correct this finding.

Contact Person Responsible for Corrective Action

Board of Commissioners and Erica Firnhaber, County Treasurer

Anticipated Completion Date

[Insert response]

Finding 2022-003 Material Weakness in Internal Control Over Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Views of Responsible Officials and Planned Corrective Actions

[Insert response]

Contact Person Responsible for Corrective Action

Erica Firnhaber, County Treasurer

SHELBY COUNTY, ILLINOIS

Corrective Action Plan

For the year ended August 31, 2022

Anticipated Completion Date

[Insert response]

Finding 2022-004 Material Weakness in Grant Reporting

Views of Responsible Officials and Planned Corrective Actions

[Insert response]

Contact Person Responsible for Corrective Action

Erica Firnhaber, County Treasurer

Anticipated Completion Date

[Insert response]

Finding 2022-05 Noncompliance with Federal and State Reporting Requirements

Views of Responsible Officials and Planned Corrective Actions

[Insert response]

Contact Person Responsible for Corrective Action

Erica Firnhaber, County Treasurer

Anticipated Completion Date

[Insert response]