



HOPKINS & ASSOCIATES
Certified Public Accountants

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#22-15

March 10, 2022

To the County Board:

As an aid in understanding what is presented in the audited financial statement report, I have prepared a brief executive summary to highlight some of the major items included in the audit this year. Enclosed in this packet are the following documents:

1. Government-Wide Statement of Net Position – 5 Year Comparative Schedule
2. Government-Wide Statement of Activities – 5 Year Comparative Schedule
3. Management Letter for the 2021 Financial Statement Audit
4. SAS 114 Letter for the 2021 Financial Statement Audit

Audit Opinions and GATA

Our firm issued two audit opinions that are included within the audit report, and one separate audit opinion that is attached to the County's GATA submission.

- Independent Auditor's Report – this is the audit opinion that states that the County's financial statements were presented fairly in accordance with accounting principles generally accepted in the United States. This is a clean or un-modified audit opinion, and basically states that the audit was successful and that we had no significant findings to disclose.
- Independent Auditor's Report on Internal Control and Compliance – the purpose of this report is solely to describe the scope of our testing of internal controls 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. This report indicates that we identified no significant deficiencies or material weaknesses in the internal control of the County or with compliance with applicable laws.
- In-Relation To Opinion – GATA – The State of Illinois developed a new grant reporting system a few years ago called "GATA". Each year the county is required to complete an annual report detailing how state and federal grant money was spent. I helped Jill complete the submission this year, and I was also required to issue a separate audit opinion with this submission indicating that I agreed with the amounts submitted.

Government-Wide Statement of Net Position – 5 Year Comparative Schedule

Assets and Deferred Outflows totaled \$28,706,241 for the year-ended November 30, 2021 as compared to \$26,638,166 for the year-ended November 30, 2020. The cash and equivalents balance increased by about \$2,588,948 from 2020 to 2021. This increase in cash is due partially to the receipt of the American Rescue Plan

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grant that was in excess of \$1.2 million, most of which has not been spent. Also, the County had another profitable year of operations, which will be discussed below. IMRF provided us with a calculation of a Deferred Outflow of Resources in the amount of \$1,598,990 that is used to offset the impact of the change in the net pension liability on the financial statements for the year-ended November 30, 2021. The main piece of the calculation of the deferred outflow amount is the difference between the actual rate of return of investments during the year and the projected rate of return. The actuarial calculation considers the difference between these amounts to be timing differences that will even out over time. Therefore, since the actual investment income received during the year reported was very high (Jan 1, 2020 – Dec 31, 2020), and caused a significant decrease in the net pension liability, it will be partially offset by the decrease in the deferred outflow amount to lessen the impact on the financial statements of the County.

The increase in cash, capital acquisitions, and the decrease in the deferred outflow related to the pension liability made up most of the change in assets from 2020 to 2021.

Total liabilities decreased from \$2,241,084 at November 30, 2020 to \$1,508,878 at November 30, 2021. The decrease is mainly related to the decrease in the net pension liability of \$1,667,755 (now a net pension asset) from 2020 to 2021. This large decrease was offset by an advance of the American Rescue Plan grant money of \$1,101,657 that is recorded as a liability called “Advance from Grantors” until it has been spent. As mentioned above, the financial impact of the decrease in the net pension liability is partially offset by the deferred inflow calculated by IMRF.

Total Net Position for the County increased from \$18,603,529 at November 30, 2020 to \$21,130,740 at November 30, 2021. This change will be discussed in the next section.

Government-Wide Statement of Activities – 3 Year Comparative Schedule

Total revenues for 2021 were \$9,033,252 as compared to \$9,006,758 in 2020. Overall revenues were very consistent with the prior year in total, and up significantly from the 3 years prior. Significant increases in income, sales, use, and replacement taxes were offset by decreases in grant revenue and reimbursements for the year. In the prior year, large reimbursements were received from townships and a wind farm for work done by the highway department. Also, while the county did receive over \$1 million dollars from the American Rescue Plan Grant, most of that money remained unspent as of the end of the fiscal year. The unspent portion of that grant is included as a liability on the County’s books at year end, and will be recognized as revenue when the funds are expended, most likely in FY 22.

Total expenses for 2021 totaled \$7,399,685 as compared to \$6,976,058 in 2020. As expected, spending was up for public safety and public health due to the grants received for COVID-19 relief, and the related spending.

Without considering the changes in the net pension liability and the related deferred outflows, the County had a net positive change in operations of \$1,633,567 from the prior year, as compared to \$2,030,700 in 2020. Both years show very strong financial performance. The County is in very good financial condition at year-end.

Management Letter and SAS 114 Letter

Both of these letters are required communications from the auditor to the Finance Committee, County Board, and Officers of the County. This information is solely for the information and use of management and should not be used by any other parties. These letters include required communications from the auditor to the board and also explanation of deficiencies identified during the audit. There is nothing we consider to be significant included in these letters, and we found that the audit went very smooth.

MARSHALL COUNTY, ILLINOIS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
November 30, 2021, 2020, 2019, 2018, and 2017

	2021	2020	2019	2018	2017
ASSETS					
Cash and Equivalents	\$ 11,670,214	\$ 9,081,266	\$ 7,406,084	\$ 6,846,702	\$ 6,556,575
Receivables (net) :					
Property Tax	3,229,300	3,189,300	3,111,960	3,059,690	3,119,985
Other	397,387	528,721	338,459	294,836	311,479
Prepaid Expenses	-	-	-	-	41,965
Inventory - Airport Fuel and Highway Salt	56,952	26,942	26,000	35,794	40,777
Net Pension Benefit	24,945	-	-	-	-
Other Post Employment Benefits	843	843	843	843	843
Capital Assets:					
Land	1,510,349	1,510,349	1,510,349	1,510,349	1,510,349
Buildings	2,017,310	1,955,039	1,917,308	1,899,952	1,952,660
Equipment and Furniture	4,666,279	4,307,724	4,055,950	3,974,786	3,950,380
Improvements	4,942,633	4,942,633	4,942,633	4,701,958	4,644,116
Infrastructure - Road & Bridges	11,414,606	11,138,042	10,384,287	10,026,292	9,518,509
Accumulated Depreciation	(12,823,567)	(12,158,627)	(11,479,883)	(10,806,623)	(10,163,139)
Total Assets	<u>\$ 27,107,251</u>	<u>\$ 24,522,232</u>	<u>\$ 22,213,990</u>	<u>\$ 21,544,579</u>	<u>\$ 21,484,499</u>
DEFERRED OUTFLOWS	<u>\$ 1,598,990</u>	<u>\$ 2,115,934</u>	<u>\$ 2,975,050</u>	<u>\$ 1,042,216</u>	<u>\$ 992,100</u>
Total Assets and Deferred Outflows	<u>\$ 28,706,241</u>	<u>\$ 26,638,166</u>	<u>\$ 25,189,040</u>	<u>\$ 22,586,795</u>	<u>\$ 22,476,599</u>
LIABILITIES					
Accounts Payable	\$ 184,726	\$ 259,821	\$ 189,674	\$ 161,920	\$ 183,000
Advance from Grantors	1,101,657	140,055	-	-	-
Due to Agency Funds	-	-	-	-	4,000
Long-Term Liabilities:					
Due Within One Year	222,495	198,398	230,052	207,468	228,549
Due In More Than One Year	-	-	-	10,000	20,000
Net Pension Liability	-	1,642,810	3,175,676	1,967,442	3,900,383
Total Liabilities	<u>\$ 1,508,878</u>	<u>\$ 2,241,084</u>	<u>\$ 3,595,402</u>	<u>\$ 2,346,830</u>	<u>\$ 4,335,932</u>
DEFERRED INFLOWS					
Deferred Inflows- Property Tax Receivable	\$ 3,229,300	\$ 3,189,300	\$ 3,111,960	\$ 3,059,690	\$ 3,119,985
Deferred Inflows- IMRF - GASB 68	2,837,323	2,604,253	1,479,960	1,590,079	-
Total Deferred Inflows	<u>\$ 6,066,623</u>	<u>\$ 5,793,553</u>	<u>\$ 4,591,920</u>	<u>\$ 4,649,769</u>	<u>\$ 3,119,985</u>
NET POSITION					
Net Investment in Capital Assets	\$ 11,727,610	\$ 11,695,160	\$ 11,100,592	\$ 11,089,246	\$ 11,358,755
Restricted for:					
Roads and Bridges	3,023,434	2,459,978	1,686,915	1,707,518	1,692,000
Health and Welfare	270,587	374,062	319,523	281,323	218,122
Retirement	1,129,884	912,754	581,233	319,119	301,449
Airport	262,663	172,357	194,078	239,025	173,745
Other Purposes	953,045	688,168	596,336	503,571	537,216
Unrestricted	3,763,517	2,301,050	2,523,041	1,450,394	739,395
Total Net Position	<u>\$ 21,130,740</u>	<u>\$ 18,603,529</u>	<u>\$ 17,001,718</u>	<u>\$ 15,590,196</u>	<u>\$ 15,020,682</u>
Total Liabilities, Def. Inflows, and Net Position	<u>\$ 28,706,241</u>	<u>\$ 26,638,166</u>	<u>\$ 25,189,040</u>	<u>\$ 22,586,795</u>	<u>\$ 22,476,599</u>

MARSHALL COUNTY, ILLINOIS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (SUMMARY)
For the Years Ended: November 30, 2021, 2020, 2019, 2018, and 2017

	2021	2020	2019	2018	2017
REVENUES					
Property Taxes	\$ 3,177,710	\$ 3,108,345	\$ 3,058,029	\$ 3,116,977	\$ 2,763,866
Motor Fuel Taxes	494,114	621,211	286,320	370,529	263,921
Sales and Use Taxes	566,584	460,504	389,597	386,304	362,712
Replacement Tax	244,029	145,002	170,088	137,866	153,643
Income Tax	571,434	473,218	460,250	415,353	426,413
Interest Earned	11,007	27,328	29,554	21,482	18,693
Fee/Fines - Charges for Service	884,953	809,601	824,815	869,942	806,640
Operating Grants and Refunds	2,494,610	3,106,469	1,653,351	1,748,056	1,759,410
Capital Grants and Contributions	427,034	138,746	407,132	233,384	92,057
Other General Revenue	161,777	116,334	105,537	149,954	137,156
Total Revenues	\$ 9,033,252	\$ 9,006,758	\$ 7,384,673	\$ 7,449,847	\$ 6,784,511
EXPENSES					
General Administration	\$ 1,377,491	\$ 1,394,849	\$ 1,448,489	\$ 1,713,556	\$ 1,577,867
Employee Benefits	561,158	585,799	647,940	971,975	710,457
Public Safety	1,753,968	1,741,228	1,556,577	1,550,390	1,533,008
Judiciary and Court Related	671,866	645,460	636,735	629,093	636,384
Transportation	1,938,272	1,759,339	1,807,012	1,781,305	1,801,795
Public Health and Welfare	736,161	527,731	386,953	537,465	595,313
Other	360,769	321,137	324,329	84,148	97,457
Interest on Long-Term Debt	-	515	1,030	2,341	4,233
Total Expenses	\$ 7,399,685	\$ 6,976,058	\$ 6,809,065	\$ 7,270,273	\$ 6,956,514
Change in Net Position from Operations	\$ 1,633,567	\$ 2,030,700	\$ 575,608	\$ 179,574	\$ (172,003)
Transfers In	482,500	355,000	240,640	228,617	256,890
Transfers (Out)	(482,500)	(355,000)	(240,640)	(228,617)	(256,890)
Change in Net Pension Liability	917,741	(450,543)	834,719	392,978	(150,225)
Change in Vacation/PTO Liability	(24,097)	21,654	(22,584)	(3,038)	697
Change in Net Position	2,527,211	1,601,811	1,387,743	569,514	(321,531)
Prior Period Adjustment	-	-	23,779	-	-
Net Position - Beginning	\$ 18,603,529	\$ 17,001,718	\$ 15,590,196	\$ 15,020,682	\$ 15,342,213
Net Position - Ending	\$ 21,130,740	\$ 18,603,529	\$ 17,001,718	\$ 15,590,196	\$ 15,020,682



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January 29, 2022

Members of the Finance Committee
Marshall County, Illinois
Lacon, Illinois

Dear Board Members:

In planning and performing our audit of the financial statements of Marshall County as of and for the year ended November 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Marshall County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshall County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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.

The following are deficiencies, recommendations, observations, and other communications that we identified during the audit:

Internal Control

Due to the small size of the staff in each County office, segregation of duties that is an important aspect of internal control is not at its optimum. That being said, the County has improved internal control processes and is doing a good job of compensating for that shortcoming by its other checks and balances.

For internal control to be at its highest level the County should prepare the depreciation schedule, financial statements, and notes for the audit; however, as is the common practice, the auditor has

prepared these schedules and reports. To compensate for this, the County Treasurer and County Clerk completed a checklist indicating their review of the financial statements and the notes for any concerns.

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

Thank you for your business and for the cooperation of the officers and the board. Please call us if you have any questions or concerns.

Yours truly,

Hopkins & Assoc.

Hopkins and Associates, CPAs



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Certified Public Accountants

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January 29, 2022

Members of the Finance Committee
Marshall County
Marshall County Courthouse
Lacon, IL 61540

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Marshall County for the year ended November 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The following is management's description of the process utilized in forming estimates for:

Post Employment Benefits and Other Postemployment Benefits

The estimated assets/liabilities for postemployment benefits and other postemployment benefits are based on actuarial information provided by a third-party actuary. We evaluated the key factors and assumptions used to develop the estimated assets/liabilities for post employment benefits and other postemployment benefits in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected adjustments arising from the audit that could, in our judgment, either individually or in the aggregate have a significant effect on the entity's financial reporting process.

Significant audit adjustments that were corrected were primarily a result of County officials preparing accounting records and reports on the cash basis of accounting. As indicated in the County's audited basic financial statements, the accounting for all funds has been converted to the modified accrual or accrual basis, as required by generally accepted accounting principles.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues


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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



Hopkins & Associates, CPAs