

St. Clair County Intergovernmental Grants Department

(A Component Unit of St. Clair County, Illinois)
Belleville, Illinois

Financial Statements and Supplementary Information
Year Ended December 31, 2018

St. Clair County

Intergovernmental Grants Department

Financial Statements and Supplementary Information
Year Ended December 31, 2018

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Independent Auditor's Report

St. Clair County Board
St. Clair County Intergovernmental Grants Department
Belleville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Clair County Intergovernmental Grants Department ("St. Clair County IGD") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise St. Clair County IGD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Clair County IGD as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 8, the pension information on page 35, and the other post-employment benefits information on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County IGD's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 37 through 39 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of program activity on pages 40 through 42, are presented for the 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 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, on our consideration of St. Clair County IGD'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Clair County IGD's 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 St. Clair County IGD's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

August 29, 2019
Madison, Wisconsin

St. Clair County

Intergovernmental Grants Department

Management's Discussion and Analysis

Financial Highlights

- St. Clair County Intergovernmental Grants Department's ("St. Clair County IGD") overall financial position, as reflected in total net position, decreased by \$45,725 for the year ended December 31, 2018, and decreased by \$176,038 for the year ended December 31, 2017.
- In governmental funds, the total fund balance decreased by \$151,797 and decreased by \$55,926 for the years ended December 31, 2018 and 2017, respectively.

A synopsis of key financial activities for the 2018 fiscal year is as follows:

Workforce Investment Division includes Workforce Innovation and Opportunity Act Formula Grant and Trade Adjustment Assistance Grants. The Workforce Investment Division funds increased 14.58% due to an increase in the Formula Grant funding and Apprenticeship Grant funding.

Community Development Division includes St. Clair County Community Development Block Grant, Home Grant, Homelessness Prevention Grants, Supportive Housing Grants, and various Illinois Housing Development Grants. The Community Development Division funding increased 13.29% due to an increase in the St. Clair County Community Development Division Grant funding.

Community Services Division includes the St. Clair Community Action Agency Grants; Community Services Block Grant, Weatherization Grant from the U.S. Department of Health and Human Services, and Weatherization DOE from the U.S. Department of Energy and Low-Income Energy Grants. The Community Services Division funding decreased 16.74% due to a decrease in funding in Weatherization and in the Low-Income Energy Grants.

Overview of the Financial Statements

The basic financial statements of St. Clair County IGD are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

Government-wide Financial Statements

- The government-wide financial statements are the statement of net position and the statement of activities. These statements present an aggregate view of St. Clair County IGD's finances in a manner similar to private and nonprofit sectors.
- The statement of net position presents information on all of St. Clair County IGD's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two being reported as net position.
- The statement of activities presents information showing how St. Clair County IGD's net position changed during the year.
- The government-wide financial statements are shown on pages 9 and 10 of this report.

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Management's Discussion and Analysis

Fund Financial Statements

- St. Clair County IGD also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. St. Clair County IGD, like other federal/state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than St. Clair County IGD's organization-wide statements.
- There are two fund financial statements: the balance sheet and the statement of revenue, expenditures, and changes in fund balances.
- St. Clair County IGD has only one fund type—the governmental fund. Governmental funds include the following: the general fund and the special revenue fund. The special revenue fund accounts for all federal, state, and local grant-funded programs.
- Financial information is presented separately on both the balance sheet and the statement of revenue, expenditures, and changes in fund balances for the general and special revenue fund as these are considered to be the major funds. Data for the funds is combined into a single aggregated column. Data for each federal, state, and local program within the special revenue fund is provided separately as additional information on pages 40 through 42 of this report. The governmental fund financial statements are on pages 11 through 14 of this report.

The major features of St. Clair County IGD's financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table.

	Government-wide Statements	Fund Financial Statements Governmental
Scope	Entire St. Clair County IGD	The programmatic and operating activities of St. Clair County IGD.
Required Financial Statements	Statement of net position and statement of activities	Governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balance.
Basis of Accounting and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting. Current financial resources focus.
Type of Asset and Liability Information	All assets and liabilities, both financial and capital, short-term, and long-term	Generally, includes assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of Inflow and Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in St. Clair County IGD's government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 34 of this report.

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Management's Discussion and Analysis

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of St. Clair County IGD, assets/deferred outflows of resources exceeded liabilities/deferred inflows of resources by \$1,431,860 and \$1,477,585 at December 31, 2018 and 2017, respectively. Table 1 provides a summary of St. Clair County IGD's net position for the years ended December 31, 2018 and 2017.

Table 1
Condensed Statement of Net Position
(in \$1,000)

	Governmental Activities	
	2018	2017
Current assets	\$ 5,071	\$ 5,669
Capital and other assets	2,328	3,097
Total assets	7,399	8,766
Deferred outflows	846	163
Current liabilities	2,939	3,386
Noncurrent liabilities	3,526	2,713
Total liabilities	6,465	6,099
Deferred inflows	348	1,352
Net position:		
Net investment in capital assets	2	7
Restricted	1,459	1,704
Unrestricted	(29)	(233)
Total net position	\$ 1,432	\$ 1,478

For the year ended December 31, 2018, in governmental activities, total assets decreased by \$1,366,377, primarily due to a decrease in net pension asset of \$563,649 and a decrease in loan receivables of \$233,201. Total liabilities increased by \$365,919 due to an increase in net pension liability of \$1,056,158, a decrease in forgivable loan payable of \$185,481, a decrease in revolving loan liability of \$47,720 and a decrease in accounts payable of \$369,801.

For the year ended December 31, 2017, in governmental activities, total assets increased by \$835,483, primarily due to the recording of net pension asset of \$563,649 and an increase in forgivable loan receivable of \$510,068. Total liabilities decreased by \$562,433 due to a decrease unearned revenue of \$602,894, a \$939,428 decrease in net pension liability, and an increase in forgivable loan payable of \$510,068.

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Management's Discussion and Analysis

Government-Wide Financial Analysis (Continued)

Change in Net Position

Table 2 summarizes the change in net position for 2018 and 2017.

Table 2
Change in Net Position
(in \$1,000)

	2018	Percentage of Funding	2017	Percentage of Funding
Revenue:				
Net grant revenue	\$ 15,072	98.06%	\$ 15,508	99.07%
Revolving loan payments	46	0.30%	37	0.24%
Interest income	6	0.04%	20	0.13%
Program income	232	1.51%	80	0.50%
Miscellaneous	14	0.09%	9	0.06%
Total revenue	15,370	100.00%	15,654	100.00%
Expenditures:				
Job training and employment	4,370	28.35%	3,850	24.32%
Housing and urban development	5,369	34.83%	6,129	38.72%
Weatherization/energy assistance	4,972	32.25%	5,263	33.25%
Community services programs	802	5.20%	785	4.96%
Nonprogram transactions	(101)	(0.65%)	(204)	(1.29%)
Depreciation – Unallocated	4	0.02%	7	0.04%
Total expenditures	15,416	100.00%	15,830	100.00%
Change in net position	(\$ 46)		(\$ 176)	
Net position – Beginning of year	\$ 1,478		\$ 1,654	
Net position – End of year	\$ 1,432		\$ 1,478	

As shown, program revenue in the form of grants and contributions for 2018 and 2017 provide over 98% and 99%, respectively of the funds for governmental activities, which are expended primarily on job training, housing, and weatherization.

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Management's Discussion and Analysis

Governmental Activities

Net Cost of Governmental Activities

Table 3 reports the cost of governmental activities. The table also shows each activity's net cost (total cost less grants and contribution revenue provided for specific programs).

Table 3
Net Cost of Governmental Activities
(in \$1,000)

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Job training and employment	\$ 4,370	\$ 29	\$ 3,850	(\$ 32)
Housing and urban development	5,369	(239)	6,129	(206)
Weatherization/energy assistance	4,972	33	5,263	(171)
Community services programs	802	14	785	23
Nonprogram transactions	(101)	101	(204)	205
Depreciation - Unallocated	4	(4)	7	(7)
Totals	\$ 15,416	(\$ 66)	\$ 15,830	(\$ 188)

In 2018, the overall decrease in expenses was due mainly to a decrease in housing and urban development.

The housing and urban development programs operate various revolving loan programs. The net cost of services was funded by restricted net assets reserved for revolving loans.

In 2017, the overall decrease in expenses was due mainly to a decrease in housing and urban development.

Governmental Funds

St. Clair County IGD completed the year with a total governmental fund balance of \$2,131,244, a \$151,797 decrease from the 2017 fund balance of \$2,283,041.

St. Clair County Intergovernmental Grants Department

Management's Discussion and Analysis

Governmental Activities (Continued)

Capital Assets

At the end of 2018, St. Clair County IGD had invested a cumulative of \$186,563 in capital assets; including vehicles, temporary structures, and equipment (see Table 4). Additional information about capital assets can be found in Note 6. St. Clair County IGD recognized depreciation expense of \$4,372 for governmental activities. Total accumulated depreciation on these assets was \$184,377.

Table 4
Capital Assets

	2018	2017	% Change
Vehicles	\$ 136,131	\$ 136,131	0.0%
Equipment	13,492	13,492	0.0%
Temporary structures	36,940	36,940	0.0%
Accumulated depreciation	(184,377)	(180,005)	2.4%
Totals	\$ 2,186	\$ 6,558	(66.6%)

Factors Bearing on St. Clair County IGD's Future

All of our programs continue to be under discussion by the White House and Congress. These discussions for the most part have been related to program elimination or significant reductions in grant funding. At present there was a reprieve, but we believe such funding threats will be a regular concern in the years ahead.

Contacting St. Clair County IGD's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of St. Clair County IGD's finances and to demonstrate St. Clair County IGD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer Johnson, Fiscal Manager, St. Clair County Intergovernmental Grants Department, 19 Public Square, Suite 200, Belleville, Illinois 62220.

St. Clair County

Intergovernmental Grants Department

Statement of Net Position
December 31, 2018

<i>Assets</i>	Governmental Activities
Current assets:	
Cash	\$ 2,778,624
Grants receivable	1,075,764
Other assets	95,331
Revolving loans receivable	122,247
Forgivable loans receivable	998,683
Total current assets	5,070,649
Noncurrent assets:	
Revolving loans receivable	92,040
Forgivable loans receivable	2,233,978
Capital assets, net	2,186
Total noncurrent assets	2,328,204
TOTAL ASSETS	7,398,853
<i>Deferred Outflows of Resources</i>	
Pension and OPEB related	845,845
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 8,244,698
<i>Liabilities</i>	
Current liabilities:	
Current revolving loans payable	\$ 122,247
Current forgivable loans payable	998,683
Accounts payable	975,502
Accrued payroll and related expenses	146,835
Unearned revenue	638,559
Funds held in escrow	57,579
Total current liabilities	2,939,405
Noncurrent liabilities:	
Accrued vacation and personal leave	115,700
Net pension liability	1,056,158
Revolving loan liability	92,040
Net OPEB liability	27,627
Forgivable loans payable	2,233,978
Total noncurrent liabilities	3,525,503
Total liabilities	6,464,908
<i>Deferred Inflows of Resources</i>	
Pension and OPEB related	347,930
<i>Net Position</i>	
Investment in capital assets	2,186
Restricted for revolving loans	1,458,549
Unrestricted	(28,875)
Total net position	1,431,860
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,244,698

See accompanying notes to financial statements.

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Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities:						
Program:						
Job training and employment	\$ 4,154,093	\$ 215,567	\$ 14	\$ 4,398,448	\$ 0	\$ 28,802
Housing and urban development	4,898,784	470,270	269,826	4,860,299	0	(238,929)
Weatherization/energy assistance	4,821,795	150,037	(230)	5,005,493	0	33,431
Community services programs	736,336	66,077	8,345	807,518	0	13,450
Total program activities	14,611,008	901,951	277,955	15,071,758	0	(163,246)
Support services:						
Nonprogram transactions	(101,473)	0		0	0	101,473
Depreciation - unallocated	4,372	0		0	0	(4,372)
Total support services	(97,101)	0		0	0	97,101
Total expenditures	\$ 14,513,907	\$ 901,951	\$ 277,955	\$ 15,071,758	\$ 0	(\$ 66,145)
General revenue:						
General					\$	14,159
Interest income						6,261
Total general revenue						20,420
Change in net position					(	45,725)
Net position - Beginning of year						1,477,585
Net position - End of year					\$	1,431,860

St. Clair County

Intergovernmental Grants Department

Balance Sheet - Governmental Funds
December 31, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets:			
Cash	\$ 369,134	\$ 2,409,490	\$ 2,778,624
Grants receivable	0	1,075,764	1,075,764
Revolving loans receivable	0	214,287	214,287
Forgivable loans receivable	0	3,232,661	3,232,661
Due from other funds	107,085	7,833	114,918
Other assets	95,331	0	95,331
TOTAL ASSETS	\$ 571,550	\$ 6,940,035	\$ 7,511,585
Liabilities:			
Accounts payable	(\$ 203,970)	\$ 1,179,472	\$ 975,502
Accrued payroll and related expenses	0	146,835	146,835
Due to other funds	101,500	13,418	114,918
Deferred revenue	0	638,559	638,559
Funds held in escrow	1,325	56,254	57,579
Forgivable loan payable	0	3,232,661	3,232,661
Revolving loan liability	0	214,287	214,287
Total liabilities	(101,145)	5,481,486	5,380,341
Fund balances:			
Nonspendable	93,218	0	93,218
Restricted	0	1,458,549	1,458,549
Unassigned	579,477	0	579,477
Total fund balances	672,695	1,458,549	2,131,244
TOTAL LIABILITIES AND FUND BALANCES	\$ 571,550	\$ 6,940,035	\$ 7,511,585

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Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position December 31, 2018

Total fund balance - Governmental funds		\$ 2,131,244
<p>Total net position reported to governmental activities in the statement of net position are different from the amount reported above as total governmental fund balances because:</p> <p>Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:</p>		
Governmental capital assets	186,563	
Governmental accumulated depreciation	<u>(184,377)</u>	2,186
Deferred outflows related to pensions and OPEB not recorded in the fund statement		845,845
<p>Unpaid employee benefits are a liability of the governmental funds only if the employee has resigned or retired. Amounts reported for governmental activities in the statement of net position are:</p>		
Accrued vacation and personal leave		(115,700)
Net OPEB liability		(27,627)
Net pension liability		(1,056,158)
Deferred inflows related to pensions and OPEB not recorded in the fund statement		<u>(347,930)</u>
Total net position - Governmental activities		<u>\$ 1,431,860</u>

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Statement of Revenue, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenue:			
Grants:			
Current year awards	\$ 0	\$ 15,110,634	\$ 15,110,634
Repayments to funding sources	0	(38,876)	(38,876)
Net grant revenue	0	15,071,758	15,071,758
Revolving loan repayments	0	46,281	46,281
Interest income	506	5,755	6,261
Program income	0	231,674	231,674
Miscellaneous income	706	13,453	14,159
Total revenue	1,212	15,368,921	15,370,133
Expenditures:			
Program activities:			
Job training and employment	0	4,398,808	4,398,808
Housing and urban development	0	5,406,069	5,406,069
Weatherization/energy assistance	0	5,001,022	5,001,022
Community services programs	0	806,261	806,261
Support services	(90,230)	0	(90,230)
Total expenditures	(90,230)	15,612,160	15,521,930
Excess of revenue over (under) expenditures	91,442	(243,239)	(151,797)
Other financing sources (uses):			
Transfers in (out)	2,257	(2,257)	0
Total other financing sources (uses)	2,257	(2,257)	0
Net change in fund balances	93,699	(245,496)	(151,797)
Fund balances - Beginning of year	578,996	1,704,045	2,283,041
Fund balances - End of year	\$ 672,695	\$ 1,458,549	\$ 2,131,244

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Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended December 31, 2018

Net change in fund balances - Total governmental funds		(\$ 151,797)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	\$ 0	
Depreciation expense reported in the statement of activities	<u>(4,372)</u>	
Amount by which depreciation is more than capital outlays in the current period		<u>(4,372)</u>
<p>Vested accrued vacation and personal leave are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.</p>		
Accrued vacation and personal leave earned	(112,721)	
Accrued vacation and personal leave paid	<u>121,862</u>	
Net accrued vacation and personal leave (earned)		<u>9,141</u>
OPEB related expenditures		21,699
Pension related expenditures		<u>79,604</u>
Change in net position - Governmental activities		<u><u>(\$ 45,725)</u></u>

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

St. Clair County Intergovernmental Grants Department (“St. Clair County IGD”) is a department of St. Clair County, Illinois (the “County”). For financial reporting, St. Clair County IGD includes all funds and other authorities over which the Department exercises oversight responsibilities. Oversight responsibility is defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization’s public service, and/or special financing relationships. St. Clair County IGD is a component unit of St. Clair County, Illinois.

St. Clair County IGD administers economic development and rehabilitation, weatherization, job training, and other social service programs in St. Clair County for the economically disadvantaged under various federal and state grants. It is a distinct entity established through these agreements and its operations are accounted for separately from those of St. Clair County. St. Clair County IGD receives approximately 31% of its support directly from the U.S. Department of Housing and Urban Development (HUD); approximately 29% from the U.S. Department of Labor, passed through the Illinois Department of Commerce and Economic Opportunity (DCEO); and approximately 25% from U.S. Department of Health and Human Services, passed through DCEO.

The St. Clair Community Action Agency (CAA) was formed as a 501(c)(3) organization. The CAA has been in existence since 1964. In 1983, the CAA formed a unique relationship with St. Clair County Government in an effort to reach a broader population of eligible county residents. The St. Clair County IGD oversees the daily operation of the CAA through a program operations agreement. All activity of the CAA is reported in St. Clair County IGD’s special revenue fund. The CAA has a fifteen-member advisory Board of Directors that reflect a diverse composition. It is comprised of five representatives each from the public sector, client representatives and private sector. The mission of the CAA is to improve the quality of life for individuals in their communities with a focus on providing direct assistance to individuals and families in their effort to attain self-sufficiency and lead enriched productive lives.

The accompanying financial statements present the activities of St. Clair County IGD. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in St. Clair County IGD’s reporting entity because of the significance of their operational or financial relationships with St. Clair County IGD. All significant activities and organizations with which St. Clair County IGD exercises oversight responsibility have been considered for inclusion in the financial statements. CAA is considered a blended component unit of St. Clair County IGD.

Significant Policies

The financial statements of St. Clair County IGD have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by St. Clair County IGD are described below.

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Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-wide Statements

The statement of net position and the statement of activities present financial information about St. Clair County IGD's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through intergovernmental revenue and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of St. Clair County IGD's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes: (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including interest income, is presented as general revenue.

St. Clair County IGD applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of the function.

Fund Financial Statements

The fund statements provide information about St. Clair County IGD's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

St. Clair County IGD reports the following major governmental funds:

General Fund

The general fund is St. Clair County IGD's primary operating fund. It accounts for all financial activity that is not required to be accounted for in the special revenue fund. All general receipts that are not allocated by law or contractual agreement to a special revenue fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the general fund.

Special Revenue Fund

The special revenue fund accounts for activities associated with providing economic development and rehabilitation, weatherization, job training, and other social service programs. Sources include financial aid received from the state and federal government. Excess expenditures of the fund are financed with a transfer from the general fund.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which St. Clair County IGD gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Interest earnings on temporary investments are recognized in the fiscal period earned.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. St. Clair County IGD considers all revenue reported in the governmental funds to be available if the revenue is collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Unearned revenue is reported on the balance sheet when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by St. Clair County IGD before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability on the balance sheet is removed and revenue is recognized.

Intergovernmental Revenue

In governmental funds, entitlements and nonreimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenue when the related expenditures are incurred. St. Clair County IGD participates in various federal programs.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Escrow Deposits

Escrow deposits consist of funds held in escrow as required by the agreements with subcontractors for certain grant programs. Approved loan commitments may also be escrowed prior to final disbursement from the revolving loan funds.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

The primary revenue source of St. Clair County IGD is federal and state grants. The grant contracts themselves provide sufficient control over the expenditure of grant proceeds; therefore, the adoption of an annual budget is not necessary. As a result, budgetary information has not been provided in these financial statements.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at an estimated acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Vehicles	\$ 5,000	Sum of the years' digits	5
Computer Equipment	5,000	Sum of the years' digits	3
Temporary Structures	5,000	Sum of the years' digits	5

Cost Allocations

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. The joint costs of St. Clair County IGD are allocated to the various funds based upon St. Clair County IGD's formalized and approved cost allocation plan.

Loans Receivable

St. Clair County IGD no longer operates loan programs for economic development. St. Clair County IGD operates residential rehabilitation and forgivable loan programs under their housing activities for low-income individuals. The programs consist of loans for home rehabilitation, homebuyer assistance, new home construction, and HOME grants. The assistance provided is recorded as a receivable with a corresponding increase in restricted net position. Any loans subsequently repaid will reduce the loan receivable.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off. Management has reported the loans at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses, if applicable.

Loans losses are charged against the loan balance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the loan balance.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, St. Clair County IGD has two items that qualify for reporting in this category. The deferred outflows of resources represent St. Clair County IGD's pension amounts related to the Illinois Municipal Retirement Fund and amounts related to other post-employment benefit-healthcare costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, St. Clair County IGD has two items that qualify for reporting in this category. The deferred inflows of resources represent St. Clair County IGD's pension amounts related to the Illinois Municipal Retirement Fund and amounts related to other post-employment benefit-healthcare costs.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments or imposed by law through constituted provisions or enabling legislation.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories, or (b) legally or contractually required to be maintained intact. St. Clair County IGD has a nonspendable fund balance of \$93,218 consisting of inventory supplies and prepaid items that are reported as other assets.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. St. Clair County IGD has a restricted fund balance of \$1,458,549 consisting of revolving loans.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions by the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Currently, St. Clair County IGD does not have any committed fund balances.

Assigned fund balance: This classification reflects the amounts constrained by the Board of Directors “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Directors and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Currently, St. Clair County IGD does not have any assigned fund balances.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is St. Clair County IGD's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned—in order as needed.

Income Taxes

St. Clair Community Action Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Illinois franchise or income tax. St. Clair Community Action Agency is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. St. Clair Community Action Agency has determined there is no amount to record as assets or liabilities related to uncertain tax positions.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through August 29, 2019, which is the date the financial statements were available to be issued.

Note 2: Cash

Custodial Credit Risk - Deposits

In the case of deposits, St. Clair County IGD minimizes its risks that in the event of a bank failure, the Department's deposits may not be returned to it. State statutes require that all monies deposited in banks and savings and loans that exceed 75% of the capital stock and surplus of such institution shall be collateralized by specific securities. However, the Department generally requires collateral on all deposits over FDIC or SIPC coverage. The pledging financial institution's trust department or the Federal Reserve holds the collateral. As of December 31, 2018, \$2,621,553 of St. Clair County IGD's bank balances totaling to \$2,874,174 was exposed to custodial credit risk however, all balances were insured or collateralized with securities held by the pledging or financial institution's trust department or agent.

Note 3: Grants Receivable

Grants receivable consist of the following:

Illinois Department of Commerce and Economic Opportunity	\$	715,262
U.S. Department of Housing and Urban Development		358,258
Other		2,244
<hr/>		
Total	\$	1,075,764

Note 4: Revolving Loans Receivable Revolving Loan Liability Reserve for Loans

St. Clair County IGD operates loan programs for economic development and residential rehabilitation for lower income families to be paid back over a period of up to ten years. Net loans receivable of \$214,287 are recorded as an asset and are offset by a liability in the special revenue fund.

The St. Clair County IGD Community Services Block Grant (CSBG) program was funded by DCEO. The CSBG Loan program was suspended in 2015. The program suspension remained in 2018. As of December 2018, all funds repaid from CSBG loans will be held by IGD until further notice from DCEO.

There is currently no allowance for loan losses or discount recorded.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 4: Revolving Loans Receivable Revolving Loan Liability Reserve for Loans (Continued)

Loans receivable consist of the following:

Jobs and business development	\$ 208,660
Residential housing	5,627
Subtotals	214,287
Current portion	(122,247)
Long-term portion	\$ 92,040

A summary of revolving loans receivable and related restricted net position is as follows:

Program	Rates	Period	12/31/2018 Balance	Net Position Restricted for Loans
Home Rehabilitation	2.52%	Various	\$ 5,627	\$ 14,116
CDBG Loans	3-5%	Various	8,992	138,604
CSBG Loans	3-5%	Various	199,668	1,305,829
Totals			\$ 214,287	\$ 1,458,549

The change in the revolving loans payable during 2018 is as follows:

1/1/18 Balance	Additions	Reductions	12/31/18 Balance	Amount Due Within One Year
\$ 262,007	\$ 0	\$ 47,720	\$ 214,287	\$ 122,247

Net position restricted for loans represents funds that have been repaid in 2018 and prior to St. Clair County IGD.

The collection scheduled for notes receivable is as follows:

2019	\$ 122,247
2020	4,432
2021	82,821
2022	1,473
2023	1,510
Thereafter	1,804
Total	\$ 214,287

St. Clair County IGD monitors the credit quality of the loans. As of December 31, 2018, St. Clair County IGD determined there were no loans that were considered impaired or non-performing.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 5: Forgivable Loans Receivable Forgivable Loans Payable

St. Clair County IGD operates forgivable loan programs under their housing activities for low-income individuals. The programs consist of loans for home rehabilitation, homebuyer assistance, new home construction, and HOME grants. The home rehabilitation, homebuyer assistance, and HOME grants are forgiven over four to six years. The new home construction loans are forgiven over a ten-year period. All of the loans are contingent on the homeowner not selling the property. If the home is sold prior to that date, a proportionate amount of the forgivable loan must be repaid to St. Clair County IGD based on the number of years remaining on the loan period.

The forgivable loan receivable and corresponding payable balance at December 31, 2018, is \$3,232,661. The schedule of forgiveness is as follows:

2019	\$	998,683
2020		857,878
2021		674,461
2022		449,337
2023		178,302
Thereafter		74,000
Total		\$ 3,232,661

Note 5: Forgivable Loans Receivable (Continued) Forgivable Loans Payable

The change in the forgivable loans payable during 2018 is as follows:

<u>1/1/18</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18</u> <u>Balance</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
\$ 3,418,142	915,540	\$ 1,101,021	\$3,232,661	\$998,683

St. Clair County IGD monitors the credit quality of the loans. As of December 31, 2018, St. Clair County IGD determined there were no loans that were considered impaired or non-performing.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 6: Capital Assets

Capital asset balances and activity for the year ended December 31, 2018, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Vehicles	\$ 136,131	\$ 0	\$ 0	\$ 136,131
Equipment	13,492	0	0	13,492
Temporary structures	36,940	0	0	36,940
Total capital assets being depreciated	186,563	0	0	186,563
Less accumulated depreciation for:				
Vehicles	(129,573)	(4,372)	0	(133,945)
Equipment	(13,492)	(0)	0	(13,492)
Temporary structures	(36,940)	(0)	0	(36,940)
Total accumulated depreciation	(180,005)	(4,372)	0	(184,377)
Governmental activities capital assets, net of accumulated depreciation	\$ 6,558	(\$ 4,372)	\$ 0	\$ 2,186

Depreciation expense for the year ended December 31, 2018, could not be readily allocated to specific government functions. Total depreciation for governmental activities for the year ended December 31, 2018, was \$4,372.

Note 7: Due From/Due To Other Funds

Individual interfund receivable and payable balances as of December 31, 2018, are as follows:

Fund	Due From	Due To
Special revenue:		
Job training and employment	\$ 1,230	\$ 4,173
Housing and urban development	1,990	2,518
Weatherization/energy assistance	4,613	2,152
Community services programs	0	4,575
Special revenue totals	7,833	13,418
General fund	107,085	101,500
Totals	\$ 114,918	\$ 114,918

At December 31, 2018, a net of \$114,918 is owed between the special revenue fund and the general fund. Interfund activities are recorded to meet specific cash needs.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 8: Operating Leases

St. Clair County IGD leases various facilities and equipment for operation of its programs. Lease expense for the year ended December 31, 2018, was \$242,682. Future minimum lease payments on leases having terms beyond one year are as follows:

2019	\$	50,273
2020		27,117
2021		1,938
<hr/>		
Total	\$	79,328

Note 9: Employee Benefits

The St. Clair County IGD is a department of St. Clair County, Illinois and participates in the County's defined benefit pension plan. Actuarial assumptions are based on the County regular members as a whole and therefore, the entirety of this note is a reflection of the retirement fund commitment of the County and IGD, not just IGD. IGD has reported the net pension liability, deferred outflows of resources, and pension expense based on the IGD's member wages as a percentage of the entire regular plan's member wages (6.59%). IGD believes this percentage could be applied to the following actuarial information of the plan as a whole.

Illinois Municipal Retirement Fund (IMRF) Plan Description

Plan Description. The County's defined benefit pension plan for employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provider" section of this document. Details of all benefits are available for IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report may be obtained for download at www.imrf.org.

Benefits Provided

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

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Benefits Provided (Continued)

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

	IMRF
As of December 31, 2018, the following regular employees were covered by the benefit terms:	749
	432
Retirees and Beneficiaries currently receiving benefits	644
Inactive Plan Members entitled to but not yet receiving benefits	1,825
Active Plan Members	
Total	

Contributions

As set by statute, the County's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement of its own employees. The annual contribution rate for calendar year 2018 was 10.91%. For the fiscal year ended December 31, 2018, the St. Clair County IGD contributed \$211,962 to the plan. The County also contributes for disability benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Net Pension Asset/Liability

At December 31, 2018, St. Clair County IGD reported a liability of \$1,056,158 for its proportionate share of the net pension liability. St. Clair IGD's proportion of the net pension liability was based on St. Clair IGD's share of employee wages contributing to the pension plan relative to the employee wages of all participating employers. At December 31, 2018, St. Clair IGD's proportion was 6.59%. The net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension asset/liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.5%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014 to 2016.

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, and IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Actuarial Assumptions (continued)

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate Of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
Total	100%	

There were no benefit changes during the year.

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$2,293,625	\$1,056,158	\$35,113

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

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

For the year ended December 31, 2018, St. Clair County IGD recognized pension expense of \$79,604. At December 31, 2018, St. Clair County IGD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 2,807	\$ 126,730
Changes in assumptions	220,626	196,963
Net difference between projected and actual earnings on pension plan investments	611,057	0
Total Deferred Amounts to be recognized in pension expense in future periods	834,490	323,693
<i>Pension Contributions made subsequent to the Measurement Date</i>	0	0
Total Deferred Amounts Related to Pensions	\$ 834,490	\$ 323,693

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in pension expense in future periods as follows:

Year Ending December 31	Increase In Pension Expense
2019	\$ 138,501
2020	66,894
2021	82,712
2022	222,690
Total	\$ 510,797

Employee Health and Welfare Benefits

The County has a self-insurance program covering certain health and welfare benefits for substantially all of its employees including IGD. The employees' medical plan is funded with the county contributing to the Employee Medical Trust fund, an Internal Service fund, the cost for its employees with a minimal contribution by the employee. Contributions paid by IGD were \$444,103 for the year ended December 31, 2018. Employee dependent coverage is paid by the employee through payroll deductions.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Postemployment Benefits other than Pension

IGD participates in the County's Postemployment Benefit program for healthcare. The County must provide health coverage to certain retired employees and their eligible dependents under the Municipal Employee's Continuation Privilege law. To be eligible, the retiree must retire from active service and be immediately eligible for an IMRF pension or disability benefit and covered by the County's health plan at retirement. Participation is only allowed immediately after retirement and cannot be added at a later date. The benefit levels are the same as those afforded to active employees. The program becomes secondary to Medicare when the retiree or spouse reaches age 65. Premiums charged are at COBRA rates less a 2% administration fee as required by State statute. Premiums are withheld by IMRF from retirement pay and paid directly to the County. Premiums and costs are included in the Internal Service Fund of the County.

The County established an irrevocable trust to fund future benefits. Currently, administrative costs for the trust are minimal and paid by the OPEB Trust Fund. The current funding policy is to contribute the Actuarially Determined Contribution as calculated by the actuary. The plan does not issue a separate report. The activity of the fund is reported in the County's Post-Employment Benefits Trust Fund, a fiduciary fund.

Employees Covered by Benefit Terms

As of December 31, 2018, the following regular employees were covered by the benefit terms:

	<u>OPEB</u>
Retirees and Beneficiaries currently receiving benefits	54
Active Plan Members	<u>736</u>
Total	<u>790</u>

Contributions

Employer contributions are based on bi-annual actuarially determined amounts. The County Board authorizes the actual contribution as part of the annual budget process. Employees are not required to contribute to the plan. The 2018 calculated contribution of \$334,951 was paid in full.

Net OPEB Liability

At December 31, 2018, St. Clair County IGD reported a liability of \$27,627 for its proportionate share of the net OPEB liability. St. Clair IGD's proportion of the net OPEB liability was based on St. Clair IGD's share of contributions for healthcare benefits relative to the contributions of healthcare benefits of all participating employers. At December 31, 2018, St. Clair IGD's proportion was 3.83%. The net OPEB liability was measured as of December 31, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as December 31, 2018 with a measurement date of December 31, 2018.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Postemployment Benefits other than Pension (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value.
- The **Inflation Rate** was assumed to be 2.3%.
- The **Investment Rate of Return** was assumed to be 5.25%.
- The **Healthcare Cost Trend Rates** were 5.7% for 2019, gradually decreasing to an ultimate rate of 3.9% for 2098 and beyond.
- The **Mortality Rates** were based on the RP-2014 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2016.
- The long-term expected **Rate of Return** on plan investments was determined by added expected inflation to expected long-term real returns and reflection expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2018.

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate Of Return
Broad US Equities	34.72%	4.96%
Developed Foreign Equities	14.21%	6.36%
Fixed Income	41.72%	1.37%
Cash Equivalents	8.97%	0.29%

Discount Rate

A discount rate of 5.25% was used to measure the total OPEB liability. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefits payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Postemployment Benefits other than Pension (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the plan's net OPEB liability, calculated using a Discount Rate of 5.25%, as well as what the plan's net OPEB liability would be if it were calculated using a Discount Rate that is 1% lower or 1% higher:

	1% Lower 4.25%	Current Discount 5.25%	1% Higher 6.25%
Net OPEB Liability	\$38,723	\$27,627	\$17,409

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the plan's net OPEB liability, calculated using the current healthcare cost trend rates as well as what the County's net OPEB liability would be if it were calculated using trend rates that are 1% lower or 1% higher:

	1% Lower	Current Discount	1% Higher
Net OPEB Liability	\$14,637	\$27,627	\$42,627

The healthcare cost trend rates are described in the actuarial assumptions on the prior page.

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, St. Clair County IGD recognized OPEB expense of \$21,699. At December 31, 2018, St. Clair County IGD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 0	\$ 24,237
Net difference between projected and actual earnings on plan investments	11,355	0
Total Deferred Amounts to be recognized in OPEB expense in future periods	11,355	24,237
<i>OPEB Contributions made subsequent to the Measurement Date</i>	0	0
Total Deferred Amounts Related to Pensions	\$ 11,355	\$ 24,237

St. Clair County

Intergovernmental Grants Department

Notes to the Financial Statements

Note 9: Employee Benefits (Continued)

Postemployment Benefits other than Pension (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ending December 31	Increase In OPEB Expense
2019	\$ (577)
2020	(577)
2021	(577)
2022	(567)
2023	(3,414)
Thereafter	(7,170)
Total	\$ (12,882)

Note 10: Risk Management

St. Clair County IGD is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. St. Clair County IGD participates in the Illinois Counties Risk Management Trust, which carries commercial insurance to provide insurance coverage to local counties in Illinois. Insurance premiums are paid by St. Clair County. St. Clair County IGD paid \$27,025 to the County for insurance premiums for the year ended December 31, 2018. St. Clair County IGD also carries commercial insurance for public employee dishonesty. There are no unsettled claims that exceed commercial coverage for any of the past three fiscal years. There was no significant reduction in insurance coverage.

Note 11: Contingencies

Currently, St. Clair County IGD has several pending lawsuits relating to discrimination, retaliation and improper wages. Judgments have not been reached on any of the lawsuits and St. Clair County IGD continues to vigorously defend its position. Accordingly, adjustments, if any, which might result from the resolution of this matter, have not been reflected in the financial statements.

Required Supplementary Information

St. Clair County

Intergovernmental Grants Department

Schedules of Employer's Proportionate Share of the Net Pension Liability
(Asset) and Employer Contributions - Illinois Municipal Retirement Fund (IMRF)
Year Ended December 31, 2018 (And Prior Three Fiscal Years)

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) Illinois Municipal Retirement Fund (IMRF)

	2015	2016	2017	2018
Measurement date	12/31/2015	12/31/2016	12/31/2017	12/31/2018
St. Clair County IGD's proportion of the net pension liability (asset)	5.04%	5.06%	6.84%	6.59%
St. Clair County IGD's proportionate share of the net pension liability (asset)	\$ 925,411	\$ 939,428	(\$ 563,649)	\$ 1,056,158
St. Clair County IGD's covered payroll during the measurement period	\$ 1,511,864	\$ 1,954,489	\$ 2,001,416	\$ 1,942,825
St. Clair County IGD's proportionate share of the net pension liability (asset) as a percentage of covered payroll	61.21%	48.07%	-28.16%	54.36%
Plan fiduciary net position as a percentage of the total pension liability	90.40%	90.68%	101.70%	89.95%

Schedule of Employer Contributions Illinois Municipal Retirement Fund (IMRF)

	2015	2016	2017	2018
Contractually required contribution for the fiscal period	\$ 157,990	\$ 206,003	\$ 213,446	\$ 211,962
Contribution in relation to the contractually required contribution	(\$ 157,990)	(\$ 206,003)	(\$ 213,446)	(\$ 211,962)
Contribution deficiency excess	\$ -	\$ -	\$ -	\$ -

St Clair Conty IGD's covered payroll	\$ 1,511,864	\$ 1,954,489	\$ 2,001,416	\$ 1,942,825
Contributions as a percentage of covered payroll	10.45%	10.54%	10.68%	10.91%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to the Schedule:

Changes of benefit terms: There were no changes of benefit terms for any participation employer in IMRF.

Changes of assumptions: There were no changes in the assumptions.

St. Clair County

Intergovernmental Grants Department

Schedule of Changes of Employer's Proportionate Share of the Net OPEB Liability and Related Ratios Year Ended December 31, 2018 (And the Prior Fiscal Year)

Schedule of Employers Proportionate Share of the Net OPEB Liability

	2017	2018
Measurement date	12/31/2017	12/31/2018
St. Clair County IGD's proportion of the net OPEB liability	3.87%	3.83%
St. Clair County IGD's proportionate share of the net OPEB liability	\$ 62,167	\$ 27,627
St. Clair County IGD's covered payroll	\$ 1,435,337	\$ 1,431,629
St. Clair County IGD's proportionate share of the net OPEB liability	4.33%	1.93%
Plan fiduciary net position as a percentage of the total OPEB liability	67.82%	83.36%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to the Schedule:

Changes of benefit terms: There were no changes of benefit terms for any participation employer in OPEB.

Changes of assumptions: There were no changes in the assumptions.

Supplementary Information

St. Clair County Intergovernmental Grants Department

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster				
Direct Grant				
Community Development Block Grant	B-14-UC-17-0005	14.218	\$ 14,438	\$ 126,477
Community Development Block Grant	B-15-UC-17-0005	14.218	0	95,530
Community Development Block Grant	B-16-UC-17-0005	14.218	26,135	852,643
Community Development Block Grant	B-17-UC-17-0005	14.218	58,184	1,816,495
Community Development Block Grant	B-18-UC-17-0005	14.218	0	198,495
Community Development Block Grant Revolving Loans	None	14.218	0	50,248
Total Federal Expenditures CFDA #14.218 Cluster			98,757	3,139,888
Direct Grant				
HOME Investment Partnership Program	M-14-DC-17-0215	14.239	0	11,984
HOME Investment Partnership Program	M-15-DC-17-0215	14.239	0	73,515
HOME Investment Partnership Program	M-16-DC-17-0215	14.239	0	337,454
HOME Investment Partnership Program	M-17-DC-17-0215	14.239	0	315,550
HOME Investment Partnership Program	M-18-DC-17-0215	14.239	0	70,545
HOME Investment Partnership Program Revolving Loans	None	14.239	0	6,086
Total Federal Expenditures CFDA #14.239			0	815,134
Supportive Housing	IL0083L5T081609	14.267	0	75,934
Supportive Housing	IL0083L5T081508	14.267	0	(3,848)
Supportive Housing	IL0083L5T081710	14.267	0	78,159
Supportive Housing	IL0082L5T081609	14.267	0	33,330
Supportive Housing	IL0082L5T081710	14.267	0	23,410
Supportive Housing	IL0663L5T081600	14.267	0	75,021
Supportive Housing	IL1596L5T081700	14.267	0	10,072
Supportive Housing	IL0085L5T081609	14.267	16,510	139,521
Supportive Housing	IL0521L5T081605	14.267	5,842	6,206
Supportive Housing	IL0087L5T081609	14.267	46,107	66,007
Supportive Housing	IL0520L5T081605	14.267	15,466	17,429
Supportive Housing	IL0442L5T081607	14.267	17,862	19,957
Supportive Housing	IL0085L5T081710	14.267	106,165	132,355
Supportive Housing	IL0521L5T081706	14.267	11,093	11,258
Supportive Housing	IL0087L5T081710	14.267	54,061	72,221
Supportive Housing	IL0520L5T081706	14.267	14,717	15,241
Supportive Housing	IL0442L5T081708	14.267	15,904	16,551
Total Federal Expenditures CFDA #14.267			303,727	788,824

St. Clair County Intergovernmental Grants Department

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Labor				
Passed-Through the State of Illinois, Department of Commerce and Economic Opportunity				
Trade Adjustment Assistance	16-661024	17.245	0	188,568
Trade Adjustment Assistance	17-661024	17.245	0	8,356
Total Federal Expenditures CFDA #17.245			0	196,924
WIA Cluster				
Workforce Innovation and Opportunity Act Title 1	16-681024	17.258	0	2,463
Workforce Innovation and Opportunity Act Title 1	17-681024	17.258	0	1,743,974
Workforce Innovation and Opportunity Act Title 1	18-681024	17.258	0	325,098
Total Federal Expenditures CFDA #17.258			0	2,071,535
Workforce Innovation and Opportunity Act Title 1	16-681024	17.259	0	113,845
Workforce Innovation and Opportunity Act Title 1	17-681024	17.259	399,136	721,467
Workforce Innovation and Opportunity Act Title 1	18-681024	17.259	206,091	338,759
Workforce Innovation and Opportunity Act Incentive	15-632024	17.259	0	4,844
Workforce Innovation and Opportunity Act Incentive	16-632024	17.259	0	14,068
Total Federal Expenditures CFDA #17.259			605,227	1,192,983
Workforce Innovation and Opportunity Act Title 1	16-681024	17.278	0	49,695
Workforce Innovation and Opportunity Act Title 1	17-681024	17.278	0	654,102
Workforce Innovation and Opportunity Act Title 1	18-681024	17.278	0	129,994
Workforce Innovation and Opportunity Act Rapid Response	17-651024	17.278	0	102,712
Workforce Innovation and Opportunity Act Rapid Response	18-651024	17.278	0	503
Total Federal Expenditures CFDA #17.278			0	937,006
Total Federal Expenditures WIOA Cluster CFDA #17.258, #17.259, and #17.278			605,227	4,201,524
U.S. Department of Energy				
Passed-Through the State of Illinois, Department of Commerce and Economic Opportunity				
Weatherization Assistance for Low-Income Persons	17-401008	81.042	0	193,616
Weatherization Assistance for Low-Income Persons	17-402008	81.042	0	186,822
Total Federal Expenditures CFDA #81.042			0	380,438

St. Clair County Intergovernmental Grants Department

Schedule A-3

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed-Through the State of Illinois, Department of Commerce and Economic Opportunity				
Weatherization	17-221008	93.568	0	38,732
Weatherization	18-221008	93.568	0	298,185
Low-Income Home Energy Assistance	17-224008	93.568	0	1,311,770
Low-Income Home Energy Assistance	18-224008	93.568	0	1,359,589
Total Federal Expenditures CFDA #93.568			0	3,008,276
Passed-Through the State of Illinois, Department of Commerce and Economic Opportunity				
Community Services Block Grant	18-231008	93.569	0	807,472
Total Federal Expenditures CFDA #93.569			0	807,472
TOTAL FEDERAL EXPENDITURES			\$ 1,007,711	\$ 13,338,480

Note to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompany schedule of expenditures of federal awards (the Schedule") includes the federal grant activity of St. Clair County Intergovernmental Grants Department under programs of federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of St. Clair County Intergovernmental Grants Department, it is not intended to and does not present the financial position, changes in net position or cash flows of St. Clair County Intergovernmental Grants Department.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - 10% De Minimis

St. Clair County Intergovernmental Grants Department has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Outstanding Loans

This schedule also includes the outstanding loan balances for the Community Development Block Grant (CDBG) of \$8,992 and Home Investment Partnership Program (HOME) of \$5,627.

	CDBG	HOME
Beginning balance	\$ 50,248	\$ 6,086
Loan proceeds	-	-
Loan payments	(41,256)	(459)
Ending balance	\$ 8,992	\$ 5,627

Note 5 - Program Operation Agreement

St. Clair County Intergovernmental Grants Department has a Program Operation Agreement with the St. Clair Community Action Agency, that gives St. Clair County Intergovernmental Grants Department all authority for the operation of all CAA programs. Programs included in this agreement are Low-Income Home Energy Assistance, Community Services Block Grant, Weatherization and Emergency Food and Shelter Programs. Funds expended on behalf of the St. Clair Community Action Agency included in this schedule are \$4,196,186.

St. Clair County Intergovernmental Grants Department

Schedule B-1

Schedule of Program Activity

Year Ended December 31, 2018

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Deferred	Special	Current	Other	Expenditures	Repay-ments	Transfers	Deferred	Special
						(Receivable) Revenue	Revenue Fund Bal.						(Receivable) Revenue	Revenue Fund Bal.
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE														
Department of Housing and Urban Development														
14.218	B-14-UC-17-0005	CDBG 14 (704 714)	U.S. Dept. of HUD	Ongoing	\$ 3,266,400	\$ (41,225)	\$ 0	\$ 167,702	\$ 1,407	\$ (127,884)	\$ 0	\$ 0	\$ 0	\$ 0
14.218	B-15-UC-17-0005	CDBG 15 (705 715)	U.S. Dept. of HUD	Ongoing	3,224,265	(1,860)	0	94,580	6,198	(101,728)	0	0	(2,810)	0
14.218	B-16-UC-17-0005	CDBG 16 (706 716)	U.S. Dept. of HUD	Ongoing	3,204,745	(164,843)	0	987,683	5,642	(858,285)	0	0	(29,803)	0
14.218	B-17-UC-17-0005	CDBG 17 (707 717)	U.S. Dept. of HUD	Ongoing	3,200,562	(56,691)	0	1,781,268	12,976	(1,829,471)	0	(29)	(91,947)	0
14.218	B-18-UC-17-0005	CDBG 18 (708 718)	U.S. Dept. of HUD	Ongoing	3,549,264	0	0	59,859	12	(198,507)	0	0	(138,636)	0
14.218	None	Revolving Loan Programs	U.S. Dept. of HUD	10/01/15-09/01/22		0	322,419	0	42,834	(226,569)	0	(80)	0	138,604
Subtotal 14.218						(264,619)	322,419	3,091,092	69,069	(3,342,444)	0	(109)	(263,196)	138,604
14.239	M-14-DC-17-0215	Home Rehab. (804 814)	U.S. Dept. of HUD	Ongoing	931,358	(579)	0	12,563	0	(11,984)	0	0	0	0
14.239	M-15-DC-17-0215	Home Rehab. (805 815)	U.S. Dept. of HUD	09/30/15-09/01/23	844,641	(28,395)	0	101,910	0	(73,515)	0	0	0	0
14.239	M-16-DC-17-0215	Home Rehab. (806 816)	U.S. Dept. of HUD	09/30/16-09/01/24	872,165	(67,433)	0	404,202	(250)	(337,204)	0	0	(685)	0
14.239	M-17-DC-17-0215	Home Rehab. (807 817)	U.S. Dept. of HUD	09/30/17-09/01/25	824,446	(14,741)	0	329,450	686	(316,236)	0	0	(841)	0
14.239	M-18-DC-17-0215	Home Rehab. (808 818)	U.S. Dept. of HUD	09/30/18-09/01/26	1,165,241	0	0	6,534	183	(70,728)	0	0	(64,011)	0
14.239	None	Home Rehab Loans Prog. Income (821)	U.S. Dept. of HUD	Ongoing	None	0	84,096	0	21,727	(91,707)	0	0	0	14,116
14.239	None	Home Rehab Prog. Income CHDO (822)	U.S. Dept. of HUD	Ongoing	None	453,057	0	0	197,607	(213,164)	0	0	437,500	0
Subtotal 14.239						341,909	84,096	854,659	219,953	(1,114,538)	0	0	371,963	14,116
14.267	IL0083L5T081609	Supportive Housing HRC (907)	U.S. Dept. of HUD	07/01/17-06/30/18	172,667	294	0	75,640	0	(75,934)	0	0	0	0
14.267	IL0083L5T081508	Supportive Housing HRC (906)	U.S. Dept. of HUD	07/01/16-06/30/17	172,667	(3,848)	0	0	0	3,848	0	0	0	0
14.267	IL0083L5T081710	Supportive Housing HRC (908)	U.S. Dept. of HUD	07/01/18-06/30/19	172,667	0	0	68,337	0	(78,159)	0	0	(9,822)	0
14.267	IL0082L5T081609	Supportive Housing HMIS (917)	U.S. Dept. of HUD	07/01/17-06/30/18	50,952	(1,313)	0	34,643	0	(33,330)	0	0	0	0
14.267	IL0082L5T081710	Supportive Housing HMIS (918)	U.S. Dept. of HUD	07/01/18-06/30/19	50,952	0	0	14,021	0	(23,410)	0	0	(9,389)	0
14.267	IL0663L5T081600	Supportive Housing Planning (938)	U.S. Dept. of HUD	11/01/17-10/31/18	92,907	(10,671)	0	85,615	0	(75,021)	0	0	(77)	0
14.267	IL1596L5T081700	Supportive Housing Planning (939)	U.S. Dept. of HUD	11/01/18-10/31/19	92,906	0	0	0	0	(10,072)	0	0	(10,072)	0
14.267	IL0085L5T081609	Supportive Housing JH (947)	U.S. Dept. of HUD	07/01/17-06/30/18	287,086	9,700	0	131,178	0	(139,521)	(1,357)	0	0	0
14.267	IL0521L5T081605	Supportive Housing HAL (957)	U.S. Dept. of HUD	07/01/17-06/30/18	41,368	(448)	0	6,654	0	(6,206)	0	0	0	0
14.267	IL0087L5T081609	Supportive Housing NSU (967)	U.S. Dept. of HUD	07/01/17-06/30/18	170,689	5,515	0	60,492	0	(66,007)	0	0	0	0
14.267	IL0520L5T081605	Supportive Housing RH (987)	U.S. Dept. of HUD	07/01/17-06/30/18	45,856	2,038	0	15,391	0	(17,429)	0	0	0	0
14.267	IL0442L5T081607	Supportive Housing RfR (997)	U.S. Dept. of HUD	07/01/17-06/30/18	41,342	1,518	0	18,439	0	(19,957)	0	0	0	0
14.267	IL0085L5T081710	Supportive Housing JH (948)	U.S. Dept. of HUD	07/01/18-06/30/19	305,458	0	0	143,470	0	(132,355)	0	0	11,115	0
14.267	IL0521L5T081706	Supportive Housing HAL (958)	U.S. Dept. of HUD	07/01/18-06/30/19	43,996	0	0	11,093	0	(11,258)	0	0	(165)	0
14.267	IL0087L5T081710	Supportive Housing NSU (968)	U.S. Dept. of HUD	07/01/18-06/30/19	181,621	0	0	79,371	0	(72,221)	0	0	7,150	0
14.267	IL0520L5T081706	Supportive Housing RH (988)	U.S. Dept. of HUD	07/01/18-06/30/19	48,772	0	0	16,880	0	(15,241)	0	0	1,639	0
14.267	IL0442L5T081708	Supportive Housing RfR (998)	U.S. Dept. of HUD	07/01/18-06/30/19	43,982	0	0	18,784	0	(16,551)	0	0	2,233	0
Subtotal 14.267						2,785	0	780,008	0	(788,824)	(1,357)	0	(7,388)	0

St. Clair County Intergovernmental Grants Department

Schedule B-2

Schedule of Program Activity

Year Ended December 31, 2018

CFDA Number	Grant Number	Program Name	Grantor Agency	Program or Award Period	Program or Award Amount	Deferred (Receivable) Revenue 12/31/17	Special Revenue Fund Bal. 12/31/17	Current Receipts	Other Revenue	Expenditures	Repayments	Transfers	Deferred (Receivable) Revenue 12/31/18	Special Revenue Fund Bal. 12/31/18
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)														
Department of Housing and Urban Development														
14.900	ILLHB0550-13	Lead Program (844)	U.S. Dept. of HUD	08/01/13-01/31/17	1,635,563	22,898	0	0	0	0 (22,898)	0	0	0	0
						22,898	0	0	0	0 (22,898)	0	0	0	0
Department of Labor														
17.245	16-661024	Trade Adjustment Assist. (277) d	IL Dept. of CEO	04/01/17-09/30/18	612,480	2,493	0	186,075	0 (188,568)	0	0	0	0	0
17.245	17-661024	Trade Adjustment Assist. (278) d	IL Dept. of CEO	10/01/18-09/30/19	61,305	0	0	0	0 (8,356)	0	0 (8,356)	0	0	0
Subtotal 17.245						2,493	0	186,075	0 (196,924)	0	0 (8,356)	0	0	0
17.258	16-681024	WIOA Title 1-B (206) a	IL Dept. of CEO	04/01/16-06/30/18	1,337,365	0	0	2,463	0 (2,463)	0	0	0	0	0
17.258	17-681024	WIOA Title 1-B (207) a	IL Dept. of CEO	07/01/17-06/30/19	1,739,710	0	0	1,743,974	0 (1,743,974)	0	0	0	0	0
17.258	18-681024	WIOA Title 1-B (208) a	IL Dept. of CEO	07/01/18-06/30/20	979,498	0	0	325,098	0 (325,098)	0	0	0	0	0
17.258	15-632024	WIA Incentive (217) a	IL Dept. of CEO	04/01/16-06/30/18	10,909 (	3,032)	0	3,032	0	0	0	0	0	0
17.258	18-633081	WIOA Apprenticeship Expansion (248)	IL Dept. of CEO	12/01/18-06/30/20	110,320	0	0	0	0	0	0	0	0	0
Subtotal 17.258						(3,032)	0	2,074,567	0 (2,071,535)	0	0	0	0	0
17.259	16-681024	WIOA Title 1-B (206) y	IL Dept. of CEO	04/01/16-06/30/18	975,570	108,104	0	5,741	0 (113,845)	0	0	0	0	0
17.259	17-681024	WIOA Title 1-B (207) y	IL Dept. of CEO	07/01/17-06/30/19	1,128,098 (	289,964)	0	1,128,084	14 (721,481)	0	0	116,653	0	0
17.259	18-681024	WIOA Title 1-B (208) y	IL Dept. of CEO	07/01/18-06/30/20	945,462	0	0	15,403	0 (338,759)	0	0 (323,356)	0	0	0
17.259	15-632024	WIA Incentive (217) y	IL Dept. of CEO	04/01/17-06/30/18	5,455	0	0	4,844	0 (4,844)	0	0	0	0	0
17.259	16-632024	WIA Incentive (218) y	IL Dept. of CEO	05/01/18-06/30/19	14,068	0	0	0	0 (14,068)	0	0 (14,068)	0	0	0
17.259	18-633081	WIOA Apprenticeship Expansion (248)	IL Dept. of CEO	12/01/18-06/30/20	117,200	0	0	0	0	0	0	0	0	0
Subtotal 17.259						(181,860)	0	1,154,072	14 (1,192,997)	0	0 (220,771)	0	0	0
17.278	16-681024	WIOA Title 1-B (206) d	IL Dept. of CEO	04/01/16-06/30/18	756,510	0	0	49,695	0 (49,695)	0	0	0	0	0
17.278	17-681024	WIOA Title 1-B (207) d	IL Dept. of CEO	07/01/17-06/30/19	821,824 (	42,180)	0	696,282	0 (654,102)	0	0	0	0	0
17.278	18-681024	WIOA Title 1-B (208) d	IL Dept. of CEO	07/01/18-06/30/20	1,160,041	0	0	129,994	0 (129,994)	0	0	0	0	0
17.278	15-632024	WIA Incentive (217) d	IL Dept. of CEO	04/01/17-06/30/18	5,455 (	3,033)	0	3,033	0	0	0	0	0	0
17.278	17-651024	Rapid Response CM (237) d	IL Dept. of CEO	07/01/17-12/31/18	127,025 (	24,313)	0	119,163	0 (102,712)	0	0 (7,862)	0	0	0
17.278	18-651024	Rapid Response CM (238) d	IL Dept. of CEO	10/01/18-06/30/20	11,193	0	0	0	0 (503)	0	0 (503)	0	0	0
17.278	18-633081	WIOA Apprenticeship Expansion (248)	IL Dept. of CEO	12/01/18-06/30/20	172,480	0	0	0	0	0	0	0	0	0
Subtotal 17.278						(69,526)	0	998,167	0 (937,006)	0	0 (8,365)	0	0	0
Subtotal 17.258,17.259,17.278 Cluster						(254,418)	0	4,226,806	14 (4,201,538)	0	0 (229,136)	0	0	0

St. Clair County Intergovernmental Grants Department

Schedule B-3

Schedule of Program Activity

Year Ended December 31, 2018

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Deferred (Receivable) Revenue 12/31/17	Special Revenue Fund Bal. 12/31/17	Current Revenue	Other Revenue	Expenditures	Repayments	Transfers	Deferred (Receivable) Revenue 12/31/18	Special Revenue Fund Bal. 12/31/18
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)														
Department of Energy														
81.042	17-401008	Weatherization (681)	IL Dept. of CEO	07/01/17-06/30/18	348,588	(110,425)	0	304,041	0	(193,616)	0	0	0	0
81.042	17-402008	Weatherization (691)	IL Dept. of CEO	07/01/18-06/30/19	299,890	0	0	146,000	0	(186,822)	0	0	(40,822)	0
Subtotal 81.042						(110,425)	0	450,041	0	(380,438)	0	0	(40,822)	0
Department of Health and Human Services														
93.568	17-221008	Weatherization (682)	IL Dept. of CEO	06/01/17-09/30/18	515,629	(220,897)	0	259,629	(230)	(38,502)	0	0	0	0
93.568	18-221008	Weatherization (692)	IL Dept. of CEO	06/01/18-09/30/19	525,090	0	0	224,490	0	(298,185)	0	0	(73,695)	0
93.568	17-224008	LIHEAP (471)	IL Dept. of CEO	10/01/16-06/30/18	2,220,730	4,192	0	1,310,896	0	(1,311,770)	(3,318)	0	0	0
93.568	18-224008	LIHEAP (481)	IL Dept. of CEO	10/01/17-06/30/19	2,057,286	0	0	1,215,240	0	(1,359,589)	0	0	(144,349)	0
93.568	19-224008	LIHEAP (491)	IL Dept. of CEO	10/01/18-06/30/20	945,719	0	0	0	0	0	0	0	0	0
Subtotal 93.568						(216,705)	0	3,010,255	(230)	(3,008,046)	(3,318)	0	(218,044)	0
93.569	17-231008	CSBG (507)	IL Dept. of CEO	01/01/17-12/31/17	778,707	(175,958)	0	175,958	0	0	0	0	0	0
93.569	18-231008	CSBG (508)	IL Dept. of CEO	01/01/18-12/31/18	971,417	0	0	735,700	46	(807,518)	0	(46)	(71,818)	0
93.569	Revolving Loan	Revolving Loans (550)	IL Dept. of CEO	Ongoing		0	1,297,530	0	8,299	0	0	0	0	1,305,829
Subtotal 93.569						(175,958)	1,297,530	911,658	8,345	(807,518)	0	(46)	(71,818)	1,305,829
TOTAL FEDERAL PROGRAMS						(\$ 652,040)	\$ 1,704,045	\$ 13,510,594	\$ 297,151	(\$ 13,840,270)	(\$ 27,573)	(\$ 155)	(\$ 466,797)	\$ 1,458,549
STATE AND LOCAL														
N/A	19-254058	LIHEAP State Supplemental (492)	IL Dept. of CEO	07/01/18-06/30/19	1,932,426	0	0	509,480	0	(486,221)	0	0	23,259	0
N/A	18-254058	LIHEAP State Supplemental (482)	IL Dept. of CEO	07/01/17-06/30/18	1,932,426	(155,004)	0	885,049	0	(718,742)	(11,303)	0	0	0
N/A	19-251008	Weatherization State Supplemental (693)	IL Dept. of CEO	07/01/18-09/30/19	224,701	0	0	95,740	0	(126,173)	0	0	(30,433)	0
N/A	18-251008	Weatherization State Supplemental (683)	IL Dept. of CEO	07/01/17-09/30/18	319,701	(161,952)	0	319,701	0	(157,749)	0	0	0	0
N/A	RHS-0017-14	IL Rental Housing Support Program (897)	IL Housing Dev. Authority	07/01/17-06/30/20	721,050	48,605	0	147,606	12	(157,213)	0	0	39,010	0
N/A	N/A	Ameren Illinois Grant (483)	Ameren Illinois	02/02/18-06/30/19	125,650	0	0	125,650	0	(125,650)	0	0	0	0
N/A	N/A	Ameren Incentive (484)	Ameren Illinois	10/22/18-12/17/18	2,244	0	0	0	0	(2,244)	0	0	(2,244)	0
TOTAL STATE AND LOCAL						(268,351)	0	2,083,226	12	(1,773,992)	(11,303)	0	29,592	0
TOTAL STATE, LOCAL, AND FEDERAL						(\$ 920,391)	\$ 1,704,045	\$ 15,593,820	\$ 297,163	(\$ 15,614,262)	(\$ 38,876)	(\$ 155)	(\$ 437,205)	\$ 1,458,549
Reconciliation of Grant Awards														
Deferred (receivable) revenue 12/31/17						(\$ 920,391)							\$ 46,281	
Current year receipts						15,593,820							5,755	
Deferred receivable (revenue) 12/31/18						437,205							231,674	
TOTAL CURRENT YEAR GRANT AWARDS						\$ 15,110,634							13,453	
Reconciliation of Other Income														
Loan repayments													\$ 46,281	
Interest income													5,755	
Program income													231,674	
Miscellaneous income													13,453	
TOTAL OTHER INCOME													\$ 297,163	



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

St. Clair County Board
St. Clair County Intergovernmental Grants Department
Belleville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States 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 and each major fund of St. Clair County Intergovernmental Grants Department as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Clair County Intergovernmental Grants Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Clair County Intergovernmental Grants Department's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Clair County Intergovernmental Grants Department'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Clair County Intergovernmental Grants Department'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 St. Clair County Intergovernmental Grants Department'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 St. Clair County Intergovernmental Grants Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

August 29, 2019
Madison, Wisconsin



Independent Auditor's Report on Compliance For the Major Federal Program and on Internal Control Over Compliance

St. Clair County Board
St. Clair County Intergovernmental Grants Department
Belleville, Illinois

Report on Compliance for the Major Federal Program

We have audited St. Clair County Intergovernmental Grants Department's (a department of county government) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2018. St. Clair County Intergovernmental Grants Department's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of St. Clair County Intergovernmental Grants Department's compliance.

Opinion for the Major Federal Program

In our opinion, St. Clair County Intergovernmental Grants Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of St. Clair County Intergovernmental Grants Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Clair County Intergovernmental Grants Department's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Clair County Intergovernmental Grants Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wipfli LLP

Wipfli LLP

August 29, 2019
Madison, Wisconsin

St. Clair County

Intergovernmental Grants Department

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	
<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Low-Income Home Energy Assistance Program	93.568
Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None