

PIATT COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended November 30, 2015

May, Cocagne & King, P.C.

Certified Public Accountants & Consultants

PIATT COUNTY, ILLINOIS

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November 30, 2015

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PIATT COUNTY, ILLINOIS

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November 30, 2015

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PIATT COUNTY, ILLINOIS

LIST OF PRINCIPAL OFFICERS

November 30, 2015

COUNTY BOARD MEMBERS at November 30, 2015:

District	Representative	District	Representative
1	Randy Keith (Chairman)	1	Ray Spencer
2	Renee Fruendt	2	Albert Maniut
3	Randy Shumard	3	Thomas Dobson

OTHER ELECTED OFFICIALS:

County Clerk & Recorder, Colleen Kidd

Treasurer & Collector, Tim Pankau

Circuit Clerk, Charles Barre

State's Attorney, Dana Rhoades

Sheriff, David Hunt

Regional Superintendent of Education (Macon-Piatt), Matthew Snyder



May, Cocagne & King, P.C.

Certified Public Accountants and Consultants

1353 E. MOUND ROAD, SUITE 300 DECATUR, ILLINOIS 62526-9344 217/875-2655 FAX 217/875-1660

ANDREW D. THOMAS
HELGA J. TOWLER
WILLIAM R. MOSS
CATHERINE J. MANSUR
STEVEN R. GROHNE
MARK S. WOOD
CHRISTIE K. STINSON
CRAIG T. NEGANGARD
DAVID S. BROWN

INDEPENDENT AUDITORS' REPORT

To the County Board Members
Piatt County, Illinois
Monticello, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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 the modified cash basis of accounting described in Note 1 for the governmental activities, each major fund, and the aggregate remaining fund information, and with accounting principles generally accepted in the United States of America for the business-type activities and aggregate discretely presented component units; this includes determining that these are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*. 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
County Motor Fuel Tax Fund	Unmodified
Illinois Municipal Retirement Fund	Unmodified
Piatt County Nursing Home Fund	Qualified
Piatt County Public Building Commission Fund	Unmodified
Piatt County Public Transportation Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Business-Type Activities, a Discretely Presented Component Unit, the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund

The financial statements of the Business-Type Activities, Piatt County Mental Health Center (a discretely presented component unit), the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund do not disclose all required components of Governmental Accounting Standards Board Statements No. 45 *Accounting and Financial Reporting for Post-Employment Benefit Other Than Pensions* and No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Business-Type Activities, a Discretely Presented Component Unit, the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aforementioned opinion units as of November 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on a Discretely Presented Component Unit

The financial statements of Piatt County Nursing Home Foundation (Foundation) have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the County's basic financial statements. The Foundation's financial activities are included in the County's basic financial statements as a discretely presented component unit.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit of Piatt County, Illinois as of November 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each governmental fund-type major fund, and the aggregate remaining fund information of Piatt County, Illinois as of November 30, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Opinions, continued

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Piatt County Public Building Commission Fund of Piatt County, Illinois as of November 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities, each governmental-type major fund, and the aggregate remaining fund information are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter. The financial statements of the business-type activities, proprietary funds and the aggregate discretely presented component units, however, are prepared in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piatt County, Illinois' basic financial statements. The combining nonmajor governmental fund financial statements, combining statement of changes in assets and liabilities of agency funds, and schedule of revenue and expenses - public transportation fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. This other information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the combining statement of changes in assets and liabilities of agency funds, and schedule of revenue and expenses - public transportation fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of Piatt County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piatt County, Illinois' internal control over financial reporting and compliance.



Decatur, Illinois
June 29, 2016

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION
November 30, 2015

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
Assets			
Cash and cash equivalents	\$ 9,163,592	1,761,238	10,924,830
Investments	375,000	16,641	391,641
Accounts receivable		2,080,529	2,080,529
Accrued interest receivable			
Inventory		53,687	53,687
Prepaid expense			
Internal balances	176,395	(176,395)	
Due from Piatt County ETSB	66,072		66,072
	<u>9,781,059</u>	<u>3,735,700</u>	<u>13,516,759</u>
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	9,039,567	5,631,205	14,670,772
Total capital assets	<u>9,357,067</u>	<u>5,759,595</u>	<u>15,116,662</u>
Total assets	<u>19,138,126</u>	<u>9,495,295</u>	<u>28,633,421</u>
Liabilities			
Cash drawn in excess of funds available			
Accounts payable		483,532	483,532
Accrued expenses		140,444	140,444
Accrued interest		20,658	20,658
Security deposits		29,046	29,046
	<u>-</u>	<u>673,680</u>	<u>673,680</u>
Amounts due within one year:			
Due to Piatt County			
Debt certificates		60,000	60,000
Revenue bonds payable	650,000	40,000	690,000
Note payable		18,283	18,283
Employee benefits		45,268	45,268
Contract payable	15,727		15,727
Amounts due in more than one year:			
Due to Piatt County			
Employee benefits		134,303	134,303
Debt certificates		845,000	845,000
Revenue bonds payable	1,265,000	1,720,000	2,985,000
Note payable		31,575	31,575
Contract payable	31,454		31,454
Total debt service	<u>1,962,181</u>	<u>2,894,429</u>	<u>4,856,610</u>
Total liabilities	<u>1,962,181</u>	<u>3,568,109</u>	<u>5,530,290</u>

(Continued)

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
888,564	23,734	131,512
1,186,276	37,026	1,061,698
116,604		1,118
14,492		
<hr/>	<hr/>	<hr/>
2,205,936	60,760	1,194,328
<hr/>	<hr/>	<hr/>
303,300		
<hr/>	<hr/>	<hr/>
303,300	-	-
<hr/>	<hr/>	<hr/>
2,509,236	60,760	1,194,328
<hr/>	<hr/>	<hr/>
81,389		
53,491		
<hr/>	<hr/>	<hr/>
134,880	-	-
<hr/>	<hr/>	<hr/>
	30,000	
<hr/>	<hr/>	<hr/>
-	66,072	-
<hr/>	<hr/>	<hr/>
134,880	66,072	-
<hr/>	<hr/>	<hr/>

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)
November 30, 2015

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
Net Position			
Net investment in capital assets	\$ 7,394,886	3,044,737	10,439,623
Restricted for:			
Capital projects		108,824	108,824
Debt retirement		123,600	123,600
Road projects	4,282,853		4,282,853
Self-insurance	575,898		575,898
Other	4,331,070	49,328	4,380,398
Unrestricted	591,238	2,600,697	3,191,935
Total net position	\$ 17,175,945	5,927,186	23,103,131

See Notes to Financial Statements.

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
303,300	(66,072)	
2,071,056	60,760	382,717 811,611
<u>2,374,356</u>	<u>(5,312)</u>	<u>1,194,328</u>

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES
Year ended November 30, 2015

	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,723,480	562,797		
Public safety	2,441,902	64,103		
Public health and welfare	46,590			
Judiciary and legal	753,023	59,193		
Transportation	907,992			
Culture and recreation	34,460			
Interest on long-term debt	51,487			
Total governmental activities	7,958,934	686,093	-	-
Business-type Activities:				
Nursing Home	9,005,952	7,243,718		
Public Building Commission	75,280			
Transportation program	935,785	90,753	1,267,323	55,806
Total business-type activities	10,017,017	7,334,471	1,267,323	55,806
Total primary government	17,975,951	8,020,564	1,267,323	55,806
Component Units:				
Mental Health Center	1,471,934	1,046,096	379,337	
Emergency Telephone System Board	201,899	191,478		
Nursing Home Foundation	244,518		195,633	
Total component units	\$ 1,918,351	1,237,574	574,970	-
General Revenues:				
Property taxes				
Other taxes				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Internal transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

See Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units - Accrual Basis		
Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total	Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
(3,160,683)		(3,160,683)			
(2,377,799)		(2,377,799)			
(46,590)		(46,590)			
(693,830)		(693,830)			
(907,992)		(907,992)			
(34,460)		(34,460)			
(51,487)		(51,487)			
<u>(7,272,841)</u>	-	<u>(7,272,841)</u>			
	(1,762,234)	(1,762,234)			
	(75,280)	(75,280)			
	478,097	478,097			
<u>-</u>	<u>(1,359,417)</u>	<u>(1,359,417)</u>			
<u>(7,272,841)</u>	<u>(1,359,417)</u>	<u>(8,632,258)</u>			
			(46,501)		
				(10,421)	
					(48,885)
			<u>(46,501)</u>	<u>(10,421)</u>	<u>(48,885)</u>
4,084,985	441,517	4,526,502			
3,105,525		3,105,525			
301,422		301,422			
7,197	53,155	60,352	4,876		6,582
1,504,773	225,591	1,730,364			
<u>(1,418,221)</u>	<u>1,418,221</u>				
<u>7,585,681</u>	<u>2,138,484</u>	<u>9,724,165</u>	<u>4,876</u>	<u>-</u>	<u>6,582</u>
<u>312,840</u>	<u>779,067</u>	<u>1,091,907</u>	<u>(41,625)</u>	<u>(10,421)</u>	<u>(42,303)</u>
<u>16,863,105</u>	<u>5,148,119</u>	<u>22,011,224</u>	<u>2,415,981</u>	<u>5,109</u>	<u>1,236,631</u>
<u>\$ 17,175,945</u>	<u>5,927,186</u>	<u>23,103,131</u>	<u>2,374,356</u>	<u>(5,312)</u>	<u>1,194,328</u>

PIATT COUNTY, ILLINOIS

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2015

	General	County Motor Fuel Tax	Illinois Municipal Retirement Fund	Other Governmental Funds	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 340,952	4,282,853	428,296	3,726,379	8,778,480
Due from other funds	184,214			176,395	360,609
Due from ETSB	66,072				66,072
Total assets	591,238	4,282,853	428,296	3,902,774	9,205,161
<u>LIABILITIES AND FUND BALANCES</u>					
Fund Balances:					
Restricted		4,282,853	428,296	3,902,774	8,613,923
Unassigned	591,238				591,238
Total fund balances	591,238	4,282,853	428,296	3,902,774	9,205,161
Total liabilities and fund balances	\$ 591,238	4,282,853	428,296	3,902,774	9,205,161

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET - CASH BASIS - TO THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS
November 30, 2015

Total fund balances for Governmental Funds	\$ 9,205,161
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,357,067
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(1,915,000)
Contract payable	(47,181)
Internal service funds are used to pay for the costs of certain activities, such as insurance, leasing and building maintenance. The assets and liabilities of the internal internal service funds is included in governmental activities in the statement of net assets.	<u>575,898</u>
Net position of governmental activities	<u><u>\$ 17,175,945</u></u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
 Year ended November 30, 2015

	General	County Motor Fuel Tax	Illinois Municipal Retirement Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 1,700,533		748,529	1,635,923	4,084,985
Intergovernmental	2,946,539	301,422		158,986	3,406,947
Fines and forfeitures	492,885			193,208	686,093
Investment income	1,303	3,627	476	280	5,686
Miscellaneous	1,501,697			3,076	1,504,773
Total revenues	6,642,957	305,049	749,005	1,991,473	9,688,484
Expenditures:					
Current:					
General control and administration	2,206,490		411,219	499,922	3,117,631
Public safety	2,335,679			28,439	2,364,118
Public health and welfare	43,019			3,571	46,590
Judiciary and legal	734,196			10,697	744,893
Transportation	2,000	435,889		779,056	1,216,945
Culture and recreation	34,460				34,460
Capital outlay	189,972	282,393		39,905	512,270
Debt service:					
Principal	750,000				750,000
Interest	51,487				51,487
Total expenditures	6,347,303	718,282	411,219	1,361,590	8,838,394
Excess (deficiency) of revenues over (under) expenditures	295,654	(413,233)	337,786	629,883	850,090
Other financing sources (uses):					
Transfers out	(453,080)		(524,494)	(440,647)	(1,418,221)
Net change in fund balances	(157,426)	(413,233)	(186,708)	189,236	(568,131)
Fund balances, beginning of year	748,664	4,696,086	615,004	3,713,538	9,773,292
Fund balances, end of year	\$ 591,238	4,282,853	428,296	3,902,774	9,205,161

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - CASH BASIS - TO THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS
Year ended November 30, 2015

Net change in fund balances - total governmental funds		\$ (568,131)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$ 576,884	
Depreciation expense	<u>(391,990)</u>	
		184,894
Internal service funds are used to pay for the costs of certain activities, such as insurance and leasing. The net revenue of the internal service funds is reported with governmental activities in the statement of net assets		(6,742)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt.		
Revenue bonds payable		750,000
Contract payable		<u>(47,181)</u>
Change in net position of governmental activities		<u>\$ 312,840</u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 November 30, 2015

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,540,242	19,363	78,033	1,637,638
Investments		16,641		16,641
Accounts receivable	1,593,663		486,866	2,080,529
Inventory	53,687			53,687
Lease receivable - current		650,000		650,000
Noncurrent assets:				
Capital lease receivable		1,265,000		1,265,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	8,829,649		2,023,590	10,853,239
Less accumulated depreciation	(4,286,459)		(935,575)	(5,222,034)
Total assets	7,977,772	1,951,004	1,657,914	11,586,690
Liabilities				
Accounts payable	308,150		175,382	483,532
Accrued expenses	140,444			140,444
Accrued interest	9,261	11,397		20,658
Security deposits	29,046			29,046
Due to other funds			176,395	176,395
Amounts due within one year:				
Debt certificates	60,000			60,000
Revenue bonds payable	40,000	650,000		690,000
Note Payable	18,283			18,283
Employee benefits	45,268			45,268
Amounts due in more than one year:				
Employee benefits	134,303			134,303
Debt certificates	845,000			845,000
Revenue bonds payable	1,720,000	1,265,000		2,985,000
Note Payable	31,575			31,575
Total liabilities	3,381,330	1,926,397	351,777	5,659,504
Net Position				
Net investment in capital assets	1,951,722		1,093,015	3,044,737
Restricted:				
Capital projects	108,824			108,824
Debt retirement	123,600			123,600
PCSS and Faith in Action	49,328			49,328
Unrestricted	2,362,968	24,607	213,122	2,600,697
Total net position	\$ 4,596,442	24,607	1,306,137	5,927,186

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
200,898	184,214	385,112
375,000		375,000
<hr/>		
575,898	184,214	760,112
<hr/>		
	184,214	184,214
<hr/>		
-	184,214	184,214
<hr/>		
575,898		575,898
<hr/>		
575,898	-	575,898
<hr/>		

PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 Year ended November 30, 2015

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,243,718		90,753	7,334,471
Operating grants			1,267,323	1,267,323
Miscellaneous	225,591			225,591
Total operating revenues	7,469,309	-	1,358,076	8,827,385
Operating expenses:				
General government				
Health and welfare	8,884,752			8,884,752
Transportation			935,785	935,785
Total operating expenses	8,884,752	-	935,785	9,820,537
Operating income (loss)	(1,415,443)	-	422,291	(993,152)
Non-operating revenues (expenses):				
Non-operating revenues net of expenses	441,517			441,517
Investment income	1,420	51,559	176	53,155
Vehicle grant			55,806	55,806
Interest on long-term debt	(121,200)	(75,280)		(196,480)
Total non-operating revenues (expenses)	321,737	(23,721)	55,982	353,998
Income (loss) before operating transfers	(1,093,706)	(23,721)	478,273	(639,154)
Inter-County transfers	1,341,074		77,147	1,418,221
Change in net position	247,368	(23,721)	555,420	779,067
Net position, beginning of year	4,349,074	48,328	750,717	5,148,119
Net position, end of year	\$ 4,596,442	24,607	1,306,137	5,927,186

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
8,253		8,253
8,253	-	8,253
(8,253)	-	(8,253)
1,511		1,511
1,511	-	1,511
(6,742)	-	(6,742)
(6,742)	-	(6,742)
582,640		582,640
575,898	-	575,898

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year ended November 30, 2015

	Business-type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,913,486		91,778
Receipts from operating grants			886,537
Payments to suppliers of goods or services	(3,753,827)		(399,505)
Payments to employees	(5,034,609)		(428,006)
Net cash flows from operating activities	(874,950)	-	150,804
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Property tax revenue	389,224		
Transfers (to) from other funds	1,341,074		77,147
Net cash flows from non capital financing activities	1,730,298	-	77,147
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(287,044)		(502,798)
Principal payments on debt certificates	(55,000)		
Principal payments on revenue bonds	(40,000)	(750,000)	
Principal payments on note payable	(9,972)		
Proceeds from capital lease payments		750,000	
Loan proceeds from Working Cash fund			176,395
Foundation contributions for asset purchase	64,132		
Interest received on capital funds	95		
Interest expense paid on bonds and notes	(121,200)	(76,307)	
Net cash flows from capital and related financing activities	(448,989)	(76,307)	(326,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		6,420	
Investment income	1,325	51,559	176
Scholarship, PCSS and FIA	(13,726)		
Net cash flows from investing activities	(12,401)	57,979	176
Net increase (decrease) in cash and cash equivalents	393,958	(18,328)	(98,276)
Cash and cash equivalents, beginning of year	1,269,884	37,691	176,309
Cash and cash equivalents, end of year	\$ 1,663,842	19,363	78,033

(Continued)

Governmental Activities
- Modified Cash Basis

Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
8,005,264			
886,537			
(4,153,332)	(8,253)		(8,253)
(5,462,615)			
(724,146)	(8,253)	-	(8,253)
389,224			
1,418,221		(9,040)	(9,040)
1,807,445	-	(9,040)	(9,040)
(789,842)			
(55,000)			
(790,000)			
(9,972)			
750,000			
176,395			
64,132			
95			
(197,507)			
(851,699)	-	-	-
6,420			
53,060	894		894
(13,726)			
45,754	894	-	894
277,354	(7,359)	(9,040)	(16,399)
1,483,884	208,257	193,254	401,511
1,761,238	200,898	184,214	385,112

PIATT COUNTY, ILLINOIS

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 Year ended November 30, 2015**

	Business-Type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,415,443)		422,291
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	319,289		119,271
Fixed asset additions in accounts payable	(25,756)		(156,862)
Bad debt expense	222,915		
Increase in allowance for doubtful accounts	(202,560)		
(Increase) decrease in assets:			
Accounts receivable	424,196		(379,761)
Inventory	5,022		
Prepaid expenses	595		
Increase (decrease) in liabilities:			
Accounts payable	(232,031)		145,865
Accrued payroll and employee benefits	29,197		
Security deposits	(374)		
Net cash flows from operating activities	\$ (874,950)	-	150,804
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Vehicle acquired through capital assistance grant	\$ -	-	55,806
Capital assets paid for directly by Piatt County Nursing Home Foundation	\$ 52,935	-	-
Capital assets paid with direct financing	\$ 59,833	-	-

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
(993,152)	(8,253)		(8,253)
438,560			
(182,618)			
222,915			
(202,560)			
44,435			
5,022			
595			
(86,166)			
29,197			
(374)			
(724,146)	(8,253)	-	(8,253)
55,806	-	-	-
52,935	-	-	-
59,833	-	-	-

PIATT COUNTY, ILLINOIS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
November 30, 2015

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,423,986
Due from General Fund	<u>12,459</u>
Total assets	<u><u>1,436,445</u></u>
Liabilities	
Due to other governments	1,075,191
Due to other funds	65,850
Due to others	<u>295,404</u>
Total liabilities	<u><u>\$ 1,436,445</u></u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2015

Note 1 - Summary of Significant Accounting Policies

Piatt County (County) is a municipal corporation governed by an elected six member board. Other officials elected by the voters of the County that manage various segments of the County's operations are the Circuit Clerk, County Clerk and Recorder, Treasurer and Collector, Sheriff, State's Attorney and Regional Superintendent of Education (Macon-Piatt). Although elected officials manage the internal operations of their respective departments, the County Board authorizes expenditures as well as serves as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The Financial Reporting Entity: As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The County's financial statements include all funds, departments, boards and agencies that are not legally separate from the County. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Furthermore, their inclusion is considered necessary to avoid incomplete or misleading financial reporting.

The financial statements are formatted to allow users to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government, some component units are blended as though they are part of the primary government; others are discretely presented.

Blended Component Units - The Piatt County Public Building Commission (PCPBC) is a municipal corporation created under the provisions of the Public Building Commission Act of the State of Illinois. The purpose of the PCPBC is to acquire or construct facilities for participating governments and to issue bonded debt to finance the acquisition or construction of such facilities. The County appoints the four-member governing board of the PCPBC. The PCPBC is financially dependent on the County because the debt issued by the PCPBC is paid by the County in the form of lease payments for County facilities. As such, the County has significant influence over the PCPBC and has included the organization in the reporting entity.

Discretely Presented Component Units - The following discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the County.

The Piatt County Emergency Telephone System Board (ETSB) is a special unit of local County government, operating under the Emergency Telephone System Act, Chapter 50 ILCS, Section 750/15.4 et seq. of the Illinois Compiled Statutes (ILCS). The ETSB is funded through telephone surcharges and distributes funds to plan, coordinate, and supervise the implementation of an enhanced 9-1-1 system. All members of the ETSB are appointed by the Piatt County Board. The Piatt County Board may at any time change the rate of the surcharge imposed as long as the new rate does not exceed the rate specified in the referendum. As such, the County has significant influence over the ETSB and has included the organization in the reporting entity. The ETSB's year end for financial reporting purposes is November 30, 2015, the same as the County. The ETSB's November 30, 2015, financial statements are included herein.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

The Financial Reporting Entity, continued: The Piatt County Mental Health Center (Center) is a special unit of local County government. All members of the Center's Board are appointed by the Piatt County Board. As such, the County has significant influence over the Center and has included the organization in the reporting entity. The Center's year-end for financial reporting purposes is June 30, which differs from the County. The Center's June 30, 2015, financial statements are included herein.

Complete financial statements for the Piatt County Mental Health Center can be obtained at 1921 North Market, Monticello, Illinois 61856.

The Piatt County Nursing Home Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the Nursing Home. Although the Nursing Home does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the Nursing Home. Consequently, the Foundation is considered a component unit of the County and is discretely presented in the County's financial statements.

For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the County's financial statements as required by generally accepted accounting principles. No modifications have been made to the Foundation's financial information included in the County's financial report. Through June 30, 2015, the Foundation's fiscal year ended on June 30th. Effective in 2015, the Foundation changed its fiscal year to November 30th. The financial statements included in this report are from the seventeen months ended November 30, 2015, and have not been audited.

During the seventeen months ended November 30, 2015, the Foundation distributed \$ 228,332 to the Nursing Home.

Payments Between the County and Component Units: Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenditures. Resource flows between the primary government and blended component units are classified as interfund transactions in the financial statements.

Related Organizations: The County's officials are also responsible for appointing members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Board appoints board members of all Fire Protection Districts in Piatt County and all Drainage Districts in Piatt County.

In addition, several legally separate tax exempt organizations have been established to benefit the County and others.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

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

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and its component units, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the County.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements: During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds, each presented in a separate column. All remaining funds are aggregated and presented in a single column and reported as nonmajor funds.

Fund Accounting: The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

Governmental Funds: Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

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

County Motor Fuel Tax Fund - This fund accounts for County Motor Fuel Tax funds which are to be used for approved County road and bridge projects.

Illinois Municipal Retirement Fund - This fund accounts for collection and payment of retirement benefits for County employees.

The other governmental funds of the County account for county-wide property tax levies, grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

Proprietary Funds: Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The County's proprietary fund types consist of three Enterprise funds and two Internal Service Funds. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The County's major Enterprise funds consist of activities of the following:

Piatt County Nursing Home - This fund accounts for the operation of the County Nursing Home.

Piatt County Public Transportation - This fund accounts for the operation of a transportation program for the needy in Piatt County.

Public Building Commission - This fund accounts for the financing, acquisition, and construction of facilities for lease to Piatt County.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

Proprietary Funds, continued: The Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the County. The Internal Service Funds are included in governmental activities for government-wide reporting purposes. The following is a description of the County's Internal Service Funds:

Self Insurance Fund - established for the purpose of providing for the accumulation of funds to fund the County's self-funded workmen's compensation liability insurance.

Piatt County Operations Bond Maintenance Fund - accounts for the repairs and maintenance of all County buildings.

Fiduciary Funds: The County's fiduciary fund types consist only of Agency Funds, which are custodial in nature and do not involve the measurement of operations. The County's Agency Funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for property taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions as well as account for assets held by the Nursing Home as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds use the cash basis of accounting.

Basis of Accounting: Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis for governmental activities and accrual basis for business-type activities. Fund financial statements are prepared using the cash basis of accounting for governmental fund and fiduciary types and the accrual basis of accounting for proprietary funds. Differences in the cash and accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Component Units: Each component unit financial statement included herein is prepared using the accrual basis of accounting.

Expenses/Expenditures: The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents: The County considers all highly liquid investments with an original maturity of three months or less when purchased and all certificates of deposit regardless of maturity to be cash equivalents.

Cash includes amounts in demand deposits, money market accounts, and certificates of deposit. For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less.

The Treasurer maintains a cash and investment pool for all County funds in order to facilitate the management of cash. Each fund's accounting records reflect equity in pooled cash and investments. All earnings on investments are distributed to each fund based upon their proportionate share of pooled cash and investments at the end of each month. At year-end, earnings that have been distributed to funds for which there is no statutory requirement regarding allocation of interest may be transferred to the General Fund.

Property Tax Calendar: The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions, including the schools and special districts within the County. The County Board adopts the property tax levy on the second Wednesday in November on the assessed valuation as of January 1st. Property taxes attach as an enforceable lien on all assessable real property located within Piatt County, Illinois, as of January 1st of the year following the levy. Taxes are payable in two installments on or about July 1st and September 1st. Collection and distribution of significant amounts of property taxes are expected to be made on approximately July 15th, September 15th and November 15th.

Inventories: Inventories are valued at the lower of cost or market.

Accounts Receivable: The Nursing Home carries its accounts receivable at cost. Illinois Department of Public Aid (IDPA) and Medicare receivables are kept on the books until it is known whether or not the amount will be paid. When it is determined that an amount will not be received in part or in whole, the uncollectible amount is written off.

For private pay, IDPA patient liability and other receivables, if an amount becomes over 180 days past due, the account is reviewed by the Nursing Home administration. Once an amount is deemed uncollectible, it is written off. As of November 30, 2015, the Nursing Home had an allowance for doubtful accounts of \$ 100,000 to cover questionable accounts.

The Nursing Home does not charge interest for past due accounts.

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 27,800 for the year ended June 30, 2015.

The Center does not charge interest for past due accounts, and it rarely turns unpaid accounts over to collection.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Capital Assets: General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Governmental Activities: Capital assets purchased or acquired with an original cost of at least \$ 5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at their fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

All capital assets are depreciated, except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	25-40 years
Vehicles	5-10 years
Furniture and fixtures	5-10 years
Machinery and equipment	5-10 years
Technology equipment	3 years
Infrastructure	25 years

Business-type Activities: Capital assets of proprietary funds are stated at cost. The cost of property additions and major replacements of retired units of property is capitalized. Interest on funds used during construction of major projects is capitalized. The cost of maintenance and minor repairs is charged to operations. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various assets.

All assets purchased by the PCPBC under the provisions of the lease agreements discussed in Note 8 are considered to be assets owned by other parties, mainly the County, as ownership is transferred to the other parties upon expiration of the leases. Therefore, such purchases are not capitalized by the PCPBC, but rather recorded as materials and supplies expenses on the PCPBC financial statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Budgetary Data: Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Expenditures are controlled at the fund level. All appropriations lapse at year end.

Budgets for the General and Special Revenue Funds, except for the Motor Fuel Tax Fund, are adopted on a basis consistent with the cash basis of accounting. The authority to spend funds of the Motor Fuel Tax Fund is determined by the Illinois Department of Transportation.

The County follows these procedures in establishing its budgetary data:

- 1) During August, the various County officers and department present their budgeted expenditures to the Budget Committee of the County Board.
- 2) After these requests are all approved, they are integrated into a preliminary budget along with the budgeted revenues and proposed property tax levies.
- 3) The preliminary budget is then presented to the full County Board for approval.
- 4) After the preliminary budget is approved, it is made available for public inspection for a statutory period of time.
- 5) Finally, after the preliminary budget has been available for the requisite amount of time, the County Board formally adopts the final budget.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Operating Revenues and Expenses - Proprietary Funds: Operating income consists of those revenues that result from the ongoing principal operations of the proprietary funds. Operating revenues consist primarily of charges for services. Operating expenses consist of the direct costs of operations of the proprietary funds. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

Compensated Absences: The liability for compensated absences in the government-wide and proprietary fund statements consists of accumulated unpaid sick and vacation pay. The liability has been calculated using the vesting method.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Interfund Transactions: Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Fund Equity: The following classifications describe the relative nature, extent and strength of the spending constraints placed on the County's fund balances:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact (such as perpetual trusts).
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Board). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the County intends to use for a specific purpose. Intent can be expressed by the County Board or by an official or body to which the County Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The County Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by County Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service or for other purposes).

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 1 - Summary of Significant Accounting Policies, continued

Fund Equity, continued: The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Net Position: Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position are classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net assets components as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Note 2 - Deposits and Investments

Illinois Compiled statutes authorize the County to invest in obligations of the U.S. Treasury or its agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements (subject to limitations), and commercial paper rated within the three highest classifications by at least two standard rating services.

Deposits - Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy indicates that the Treasurer requires collateralization of public deposits be performed through pledging of appropriate securities by the depositories. As of November 30, 2015, the County's bank balances of \$ 12,931,961 (including certificates of deposit, checking, and savings accounts) were fully insured and collateralized. The County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

The Piatt County Public Building Commission's deposits, as well as those for the Public Transportation fund and one account for the Circuit Clerk, are excluded from the above due to the fact that different custodians and deposit risk policies exist for these separate accounts. At November 30, 2015, the bank balances of these cash deposits totaled \$ 149,361 and were fully insured by federal depository insurance or collateralized by securities held by a financial institution's trust department or agent in the County funds' names.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 2 - Deposits and Investments, continued

Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2015, none of the Piatt County Mental Health Center's bank balances of \$ 2,086,625 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2015, ETSB's cash account with a bank balance of \$ 25,156 was covered by federal insurance or collateralized by the pledging financial institution's trust department or agent in favor of the Board.

Piatt County Nursing Home Foundation: At June 30, 2015, none of the Piatt County Nursing Home Foundation's bank balances of \$ 44,464 were exposed to custodial credit risk.

Note 3 - Property Taxes

The County's property tax is levied on January 1 of each year on all taxable real property located in the County. Real property tax revenue received in 2015 represents collection of the 2014 taxes. Real property taxes for the 2015 levy will be collected in and are intended to finance 2016 operations.

Piatt County property is assessed as of January 1 of each year by the Township Assessors. The values are adjusted by various percentages according to the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Piatt County Clerk computes the annual tax rate by dividing the requested levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Piatt County Collector and used as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the Piatt County Collector who periodically remits to each taxing unit its respective share of the collections. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds. Taxes levied in one year become due and payable in two installments during the following year. The first installment is due in early July and the second installment is due in early September. A lien on taxable real property is effective thirty (30) days after the second installment due date.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 3 - Property Taxes, continued

The following are the taxes levied per \$ 100 of assessed valuation (\$ 414,958,579 for the 2014 Levy):

	<u>Maximum Rate</u>	<u>2014 Levy</u>
General Corporate	.27000	.20117
County Highway	.10000	.09998
Bridge Fund	.05000	.04999
Illinois Municipal Retirement		.18289
Federal Aid Matching	.05000	.04999
T.B. Sanitarium	.05200	.00384
Health Unit	.06800	.04994
Bonds and Interest		.20055
Veterans' Assistance Commission	.03000	.00383
Unemployment Insurance		.02017
Nursing Home	.10000	.09510
Social Security		.17191
Piatt County Cooperative Extension	.03000	.02463
		<u>1.15399</u>

Note 4 - Interfund Receivables, Payables and Transfers

Individual fund receivable/payable balances at November 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PCO Bond Maintenance	<u>\$ 184,214</u>
Working Cash	Piatt County Public Transportation	<u>\$ 176,395</u>

The General Fund receivable from the PCO Bond Maintenance Fund represents the amount owed to the General Fund for the maintenance and improvement of the Piatt County Office Building.

The Working Cash receivable from the Piatt County Public Transportation represents amounts loaned from the Working Cash fund to cover constructions costs of the new transportation facility until funds earmarked for the construction are received from the State of Illinois.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 4 - Interfund Receivables, Payables and Transfers, continued

A schedule of interfund transfers for the year ended November 30, 2015, is as follows:

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ (453,080)
Nursing Home Fund	IMRF Fund	(484,368)
Nursing Home Fund	Social Security Fund	(362,678)
Nursing Home Fund	Unemployment Fund	(40,948)
Transportation Fund	IMRF Fund	(40,126)
Transportation Fund	Social Security Fund	(32,543)
Transportation Fund	Unemployment Fund	(4,478)
Net Transfers - Governmental Funds		<u><u>\$(1,418,221)</u></u>
Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 453,080
Nursing Home Fund	IMRF Fund	484,368
Nursing Home Fund	Social Security Fund	362,678
Nursing Home Fund	Unemployment Fund	40,948
Transportation Fund	IMRF Fund	40,126
Transportation Fund	Social Security Fund	32,543
Transportation Fund	Unemployment Fund	4,478
Net Transfers - Proprietary Funds		<u><u>\$ 1,418,221</u></u>

Transfers shown to the Nursing Home and Transportation funds represent employer IMRF, Social Security tax, Unemployment tax and insurance expenses levied-for by the County and paid by other funds on behalf of these funds.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 5 - Capital Assets

Capital activity for the year ended November 30, 2015, was as follows:

	Balance December 1, 2014	Increases	Decreases	Balance November 30, 2015
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 317,500			317,500
Construction in process	220,370		220,370	
	<u>537,870</u>	-	<u>220,370</u>	<u>317,500</u>
Total capital assets not being depreciated				
	537,870	-	220,370	317,500
Capital assets being depreciated:				
Buildings and improvements	10,935,767	513,805		11,449,572
Machinery and equipment	219,406	16,376		235,782
Vehicles	408,729	132,356		541,085
Furniture and fixtures	183,606			183,606
Office equipment	580,122	50,535	8,081	622,576
Other equipment	248,998	84,181	17,664	315,515
Infrastructure	90,258			90,258
	<u>12,666,886</u>	<u>797,253</u>	<u>25,745</u>	<u>13,438,394</u>
Total capital assets being depreciated				
	12,666,886	797,253	25,745	13,438,394
Less accumulated depreciation for:				
Buildings and improvements	2,777,625	289,162		3,066,787
Machinery and equipment	149,005	14,033		163,038
Vehicles	300,714	40,876		341,590
Furniture and fixtures	183,606			183,606
Office equipment	384,800	32,879	8,081	409,598
Other equipment	234,575	10,527	17,664	227,438
Infrastructure	2,258	4,512		6,770
	<u>4,032,583</u>	<u>391,989</u>	<u>25,745</u>	<u>4,398,827</u>
Total accumulated depreciation				
	4,032,583	391,989	25,745	4,398,827
Total capital assets being depreciated, net				
	<u>8,634,303</u>	<u>405,264</u>	-	<u>9,039,567</u>
Governmental activity, capital assets, net				
	<u>\$ 9,172,173</u>	<u>405,264</u>	<u>220,370</u>	<u>9,357,067</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 5 - Capital Assets, continued

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 99,627
Public safety	253,886
Judiciary and legal	8,130
Transportation	<u>30,346</u>
	<u>\$ 391,989</u>

	Balance December 1, 2014	Additions	Deletions	Balance November 30, 2015
<u>Business-type activities:</u>				
Nursing Home:				
Capital assets not being depreciated:				
Land	\$ 123,390			<u>123,390</u>
Capital assets being depreciated:				
Ground improvements	216,583	1,832	149,192	69,223
Buildings	6,323,802		123,111	6,200,691
Equipment	1,569,755	205,683	756,265	1,019,173
Building improvements	2,161,041	141,094	761,573	<u>1,540,562</u>
Total capital assets being depreciated	<u>10,271,181</u>	<u>348,609</u>	<u>1,790,141</u>	<u>8,829,649</u>
Less accumulated depreciation for:				
Ground improvements	172,517	4,723	135,046	42,194
Buildings	2,988,801	162,547	2,770	3,148,578
Equipment	1,164,074	85,842	732,188	517,728
Building improvements	1,457,827	66,176	946,044	<u>577,959</u>
Total accumulated depreciation	<u>5,783,219</u>	<u>319,288</u>	<u>1,816,048</u>	<u>4,286,459</u>
Total capital assets being depreciated, net	<u>4,487,962</u>	<u>29,321</u>	<u>(25,907)</u>	<u>4,543,190</u>
Nursing Home capital assets, net	<u>\$ 4,611,352</u>	<u>29,321</u>	<u>(25,907)</u>	<u>4,666,580</u>

Total depreciation expense for the Nursing Home in 2015 was \$ 319,288.

For the year ended November 30, 2015, the Nursing Home updated its capital asset listing which resulted in a large amount of deletions as noted above.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 5 - Capital Assets, continued

	Balance December 1, 2014	Additions	Deletions	Balance November 30, 2015
<u>Business-type activities:</u>				
Piatt County Public Transportation:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	278,102	704,003		982,105
Vehicles	878,473	55,806		934,279
Equipment	107,206			107,206
Construction in Process	44,342		44,342	
Total capital assets being depreciated	1,308,123	759,809	44,342	2,023,590
Less accumulated depreciation for:				
Building	147,378	12,819		160,197
Vehicles	594,423	90,881		685,304
Equipment	74,503	15,571		90,074
Total accumulated depreciation	816,304	119,271	-	935,575
Total capital assets being depreciated, net	491,819	640,538	44,342	1,088,015
Piatt County Public Transportation capital assets, net	496,819	640,538	44,342	1,093,015
Business-type activities, capital assets, net	\$ 5,108,171	669,859	18,435	5,759,595

Total depreciation expense for Piatt County Public Transportation in 2015 was \$ 119,271.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 5 - Capital Assets, continued

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Component units:</u>				
Piatt County Mental Health Center:				
Capital assets being depreciated:				
Building	\$ 276,000	47,089		323,089
Equipment, furniture and fixtures, and building improvements	395,340	63,662	20,945	438,057
Construction in progress		68,355		68,355
	<hr/>			
Total capital assets being depreciated	671,340	179,106	20,945	829,501
	<hr/>			
Less accumulated depreciation for:				
Building	198,720	11,766		210,486
Equipment, furniture and fixtures, and building improvements	314,464	22,196	20,945	315,715
	<hr/>			
Total capital assets being depreciated, net	513,184	33,962	20,945	526,201
	<hr/>			
Component units, capital assets, net	\$ 158,156	145,144	-	303,300

Total depreciation expense for Piatt County Mental Health Center in 2015 was \$ 34,447.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 6 - Long-Term Debt

The following is a summary of changes in the County's long-term obligations for the year ended November 30, 2015:

Governmental Activities:

	Balance November 30, 2014	Additions	Reductions	Balance November 30, 2015	Amount Due in One Year
Public Building Revenue Bonds, Series 2011	\$ 1,385,000		60,000	1,325,000	60,000
Public Building Refunding Revenue Bonds, Series 2014	1,280,000		690,000	590,000	590,000
Contract payable		47,181		47,181	15,727
Total governmental Activities	<u>\$ 2,665,000</u>	47,181	750,000	<u>1,962,181</u>	

Public Building Revenue Bonds:

On April 1, 2002, the PCPBC issued \$ 6,000,000 in Public Building Revenue Bonds, Series 2002. The bonds bore interest at varying fixed rates increasing with the length of maturity from 4.125% to 4.60%. The bond issue called for retirement of principal on October 1 and interest payable on April 1 and October 1.

Effective July 1, 2014, the County refinanced \$ 1,915,000 of these bonds as Public Building Refunding Revenue Bonds, Series 2014. The bonds bear interest at varying fixed rates increasing with the length of maturity from 0.25% to 1.25%. The bond issue calls for retirement of principal on October 1, and interest payable April 1 and October 1.

The annual requirements to amortize the remaining outstanding debt of the Series 2014 Public Building Refunding Revenue Bonds of \$ 1,280,000 as of November 30, 2015, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2016	<u>\$ 590,000</u>	<u>7,375</u>	<u>597,375</u>	-

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 6 - Long-Term Debt, continued

Governmental Activities, continued:

Public Building Revenue Bonds, continued:

On September 2, 2011, the PCPBC issued \$ 1,500,000 in Public Building Revenue Bonds, Series 2011. The bond bears interest at varying fixed rates increasing with the length of maturity from 1.125% to 6.250%. The bond issue calls for retirement of principal on October 1 and interest payable on April 1 and October 1.

The annual requirements to amortize the remaining outstanding debt of the Series 2011 Public Building Revenue Bonds of \$ 1,385,000 as of November 30, 2015, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2016	\$ 60,000	62,144	122,144	1,265,000
2017	60,000	61,469	121,469	1,205,000
2018	60,000	60,794	120,794	1,145,000
2019	60,000	60,119	120,119	1,085,000
2020	60,000	59,444	119,444	1,025,000
2021-25	350,000	255,056	605,056	675,000
2026-30	450,000	155,000	605,000	225,000
2031-32	225,000	21,250	246,250	-
Total	\$ 1,325,000	735,276	2,060,276	

Since the PCPBC is a blended component unit, the lease payable/receivable between the PCPBC and the County has been eliminated at the government-wide reporting level, and the revenue bonds have been reported as a liability of the County.

Contract Payable:

The County signed into an agreement with Global Technical Systems, Inc. (GTSI) for new radio equipment on April 17, 2015. The agreement calls for a down payment of \$ 20,000 followed by three annual payments of \$ 15,727 due by April 17th of each year. Title of the equipment is held by GTSI until final payment is made. Amount due to GTSI at November 30, 2015 is \$ 47,181.

Future payments are as follows:

2016	\$ 15,727
2017	15,727
2018	15,727
	<u>\$ 47,181</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 6 - Long-Term Debt, continued

Business-type Activities:

	Balance November 30, 2014	Additions	Reductions	Balance November 30, 2015	Amount Due in One Year
General obligation debt certificates, Series 2007 Revenue Bond, Maple Point, Series 2007	\$ 960,000		55,000	905,000	60,000
Note payable	1,800,000	59,833	40,000	1,760,000	40,000
Accrued employee Benefits	167,131	21,831	9,975	49,858	18,283
	<u>167,131</u>	<u>21,831</u>	<u>9,391</u>	<u>179,571</u>	45,268
Total business-type activities	<u>\$ 2,927,131</u>	<u>81,664</u>	<u>114,366</u>	<u>2,894,429</u>	

The County, on behalf of the Piatt County Nursing Home, issued \$ 1,255,000 general obligation debt certificates, Series 2007, dated February 14, 2008. Principal is payable on November 1. Interest is payable May 1 and November 1 with interest rates varying between 4.25% and 5.00%.

Annual debt service requirements to maturity for the general obligation debt certificates, Series 2007, are as follows:

Year ending November 30	Principal	Interest	Total	Balance
2016	\$ 60,000	42,362	102,362	845,000
2017	60,000	39,812	99,812	785,000
2018	65,000	37,263	102,263	720,000
2019	65,000	34,500	99,500	655,000
2020	70,000	31,575	101,575	585,000
2021-25	400,000	104,675	504,675	185,000
2026-28	185,000	14,000	199,000	-
Total	<u>\$ 905,000</u>	<u>304,187</u>	<u>1,209,187</u>	

The County, on behalf of the Piatt County Nursing Home for the construction of Maple Point ALF, issued \$ 2,000,000 revenue bonds, Series 2007, dated February 14, 2008. Principal is payable on May 1. Interest is payable May 1 and November 1 with an interest rate of 4.25%.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 6 - Long-Term Debt, continued

Business-type Activities, continued:

Annual debt service requirements to maturity for the revenue bond, Series 2007, are as follows:

Year ending November 30	Principal	Interest	Total	Balance
2016	\$ 40,000	74,800	114,800	1,720,000
2017	60,000	73,100	133,100	1,660,000
2018	60,000	70,550	130,550	1,600,000
2019	60,000	68,000	128,000	1,540,000
2020	60,000	65,450	125,450	1,480,000
2021-25	320,000	289,000	609,000	1,160,000
2026-30	400,000	212,500	612,000	760,000
2031-35	520,000	119,000	639,000	240,000
2036-37	240,000	15,300	255,300	-
Total	<u>\$ 1,760,000</u>	<u>987,700</u>	<u>2,747,700</u>	

In 2015, the Nursing Home entered into a hardware purchase and software license agreement with American HealthTech for its new software system. The agreement included terms to repay \$ 59,833 of capital asset costs at 0% interest over 36 months. The monthly payments are \$ 1,662, and the note payable matures in June 2018.

Annual note payments required are as follows:

2016	\$ 18,283
2017	19,944
2018	<u>11,631</u>
	<u>\$ 49,858</u>

The creation and funding of certain reserve accounts required by the revenue bond ordinances have not been established by the County or the Piatt County Public Building Commission.

Legal Debt Margin: The Illinois Compiled Statutes provide that the net general obligation debt of the County, exclusive of certain exempt debt, should not exceed 2.875 percent of the total assessed valuation of the County. The effect of the debt limitations described above is an overall debt margin of \$ 10,928,020 at November 30, 2015.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 7 - Capital Lease

Piatt County Emergency Telephone System Board (ETSB): The ETSB was leasing equipment under a capital lease. The lease term began March 10, 2010, and was set to expire March 11, 2016, with annual payments, including principal and interest, of \$ 46,100 for the first four years of the lease, and decreased payments in the remaining two years. However, the Piatt County General Fund paid off this lease on behalf of the ETSB in 2013, and the ETSB will pay back the General Fund with the following scheduled payments:

Year ending November 30	Total Payment
2016	\$ 30,000
2017	36,072
Total	<u>\$ 66,072</u>

The assets acquired through the capital lease are as follows:

Equipment	\$ 257,953
Less: accumulated depreciation	<u>(257,953)</u>
	<u>\$ -</u>

Note 8 - Multiple Facilities Lease

The County had entered into lease agreements in 2002 and 2003 with the Piatt County Public Building Commission (PCPBC) for financing the construction of the County jail and public safety building facilities. On September 1, 2011, the County and the PCPBC entered into a new noncancellable 20-year lease for financing the purchase and construction of a County public building. On July 1, 2014, the County and the PCPBC entered into a new agreement to continue to lease to the County the above described public buildings and sites and all improvements thereon, in conjunction with the issuance of refunding revenue bonds to refinance the 2002 series bonds. The leases require that the County levy property taxes to make annual rental payments to the PCPBC to service the PCPBC revenue bonds.

Lease payments are due each September 25 for the succeeding year and are divisible into a debt service component and a facilities rent portion. The debt service component is payable in order to retire the bonds issued by PCPBC. The facilities rent component reflects the amounts necessary to cover operations and maintenance expenditures of the buildings. The following is a schedule of the future minimum lease payments under the leases and the present value of the net minimum lease payments at November 30, 2015:

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 8 - Multiple Facilities Lease, continued

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2016	\$ 52,194	650,000	69,181	719,181
2017	52,869	60,000	61,131	121,131
2018	53,544	60,000	60,456	120,456
2019	54,219	60,000	59,781	119,781
2020	55,793	60,000	58,206	118,206
2021-25	273,262	350,000	246,738	596,738
2026-30	278,134	450,000	141,866	591,866
2031-32	108,781	225,000	14,219	239,219
Total	\$ 928,796	1,915,000	711,578	2,626,578

Note 9 - Pension Plan

Employees of the County participate in the Illinois Municipal Retirement Fund. Amounts and disclosures that follow are for the plan as a whole. The County uses general and special revenue funds to liquidate net pension obligations.

IMRF Plan Description: The Piatt County, Illinois' defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Piatt County, Illinois' plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report is available 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, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 9 - Pension Plan, continued

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

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

Employees Covered by Benefit Terms: As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	202
Inactive plan members entitled to but not yet receiving benefits	195
Active plan members	<u>260</u>
Total	<u>657</u>

Contributions: As set by statute, the County's Regular and SLEP plan members are required to contribute 4.50% and 7.50%, respectively, of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 for Regular and SLEP was 10.19% and 20.86%, respectively. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- 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 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 9 - Pension Plan, continued

Actuarial Assumptions, continued:

- **Projected Retirement Age** was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- For **Non-Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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 as of December 31, 2015 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	5.25-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 9 - Pension Plan, continued

Single Discount Rate: A Single Discount Rate of 7.50% 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 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 in 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 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2013	\$ 38,703,187	39,458,360	(755,173)
Changes for the year:			
Service cost	1,062,281		1,062,281
Interest on the total pension liability	2,854,948		2,854,948
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(31,648)		(31,648)
Changes of assumptions	1,397,769		1,397,769
Contributions - employer		950,517	(950,517)
Contributions - employees		444,845	(444,845)
Net investment income		2,378,249	(2,378,249)
Benefit payments, including refunds of employee contributions	(2,336,712)	(2,336,712)	
Other (net transfers)		(128,525)	128,525
Net changes	2,946,638	1,308,374	1,638,264
Balances at December 31, 2014	\$ 41,649,825	40,766,734	883,091

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 9 - Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, 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 (6.50%)	Current (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$ 6,198,810	883,091	3,447,775

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended November 30, 2015, the County recognized pension expense of \$ 935,712. Under GAAP, at November 30, 2015, the County would have reported deferred outflows or 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	Net Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods:</i>			
Differences between expected and actual experience	\$ 57,370	74,750	(17,380)
Changes of assumptions	1,063,359		1,063,359
Net difference between projected and actual earnings on pension plan investments	432,806		432,806
Total deferred amounts to be recognized in pension expense in future periods	1,553,535	74,750	1,478,785
<i>Pension Contributions Made Subsequent to the Measurement Date</i>	862,548	-	862,548
Total Deferred Amounts Related to Pensions	\$ 2,416,083	74,750	2,341,333

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 9 - Pension Plan, continued

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

These amounts are not recorded in the financial statements because the County reports on the modified cash basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 1,290,892
2016	428,344
2017	428,344
2018	155,552
2019	21,653
Thereafter	<u>16,548</u>
Total	<u><u>\$ 2,341,333</u></u>

Note 10 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. In December 1988, the County established a Self-Insurance Reserve Fund, which was funded by the sale of \$ 2,500,000 in General Obligation Bonds. This fund enabled the County to self-insure workers' compensation, general liability, automobile liability, automobile physical damage, and public official errors and omissions claims. As of November 30, 2015, the County is no longer self-insuring these policies. There are still open workers' compensation claims, and those will be paid from this fund. It has been determined that these funds may also be used for other purposes such as the payment of employee physicals costs and to help cover health insurance premiums paid by the County. The County has \$ 575,898 in reserves at November 30, 2015 to cover current and future potential self-insurance claims and other allowed costs.

The County carries commercial insurance coverage for workers compensation, liability, property, crime and other insurance. The County pays all elected officials' bonds by statute.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2015

Note 11 - Commitments

In March 2012, the County entered into an agreement with Cook County, Illinois to provide detainee Housing Services for Cook County detainees. Cook County agrees to pay Piatt County a per diem fee of fifty (\$ 50) dollars per day, per detainee, with a maximum number of 36 Cook County detainees at any given time. The agreement shall remain in effect until terminated by either party, by giving the other party thirty days written notice. Effective April 2016, the County ceased housing those detainees.

The County's Transportation fund was awarded a capital assistance grant from the Illinois Department of Transportation (IDOT) for a new addition to its transit facility and related equipment. The award amount is not to exceed \$ 1,067,300 to reimburse eligible project costs, and is valid through September 30, 2020. A construction contract was entered into, and construction began on this project in November 2014. As of November 30, 2015, the project was complete. At that date, IDOT owed the Transportation fund a final payment of \$ 295,454 on the grant, and the Transportation fund owed a final payment of \$ 156,862 to the construction contractor.

During November 2013, the County entered into a twenty-four month contract for computer software, service, and support in connection with the 2014 election cycle. In November 2015, the County renewed the contract for the 2016 election cycle. The new twenty-four month agreement calls for quarterly payments of \$ 8,699 based on a total contract price of \$ 69,592. Total remaining on the contract at November 30, 2015, was \$ 60,893.

During December 2014, the County entered into a five year agreement for computer software, service, and support in connection with the property tax cycle. Quarterly payments are due based on a total contract price of \$ 66,892. Total remaining on the contract at November 30, 2015 was \$ 42,556.

Note 12 - Other Postemployment Benefits

Retirees of Piatt County may elect to maintain health insurance through the County subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As of November 30, 2015 there was one retiree participating in this plan.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2015

Note 13 - Net Position/Fund Equity

Restricted net position in Piatt County Nursing Home - During the fiscal year ended November 30, 1984, Piatt County established the Funded Depreciation Fund to acquire and replace equipment and betterments within the Nursing Home. The fund is restricted and cannot be used for general operating expenses; therefore, net position is restricted for this purpose. This fund is funded by periodic transfers from the Operating Fund. The balance as of November 30, 2015 was \$ 59,227. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2015 was \$ 49,597.

The Nursing Home also restricts net position for the Piatt County Service for Seniors Program (PCSS) and Faith In Action (FIA). A separate bank account has been set up for these programs. Money for those programs is restricted and cannot be used for general operating expenses. The balance at November 30, 2015 for PCSS was \$ 13,963. The balance at November 30, 2015 for FIA was \$ 35,365.

SUPPLEMENTARY INFORMATION

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS

November 30, 2015

	<u>Special Revenue Funds</u>			
	Highway Fund	Bridge Fund	Matching Fund	Court Automation Fund
<u>ASSETS</u>				
Cash	\$ 526,637	837,355	912,360	41,303
Due from other funds				
TOTAL ASSETS	<u>526,637</u>	<u>837,355</u>	<u>912,360</u>	<u>41,303</u>
<u>FUND BALANCES</u>				
Restricted	<u>526,637</u>	<u>837,355</u>	<u>912,360</u>	<u>41,303</u>
Total fund balances	<u>526,637</u>	<u>837,355</u>	<u>912,360</u>	<u>41,303</u>
TOTAL FUND BALANCES	<u>\$ 526,637</u>	<u>837,355</u>	<u>912,360</u>	<u>41,303</u>

(Continued)

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/ FICA Fund	TB Care Fund	Unemployment Comp Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
60,222	200,532	391,718	80,769	210,035	(27,890) 176,395	73,632	23,981	29,329
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)
November 30, 2015

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund
<u>ASSETS</u>					
Cash	\$ 4,021	58,469	16,451	3,602	3,765
Due (to)/from other funds					
TOTAL ASSETS	4,021	58,469	16,451	3,602	3,765
<u>FUND BALANCES</u>					
Restricted	4,021	58,469	16,451	3,602	3,765
Total fund balances	4,021	58,469	16,451	3,602	3,765
TOTAL FUND BALANCES	\$ 4,021	58,469	16,451	3,602	3,765

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 Year ended November 30, 2015

	Special Revenue Funds			
	Highway Fund	Bridge Fund	Matching Fund	Court Automation Fund
Revenues:				
Taxes	\$ 409,197	204,597	204,597	
Intergovernmental	35,494	107,062	16,430	
Fines, fees, forfeitures				19,707
Interest on investments				
Miscellaneous	2,576			
Total revenues	447,267	311,659	221,027	19,707
Expenditures:				
Current:				
General control and administration				
Public safety				
Public health and welfare				
Judiciary and legal				10,697
Transportation	429,983	178,719	91,090	
Capital outlay	39,905			
Total expenditures	469,888	178,719	91,090	10,697
Excess (deficiency) of revenues over (under) expenditures	(22,621)	132,940	129,937	9,010
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(22,621)	132,940	129,937	9,010
Fund balances, beginning of year	549,258	704,415	782,423	32,293
Fund balances, end of year	\$ 526,637	837,355	912,360	41,303

(Continued)

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/FICA Fund	TB Care Fund	Unemployment Compensation Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
		703,589	15,718	82,550				
14,848	46,383					19,517	955	4,054
14,848	46,383	703,589	15,718	82,550	-	19,517	955	4,054
15,513	52,181	339,451		30,298		6,142		
			3,571					
15,513	52,181	339,451	3,571	30,298	-	6,142	-	-
(665)	(5,798)	364,138	12,147	52,252	-	13,375	955	4,054
		(395,221)		(45,426)				
-	-	(395,221)	-	(45,426)	-	-	-	-
(665)	(5,798)	(31,083)	12,147	6,826	-	13,375	955	4,054
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 Year ended November 30, 2015

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	3,491	43,158	7,467	906
Interest on investments				
Miscellaneous				
Total revenues	<u>3,491</u>	<u>43,158</u>	<u>7,467</u>	<u>906</u>
Expenditures:				
Current:				
General control and administration		39,682		
Public safety	10,735			
Public health and welfare				
Judiciary and legal				
Transportation				
Capital outlay				
Total expenditures	<u>10,735</u>	<u>39,682</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,244)</u>	<u>3,476</u>	<u>7,467</u>	<u>906</u>
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(7,244)	3,476	7,467	906
Fund balances, beginning of year	11,265	54,993	8,984	2,696
Fund balances, end of year	<u>\$ 4,021</u>	<u>58,469</u>	<u>16,451</u>	<u>3,602</u>

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS
Year ended November 30, 2015

	Balance December 1, 2014	Additions	Reductions	Balance November 30, 2015
<u>ASSETS</u>				
Cash and cash equivalents:				
Held by County Clerk:				
County clerk accounts	\$ 162,358	589,383	600,131	151,610
Held by Treasurer:				
General trust	5,806	1		5,807
General trust	48,003	39		48,042
Federal tax trust	15,131		15,131	
Earnings fees	160	13		173
Collector cash	104,583	30,321,684	29,702,391	723,876
Revolving tax sale	19,852		10,796	9,056
Department of Justice asset forfeiture	1,140			1,140
Held by Circuit Clerk:				
Circuit clerk accounts	149,200	1,072,632	1,133,642	88,190
Held by Piatt County Highway Department:				
Township motor fuel tax	1,037,006	609,460	1,266,191	380,275
Held by Piatt County Sheriff:				
Sheriff's warrant fee account *	4,015	48,996	50,597	2,414
Held by Piatt County Nursing Home:				
Resident accounts	14,923		1,520	13,403
Total cash and cash equivalents	1,562,177	32,642,208	32,780,399	1,423,986
Due from other funds:				
General fund	12,459	9,946	9,946	12,459
TOTAL ASSETS	<u>\$ 1,574,636</u>	<u>32,652,154</u>	<u>32,790,345</u>	<u>1,436,445</u>

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS, Continued
Year ended November 30, 2015

	Balance December 1, 2014*	Additions	Reductions	Balance November 30, 2015
<u>LIABILITIES</u>				
Due to Other Governments:				
Child support payments payable	\$	288,690	288,690	
Due to area drainage districts		566,194	555,493	10,701
Due to local townships	1,037,006	609,460	1,266,191	380,275
Due to other counties*	4,015	48,996	50,597	2,414
Illinois Department of Public Health	48	280	280	48
Illinois Department of Revenue	19,752	80,941	90,349	10,344
Illinois Municipal Retirement Fund	238	50		288
Illinois State Treasurer	10	755	720	45
Property taxes due to other governments	75,637	25,032,110	24,438,264	669,483
Social Security Administration	15,131		15,131	
State of Illinois Rural Housing program	1,287	23,328	23,022	1,593
Due to Other Funds:				
Due to other funds	42,319	163,192	157,357	48,154
Property taxes due to other funds	13,746	4,723,380	4,719,430	17,696
Due to Others:				
Bond refunds payable	106,111	45,413	78,353	73,171
Due to individual taxpayers	53,809	320,890	320,850	53,849
Due to insurance companies for current and future clai	133,908		7,553	126,355
Due to others	15,430	26,299	13,111	28,618
Due to residents of PCNH and MP	14,923		1,520	13,403
Mass Mutual - Elective deferred compensation prograr	8			8
Vouchers payable - various	41,258	722,176	763,434	
TOTAL LIABILITIES	\$ 1,574,636	32,652,154	32,790,345	1,436,445

* - This account was not included in ending cash and cash equivalents - fiduciary funds at November 30, 2014 but should have been. Beginning assets and liabilities have been restated accordingly.

PIATT COUNTY, ILLINOIS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT SYSTEM
December 31, 2014

Total Pension Liability:	
Service cost	\$ 1,062,281
Interest on the total pension liability	2,854,948
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	(31,648)
Changes of assumptions	1,397,769
Benefit payments, including refunds of employee contributions	<u>(2,336,712)</u>
Net Change in Total Pension Liability	2,946,638
Total Pension Liability - Beginning	<u>38,703,187</u>
Total Pension Liability - Ending (A)	<u><u>\$ 41,649,825</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 950,517
Contributions - employees	444,845
Net investment income	2,378,249
Benefit payments, including refunds of employee contributions	(2,336,712)
Other (net transfers)	<u>(128,525)</u>
Net Change in Plan Fiduciary Net Position	1,308,374
Plan Fiduciary Net Position - Beginning	<u>39,458,360</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 40,766,734</u></u>
Net Position Liability - Ending (A)-(B)	<u><u>\$ 883,091</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.88%
Covered Valuation Payroll	\$ 9,122,157
Net Pension Liability as a Percentage of Covered Valuation Payroll	9.68%

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

PIATT COUNTY, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
- ILLINOIS MUNICIPAL RETIREMENT SYSTEM
December 31, 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage Of Covered Valuation Payroll
2014	\$ 941,837	950,517	(8,680)	9,122,157	10.42%

PIATT COUNTY, ILLINOIS

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED
IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE***

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method: Aggregate Entry Age Normal
Amortization Method: Level Percentage of Payroll, Closed
Remaining Amortization Period: 28-year closed period until remaining period reaches 15 years (then 15-year rolling period)
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation.

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

PIATT COUNTY, ILLINOIS

**SCHEDULE OF REVENUE AND EXPENSES -
PUBLIC TRANSPORTATION FUND
For the twelve months ended June 30, 2015**

Revenues:

Passenger fares	\$ 31,906
Non-transpiration revenue	407
Local cash and contributions	136,160
Federal cash grant - Section 5311	81,636
Downstate operating assistance grant	483,600
Capital assistance grant	414,493
Interest income	<u>53</u>
Total revenue	<u>1,148,255</u>

Expenses:

Labor	357,165
Fringe benefits	207,446
Services	82,763
Fuel and oil	77,534
Tires and tubes	3,410
Other materials	25,797
Utilities	8,770
Taxes	165
Miscellaneous	3,911
Lease and rentals	8,100
Depreciation	<u>120,527</u>
Total expenses	<u>895,588</u>
Net revenue less expenses	<u>\$ 252,667</u>



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

To the County Board Members
Piatt County, Illinois
Monticello, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated June 29, 2016. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Piatt County, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Piatt County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Piatt County, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (15-1 to 15-3.)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piatt County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

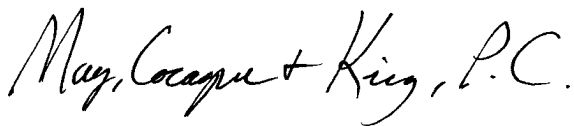
- The County has several bond ordinances that require the establishment of certain bank accounts to provide for the repayment of debt and interest and provide funds for operating needs and lease payments related to the debt issues. The County has not complied with the provisions of the bond ordinances and does not intend to.

Piatt County, Illinois' Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Decatur, Illinois
June 29, 2016

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES
November 30, 2015

Material Weaknesses

15-1 Financial Reporting

Criteria: Management is responsible for establishing and maintaining adequate internal control over financial reporting, including controls over the ability of management to select and apply appropriate accounting principles to prepare financial statements and related footnote disclosures in conformity with the modified cash basis of accounting.

Condition: During the review of the financial reporting process, we noted that neither management nor the accounting personnel have the expertise to select and apply appropriate accounting principles or to prepare financial statements with appropriate footnotes in accordance with the modified cash basis of accounting.

Cause: The responsibility for financial reporting rests entirely with the County and not the auditor. In other words, if the County is not able to issue, without the auditors' involvement, complete financial statements with notes, in accordance with the modified cash basis of accounting, and free of material misstatement, that inability is a symptom of material deficiencies in internal control.

Effect: Without adequate financial reporting expertise, errors and omissions could occur in the financial statements and not be detected by management.

Recommendation: We recommend that management assess the financial reporting process and consider implementing additional reporting functions. Additionally, we recommend that the Board include persons knowledgeable about financial statements and reporting requirements.

County's Response: There is no disagreement with the audit finding. The County is aware of the need for the expertise necessary to prepare a complete set of financial statement and the related disclosures. Management will continue to monitor the internal controls over financial reporting as well as the cost/benefit relationship with these issues.

15-2 Material Audit Adjustments

Criteria: Management is responsible for establishing effective internal controls to ensure that its accounting records are free of material misstatements.

Condition: During the audit, multiple accounting errors were identified that resulted in material audit adjustments required to keep the County's financial statements from being material misstated.

Cause: Multiple causes were identified for these errors including incomplete account reconciliation, non-recognition of a non-cash vehicle grant, non-reporting of a grant and related vehicle purchase due to the transactions being run through a fiduciary bank account, and more.

Effect: These accounting errors caused the preliminary financial statements to be materially misstated.

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES, continued
November 30, 2015

Material Weaknesses, continued

Recommendation: We recommend that the County ensure that all bank accounts of the County are reconciled completely and timely each month. We recommend that all grants and related expenditures be run through the General or other appropriate fund so they are properly accounted for. Finally, we recommend that the County ensure that any non-cash grants and similar transactions are recorded.

County's Response: There is no disagreement with the audit finding. The County is in the habit of reconciling all of its accounts on a monthly basis, and feel the instance noted was an isolated case that has been resolved. Further, the County had been aware of the reconciliation discrepancy and made the auditors aware of it prior to the start of audit fieldwork. Finally, the County will institute procedures to ensure that all non-cash grants are properly accounted for, and that all grants are run through the proper funds so that they are accounted for.

15-3 Identification of a Previously-Unrecorded Cash Account

Criteria: Management is responsible for establishing effective internal controls to ensure that all accounts of the County, and all transactions thereof, are included in its financial statements.

Condition: During the audit, it was discovered that the Sheriff's office maintains a warrant fees fiduciary checking account that had not been included in prior year audited financial statements. Further auditing procedures discovered that material grant revenue and a material vehicle purchase were run through this account.

Cause: The preliminary financial statements were materially misstated as they did not report a material grant revenue and vehicle purchase.

Effect: The omission of the account balance itself did not cause the County's financial statements to be materially misstated, but the unrecorded grant revenues and related vehicle purchase, as well as the change in fiduciary account during the year under audit, did.

Recommendation: We recommend that the County take an inventory of all of its bank accounts, certificates of deposit, and the like to ensure that all accounts of the County are being included in the County's annual financial statements.

County's Response: There is no disagreement with the audit finding. The County will conduct an inventory of all bank accounts to ensure that all are included in its annual financial statements. Furthermore, the County will also discuss with all departments what transactions should be run through what accounts to ensure that all transactions are properly recorded.