

PIATT COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended November 30, 2018



PIATT COUNTY, ILLINOIS

CONTENTS
November 30, 2018

LIST OF PRINCIPAL OFFICERS

INDEPENDENT AUDITORS' REPORT	1 - 4
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FINANCIAL STATEMENTS

Statement of Net Position - Modified Cash Basis	5 - 8
Statement of Activities - Modified Cash Basis	9 and 10
Governmental Funds:	
Balance Sheet - Cash Basis	11
Reconciliation of the Governmental Funds Balance Sheet - Cash Basis - to the Statement of Net Position - Modified Cash Basis	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis - to the Statement of Activities - Modified Cash Basis	14
Proprietary Funds:	
Statement of Net Position	15 and 16
Statement of Revenues, Expenses, and Changes in Net Position	17 and 18
Statement of Cash Flows	19 - 22
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	23
Notes to Financial Statements	24 - 48

PIATT COUNTY, ILLINOIS

CONTENTS (Continued)
November 30, 2018

SUPPLEMENTARY INFORMATION

Combining Balance Sheet for Nonmajor Governmental Funds	49 - 52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	53 - 56
Combining Statement of Changes in Assets and Liabilities of Agency Funds	57 and 58
Schedule of Revenue and Expenses - Public Transportation Fund	59

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	60 and 61
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Schedule of Findings and Responses	62 and 63
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PIATT COUNTY, ILLINOIS

**LIST OF PRINCIPAL OFFICERS
November 30, 2018**

COUNTY BOARD MEMBERS at November 30, 2018:

District	Representative	District	Representative
1	Dale Lattz	1	Ray Spencer (Chairman)
2	Renee Freundt	2	Albert Manint
3	Randy Shumard	3	Robert Murrell

OTHER ELECTED OFFICIALS at November 30, 2018:

County Clerk & Recorder, Jennifer Harper

Treasurer & Collector, Tim Pankau

Circuit Clerk, Laurie Birch

State's Attorney, Dana Rhoades

Sheriff, David Hunt

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



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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, 2018, 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. 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. 75 *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, 2018, 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, 2018, 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, 2018, 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.

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, 2018, 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 August 26, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piatt County, Illinois' 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.

MCK CPAs & Advisors

**Decatur, Illinois
August 26, 2019**

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION

November 30, 2018

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
Assets			
Cash and cash equivalents	\$ 7,385,488	1,236,998	8,622,486
Investments			
Accounts receivable		1,450,722	1,450,722
Accrued interest receivable			
Inventory		41,304	41,304
Prepaid expense			
Internal balances	108,014	(108,014)	
Loan to Piatt County Nursing Home fund			
Restricted cash and cash equivalents		123,600	123,600
	<u>7,493,502</u>	<u>2,744,610</u>	<u>10,238,112</u>
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	8,216,231	5,006,923	13,223,154
Total capital assets	<u>8,533,731</u>	<u>5,135,313</u>	<u>13,669,044</u>
Total assets	<u>16,027,233</u>	<u>7,879,923</u>	<u>23,907,156</u>
Liabilities			
Accounts payable		564,038	564,038
Accrued expenses		195,704	195,704
Accrued interest		17,744	17,744
Security deposits		19,136	19,136
	<u>-</u>	<u>796,622</u>	<u>796,622</u>
Amounts due within one year:			
Debt certificates	20,000	65,000	85,000
Revenue bonds payable	60,000	60,000	120,000
Employee benefits		35,100	35,100
Amounts due in more than one year:			
Employee benefits		140,309	140,309
Debt certificates	210,000	655,000	865,000
Revenue bonds payable	1,085,000	1,540,000	2,625,000
Loan from PCNH Foundation		330,000	330,000
Total debt service	<u>1,375,000</u>	<u>2,825,409</u>	<u>4,200,409</u>
Total liabilities	<u>1,375,000</u>	<u>3,622,031</u>	<u>4,997,031</u>

(Continued)

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
62,403	116,812	203,946
1,197,429	152,302	551,793
286,360		495
34,578		330,000
1,580,770	269,114	1,086,234
395,595	110,090	
395,595	110,090	-
1,976,365	379,204	1,086,234
11,002		
58,734		
69,736	-	-
-	-	-
69,736	-	-

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)
November 30, 2018

	Primary Government		
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total
Net Position			
Net investment in capital assets	\$ 7,158,731	2,815,313	9,974,044
Restricted for:			
Capital projects		62,174	62,174
Debt retirement		123,600	123,600
Road projects	4,473,027		4,473,027
Self-insurance	328,293		328,293
Other	3,316,575	5,041	3,321,616
Unrestricted	(624,393)	1,251,764	627,371
Total net position	\$ 14,652,233	4,257,892	18,910,125

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)
395,595	110,090	
<u>1,511,034</u>	<u>269,114</u>	<u>1,086,234</u>
<u><u>1,906,629</u></u>	<u><u>379,204</u></u>	<u><u>1,086,234</u></u>

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES
Year ended November 30, 2018

	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,443,054	290,725		
Public safety	2,720,056	80,018		
Public health and welfare	43,460			
Judiciary and legal	803,249	46,425		
Transportation	1,681,540	219,526		
Culture and recreation	25,590			
Interest on long-term debt	67,658			
Total governmental activities	8,784,607	636,694	-	-
Business-type Activities:				
Nursing Home	9,100,177	7,375,399		38,711
Public Building Commission	61,621			
Transportation program	1,034,580	145,708	648,804	
Total business-type activities	10,196,378	7,521,107	648,804	38,711
Total primary government	18,980,985	8,157,801	648,804	38,711
Component Units:				
Mental Health Center	1,812,817	1,102,254	528,667	
Emergency Telephone System Board	162,617	325,273		
Nursing Home Foundation	121,150		115,833	
Total component units	\$ 2,096,584	1,427,527	644,500	-
General Revenues:				
Property taxes				
Other taxes				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Loss on disposal of capital assets				
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)
(3,152,329)		(3,152,329)			
(2,640,038)		(2,640,038)			
(43,460)		(43,460)			
(756,824)		(756,824)			
(1,462,014)		(1,462,014)			
(25,590)		(25,590)			
(67,658)		(67,658)			
<u>(8,147,913)</u>	<u>-</u>	<u>(8,147,913)</u>			
	(1,686,067)	(1,686,067)			
	(61,621)	(61,621)			
	(240,068)	(240,068)			
<u>-</u>	<u>(1,987,756)</u>	<u>(1,987,756)</u>			
<u>(8,147,913)</u>	<u>(1,987,756)</u>	<u>(10,135,669)</u>			
			(181,896)		
				162,656	
					(5,317)
			<u>(181,896)</u>	<u>162,656</u>	<u>(5,317)</u>
3,848,485	434,120	4,282,605			
2,709,047		2,709,047			
450,275		450,275			
10,606	64,551	75,157	6,141	1,002	7,919
1,263,632	69,167	1,332,799			
			(536)		
<u>(1,315,466)</u>	<u>1,315,466</u>				
<u>6,966,579</u>	<u>1,883,304</u>	<u>8,849,883</u>	<u>5,605</u>	<u>1,002</u>	<u>7,919</u>
<u>(1,181,334)</u>	<u>(104,452)</u>	<u>(1,285,786)</u>	<u>(176,291)</u>	<u>163,658</u>	<u>2,602</u>
<u>15,833,567</u>	<u>4,362,344</u>	<u>20,195,911</u>	<u>2,082,920</u>	<u>215,546</u>	<u>1,083,632</u>
<u>\$ 14,652,233</u>	<u>4,257,892</u>	<u>18,910,125</u>	<u>1,906,629</u>	<u>379,204</u>	<u>1,086,234</u>

PIATT COUNTY, ILLINOIS

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2018**

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 898,678	4,473,027		1,583,413	6,955,118
Due from other funds	210,091		967,177	865,676	2,042,944
TOTAL ASSETS	1,108,769	4,473,027	967,177	2,449,089	8,998,062
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	1,733,162			99,691	1,832,853
Fund Balances:					
Restricted		4,473,027	967,177	2,449,089	7,889,293
Unassigned	(624,393)			(99,691)	(724,084)
Total fund balances (deficits)	(624,393)	4,473,027	967,177	2,349,398	7,165,209
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,108,769	4,473,027	967,177	2,449,089	8,998,062

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, 2018**

Total fund balances for Governmental Funds	\$ 7,165,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,533,731
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(1,145,000)
Debt certificate payable	(230,000)
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 service funds is included in governmental activities in the statement of net position.	<u>328,293</u>
Net position of governmental activities	<u><u>\$ 14,652,233</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, 2018**

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 1,359,729		219,526	2,269,230	3,848,485
Intergovernmental	2,647,613	450,275		61,434	3,159,322
Fines and forfeitures	428,911			207,783	636,694
Investment income	1,462	8,153		244	9,859
Miscellaneous	1,257,484			6,148	1,263,632
Total revenues	5,695,199	458,428	219,526	2,544,839	8,917,992
Expenditures:					
Current:					
General control and administration	2,312,097			970,523	3,282,620
Public safety	2,461,725			64,977	2,526,702
Public health and welfare	40,493			2,967	43,460
Judiciary and legal	791,158			10,690	801,848
Transportation	2,000	438,534	177,397	1,034,626	1,652,557
Culture and recreation	25,590				25,590
Capital outlay	173,725				173,725
Debt service:					
Principal	80,000				80,000
Interest	67,658				67,658
Total expenditures	5,954,446	438,534	177,397	2,083,783	8,654,160
Excess (deficiency) of revenues over (under) expenditures	(259,247)	19,894	42,129	461,056	263,832
Other financing sources (uses):					
Transfers out	(394,746)			(920,720)	(1,315,466)
Proceeds from debt certificates	250,000				250,000
Total other financing sources (uses)	(144,746)	-	-	(920,720)	(1,065,466)
Net change in fund balances	(403,993)	19,894	42,129	(459,664)	(801,634)
Fund balances (deficits), beginning of year	(220,400)	4,453,133	925,048	2,809,062	7,966,843
Fund balances (deficits), end of year	\$ (624,393)	4,473,027	967,177	2,349,398	7,165,209

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, 2018**

Net change in fund balances - total governmental funds \$ (801,634)

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	\$ 320,074	
Depreciation expense	<u>(414,656)</u>	(94,582)

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 (130,846)

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.

Debt certificate proceeds	(250,000)
Revenue bonds payable	60,000
Debt certificates payable	20,000
Contract payable	<u>15,728</u>

Change in net position of governmental activities \$ (1,181,334)

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
November 30, 2018**

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,170,551	46,663	19,784	1,236,998
Accounts receivable	1,254,564		196,158	1,450,722
Inventory	41,304			41,304
Lease receivable - current		60,000		60,000
Noncurrent assets:				
Capital lease receivable		1,085,000		1,085,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	9,391,117		1,885,066	11,276,183
Less accumulated depreciation	(5,279,809)		(989,451)	(6,269,260)
Total assets	6,824,717	1,191,663	1,116,557	9,132,937
Liabilities				
Accounts payable	552,099		11,939	564,038
Accrued expenses	175,185		20,519	195,704
Accrued interest	7,834	9,910		17,744
Security deposits	19,136			19,136
Due to other funds	108,014			108,014
Amounts due within one year:				
Debt certificates	65,000			65,000
Revenue bonds payable	60,000	60,000		120,000
Employee benefits	35,100			35,100
Amounts due in more than one year:				
Employee benefits	140,309			140,309
Debt certificates	655,000			655,000
Revenue bonds payable	1,540,000	1,085,000		2,625,000
Loan from PCNH Foundation	330,000			330,000
Total liabilities	3,687,677	1,154,910	32,458	4,875,045
Net Position				
Net investment in capital assets	1,914,698		900,615	2,815,313
Restricted:				
Capital projects	62,174			62,174
Debt retirement	123,600			123,600
PCSS	5,041			5,041
Unrestricted	1,031,527	36,753	183,484	1,251,764
Total net position	\$ 3,137,040	36,753	1,084,099	4,257,892

See Notes to Financial Statements.

**Governmental Activities
- Modified Cash Basis**

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
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328,293	102,077	430,370
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328,293	102,077	430,370
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	102,077	102,077
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-	102,077	102,077
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328,293		328,293
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328,293	-	328,293
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PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

Year ended November 30, 2018

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,375,399		145,708	7,521,107
Operating grants			648,804	648,804
Miscellaneous	144,777			144,777
Total operating revenues	7,520,176	-	794,512	8,314,688
Operating expenses:				
General government				
Health and welfare	8,992,787			8,992,787
Transportation			1,034,580	1,034,580
Total operating expenses	8,992,787	-	1,034,580	10,027,367
Operating income (loss)	(1,472,611)	-	(240,068)	(1,712,679)
Non-operating revenues (expenses):				
Non-operating revenues net of expenses	397,221			397,221
Investment income	866	63,552	133	64,551
Interest on long-term debt	(107,390)	(61,621)		(169,011)
Total non-operating revenues (expenses)	290,697	1,931	133	292,761
Income (loss) before operating transfers	(1,181,914)	1,931	(239,935)	(1,419,918)
Inter-County transfers	1,201,284		114,182	1,315,466
Change in net position	19,370	1,931	(125,753)	(104,452)
Net position, beginning of year	3,117,670	34,822	1,209,852	4,362,344
Net position, end of year	\$ 3,137,040	36,753	1,084,099	4,257,892

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
131,593		131,593
131,593	-	131,593
(131,593)	-	(131,593)
747		747
747	-	747
(130,846)	-	(130,846)
(130,846)	-	(130,846)
459,139		459,139
328,293	-	328,293

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year ended November 30, 2018

	Business-type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,966,095		135,297
Receipts from operating grants			649,224
Payments to suppliers of goods or services	(2,595,044)		(381,626)
Payments to employees	(4,670,025)		(560,266)
Net cash flows from operating activities	701,026	-	(157,371)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Property tax revenue	434,120		
Loan advances from Piatt County Nursing Home Foundation	100,000		
Loan repayments from Piatt County Nursing Home Foundation	(120,000)		
Transfers (to) from other funds			114,182
Net cash flows from non capital financing activities	414,120	-	114,182
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(59,585)		
Principal payments on debt certificates	(65,000)		
Principal payments on revenue bonds	(60,000)	(60,000)	
Principal payments on note payable	(12,113)		
Proceeds from capital lease payments		60,000	
Foundation contributions for asset purchase	34,687		
Interest expense paid on bonds and notes	(107,812)	(61,732)	
Net cash flows from capital and related financing activities	(269,823)	(61,732)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	866	63,552	133
Scholarship, PCSS and FIA	(45,983)		
Net cash flows from investing activities	(45,117)	63,552	133
Net increase (decrease) in cash and cash equivalents	800,206	1,820	(43,056)
Cash and cash equivalents, beginning of year	370,345	44,843	62,840
Cash and cash equivalents, end of year	\$ 1,170,551	46,663	19,784

(Continued)

Governmental Activities
- Modified Cash Basis

Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
8,101,392			
649,224			
(2,976,670)	(131,593)		(131,593)
(5,230,291)			
543,655	(131,593)	-	(131,593)
434,120			
100,000			
(120,000)			
114,182		(50,538)	(50,538)
528,302	-	(50,538)	(50,538)
(59,585)			
(65,000)			
(120,000)			
(12,113)			
60,000			
34,687			
(169,544)			
(331,555)	-	-	-
64,551	747		747
(45,983)			
18,568	747	-	747
758,970	(130,846)	(50,538)	(181,384)
478,028	459,139	152,615	611,754
1,236,998	328,293	102,077	430,370

PIATT COUNTY, ILLINOIS

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 Year ended November 30, 2018**

	Business-Type Activities		
	Piatt County Nursing Home (Unaudited)	Piatt County Public Building Commission	Piatt County Public Transportation
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,472,611)		(240,068)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	366,793		82,898
Fixed asset additions in accounts payable	(32,703)		
Bad debt expense	377,678		
On-behalf payments made by Piatt County	1,201,284		
Increase in allowance for doubtful accounts	(97,000)		
(Increase) decrease in assets:			
Accounts receivable	164,037		(9,992)
Inventory	4,545		
Increase (decrease) in liabilities:			
Accounts payable	56,981		(10,728)
Accrued payroll and employee benefits	22,804		20,519
Security deposits	1,204		
Due to Piatt County	108,014		
Net cash flows from operating activities	\$ 701,026	-	(157,371)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets paid for directly by Piatt County Nursing Home Foundation	\$ 4,024	-	-

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
(1,712,679)	(131,593)		(131,593)
449,691			
(32,703)			
377,678			
1,201,284			
(97,000)			
154,045			
4,545			
46,253			
43,323			
1,204			
108,014			
<u>543,655</u>	<u>(131,593)</u>	<u>-</u>	<u>(131,593)</u>
4,024	-	-	-

PIATT COUNTY, ILLINOIS

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS**

November 30, 2018

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,711,354
Due from General Fund	<u>12,459</u>
Total assets	<u><u>1,723,813</u></u>
Liabilities	
Due to other governments	1,089,994
Due to other funds	66,050
Due to others	<u>567,769</u>
Total liabilities	<u><u>\$ 1,723,813</u></u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2018

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: 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, 2018, the same as the County. The ETSB's November 30, 2018, financial statements are included herein.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2018

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, 2018, 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 Piatt County Nursing Home Fund (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. The financial statements included in this report are from the fiscal year ended November 30, 2018, and have not been audited.

During the fiscal year ended November 30, 2018, the Foundation distributed \$ 38,711 to the Nursing Home. During the current year ending November 30, 2018, the Foundation made a loan to the Nursing Home to cover current operating expenses. The balance of that loan at November 30, 2018 is \$ 330,000. The Nursing Home is expected to repay the loan as funds to do so become available.

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. The County Board also assists in appointing board members to the DeWitt Piatt Bi-County Health Department.

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, 2018

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, 2018

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.

Bridge Fund - This fund accounts for funds derived from property tax revenue and funds received from the State of Illinois and nearby townships to be used upon board approval to construct and repair County bridges.

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, 2018

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.

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, except for ETSB, which is prepared on the modified cash 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, 2018

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 Human Services (DHS) 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, DHS 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, 2018, the Nursing Home had an allowance for doubtful accounts of \$ 78,000 to cover questionable accounts.

The Nursing Home does not charge interest for past due accounts, and it turns unpaid accounts over to collection only as a last resort.

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 \$ 10,800 for the year ended June 30, 2018.

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, 2018

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, 2018

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, 2018

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, 2018

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 is 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, 2018, the County's bank balances of \$ 10,969,309 (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, 2018, the bank balances of these cash deposits totaled \$ 120,062 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, 2018

Note 2 - Deposits and Investments, continued

Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2018, none of the Piatt County Mental Health Center's bank balances of \$ 1,204,989 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2018, ETSB's cash account with a bank balance of \$ 153,122 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, 2018, none of the Piatt County Nursing Home Foundation's bank balances of \$ 203,946 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 2018 represents collection of the 2017 taxes. Real property taxes for the 2018 levy will be collected in and are intended to finance 2019 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, 2018

Note 3 - Property Taxes, continued

The following are the taxes levied per \$ 100 of assessed valuation (\$ 446,826,423 for the 2017 Levy):

	<u>Maximum Rate</u>	<u>2017 Levy</u>
General Corporate	.27000	.27000
County Highway	.10000	.09960
Bridge Fund	.05000	.04924
Illinois Municipal Retirement		.17457
Federal Aid Matching	.05000	.04924
T.B. Sanitarium	.05200	.00353
Health Unit	.06800	.04584
Bonds and Interest		.02696
Veterans' Assistance Commission	.03000	.00352
Unemployment Insurance		.01851
Nursing Home	.10000	.09736
Social Security		.16002
Piatt County Cooperative Extension	.03000	<u>.02261</u>
		<u>1.02100</u>

Note 4 - Interfund Receivables, Payables and Transfers

Individual fund receivable/payable balances at November 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PCO Bond Maintenance	\$ 102,077
General	Nursing Home	\$ 108,014

The General Fund receivable from the PCO Bond Maintenance Fund represents ending cash balances being held in the PCO Bond Maintenance Fund to be used by and thus due to the General Fund for the maintenance and improvement of the Piatt County Office Building. Once these cash balances have been expended, the PCO Bond Maintenance Fund will be closed, and all future amounts paid from General Fund cash balances.

The General Fund receivable from the Nursing Home Fund represents an advance paid to cover the costs of an insurance settlement. Insurance proceeds equaling this amount were received in December 2018, at which time these interfund balances were deemed settled.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 4 - Interfund Receivables, Payables and Transfers, continued

A schedule of interfund transfers for the year ended November 30, 2018, is as follows:

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 376,546
Nursing Home Fund	IMRF Fund	396,665
Nursing Home Fund	Social Security Fund	373,488
Nursing Home Fund	Unemployment Fund	54,585
Transportation Fund	IMRF Fund	45,245
Transportation Fund	Social Security Fund	43,446
Transportation Fund	Unemployment Fund	7,291
Transportation Fund	General Fund	18,200
Transfers Out - Governmental Funds		<u>\$ 1,315,466</u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 376,546
Nursing Home Fund	IMRF Fund	396,665
Nursing Home Fund	Social Security Fund	373,488
Nursing Home Fund	Unemployment Fund	54,585
Transportation Fund	IMRF Fund	45,245
Transportation Fund	Social Security Fund	43,446
Transportation Fund	Unemployment Fund	7,291
Transportation Fund	General Fund	18,200
Transfers In - Proprietary Funds		<u>\$ 1,315,466</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, 2018

Note 5 - Capital Assets

Capital activity for the year ended November 30, 2018, was as follows:

	Balance December 1, 2017	Increases	Decreases	Balance November 30, 2018
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 317,500			317,500
Total capital assets not being depreciated	317,500		-	317,500
Capital assets being depreciated:				
Buildings and improvements	11,489,715	270,129		11,759,844
Machinery and equipment	235,782			235,782
Vehicles	595,278	49,946		645,224
Furniture and fixtures	183,606			183,606
Office equipment	628,184			628,184
Other equipment	315,515			315,515
Infrastructure	90,258			90,258
Total capital assets being depreciated	13,538,338	320,075	-	13,858,413
Less accumulated depreciation for:				
Buildings and improvements	3,652,562	299,368		3,951,930
Machinery and equipment	194,373	15,667		210,040
Vehicles	457,652	59,423		517,075
Furniture and fixtures	183,606			183,606
Office equipment	462,943	19,405		482,348
Other equipment	260,594	16,280		276,874
Infrastructure	15,796	4,513		20,309
Total accumulated depreciation	5,227,526	414,656	-	5,642,182
Total capital assets being depreciated, net	8,310,812	(94,581)	-	8,216,231
Governmental activity, capital assets, net	\$ 8,628,312	(94,581)	-	8,533,731

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 5 - Capital Assets, continued

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 108,502
Public safety	275,770
Judiciary and legal	1,401
Transportation	<u>28,983</u>
	<u>\$ 414,656</u>

	Balance December 1, 2017	Additions	Deletions	Balance November 30, 2018
<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	98,593		8,538	90,055
Buildings	6,200,691			6,200,691
Equipment	1,275,098	61,646	29,703	1,307,041
Building improvements	1,813,375	34,663	54,708	<u>1,793,330</u>
Total capital assets being depreciated	<u>9,387,757</u>	96,309	92,949	<u>9,391,117</u>
Less accumulated depreciation for:				
Ground improvements	54,819	7,091	8,538	53,372
Buildings	3,473,672	162,547		3,636,219
Equipment	713,247	111,209	29,704	794,752
Building improvements	734,603	85,946	25,083	<u>795,466</u>
Total accumulated depreciation	<u>4,976,341</u>	366,793	63,325	<u>5,279,809</u>
Total capital assets being depreciated, net	<u>4,411,416</u>	(270,484)	29,624	<u>4,111,308</u>
Nursing Home capital assets, net	<u>\$ 4,534,806</u>	(270,484)	29,624	<u>4,234,698</u>

Total depreciation expense for the Nursing Home in 2018 was \$ 366,793.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 5 - Capital Assets, continued

	Balance December 1, 2017	Additions	Deletions	Balance November 30, 2018
Business-type activities:				
Piatt County Public Transportation:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	990,735			990,735
Vehicles	787,125			787,125
Equipment	107,206			107,206
Total capital assets being depreciated	1,885,066	-	-	1,885,066
Less accumulated depreciation for:				
Building	209,331	24,898		234,229
Vehicles	590,823	57,516		648,339
Equipment	106,399	484		106,883
Total accumulated depreciation	906,553	82,898	-	989,451
Total capital assets being depreciated, net	978,513	(82,898)	-	895,615
Piatt County Public Transportation capital assets, net	983,513	(82,898)	-	900,615
Business-type activities, capital assets, net	\$ 5,518,319	(353,382)	29,624	5,135,313

Total depreciation expense for Piatt County Public Transportation in 2018 was \$ 82,898.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 5 - Capital Assets, continued

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Component unit:</u>				
Piatt County Mental Health Center (PCMHC):				
Capital assets being depreciated:				
Building	\$ 476,867	19,710		496,577
Equipment, furniture and fixtures, and building improvements	487,813	67,182	10,771	544,224
Total capital assets being depreciated	964,680	86,892	10,771	1,040,801
Less accumulated depreciation for:				
Building	247,951	19,301		267,252
Equipment, furniture and fixtures, and building improvements	345,263	42,926	10,235	377,954
Total accumulated depreciation	593,214	62,227	10,235	645,206
PCMHC, capital assets, net	\$ 371,466	24,665	536	395,595

Total depreciation expense for Piatt County Mental Health Center in 2018 was \$ 62,227.

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Component unit:</u>				
Piatt County Emergency Telephone System Board (ETSB):				
Capital assets being depreciated:				
Equipment, furniture and fixtures	\$ 370,206	108,605		478,811
Less accumulated depreciation for: Equipment, furniture and fixtures	351,548	17,173		368,721
ETSB, capital assets, net	\$ 18,658	91,432	-	110,090

Total depreciation expense for Piatt County Emergency Telephone System Board in 2018 was \$ 17,173.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 6 - Long-Term Obligations

The following is a summary of changes in the County's long-term obligations for the year ended November 30, 2018:

Governmental Activities:

	Balance November 30, 2017	Additions	Reductions	Balance November 30, 2018	Amount Due in One Year
Public Building Revenue					
Bonds, Series 2011	\$ 1,205,000		60,000	1,145,000	60,000
Contract payable	15,727		15,727		
General obligation debt certificate, Series 2018		250,000	20,000	230,000	20,000
Total governmental Activities	<u>\$ 1,220,727</u>	250,000	95,727	<u>1,375,000</u>	

Public Building Revenue Bonds:

On September 2, 2011, the PCPBC issued \$ 1,500,000 in Public Building Revenue Bonds, Series 2011. The bonds bear 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 \$ 1,145,000 as of November 30, 2018, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2019	\$ 60,000	59,781	119,781	1,085,000
2020	60,000	58,206	118,206	1,025,000
2021	65,000	55,628	120,628	960,000
2022	65,000	52,947	117,947	895,000
2023	70,000	49,813	119,813	825,000
2024-28	405,000	189,747	594,747	420,000
2029-32	420,000	54,687	474,687	-
Total	<u>\$ 1,145,000</u>	520,809	<u>1,665,809</u>	

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.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 6 - Long-Term Obligations, continued

Governmental Activities, continued:

Contract Payable:

The County signed into an agreement with Global Technical Systems, Inc. (GTSI) for new radio equipment on April 17, 2015. The agreement called for a down payment of \$ 20,000 followed by three annual payments of \$ 15,727 due April 17th of each year. This contract was paid off in 2018.

General Obligation Debt Certificates:

The County issued \$ 250,000 in general obligation debt certificates, Series 2018, dated March 14, 2018. Principal and interest payments are payable on November 1. Interest rates vary between 1.25% and 3.25%.

Annual debt service requirements to maturity for the General Obligation Debt Certificates, Series 2018

Year ending November 30	Principal	Interest	Total	Balance
2019	\$ 20,000	6,538	26,538	210,000
2020	25,000	6,138	31,138	185,000
2021	25,000	5,638	30,638	160,000
2022	25,000	5,013	30,013	135,000
2023	25,000	4,263	29,263	110,000
2024-27	110,000	9,200	119,200	-
Total	<u>\$ 230,000</u>	<u>36,790</u>	<u>266,790</u>	

Business-type Activities:

	Balance November 30, 2017	Additions	Reductions	Balance November 30, 2018	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 785,000		65,000	720,000	65,000
Revenue Bond, Maple Point, Series 2007	1,660,000		60,000	1,600,000	60,000
Note payable	12,113		12,113		
Accrued employee benefits	144,836	30,573		175,409	35,100
Total business-type activities	<u>\$ 2,601,949</u>	<u>30,573</u>	<u>137,113</u>	<u>2,495,409</u>	<u>160,100</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 6 - Long-Term Obligations, continued

Business-type Activities, continued:

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
2019	\$ 65,000	34,500	99,500	655,000
2020	70,000	31,574	101,574	585,000
2021	75,000	28,250	103,250	510,000
2022	75,000	24,688	99,688	435,000
2023	80,000	21,126	101,126	355,000
2024-28	355,000	44,612	399,612	-
Total	\$ 720,000	184,750	904,750	

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 ranging from 4.25% to 5.00%.

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

Year ending November 30	Principal	Interest	Total	Balance
2019	\$ 60,000	68,000	128,000	1,540,000
2020	60,000	65,450	125,450	1,480,000
2021	60,000	62,900	122,900	1,420,000
2022	60,000	60,350	120,350	1,360,000
2023	60,000	57,800	117,800	1,300,000
2024-28	380,000	245,650	625,650	920,000
2029-33	460,000	158,950	618,950	460,000
2034-37	460,000	50,150	510,150	-
Total	\$ 1,600,000	769,250	2,369,250	

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 matured in June 2018.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 6 - Long-Term Obligations, continued

Business-type Activities, continued:

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 \$ 11,896,260 at November 30, 2018.

Note 7 - 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, 2018:

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2019	\$ 54,219	60,000	59,781	119,781
2020	55,793	60,000	58,206	118,206
2021	53,372	65,000	55,628	120,628
2022	56,053	65,000	52,947	117,947
2023	54,187	70,000	49,813	119,813
2024-28	275,253	405,000	189,747	594,747
2029-32	221,313	420,000	54,687	474,687
Total	\$ 770,190	1,145,000	520,809	1,665,809

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2018

Note 8 - 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.

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.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 8 - Pension Plan, continued

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 2017 for Regular and SLEP was 8.15% and 16.73%, 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.

Employees Covered by Benefit Terms: As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>Regular</u>	<u>SLEP</u>
Retirees and beneficiaries currently receiving benefits	221	6
Inactive plan members entitled to but not yet receiving benefits	212	7
Active plan members	<u>261</u>	<u>12</u>
Total	<u>694</u>	<u>25</u>

Net Pension Liability: The County’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liabilities for Regular and SLEP at December 31, 2017 are as follows:

	<u>Regular</u>	<u>SLEP</u>
Total pension liability	\$ 40,706,786	5,834,911
Plan fiduciary net position	<u>42,093,140</u>	<u>5,661,481</u>
Net pension liability (asset)	<u>\$ (1,386,354)</u>	<u>173,430</u>
Percent funded	<u>103.41%</u>	<u>97.03%</u>

Pension Contributions Made: For the fiscal year ended November 30, 2018, the County made pension contributions totaling \$ 871,375.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2018

Note 9 - 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, 2016, 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 \$ 328,293 in reserves at November 30, 2018 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. From time to time, the County has pending litigation arising from operations.

Note 10 - Commitments

In October 2016, the County entered into an agreement with Dewitt County, Illinois to provide detainee Housing Services for Dewitt County detainees. Dewitt County agrees to pay Piatt County a per diem fee of forty-five (\$ 45) dollars per day, per detainee, with a maximum number of 36 Dewitt 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. Subsequent to year end, the agreement was terminated and these services were discontinued on April 1, 2019.

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, 2018 was \$ 10,639.

Note 11 - 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, 2018 there were two retirees participating in this plan.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2018

Note 12 - 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, 2018 was \$ 15,514. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2018 was \$ 46,660.

The Nursing Home also restricts net position for the Piatt County Service for Seniors Program (PCSS). A separate bank account has been set up for this program. Money for this program is restricted and cannot be used for general operating expenses. The balance at November 30, 2018 for PCSS was \$ 5,041.

Finally, the Nursing Home shows as restricted cash and cash equivalents \$ 123,600 at November 30, 2018, which represents amounts set aside for upcoming bond payments, as required by the related bond ordinance.

Note 13 - Deficit Fund Balances

A deficit fund balance of \$ 624,393 exists in the general fund as a result of expenditures and net inter-fund transfers exceeding revenues for the past many years.

A deficit fund balance of \$ 99,691 exists in the IMRF fund as a result of expenditures exceeding property tax revenues for the past many years. The County's 2018 tax levy includes an increase property tax revenue for the IMRF fund. Also of note, the County's IMRF rate for 2019 decreased from the 2018 rate.

SUPPLEMENTARY INFORMATION

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS

November 30, 2018

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
<u>ASSETS</u>				
Cash	\$	252,614		41,816
Due from other funds	705,423	160,253		
TOTAL ASSETS	705,423	412,867	-	41,816
<u>LIABILITIES</u>				
Due to other funds			99,691	
Total liabilities	-	-	99,691	-
<u>FUND BALANCES</u>				
Restricted	705,423	412,867		41,816
Unassigned			(99,691)	
Total fund balances (deficits)	705,423	412,867	(99,691)	41,816
TOTAL LIABILITIES AND FUND BALANCES	\$ 705,423	412,867	-	41,816

(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
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369
-	-	-	-	-	-	-	-	-
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)

November 30, 2018

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund
<u>ASSETS</u>					
Cash	\$ 14,712	16,643	34,472	2,633	4,560
Due from other funds					
TOTAL ASSETS	<u>14,712</u>	<u>16,643</u>	<u>34,472</u>	<u>2,633</u>	<u>4,560</u>
<u>LIABILITIES</u>					
Due to other funds					
Total liabilities	-	-	-	-	-
<u>FUND BALANCES</u>					
Restricted	14,712	16,643	34,472	2,633	4,560
Unassigned					
Total fund balances (deficits)	<u>14,712</u>	<u>16,643</u>	<u>34,472</u>	<u>2,633</u>	<u>4,560</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,712</u>	<u>16,643</u>	<u>34,472</u>	<u>2,633</u>	<u>4,560</u>

Special Revenue Funds

Court Improvement Fund	Court Security Fund	Treasurer Automation Fund	Veterans Assistance Commission Fund	Treasurer Indemnity Fund	Township Bridge Fund	IDNS Fund	Cannabis Control Fund	Support Administration Fund	Sheriff's Forfeiture Fund	Death Examiner Fund	Highway Safety Hire-Back Fund	Total Nonmajor Governmental Funds
19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	1,583,413
												865,676
19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	2,449,089
												99,691
-	-	-	-	-	-	-	-	-	-	-	-	99,691
19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	2,449,089
												(99,691)
19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	2,349,398
19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	2,449,089

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year ended November 30, 2018**

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
Revenues:				
Taxes	\$ 444,046	219,526	778,285	
Intergovernmental	43,554			
Fines, fees, forfeitures				14,822
Interest on investments				
Miscellaneous	4,924			
Total revenues	<u>492,524</u>	<u>219,526</u>	<u>778,285</u>	<u>14,822</u>
Expenditures:				
Current:				
General control and administration			429,465	
Public safety				
Public health and welfare				
Judiciary and legal				10,690
Transportation	426,549	608,077		
Total expenditures	<u>426,549</u>	<u>608,077</u>	<u>429,465</u>	<u>10,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,975</u>	<u>(388,551)</u>	<u>348,820</u>	<u>4,132</u>
Other financing sources (uses):				
Transfers out			(441,910)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(441,910)</u>	<u>-</u>
Net change in fund balances	65,975	(388,551)	(93,090)	4,132
Fund balances (deficits), beginning of year	<u>639,448</u>	<u>801,418</u>	<u>(6,601)</u>	<u>37,684</u>
Fund balances (deficits), end of year	<u>\$ 705,423</u>	<u>412,867</u>	<u>(99,691)</u>	<u>41,816</u>

(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
		713,420	15,736	82,522				
23,193	43,342					14,844	702	9,546
23,193	43,342	713,420	15,736	82,522	-	14,844	702	9,546
34,882	59,685	330,081		34,138		27,873		
			2,967					
34,882	59,685	330,081	2,967	34,138	-	27,873	-	-
(11,689)	(16,343)	383,339	12,769	48,384	-	(13,029)	702	9,546
		(416,933)		(61,877)				
-	-	(416,933)	-	(61,877)	-	-	-	-
(11,689)	(16,343)	(33,594)	12,769	(13,493)	-	(13,029)	702	9,546
42,864	184,935	224,376	101,476	185,273	148,505	69,724	25,496	15,823
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)
Year ended November 30, 2018**

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	8,010	46,996	6,293	851
Interest on investments				
Miscellaneous				
Total revenues	<u>8,010</u>	<u>46,996</u>	<u>6,293</u>	<u>851</u>
Expenditures:				
Current:				
General control and administration		38,905	1,059	
Public safety	5,020			10,830
Public health and welfare				
Judiciary and legal				
Transportation				
Total expenditures	<u>5,020</u>	<u>38,905</u>	<u>1,059</u>	<u>10,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,990</u>	<u>8,091</u>	<u>5,234</u>	<u>(9,979)</u>
Other financing sources (uses):				
Transfers out				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,990	8,091	5,234	(9,979)
Fund balances (deficits), beginning of year	11,722	8,552	29,238	12,612
Fund balances (deficits), end of year	<u>\$ 14,712</u>	<u>16,643</u>	<u>34,472</u>	<u>2,633</u>

Special Revenue Funds													
Pet Population Control Fund	Court Improvement Fund	Court Security Fund	Treasurer Automation Fund	Veterans Assistance Commission Fund	Treasurer Indemnity Fund	Township Bridge Fund	IDNS Fund	Cannabis Control Fund	Support Administration Fund	Sheriff's Forfeiture Funds	Death Examiner Fund	Highway Safety Hire-Back Fund	Total Nonmajor Governmental Funds
				15,695									2,269,230
							17,880						61,434
5,155	1,867	8,599	4,245		2,520				3,684	8,637	4,477		207,783
	5	18	33	35	94	40		2	12		2	3	244
				1,000			224						6,148
5,155	1,872	8,617	4,278	16,730	2,614	40	18,104	2	3,696	8,637	4,479	3	2,544,839
			927	13,448	60								970,523
1,180							22,583			18,255	7,109		64,977
													2,967
													10,690
													1,034,626
1,180	-	-	927	13,448	60	-	22,583	-	-	18,255	7,109	-	2,083,783
3,975	1,872	8,617	3,351	3,282	2,554	40	(4,479)	2	3,696	(9,618)	(2,630)	3	461,056
													(920,720)
-	-	-	-	-	-	-	-	-	-	-	-	-	(920,720)
3,975	1,872	8,617	3,351	3,282	2,554	40	(4,479)	2	3,696	(9,618)	(2,630)	3	(459,664)
585	17,424	13,885	31,925	33,844	93,165	40,075	5,402	1,796	8,918	23,742	2,719	3,037	2,809,062
4,560	19,296	22,502	35,276	37,126	95,719	40,115	923	1,798	12,614	14,124	89	3,040	2,349,398

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS**

Year ended November 30, 2018

	Balance December 1, 2017	Additions	Reductions	Balance November 30, 2018
<u>ASSETS</u>				
Cash and cash equivalents:				
Held by County Clerk:				
County clerk accounts	\$ 399,363	620,072	770,362	249,073
Held by Treasurer:				
General trust	5,809	2		5,811
General trust	278,150	23,568	23,262	278,456
Earnings fees	179	3,340	3,290	229
Collector cash	88,598	33,236,432	33,222,052	102,978
Revolving tax sale	7,376	34,036	10,311	31,101
Department of Justice asset forfeiture	1,140			1,140
Held by Circuit Clerk:				
Circuit clerk accounts	20,302	910,916	842,750	88,468
Held by Piatt County Highway Department:				
Township motor fuel tax	852,032	822,831	740,012	934,851
Held by Piatt County Sheriff:				
Sheriff's warrant fee account	74,556	26,435	96,438	4,553
Held by Piatt County Nursing Home:				
Resident accounts	11,406	3,288		14,694
 Total cash and cash equivalents	 1,738,911	 35,680,920	 35,708,477	 1,711,354
Due from other funds:				
General fund	12,459			12,459
 TOTAL ASSETS	 <u>\$ 1,751,370</u>	 <u>35,680,920</u>	 <u>35,708,477</u>	 <u>1,723,813</u>

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS (Continued)
Year ended November 30, 2018**

	Balance December 1, 2017	Additions	Reductions	Balance November 30, 2018
<u>LIABILITIES</u>				
Due to Other Governments:				
Due to area drainage districts	\$ 1,298	487,065	487,138	1,225
Due to local townships	852,032	822,831	740,012	934,851
Due to other counties	74,556	26,435	96,438	4,553
Illinois Department of Public Health		312	308	4
Illinois Department of Revenue	34,813	421,141	393,102	62,852
Illinois State Treasurer	40	1,120	1,145	15
Property taxes due to other governments	50,530	28,225,207	28,191,457	84,280
State of Illinois Rural Housing program	1,890	23,994	23,670	2,214
Due to Other Funds:				
Due to other funds	55,198	176,845	179,567	52,476
Property taxes due to other funds	9,146	4,558,196	4,553,768	13,574
Due to Others:				
Bond refunds payable	32,761	910,916	842,750	100,927
Due to individual taxpayers	283,959	23,570	23,262	284,267
Due to insurance companies for current and future claims	342,601		175,860	166,741
Due to others	1,140			1,140
Due to residents of PCNH and MP	11,406	3,288		14,694
TOTAL LIABILITIES	\$ 1,751,370	35,680,920	35,708,477	1,723,813

PIATT COUNTY, ILLINOIS

**SCHEDULE OF REVENUE AND EXPENSES -
PUBLIC TRANSPORTATION FUND
For the twelve months ended June 30, 2018**

Revenues:

Passenger fares	\$ 37,191
Non-transportation revenue	2,368
Local cash and contributions	203,619
Federal cash grant - Section 5311	81,636
Downstate operating assistance grant	567,588
Capital assistance grants	<u>8,329</u>
Total revenue	<u>900,731</u>

Expenses:

Labor	449,893
Fringe benefits	205,939
Services	68,777
Fuel and oil	108,035
Tires and tubes	9,010
Other materials	15,946
Utilities	13,360
Liability and property insurance	16,000
Miscellaneous	9,428
Depreciation	<u>88,246</u>
Total expenses	<u>984,634</u>
Net revenue less expenses	<u>\$ (83,903)</u>



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**INDEPENDENT AUDITORS' 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, 2018, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated August 26, 2019.

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 (18-1 to 18-2).

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.

MCK CPAs & Advisors

Decatur, Illinois
August 26, 2019

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES

November 30, 2018

Material Weaknesses

18-1 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.

18-2 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 of the Piatt County Nursing Home Fund, we discovered that multiple accounts were materially misstated.

Cause: Multiple causes were identified for these errors including incomplete account reconciliations and a still-lacking system of internal control at the Piatt County Nursing Home during the year under audit.

Effect: These accounting errors caused the preliminary financial statements to be materially misstated which resulted in multiple material adjustments.

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES, continued
November 30, 2018

Material Weaknesses, continued

Recommendation: We recommend that the County ensure that all accounts of the Piatt County Nursing Home Fund are reconciled completely and timely each month.

County's Response: There is no disagreement with the audit finding. The Piatt County Nursing Home Fund has been and is continuing work on improving its month- and year-end account reconciliation processes.