

PIATT COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended November 30, 2014

May, Cocagne & King, P.C.

Certified Public Accountants & Consultants

PIATT COUNTY, ILLINOIS

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PIATT COUNTY, ILLINOIS

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PIATT COUNTY, ILLINOIS

LIST OF PRINCIPAL OFFICERS

November 30, 2014

COUNTY BOARD MEMBERS at November 30, 2014:

District	Representative	District	Representative
1	Randy Keith	1	Kathleen Piatt
2	Michael Wileaver	2	Richard Wilkin
3	John Lyons (Chairman)	3	Thomas Dobson

OTHER ELECTED OFFICIALS:

County Clerk & Recorder, Colleen Kidd

Treasurer & Collector, Tim Pankau

Circuit Clerk, Charles Barre

State's Attorney, Dana Rhoades

Sheriff, David Hunt

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



May, Cocagne & King, P.C.

Certified Public Accountants and Consultants

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ALAN R. KING
PHILIP R. BAUER
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WILLIAM R. MOSS
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STEVEN R. GROHNE
MARK S. WOOD

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, 2014, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on the 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, 2014, 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 major fund, and the aggregate remaining fund information of Piatt County, Illinois as of November 30, 2014, 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 business-type activities of Piatt County, Illinois as of November 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis 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 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 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining nonmajor fund financial statements are 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of Piatt County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piatt County, Illinois' internal control over financial reporting and compliance.

May, Cogne & King, P.C.

Monticello, Illinois
June 11, 2015

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
November 30, 2014

	<u>Primary Government</u>		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,915,477	1,483,884	11,399,361
Investments	374,383	23,061	397,444
Accounts receivable		2,145,320	2,145,320
Accrued interest receivable			
Inventory		58,709	58,709
Prepaid expense		595	595
Due from Piatt County ETSB	66,072		66,072
	<u>10,355,932</u>	<u>3,711,569</u>	<u>14,067,501</u>
Capital assets:			
Land	317,500	128,390	445,890
Construction in process	220,370		220,370
Property, plant, and equipment - net	8,634,303	4,979,781	13,614,084
Total capital assets	9,172,173	5,108,171	14,280,344
Total assets	<u>19,528,105</u>	<u>8,819,740</u>	<u>28,347,845</u>
Liabilities			
Cash drawn in excess of funds available			
Accounts payable		569,698	569,698
Accrued expenses		123,687	123,687
Accrued interest		21,685	21,685
Security deposits		29,420	29,420
	<u>-</u>	<u>744,490</u>	<u>744,490</u>
Amounts due within one year:			
Due to Piatt County			
Debt certificates		55,000	55,000
Revenue bonds payable	750,000	40,000	790,000
Amounts due in more than one year:			
Due to Piatt County			
Employee benefits		167,131	167,131
Debt certificates		905,000	905,000
Revenue bonds payable	1,915,000	1,760,000	3,675,000
Total debt service	<u>2,665,000</u>	<u>2,927,131</u>	<u>5,592,131</u>
Total liabilities	<u>2,665,000</u>	<u>3,671,621</u>	<u>6,336,621</u>

(Continued)

Component Units		
Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
911,530		105,261
1,182,283	37,019	1,129,810
198,166		1,560
	15,015	
<hr/>	<hr/>	<hr/>
2,306,994	37,019	1,236,631
<hr/>	<hr/>	<hr/>
158,156	34,394	
158,156	34,394	-
2,465,150	71,413	1,236,631
<hr/>	<hr/>	<hr/>
9,889		232
39,280		
<hr/>	<hr/>	<hr/>
49,169	232	-
<hr/>	<hr/>	<hr/>
15,000		
<hr/>	<hr/>	<hr/>
51,072		
<hr/>	<hr/>	<hr/>
-	66,072	-
<hr/>	<hr/>	<hr/>
49,169	66,304	-

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS (Continued)
November 30, 2014

	<u>Primary Government</u>		
	Governmental Activities	Business-Type Activities	Total
Net Position			
Net investment in capital assets	\$ 6,507,173	2,348,171	8,855,344
Restricted for:			
Capital projects		190,951	190,951
Debt retirement		123,600	123,600
Road projects	4,696,086		4,696,086
Self-insurance	582,640		582,640
Other	4,328,542	182,503	4,511,045
Unrestricted	748,664	2,302,894	3,051,558
Total net position	\$ 16,863,105	5,148,119	22,011,224

See Notes to Financial Statements.

Component Units		
Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
158,156	(31,678)	
2,257,825	36,787	382,717 853,914
<u>2,415,981</u>	<u>5,109</u>	<u>1,236,631</u>

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended November 30, 2014

	Expenses	Program Revenues			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,593,058	481,432			
Public safety	2,493,783	65,990			
Public health and welfare	43,170				
Judiciary and legal	717,544	56,003			
Transportation	1,327,062				
Culture and recreation	31,800				
Interest on long-term debt	91,986				
Total governmental activities	8,298,403	603,425	-	-	
Business-type Activities:					
Nursing Home	8,828,771	7,338,954			
Public Building Commission	128,471				
Transportation program	887,900	96,218	484,030	88,967	
Total business-type activities	9,845,142	7,435,172	484,030	88,967	
Total primary government	18,143,545	8,038,597	484,030	88,967	
Component Units:					
Mental Health Center	1,508,766	1,094,895	432,191		
Emergency Telephone System Board	213,221	191,668			
Nursing Home Foundation	52,509		53,505		
Total component units	\$ 1,774,496	1,286,563	485,696	-	
General Revenues:					
Property taxes					
Other taxes					
Restricted for transportation purposes:					
Motor fuel taxes					
Investment earnings					
Miscellaneous					
Internal transfers					
Total general revenues					
Change in net position					
Net position, beginning					
Net position, ending					

See Notes to Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
(3,111,626)		(3,111,626)			
(2,427,793)		(2,427,793)			
(43,170)		(43,170)			
(661,541)		(661,541)			
(1,327,062)		(1,327,062)			
(31,800)		(31,800)			
(91,986)		(91,986)			
(7,694,978)	-	(7,694,978)			
	(1,489,817)	(1,489,817)			
	(128,471)	(128,471)			
	(218,685)	(218,685)			
	-	(1,836,973)	(1,836,973)		
	(7,694,978)	(1,836,973)	(9,531,951)		
			18,320		
				(21,553)	
					996
			18,320	(21,553)	996
4,081,439	517,469	4,598,908			
3,140,493		3,140,493			
508,943		508,943			
9,901	93,432	103,333	6,307	232	75,813
1,610,864	302,055	1,912,919			
(1,384,302)	1,384,302				
7,967,338	2,297,258	10,264,596	6,307	232	75,813
272,360	460,285	732,645	24,627	(21,321)	76,809
16,590,745	4,687,834	21,278,579	2,391,354	26,430	1,159,822
\$ 16,863,105	5,148,119	22,011,224	2,415,981	5,109	1,236,631

PIATT COUNTY, ILLINOIS

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2014**

	General	County Motor Fuel Tax	Municipal Fund	Illinois Retirement Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 489,338	4,696,086	615,004	3,713,538	9,513,966	
Due from other funds	193,254				193,254	
Due from ETSB	66,072				66,072	
Total assets	748,664	4,696,086	615,004	3,713,538	9,773,292	
LIABILITIES AND FUND BALANCES						
Fund Balances:						
Restricted		4,696,086	615,004	3,713,538	9,024,628	
Unassigned		748,664			748,664	
Total fund balances	748,664	4,696,086	615,004	3,713,538	9,773,292	
Total liabilities and fund balances	\$ 748,664	4,696,086	615,004	3,713,538	9,773,292	

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, 2014

Total fund balances for Governmental Funds	\$ 9,773,292
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,172,173
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(2,665,000)
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 internal service funds is included in governmental activities in the statement of net assets.	<u>582,640</u>
Net position of governmental activities	<u>\$ 16,863,105</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, 2014**

	General	County Motor Fuel Tax	Municipal Fund	Illinois Retirement Fund	Other Governmental Funds	Total
Revenues:						
Property taxes	\$ 1,671,767		800,056	1,609,616	4,081,439	
Intergovernmental	2,813,950	556,443		279,043	3,649,436	
Fines and forfeitures	408,096			195,329	603,425	
Investment income	1,567	6,430	694	282	8,973	
Miscellaneous	1,607,664			3,200	1,610,864	
Total revenues	6,503,044	562,873	800,750	2,087,470	9,954,137	
Expenditures:						
Current:						
General control and administration	2,206,938		508,260	550,690	3,265,888	
Public safety	2,212,706			23,742	2,236,448	
Public health and welfare	39,726			3,444	43,170	
Judiciary and legal	687,958			20,172	708,130	
Transportation	2,000	671,962		634,173	1,308,135	
Culture and recreation	31,800				31,800	
Capital outlay	403,738	187,604			591,342	
Debt service:						
Principal	695,000				695,000	
Interest	91,986				91,986	
Total expenditures	6,371,852	859,566	508,260	1,232,221	8,971,899	
Excess (deficiency) of revenues over (under) expenditures	131,192	(296,693)	292,490	855,249	982,238	
Other financing sources (uses):						
Transfers out	(426,698)		(521,016)	(436,588)	(1,384,302)	
Refunding revenue bond proceeds	1,915,000				1,915,000	
Refunding revenue bond payments	(1,915,000)				(1,915,000)	
Total other financing sources (uses)	(426,698)	-	(521,016)	(436,588)	(1,384,302)	
Net change in fund balances	(295,506)	(296,693)	(228,526)	418,661	(402,064)	
Fund balances, beginning of year	1,044,170	4,992,779	843,530	3,294,877	10,175,356	
Fund balances, end of year	\$ 748,664	4,696,086	615,004	3,713,538	9,773,292	

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, 2014**

Net change in fund balances - total governmental funds \$ (402,064)

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	\$ 404,197
Depreciation expense	<u>(377,227)</u>
	26,970

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 (47,546)

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.

695,000

Change in net position of governmental activities \$ 272,360

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
November 30, 2014**

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,146,284	37,691	176,309	1,360,284
Investments		23,061		23,061
Accounts receivable	2,038,214		107,106	2,145,320
Inventory	58,709			58,709
Lease receivable - current		750,000		750,000
Prepaid expense	595			595
Noncurrent assets:				
Capital lease receivable		1,915,000		1,915,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	10,271,181		1,308,123	11,579,304
Less accumulated depreciation	(5,783,219)		(816,304)	(6,599,523)
 Total assets	 7,978,754	 2,725,752	 780,234	 11,484,740
Liabilities				
Accounts payable	540,181		29,517	569,698
Accrued expenses	123,687			123,687
Accrued interest	9,261	12,424		21,685
Security deposits	29,420			29,420
Due to other funds				
Amounts due within one year:				
Debt certificates	55,000			55,000
Revenue bonds payable	40,000	750,000		790,000
Amounts due in more than one year:				
Employee benefits	167,131			167,131
Debt certificates	905,000			905,000
Revenue bonds payable	1,760,000	1,915,000		3,675,000
 Total liabilities	 3,629,680	 2,677,424	 29,517	 6,336,621
Net Position				
Net investment in capital assets	1,974,952		496,819	2,471,771
Restricted:				
Capital projects	190,951			190,951
Debt retirement	123,600			123,600
PCSS and Faith in Action	58,903			58,903
Unrestricted	2,000,668	48,328	253,898	2,302,894
 Total net position	 \$ 4,349,074	 48,328	 750,717	 5,148,119

See Notes to Financial Statements.

Governmental Activities

Self Insurance Fund	PCO Bond Fund	Total
Internal Service Fund		

208,257	193,254	401,511
374,383		374,383

582,640	193,254	775,894
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193,254	193,254
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-	193,254	193,254
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582,640		582,640
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582,640	-	582,640
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PIATT COUNTY, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended November 30, 2014**

	Piatt County Nursing Home	Public Building	Piatt County Commission	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,338,954		96,218	7,435,172
Operating grants			484,030	484,030
Miscellaneous	302,055			302,055
Total operating revenues	7,641,009	-	580,248	8,221,257
Operating expenses:				
General government				
Health and welfare	8,703,533			8,703,533
Transportation			887,900	887,900
Total operating expenses	8,703,533	-	887,900	9,591,433
Operating income (loss)	(1,062,524)	-	(307,652)	(1,370,176)
Non-operating revenues (expenses):				
Investment income	517,469			517,469
Vehicle grant	1,153	92,079	200	93,432
Interest on long-term debt	(125,238)	(128,471)	88,967	88,967
Total non-operating revenues (expenses)	393,384	(36,392)	89,167	446,159
Income (loss) before operating transfers	(669,140)	(36,392)	(218,485)	(924,017)
Inter-County transfers	1,313,937		70,365	1,384,302
Change in net position	644,797	(36,392)	(148,120)	460,285
Net position, beginning of year	3,704,277	84,720	898,837	4,687,834
Net position, end of year	\$ 4,349,074	48,328	750,717	5,148,119

See Notes to Financial Statements.

Governmental Activities		
Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
48,474		48,474
48,474	-	<u>48,474</u>
(48,474)	-	<u>(48,474)</u>
928		928
928	-	<u>928</u>
(47,546)	-	<u>(47,546)</u>
(47,546)	-	<u>(47,546)</u>
<u>630,186</u>		630,186
<u>582,640</u>	-	<u>582,640</u>

PIATT COUNTY, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended November 30, 2014**

	Business-type Activities		
	Piatt County	Public	Piatt County
	Nursing	Building	Public
	Home	Commission	Transportation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,588,627		570,084
Payments to customers and suppliers	(8,678,470)		(749,388)
Net cash flows from operating activities	(1,089,843)	-	(179,304)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Property tax revenue	395,183		
Transfers (to) from other funds	1,313,937		70,365
Net cash flows from non capital financing activities	1,709,120	-	70,365
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(172,089)		(23,829)
Principal payments on debt certificates	(55,000)		
Principal payments on revenue bonds	(40,000)	(750,000)	
Proceeds from capital lease payments		750,000	
Foundation contributions for asset purchase	44,229		
Interest received on capital funds	232		
Interest expense paid on bonds and notes	(125,238)	(140,783)	
Net cash flows from capital and related financing activities	(347,866)	(140,783)	(23,829)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	6,600		
Investment income	921	92,079	200
Scholarship, PCSS and FIA	11,400		
Net cash flows from investing activities	12,321	98,679	200
Net increase (decrease) in cash and cash equivalents	283,732	(42,104)	(132,568)
Cash and cash equivalents, beginning of year	986,152	79,795	308,877
Cash and cash equivalents, end of year	\$ 1,269,884	37,691	176,309

(Continued)

Governmental Activities			
Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
8,158,711			
(9,427,858)	(48,474)		(48,474)
<u>(1,269,147)</u>	<u>(48,474)</u>	-	<u>(48,474)</u>
395,183			
1,384,302		(19,387)	(19,387)
<u>1,779,485</u>	<u>-</u>	<u>(19,387)</u>	<u>(19,387)</u>
(195,918)			
(55,000)			
(790,000)			
750,000			
44,229			
232			
<u>(266,021)</u>			
<u>(512,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,600	112,340		112,340
93,200	928		928
<u>11,400</u>			
<u>111,200</u>	<u>113,268</u>	-	<u>113,268</u>
109,060	64,794	(19,387)	45,407
<u>1,374,824</u>	<u>143,463</u>	<u>212,641</u>	<u>356,104</u>
<u>1,483,884</u>	<u>208,257</u>	<u>193,254</u>	<u>401,511</u>

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
Year ended November 30, 2013

	Business-Type Activities		
	Piatt County	Public	Piatt County
	Nursing	Building	Public
	Home	Commission	Transportation
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,062,524)		(307,652)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	352,857		121,029
Fixed asset additions in accounts payable	24,002		
Increase in allowance for doubtful accounts	(297,440)		
(Increase) decrease in assets:			
Accounts receivable	(50,336)		(10,164)
Inventory	(5,586)		
Prepaid expenses	6,987		
Increase (decrease) in liabilities:			
Accounts payable	(81,823)		17,483
Accrued payroll and employee benefits	26,066		
Security deposits	(2,046)		
Net cash flows from operating activities	\$ (1,089,843)	-	(179,304)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Vehicle acquired through capital assistance grant	\$ -	-	88,967
Capital asset paid for directly by Piatt County Nursing Home Foundation	\$ 66,657	-	-

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities			
	Total Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
(1,370,176)		(48,474)		(48,474)
473,886				
24,002				
(297,440)				
(60,500)				
(5,586)				
6,987				
(64,340)				
26,066				
(2,046)				
<u>(1,269,147)</u>	<u>(48,474)</u>	<u>-</u>	<u>(48,474)</u>	
<u>88,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>66,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	

PIATT COUNTY, ILLINOIS

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
November 30, 2014**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,558,213
Due from Government Fund	<u>12,459</u>
Total assets	<u><u>1,570,672</u></u>
Liabilities	
Due to other governments	1,142,781
Due to others	<u>427,891</u>
Total liabilities	<u><u>\$ 1,570,672</u></u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

The Piatt County Emergency Telephone System Board (ETSB) is a special unit of local County government, operating under the Emergency Telephone System Act, Chapter 50 ILCS, Section 750/15.4 et seq. of the Illinois Compiled Statutes (ILCS). The ETSB is funded through telephone surcharges and distributes funds to plan, coordinate, and supervise the implementation of an enhanced 9-1-1 system. All members of the ETSB are appointed by the Piatt County Board. The Piatt County Board may at any time change the rate of the surcharge imposed as long as the new rate does not exceed the rate specified in the referendum. As such, the County has significant influence over the ETSB and has included the organization in the reporting entity. The ETSB's year end for financial reporting purposes is November 30, 2014, the same as the County. The ETSB's November 30, 2014, financial statements are included herein.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

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, 2014, financial statements are included herein.

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

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

For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the County's financial statements as required by generally accepted accounting principles. No modifications have been made to the Foundation's financial information included in the County's financial report. The Foundation's fiscal year ends on June 30th. The financial statements included in this report are from the year ending June 30, 2014.

During the year ended November 30, 2014, the Foundation distributed \$ 110,886 to the Nursing Home.

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

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, 2014

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

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

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

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

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

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

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

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

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

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

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

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

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

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

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

For private pay, IDPA patient liability and other receivables, if an amount becomes over 180 days past due, the account is reviewed by the Nursing Home administration. Once an amount is deemed uncollectible, it is written off. As of November 30, 2014, the Nursing Home had an allowance for doubtful accounts of \$ 302,560 to cover questionable accounts.

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

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 27,800 for the year ended June 30, 2014.

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, 2014

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, 2014

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, 2014

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, 2014

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

Note 2 - Deposits and Investments

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

Deposits - Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy indicates that the Treasurer requires collateralization of public deposits be performed through pledging of appropriate securities by the depositories. As of November 30, 2014, the County's bank balances of \$ 16,476,718 (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, 2014, the carrying amount of these cash deposits totaled \$ 241,949 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, 2014

Note 2 - Deposits and Investments, continued

Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2014, none of the Piatt County Mental Health Center's bank balances of \$ 2,126,956 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2014, all ETSB's cash accounts and investments are 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, 2014, none of the Piatt County Nursing Home Foundation's bank balances of \$ 104,349 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 2014 represents collection of the 2013 taxes. Real property taxes for the 2014 levy will be collected in and are intended to finance 2015 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, 2014

Note 3 - Property Taxes, continued

The following are the taxes levied per \$ 100 of assessed valuation (\$ 396,067,452 for the 2013 Levy):

	<u>Maximum Rate</u>	<u>2013 Levy</u>
General Corporate	.27000	.20200
County Highway	.10000	.10000
Bridge Fund	.05000	.05000
Illinois Municipal Retirement		.20200
Federal Aid Matching	.05000	.05000
T.B. Sanitarium	.05200	.00400
Health Unit	.06800	.05180
Bonds and Interest		.19870
Veterans' Assistance Commission	.03000	.00360
Unemployment Insurance		.02090
Nursing Home	.10000	.09850
Social Security		.17800
Piatt County Cooperative Extension	.03000	.02550
		<u>1.18500</u>

Note 4 - Interfund Receivables, Payables and Transfers

Individual fund receivable/payable balances at November 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PCO Bond Maintenance	<u>\$ 193,254</u>

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

PIATT COUNTY, ILLINOIS**NOTES TO FINANCIAL STATEMENTS (Continued)**
November 30, 2014

Note 4 - Interfund Receivables, Payables and Transfers, continued

A schedule of interfund transfers for the year ended November 30, 2014, is as follows:

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ (426,698)
Nursing Home Fund	IMRF Fund	(482,682)
Nursing Home Fund	Social Security Fund	(361,251)
Nursing Home Fund	Unemployment Fund	(43,306)
Transportation Fund	IMRF Fund	(38,334)
Transportation Fund	Social Security Fund	(28,238)
Transportation Fund	Unemployment Fund	<u>(3,793)</u>
Net Transfers - Governmental Funds		<u><u>\$ (1,384,302)</u></u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 426,698
Nursing Home Fund	IMRF Fund	482,682
Nursing Home Fund	Social Security Fund	361,251
Nursing Home Fund	Unemployment Fund	43,306
Transportation Fund	IMRF Fund	38,334
Transportation Fund	Social Security Fund	28,238
Transportation Fund	Unemployment Fund	<u>3,793</u>
Net Transfers - Proprietary Funds		<u><u>\$ 1,384,302</u></u>

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2014

Note 5 - Capital Assets

Capital activity for the year ended November 30, 2014, was as follows:

	Balance December 1, 2013	Increases	Decreases	Balance November 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 317,500			317,500
Construction in process	27,015	193,355		<u>220,370</u>
Total capital assets not being depreciated	344,515	193,355	-	<u>537,870</u>
Capital assets being depreciated:				
Buildings and improvements	10,886,474	49,293		10,935,767
Machinery and equipment	219,406			219,406
Vehicles	337,438	71,291		408,729
Furniture and fixtures	183,606			183,606
Office equipment	580,122			580,122
Other equipment	248,998			248,998
Infrastructure		90,258		<u>90,258</u>
Total capital assets being depreciated	12,456,044	210,842	-	<u>12,666,886</u>
Less accumulated depreciation for:				
Buildings and improvements	2,500,864	276,761		2,777,625
Machinery and equipment	135,217	13,788		149,005
Vehicles	254,190	46,524		300,714
Furniture and fixtures	183,606			183,606
Office equipment	355,251	29,549		384,800
Other equipment	226,228	8,347		234,575
Infrastructure		2,258		<u>2,258</u>
Total accumulated depreciation	3,655,356	377,227	-	<u>4,032,583</u>
Total capital assets being depreciated, net	8,800,688	(166,385)	-	<u>8,634,303</u>
Governmental activity, capital assets, net	<u>\$ 9,145,203</u>	<u>26,970</u>	<u>-</u>	<u>9,172,173</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2014

Note 5 - Capital Assets, continued

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 91,551
Public safety	257,335
Judiciary and legal	9,414
Transportation	<u>18,927</u>
<u><u>\$ 377,227</u></u>	

	Balance December 1, 2013	Additions	Deletions	Balance November 30, 2014
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Business-type activities:

Nursing Home:

Capital assets not being depreciated:

Land	\$ 123,390		<u><u>123,390</u></u>
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Capital assets being depreciated:

Ground improvements	216,583		<u><u>216,583</u></u>
Buildings	6,210,284	113,518	<u><u>6,323,802</u></u>
Equipment	1,475,962	93,793	<u><u>1,569,755</u></u>
Building improvements	<u>2,153,604</u>	7,437	<u><u>2,161,041</u></u>

Total capital assets being depreciated

10,056,433	214,748	-	<u><u>10,271,181</u></u>
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Less accumulated depreciation for:

Ground improvements	166,891	5,626	<u><u>172,517</u></u>
Buildings	2,825,321	163,480	<u><u>2,988,801</u></u>
Equipment	1,095,584	68,490	<u><u>1,164,074</u></u>
Building improvements	<u>1,342,562</u>	115,265	<u><u>1,457,827</u></u>

Total accumulated depreciation

5,430,358	352,861	-	<u><u>5,783,219</u></u>
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Total capital assets being depreciated, net

4,626,075	(138,113)	-	<u><u>4,487,962</u></u>
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Nursing Home capital assets, net

4,749,465	(138,113)	-	<u><u>4,611,352</u></u>
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PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2014

Note 5 - Capital Assets, continued

	Balance December 1, 2013	Additions	Deletions	Balance November 30, 2014
<u>Business-type activities:</u>				
Transportation Program:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	278,102			278,102
Vehicles	789,456	89,017		878,473
Equipment	104,785	2,421		107,206
Construction in Process	22,985	21,357		44,342
Total capital assets being depreciated	<u>1,195,328</u>	<u>112,795</u>	-	<u>1,308,123</u>
Less accumulated depreciation for:				
Building	140,426	6,952		147,378
Vehicles	506,025	88,398		594,423
Equipment	48,825	25,678		74,503
Total accumulated depreciation	<u>695,276</u>	<u>121,028</u>	-	<u>816,304</u>
Total capital assets being depreciated, net	<u>500,052</u>	<u>(8,233)</u>	-	<u>491,819</u>
Transportation program capital assets, net	<u>505,052</u>	<u>(8,233)</u>	-	<u>496,819</u>
Business-type activities, capital assets, net	<u>\$ 5,254,517</u>	<u>(146,346)</u>	-	<u>5,108,171</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2014

Note 6 - Long-Term Debt

The following is a summary of changes in the County's long-term obligations for the year ended November 30, 2014:

Governmental Activities:

	Balance November 30, 2013	Additions	Reductions	Balance November 30, 2014	Amount Due in One Year
Public Building Revenue Bonds, Series 2002	\$ 1,915,000		1,915,000		
Public Building Revenue Bonds, Series 2011	1,445,000		60,000	1,385,000	60,000
Public Building Refunding Revenue Bonds, Series 2014		1,915,000	635,000	1,280,000	690,000
Total governmental Activities	\$ 3,360,000	1,915,000	2,610,000	2,665,000	

Public Building Revenue Bonds:

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

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

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

Year ending November 30	Principal	Interest	Total	Balance
2015	\$ 690,000	12,550	702,550	590,000
2016	590,000	7,375	597,375	-
Total	\$ 1,280,000	19,925	1,299,925	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2014

Note 6 - Long-Term Debt, continued

Governmental Activities, continued:

Public Building Revenue Bonds, continued:

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

The annual requirements to amortize the remaining outstanding debt of the Series 2011 Public Building Revenue Bonds of \$ 1,385,000 as of November 30, 2014, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2015	\$ 60,000	62,819	122,819	1,325,000
2016	60,000	62,144	122,144	1,265,000
2017	60,000	61,469	121,469	1,205,000
2018	60,000	60,794	120,794	1,145,000
2019	60,000	60,119	120,119	1,085,000
2020-24	335,000	270,325	605,325	750,000
2025-29	425,000	178,863	603,863	325,000
2030-32	325,000	41,562	366,562	-
Total	<u>\$ 1,385,000</u>	<u>798,095</u>	<u>2,183,095</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.

Business-type Activities:

	Balance November 30, 2013	Additions	Reductions	Balance November 30, 2014	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 1,015,000		55,000	960,000	55,000
Revenue Bond, Maple Point, Series 2007	1,840,000		40,000	1,800,000	40,000
Accrued employee Benefits	169,602		2,471	167,131	24,147
Total business-type activities	<u>\$ 3,024,602</u>	<u>-</u>	<u>97,471</u>	<u>2,927,131</u>	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2014

Note 6 - Long-Term Debt, 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
2015	\$ 55,000	44,700	99,700	905,000
2016	60,000	42,362	102,362	845,000
2017	60,000	39,812	99,812	785,000
2018	65,000	37,263	102,263	720,000
2019	65,000	34,500	99,500	655,000
2020-24	385,000	122,963	507,963	270,000
2025-28	270,000	27,288	297,288	-
Total	\$ 960,000	348,888	1,308,888	

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

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

Year ending November 30	Principal	Interest	Total	Balance
2015	\$ 40,000	76,500	116,500	1,760,000
2016	40,000	74,800	114,800	1,720,000
2017	60,000	73,100	133,100	1,660,000
2018	60,000	70,550	130,550	1,600,000
2019	60,000	68,000	128,000	1,540,000
2020-24	300,000	301,750	601,750	1,240,000
2025-29	400,000	229,500	629,500	840,000
2030-34	480,000	139,400	619,400	360,000
2035-37	360,000	30,600	390,600	-
Total	\$ 1,800,000	1,064,200	2,864,200	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

Note 6 - Long-Term Debt, 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, the Piatt County Public Building Commission, or the Piatt County Nursing Home.

Legal Debt Margin: The Illinois Compiled Statutes provide that the net general obligation debt of the County, exclusive of certain exempt debt, should not exceed 2.875 percent of the total assessed valuation of the County. The effect of the debt limitations described above is an overall debt margin of \$ 10,426,939 at November 30, 2014.

Note 7 - Capital Lease

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

<u>Year ending November 30</u>	<u>Total Payment</u>
2015	\$ 15,000
2016	15,000
2017	<u>36,072</u>
Total	<u><u>\$ 66,072</u></u>

The assets acquired through the capital lease are as follows:

Equipment	\$ 257,953
Less: accumulated depreciation	<u>(223,559)</u>
	<u><u>\$ 34,394</u></u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) **November 30, 2014**

Note 8 - Multiple Facilities Lease

The County had entered into lease agreements in 2002 and 2003 with the Piatt County Public Building Commission (PCPBC) for financing the construction of the County jail and public safety building facilities. On September 1, 2011, the County and the PCPBC entered into a new noncancelable 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, 2014:

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2015	\$ 51,518	750,000	75,031	825,031
2016	52,193	650,000	69,181	719,181
2017	52,868	60,000	61,131	121,131
2018	53,543	60,000	60,456	120,456
2019	54,218	60,000	59,781	119,781
2020-24	272,309	335,000	262,691	597,691
2025-29	278,069	425,000	166,931	591,931
2030-32	165,597	325,000	31,408	356,408
Total	\$ 980,315	2,665,000	786,610	3,451,610

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

Note 9 - Pension Plan

Employees of the County participate in the Illinois Municipal Retirement Fund.

Plan Description: The County's defined benefit pension plan for Regular and Sheriff's Law Enforcement Personnel (SLEP) employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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. That report may be obtained on-line at www.imrf.org.

Funding Policy: 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 contribution rate for calendar year 2013 for Regular and SLEP was 10.56% and 23.29%, respectively, of annual covered payroll. The County annual required rate for calendar year 2013 for Regular and SLEP was 10.56% and 23.67%, 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.

Annual Pension Cost: For calendar year ending December 31, 2013, the County's actual contributions for pension cost for the Regular plan were \$ 874,726 and \$ 143,656 for the Sheriff's Law Enforcement Personnel plan. Its required contributions for calendar year 2013 for Regular and SLEP were \$ 874,726 and \$ 146,000, respectively.

Three-Year Trend Information for the Regular Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 874,726	100%	\$ 244,955
12/31/12	877,889	98%	238,648
12/31/11	848,658	89%	208,999

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2014

Note 9 - Pension Plan, continued

Annual Pension Cost, continued:

Three-Year Trend Information for the Sheriff's Law Enforcement Personnel Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 146,000	98%	\$ 27,186
12/31/12	124,875	100%	24,498
12/31/11	114,663	91%	22,558

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the County's Regular and SLEP plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The County Regular and SLEP plans' unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 years basis.

Funded Status and Funding Progress: As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 87.24 percent funded. The actuarial accrued liability for benefits was \$ 15,578,069, and the actuarial value of assets was \$ 13,590,937, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 1,987,132. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$ 8,283,393, and the ratio of the UAAL to the covered payroll was 24 percent.

As of December 31, 2013, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 70.44 percent funded. The actuarial accrued liability for benefits was \$ 1,931,517, and the actuarial value of assets was \$ 1,360,595, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 570,922. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$ 616,813, and the ratio of the UAAL to the covered payroll was 93 percent.

The schedules of funding progress present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2014

Note 9 - Pension Plan, continued

Funded Status and Funding Progress, continued:

Illinois Municipal Retirement Fund

Schedule of Funding Progress - Regular

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 13,590,937	15,578,069	1,987,132	87.24%	8,283,393	23.99%
12/31/12	12,638,625	15,675,926	3,037,301	80.62%	8,344,948	36.40%
12/31/11	12,487,755	15,692,556	3,204,801	79.58%	8,036,532	39.88%

Schedule of Funding Progress - Sheriff Law Enforcement Personnel

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 1,360,595	1,931,517	570,922	70.44%	616,813	92.56%
12/31/12	1,003,509	1,924,578	921,069	52.14%	585,716	157.26%
12/31/11	766,986	1,775,156	1,008,170	43.21%	540,099	186.66%

On a market value basis, the actuarial value of assets as of December 31, 2013 for Regular and SLEP is \$ 16,964,297 and \$ 1,775,699, respectively. On a market basis, the funded ratio for Regular and SLEP would be 108.90% and 91.93%, respectively.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Piatt County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2014

Note 10 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. In December 1988, the County established a Self-Insurance Reserve Fund, which was funded by the sale of \$ 2,500,000 in General Obligation Bonds. This fund enabled the County to self-insure workers' compensation, general liability, automobile liability, automobile physical damage, and public official errors and omissions claims. As of November 30, 2014, 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 physical costs and to help cover health insurance premiums paid by the County. The County has \$ 582,640 in reserves at November 30, 2014 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.

Note 11 - Commitments

During January 2011, the County approved a five-year franchise agreement with Mediacom Illinois LLC, expiring on January 12, 2016. The agreement calls for the company to pay the County a franchise fee of 3% of annual gross revenue. The franchise fee is due annually and payable within 90 days after the close of the preceding calendar year.

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

The County's Transportation fund has been awarded a capital assistance grant from the Illinois Department of Transportation for a new addition to the transit facility and related equipment. The award amount was increased this year to \$ 1,067,300 to reimburse eligible project costs, and is valid through September 30, 2020. A construction contract for the building construction was awarded this year in the amount of \$ 641,300, and construction began in November 2014.

During November 2013, the County entered into a twenty-four month contract for computer software, service, and support in connection with the 2014 election cycle. Quarterly payments of \$ 5,265 are due based on a total contract price of \$ 42,120. Total remaining on the contract at November 30, 2014, was \$ 15,795.

Subsequent to year end, 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.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) **November 30, 2014**

Note 12 - Other Postemployment Benefits

Retirees of Piatt County may elect to maintain health insurance through the County subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As of November 30, 2014 there was one retiree participating in this plan.

Note 13 - Net Position/Fund Equity

Restricted net position in Piatt County Nursing Home - During the fiscal year ended November 30, 1984, Piatt County established the Funded Depreciation Fund to acquire and replace equipment and betterments within the Nursing Home. The fund is restricted and cannot be used for general operating expenses; therefore, net position is restricted for this purpose. This fund is funded by periodic transfers from the Operating Fund. The balance as of November 30, 2014 was \$ 183,115. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2014 was \$ 7,836.

The Nursing Home also restricts net position for the Piatt County Service for Seniors Program (PCSS) and Faith In Action (FIA). A separate bank account has been set up for these programs. Money for those programs is restricted and cannot be used for general operating expenses. The balance at November 30, 2014 for PCSS was \$ 23,536. The balance at November 30, 2014 for FIA was \$ 35,367.

SUPPLEMENTARY INFORMATION

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS
November 30, 2014

	Special Revenue Funds			
	Highway Fund	Bridge Fund	Matching Fund	Court Automation Fund
<u>ASSETS</u>				
Cash	\$ 549,258	704,415	782,423	32,293
TOTAL ASSETS	<u>549,258</u>	<u>704,415</u>	<u>782,423</u>	<u>32,293</u>
<u>FUND BALANCES</u>				
Restricted	<u>549,258</u>	<u>704,415</u>	<u>782,423</u>	<u>32,293</u>
Total fund balances	<u>549,258</u>	<u>704,415</u>	<u>782,423</u>	<u>32,293</u>
TOTAL FUND BALANCES	<u>\$ 549,258</u>	<u>704,415</u>	<u>782,423</u>	<u>32,293</u>

(Continued)

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/ FICA Fund	TB Care Fund	Unemployment Comp Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Piatt County Drug Enforcement Fund	
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)
November 30, 2014

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	Operations and Administrative Fund	Police Vehicle Fund	Population Control Fund
Cash	\$ 11,265	54,993	8,984	2,696	5,494
TOTAL ASSETS	11,265	54,993	8,984	2,696	5,494
<u>FUND BALANCES</u>					
Restricted	11,265	54,993	8,984	2,696	5,494
Total fund balances	11,265	54,993	8,984	2,696	5,494
TOTAL FUND BALANCES	\$ 11,265	54,993	8,984	2,696	5,494

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 Fund	Total Nonmajor Governmental Funds
10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538
10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538
10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538
10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538
10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended November 30, 2014

	Special Revenue Funds			
	Highway Fund	Bridge Fund	Matching Fund	Court Automation Fund
Revenues:				
Taxes	\$ 396,067	198,034	198,034	
Intergovernmental	33,302	175,628	8,315	
Fines, fees, forfeitures				17,981
Interest on investments				
Miscellaneous		2,940		
Total revenues	429,369	376,602	206,349	17,981
Expenditures:				
Current:				
General control and administration				
Public safety				
Public health and welfare				
Judiciary and legal				15,060
Transportation	350,760	141,308	25,218	
Total expenditures	350,760	141,308	25,218	15,060
Excess (deficiency) of revenues over (under) expenditures	78,609	235,294	181,131	2,921
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	78,609	235,294	181,131	2,921
Fund balances, beginning of year	470,649	469,121	601,292	29,372
Fund balances, end of year	\$ 549,258	704,415	782,423	32,293

(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	
					82,778				
705,002	15,443								
15,120	48,021					18,021	783	4,360	
15,120	48,021	705,002	15,443	82,778	-	18,021	783	4,360	
11,461	69,365	322,378		26,919		16,258			659
			3,444						
11,461	69,365	322,378	3,444	26,919	-	16,258	-	659	
3,659	(21,344)	382,624	11,999	55,859	-	1,763	783	3,701	
		(389,488)		(47,100)					
-	-	(389,488)	-	(47,100)	-	-	-	-	-
3,659	(21,344)	(6,864)	11,999	8,759	-	1,763	783	3,701	
57,228	227,674	429,665	56,623	194,450	148,505	58,494	22,243	21,574	
60,887	206,330	422,801	68,622	203,209	148,505	60,257	23,026	25,275	

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)**
Year ended November 30, 2014

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	4,247	44,953	7,299	752
Interest on investments				
Miscellaneous				
Total revenues	4,247	44,953	7,299	752
Expenditures:				
Current:				
General control and administration		82,195	6,530	
Public safety	6,027			
Public health and welfare				
Judiciary and legal				
Transportation				
Total expenditures	6,027	82,195	6,530	-
Excess (deficiency) of revenues over (under) expenditures	(1,780)	(37,242)	769	752
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,780)	(37,242)	769	752
Fund balances, beginning of year	13,045	92,235	8,215	1,944
Fund balances, end of year	\$ 11,265	54,993	8,984	2,696

Special Revenue Funds														Total
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 Fund	Nonmajor Governmental Funds	
3,965	2,263	10,439	3,787	14,258	2,580	56,723	5,075	245	6,113	4,400	1	1,609,616		
	1	21	22		84	110		1	13	1	2	279,043		
							260					195,329		
												282		
												3,200		
3,965	2,264	10,460	3,809	14,285	2,664	56,833	5,335	246	6,126	-	4,401	2	2,087,470	
4,582	4,848	264	1,455	13,889	240		7,840			341	4,293		550,690	
												23,742		
												3,444		
												20,172		
						116,887						634,173		
4,582	4,848	264	1,455	13,889	240	116,887	7,840	-	-	341	4,293	-	1,232,221	
(617)	(2,584)	10,196	2,354	396	2,424	(60,054)	(2,505)	246	6,126	(341)	108	2	855,249	
													(436,588)	
													(436,588)	
(617)	(2,584)	10,196	2,354	396	2,424	(60,054)	(2,505)	246	6,126	(341)	108	2	418,661	
6,111	12,733	15,597	21,840	29,012	83,574	179,155	10,737	1,220	8,987	20,171	885	2,526	3,294,877	
5,494	10,149	25,793	24,194	29,408	85,998	119,101	8,232	1,466	15,113	19,830	993	2,528	3,713,538	



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated June 11, 2015. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness as items 14-1.

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.

May, Cagge & King, P.C.

Monticello, Illinois

June 11, 2015

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES
November 30, 2014

Material Weakness

14-1 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.