

***PLATT COUNTY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***For the fiscal year ended November 30, 2013***

**May, Cocagne & King, P.C.**

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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, 2013**

**COUNTY BOARD MEMBERS:**

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

**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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## 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, 2013, 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, 2013, 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, 2013, 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, 2013, 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

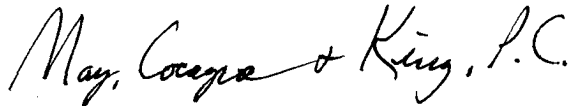
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities, each major fund, and the aggregate remaining fund information are prepared on the modified cash basis of accounting, which is a basis of accounting 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 30, 2014, 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.

A handwritten signature in cursive script that reads "May, Cooney & King, P.C.".

Monticello, Illinois  
June 30, 2014

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

**November 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,073,337	1,374,824	5,448,161
Investments	6,651,133	29,661	6,680,794
Accounts receivable		1,787,380	1,787,380
Accrued interest receivable			
Inventory		53,123	53,123
Prepaid expense		7,582	7,582
Due from Piatt County ETSB	81,072		81,072
	10,805,542	3,252,570	14,058,112
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	8,827,703	5,126,127	13,953,830
Total capital assets	9,145,203	5,254,517	14,399,720
Total assets	19,950,745	8,507,087	28,457,832
<b>Liabilities</b>			
Accounts payable		634,038	634,038
Accrued expenses		118,555	118,555
Accrued interest		33,997	33,997
	-	786,590	786,590
Amounts due within one year:			
Due to General fund			
Debt certificates		55,000	55,000
Revenue bonds payable	650,000	40,000	690,000
Security deposits		31,466	31,466
Amounts due in more than one year:			
Due to General fund			
Employee benefits		146,197	146,197
Debt certificates		960,000	960,000
Revenue bonds payable	2,710,000	1,800,000	4,510,000
Total debt service	3,360,000	3,032,663	6,392,663
Total liabilities	3,360,000	3,819,253	7,179,253

(Continued)



Component Units		
Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
851,244	4,474	103,957
1,176,858	16,848	1,050,671
236,536		5,194
7,940		
2,272,578	21,322	1,159,822
183,048	86,180	
183,048	86,180	-
2,455,626	107,502	1,159,822
12,400		
51,872		
64,272	-	-
	15,000	
	66,072	
-	81,072	-
64,272	81,072	-

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS (Continued)**  
**November 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Net Position</b>			
Net investment in capital assets	\$ 5,785,203	2,399,517	8,184,720
Restricted for:			
Capital projects		533,341	533,341
Road projects	4,992,779		4,992,779
Self-insurance	630,186		630,186
Other	4,138,407	19,661	4,158,068
Unrestricted	1,044,170	1,735,315	2,779,485
Total net position	\$ 16,590,745	4,687,834	21,278,579

See Notes to Financial Statements.

Component Units		
Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
183,048	5,108	
2,208,306	21,322	374,717 785,105
2,391,354	26,430	1,159,822

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year ended November 30, 2013

		Program Revenues		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,989,179	678,130		
Public safety	2,614,514	69,794		
Public health and welfare	43,583			
Judiciary and legal	755,746	57,589		
Transportation	1,925,027			
Culture and recreation	36,385			
Interest on long-term debt	217,634			
Total governmental activities	8,582,068	805,513	-	-
Business-type Activities:				
Nursing Home	9,461,815	6,884,202		
Public Building Commission	172,133			
Transportation program	755,138	69,371	497,902	
Total business-type activities	10,389,086	6,953,573	497,902	-
Total primary government	18,971,154	7,759,086	497,902	-
Component Units:				
Mental Health Center	1,555,458	1,159,168	203,121	
Emergency Telephone System Board	276,284	206,813		
Nursing Home Foundation	62,326		77,382	
Total component units	\$ 1,894,068	1,365,981	280,503	-
General Revenues:				
Property taxes				
Other taxes				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Gain on sale/disposal of capital assets				
Intergovernmental transfers				
Internal transfers				
Total general revenues				
Change in net position				
Net position, beginning, as previously reported				
Prior period adjustment				
Net position, beginning, as restated				
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)
(2,311,049)		(2,311,049)			
(2,544,720)		(2,544,720)			
(43,583)		(43,583)			
(698,157)		(698,157)			
(1,925,027)		(1,925,027)			
(36,385)		(36,385)			
(217,634)		(217,634)			
(7,776,555)	-	(7,776,555)			
	(2,577,613)	(2,577,613)			
	(172,133)	(172,133)			
	(187,865)	(187,865)			
-	(2,937,611)	(2,937,611)			
(7,776,555)	(2,937,611)	(10,714,166)			
			(193,169)		
				(69,471)	
					15,056
			(193,169)	(69,471)	15,056
4,015,016	484,979	4,499,995			
3,486,306		3,486,306			
448,949		448,949			
21,283	219,042	240,325	7,364		57,814
1,445,573	219,310	1,664,883			
39,132		39,132			
	409,723	409,723			
(1,534,614)	1,324,426	(210,188)	210,188		
7,921,645	2,657,480	10,579,125	217,552	-	57,814
145,090	(280,131)	(135,041)	24,383	(69,471)	72,870
16,445,655	1,025,431	17,471,086	2,370,330	95,901	1,086,952
	3,942,534	3,942,534	(3,359)		
16,445,655	4,967,965	21,413,620	2,366,971	95,901	1,086,952
\$ 16,590,745	4,687,834	21,278,579	2,391,354	26,430	1,159,822

**PIATT COUNTY, ILLINOIS**

**BALANCE SHEET - CASH BASIS**

**GOVERNMENTAL FUNDS**

**November 30, 2013**

	General	County Motor Fuel Tax	Illinois Municipal Retirement Fund	Other Governmental Funds	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$	388,369	843,530	3,294,877	4,526,776
Investments	1,560,000	4,604,410			6,164,410
Due from other funds	293,713				293,713
Total assets	1,853,713	4,992,779	843,530	3,294,877	10,984,899
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Cash drawn in excess of funds available	809,543				809,543
Total liabilities	809,543	-	-	-	809,543
Fund Balances:					
Restricted		4,992,779	843,530	3,294,877	9,131,186
Unassigned	1,044,170				1,044,170
Total fund balances	1,044,170	4,992,779	843,530	3,294,877	10,175,356
Total liabilities and fund balances	\$ 1,853,713	4,992,779	843,530	3,294,877	10,984,899

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, 2013**

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Total fund balances for Governmental Funds	\$ 10,175,356
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,145,203
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(3,360,000)
Internal service funds are used to pay for the costs of certain activities, such as insurance, leasing and building maintenance. The assets and liabilities of the internal service funds is included in governmental activities in the statement of net assets.	<u>630,186</u>
Net position of governmental activities	<u><u>\$ 16,590,745</u></u>

See Notes to Financial Statements.

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
Year ended November 30, 2013**

	General	County Motor Fuel Tax	Illinois Municipal Retirement Fund	Other Governmental Funds	Total
<b>Revenues:</b>					
Property taxes	\$ 1,421,384		1,000,235	1,593,397	4,015,016
Intergovernmental	2,764,272	494,999		675,984	3,935,255
Fines and forfeitures	587,965			217,548	805,513
Investment income	1,771	9,551	1,448	5,123	17,893
Miscellaneous	1,512,864			2,466	1,515,330
<b>Total revenues</b>	<b>6,288,256</b>	<b>504,550</b>	<b>1,001,683</b>	<b>2,494,518</b>	<b>10,289,007</b>
<b>Expenditures:</b>					
Current:					
General control and administration	2,133,399		412,342	347,391	2,893,132
Public safety	2,263,217			87,427	2,350,644
Public health and welfare	39,155			4,428	43,583
Judiciary and legal	704,544			49,671	754,215
Transportation	2,000	584,164		1,322,723	1,908,887
Culture and recreation	36,385				36,385
Capital outlay	122,043	27,015		2,879	151,937
Debt service:					
Principal	600,000				600,000
Interest	217,634				217,634
<b>Total expenditures</b>	<b>6,118,377</b>	<b>611,179</b>	<b>412,342</b>	<b>1,814,519</b>	<b>8,956,417</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>169,879</b>	<b>(106,629)</b>	<b>589,341</b>	<b>679,999</b>	<b>1,332,590</b>
<b>Other financing sources (uses):</b>					
Transfers out	(425,822)		(600,249)	(523,681)	(1,549,752)
<b>Total other financing sources (uses)</b>	<b>(425,822)</b>	<b>-</b>	<b>(600,249)</b>	<b>(523,681)</b>	<b>(1,549,752)</b>
<b>Net change in fund balances</b>	<b>(255,943)</b>	<b>(106,629)</b>	<b>(10,908)</b>	<b>156,318</b>	<b>(217,162)</b>
<b>Fund balances, beginning of year</b>	<b>1,300,113</b>	<b>5,099,408</b>	<b>854,438</b>	<b>3,138,559</b>	<b>10,392,518</b>
<b>Fund balances, end of year</b>	<b>\$ 1,044,170</b>	<b>4,992,779</b>	<b>843,530</b>	<b>3,294,877</b>	<b>10,175,356</b>

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, 2013**

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Net change in fund balances - total governmental funds \$ (217,162)

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	\$ 238,837	
Depreciation expense	<u>(369,828)</u>	(130,991)

In the Statement of Activities, the net gain (loss) on the sale/disposal  
of capital assets is reported, whereas in the governmental funds, only  
the sale of capital assets is recorded as revenue. Thus, the change  
in net assets differs from the change in fund balance by the depreciated  
cost of the assets sold or disposed of. (30,625)

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 (76,132)

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. 600,000

Change in net position of governmental activities \$ 145,090

See Notes to Financial Statements.

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
November 30, 2013**

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 986,152	79,795	308,877	1,374,824
Investments		29,661		29,661
Accounts receivable	1,690,438		96,942	1,787,380
Inventory	53,123			53,123
Lease receivable - current		650,000		650,000
Prepaid expense	7,582			7,582
Noncurrent assets:				
Capital lease receivable		2,710,000		2,710,000
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	10,056,433		1,195,328	11,251,761
Less accumulated depreciation	(5,430,358)		(695,276)	(6,125,634)
Total assets	7,486,760	3,469,456	910,871	11,867,087
<b>Liabilities</b>				
Accounts payable	622,004		12,034	634,038
Accrued expenses	118,555			118,555
Accrued interest	9,261	24,736		33,997
Due to other funds				
Amounts due within one year:				
Debt certificates	55,000			55,000
Revenue bonds payable	40,000	650,000		690,000
Security deposits	31,466			31,466
Amounts due in more than one year:				
Employee benefits	146,197			146,197
Debt certificates	960,000			960,000
Revenue bonds payable	1,800,000	2,710,000		4,510,000
Total liabilities	3,782,483	3,384,736	12,034	7,179,253
<b>Net Position</b>				
Net investment in capital assets	1,894,465		505,052	2,399,517
Restricted:				
Capital projects	533,341			533,341
Debt retirement				
PCSS and Faith in Action	19,661			19,661
Unrestricted	1,256,810	84,720	393,785	1,735,315
Total net position	\$ 3,704,277	84,720	898,837	4,687,834

See Notes to Financial Statements.

Governmental Activities		
Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund

143,463	212,641	356,104
486,723		486,723

630,186	212,641	842,827
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	212,641	212,641
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-	212,641	212,641
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630,186		630,186
630,186	-	630,186

**PIATT COUNTY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**PROPRIETARY FUND**

**Year ended November 30, 2013**

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 6,884,202		69,371	6,953,573
Operating grants			497,902	497,902
Miscellaneous	219,310			219,310
Total operating revenues	7,103,512	-	567,273	7,670,785
Operating expenses:				
General government				
Health and welfare	9,333,435			9,333,435
Transportation			755,138	755,138
Total operating expenses	9,333,435	-	755,138	10,088,573
Operating income (loss)	(2,229,923)	-	(187,865)	(2,417,788)
Non-operating revenues	484,979			484,979
Investment income	977	217,845	220	219,042
Interest on long-term debt	(128,380)	(172,133)		(300,513)
Total non-operating revenues (expenses)	357,576	45,712	220	403,508
Income (loss) before operating transfers	(1,872,347)	45,712	(187,645)	(2,014,280)
Intergovernmental transfers	409,723			409,723
Inter-County transfers	1,224,367		100,059	1,324,426
Change in net position	(238,257)	45,712	(87,586)	(280,131)
Net position, beginning of year	3,942,534	39,008	986,423	4,967,965
Net position, end of year	\$ 3,704,277	84,720	898,837	4,687,834

See Notes to Financial Statements.

Governmental Activities		
Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
94,660		94,660
94,660	-	94,660
(94,660)	-	(94,660)
3,390		3,390
3,390	-	3,390
(91,270)	-	(91,270)
(181,400)	196,538	15,138
(272,670)	196,538	(76,132)
902,856	(196,538)	706,318
630,186	-	630,186

PIATT COUNTY, ILLINOIS

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

	Business-type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 6,489,374		
Receipts from grants/other	387,723		642,222
Payments to customers and suppliers	(8,415,613)		(637,508)
Transfers received from Piatt County for operations	1,224,367		
Intergovernmental transfers - State of Illinois	355,653		
<b>Net cash flows from operating activities</b>	<b>41,504</b>	<b>-</b>	<b>4,714</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Transfers (to) from other funds			100,059
<b>Net cash flows from non capital financing activities</b>	<b>-</b>	<b>-</b>	<b>100,059</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(260,898)		(17,402)
Principal payments on debt certificates	(50,000)		
Principal payments on revenue bonds	(40,000)	(650,000)	
Repayment of Piatt County Working Cash Loan	(70,194)		
Proceeds from capital lease payments		650,000	
Foundation contributions for asset purchase	87,592		
Interest received on capital funds	258		
Interest expense paid on bonds and notes	(129,063)	(245,478)	
<b>Net cash flows from capital and related financing activities</b>	<b>(462,305)</b>	<b>(245,478)</b>	<b>(17,402)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments			
Proceeds from sale of investments		100,000	
Investment income	719	217,845	220
Scholarship, PCSS and FIA	9,664		
<b>Net cash flows from investing activities</b>	<b>10,383</b>	<b>317,845</b>	<b>220</b>
Net increase (decrease) in cash and cash equivalents	(410,418)	72,367	87,591
Cash and cash equivalents, beginning of year	1,396,570	7,428	221,286
Cash and cash equivalents, end of year	\$ 986,152	79,795	308,877

(Continued)

Total Business-Type Activities	Governmental Activities		
	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
6,489,374			
1,029,945			
(9,053,121)	(94,660)		(94,660)
1,224,367			
355,653			
46,218	(94,660)	-	(94,660)
100,059	(181,400)	(77,710)	(259,110)
100,059	(181,400)	(77,710)	(259,110)
(278,300)			
(50,000)			
(690,000)			
(70,194)			
650,000			
87,592			
258			
(374,541)			
(725,185)	-	-	-
100,000	394,431		394,431
218,784	3,390		3,390
9,664			
328,448	397,821	-	397,821
(250,460)	121,761	(77,710)	44,051
1,625,284	21,702	290,351	312,053
1,374,824	143,463	212,641	356,104

**PIATT COUNTY, ILLINOIS**

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

	Business-Type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (2,229,923)		(187,865)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	347,974		119,555
Fixed asset additions in accounts payable	3,752		
Property tax revenue	387,723		
Transfers received from Piatt County for operations	1,224,367		
Transfers from the State of Illinois	409,723		
Increase in allowance for doubtful accounts	510,000		
(Increase) decrease in assets:			
Accounts receivable	(659,145)		74,949
Inventory	(7,110)		
Prepaid expenses	(6,165)		
Increase (decrease) in liabilities:			
Accounts payable	130,468		3,835
Internal payable			
Accrued payroll and employee benefits	(61,097)		(5,760)
Security deposits	(9,063)		
<b>Net cash flows from operating activities</b>	<b>\$ 41,504</b>	<b>-</b>	<b>4,714</b>

See Notes to Financial Statements.



Total Business-Type Activities	Governmental Activities		Total Internal Service Fund
	Self Insurance Fund	PCO Bond Maintenance Fund	
(2,417,788)	(94,660)		(94,660)
467,529			
3,752			
387,723			
1,224,367			
409,723			
510,000			
(584,196)			
(7,110)			
(6,165)			
134,303			
(66,857)			
(9,063)			
46,218	(94,660)	-	(94,660)

**PIATT COUNTY, ILLINOIS**

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

**November 30, 2013**

	Agency Funds
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,481,688
Due from Government Fund	<u>12,459</u>
Total assets	<u><u>1,494,147</u></u>
<b>Liabilities</b>	
Due to other governments	792,418
Due to others	<u>701,729</u>
Total liabilities	<u><u>\$ 1,494,147</u></u>

See Notes to Financial Statements.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

November 30, 2013

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#### 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, 2013, the same as the County. The ETSB's November 30, 2013, financial statements are included herein.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2013

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#### 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, 2013, 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, 2013.

During the year ended November 30, 2013, the Foundation distributed \$ 87,592 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, 2013

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#### 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, 2013

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#### 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, 2013

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#### 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, 2013

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Cash and Cash Equivalents/Investments:** All deposits of the County are made in board designated official depositories and are secured as required by the Public Funds Investment Act. The County may designate, as an official depository, any bank insured by the Federal Deposit Insurance Corporation or credit union with the principal office located within the State of Illinois. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government.

Investments consist of interest-bearing deposits invested in the Illinois Funds Money Market and certificates of deposit and are stated at cost, which equals market. The County maintains separate investment accounts for each individual 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 last Tuesday in December 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, 2013, the Nursing Home had an allowance for doubtful accounts of \$ 600,000 to cover questionable accounts.

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

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 27,800 for the year ended June 30, 2013.

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, 2013

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#### 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, 2013

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#### 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 September, 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, 2013

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#### 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, 2013

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#### 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, 2013, the County's bank balances of \$ 14,544,086 (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, 2013, the carrying amount of these cash deposits totaled \$ 439,875. Of that amount, \$ 375,975 of the deposits were insured by federal depository insurance or collateralized by securities held by a financial institution's trust department or agent in the County funds' names, and \$ 63,900 was uncollateralized.

## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2013

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#### Note 2 - Deposits and Investments, continued

##### Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2013, none of the Piatt County Mental Health Center's bank balances of \$ 2,049,778 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2013, 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, 2013, none of the Piatt County Nursing Home Foundation's bank balances of \$ 103,087 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 2013 represents collection of the 2012 taxes. Real property taxes for the 2013 levy will be collected in and are intended to finance 2014 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, 2013**

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**Note 3 - Property Taxes, continued**

The following are the taxes levied per \$ 100 of assessed valuation (\$ 387,687,976 for the 2012 Levy):

	<u>Maximum Rate</u>	<u>2012 Levy</u>
General Corporate	.27000	.14640
County Highway	.10000	.10000
Bridge Fund	.05000	.05000
Illinois Municipal Retirement		.25800
Federal Aid Matching	.05000	.05000
T.B. Sanitarium	.05200	.00410
Health Unit	.06800	.05180
Bonds and Interest		.21090
Veterans' Assistance Commission	.03000	.00360
Unemployment Insurance		.02140
Nursing Home	.10000	.10000
Social Security		.18190
Piatt County Cooperative Extension	.03000	.02610
		<u>1.20420</u>

**Note 4 - Interfund Receivables, Payables and Transfers**

Individual fund receivable/payable balances at November 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PCO Bond Maintenance	\$ 212,641
General	Piatt County ETSB	<u>81,072</u>
		<u>\$ 293,713</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. See Note 7 for information about the amount ETSB owes the General Fund.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

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**Note 4 - Interfund Receivables, Payables and Transfers, continued**

A schedule of interfund transfers for the year ended November 30, 2013, is as follows:

Transfers To	Transfers From	Amount
General Fund	Support Administration Fund	\$ 21,000
Support Administration Fund	General Fund	(21,000)
General Fund	Self-Insurance Fund	181,400
Nursing Home Fund	General Fund	(357,502)
Nursing Home Fund	IMRF Fund	(470,694)
Nursing Home Fund	Social Security Fund	(352,794)
Nursing Home Fund	Unemployment Fund	(43,377)
Transportation Fund	General Fund	(38,233)
Transportation Fund	IMRF Fund	(34,337)
Transportation Fund	Social Security Fund	(24,162)
Transportation Fund	Unemployment Fund	(3,327)
Mental Health Fund	General Fund	(35,949)
Mental Health Fund	IMRF Fund	(95,218)
Mental Health Fund	Social Security Fund	(70,014)
Mental Health Fund	Unemployment Fund	(9,007)
PCO Bond Maintenance Fund	General Fund	(196,538)
Net Transfers - Governmental Funds		<u><u>\$(1,549,752)</u></u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 357,502
Nursing Home Fund	IMRF Fund	470,694
Nursing Home Fund	Social Security Fund	352,794
Nursing Home Fund	Unemployment Fund	43,377
Transportation Fund	General Fund	38,233
Transportation Fund	IMRF Fund	34,337
Transportation Fund	Social Security Fund	24,162
Transportation Fund	Unemployment Fund	3,327
Net Transfers - Proprietary Funds		<u><u>\$ 1,324,426</u></u>

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2013**

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**Note 4 - Interfund Receivables, Payables and Transfers, continued**

Transfers To	Transfers From	Amount
General Fund	Self-Insurance Fund	\$ (181,400)
PCO Bond Maintenance Fund	General Fund	196,538
Net Transfers - Internal Service Funds		<u>\$ 15,138</u>
Transfers To	Transfers From	Amount
Mental Health Fund	General Fund	\$ 35,949
Mental Health Fund	IMRF Fund	95,218
Mental Health Fund	Social Security Fund	70,014
Mental Health Fund	Unemployment Fund	9,007
Net Transfers - Discretely-Presented Component Units		<u>\$ 210,188</u>

Transfers shown to the Nursing Home, Transportation and Mental Health 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. Transfers from the Self-Insurance fund to the General fund were to cover costs associated with workers compensation and health insurance claims and premiums, as well as for employee physicals. Transfers from the Support Administration fund to the General fund were to cover employee costs related to child support administration. And finally, the transfer shown to the PCO Bond Maintenance fund from the General fund represent the correction of accounting for maintenance and improvement expenses from prior years.



**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2013**

**Note 5 - Capital Assets**

Capital activity for the year ended November 30, 2013, was as follows:

	Balance December 1, 2012	Increases	Decreases	Balance November 30, 2013
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 337,500		20,000	317,500
Capital assets being depreciated:				
Buildings and improvements	10,927,346	109,128	150,000	10,886,474
Machinery and equipment	213,091	6,315		219,406
Vehicles	516,349	57,154	236,065	337,438
Furniture and fixtures	183,606			183,606
Office equipment	540,897	39,225		580,122
Other equipment	248,998			248,998
Construction in progress		27,015		27,015
Total capital assets being depreciated	12,630,287	238,837	386,065	12,483,059
Less accumulated depreciation for:				
Buildings and improvements	2,365,346	274,893	139,375	2,500,864
Machinery and equipment	121,903	13,314		135,217
Vehicles	439,837	50,418	236,065	254,190
Furniture and fixtures	183,606			183,606
Office equipment	336,824	18,427		355,251
Other equipment	213,452	12,776		226,228
Total accumulated depreciation	3,660,968	369,828	375,440	3,655,356
Total capital assets being depreciated, net	8,969,319	(130,991)	10,625	8,827,703
Governmental activity, capital assets, net	\$ 9,306,819	(130,991)	30,625	9,145,203

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

**Note 5 - Capital Assets, continued**

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 88,287
Public safety	263,870
Judiciary and legal	1,531
Transportation	16,140
	<u>\$ 369,828</u>

	Balance December 1, 2012	Additions	Deletions	Balance November 30, 2013
<u>Business-type activities:</u>				
<u>Nursing Home:</u>				
Capital assets not being depreciated:				
Land	\$ 123,390			123,390
Capital assets being depreciated:				
Ground improvements	216,583			216,583
Buildings	6,210,284			6,210,284
Equipment	1,355,729	120,233		1,475,962
Building improvements	2,016,691	136,913		2,153,604
Total capital assets being depreciated	9,799,287	257,146	-	10,056,433
Less accumulated depreciation for:				
Ground improvements	161,267	5,624		166,891
Buildings	2,662,485	162,836		2,825,321
Equipment	1,034,276	61,308		1,095,584
Building improvements	1,224,356	118,206		1,342,562
Total accumulated depreciation	5,082,384	347,974	-	5,430,358
Total capital assets being depreciated, net	4,716,903	(90,828)	-	4,626,075
Nursing Home capital assets, net	4,840,293	(90,828)	-	4,749,465

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

**Note 5 - Capital Assets, continued**

	Balance December 1, 2012	Additions	Deletions	Balance November 30, 2013
<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	789,506	(50)		789,456
Equipment	104,785			104,785
Construction in Process	5,582	17,403		22,985
Total capital assets being depreciated	1,177,975	17,353	-	1,195,328
Less accumulated depreciation for:				
Building	133,473	6,953		140,426
Vehicles	418,990	87,035		506,025
Equipment	23,308	25,517		48,825
Total accumulated depreciation	575,771	119,505	-	695,276
Total capital assets being depreciated, net	602,204	(102,152)	-	500,052
Transportation program capital assets, net	607,204	(102,152)	-	505,052
Business-type activities, capital assets, net	\$ 5,447,497	(192,980)	-	5,254,517

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2013**

**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, 2013:

**Governmental Activities:**

	Balance November 30, 2012	Additions	Reductions	Balance November 30, 2013	Amount Due in One Year
Public Building Revenue Bonds, Series 2002	\$ 2,460,000		545,000	<b>1,915,000</b>	590,000
Public Building Revenue Bonds, Series 2011	1,500,000		55,000	<b>1,445,000</b>	60,000
Total governmental activities	<b>\$ 3,960,000</b>	-	600,000	<b>3,360,000</b>	

**Public Building Revenue Bonds:**

On April 1, 2002, the PCPBC issued \$ 6,000,000 in Public Building Revenue Bonds, Series 2002. The bonds bear interest at varying fixed rates increasing with the length of maturity from 4.125% to 4.60%. 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 2002 Public Building Revenue Bonds of \$ 1,915,000 as of November 30, 2013, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2014	\$ 590,000	86,570	676,570	1,325,000
2015	635,000	60,315	695,315	690,000
2016	690,000	31,740	721,740	-
Total	<b>\$ 1,915,000</b>	<b>178,625</b>	<b>2,093,625</b>	

As of the date of this report, the County was in the process of refinancing these bonds over the same three-year period but at interest rates of 0.25% to 1.25%.

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

**Note 6 - Long-Term Debt, continued**

**Governmental Activities, continued:**

**Public Building Revenue Bonds, continued:**

On September 2, 2011, the PCBPC 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 \$ 1,445,000 as of November 30, 2013, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2014	\$ 60,000	63,494	123,494	1,385,000
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
2019-23	320,000	282,424	602,424	825,000
2024-28	405,000	200,631	605,631	420,000
2029-32	420,000	67,813	487,813	-
Total	\$ 1,445,000	861,588	2,306,588	

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, 2012	Additions	Reductions	Balance November 30, 2013	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 1,065,000		50,000	1,015,000	55,000
Revenue Bond, Maple Point, Series 2007	1,880,000		40,000	1,840,000	40,000
Accrued employee Benefits	252,569		82,967	169,602	23,405
Total business-type activities	\$ 3,197,569	-	172,967	3,024,602	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2013

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
2014	\$ 55,000	47,038	102,038	960,000
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
2019-23	365,000	140,137	505,137	355,000
2024-28	355,000	44,613	399,613	-
Total	\$ 1,015,000	395,925	1,410,925	

The County, on behalf of the Piatt County Nursing Home for the construction of Maple Point SLF, 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
2014	\$ 40,000	78,200	118,200	1,800,000
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
2019-23	300,000	314,500	614,500	1,300,000
2024-28	380,000	245,650	625,650	920,000
2029-33	460,000	158,950	618,950	460,000
2034-37	460,000	50,150	510,150	-
Total	\$ 1,840,000	1,142,400	2,982,400	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2013

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**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 \$ 10,131,029 at November 30, 2013.

**Note 7 - Capital Lease**

Piatt County Emergency Telephone System Board (ETSB): Change in long-term liabilities - The following summarizes long-term liability activity for the year ended November 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital lease	\$ 116,162	-	116,162	-

The County 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 General Fund paid off this lease on behalf of the ETSB in 2013, and the ETSB will pay back the General Fund with the following scheduled payments:

Year ending November 30	Total Payment
2014	\$ 15,000
2015	15,000
2016	15,000
2017	36,072
Total	<u>\$ 81,072</u>

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

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**Note 8 - Multiple Facilities Lease**

The County had entered into lease agreements in 2002 and 2003 with the Piatt County Public Building Commission (PCPBC) for financing the construction of the County jail and public safety building facilities. On September 1, 2011, the County and the PCPBC entered into a new noncancellable 20-year lease for financing the purchase and construction of a County public building. 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 PCPBS. 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, 2013:

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2014	\$ 50,843	650,000	136,600	786,600
2015	51,518	695,000	108,509	803,509
2016	52,193	750,000	77,676	827,676
2017	52,868	60,000	61,131	121,131
2018	53,543	60,000	60,456	120,456
2019-23	273,625	320,000	276,375	596,375
2024-28	275,253	405,000	189,747	594,747
2029-32	221,315	420,000	54,688	474,688
Total	\$ 1,031,158	3,360,000	965,182	4,325,182



## PIATT COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2013

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#### 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](http://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 2012 for Regular and SLEP was 10.33% and 21.28%, respectively, of annual covered payroll. The County annual required rate for calendar year 2012 for Regular and SLEP was 10.52% and 21.32%, 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, 2012, the County's actual contributions for pension cost for the Regular plan were \$ 862,033 and \$ 124,640 for the Sheriff's Law Enforcement Personnel plan. Its required contributions for calendar year 2012 for Regular and SLEP were \$ 877,889 and \$ 124,875, respectively.

#### Three-Year Trend Information for the Regular Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 877,889	98%	\$ 238,648
12/31/11	848,658	89%	208,999
12/31/10	793,556	84%	108,969

**PIATT COUNTY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**November 30, 2013**

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**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
12/31/12	\$ 124,875	100%	\$ 24,498
12/31/11	114,663	91%	22,558
12/31/10	103,623	87%	12,056

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 80.62 percent funded. The actuarial accrued liability for benefits was \$ 15,675,926, and the actuarial value of assets was \$ 12,638,625, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 3,037,301. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$ 8,344,948, and the ratio of the UAAL to the covered payroll was 36 percent.

As of December 31, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 52.14 percent funded. The actuarial accrued liability for benefits was \$ 1,924,578, and the actuarial value of assets was \$ 1,003,509, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 921,069. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$ 585,716, and the ratio of the UAAL to the covered payroll was 157 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, 2013**

**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)
12/31/12	\$ 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%
12/31/10	12,961,598	15,969,758	3,008,160	81.16%	7,849,217	38.32%

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)
12/31/12	\$ 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%
12/31/10	1,270,086	2,091,026	820,940	60.74%	503,759	162.96%

On a market value basis, the actuarial value of assets as of December 31, 2012 for Regular and SLEP is \$ 13,240,520 and \$ 1,078,065, respectively. On a market basis, the funded ratio for Regular and SLEP would be 84.46% and 56.02%, 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, 2013**

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#### **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, 2013, the County is no longer self-insuring these policies. There are still open workers' compensation claims, and those will be paid from this fund. It has been determined that these funds may also be used for other purposes such as the payment of employee physicals costs and to help cover health insurance premiums paid by the County. The County has \$ 630,185 in reserves at November 30, 2013 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.

In December 2012, the County entered into an Inter-governmental Agreement with the City of Monticello, Monticello Community Unit School District #25, and the Allerton Public Library District for the development of a shared fiber optic network, in which all entities will jointly own, operate and maintain the joint fiber optic cable project. The agreement included the contracting of Metro Communications Company, Inc. (MCC) to handle the bulk of the installation. This project was completed subsequent to year end, and the County's one-fourth share of the MCC contract is \$ 76,676.

#### **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, 2013 there was one retiree participating in this plan.

## **PIATT COUNTY, ILLINOIS**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

**November 30, 2013**

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#### **Note 13 - Prior Period Adjustments**

The County's prior year audited financial report did not include the Nursing Home fund (a proprietary fund and part of business-type activities) or the Piatt County Nursing Home Foundation (a discretely presented component unit.) These have been included in this report for the year ended November 30, 2013. As a result, beginning net position for business-type activities on the Statement of Activities has been restated to add the beginning net position of the Nursing Home fund of \$ 3,942,534.

Beginning net position for the Piatt County Mental Health Center (a discretely presented component unit) has been restated (decreased) by \$ 3,359 to reflect excess revenue due to the State of Illinois Department of Human Services (DHS) as of June 30, 2012 that had not been accrued on its June 30, 2012 financial report.

#### **Note 14 - Net Position/Fund Equity**

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 assets are restricted for this purpose. This fund is funded by periodic transfers from the Operating Fund. The balance as of November 30, 2013 was \$ 515,771. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2013 was \$ 17,570.

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, 2013 for PCSS was \$(21,298). The balance at November 30, 2013 for FIA was \$ 40,959.

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## **SUPPLEMENTARY INFORMATION**

**PIATT COUNTY, ILLINOIS**

**COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS**  
**November 30, 2013**

	Special Revenue Funds			
	Veterans Assistance Commission Fund	Treasurer Automation Fund	Treasurer Indemnity Fund	Cannabis Control Fund
<hr/>				
<b><u>ASSETS</u></b>				
Cash	\$ 29,012	21,840	83,574	1,220
TOTAL ASSETS	29,012	21,840	83,574	1,220
<b><u>FUND BALANCES</u></b>				
Restricted	29,012	21,840	83,574	1,220
TOTAL FUND BALANCES	\$ 29,012	21,840	83,574	1,220

(Continued)

Special Revenue Funds								
Court Improvement Fund	Court Security Fund	Death Examiner Fund	Sheriff's Forfeiture Funds	Highway Safety Hire-Back Fund	IDNS Fund	Sheriff's Vehicle Grant Fund	Support Administration Fund	Township Bridge Fund
12,733	15,597	885	20,171	2,526	10,737		8,987	179,155
12,733	15,597	885	20,171	2,526	10,737	-	8,987	179,155
12,733	15,597	885	20,171	2,526	10,737		8,987	179,155
12,733	15,597	885	20,171	2,526	10,737	-	8,987	179,155



PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)  
November 30, 2013

Special Revenue Funds					
	Highway Fund	Bridge Fund	Court Automation Fund	Document Storage Fund	Probation Fees Fund
<b><u>ASSETS</u></b>					
Cash	\$ 470,649	469,121	29,372	57,228	227,674
TOTAL ASSETS	470,649	469,121	29,372	57,228	227,674
<b><u>FUND BALANCES</u></b>					
Restricted	470,649	469,121	29,372	57,228	227,674
TOTAL FUND BALANCES	\$ 470,649	469,121	29,372	57,228	227,674

Social Security/ FICA Fund	Special Revenue Funds												Total Nonmajor Governmental Funds
	TB Care Fund	Unemployment Comp Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Piatt County			PCCC			Pet Population Control Fund	Matching Fund	
					Medical Fund	Enforcement Fund	Drug Fund	DUI Equipment Fund	GIS Fund	Operations and Administrative Fund	Police Vehicle Fund		
429,665	56,623	194,450	148,505	58,494	22,243	21,574	13,045	92,235	8,215	1,944	6,111	601,292	3,294,877
429,665	56,623	194,450	148,505	58,494	22,243	21,574	13,045	92,235	8,215	1,944	6,111	601,292	3,294,877
429,665	56,623	194,450	148,505	58,494	22,243	21,574	13,045	92,235	8,215	1,944	6,111	601,292	3,294,877
429,665	56,623	194,450	148,505	58,494	22,243	21,574	13,045	92,235	8,215	1,944	6,111	601,292	3,294,877

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2013

	Special Revenue Funds			
	Veterans Assistance Commission Fund	Treasurer Automation Fund	Treasurer Indemnity Fund	Cannabis Control Fund
Revenues:				
Taxes	\$ 13,957			
Intergovernmental				
Fines, fees, forfeitures		4,075	2,360	829
Interest on investments	26	20	81	1
Miscellaneous				
Total revenues	13,983	4,095	2,441	830
Expenditures:				
Current:				
General control and administration	12,961	1,357	20	
Public safety				
Public health and welfare				
Judiciary and legal				
Transportation				
Capital outlay				
Total expenditures	12,961	1,357	20	-
Excess (deficiency) of revenues over (under) expenditures	1,022	2,738	2,421	830
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,022	2,738	2,421	830
Fund balances, beginning of year	27,990	19,102	81,153	390
Fund balances, end of year	\$ 29,012	21,840	83,574	1,220

(Continued)

Special Revenue Funds								
Court Improvement Fund	Court Security Fund	Death Examiner Fund	Sheriff's Forfeiture Funds	Highway Safety Hire-Back Fund	IDNS Fund	Sheriff's Vehicle Grant Fund	Support Administration Fund	Township Bridge Fund
					13,705			185,954
2,582	11,408	4,733	4,272				6,710	
1	17	2		2			7	101
					1,151			
2,583	11,425	4,735	4,272	2	14,856	-	6,717	186,055
		3,979	281		19,690			
	10,000							68,516
						3		
-	10,000	3,979	281	-	19,690	3	-	68,516
2,583	1,425	756	3,991	2	(4,834)	(3)	6,717	117,539
							(21,000)	
-	-	-	-	-	-	-	(21,000)	-
2,583	1,425	756	3,991	2	(4,834)	(3)	(14,283)	117,539
10,150	14,172	129	16,180	2,524	15,571	3	23,270	61,616
12,733	15,597	885	20,171	2,526	10,737	-	8,987	179,155

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued)

Year ended November 30, 2013

	Special Revenue Funds				
	Highway Fund	Bridge Fund	Court Automation Fund	Document Storage Fund	Probation Fees Fund
Revenues:					
Taxes	\$ 387,688	193,844			
Intergovernmental	83,055	141,777			
Fines, fees, forfeitures			20,416	19,466	45,593
Interest on investments	729	760	66	96	402
Miscellaneous	1,315				
Total revenues	472,787	336,381	20,482	19,562	45,995
Expenditures:					
Current:					
General control and administration				17,263	
Public safety					59,039
Public health and welfare					
Judiciary and legal			39,671		
Transportation	372,642	302,693			
Capital outlay					2,876
Total expenditures	372,642	302,693	39,671	17,263	61,915
Excess (deficiency) of revenues over (under) expenditures	100,145	33,688	(19,189)	2,299	(15,920)
Other financing sources (uses):					
Transfers out					
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	100,145	33,688	(19,189)	2,299	(15,920)
Fund balances, beginning of year	370,504	435,433	48,561	54,929	243,594
Fund balances, end of year	\$ 470,649	469,121	29,372	57,228	227,674

Special Revenue Funds

Social Security/FICA Fund	TB Care Fund	Unemployment Compensation Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Enforcement Fund	Drug Fund	DUI Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund	Matching Fund	Total Nonmajor Governmental Funds
705,204	15,895	82,965										193,844	1,593,397
712	87	328	193	18,981	1,206	5,444	4,002	56,348	4,202	531	4,390	251,493	675,984
				93	37	34	19	149	10	3	9	1,138	217,548
													5,123
													2,466
705,916	15,982	83,293	193	19,074	1,243	5,478	4,021	56,497	4,212	534	4,399	446,475	2,494,518
234,963		23,097		11,409		1,727		46,321			2,711		347,391
	4,428												87,427
													4,428
													49,671
													1,322,723
													2,879
234,963	4,428	23,097	-	11,409	-	1,727	-	46,321	-	-	2,711	578,872	1,814,519
470,953	11,554	60,196	193	7,665	1,243	3,751	4,021	10,176	4,212	534	1,688	(132,397)	679,999
(446,970)		(55,711)											(523,681)
(446,970)	-	(55,711)	-	-	-	-	-	-	-	-	-	-	(523,681)
23,983	11,554	4,485	193	7,665	1,243	3,751	4,021	10,176	4,212	534	1,688	(132,397)	156,318
405,682	45,069	189,965	148,312	50,829	21,000	17,823	9,024	82,059	4,003	1,410	4,423	733,689	3,138,559
429,665	56,623	194,450	148,505	58,494	22,243	21,574	13,045	92,235	8,215	1,944	6,111	601,292	3,294,877



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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, 2013, 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 30, 2014. 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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 13-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies as items 13-2.

#### Compliance and Other Matters

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

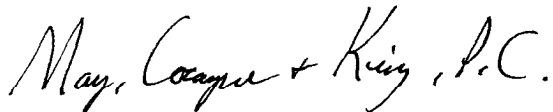
- The County has several bond ordinances that require the establishment of certain bank accounts to provide for the repayment of debt and interest and provide funds for operating needs and lease payments related to the debt issues. The County has not complied with the provisions of the bond ordinances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

#### Piatt County, Illinois' Response to Findings

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

#### Purpose of This Report

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



Monticello, Illinois  
June 30, 2014



PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES

November 30, 2013

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**Material Weakness**

***13-1 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.

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES (Continued)  
November 30, 2013

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**Significant Deficiency**

***13-2 Signature Stamps***

Criteria: Management is responsible for maintaining safeguards over signature stamps that allow only authorized officials to have access.

Condition: During our audit, we noted several different offices hold signature stamps that are accessible by all employees.

Cause: Internal controls lack safeguards over the signature stamps by an unauthorized employee.

Effect: Due to a lack of safeguards over signature stamps, unauthorized transactions could occur.

Recommendation: Safeguards over signature stamps should be improved to lessen potential authorizations of invoices, checks, etc. by an unauthorized employee. We recommend that signature stamps be locked in a place whereby access is granted to no other employees other than those authorized officials.

County's Response: There is no disagreement with the audit finding. The County will review its safeguards over signature stamps and attempt to minimize the potential of an unauthorized individual gaining access to one of the stamps.