

PIATT COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended November 30, 2016

May, Cocagne & King, P.C.

Certified Public Accountants & Consultants

PIATT COUNTY, ILLINOIS

CONTENTS

November 30, 2016

LIST OF PRINCIPAL OFFICERS

INDEPENDENT AUDITORS' REPORT	1 - 3
-------------------------------------	--------------

FINANCIAL STATEMENTS

Statement of Net Position - Modified Cash Basis	4 - 7
--	--------------

Statement of Activities - Modified Cash Basis	8 and 9
--	----------------

Governmental Funds:

Balance Sheet - Cash Basis	10
-----------------------------------	-----------

Reconciliation of the Governmental Funds Balance Sheet - Cash Basis - to the Statement of Net Position - Modified Cash Basis	11
---	-----------

Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis	12
---	-----------

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis - to the Statement of Activities - Modified Cash Basis	13
---	-----------

Proprietary Funds:

Statement of Net Position	14 and 15
----------------------------------	------------------

Statement of Revenues, Expenses, and Changes in Net Position	16 and 17
---	------------------

Statement of Cash Flows	18 - 21
--------------------------------	----------------

Fiduciary Funds:

Statement of Fiduciary Assets and Liabilities	22
--	-----------

Notes to Financial Statements	23 - 51
--------------------------------------	----------------

PIATT COUNTY, ILLINOIS

CONTENTS (Continued)

November 30, 2016

SUPPLEMENTARY INFORMATION

Combining Balance Sheet for Nonmajor Governmental Funds	52 - 55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	56 - 59
Combining Statement of Changes in Assets and Liabilities of Agency Funds	60 and 61
Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement System - Regular	62
Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement System - SLEP	63
Schedule of Employer Contributions - Illinois Municipal Retirement System	64
Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate	65

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	66 and 67
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Schedule of Findings and Responses	68 and 69
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PIATT COUNTY, ILLINOIS

LIST OF PRINCIPAL OFFICERS

November 30, 2016

COUNTY BOARD MEMBERS at November 30, 2016:

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

OTHER ELECTED OFFICIALS at November 30, 2016:

County Clerk & Recorder, Colleen Kidd

Treasurer & Collector, Tim Pankau

Circuit Clerk, Charles Barre

State's Attorney, Dana Rhoades

Sheriff, David Hunt

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



May, Cocagne & King, P.C.

Certified Public Accountants and Consultants

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1 for the governmental activities, each major fund, and the aggregate remaining fund information, and with accounting principles generally accepted in the United States of America for the business-type activities and aggregate discretely presented component units; this includes determining that these are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

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

Summary of Opinions

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

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

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

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Business-Type Activities, a Discretely Presented Component Unit, the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aforementioned opinion units as of November 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on a Discretely Presented Component Unit

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

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit of Piatt County, Illinois as of November 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each governmental fund-type major fund, and the aggregate remaining fund information of Piatt County, Illinois as of November 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Opinions, continued

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Piatt County Public Building Commission Fund of Piatt County, Illinois as of November 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

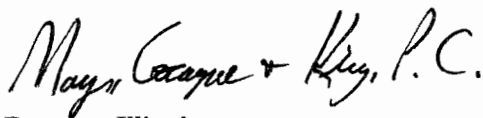
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities, each governmental-type major fund, and the aggregate remaining fund information are prepared on the modified cash basis of accounting, which is a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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2017, on our consideration of Piatt County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piatt County, Illinois' internal control over financial reporting and compliance.



Decatur, Illinois
August 18, 2017

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION

November 30, 2016

	Primary Government		
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total
Assets			
Cash and cash equivalents	\$ 8,941,793	1,176,864	10,118,657
Investments			
Accounts receivable		2,201,765	2,201,765
Accrued interest receivable			
Inventory		53,310	53,310
Prepaid expense			
Due from Piatt County ETSB	26,072		26,072
	8,967,865	3,431,939	12,399,804
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	8,685,545	5,727,689	14,413,234
Total capital assets	9,003,045	5,856,079	14,859,124
Total assets	17,970,910	9,288,018	27,258,928
Liabilities			
Accounts payable		612,265	612,265
Accrued expenses		195,095	195,095
Accrued interest		19,393	19,393
Security deposits		18,493	18,493
	-	845,246	845,246
Amounts due within one year:			
Due to Piatt County			
Debt certificates		60,000	60,000
Revenue bonds payable	60,000	60,000	120,000
Note payable		19,944	19,944
Employee benefits		32,268	32,268
Contract payable	15,727		15,727
Amounts due in more than one year:			
Due to Piatt County			
Employee benefits		115,001	115,001
Debt certificates		785,000	785,000
Revenue bonds payable	1,205,000	1,660,000	2,865,000
Note payable		11,635	11,635
Contract payable	15,727		15,727
Total debt service	1,296,454	2,743,848	4,040,302
Total liabilities	1,296,454	3,589,094	4,885,548

(Continued)

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
442,744	23,738	112,528
1,189,810	110,353	923,063
191,571		684
15,266		
1,839,391	134,091	1,036,275
404,089	7,017	
404,089	7,017	-
2,243,480	141,108	1,036,275
8,445		
41,802		
50,247	-	-
	26,072	
-	26,072	-
50,247	26,072	-

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)

November 30, 2016

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
Net Position			
Net investment in capital assets	7,706,591	3,259,500	10,966,091
Restricted for:			
Capital projects		92,781	92,781
Debt retirement		123,600	123,600
Road projects	4,448,550		4,448,550
Self-insurance	562,860		562,860
Other	4,096,847	8,319	4,105,166
Unrestricted	(140,392)	2,214,724	2,074,332
Total net position	\$ 16,674,456	5,698,924	22,373,380

See Notes to Financial Statements.

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
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404,089	(19,055)	
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1,789,144	134,091	1,036,275
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2,193,233	115,036	1,036,275
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PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES
Year ended November 30, 2016

	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,319,541	361,236		
Public safety	2,520,884	61,718		
Public health and welfare	47,873			
Judiciary and legal	801,661	61,851		
Transportation	1,406,353	209,035		
Culture and recreation	38,523			
Interest on long-term debt	84,039			
Total governmental activities	8,218,874	693,840	-	-
Business-type Activities:				
Nursing Home	9,848,852	7,521,147	4,500	275,136
Public Building Commission	69,192			
Transportation program	896,150	127,309	547,175	113,510
Total business-type activities	10,814,194	7,648,456	551,675	388,646
Total primary government	19,033,068	8,342,296	551,675	388,646
Component Units:				
Mental Health Center	1,481,830	1,002,725	293,845	
Emergency Telephone System Board	128,589	248,902		
Nursing Home Foundation	303,718		99,271	
Total component units	\$ 1,914,137	1,251,627	393,116	-
General Revenues:				
Property taxes				
Other taxes				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Internal transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

See Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units - Accrual Basis		
Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total	Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
(2,958,305)		(2,958,305)			
(2,459,166)		(2,459,166)			
(47,873)		(47,873)			
(739,810)		(739,810)			
(1,197,318)		(1,197,318)			
(38,523)		(38,523)			
(84,039)		(84,039)			
(7,525,034)	-	(7,525,034)			
	(2,048,069)	(2,048,069)			
	(69,192)	(69,192)			
	(108,156)	(108,156)			
-	(2,225,417)	(2,225,417)			
(7,525,034)	(2,225,417)	(9,750,451)			
			(185,260)		
				120,313	
					(204,447)
			(185,260)	120,313	(204,447)
4,039,003	415,608	4,454,611			
2,960,178		2,960,178			
507,733		507,733			
9,068	86,022	95,090	4,137	35	11,032
976,606	61,844	1,038,450			
(1,469,043)	1,433,681	(35,362)			35,363
7,023,545	1,997,155	9,020,700	4,137	35	46,395
(501,489)	(228,262)	(729,751)	(181,123)	120,348	(158,052)
17,175,945	5,927,186	23,103,131	2,374,356	(5,312)	1,194,327
\$ 16,674,456	5,698,924	22,373,380	2,193,233	115,036	1,036,275

PIATT COUNTY, ILLINOIS

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2016

	General	County Motor Fuel Tax	Matching Fund	Other Governmental Funds	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,460,000	4,119,511		2,627,181	8,206,692
Investments					
Due from other funds	172,241	329,039	980,836	488,830	1,970,946
Due from ETSB	26,072				26,072
Total assets	1,658,313	4,448,550	980,836	3,116,011	10,203,710
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	1,798,705				1,798,705
Fund Balances:					
Restricted		4,448,550	980,836	3,116,011	8,545,397
Unassigned	(140,392)				(140,392)
Total fund balances	(140,392)	4,448,550	980,836	3,116,011	8,405,005
Total liabilities and fund balances	\$ 1,658,313	4,448,550	980,836	3,116,011	10,203,710

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, 2016

Total fund balances for Governmental Funds	\$ 8,405,005
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,003,045
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(1,265,000)
Contract payable	(31,454)
Internal service funds are used to pay for the costs of certain activities, such as insurance, leasing and building maintenance. The assets and liabilities of the internal service funds is included in governmental activities in the statement of net position.	<u>562,860</u>
Net position of governmental activities	<u><u>\$ 16,674,456</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, 2016

	General	County Motor Fuel Tax	Matching Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 1,639,190		207,804	2,192,009	4,039,003
Intergovernmental	2,716,905	607,443	1,231	142,332	3,467,911
Fines and forfeitures	494,908			198,932	693,840
Investment income	1,582	5,949		654	8,185
Miscellaneous	972,551			4,055	976,606
Total revenues	5,825,136	613,392	209,035	2,537,982	9,185,545
Expenditures:					
Current:					
General control and administration	2,180,016			960,523	3,140,539
Public safety	2,287,731			22,990	2,310,721
Public health and welfare	42,903			4,970	47,873
Judiciary and legal	754,609			43,876	798,485
Transportation	2,000	447,696	140,559	777,265	1,367,520
Culture and recreation	38,523				38,523
Capital outlay	78,960				78,960
Debt service:					
Principal	650,000				650,000
Interest	84,039				84,039
Total expenditures	6,118,781	447,696	140,559	1,809,624	8,516,660
Excess (deficiency) of revenues over (under) expenditures	(293,645)	165,696	68,476	728,358	668,885
Other financing sources (uses):					
Transfers out	(437,986)			(1,031,057)	(1,469,043)
Net change in fund balances	(731,631)	165,696	68,476	(302,699)	(800,158)
Fund balances, beginning of year	591,239	4,282,854	912,360	3,418,710	9,205,163
Fund balances, end of year	\$ (140,392)	4,448,550	980,836	3,116,011	8,405,005

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, 2016**

Net change in fund balances - total governmental funds \$ (800,158)

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

\$ 61,599

Depreciation expense

(415,619)

(354,020)

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

(13,038)

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither transaction,
however, has any effect on net assets. This amount is the net
effect of these differences in the treatment of long term debt.

Revenue bonds payable

650,000

Contract payable

15,727

Change in net position of governmental activities

\$ (501,489)

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 November 30, 2016

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	\$ 973,069	49,719	30,476	1,053,264
Accounts receivable	2,003,510		198,255	2,201,765
Inventory	53,310			53,310
Lease receivable - current		60,000		60,000
Noncurrent assets:				
Capital lease receivable		1,205,000		1,205,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	9,307,905		1,929,309	11,237,214
Less accumulated depreciation	(4,649,357)		(860,168)	(5,509,525)
Total assets	7,935,427	1,314,719	1,302,872	10,553,018
Liabilities				
Accounts payable	576,226		36,039	612,265
Accrued expenses	195,095			195,095
Accrued interest	9,261	10,132		19,393
Security deposits	18,493			18,493
Due to other funds				
Amounts due within one year:				
Debt certificates	60,000			60,000
Revenue bonds payable	60,000	60,000		120,000
Note payable	19,944			19,944
Employee benefits	32,268			32,268
Amounts due in more than one year:				
Employee benefits	115,001			115,001
Debt certificates	785,000			785,000
Revenue bonds payable	1,660,000	1,205,000		2,865,000
Note payable	11,635			11,635
Total liabilities	3,542,923	1,275,132	36,039	4,854,094
Net Position				
Net investment in capital assets	2,185,359		1,074,141	3,259,500
Restricted:				
Capital projects	92,781			92,781
Debt retirement	123,600			123,600
PCSS and Faith in Action	8,319			8,319
Unrestricted	1,982,445	39,587	192,692	2,214,724
Total net position	\$ 4,392,504	39,587	1,266,833	5,698,924

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
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562,860	172,241	735,101
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562,860	172,241	735,101
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	172,241	172,241
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-	172,241	172,241
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562,860		562,860
562,860	-	562,860

PIATT COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 Year ended November 30, 2016

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,521,147		127,309	7,648,456
Operating grants			547,175	547,175
Miscellaneous	79,521		300	79,821
Total operating revenues	7,600,668	-	674,784	8,275,452
Operating expenses:				
General government				
Health and welfare	9,731,689			9,731,689
Transportation			896,150	896,150
Total operating expenses	9,731,689	-	896,150	10,627,839
Operating income (loss)	(2,131,021)	-	(221,366)	(2,352,387)
Non-operating revenues (expenses):				
Non-operating revenues net of expenses	620,267			620,267
Investment income	1,613	84,172	237	86,022
Vehicle grant	57,000		113,510	170,510
Interest on long-term debt	(117,163)	(69,192)		(186,355)
Total non-operating revenues (expenses)	561,717	14,980	113,747	690,444
Income (loss) before operating transfers	(1,569,304)	14,980	(107,619)	(1,661,943)
Inter-County transfers	1,400,729		68,315	1,469,044
Transfer of Faith in Action funds (to) Foundation	(35,363)			(35,363)
Change in net position	(203,938)	14,980	(39,304)	(228,262)
Net position, beginning of year	4,596,442	24,607	1,306,137	5,927,186
Net position, end of year	\$ 4,392,504	39,587	1,266,833	5,698,924

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
13,921		13,921
13,921	-	13,921
(13,921)	-	(13,921)
883		883
883	-	883
(13,038)	-	(13,038)
(13,038)	-	(13,038)
575,898		575,898
562,860	-	562,860

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year ended November 30, 2016

	Business-type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,180,268		117,052
Receipts from operating grants			846,043
Payments to suppliers of goods or services	(3,397,282)		(353,990)
Payments to employees	(5,666,575)		(392,487)
Net cash flows from operating activities	(1,883,589)	-	216,618
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Property tax revenue	415,608		
Transfer of Faith in Action Funds to Foundation	(35,363)		
Transfers (to) from other funds	1,400,729		68,315
Net cash flows from non capital financing activities	1,780,974	-	68,315
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(456,860)		(156,630)
Proceeds on sale of capital assets	300		300
Principal payments on debt certificates	(60,000)		
Principal payments on revenue bonds	(40,000)	(650,000)	
Principal payments on note payable	(18,282)		
Proceeds from capital lease payments		650,000	
Repayment of loan proceeds to Working Cash fund			(176,395)
Foundation contributions for asset purchase	182,611		
Vehicle grant received	57,000		
Interest expense paid on bonds and notes	(117,163)	(70,457)	
Net cash flows from capital and related financing activities	(452,394)	(70,457)	(332,725)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,613	84,172	235
Scholarship, PCSS and FIA	(13,777)		
Net cash flows from investing activities	(12,164)	84,172	235
Net increase (decrease) in cash and cash equivalents	(567,173)	13,715	(47,557)
Cash and cash equivalents, beginning of year	1,663,842	36,004	78,033
Cash and cash equivalents, end of year	\$ 1,096,669	49,719	30,476

(Continued)

Total Business-Type Activities	Governmental Activities - Modified Cash Basis		
	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
7,297,320			
846,043			
(3,751,272)	(13,921)		(13,921)
(6,059,062)			
(1,666,971)	(13,921)	-	(13,921)
415,608			
(35,363)			
1,469,044		(11,973)	(11,973)
1,849,289	-	(11,973)	(11,973)
(613,490)			
600			
(60,000)			
(690,000)			
(18,282)			
650,000			
(176,395)			
182,611			
57,000			
(187,620)			
(855,576)	-	-	-
86,020	883		883
(13,777)			
72,243	883	-	883
(601,015)	(13,038)	(11,973)	(25,011)
1,777,879	575,898	184,214	760,112
1,176,864	562,860	172,241	735,101

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 Year ended November 30, 2016

	Business-Type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (2,131,021)		(221,366)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	362,899		132,333
Gain on sale of fixed assets			(300)
Fixed asset additions in accounts payable	14,131		156,682
Bad debt expense	324,174		
(Increase) decrease in assets:			
Accounts receivable	(734,021)		288,612
Inventory	377		
Increase (decrease) in liabilities:			
Accounts payable	268,076		(139,343)
Accrued payroll and employee benefits	22,349		
Security deposits	(10,553)		
Net cash flows from operating activities	\$ (1,883,589)	-	216,618
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Vehicle acquired through capital assistance grant	\$ -	-	113,510
Capital assets paid for directly by Piatt County Nursing Home Foundation	\$ 35,525	-	-

See Notes to Financial Statements.

Total Business-Type Activities	Governmental Activities - Modified Cash Basis		
	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
(2,352,387)	(13,921)		(13,921)
495,232			
(300)			
170,813			
324,174			
(445,409)			
377			
128,733			
22,349			
(10,553)			
(1,666,971)	(13,921)	-	(13,921)
113,510	-	-	-
35,525	-	-	-

PIATT COUNTY, ILLINOIS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

November 30, 2016

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,461,020
Due from General Fund	<u>12,459</u>
Total assets	<u><u>1,473,479</u></u>
Liabilities	
Due to other governments	844,016
Due to other funds	62,068
Due to others	<u>567,395</u>
Total liabilities	<u><u>\$ 1,473,479</u></u>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2016

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, 2016, the same as the County. The ETSB's November 30, 2016, financial statements are included herein.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

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, 2016, 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 financial statements included in this report are from the fiscal year ended November 30, 2016, and have not been audited.

During the fiscal year ended November 30, 2016, the Foundation distributed \$ 218,136 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. The County Board also assists in appointing board members to the DeWitt Piatt Bi-County Health Department.

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

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, 2016

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.

Matching Fund - This fund accounts for funds derived from property tax revenue to be used upon board approval for transportation and similar construction projects.

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, 2016

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

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

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

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

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

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

Component Units: Each component unit financial statement included herein is prepared using the accrual basis of accounting, except for ETSB, which is prepared on the modified cash basis of accounting.

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

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

For private pay, IDPA patient liability and other receivables, if an amount becomes over 180 days past due, the account is reviewed by the Nursing Home administration. Once an amount is deemed uncollectible, it is written off. As of November 30, 2016, the Nursing Home had an allowance for doubtful accounts of \$ 100,000 to cover questionable accounts.

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

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 52,800 for the year ended June 30, 2016.

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, 2016

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, 2016

Note 1 - Summary of Significant Accounting Policies, continued

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

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

The County follows these procedures in establishing its budgetary data:

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

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

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, 2016

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

Note 2 - Deposits and Investments

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

Deposits - Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy indicates that the Treasurer requires collateralization of public deposits be performed through pledging of appropriate securities by the depositories. As of November 30, 2016, the County's bank balances of \$ 12,700,251 (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, 2016, the bank balances of these cash deposits totaled \$ 89,482 and were fully insured by federal depository insurance or collateralized by securities held by a financial institution's trust department or agent in the County funds' names.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2016

Note 2 - Deposits and Investments, continued

Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2016, none of the Piatt County Mental Health Center's bank balances of \$ 1,652,233 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2016, ETSB's cash account with a bank balance of \$ 96,265 was covered by federal insurance or collateralized by the pledging financial institution's trust department or agent in favor of the Board.

Piatt County Nursing Home Foundation: At June 30, 2016, none of the Piatt County Nursing Home Foundation's bank balances of \$ 112,528 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 2016 represents collection of the 2015 taxes. Real property taxes for the 2016 levy will be collected in and are intended to finance 2017 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, 2016

Note 3 - Property Taxes, continued

The following are the taxes levied per \$ 100 of assessed valuation (\$ 416,073,017 for the 2015 Levy):

	Maximum Rate	2015 Levy
General Corporate	.27000	.21030
County Highway	.10000	.10000
Bridge Fund	.05000	.05000
Illinois Municipal Retirement		.18026
Federal Aid Matching	.05000	.05000
T.B. Sanitarium	.05200	.00379
Health Unit	.06800	.04923
Bonds and Interest		.17197
Veterans' Assistance Commission	.03000	.00378
Unemployment Insurance		.01988
Nursing Home	.10000	.10000
Social Security		.16945
Piatt County Cooperative Extension	.03000	.02428
		<u>1.13294</u>

Note 4 - Interfund Receivables, Payables and Transfers

Individual fund receivable/payable balances at November 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
General	PCO Bond Maintenance	<u>\$ 172,241</u>

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 4 - Interfund Receivables, Payables and Transfers, continued

A schedule of interfund transfers for the year ended November 30, 2016, is as follows:

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ (437,986)
Nursing Home Fund	IMRF Fund	(486,975)
Nursing Home Fund	Social Security Fund	(426,170)
Nursing Home Fund	Unemployment Fund	(49,597)
Transportation Fund	IMRF Fund	(34,706)
Transportation Fund	Social Security Fund	(29,504)
Transportation Fund	Unemployment Fund	(4,105)
Net Transfers - Governmental Funds		<u><u>\$(1,469,043)</u></u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 437,986
Nursing Home Fund	IMRF Fund	486,975
Nursing Home Fund	Social Security Fund	426,170
Nursing Home Fund	Unemployment Fund	49,597
Transportation Fund	IMRF Fund	34,706
Transportation Fund	Social Security Fund	29,504
Transportation Fund	Unemployment Fund	4,105
Net Transfers - Proprietary Funds		<u><u>\$ 1,469,043</u></u>

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 5 - Capital Assets

Capital activity for the year ended November 30, 2016, was as follows:

	Balance December 1, 2015	Increases	Decreases	Balance November 30, 2016
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 317,500			317,500
Total capital assets not being depreciated	317,500	-	-	317,500
Capital assets being depreciated:				
Buildings and improvements	11,449,572	15,900		11,465,472
Machinery and equipment	235,782			235,782
Vehicles	541,085	40,089		581,174
Furniture and fixtures	183,606			183,606
Office equipment	622,576	5,608		628,184
Other equipment	315,515			315,515
Infrastructure	90,258			90,258
Total capital assets being depreciated	13,438,394	61,597	-	13,499,991
Less accumulated depreciation for:				
Buildings and improvements	3,066,787	292,608		3,359,395
Machinery and equipment	163,038	15,667		178,705
Vehicles	341,590	53,063		394,653
Furniture and fixtures	183,606			183,606
Office equipment	409,598	33,190		442,788
Other equipment	227,438	16,578		244,016
Infrastructure	6,770	4,513		11,283
Total accumulated depreciation	4,398,827	415,619	-	4,814,446
Total capital assets being depreciated, net	9,039,567	(354,022)	-	8,685,545
Governmental activity, capital assets, net	\$ 9,357,067	(354,022)	-	9,003,045

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 5 - Capital Assets, continued

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 102,021
Public safety	265,981
Judiciary and legal	8,784
Transportation	<u>38,833</u>
	<u>\$ 415,619</u>

	Balance December 1, 2015	Additions	Deletions	Balance November 30, 2016
<u>Business-type activities:</u>				
Nursing Home:				
Capital assets not being depreciated:				
Land	\$ 123,390			<u>123,390</u>
Capital assets being depreciated:				
Ground improvements	69,223	27,083		<u>96,306</u>
Buildings	6,200,691			<u>6,200,691</u>
Equipment	1,019,173	244,656		<u>1,263,829</u>
Building improvements	1,540,562	206,517		<u>1,747,079</u>
Total capital assets being depreciated	<u>8,829,649</u>	<u>478,256</u>	<u>-</u>	<u>9,307,905</u>
Less accumulated depreciation for:				
Ground improvements	42,194	5,649		<u>47,843</u>
Buildings	3,148,577	162,547		<u>3,311,124</u>
Equipment	517,728	118,492		<u>636,220</u>
Building improvements	577,959	76,211		<u>654,170</u>
Total accumulated depreciation	<u>4,286,458</u>	<u>362,899</u>	<u>-</u>	<u>4,649,357</u>
Total capital assets being depreciated, net	<u>4,543,191</u>	<u>115,357</u>	<u>-</u>	<u>4,658,548</u>
Nursing Home capital assets, net	<u>\$ 4,666,581</u>	<u>115,357</u>	<u>-</u>	<u>4,781,938</u>

Total depreciation expense for the Nursing Home in 2016 was \$ 362,899.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 5 - Capital Assets, continued

	Balance December 1, 2015	Additions	Deletions	Balance November 30, 2016
<u>Business-type activities:</u>				
Piatt County Public Transportation:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	982,105			982,105
Vehicles	934,229	113,510	207,741	839,998
Equipment	107,206			107,206
Total capital assets being depreciated	2,023,540	113,510	207,741	1,929,309
Less accumulated depreciation for:				
Building	160,198	24,553		184,751
Vehicles	685,304	93,179	207,741	570,742
Equipment	90,074	14,601		104,675
Total accumulated depreciation	935,576	132,333	207,741	860,168
Total capital assets being depreciated, net	1,087,964	(18,823)	-	1,069,141
Piatt County Public Transportation capital assets, net	1,092,964	(18,823)	-	1,074,141
Business-type activities, capital assets, net	\$ 5,759,545	96,534	-	5,856,079

Total depreciation expense for Piatt County Public Transportation in 2016 was \$ 132,333.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 5 - Capital Assets, continued

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Component units:</u>				
Piatt County Mental Health Center:				
Capital assets being depreciated:				
Building	\$ 323,089	153,778		476,867
Equipment, furniture and fixtures, and building improvements	438,057	70,449	37,540	470,966
Construction in progress	68,355		68,355	
Total capital assets being depreciated	829,501	224,227	105,895	947,833
Less accumulated depreciation for:				
Building	210,486	18,390		228,876
Equipment, furniture and fixtures, and building improvements	315,715	36,693	37,540	314,868
Total accumulated depreciation	526,201	55,083	37,540	543,744
Component units, capital assets, net	\$ 303,300	169,144	68,355	404,089

Total depreciation expense for Piatt County Mental Health Center in 2016 was \$ 55,083.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

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, 2016:

Governmental Activities:

	Balance November 30, 2015	Additions	Reductions	Balance November 30, 2016	Amount Due in One Year
Public Building Revenue Bonds, Series 2011	\$ 1,325,000		(60,000)	1,265,000	60,000
Public Building Refunding Revenue Bonds, Series 2014	590,000		(590,000)		
Contract payable	47,181		(15,727)	31,454	15,727
Total governmental Activities	\$ 1,962,181	-	(665,727)	1,296,454	

Public Building Revenue Bonds:

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

Effective July 1, 2014, the County refinanced \$ 1,915,000 of these bonds as Public Building Refunding Revenue Bonds, Series 2014. The bonds bear interest at varying fixed rates increasing with the length of maturity from 0.25% to 1.25%. The bond issue calls for retirement of principal on October 1, and interest payable April 1 and October 1. The bonds were paid off in 2016.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 6 - Long-Term Debt, continued

Governmental Activities, continued:

Public Building Revenue Bonds, continued:

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

The annual requirements to amortize the remaining outstanding debt of the Series 2011 Public Building Revenue Bonds of \$ 1,265,000 as of November 30, 2016, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2017	\$ 60,000	61,131	121,131	1,205,000
2018	60,000	60,456	120,456	1,145,000
2019	60,000	59,781	119,781	1,085,000
2020	60,000	58,206	118,206	1,025,000
2021	65,000	55,628	120,628	960,000
2022-26	365,000	229,391	594,391	595,000
2027-31	480,000	114,209	594,209	115,000
2032	115,000	3,594	118,594	-
Total	\$ 1,265,000	642,396	1,907,396	

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

Contract Payable:

The County signed into an agreement with Global Technical Systems, Inc. (GTSI) for new radio equipment on April 17, 2015. The agreement calls for a down payment of \$ 20,000 followed by three annual payments of \$ 15,727 due April 17th of each year. Title of the equipment is held by GTSI until final payment is made. Amount due to GTSI at November 30, 2016 is \$ 31,454.

Future payments are as follows:

2017	\$ 15,727
2018	15,727
	<u>\$ 31,454</u>

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 6 - Long-Term Debt, continued

Business-type Activities:

	Balance November 30, 2015	Additions	Reductions	Balance November 30, 2016	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 905,000		60,000	845,000	60,000
Revenue Bond, Maple Point, Series 2007	1,760,000		40,000	1,720,000	60,000
Note payable	49,858		18,279	31,579	19,944
Accrued employee benefits	179,571		32,303	147,268	32,268
Total business-type activities	\$ 2,894,429	-	150,582	2,743,847	

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
2017	\$ 60,000	39,812	99,812	785,000
2018	65,000	37,263	102,263	720,000
2019	65,000	34,500	99,500	655,000
2020	70,000	31,574	101,574	585,000
2021	75,000	28,250	103,250	510,000
2022-26	415,000	85,677	500,677	95,000
2027-28	95,000	4,749	99,749	-
Total	\$ 845,000	261,825	1,106,825	

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 6 - Long-Term Debt, continued

Business-type Activities, continued:

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

Year ending November 30	Principal	Interest	Total	Balance
2017	\$ 60,000	73,100	133,100	1,660,000
2018	60,000	70,550	130,550	1,600,000
2019	60,000	68,000	128,000	1,540,000
2020	60,000	65,450	125,450	1,480,000
2021	60,000	62,900	122,900	1,420,000
2022-26	340,000	275,400	615,400	1,080,000
2027-31	420,000	195,500	615,500	660,000
2032-36	540,000	96,900	636,900	120,000
2037	120,000	5,100	125,100	-
Total	\$ 1,720,000	912,900	2,632,900	

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

Annual note payments required are as follows:

2017	\$ 19,944
2018	11,635
	<u>\$ 31,579</u>

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

Legal Debt Margin: The Illinois Compiled Statutes provide that the net general obligation debt of the County, exclusive of certain exempt debt, should not exceed 2.875 percent of the total assessed valuation of the County. The effect of the debt limitations described above is an overall debt margin of \$ 11,054,066 at November 30, 2016.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 7 - Capital Lease

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

<u>Year ending November 30</u>	<u>Total Payment</u>
2017	<u>\$ 26,072</u>

The assets acquired through the capital lease are as follows:

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

Note 8 - Multiple Facilities Lease

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

Lease payments are due each September 25 for the succeeding year and are divisible into a debt service component and a facilities rent portion. The debt service component is payable in order to retire the bonds issued by PCPBC. The facilities rent component reflects the amounts necessary to cover operations and maintenance expenditures of the buildings. The following is a schedule of the future minimum lease payments under the leases and the present value of the net minimum lease payments at November 30, 2016:

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2016

Note 8 - Multiple Facilities Lease, continued

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2017	\$ 52,869	60,000	61,131	121,131
2018	53,544	60,000	60,456	120,456
2019	54,219	60,000	59,781	119,781
2020	55,793	60,000	58,206	118,206
2021	53,375	65,000	55,628	120,628
2022-26	275,609	365,000	229,391	594,391
2027-31	275,790	480,000	114,209	594,209
2032	55,406	115,000	3,595	118,595
Total	\$ 876,602	1,265,000	642,397	1,907,397

Note 9 - Pension Plan

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

IMRF Plan Description: The Piatt County, Illinois' defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Piatt County, Illinois' plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report is available for download at www.imrf.org.

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2016

Note 9 - Pension Plan, continued

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

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

Employees Covered by Benefit Terms: As of December 31, 2015, the following employees were covered by the benefit terms:

	Regular	SLEP
Retirees and beneficiaries currently receiving benefits	201	6
Inactive plan members entitled to but not yet receiving benefits	190	7
Active plan members	261	12
Total	652	25

Contributions: As set by statute, the County's Regular and SLEP plan members are required to contribute 4.50% and 7.50%, respectively, of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2015 for Regular and SLEP was 9.32% and 17.13%, respectively. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 9 - Pension Plan, continued

Actuarial Assumptions, continued:

- **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.49%.
- **Projected Retirement Age** was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- For **Non-Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2015 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17	7.59
Fixed Income	27	3.00
Real Estate	8	6.00
Alternative Investments	9	2.75 - 8.15
Cash Equivalents	1	2.25
Total	100%	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 9 - Pension Plan, continued

Single Discount Rate: A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2014	\$ 41,649,825	40,766,734	883,091
Changes for the year:			
Service cost	1,005,613		1,005,613
Interest on the total pension liability	3,071,700		3,071,700
Changes of benefit terms			
Differences between expected and actual experience of the total pension liability	15,597		15,597
Changes of assumptions	50,707		50,707
Contributions - employer		939,565	(939,565)
Contributions - employees		456,431	(456,431)
Net investment income		201,341	(201,341)
Benefit payments, including refunds of employee contributions	(2,393,250)	(2,393,250)	
Other (net transfers)		334,155	(334,155)
Net changes	1,750,367	(461,758)	2,212,125
Balances at December 31, 2015	\$ 43,400,192	40,304,976	3,095,216

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2016

Note 9 - Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.49%)	Current (7.49%)	1% Higher (8.49%)
Net Pension Liability	\$ 8,599,326	3,095,216	(1,388,445)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended November 30, 2016, the County recognized pension expense of \$ 970,956. Under GAAP, at November 30, 2016, the County would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Deferred Amounts Related to Pensions			
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods:</i>			
Differences between expected and actual experience	\$ 97,622	83,415	14,207
Changes of assumptions	767,975		767,975
Net difference between projected and actual earnings on pension plan investments	2,589,642		2,589,642
Total deferred amounts to be recognized in pension expense in future periods	3,455,239	83,415	3,371,824
<i>Pension Contributions Made Subsequent to the Measurement Date</i>	981,752		981,752
Total Deferred Amounts Related to Pensions	\$ 4,436,991	83,415	4,353,576

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2016

Note 9 - Pension Plan, continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued: These amounts are not recorded in the financial statements because the County reports on the modified cash basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 1,986,315
2017	1,004,563
2018	731,771
2019	597,722
2020	26,340
Thereafter	6,865
Total	<u>\$ 4,353,576</u>

Note 10 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. In December 1988, the County established a Self-Insurance Reserve Fund, which was funded by the sale of \$ 2,500,000 in General Obligation Bonds. This fund enabled the County to self-insure workers' compensation, general liability, automobile liability, automobile physical damage, and public official errors and omissions claims. As of November 30, 2015, the County is no longer self-insuring these policies. There are still open workers' compensation claims, and those will be paid from this fund. It has been determined that these funds may also be used for other purposes such as the payment of employee physicals costs and to help cover health insurance premiums paid by the County. The County has \$ 562,860 in reserves at November 30, 2016 to cover current and future potential self-insurance claims and other allowed costs.

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2016

Note 11 - Commitments

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

During November 2015, the County entered into a twenty-four month contract for computer software, service, and support in connection with the 2016 election cycle. The new twenty-four month agreement calls for quarterly payments of \$ 8,699 based on a total contract price of \$ 69,592. Total remaining on the contract at November 30, 2016, was \$ 26,097.

During December 2014, the County entered into a five-year agreement for computer software, service, and support in connection with the property tax cycle. Quarterly payments are due based on a total contract price of \$ 66,892. Total remaining on the contract at November 30, 2016 was \$ 31,917.

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, 2016 there were two retirees participating in this plan.

Note 13 - Net Position/Fund Equity

Restricted net position in Piatt County Nursing Home - During the fiscal year ended November 30, 1984, Piatt County established the Funded Depreciation Fund to acquire and replace equipment and betterments within the Nursing Home. The fund is restricted and cannot be used for general operating expenses; therefore, net position is restricted for this purpose. This fund is funded by periodic transfers from the Operating Fund. The balance as of November 30, 2016 was \$ 35,098. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2016 was \$ 57,683.

The Nursing Home also restricts net position for the Piatt County Service for Seniors Program (PCSS). A separate bank account has been set up for this program. Money for this program is restricted and cannot be used for general operating expenses. The balance at November 30, 2016 for PCSS was \$ 8,319.

Finally, the Nursing Home shows as restricted cash and cash equivalents \$ 123,600 at November 30, 2016, which represents amounts set aside for upcoming bond payments, as required by the related bond ordinance.

SUPPLEMENTARY INFORMATION

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS

November 30, 2016

	Special Revenue Funds			
	Highway Fund	Bridge Fund	Illinois Municipal Retirement Fund	Court Automation Fund
<u>ASSETS</u>				
Cash	\$ 69,799	788,318	216,538	18,219
Due from other funds	488,830			
TOTAL ASSETS	558,629	788,318	216,538	18,219
<u>FUND BALANCES</u>				
Restricted	558,629	788,318	216,538	18,219
Total fund balances	558,629	788,318	216,538	18,219
TOTAL FUND BALANCES	\$ 558,629	788,318	216,538	18,219

(Continued)

Special Revenue Funds

Document Storage Fund	Probation Fees Fund	Social Security/ FICA Fund	TB Care Fund	Unemployment Comp Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)

November 30, 2016

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund
<u>ASSETS</u>					
Cash	\$ 6,280	59,587	24,099	4,556	3,044
Due (to)/from other funds					
TOTAL ASSETS	6,280	59,587	24,099	4,556	3,044
<u>FUND BALANCES</u>					
Restricted	6,280	59,587	24,099	4,556	3,044
Total fund balances	6,280	59,587	24,099	4,556	3,044
TOTAL FUND BALANCES	\$ 6,280	59,587	24,099	4,556	3,044

Special Revenue Funds												
Court Improvement Fund	Court Security Fund	Treasurer Automation Fund	Veterans Assistance Commission Fund	Treasurer Indemnity Fund	Township Bridge Fund	IDNS Fund	Cannabis Control Fund	Support Administration Fund	Sheriff's Forfeiture Fund	Death Examiner Fund	Highway Safety Hire-Back Fund	Total Nonmajor Governmental Funds
15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	2,627,181
												488,830
15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	3,116,011
15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	3,116,011
15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	3,116,011
15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	3,116,011

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2016

	Special Revenue Funds			
	Highway Fund	Bridge Fund	Illinois Municipal Retirement Fund	Court Automation Fund
Revenues:				
Taxes	\$ 415,607	207,804	749,899	
Intergovernmental	47,295	87,377		
Fines, fees, forfeitures				20,792
Interest on investments			397	
Miscellaneous	2,137			
Total revenues	465,039	295,181	750,296	20,792
Expenditures:				
Current:				
General control and administration			440,373	
Public safety				
Public health and welfare				
Judiciary and legal				43,876
Transportation	433,047	344,218		
Capital outlay				
Total expenditures	433,047	344,218	440,373	43,876
Excess (deficiency) of revenues over (under) expenditures	31,992	(49,037)	309,923	(23,084)
Other financing sources (uses):				
Transfers in (out)			(521,681)	
Total other financing sources (uses)	-	-	(211,758)	-
Net change in fund balances	31,992	(49,037)	(211,758)	(23,084)
Fund balances, beginning of year	526,637	837,355	428,296	41,303
Fund balances, end of year	\$ 558,629	788,318	216,538	18,219

(Continued)

Special Revenue Funds								
Document Storage Fund	Probation Fees Fund	Social Security/ FICA Fund	TB Care Fund	Unemployment Compensation Fund	Working Cash Fund	Document Storage Circuit Clerk Fund	Medical Fund	Piatt County Drug Enforcement Fund
		704,249	15,750	82,623				
13,856	42,790					20,844	725	3,954
13,856	42,790	704,249	15,750	82,623	-	20,844	725	3,954
37,945	55,697	321,740		29,671		11,530		10,081
			4,970					
37,945	55,697	321,740	4,970	29,671	-	11,530	-	10,081
(24,089)	(12,907)	382,509	10,780	52,952	-	9,314	725	(6,127)
		(455,674)		(53,702)				
-	-	(455,674)	-	(53,702)	-	-	-	-
(24,089)	(12,907)	(73,165)	10,780	(750)	-	9,314	725	(6,127)
60,222	200,532	391,718	80,769	210,035	148,505	73,632	23,981	29,329
36,133	187,625	318,553	91,549	209,285	148,505	82,946	24,706	23,202

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2016

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	4,045	47,517	8,929	954
Interest on investments				
Miscellaneous				
Total revenues	4,045	47,517	8,929	954
Expenditures:				
Current:				
General control and administration		46,399	1,281	
Public safety	1,786			
Public health and welfare				
Judiciary and legal				
Transportation				
Capital outlay				
Total expenditures	1,786	46,399	1,281	-
Excess (deficiency) of revenues over (under) expenditures	2,259	1,118	7,648	954
Other financing sources (uses):				
Transfers in (out)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2,259	1,118	7,648	954
Fund balances, beginning of year	4,021	58,469	16,451	3,602
Fund balances, end of year	\$ 6,280	59,587	24,099	4,556

Special Revenue Funds													
Pet Population Control Fund	Court Improvement Fund	Court Security Fund	Treasurer Automation Fund	Veterans Assistance Commission Fund	Treasurer Indemnity Fund	Township Bridge Fund	IDNS Fund	Cannabis Control Fund	Support Administration Fund	Sheriff's Forfeiture Funds	Death Examiner Fund	Highway Safety Hire-Back Fund	Total Nonmajor Governmental Funds
				16,077			7,660						2,192,009
4,210	2,646	8,640	4,540		3,900				4,825	5,765			142,332
	1	40	27	32	89	40		1	24			3	198,932
							1,918						654
													4,055
4,210	2,647	8,680	4,567	16,109	3,989	40	9,578	1	4,849	5,765	-	3	2,537,982
4,931			1,104	14,783			5,582			500	110		960,523
													22,990
													4,970
													43,876
													777,265
													-
4,931	-	-	1,104	14,783	-	-	5,582	-	-	500	110	-	1,809,624
(721)	2,647	8,680	3,463	1,326	3,989	40	3,996	1	4,849	5,265	(110)	3	728,358
													(1,031,057)
-	-	-	-	-	-	-	-	-	-	-	-	-	(1,031,057)
(721)	2,647	8,680	3,463	1,326	3,989	40	3,996	1	4,849	5,265	(110)	3	(302,699)
3,765	12,997	35,478	25,638	30,669	87,984	39,922	2,623	1,468	20,551	19,585	142	3,031	3,418,710
3,044	15,644	44,158	29,101	31,995	91,973	39,962	6,619	1,469	25,400	24,850	32	3,034	3,116,011

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS

Year ended November 30, 2016

	Balance December 1, 2015	Additions	Reductions	Balance November 30, 2016
<u>ASSETS</u>				
Cash and cash equivalents:				
Held by County Clerk:				
County clerk accounts	\$ 151,610	674,096	591,193	234,513
Held by Treasurer:				
General trust	5,807	1		5,808
General trust	48,042	232,668		280,710
Earnings fees	173			173
Collector cash	723,876	31,419,649	32,038,344	105,181
Revolving tax sale	9,056	13,071	10,699	11,428
Trustee payments		2,007		2,007
Department of Justice asset forfeiture	1,140			1,140
Held by Circuit Clerk:				
Circuit clerk accounts	88,190	82,691	108,800	62,081
Held by Piatt County Highway Department:				
Township motor fuel tax	380,275	1,219,028	867,084	732,219
Held by Piatt County Sheriff:				
Sheriff's warrant fee account	2,414	86,385	76,729	12,070
Held by Piatt County Nursing Home:				
Resident accounts	13,403	287		13,690
Total cash and cash equivalents	1,423,986	33,729,883	33,692,849	1,461,020
Due from other funds:				
General fund	12,459			12,459
TOTAL ASSETS	\$ 1,436,445	33,729,883	33,692,849	1,473,479

PIATT COUNTY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS, Continued
Year ended November 30, 2016

	Balance December 1, 2015	Additions	Reductions	Balance November 30, 2016
<u>LIABILITIES</u>				
Due to Other Governments:				
Due to area drainage districts	\$ 10,701	620,902	629,990	1,613
Due to local townships	380,275	1,219,028	867,084	732,219
Due to other counties	2,414	86,385	76,729	12,070
Illinois Department of Public Health	48	268	308	8
Illinois Department of Revenue	10,344	401,910	384,038	28,216
Illinois Municipal Retirement Fund	288		110	178
Illinois State Treasurer	45	740	755	30
Property taxes due to other governments	669,483	26,100,903	26,702,621	67,765
State of Illinois Rural Housing program	1,593	25,110	24,786	1,917
Due to Other Funds:				
Due to other funds	48,154	182,931	181,248	49,837
Property taxes due to other funds	17,696	4,710,915	4,716,380	12,231
Due to Others:				
Bond refunds payable	73,171	82,608	77,273	78,506
Due to individual taxpayers	53,849	232,669		286,518
Due to insurance companies for current and future claims	126,355	63,137		189,492
Due to others	28,618	2,090	31,527	(819)
Due to residents of PCNH and MP	13,403	287		13,690
Mass Mutual - Elective deferred compensation program	8			8
TOTAL LIABILITIES	\$ 1,436,445	33,729,883	33,692,849	1,473,479

PIATT COUNTY, ILLINOIS

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT SYSTEM - REGULAR
December 31, 2015**

	2015	2014
Total Pension Liability:		
Service cost	\$ 886,315	940,363
Interest on the total pension liability	2,702,753	2,514,909
Benefits changes		
Differences between expected and actual experience	(43,414)	(98,971)
Assumptions changes	44,101	1,318,626
Benefit payments and refunds	(2,165,905)	(2,120,706)
Net Change in Total Pension Liability	1,423,850	2,554,221
Total Pension Liability - Beginning	36,676,506	34,122,285
Total Pension Liability - Ending (A)	\$ 38,100,356	36,676,506
Plan Fiduciary Net Position:		
Employer contributions	\$ 822,884	818,488
Employees contributions	405,344	395,965
Net investment income	178,678	2,115,586
Benefit payments and refunds	(2,165,905)	(2,120,706)
Other	301,506	(139,784)
Net Change in Plan Fiduciary Net Position	(457,493)	1,069,509
Plan Fiduciary Net Position - Beginning	36,204,395	35,134,886
Plan Fiduciary Net Position - Ending (B)	\$ 35,746,902	36,204,395
Net Position Liability - Ending (A)-(B)	\$ 2,353,454	472,111
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.82%	98.71%
Covered Valuation Payroll	\$ 8,825,484	8,209,802
Net Pension Liability as a Percentage of Covered Valuation Payroll	26.67%	5.75%

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

PIATT COUNTY, ILLINOIS

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT SYSTEM - SLEP
December 31, 2015**

	2015	2014
Total Pension Liability:		
Service cost	\$ 119,298	121,918
Interest on the total pension liability	368,947	340,039
Benefits changes		
Differences between expected and actual experience	59,011	67,323
Assumptions changes	6,606	79,143
Benefit payments and refunds	(227,345)	(216,006)
Net Change in Total Pension Liability	326,517	392,417
Total Pension Liability - Beginning	4,973,319	4,580,902
Total Pension Liability - Ending (A)	\$ 5,299,836	4,973,319
Plan Fiduciary Net Position:		
Employer contributions	\$ 116,681	132,069
Employees contributions	51,087	48,880
Net investment income	22,663	262,663
Benefit payments and refunds	(227,345)	(216,006)
Other	32,649	11,259
Net Change in Plan Fiduciary Net Position	(4,265)	238,865
Plan Fiduciary Net Position - Beginning	4,562,339	4,323,474
Plan Fiduciary Net Position - Ending (B)	\$ 4,558,074	4,562,339
Net Position Liability - Ending (A)-(B)	\$ 741,762	410,980
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.00%	91.74%
Covered Valuation Payroll	\$ 681,153	642,738
Net Pension Liability as a Percentage of Covered Valuation Payroll	108.90%	63.94%

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

PIATT COUNTY, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
- ILLINOIS MUNICIPAL RETIREMENT SYSTEM
December 31, 2015**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage Of Covered Valuation Payroll
Regular:					
2014	\$ 785,678	818,448	(32,770)	8,209,802	9.97%
2015	822,535	822,884	(349)	8,825,484	9.32%
SLEP:					
2014	130,090	132,069	(1,979)	642,738	20.55%
2015	116,682	116,681	1	681,153	17.13%

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

PIATT COUNTY, ILLINOIS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE*

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation.



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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, 2016, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated August 18, 2017. The financial statements of the Piatt County Mental Health Center were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (16-1 to 16-2).

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.

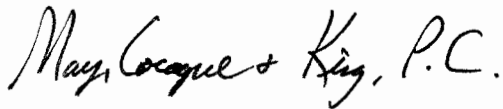
- The County has several bond ordinances that require the establishment of certain bank accounts to provide for the repayment of debt and interest and provide funds for operating needs and lease payments related to the debt issues. The County has not complied with the provisions of the bond ordinances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



Decatur, Illinois
August 18, 2017

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES

November 30, 2016

Material Weaknesses

16-1 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.

16-2 Material Audit Adjustments

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

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

Cause: Multiple causes were identified for these errors including incomplete account reconciliations in the Nursing Home Fund, non-recognition of a non-cash vehicle grant in the Transportation Fund, and more.

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

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES, continued
November 30, 2016

Material Weaknesses, continued

Recommendation: We recommend that the County ensure that all bank accounts of the County are reconciled completely and timely each month. Finally, we recommend that the County ensure that any non-cash grants and similar transactions are recorded and in its proprietary funds (which includes the Nursing Home and Transportation Funds).

County's Response: There is no disagreement with the audit finding. The County is in the process of reviewing its period-end reconciliation process in the Nursing Home Fund. Also, the County will again review its procedures to ensure that all non-cash grants are properly accounted for.