

PIATT COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended November 30, 2019



PIATT COUNTY, ILLINOIS

CONTENTS

November 30, 2019

LIST OF PRINCIPAL OFFICERS

INDEPENDENT AUDITORS' REPORT	1 - 4
FINANCIAL STATEMENTS	
Statement of Net Position - Modified Cash Basis	5 - 8
Statement of Activities - Modified Cash Basis	9 and 10
Governmental Funds:	
Balance Sheet - Cash Basis	11
Reconciliation of the Governmental Funds Balance Sheet - Cash Basis - to the Statement of Net Position - Modified Cash Basis	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis - to the Statement of Activities - Modified Cash Basis	14
Proprietary Funds:	
Statement of Net Position	15 and 16
Statement of Revenues, Expenses, and Changes in Net Position	17 and 18
Statement of Cash Flows	19 - 22
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	23
Notes to Financial Statements	24 - 48

PIATT COUNTY, ILLINOIS

CONTENTS (Continued)

November 30, 2019

SUPPLEMENTARY INFORMATION

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

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

LIST OF PRINCIPAL OFFICERS

November 30, 2019

COUNTY BOARD MEMBERS at November 30, 2019:

District	Representative	District	Representative
1	Dale Lattz	1	Ray Spencer (Chairman)
2	Renee Fruendt	2	Shannon Carroll
3	Randy Shumard	3	Robert Murrell

OTHER ELECTED OFFICIALS at November 30, 2019:

County Clerk & Recorder, Jennifer Harper

Treasurer & Collector, Debbie Marshall

Circuit Clerk, Seth Floyd

State's Attorney, Dana Rhoades

Sheriff, David Hunt

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



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Summary of Opinions

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

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

The financial statements of the Business-Type Activities, Piatt County Mental Health Center (a discretely presented component unit), the Piatt County Nursing Home Fund and Piatt County Public Transportation Fund do not disclose all required components of Governmental Accounting Standards Board Statements No. 75 *Accounting and Financial Reporting for Post-Employment Benefit Other Than Pensions* and No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. The amount by which this departure would affect the assets, fund balance, and revenues of these funds has not been determined.

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, 2019, 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, 2019, 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.

Unmodified 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, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Piatt County Public Building Commission Fund of Piatt County, Illinois as of November 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of Piatt County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piatt County, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Piatt County, Illinois' internal control over financial reporting and compliance.

MCK CPAs & Advisors

Decatur, Illinois
October 15, 2020

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION

November 30, 2019

	Primary Government		
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	Total
Assets			
Cash and cash equivalents	\$ 8,101,113	1,165,543	9,266,656
Investments			
Accounts receivable		1,301,164	1,301,164
Accrued interest receivable			
Inventory		54,799	54,799
Prepaid expense		4,650	4,650
Internal balances		(6,980)	(6,980)
Loan to Piatt County Nursing Home fund			
Restricted cash and cash equivalents		123,600	123,600
	8,101,113	2,642,776	10,743,889
Capital assets:			
Land	317,500	128,390	445,890
Property, plant, and equipment - net	7,996,362	4,829,043	12,825,405
Total capital assets	8,313,862	4,957,433	13,271,295
Total assets	16,414,975	7,600,209	24,015,184
Liabilities			
Accounts payable		553,096	553,096
Accrued expenses		191,465	191,465
Accrued interest		17,157	17,157
Security deposits		19,161	19,161
	-	780,879	780,879
Amounts due within one year:			
Debt certificates		70,000	70,000
Revenue bonds payable	60,000	60,000	120,000
Employee benefits		38,800	38,800
Amounts due in more than one year:			
Employee benefits		155,656	155,656
Debt certificates	210,000	585,000	795,000
Revenue bonds payable	1,025,000	1,480,000	2,505,000
Loan from PCNH Foundation		265,000	265,000
Total debt service	1,295,000	2,654,456	3,949,456
Total liabilities	1,295,000	3,435,335	4,730,335

(Continued)

Component Units - Accrual Basis

Piatt County Mental Health Center	Piatt County Emergency Telephone System Board	Piatt County Nursing Home Foundation (Unaudited)
90,787	103,798	121,461
1,123,746	128,901	754,581
234,644		
		328
33,132		
		265,000
1,482,309	232,699	1,141,370
354,122	251,554	
354,122	251,554	-
1,836,431	484,253	1,141,370
19,948		
61,291		
81,239	-	-
-	-	-
81,239	-	-

PIATT COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)
November 30, 2019

	Primary Government		Total
	Governmental Activities - Modified Cash Basis	Business-Type Activities - Accrual Basis	
Net Position			
Net investment in capital assets	\$ 7,018,862	2,762,433	9,781,295
Restricted for:			
Capital projects		49,622	49,622
Debt retirement		123,600	123,600
Road projects	4,557,042		4,557,042
Self-insurance	330,083		330,083
Other	3,913,232	10,669	3,923,901
Unrestricted	(699,244)	1,218,550	519,306
Total net position	\$ 15,119,975	4,164,874	19,284,849

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)
354,122	251,554	
1,401,070	232,699	1,141,370
1,755,192	484,253	1,141,370

PIATT COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES

Year ended November 30, 2019

		Program Revenues		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,207,618	518,568	29,532	
Public safety	2,936,839	61,744	361,377	
Public health and welfare	31,200			
Judiciary and legal	828,629	61,822	179,693	
Transportation	1,187,034	227,468	517,900	
Culture and recreation	21,000			
Interest on long-term debt	65,989			
Total governmental activities	8,278,309	869,602	1,088,502	-
Business-type Activities:				
Nursing Home	9,322,971	7,492,454		35,409
Public Building Commission	60,891			
Transportation program	1,176,463	174,508	801,068	13,366
Total business-type activities	10,560,325	7,666,962	801,068	48,775
Total primary government	18,838,634	8,536,564	1,889,570	48,775
Component Units:				
Mental Health Center	1,902,667	1,161,843	578,790	
Emergency Telephone System Board	207,924			
Nursing Home Foundation	117,537		119,918	
Total component units	\$ 2,228,128	1,161,843	698,708	-
General Revenues:				
Property taxes				
Income taxes				
Replacement taxes				
Sales and use taxes				
Telephone surcharge				
Restricted for transportation purposes:				
Motor fuel taxes				
Investment earnings				
Miscellaneous				
Gain on disposal of capital assets				
Internal transfers				
Total general revenues				
Change in net position				
Net position, beginning, as restated (Note 13)				
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)
(2,659,518)		(2,659,518)			
(2,513,718)		(2,513,718)			
(31,200)		(31,200)			
(587,114)		(587,114)			
(441,666)		(441,666)			
(21,000)		(21,000)			
(65,989)		(65,989)			
(6,320,205)	-	(6,320,205)			
	(1,795,108)	(1,795,108)			
	(60,891)	(60,891)			
	(187,521)	(187,521)			
-	(2,043,520)	(2,043,520)			
(6,320,205)	(2,043,520)	(8,363,725)			
			(162,034)		
				(207,924)	
					2,381
			(162,034)	(207,924)	2,381
4,043,866	448,896	4,492,762			
560,345		560,345			
2,024,337		2,024,337			
518,720		518,720			
				300,816	
313,390		313,390			
11,884	60,755	72,639	8,557	12,157	52,755
631,074	38,045	669,119			
			2,040		
(1,344,880)	1,344,880				
6,758,736	1,892,576	8,651,312	10,597	312,973	52,755
438,531	(150,944)	287,587	(151,437)	105,049	55,136
14,681,444	4,315,818	18,997,262	1,906,629	379,204	1,086,234
\$ 15,119,975	4,164,874	19,284,849	1,755,192	484,253	1,141,370

PIATT COUNTY, ILLINOIS

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2019**

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,029,211	4,557,042		2,085,576	7,671,829
Investments					
Due from other funds	99,201		1,063,033	791,314	1,953,548
TOTAL ASSETS	1,128,412	4,557,042	1,063,033	2,876,890	9,625,377
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	1,854,347				1,854,347
Fund Balances:					
Restricted		4,557,042	1,063,033	2,850,199	8,470,274
Unassigned, as restated (Note 14)	(725,935)			26,691	(699,244)
Total fund balances (deficits)	(725,935)	4,557,042	1,063,033	2,876,890	7,771,030
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,128,412	4,557,042	1,063,033	2,876,890	9,625,377

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, 2019**

Total fund balances for Governmental Funds	\$ 7,771,030
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,313,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	(1,085,000)
Debt certificate payable	(210,000)
Internal service funds are used to pay for the costs of certain activities, such as insurance, leasing and building maintenance. The assets and liabilities of the internal service funds is included in governmental activities in the statement of net position.	<u>330,083</u>
Net position of governmental activities	<u><u>\$ 15,119,975</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, 2019**

	General	County Motor Fuel Tax	Bridge Fund	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 4,485,711	313,390	227,468	2,434,089	7,460,658
Intergovernmental	566,190	112,440	54,186	355,686	1,088,502
Licenses, permits, fees and fines	635,876			233,726	869,602
Investment income	997	8,794		303	10,094
Miscellaneous	627,939		715	2,422	631,076
Total revenues	6,316,713	434,624	282,369	3,026,226	10,059,932
Expenditures:					
Current:					
General control and administration	2,168,348			921,072	3,089,420
Public safety	2,608,926			12,560	2,621,486
Public health and welfare	27,038			4,162	31,200
Judiciary and legal	827,508				827,508
Transportation		350,609	186,513	618,300	1,155,422
Culture and recreation	21,000				21,000
Capital outlay	166,523			79,894	246,417
Debt service:					
Principal	80,000				80,000
Interest	65,989				65,989
Total expenditures	5,965,332	350,609	186,513	1,635,988	8,138,442
Excess of revenues over expenditures	351,381	84,015	95,856	1,390,238	1,921,490
Other financing sources (uses):					
Transfers out	(482,134)			(862,746)	(1,344,880)
Total other financing sources (uses)	(482,134)	-	-	(862,746)	(1,344,880)
Net change in fund balances	(130,753)	84,015	95,856	527,492	576,610
Fund balances (deficits), beginning of year, as restated (Note 13)	(595,182)	4,473,027	967,177	2,349,398	7,194,420
Fund balances (deficits), end of year	\$ (725,935)	4,557,042	1,063,033	2,876,890	7,771,030

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, 2019**

Net change in fund balances - total governmental funds \$ 576,610

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	\$ 208,050	
Depreciation expense	<u>(427,919)</u>	
		(219,869)

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 1,790

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	60,000
Debt certificates payable	<u>20,000</u>

Change in net position of governmental activities \$ 438,531

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
November 30, 2019**

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,065,870	45,101	54,572	1,165,543
Accounts receivable	1,177,928		123,236	1,301,164
Inventory	54,799			54,799
Lease receivable - current		60,000		60,000
Prepaid expense	4,650			4,650
Noncurrent assets:				
Capital lease receivable		1,025,000		1,025,000
Restricted cash and cash equivalents	123,600			123,600
Capital assets:				
Land	123,390		5,000	128,390
Property, plant, and equipment	9,535,381		1,847,284	11,382,665
Less accumulated depreciation	(5,615,094)		(938,528)	(6,553,622)
Total assets	6,470,524	1,130,101	1,091,564	8,692,189
Liabilities				
Accounts payable	536,674		16,422	553,096
Accrued expenses	191,465			191,465
Accrued interest	7,412	9,745		17,157
Security deposits	19,161			19,161
Due to other funds	6,980			6,980
Amounts due within one year:				
Debt certificates	70,000			70,000
Revenue bonds payable	60,000	60,000		120,000
Employee benefits	38,800			38,800
Amounts due in more than one year:				
Employee benefits	155,656			155,656
Debt certificates	585,000			585,000
Revenue bonds payable	1,480,000	1,025,000		2,505,000
Loan from PCNH Foundation	265,000			265,000
Total liabilities	3,416,148	1,094,745	16,422	4,527,315
Net Position				
Net investment in capital assets	1,848,677		913,756	2,762,433
Restricted:				
Capital projects	49,622			49,622
Debt retirement	123,600			123,600
PCSS	10,669			10,669
Unrestricted	1,021,808	35,356	161,386	1,218,550
Total net position	\$ 3,054,376	35,356	1,075,142	4,164,874

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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330,083	99,201	429,284
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330,083	99,201	429,284
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	99,201	99,201
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-	99,201	99,201
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330,083		330,083
330,083	-	330,083

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2019

	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation	Total Business-Type Activities
Operating revenues:				
Charges for services	\$ 7,492,454		174,508	7,666,962
Operating grants			814,434	814,434
Miscellaneous	44,399		513	44,912
Total operating revenues	7,536,853	-	989,455	8,526,308
Operating expenses:				
Health and welfare	9,220,819			9,220,819
Transportation			1,176,463	1,176,463
Total operating expenses	9,220,819	-	1,176,463	10,397,282
Operating income (loss)	(1,683,966)	-	(187,008)	(1,870,974)
Non-operating revenues (expenses):				
Non-operating revenues net of expenses	477,437			477,437
Investment income	1,261	59,494		60,755
Interest on long-term debt	(102,152)	(60,891)		(163,043)
Total non-operating revenues (expenses)	376,546	(1,397)	-	375,149
Income (loss) before operating transfers	(1,307,420)	(1,397)	(187,008)	(1,495,825)
Inter-County transfers	1,224,756		120,124	1,344,880
Change in net position	(82,664)	(1,397)	(66,884)	(150,945)
Net position, beginning of year, as restated (Note 13)	3,137,040	36,753	1,142,026	4,315,819
Net position, end of year	\$ 3,054,376	35,356	1,075,142	4,164,874

See Notes to Financial Statements.

Governmental Activities
- Modified Cash Basis

Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
-	-	-
-	-	-
-	-	-
1,790		1,790
1,790	-	1,790
1,790	-	1,790
1,790	-	1,790
328,293		328,293
330,083	-	330,083

PIATT COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year ended November 30, 2019

	Business-type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,613,514		160,200
Receipts from operating grants			901,878
Payments to suppliers of goods or services	(2,795,970)		(506,073)
Payments to employees	(4,931,158)		(615,122)
Net cash flows from operating activities	(113,614)	-	(59,117)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Property tax revenue	448,896		
Loan advance from Piatt County			100,000
Loan repayment from Piatt County			(100,000)
Loan repayments from Piatt County Nursing Home Foundation	(65,000)		
Transfers (to) from other funds			120,124
Net cash flows from non capital financing activities	383,896	-	120,124
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(152,308)		(26,519)
Proceeds on sale of capital assets			300
Principal payments on debt certificates	(65,000)		
Principal payments on revenue bonds	(60,000)	(60,000)	
Proceeds from capital lease payments		60,000	
Foundation contributions for asset purchase	10,526		
Interest expense paid on bonds and notes	(102,574)	(61,056)	
Net cash flows from capital and related financing activities	(369,356)	(61,056)	(26,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,261	59,494	
Scholarship, PCSS and FIA	(6,868)		
Net cash flows from investing activities	(5,607)	59,494	-
Net increase (decrease) in cash and cash equivalents	(104,681)	(1,562)	34,788
Cash and cash equivalents, beginning of year	1,170,551	46,663	19,784
Cash and cash equivalents, end of year	\$ 1,065,870	45,101	54,572

(Continued)

Total Business-Type Activities	Governmental Activities - Modified Cash Basis		
	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
7,773,714			
901,878			
(3,302,043)			
(5,546,280)			
(172,731)	-	-	-
448,896			
(65,000)			
120,124		(2,876)	(2,876)
504,020	-	(2,876)	(2,876)
(178,827)			
300			
(65,000)			
(120,000)			
60,000			
10,526			
(163,630)			
(456,631)	-	-	-
60,755	1,790		1,790
(6,868)			
53,887	1,790	-	1,790
(71,455)	1,790	(2,876)	(1,086)
1,236,998	328,293	102,077	430,370
1,165,543	330,083	99,201	429,284

PIATT COUNTY, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
Year ended November 30, 2019**

	Business-Type Activities		
	Piatt County Nursing Home	Piatt County Public Building Commission	Piatt County Public Transportation
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,683,966)		(187,008)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Depreciation	335,285		71,304
Gain on sale of fixed assets			(300)
Fixed asset additions in accounts payable	32,927		
Bad debt expense	353,951		
On-behalf payments made by Piatt County	1,224,756		
Increase in allowance for doubtful accounts	122,059		
(Increase) decrease in assets:			
Accounts receivable	(399,374)		72,923
Inventory	(13,495)		
Prepaid expenses	(4,650)		
Increase (decrease) in liabilities:			
Accounts payable	(15,425)		4,483
Accrued payroll and employee benefits	35,327		(20,519)
Security deposits	25		
Due to Piatt County	(101,034)		
Net cash flows from operating activities	\$ (113,614)	-	(59,117)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital assets paid for directly by Piatt County Nursing Home Foundation	\$ 24,883	-	-

See Notes to Financial Statements.

Governmental Activities - Modified Cash Basis			
Total Business-Type Activities	Self Insurance Fund	PCO Bond Maintenance Fund	Total Internal Service Fund
(1,870,974)			
406,589			
(300)			
32,927			
353,951			
1,224,756			
122,059			
(326,451)			
(13,495)			
(4,650)			
(10,942)			
14,808			
25			
(101,034)			
(172,731)	-	-	-
24,883	-	-	-

PIATT COUNTY, ILLINOIS

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

November 30, 2019

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,668,335
Due from General Fund	12,459
	<hr/>
Total assets	1,680,794
	<hr/>
Liabilities	
Due to other governments	1,196,383
Due to other funds	97,116
Due to others	387,295
	<hr/>
Total liabilities	\$ 1,680,794
	<hr/>

See Notes to Financial Statements.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2019

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

The Piatt County Emergency Telephone System Board (ETSB) is a special unit of local County government, operating under the Emergency Telephone System Act, Chapter 50 ILCS, Section 750/15.4 et seq. of the Illinois Compiled Statutes (ILCS). The ETSB is funded through telephone surcharges and distributes funds to plan, coordinate, and supervise the implementation of an enhanced 9-1-1 system. All members of the ETSB are appointed by the Piatt County Board. The Piatt County Board may at any time change the rate of the surcharge imposed as long as the new rate does not exceed the rate specified in the referendum. As such, the County has significant influence over the ETSB and has included the organization in the reporting entity. The ETSB's year end for financial reporting purposes is November 30, 2019, the same as the County. The ETSB's November 30, 2019, financial statements are included herein.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2019

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, 2019, financial statements are included herein.

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

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

For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the County's financial statements as required by generally accepted accounting principles. No modifications have been made to the Foundation's financial information included in the County's financial report. The financial statements included in this report are from the fiscal year ended November 30, 2019, and have not been audited.

During the fiscal year ended November 30, 2019, the Foundation distributed \$ 35,409 to the Nursing Home. During the year ended November 30, 2018, the Foundation made a loan to the Nursing Home to cover current operating expenses. The balance of that loan at November 30, 2019 is \$ 265,000. The Nursing Home is expected to repay the loan as funds to do so become available.

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

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, 2019

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

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

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

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

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

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

Proprietary Funds: Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of operating income, financial position, changes in net position 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, 2019

Note 1 - Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

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

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

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

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

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 1 - Summary of Significant Accounting Policies, continued

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

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

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

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

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

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

For private pay, DHS patient liability and other receivables, if an amount becomes over 180 days past due, the account is reviewed by the Nursing Home administration. Once an amount is deemed uncollectible, it is written off. As of November 30, 2019, the Nursing Home had an allowance for doubtful accounts of \$ 200,059 to cover questionable accounts.

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

The Mental Health Center's accounts receivables are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts netted with accounts receivable was \$ 10,800 for the year ended June 30, 2019.

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019, the County's bank balances of \$ 12,247,955 (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, 2019, the bank balances of these cash deposits totaled \$ 134,185 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, 2019

Note 2 - Deposits and Investments, continued

Deposits - Custodial Credit Risk, continued:

Piatt County Mental Health Center: At June 30, 2019, none of the Piatt County Mental Health Center's bank balances of \$ 1,142,991 were exposed to custodial credit risk.

Piatt County Emergency Telephone System Board: At November 30, 2019, ETSB's cash account with a bank balance of \$ 107,563 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, 2019, none of the Piatt County Nursing Home Foundation's bank balances of \$ 121,510 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 2019 represents collection of the 2018 taxes. Real property taxes for the 2019 levy will be collected in and are intended to finance 2020 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, 2019

Note 3 - Property Taxes, continued

The following are the taxes levied per \$ 100 of assessed valuation (\$ 461,815,738 for the 2018 Levy):

	Maximum Rate	2018 Levy
General Corporate	0.27000	0.26505
County Highway	0.10000	0.09918
Bridge Fund	0.05000	0.04938
Illinois Municipal Retirement		0.18623
Federal Aid Matching	0.05000	0.04938
T.B. Sanitarium	0.05200	0.00341
Health Unit	0.06800	0.04435
Bonds and Interest		0.02594
Veterans' Assistance Commission	0.03000	0.00340
Unemployment Insurance		0.01791
Nursing Home	0.10000	0.09745
Social Security		0.16890
Piatt County Cooperative Extension	0.03000	0.02188
		<u>1.03246</u>

Note 4 - Interfund Receivables, Payables and Transfers

Individual fund receivable/payable balances at November 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
General	PCO Bond Maintenance	\$ 99,201
Bridges	General	\$ 1,063,033
Highway	General	\$ 694,296
Matching	General	\$ 97,018

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

The General Fund payable amounts to the Bridge, Highway, and Matching funds totaling \$ 1,854,347 represents the General Fund's deficit balance of cash in the Country's pooled cash account at November 30, 2019.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2019

Note 4 - Interfund Receivables, Payables and Transfers, continued

A schedule of interfund transfers for the year ended November 30, 2019, is as follows:

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 463,934
Nursing Home Fund	IMRF Fund	326,037
Nursing Home Fund	Social Security Fund	374,853
Nursing Home Fund	Unemployment Fund	59,931
Transportation Fund	IMRF Fund	48,945
Transportation Fund	Social Security Fund	44,824
Transportation Fund	Unemployment Fund	8,156
Transportation Fund	General Fund	18,200
Transfers Out - Governmental Funds		<u>\$ 1,344,880</u>

Transfers To	Transfers From	Amount
Nursing Home Fund	General Fund	\$ 463,934
Nursing Home Fund	IMRF Fund	326,037
Nursing Home Fund	Social Security Fund	374,853
Nursing Home Fund	Unemployment Fund	59,931
Transportation Fund	IMRF Fund	48,945
Transportation Fund	Social Security Fund	44,824
Transportation Fund	Unemployment Fund	8,156
Transportation Fund	General Fund	18,200
Transfers In - Proprietary Funds		<u>\$ 1,344,880</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, 2019

Note 5 - Capital Assets

Capital activity for the year ended November 30, 2019, was as follows:

	Balance December 1, 2018	Increases	Decreases	Balance November 30, 2019
<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	11,759,844			11,759,844
Machinery and equipment	235,782	82,300		318,082
Vehicles	645,224	103,306	35,695	712,835
Furniture and fixtures	183,606			183,606
Office equipment	628,184	22,444		650,628
Other equipment	315,515			315,515
Infrastructure	90,258			90,258
Total capital assets being depreciated	13,858,413	208,050	35,695	14,030,768
Less accumulated depreciation for:				
Buildings and improvements	3,951,930	306,758		4,258,688
Machinery and equipment	210,040	15,954		225,994
Vehicles	517,075	66,994	35,695	548,374
Furniture and fixtures	183,606			183,606
Office equipment	482,348	20,703		503,051
Other equipment	276,874	12,997		289,871
Infrastructure	20,309	4,513		24,822
Total accumulated depreciation	5,642,182	427,919	35,695	6,034,406
Total capital assets being depreciated, net	8,216,231	(219,869)	-	7,996,362
Governmental activity, capital assets, net	\$ 8,533,731	(219,869)	-	8,313,862

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 5 - Capital Assets, continued

Depreciation was charged to functions of governmental activities as follows:

General government	\$ 111,918
Public safety	283,268
Judiciary and legal	1,121
Transportation	31,612
	<u>\$ 427,919</u>

	Balance December 1, 2018	Additions	Deletions	Balance November 30, 2019
<u>Business-type activities:</u>				
Nursing Home:				
Capital assets not being depreciated:				
Land	\$ 123,390			123,390
Capital assets being depreciated:				
Ground improvements	90,055			90,055
Buildings	6,200,691			6,200,691
Equipment	1,307,041	63,178		1,370,219
Building improvements	1,793,330	81,086		1,874,416
Total capital assets being depreciated	9,391,117	144,264	-	9,535,381
Less accumulated depreciation for:				
Ground improvements	53,372	5,251		58,623
Buildings	3,636,219	148,112		3,784,331
Equipment	794,752	101,320		896,072
Building improvements	795,466	80,602		876,068
Total accumulated depreciation	5,279,809	335,285	-	5,615,094
Total capital assets being depreciated, net	4,111,308	(191,021)	-	3,920,287
Nursing Home capital assets, net	\$ 4,234,698	(191,021)	-	4,043,677

Total depreciation expense for the Nursing Home in 2019 was \$ 335,285.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2019

Note 5 - Capital Assets, continued

	Balance December 1, 2018	Additions	Deletions	Balance November 30, 2019
<u>Business-type activities:</u>				
Piatt County Public Transportation:				
Capital assets not being depreciated:				
Land	\$ 5,000			5,000
Capital assets being depreciated:				
Building	990,735	26,519		1,017,254
Vehicles*	846,283		52,873	793,410
Equipment	107,206		70,586	36,620
Total capital assets being depreciated	1,944,224	26,519	123,459	1,847,284
Less accumulated depreciation for:				
Building	234,229	24,953		259,182
Vehicles*	649,570	46,029	52,873	642,726
Equipment	106,883	323	70,586	36,620
Total accumulated depreciation	990,682	71,305	123,459	938,528
Total capital assets being depreciated, net	953,542	(44,786)	-	908,756
Piatt County Public Transportation capital assets, net	958,542	(44,786)	-	913,756
Business-type activities, capital assets, net	\$ 5,193,240	(235,807)	-	4,957,433

Total depreciation expense for Piatt County Public Transportation in 2019 was \$ 71,305.

*The December 1, 2018, balance has been restated. See prior period assessment Note 14.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 5 - Capital Assets, continued

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Component unit:</u>				
Piatt County Mental Health Center (PCMHC):				
Capital assets being depreciated:				
Building	\$ 496,577	9,735		506,312
Equipment, furniture and fixtures, and building improvements	544,224	12,037	7,318	548,943
Total capital assets being depreciated	1,040,801	21,772	7,318	1,055,255
Less accumulated depreciation for:				
Building	267,252	19,935		287,187
Equipment, furniture and fixtures, and building improvements	377,954	43,310	7,318	413,946
Total accumulated depreciation	645,206	63,245	7,318	701,133
PCMHC, capital assets, net	\$ 395,595	(41,473)	-	354,122

Total depreciation expense for Piatt County Mental Health Center in 2019 was \$ 63,245.

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Component unit:</u>				
Piatt County Emergency Telephone System Board (ETSB):				
Capital assets being depreciated:				
Equipment, furniture and fixtures	\$ 478,811	172,980	68,321	583,470
Less accumulated depreciation for:				
Equipment, furniture and fixtures	368,721	31,516	68,321	331,916
ETSB, capital assets, net	\$ 110,090	141,464	-	251,554

Total depreciation expense for Piatt County Emergency Telephone System Board in 2019 was \$ 31,516.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2019

Note 6 - Long-Term Obligations

The following is a summary of changes in the County's long-term obligations for the year ended November 30, 2019:

Governmental Activities:

	Balance November 30, 2018	Additions	Reductions	Balance November 30, 2019	Amount Due in One Year
Public Building Revenue Bonds, Series 2011	\$ 1,145,000		60,000	1,085,000	60,000
General obligation debt certificate, Series 2018	230,000		20,000	210,000	-
Total governmental Activities	<u>\$ 1,375,000</u>	<u>-</u>	<u>80,000</u>	<u>1,295,000</u>	

Public Building Revenue Bonds:

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

The annual requirements to amortize the remaining outstanding debt of the Series 2011 Public Building Revenue Bonds of \$ 1,085,000 as of November 30, 2019, assuming no early retirements, is as follows:

Year ending November 30	Principal	Interest	Total	Balance
2020	\$ 60,000	59,444	119,444	1,025,000
2021	65,000	56,969	121,969	960,000
2022	65,000	54,288	119,288	895,000
2023	70,000	51,606	121,606	825,000
2024	75,000	48,019	123,019	750,000
2025-29	425,000	178,863	603,863	325,000
2030-32	325,000	41,561	366,561	-
Total	<u>\$ 1,085,000</u>	<u>490,750</u>	<u>1,575,750</u>	

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 6 - Long-Term Obligations, continued

Governmental Activities, continued:

General Obligation Debt Certificates:

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

In March 2020, these debt certificates were paid off (refinanced) with taxable general obligation debt certificates, Series 2020. The amount of new certificates issued was \$ 295,000. Interest rates vary between 2.50% and 3.25%.

Annual debt service requirements to maturity for the new General Obligation Debt Certificates, Series 2020:

Year ending November 30	Principal	Interest	Total	Balance
2020	\$ -	-	-	295,000
2021	20,000	33,254	53,254	275,000
2022	20,000	27,975	47,975	255,000
2023	20,000	27,475	47,475	235,000
2024	20,000	26,975	46,975	215,000
2025-29	125,000	150,375	275,375	90,000
2030-32	90,000	95,775	185,775	-
Total	\$ 295,000	361,829	656,829	

Business-type Activities:

	Balance November 30, 2018	Additions	Reductions	Balance November 30, 2019	Amount Due in One Year
General obligation debt certificates, Series 2007	\$ 720,000		65,000	655,000	70,000
Revenue Bond, Maple Point, Series 2007	1,600,000		60,000	1,540,000	60,000
Accrued employee benefits	175,409	19,048		194,457	38,800
Total business-type activities	\$ 2,495,409	19,048	125,000	2,389,457	168,800

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2019

Note 6 - Long-Term Obligations, continued

Business-type Activities, continued:

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

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

Year ending November 30	Principal	Interest	Total	Balance
2020	\$ 70,000	31,574	101,574	585,000
2021	75,000	28,250	103,250	510,000
2022	75,000	24,688	99,688	435,000
2023	80,000	21,125	101,125	355,000
2024	85,000	17,325	102,325	270,000
2025-28	270,000	27,288	297,288	-
Total	\$ 655,000	150,250	805,250	

The County, on behalf of the Piatt County Nursing Home for the construction of Maple Point ALF, issued \$ 2,000,000 revenue bonds, Series 2007, dated February 14, 2008. Principal is payable on May 1. Interest is payable May 1 and November 1 with an interest rate ranging from 4.25% to 5.00%.

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

Year ending November 30	Principal	Interest	Total	Balance
2020	\$ 60,000	65,450	125,450	1,480,000
2021	60,000	62,900	122,900	1,420,000
2022	60,000	60,350	120,350	1,360,000
2023	60,000	57,800	117,800	1,300,000
2024	60,000	55,250	115,250	1,240,000
2025-29	400,000	229,500	629,500	840,000
2030-34	480,000	139,400	619,400	360,000
2035-37	360,000	30,600	390,600	-
Total	\$ 1,540,000	701,250	2,241,250	

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2019

Note 6 - Long-Term Obligations, continued

Business-type Activities, continued:

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

Legal Debt Margin: The Illinois Compiled Statutes provide that the net general obligation debt of the County, exclusive of certain exempt debt, should not exceed 2.875 percent of the total assessed valuation of the County. The effect of the debt limitations described above is an overall debt margin of \$ 12,412,202 at November 30, 2019.

Note 7 - Multiple Facilities Lease

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

Lease payments are due each September 25 for the succeeding year and are divisible into a debt service component and a facilities rent portion. The debt service component is payable in order to retire the bonds issued by PCPBC. The facilities rent component reflects the amounts necessary to cover operations and maintenance expenditures of the buildings. The following is a schedule of the future minimum lease payments under the leases and the present value of the net minimum lease payments at November 30, 2019:

Year ending November 30	Facilities Rent	Debt Service Component		
		Principal	Interest	Total
2020	\$ 54,556	60,000	59,444	119,444
2021	52,031	65,000	56,969	121,969
2022	54,712	65,000	54,288	119,288
2023	52,394	70,000	51,606	121,606
2024	50,981	75,000	48,019	123,019
2025-29	266,137	425,000	178,863	603,863
2030-32	155,438	325,000	41,561	366,561
Total	\$ 686,249	1,085,000	490,750	1,575,750

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 8 - Pension Plan

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

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

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

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

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

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

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

November 30, 2019

Note 8 - Pension Plan, continued

Contributions: As set by statute, the County's Regular and SLEP plan members are required to contribute 4.50% and 7.50%, respectively, of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2018 for Regular and SLEP was 8.27% and 16.20%, respectively (2019 - 1.39% and 14.82%). The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Employees Covered by Benefit Terms: As of December 31, 2018, the following employees were covered by the benefit terms:

	<u>Regular</u>	<u>SLEP</u>
Retirees and beneficiaries currently receiving benefits	222	7
Inactive plan members entitled to but not yet receiving benefits	235	7
Active plan members	254	12
Total	<u>711</u>	<u>26</u>

Net Pension Liability: The County's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liabilities for Regular and SLEP at December 31, 2018 are as follows:

	<u>Regular</u>	<u>SLEP</u>
Total pension liability	\$ 42,752,046	6,232,633
Plan fiduciary net position	<u>38,500,047</u>	<u>5,396,054</u>
Net pension liability (asset)	<u>\$ 4,251,999</u>	<u>836,579</u>
Percent funded	<u>90.05%</u>	<u>86.58%</u>

Pension Contributions Made: For the fiscal year ended November 30, 2019, the County made pension contributions totaling \$ 740,735.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued) November 30, 2019

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. In December 1988, the County established a Self-Insurance Reserve Fund, which was funded by the sale of \$ 2,500,000 in General Obligation Bonds. This fund enabled the County to self-insure workers' compensation, general liability, automobile liability, automobile physical damage, and public official errors and omissions claims. As of November 30, 2016, the County is no longer self-insuring these policies. There are still open workers' compensation claims, and those will be paid from this fund. It has been determined that these funds may also be used for other purposes such as the payment of employee physicals costs and to help cover health insurance premiums paid by the County. The County has \$ 330,083 in reserves at November 30, 2019 to cover current and future potential self-insurance claims and other allowed costs.

The County carries commercial insurance coverage for workers' compensation, liability, property, crime and other insurance. The County pays all elected officials' bonds by statute. From time to time, the County has pending litigation arising from operations.

Note 10 - Other Postemployment Benefits

Retirees of Piatt County may elect to maintain health and/or dental insurance through the County subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As of November 30, 2019 there were four retirees participating in this plan.

Note 11 - 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, 2019 was \$ 7,906. A similar fund was set up for the Nursing Home's Maple Point operations in 2011. That balance as of November 30, 2019 was \$ 41,716.

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, 2019 for PCSS was \$ 10,669.

Finally, the Nursing Home shows as restricted cash and cash equivalents \$ 123,600 at November 30, 2019, which represents amounts set aside for upcoming bond payments, as required by the related bond ordinance.

PIATT COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)
November 30, 2019

Note 12 - Deficit Fund Balances

A deficit fund balance of \$ 725,935 exists in the general fund as a result of expenditures and net inter-fund transfers exceeding revenues for the past many years.

Note 13 - Prior-Period Adjustments

The County's financial statements for the year ended November 30, 2019 include two separate prior-period adjustments.

The Sheriff's department has two bank accounts that were not previously reflected in the County's financial statements - the jail commissary account and a vending machine account. The balance of these accounts at November 30, 2018 totaled \$ 29,211. As such, fund deficit, beginning of year for the General Fund on the fund financial statements and net position, beginning for governmental activities on the government-wide financial statements have been restated to include this amount.

It was discovered that Transportation Fund had received a non-cash vehicle grant during the year ended November 30, 2018 that was not previously recorded. Beginning net position on the proprietary fund financial statements and net position, beginning for business-type activities on the government-wide financial statements have been restated to include the cost of the new bus of \$ 59,158 less depreciation expense from the year ended November 30, 2018 of \$ 1,232.

Note 14 - Subsequent Events

The spread of COVID-19, a novel strain of coronavirus, has altered the behavior of entities and individuals throughout the United States. The continued spread of COVID-19 may adversely impact the local, regional, and national economies. The extent to which the coronavirus has and will impact the County's results will depend on current and future developments, which are uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact on the County.

SUPPLEMENTARY INFORMATION

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS

November 30, 2019

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
<u>ASSETS</u>				
Cash	\$	424,577	26,691	58,813
Due from other funds	694,296	97,018		
TOTAL ASSETS	694,296	521,595	26,691	58,813
<u>FUND BALANCES</u>				
Restricted	694,296	521,595		58,813
Unassigned			26,691	
Total fund balances	694,296	521,595	26,691	58,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 694,296	521,595	26,691	58,813

(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
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226

PIATT COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR NONMAJOR GOVERNMENTAL FUNDS (Continued)
November 30, 2019

	Special Revenue Funds				
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund	Pet Population Control Fund
<u>ASSETS</u>					
Cash	\$ 19,585	34,009	38,219	3,240	6,053
Due from other funds					
TOTAL ASSETS	19,585	34,009	38,219	3,240	6,053
<u>FUND BALANCES</u>					
Restricted	19,585	34,009	38,219	3,240	6,053
Unassigned					
Total fund balances	19,585	34,009	38,219	3,240	6,053
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,585	34,009	38,219	3,240	6,053

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2019

	Special Revenue Funds			
	Highway Fund	Matching Fund	Illinois Municipal Retirement Fund	Court Automation Fund
Revenues:				
Taxes	\$ 456,867	227,468	857,856	
Intergovernmental	37,038	45,000		
Licenses, permits, fees and fines				16,997
Investment income				
Miscellaneous	2,422			
Total revenues	496,327	272,468	857,856	16,997
Expenditures:				
Current:				
General control and administration			348,337	
Public safety				
Public health and welfare				
Transportation	454,560	163,740		
Capital outlay	52,894			
Total expenditures	507,454	163,740	348,337	-
Excess (deficiency) of revenues over (under) expenditures	(11,127)	108,728	509,519	16,997
Other financing sources (uses):				
Transfers out			(383,137)	
Total other financing sources (uses)	-	-	(383,137)	-
Net change in fund balances	(11,127)	108,728	126,382	16,997
Fund balances (deficits), beginning of year	705,423	412,867	(99,691)	41,816
Fund balances, end of year	\$ 694,296	521,595	26,691	58,813

(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
		778,027	15,709	82,502				
54,001	41,937					16,427	707	7,428
54,001	41,937	778,027	15,709	82,502	-	16,427	707	7,428
47,434	51,334	348,383		51,386		26,374		5,571
			4,162					
	12,000							15,000
47,434	63,334	348,383	4,162	51,386	-	26,374	-	20,571
6,567	(21,397)	429,644	11,547	31,116	-	(9,947)	707	(13,143)
		(419,678)		(59,931)				
-	-	(419,678)	-	(59,931)	-	-	-	-
6,567	(21,397)	9,966	11,547	(28,815)	-	(9,947)	707	(13,143)
31,175	168,592	190,782	114,245	171,780	148,505	56,695	26,198	25,369
37,742	147,195	200,748	125,792	142,965	148,505	46,748	26,905	12,226

PIATT COUNTY, ILLINOIS

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

Year ended November 30, 2019

	Special Revenue Funds			
	DUI Equipment Fund	GIS Fund	PCCC Operations and Administrative Fund	Police Vehicle Fund
Revenues:				
Taxes	\$			
Intergovernmental				
Fines, fees, forfeitures	6,241	43,759	8,121	607
Interest on investments				
Miscellaneous				
Total revenues	6,241	43,759	8,121	607
Expenditures:				
Current:				
General control and administration		26,393	4,374	
Public safety	1,368			
Public health and welfare				
Transportation				
Capital outlay				
Total expenditures	1,368	26,393	4,374	-
Excess (deficiency) of revenues over (under) expenditures	4,873	17,366	3,747	607
Other financing sources (uses):				
Transfers out				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	4,873	17,366	3,747	607
Fund balances (deficits), beginning of year	14,712	16,643	34,472	2,633
Fund balances, end of year	\$ 19,585	34,009	38,219	3,240

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS
Year ended November 30, 2019**

	Balance December 1, 2018	Additions	Reductions	Balance November 30, 2019
<u>ASSETS</u>				
Cash and cash equivalents:				
Held by County Clerk:				
County clerk accounts	\$ 249,073	666,827	810,691	105,209
Held by Treasurer:				
General trust	5,811	3		5,814
General trust	278,456	519		278,975
Federal tax trust		2,410,327	2,410,327	
Earnings fees	229	5,144	4,962	411
Collector cash	102,978	34,923,450	34,899,634	126,794
Revolving tax sale	31,101	31,818	36,066	26,853
Department of Justice asset forfeiture	1,140	1		1,141
Held by Circuit Clerk:				
Circuit clerk accounts	88,468	798,816	824,094	63,190
Held by Piatt County Highway Department:				
Township motor fuel tax	934,851	990,046	878,743	1,046,154
Held by Piatt County Sheriff:				
Sheriff's warrant fee account	4,553	224,504	219,909	9,148
Held by Piatt County Nursing Home:				
Resident accounts	14,694		10,048	4,646
Total cash and cash equivalents	1,711,354	40,051,455	40,094,474	1,668,335
Due from other funds:				
General fund	12,459			12,459
TOTAL ASSETS	\$ 1,723,813	40,051,455	40,094,474	1,680,794

PIATT COUNTY, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES OF AGENCY FUNDS (Continued)**

Year ended November 30, 2019

	Balance December 1, 2018	Additions	Reductions	Balance November 30, 2019
<u>LIABILITIES</u>				
Due to Other Governments:				
Due to area drainage districts	\$ 1,225	513,861	513,953	1,133
Due to local townships	934,851	990,046	878,743	1,046,154
Due to other counties	4,553	224,504	219,909	9,148
Illinois Department of Public Health	4	312	316	
Illinois Department of Revenue	62,852	129,567	129,686	62,733
Illinois State Treasurer	25	505	505	25
Property taxes due to other governments	84,280	29,681,090	29,690,061	75,309
Social Security Administration		2,410,327	2,410,327	
State of Illinois Rural Housing program	2,214	22,149	22,482	1,881
Due to Other Funds:				
Due to other funds	52,466	4,972,297	4,939,782	84,981
Property taxes due to other funds	13,574	4,359	5,798	12,135
Due to Others:				
Bond refunds payable	100,927	798,816	824,094	75,649
Due to individual taxpayers	284,267	303,621	303,099	284,789
Due to insurance companies for current and future claims	166,741		145,671	21,070
Due to others	1,140	1		1,141
Due to residents of PCNH and MP	14,694		10,048	4,646
 TOTAL LIABILITIES	 \$ 1,723,813	 40,051,455	 40,094,474	 1,680,794

PIATT COUNTY, ILLINOIS

**SCHEDULE OF REVENUE AND EXPENSES -
PUBLIC TRANSPORTATION FUND
For the twelve months ended June 30, 2019**

Revenues:

Passenger fares	\$ 49,904
Non-transportation revenue	246
Local cash and contributions	236,544
Federal cash grant - Section 5311	81,636
Downstate operating assistance grant	668,512
Capital assistance grants	<u>72,524</u>
Total revenue	<u>1,109,366</u>

Expenses:

Labor	518,519
Fringe benefits	248,106
Services	75,955
Fuel and oil	133,360
Tires and tubes	10,764
Other materials	17,288
Utilities	15,549
Liability and property insurance	16,000
Miscellaneous	21,030
Depreciation	<u>77,007</u>
Total expenses	<u>1,133,578</u>
Net revenue less expenses	<u>\$ (24,212)</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Piatt County, Illinois, as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise Piatt County, Illinois' basic financial statements and have issued our report thereon dated October 15, 2020.

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 (19-1 to 19-2).

Compliance and Other Matters

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

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

Piatt County, Illinois' Response to Findings

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

Purpose of this Report

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

MCK CPAs & Advisors

Decatur, Illinois
October 15, 2020

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES

November 30, 2019

Material Weaknesses

19-1 Financial Reporting

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

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

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

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

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

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

PIATT COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES, continued
November 30, 2019

Material Weaknesses, continued

19-2 Material Audit Adjustments

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

Condition: During the audit of the Piatt County Nursing Home Fund, we discovered that multiple accounts that were not being reconciled monthly and as a result were materially misstated.

Cause: Multiple causes were identified for these errors including a change in accounting personnel and software during the year, multiple accounts that were not being reconciled monthly, an overall inconsistent system of internal control at the Piatt County Nursing Home during the year under audit.

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

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

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