

Knox County, Illinois
Galesburg, Illinois

Financial Report
Year Ended November 30, 2015

Knox County, Illinois

Year Ended November 30, 2015

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Knox County, Illinois

Year Ended November 30, 2015

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Independent Auditor's Report

To the County Board
Knox County, Illinois
Galesburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Knox County, Illinois, (the "County") as of and for the year ended November 30, 2015, 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 accounting principles generally accepted in the United States; this includes 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Knox County, Illinois, as of November 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

The County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB 68*, during the year ended November 30, 2015. Statement No. 68 and 71 changed how net pension liability is reported on the statement of net position and the footnotes related to the retirement systems the County participates in. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and required supplementary information on pages 4 through 19 and 67 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Knox County, Illinois' financial statements as a whole. The schedules listed as supplementary information on pages 76 through 93 are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 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 May 23, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the County's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
May 23, 2016

Management Discussion And Analysis

Knox County, Illinois

Management Discussion and Analysis

As Treasurer of Knox County, Illinois, I offer readers of Knox County's financial statements this narrative overview and analysis of the financial activities of Knox County for the fiscal year ended November 30, 2015. I encourage readers to read the information presented here in conjunction with additional information that is furnished in the County's financial statements, which follow this narrative.

The management discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the County's financial activities, (3) identify changes in the County's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget) and (5) identify individual fund issues or concerns.

This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required and supplementary information.

GOVERNMENTAL FINANCIAL HIGHLIGHTS FOR FY2015

- The County's governmental assets exceeded its liabilities at the close of the fiscal year by \$66.5 million (net position). Of this amount, \$3.3 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- The County's governmental total net position increased by \$3.6 million during fiscal year November 30, 2015 as reported in the statement of activities.
- The County's governmental major revenues consisted of \$9.7 million in property tax revenues, \$5.0 million in charges for services, \$5.0 million in operating grants and contributions, and \$4.8 million other tax revenues.
- At the close of fiscal year November 30, 2015, the County's governmental funds reported combined ending fund balances of \$16.8 million, an increase of \$1.2 million in comparison to 2014.
- At the end of fiscal year November 30, 2015, the unassigned fund balance in the General Fund was \$1.5 million.

BUSINESS-TYPE FINANCIAL HIGHLIGHTS FOR FY2015

- The County's business-type assets exceeded its liabilities at the close of the fiscal year by \$13.7 million (net position). Of this amount \$1.3 million (unrestricted net position) may be used to meet the County's ongoing obligations. The restricted net position of \$7.4 million is restricted for landfill closure costs.
- The County's business-type net position decreased \$0.4 million during fiscal year 2015 as reported in the statement of activities.
- The County's major business-type revenue consisted of \$11.3 million in charges for services.

Knox County, Illinois

Management Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Knox County's basic financial statements. Knox County's basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements* and 3) *notes to the financial statements*. The basic financial statements present two different views of the County through the use of government-wide and fund statements. In addition to the basic financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of Knox County.

BASIC FINANCIAL STATEMENTS

The first two statements (pages 20 and 21) in the basic financial statements are the *Government-wide Financial Statements*. They provide both short and long-term information about the County's financial status.

The next statements (pages 22-30) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) *the governmental funds statements*, 2) *the proprietary fund statements* and 3) *the fiduciary fund statements*.

The next section of the basic financial statements (pages 31-66) is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplementary information (pages 67-75). This section contains funding information about the County's pension plans and budget variances for the major governmental funds. After the required supplementary information, supplementary information is provided to show details about the County's General Fund and the non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements are designed to provide readers with a broad overview of Knox County's finances, in a manner similar to private-sector business, using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the County.

The statement of activities presents information that shows how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

These statements highlight the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Knox County include general control and administration, public safety, judiciary and courts, transportation, corrections, public welfare, public health, and interest. The business-type activities of the County include Nursing Home and Landfill.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Knox County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The County's Governmental Funds during the reporting period use the modified accrual basis of accounting for reporting purposes.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the county's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Knox County maintains governmental funds and business-type funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for major funds, (the General, Mary Davis Home Illinois Municipal Retirement, and the Public Safety Improvement Bond Funds). All other non-major governmental funds are combined and presented in one column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 22 - 25 of this report.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements. The County maintains two kinds of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The County has two enterprise funds which account for the operations of the nursing home and to account for the operation, maintenance, and development of the landfill. Internal Service Funds are a type of proprietary fund and provide service to other funds in the County. The County's internal service fund accounts for the self-insured medical benefits for County employees.

The proprietary fund financial statements provide separate information for the Nursing Home and Landfill, considered to be major funds of the County. The proprietary funds financial statements can be found on pages 26 - 29 of this report.

Fiduciary Funds. The County also maintains a number of fiduciary funds in the form of agency funds, which are used to account for resources - almost exclusively cash and investments - held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The fiduciary fund financial statement can be found on page 30 of this report.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31 – 66 of this report.

Required Supplementary Information

This information addresses the County's budgetary comparison schedules of major funds, Multiyear Schedules of Changes in Net Pension Liability and Related Ratios, and the Multiyear Schedule of IMRF Contributions represent financial information required by GASB to be presented. The County adopts an annual appropriated budget for its General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Funds, Internal Service Fund, and Enterprise Funds. A budgetary comparison schedule has been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget. The Multiyear Schedules of Changes in Net Pension Liability and Related Ratios and the Multiyear Schedule of IMRF Contributions have been provided to present the County's progress in funding its obligation to provide pension benefits to County employees through the IMRF system. Required supplementary information can be found on pages 67 - 75 of this report.

Supplementary Information

This information as discussed earlier in connection with the General Fund, non-major governmental funds, agency funds, and tort immunity expenditures is presented immediately following the required supplementary information on pensions. Supplementary information can be found on pages 76 through 93 of this report.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the County's net position is reflected in its investments in capital assets (i.e., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The County uses these assets to provide services. Therefore these assets are not available for future spending. Although the County's investments in its capital assets are reported net of available debt, it is important to note that under this consideration the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

As previously addressed, net position may serve the purpose over time as a useful indicator of a government's financial position. To that end, Knox County's assets exceeded its liabilities by \$80.2 million for FY2015.

The following condensed financial information was derived from the *Government-Wide Statement of Net Position*.

Condensed Statement of Net Position (in millions) November 30, 2015

	Governmental Activities	Business- Type Activities	Total Primary Government
Current assets	\$30.2	\$6.3	\$36.5
Noncurrent assets	53.1	14.3	67.4
Total assets	83.3	20.6	103.9
Deferred outflow of resources	3.4	1.0	4.4
Total assets and deferred outflow of resources	86.7	21.6	108.3
Current liabilities	2.0	1.1	3.1
Long term liabilities	8.3	6.8	15.1
Total liabilities	10.3	7.9	18.2
Deferred inflows of resources	9.9	0.0	9.9
Total liabilities and deferred inflows of resources	20.2	7.9	28.1
Net position			
Net investment in capital assets	46.1	5.0	51.1
Restricted	17.1	7.4	24.5
Unrestricted	3.3	1.3	4.6
Total net position	\$66.5	\$13.7	\$80.2

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Condensed Statement of Net Position (in millions)
November 30, 2014

	Governmental Activities*	Business- Type Activities*	Total Primary Government*
Current assets	\$28.0	\$6.8	\$34.8
Noncurrent assets	54.2	14.1	68.3
Total assets	82.2	20.9	103.1
Deferred outflows of resources	0.2	0.0	0.2
Total assets and deferred outflows of resources	82.4	20.9	103.3
Current liabilities	2.5	1.1	3.6
Long term liabilities	7.6	6.0	13.6
Total liabilities	10.1	7.1	17.2
Deferred inflows of resources	9.6	0.0	9.6
Total liabilities and deferred inflows of resources	19.7	7.1	26.8
Net position			
Net investment in capital assets	46.7	5.2	51.9
Restricted	14.0	7.2	21.2
Unrestricted	2.0	1.4	3.4
Total net position	\$62.7	\$13.8	\$76.5

*Adjustments have not been made to restate prior years for the effects of GASB Statement No. 68 and 71.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following condensed financial information was derived from the *Government-Wide Statement of Activities* and reflects how the County's net position changed during the fiscal years.

Changes in Net Position (in millions)			
For the year ended November 30, 2015			
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charge for services	\$5.0	\$11.3	\$16.3
Operating grants and contributions	5.0	0.0	5.0
Capital grants and contributions	0.3	0.0	0.3
General revenue:			
Property taxes	9.7	0.0	9.7
Other taxes	4.8	0.0	4.8
Unrestricted investment earnings	0.3	0.4	0.7
Miscellaneous	0.1	0.0	0.1
Total revenues	25.2	11.7	36.9
Expenses:			
General control and administration	4.0	0.0	4.0
Public safety	5.7	0.0	5.7
Judiciary and courts	2.9	0.0	2.9
Transportation	4.1	0.0	4.1
Corrections	1.2	0.0	1.2
Public welfare	0.1	0.0	0.1
Public health	2.9	0.0	2.9
Nursing Home	0.0	9.8	9.8
Landfill	0.0	2.8	2.8
Interest on long-term debt	0.2	0.0	0.2
Total expenses	21.1	12.6	33.7
Transfers	(0.5)	0.5	0.0
Change in net position	3.6	(0.4)	3.2
Net position beginning, as restated	62.9	14.1	77.0
Net position, ending	\$66.5	\$13.7	\$80.2

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

**Changes in Net Position (in millions)
For the year ended November 30, 2014**

	Governmental Activities*	Business- Type Activities*	Total Primary Government*
Revenues:			
Program revenues:			
Charge for services	\$5.3	\$12.1	\$17.4
Operating grants and contributions	4.8	0.0	4.8
Capital grants and contributions	0.3	0.0	0.3
General revenue:			
Property taxes	9.4	0.0	9.4
Other taxes	4.2	0.0	4.2
Unrestricted investment earnings	0.9	0.9	1.8
Miscellaneous	0.2	0.0	0.2
Total revenues	25.1	13.0	38.1
Expenses:			
General control and administration	4.3	0.0	4.3
Public safety	6.3	0.0	6.3
Judiciary and courts	3.4	0.0	3.4
Transportation	3.9	0.0	3.9
Corrections	1.5	0.0	1.5
Public welfare	0.2	0.0	0.2
Public health	3.3	0.0	3.3
Nursing Home	0.0	10.4	10.4
Landfill	0.0	3.5	3.5
Interest on long-term debt	0.2	0.0	0.2
Total expenses	23.1	13.9	37.0
Transfers	0.6	(0.6)	0.0
Change in net position	2.6	(1.5)	1.1
Net position, beginning	60.1	15.3	75.4
Net position, ending	\$62.7	\$13.8	\$76.5

*Adjustments have not been made to restate prior years for the effects of GASB Statement No. 68 and 71.

Changes in net position

The net position of the County increased by \$3.2 million during the fiscal year ending November 30, 2015. Lower expenses overall related to the net position increase.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

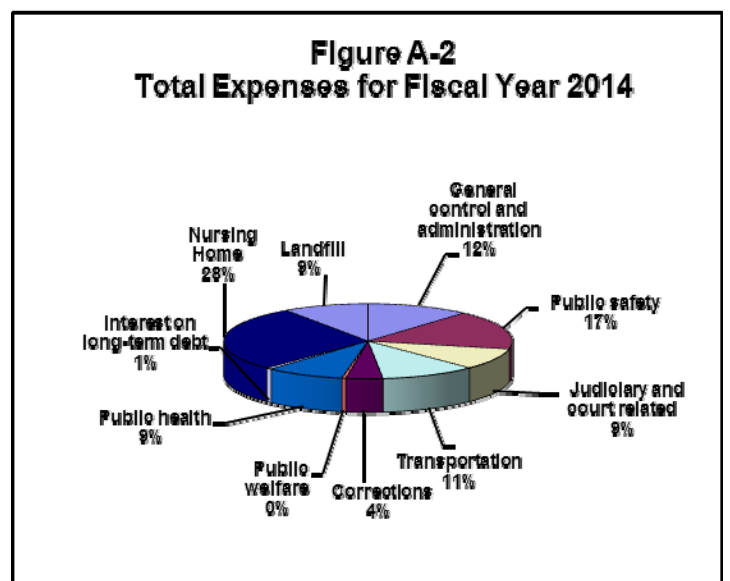
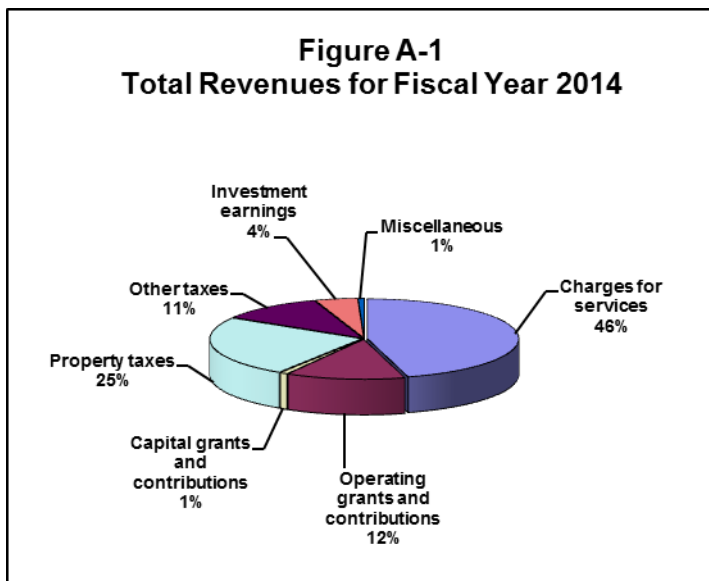
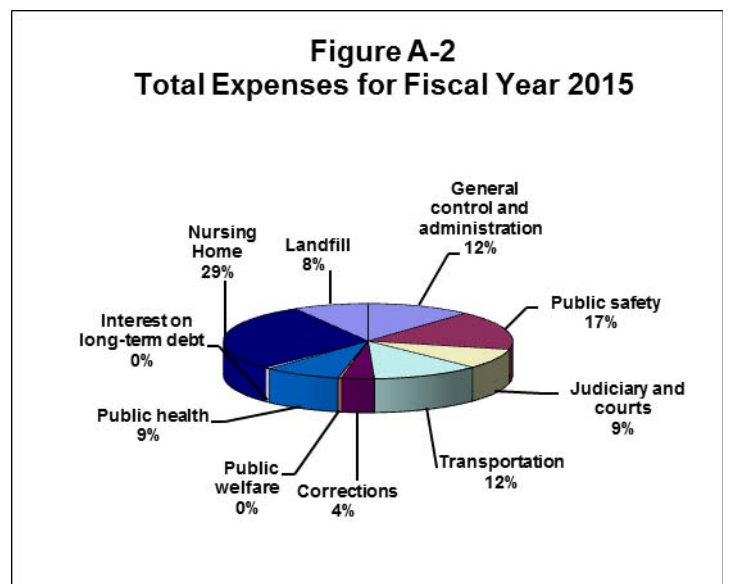
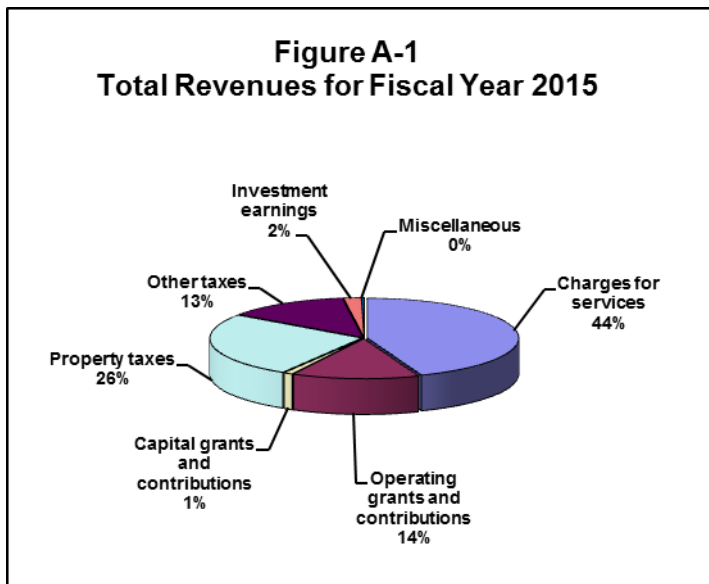
Governmental Activities

Net position increased \$3.6 million over the previous year.

For the fiscal year ended November 30, 2015, revenues from governmental activities totaled \$25.2 million. Property taxes (\$9.7 million or 26%) represent the largest source of revenues.

Business-Type Activities

Net position decreased \$0.4 million over the previous year.



The County's 2015 total revenues (Figure A-1) come from a variety of sources including 26% from property taxes, and 14% comes from operating grants and contributions. Another 44% comes from charges for services and much of the remainder is some other type of tax.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's 2015 expenses (Figure A-2) cover a range of services, with about 17% related to public safety. Another 12% is devoted to each general control and administration and transportation. Nursing home and landfill account for 29% and 8%, respectively.

In the following table, we have presented the cost of each of the County's functions as well as the net cost (total cost less revenues generated by the activities) for each. Net costs help to show what functions are being covered by direct revenue and those that are covered by the net revenue of others.

For the year ended November 30, 2015		
	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	\$4.0	(\$2.8)
Public safety	5.7	(2.2)
Judiciary and courts	2.9	(1.4)
Transportation	4.1	(2.8)
Corrections	1.2	(1.0)
Public welfare	0.1	(0.2)
Public health	2.9	(0.2)
Interest on long-term debt	0.2	(0.2)
Business-type Activities:		
Nursing Home	9.8	(1.4)
Landfill	2.8	0.1
Total primary government	\$33.7	(\$12.1)

For the year ended November 30, 2014		
	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	\$4.3	(\$3.0)
Public safety	6.3	(3.1)
Judiciary and courts	3.4	(1.7)
Transportation	3.9	(2.6)
Corrections	1.5	(1.4)
Public welfare	0.2	(0.2)
Public health	3.3	(0.5)
Interest on long-term debt	0.2	(0.2)
Business-type Activities:		
Nursing Home	10.4	(1.5)
Landfill	3.5	(0.3)
Total primary government	\$37.0	(\$14.5)

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

For the fiscal year ended November 30, 2015, expenses for governmental activities totaled \$21.1 million. General and administrative expenses accounted for \$4.0 million of the governmental activities total. These expenses are used for the operations of departments conducting such functions as administrative and financial functions, elections, document recording and retrieval, and assessment of property.

Public Safety accounted for \$5.7 million in expenses during 2015. The highest percentage of public safety is directly tied to the operations of the Sheriff's Department. The emergency service function is also part of this activity group.

Judiciary and courts expenses totaled \$2.9 million in 2015. Expenses relating to the circuit court, public defender, court services, and the State's Attorney relate to this function.

Transportation accounted for \$4.1 million of the total governmental activities expenses in 2015. Various funds established for the County Highway Department account for these expenses.

Corrections accounted for \$1.2 million in expenditures during 2015. These expenses are directly tied to the operations of the County Jail.

Public welfare expenses represented \$0.1 million of the total governmental expenditures activity, expenses relating to the assistance of veterans.

Public health expenses represented \$2.9 million of the total governmental expenditures activity. The Health Department is the main contributor to this function's expenses.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

Knox County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the County's governmental funds reported combined ending fund balances of \$16.8 million, an increase of \$1.2 million in comparison with the previous fiscal year.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1.5 million.

The fund balance of the General Fund decreased by \$1.9 million before debt proceeds and transfers during the current fiscal year.

Knox County, Illinois

Management Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS (continued)

Budgetary Highlights

The County's budget is prepared according to Illinois law and is based on accounting for certain transactions on the cash basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and major special revenue funds.

General Fund Budgetary Variances

Revenues

Charges for services for 2015 were \$2.2 million compared with budgeted amount of \$3.0 million. This variance is due to the County receiving less for housing federal inmates than anticipated.

Expenditures

Personnel Services remains the highest expenditure in County operations. Government service requires people to provide both services and information to the citizens it supports. It is a sizeable expenditure; however, it is also a long-term investment. Benefit payments remain a significant portion of the total personnel services costs. Pension, FICA and Health Insurance rates have all affected the total cost of personnel services.

The general control and administration expenditures for 2015 were \$3.1 million compared to a budgeted amount of \$3.4 million. The positive variance is the result of employer hospital and life insurance in this function being less than budgeted amount.

The public safety expenditures for 2015 were \$2.4 million compared to a budgeted amount of \$2.6 million. The positive variance is the result of county inmate expense in this function being less than budgeted.

Mary Davis Home Fund Budgetary Variances

Revenues

Charges for services for 2015 were \$1.1 million compared with budgeted amount of \$0.8 million. This variance is due to the County receiving more detention fees than anticipated.

Charges for services for 2015 were \$1.4 million compared with budgeted amount of \$1.1 million. This variance is due to the County receiving more state salary reimbursements than anticipated.

Expenditures

Actual expenditures were less than budgeted, and there were no significant variance between actual and budgeted expenditures.

Illinois Municipal Retirement Fund Budgetary Variances

Revenues

Actual revenue was comparable to budget.

Expenditures

Employer's IMRF expenditures for 2015 were \$0.9 million compared to a budgeted amount of \$1.6 million. The positive variance is the result of IMRF expenditures being less than budgeted.

Knox County, Illinois

Management Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS (continued)

Public Safety Improvement Bonds Fund Budgetary Variances

Overall, there were no significant variances in the Public Safety Improvement Fund. Actual revenues were more than budgeted revenues and actual expenses were more than budgeted expenses.

Overall Analysis

The following is the analysis of expenditures for the year for the General Fund and other major Governmental Funds of the County.

- From a governmental fund type perspective, overall governmental fund expenditures were down 3.3% in 2015 compared with 2014.
- Within the General Fund, the functions which reflected the largest portion of total expenditures were General Control and Administration and Judiciary and Courts. The functions which reflected that largest percent decrease over 2014 were Public Safety and Corrections.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets

The County's investment in capital assets for its governmental activities at year end totaled \$53.1 million (net of accumulated depreciation) and business-type activities at year end totaled \$6.9 million (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, land improvements, buildings and improvements, equipment, furniture and fixtures, vehicles, and infrastructure such as roads and bridges. There were \$2.0 million of capital asset additions recorded during the year and \$3.1 million of depreciation charges were expensed on the total capital assets. See Note 5 for details of capital assets.

Major capital asset events during the fiscal year included the following:

- Infrastructure = \$224,312
- Courthouse renovations = \$272,568
- Highway dump truck = \$119,696
- Landfill compactor = \$697,195

Net Book Value of Capital Assets at November 30, 2015 (in millions)		
	Governmental Activities	Business-type Activities
Land	\$0.8	\$1.2
Construction in progress	1.2	0.0
Land improvements	0.0	0.3
Buildings and improvements	12.3	3.2
Equipment and machinery	0.5	2.1
Furniture and fixtures	0.0	0.0
Vehicles	0.4	0.1
Infrastructure	37.9	0.0
Total	\$53.1	\$6.9

Knox County, Illinois

Management Discussion and Analysis

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

Net Book Value of Capital Assets at November 30, 2014 (in millions)		
	Governmental Activities	Business-type Activities
Land	\$0.8	\$1.2
Construction in progress	1.0	0.0
Land improvements	0.0	0.4
Buildings and improvements	12.5	3.3
Equipment and machinery	0.3	1.7
Furniture and fixtures	0.0	0.1
Vehicles	0.3	0.1
Infrastructure	39.3	0.1
Total	\$54.2	\$6.9

Debt Administration

At November 30, 2015, the County had \$7.4 million in governmental activities long term debt which consisted of general obligation bonds and notes payables. Amounts due next year on these obligations are \$0.9 million. See Notes 11 and 12 for details of debt.

Governmental Activities Outstanding Debt at November 30, 2015 (in millions)	
General obligation bond payable	\$6.0
Notes payable and capital leases	1.1
Accrued compensated absences	0.3
	\$7.4

Governmental Activities Outstanding Debt at November 30, 2014 (in millions)	
General obligation bond payable	\$6.6
Notes payable	0.9
Accrued compensated absences	0.4
	\$7.9

Knox County, Illinois

Management Discussion and Analysis

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

At November 30, 2015, the County had \$2.0 million in business-type activities long term debt. Amounts due next year on these obligations are \$0.4. See Notes 11 and 12 for details of debt.

Business-Type Activities	
Outstanding Debt at November 30, 2015	
General obligation bond payable	\$0.8
Notes payable and capital leases	1.1
Accrued compensated absences	0.1
	\$2.0

Business-Type Activities	
Outstanding Debt at November 30, 2014	
General obligation bond payable	\$0.8
Notes payable and capital leases	0.8
Accrued compensated absences	0.1
	\$1.7

ECONOMIC FACTORS

The state economic factors and the national economic factors are a strong indication that we can expect continual challenges to the County's budget. The State of Illinois continues to struggle to pay their obligations in a timely fashion, if at all, resulting in constant undue pressure on the County's financial position. The lack of a State of Illinois budget enhances the uncertainty of what obligations will be paid and what services will continue to be funded. Pro-active strategies and policies for maintaining sound fiscal balances will constantly need to be monitored and enforced by management.

The annual budget is developed to provide efficient, effective and economic uses of the County's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the County Board sets the direction of the County, allocates its resources and establishes its priorities. In considering the budget for FY 2016, the County Board and management have continued to use zero based budgeting to control operational and personnel costs. Each expenditure line item was reviewed by the County Finance Committee with the appropriate department heads to reduce costs. The County Board has had to diversify the revenue sources and reduce spending in an effort to maintain adequate reserves. Management is continuing to evaluate policies to reduce expenditures and increase revenue.

Knox County, Illinois

Management Discussion and Analysis

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and potential creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Robin E. Davis, County Treasurer
Knox County, Illinois
200 South Cherry Street, Galesburg, IL 61401
Phone number (309) 345-3813

Basic Financial Statements

Knox County, Illinois

Statement of Net Position

November 30, 2015

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash, deposits, and investments	\$17,289,650	\$4,539,907	\$21,829,557
Receivables:			
Accounts (net of allowance)	519,286	1,199,067	1,718,353
Property tax	10,046,524	0	10,046,524
Due from other governments	2,279,876	530,716	2,810,592
Inventories	11,233	0	11,233
Temporarily restricted assets -			
Cash	0	25,817	25,817
Internal balances	0	0	0
Total current assets	30,146,569	6,295,507	36,442,076
Noncurrent assets:			
Investments	0	7,410,572	7,410,572
Capital assets:			
Land and construction in progress	1,958,127	1,174,645	3,132,772
Other capital assets, net of depreciation	51,142,682	5,721,765	56,864,447
Total capital assets	53,100,809	6,896,410	59,997,219
Total noncurrent assets	53,100,809	14,306,982	67,407,791
Total assets	83,247,378	20,602,489	103,849,867
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of pension resources	3,300,067	1,031,965	4,332,032
Unamortized loss on refunding	111,847	0	111,847
Total deferred outflows of resources	3,411,914	1,031,965	4,443,879
Total assets and deferred outflows of resources	86,659,292	21,634,454	108,293,746
LIABILITIES			
Accounts payable and accrued payroll	1,008,254	721,649	1,729,903
Accrued compensated absences - current	49,995	20,166	70,161
Accrued interest payable	98,760	26,405	125,165
Capital lease payable	32,982	62,687	95,669
Bonds and notes payable, current portion	819,928	311,835	1,131,763
Total current liabilities	2,009,919	1,142,742	3,152,661
Landfill closure liability	0	4,742,191	4,742,191
Accrued compensated absences	283,297	114,274	397,571
Capital lease payable	70,154	84,072	154,226
Bonds and notes payable, noncurrent portion	6,105,264	1,442,351	7,547,615
Net pension liability	1,804,250	422,037	2,226,287
Total noncurrent liabilities	8,262,965	6,804,925	15,067,890
Total liabilities	10,272,884	7,947,667	18,220,551
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	9,902,858	0	9,902,858
Total liabilities and deferred inflows of resources	20,175,742	7,947,667	28,123,409
NET POSITION			
Net investment in capital assets	46,052,633	4,989,102	51,041,735
Restricted	17,135,868	7,410,572	24,546,440
Unrestricted	3,295,049	1,287,113	4,582,162
Total net position	\$66,483,550	\$13,686,787	\$80,170,337

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Statement of Activities

For the year ended November 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General control and administration	\$3,952,864	\$1,036,066	\$88,316	\$0	(\$2,828,482)		(\$2,828,482)
Public safety	5,693,577	1,699,613	1,796,977	0	(2,196,987)		(2,196,987)
Judiciary and courts	2,909,561	1,106,250	425,168	0	(1,378,143)		(1,378,143)
Transportation	4,069,394	0	928,564	347,020	(2,793,810)		(2,793,810)
Corrections	1,220,946	192,451	0	0	(1,028,495)		(1,028,495)
Public welfare	134,731	0	0	0	(134,731)		(134,731)
Public health	2,887,112	942,707	1,735,145	0	(209,260)		(209,260)
Interest on long-term debt	221,912	0	0	0	(221,912)		(221,912)
Total governmental activities	21,090,097	4,977,087	4,974,170	347,020	(10,791,820)	\$0	(10,791,820)
Business-Type activities:							
Nursing home	9,786,893	8,388,658	0	0		(1,398,235)	(1,398,235)
Sanitary landfill	2,843,091	2,915,761	2,000	0		74,670	74,670
Total business-type activities	12,629,984	11,304,419	2,000	0	0	(1,323,565)	(1,323,565)
Total primary government	\$33,720,081	\$16,281,506	\$4,976,170	\$347,020	(10,791,820)	(1,323,565)	(12,115,385)
General revenues:							
Property taxes					9,650,217	0	9,650,217
Replacement taxes					630,985	0	630,985
Sales taxes					3,187,819	0	3,187,819
State income taxes					971,780	0	971,780
Unrestricted investment earnings					305,699	386,862	692,561
Miscellaneous					57,179	49,783	106,962
Total general revenues					14,803,679	436,645	15,240,324
Transfers					(448,005)	448,005	0
Change in net position					3,563,854	(438,915)	3,124,939
Net position - beginning of year as restated					62,919,696	14,125,702	77,045,398
Net position - ending					\$66,483,550	\$13,686,787	\$80,170,337

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Governmental Funds

Balance Sheet

November 30, 2015

ASSETS	General	Special	Revenue	Debt Service	Other Governmental Funds	Total Governmental Funds
		Mary Davis Home	Illinois Municipal Retirement	Public Safety Improvement Bonds		
Cash, deposits, and investments	\$1,008,547	\$769,460	\$1,331,469	\$1,454,971	\$10,157,660	\$14,722,107
Accounts receivable	289,782	72,291	0	0	157,213	519,286
Property tax receivable	2,040,920	126,235	2,043,606	788,580	5,047,183	10,046,524
Due from other governments	822,797	254,066	0	525,543	677,470	2,279,876
Inventory	297	0	0	0	10,936	11,233
Due from other funds	0	0	0	0	0	0
Total assets	\$4,162,343	\$1,222,052	\$3,375,075	\$2,769,094	\$16,050,462	\$27,579,026

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:						
Accounts payable	\$139,570	\$14,241	\$0	\$0	\$164,919	\$318,730
Accrued payroll	127,782	31,857	240,512	0	126,996	527,147
Accrued compensated absences	24,651	10,836	0	0	14,508	49,995
Due to other funds	0	0	0	0	0	0
Total liabilities	292,003	56,934	240,512	0	306,423	895,872
Deferred inflows of resources -						
Unavailable property taxes	2,011,500	124,415	2,015,000	776,943	4,975,000	9,902,858
Fund balances:						
Nonspendable	297	0	0	0	10,936	11,233
Restricted	317,866	1,040,703	1,119,563	1,992,151	10,567,349	15,037,632
Committed	785	0	0	0	190,754	191,539
Unassigned	1,539,892	0	0	0	0	1,539,892
Total fund balance	1,858,840	1,040,703	1,119,563	1,992,151	10,769,039	16,780,296
Total liabilities, deferred inflows of resources and fund balances	\$4,162,343	\$1,222,052	\$3,375,075	\$2,769,094	\$16,050,462	\$27,579,026

Knox County, Illinois

Reconciliation of the Balance Sheet to the Statement of Net Position

November 30, 2015

Total fund balances - governmental funds	\$16,780,296
Amounts reported for governmental activities in the statement of net position are different because:	
An internal service fund is used to account for self insurance of medical claims. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	2,405,166
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$77,626,557 and the accumulated depreciation of \$24,525,748.	53,100,809
Loss on refunding revenue is amortized over the life of the bonds in the governmental activities.	111,847
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Bonds, notes payable, capital leases, and discounts/premiums on bonds	(7,028,328)
Net pension liability and related deferred outflows of resources	1,495,817
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(98,760)
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>(283,297)</u>
Total net position - governmental activities	<u><u>\$66,483,550</u></u>

Knox County, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended November 30, 2015

	General	Special	Revenue	Debt Service	Other Governmental Funds	Total Governmental Funds
		Mary Davis Home	Illinois Municipal Retirement	Public Safety Improvement Bonds		
Revenues:						
Taxes:						
Property	\$1,976,140	\$122,230	\$1,921,481	\$781,676	\$4,848,690	\$9,650,217
Replacement	630,985	0	0	0	0	630,985
Sales	1,704,071	0	0	1,483,748	0	3,187,819
State income	971,780	0	0	0	0	971,780
Charges for services	2,116,529	1,072,905	0	0	1,787,653	4,977,087
Intergovernmental revenue	531,740	1,448,518	0	0	3,340,932	5,321,190
Investment income	32,993	4,087	8,634	7,405	197,338	250,457
Miscellaneous	12,584	0	0	0	44,595	57,179
Total revenues	7,976,822	2,647,740	1,930,115	2,272,829	10,219,208	25,046,714
Expenditures:						
Current:						
General control and administration	3,134,543	0	86,402	0	754,475	3,975,420
Public safety	2,123,587	1,929,323	253,741	936,042	870,670	6,113,363
Judiciary and courts	2,974,345	0	142,264	0	209,392	3,326,001
Transportation	0	0	69,156	0	2,748,544	2,817,700
Corrections	1,245,174	0	99,920	0	175,389	1,520,483
Public welfare	0	0	7,372	0	149,459	156,831
Public health	0	0	223,913	0	3,449,054	3,672,967
Debt service:						
Principal	0	0	0	665,000	48,786	713,786
Interest and fiscal agent fees	0	0	0	58,273	126,595	184,868
Bond issuance costs	0	0	0	0	0	0
Capital outlay	437,495	0	0	0	689,746	1,127,241
Total expenditures	9,915,144	1,929,323	882,768	1,659,315	9,222,110	23,608,660
Excess (deficiency) of revenues over expenditures	(1,938,322)	718,417	1,047,347	613,514	997,098	1,438,054
Other financing sources and (uses):						
Issuance of debt	103,136	0	0	136,142	0	239,278
Transfers in	2,389,601	54,424	0	0	931,450	3,375,475
Transfers out	(1,529,665)	0	(228,335)	(462,699)	(1,602,781)	(3,823,480)
Total other financing sources (uses)	963,072	54,424	(228,335)	(326,557)	(671,331)	(208,727)
Net change in fund balance	(975,250)	772,841	819,012	286,957	325,767	1,229,327
Fund balances, beginning of year	2,834,090	267,862	300,551	1,705,194	10,443,272	15,550,969
Fund balances, end of year	\$1,858,840	\$1,040,703	\$1,119,563	\$1,992,151	\$10,769,039	\$16,780,296

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the year ended November 30, 2015

Net change in fund balance - Governmental funds	\$1,229,327
Amounts reported for governmental activities in the statement of activities are different because:	
An internal service fund is used to account for self insurance of medical claims. The net revenue of the internal service fund is reported with governmental activities.	1,171,912
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. Donated capital assets are only reported in the statement of activities. This is the amount by which depreciation expenses \$2,204,337 exceeds capitalized fixed assets \$1,127,241 in the period.	(1,077,096)
The issuance of long-term debt and related costs are shown on the fund financial statements as other financing sources (uses) and current expenditures, but are recorded as long-term liabilities and deferred outflows of resources on the government-wide statements	
Issuance of notes payable and capital leases	(239,278)
Payment of refunded bonds	0
Note payable repayment	48,786
Bond principal repayment	665,000
Loss on refunding	0
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and deferred pension resources	1,750,180
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.	1,981
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Amortization of bond premiums	(1,742)
Amortization of loss on refunding	(37,283)
Vacation and compensated pay	52,067
Change in net position of governmental activities	<u>\$3,563,854</u>

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds
Statement of Net Position
November 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
	ASSETS			
Current assets:				
Cash, deposits, and investments	\$393,826	\$4,146,081	\$4,539,907	\$2,567,543
Restricted cash - patient trust funds	25,817	0	25,817	0
Accounts receivable	1,027,115	171,952	1,199,067	0
Due from other governments	530,716	0	530,716	0
Other assets	0	0	0	0
Total current assets	1,977,474	4,318,033	6,295,507	2,567,543
Noncurrent assets:				
Other assets	0	0	0	0
Restricted investments - landfill closure	0	7,410,572	7,410,572	0
Capital assets:				
Land and construction in progress	156,600	1,018,045	1,174,645	0
Other capital assets, net of depreciation	2,858,519	2,863,246	5,721,765	0
Total capital assets (net of accumulated depreciation)	3,015,119	3,881,291	6,896,410	0
Total noncurrent assets	3,015,119	11,291,863	14,306,982	0
Total assets	4,992,593	15,609,896	20,602,489	2,567,543
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension resources	843,867	188,098	1,031,965	0
Total assets and deferred outflows of resources	5,836,460	15,797,994	21,634,454	2,567,543
LIABILITIES				
Current liabilities:				
Accounts payable	174,205	223,235	397,440	162,377
Accrued payroll	268,127	30,265	298,392	0
Accrued compensated absences	18,423	1,743	20,166	0
Patient funds held in trust	25,817	0	25,817	0
Interest payable	0	26,405	26,405	0
Capital lease payable	0	62,687	62,687	0
Note payable	0	252,469	252,469	0
Bond payable, net of unamortized discounts	0	59,366	59,366	0
Due to other funds	0	0	0	0
Total current liabilities	486,572	656,170	1,142,742	162,377
Noncurrent liabilities:				
Landfill closure liability	0	4,742,191	4,742,191	0
Accrued compensated absences	104,396	9,878	114,274	0
Capital lease payable	0	84,072	84,072	0
Note payable	0	723,080	723,080	0
Bond payable, net of unamortized discounts	0	719,271	719,271	0
Net pension liability	345,112	76,925	422,037	0
Total noncurrent liabilities	449,508	6,355,417	6,382,888	0
Total liabilities	936,080	7,011,587	7,947,667	162,377
NET POSITION				
Net investment in capital assets	3,015,119	1,973,983	4,989,102	0
Restricted for -				
Landfill closure costs	0	7,410,572	7,410,572	0
Unrestricted	1,885,261	(598,148)	1,287,113	2,405,166
Total net position	\$4,900,380	\$8,786,407	\$13,686,787	\$2,405,166

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended November 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
Operating revenues:				
Charges for services	\$8,388,658	\$2,915,761	\$11,304,419	\$2,584,245
Other	38,455	11,328	49,783	16,423
Total operating revenues	8,427,113	2,927,089	11,354,202	2,600,668
Operating expenses:				
Personnel	6,892,326	849,189	7,741,515	0
Insurance	289,092	73,175	362,267	0
Plant and operations	2,324,768	1,072,912	3,397,680	0
Depreciation and amortization	279,381	598,696	878,077	0
Medical claims	0	0	0	1,483,998
Illinois EPA fees	1,326	190,913	192,239	0
Total operating expenses	9,786,893	2,784,885	12,571,778	1,483,998
Operating income (loss)	(1,359,780)	142,204	(1,217,576)	1,116,670
Nonoperating revenue (expense):				
Investment income	53,671	333,191	386,862	55,242
Grant income	0	2,000	2,000	0
Loss on sale of equipment	0	(13,813)	(13,813)	0
Interest expense	0	(44,393)	(44,393)	0
Total nonoperating revenue	53,671	276,985	330,656	55,242
Income (loss) before transfers	(1,306,109)	419,189	(886,920)	1,171,912
Other financing sources (uses):				
Transfers in	1,028,796	2,661,094	3,689,890	0
Transfers out	(27,539)	(3,214,346)	(3,241,885)	0
Changes in net position	(304,852)	(134,063)	(438,915)	1,171,912
Total net position, beginning of year as restated	5,205,232	8,920,470	14,125,702	1,233,254
Total net position, ending	\$4,900,380	\$8,786,407	\$13,686,787	\$2,405,166

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Cash Flows

For the year ended November 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$8,361,938	\$3,101,193	\$11,463,131	\$2,584,245
Other receipts	21,899	11,328	33,227	16,423
Payments to suppliers	(2,610,449)	(1,085,097)	(3,695,546)	(1,751,534)
Payments to employees	(7,249,186)	(934,582)	(8,183,768)	0
Net cash flows from operating activities	(1,475,798)	1,092,842	(382,956)	849,134
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(27,539)	(3,214,346)	(3,241,885)	0
Transfers from other funds	1,028,796	2,661,094	3,689,890	0
Proceeds from grants	0	2,000	2,000	0
Net cash flows from noncapital financing activities	1,001,257	(551,252)	450,005	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital leases and note payables	0	753,335	753,335	0
Acquisition and construction of capital assets	(5,859)	(893,335)	(899,194)	0
Proceeds from sale of capital assets	0	0	0	0
Interest paid on long term debt	0	(41,689)	(41,689)	0
Principal paid on long-term debt	0	(481,557)	(481,557)	0
Net cash flows from capital and related financing activities	(5,859)	(663,246)	(669,105)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from sale of (purchase of) investments	785,819	(100,127)	685,692	(610,656)
Interest received	53,671	333,191	386,862	55,242
Net cash flows from investing activities	839,490	233,064	1,072,554	(555,414)
Net increase (decrease) in cash and cash equivalents	359,090	111,408	470,498	293,720
Cash and cash equivalents - beginning	60,003	16,753	76,756	368,295
Cash and cash equivalents - ending	\$419,093	\$128,161	\$547,254	\$662,015
Reconciliation of cash and cash equivalents:				
Cash and cash equivalents	\$419,093	\$128,161	\$547,254	\$368,295
Investments	550	4,017,920	4,018,470	2,199,248
Net cash provided (used) by investing activities	\$419,643	\$4,146,081	\$4,565,724	\$2,567,543

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Cash Flows (Continued)

For the year ended November 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	(\$1,359,780)	\$142,204	(\$1,217,576)	\$1,116,670
Adjustments to reconcile operating income (loss) to net cash flows for operating activities:				
Depreciation and amortization	279,381	598,696	878,077	0
(Increase) decrease in:				
Accounts receivables	(43,276)	185,432	142,156	0
Increase (decrease) in:				
Accounts payable	4,737	152,745	157,482	(267,536)
Accrued expenses	(356,860)	(85,393)	(442,253)	0
Landfill closure liability	0	99,158	99,158	0
Net cash flows from operating activities	(\$1,475,798)	\$1,092,842	(\$382,956)	\$849,134

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Cost of capital assets financed by accounts payable	\$0	\$0	\$0	\$0
Capital assets financed by accounts payable	0	0	0	0
Cost of capital assets financed by note payables	0	753,335	753,335	0
Capital assets financed by note payables	0	(753,335)	(753,335)	0
Net cash flows from investing activities	\$0	\$0	\$0	\$0

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Statement of Fiduciary Net Position

November 30, 2015

ASSETS	Agency Funds
Cash	\$2,923,682
Investments	112,117
Due from other governments	491,675
Total assets	\$3,527,474
LIABILITIES	
Accounts payable	\$6,818
Due to others	3,520,656
Total liabilities	\$3,527,474

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of Knox County, Illinois (the "County"), with the county seat located in Galesburg, Illinois have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The County is governed by a fifteen member County Board. The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship. Based on these criteria, the County is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

Blended Component Unit - The 911 Fund serves all the citizens of the County. The budget and appropriation ordinance is approved by the 911 Board of Trustees, and the legal liability for any 911 Fund debt remains with the County. The 911 Fund is reported as a Special Revenue Fund.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the County except those which are required to be accounted for in another fund. The General Fund consists of the General Fund, the Self Insurance Fund, and Special Contingency Fund. A brief description of the County's four General Funds follows:

General Fund - This fund 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. The services which are administered by the Department and accounted for in the general fund include general control and administration, public safety, judiciary and courts, and corrections.

Self Insurance Fund – This fund accumulates resources to pay workers compensation claims.

Special Contingency Fund – This fund was created by the County Board to fund unexpected expenditures and to cover State of Illinois shortfalls.

Chaplain Fund – This fund accounts for chaplain revenue and expenses.

Mary Davis Home Fund – This fund accounts for the revenue and expenses related to the operations of the County's juvenile detention home.

Illinois Municipal Retirement Fund (IMRF) – This fund is used to pay retirement for SLEP and non-SLEP employees of the County.

Public Safety Improvement Bonds Fund – This fund accounts for the revenue and expenses related to public safety capital improvements and debt service on bond.

The County reports the following major enterprise funds:

Nursing Home Fund – This fund accounts for the revenue and expenses related to the operations of the County nursing home.

Sanitary Landfill Fund – This fund accounts for the revenue and expenses related to the operations of the County landfill.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

The County administers an internal service fund (reported as a proprietary fund type) to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County administers the following internal service fund:

Hospitalization Fund – This fund accounts for the County's self-insured health plan.

Additionally, the County administers fiduciary (agency) funds for assets held by the County in a fiduciary capacity.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. For this purpose, the County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County has elected to take exception to this assumption for revenue remitted by the State. Due to the State being late with payments, the County considers those amounts applicable to the current fiscal year to be available as it is vouchered by the State and will be paid after the 60 day period. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting

Annual budgets are adopted on a cash basis and include a statement of the cash revenue and expenditures of the immediately preceding fiscal year and a projection of the cash revenue (including the available beginning cash balance) and the proposed itemized appropriations of the ensuing fiscal year. All appropriations cease with the close of the fiscal year.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The cash balances of most County funds are pooled and invested. Each fund's share of the investment pool is reflected on its respective balance sheet.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Investments

Statutes authorize the County to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments for the County are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years and individual cost of more than the following:

Infrastructure	\$25,000
Land, buildings, and improvements	25,000
Machinery, equipment and vehicles	5,000

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Land improvements	4 - 20 years
Buildings and improvements	10 - 50 years
Equipment	3 - 15 years
Furniture and fixtures	3 - 15 years
Vehicles	5 - 15 years
Infrastructure	7 - 50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Board has by resolution authorized an official of the County Board to assign fund balance. The County Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The County's property tax is levied each year on all taxable real property located in the County. Since the 2015 property tax levy is levied to finance the operations of fiscal year 2016, the 2015 property tax is recorded as a receivable and the 2015 property tax revenue is deferred. The 2014 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2015. The County must file its tax levy by the last Tuesday of December each year. The 2014 levy was approved on November 25, 2014. The 2015 levy was approved on November 25, 2015.

The township assessors are responsible for assessment of all taxable real property within the County. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2014 became due and payable in two installments, generally in June 2015 and September 2015. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from County service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the County and, upon separation from service, no monetary obligation exists.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

Fund	Amount
State's Attorney Automation Fee	\$419
Extension Education	\$159
Public Safety Improvement	\$135,965
Drug OFT	\$3,905
Circuit Clerk Admin	\$7,590
Court Improvement	\$52
Nursing Home	\$69,348

Knox County, Illinois

Notes to Financial Statements

Note 2 Stewardship, Compliance and Accountability (continued)

Deficit Fund Equity

As of November 30, 2015, there were no funds with deficit fund balances.

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of November 30, 2015, the County's bank balance was \$11,207,848 and the entire balance was insured and collateralized with securities in the County's name.

Note 4 Investments

As of November 30, 2015, the County had the following investments

	Fair Value
Federal agency securities	\$16,776,458
Money market mutual funds	2,622,732
Certificates of deposit	1,141,982
External investment pool	1,809,617
	\$22,350,789

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County has no specific policy on the interest rate risk at year-end.

As of November 30, 2015, the County had the following investments with stated maturities.

Investment Type	Remaining Maturity (in Years)				Total
	< 1 year or Less	1-5 Years	6-10 Years	More than 10 Years	
Federal agency securities	\$0	\$1,226,559	\$11,660,646	\$3,889,253	\$16,776,458
Money market mutual fund	2,622,732	0	0	0	2,622,732
Certificates of deposit	194,885	98,784	848,313	0	1,141,982
External investment pool	1,809,617	0	0	0	1,809,617
	\$4,627,234	\$1,325,343	\$12,508,959	\$3,889,253	\$22,350,789

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the actual rating as of year-end for each investment type:

Knox County, Illinois

Notes to Financial Statements

Note 4 Investments (continued)

Investment Type	Total as of 11/30/15	AAAm	AA+	Unrated
Federal agency securities	\$16,776,458	\$0	\$16,776,458	\$0
Money market mutual fund	2,622,732	2,622,732	0	0
Certificates of deposits	1,141,982	0	0	1,141,982
External investment pool	1,809,617	1,809,617	0	0
	\$22,350,789	\$4,432,349	\$16,776,458	\$1,141,982

Concentration of credit risk. The County's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the County's total investments.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of November 30, 2015, there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk. The County has no foreign currency risk for investments at year end.

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended November 30, 2015 is as follows:

Governmental activities:	Balance 12/1/14	Additions	Deletions and Transfers	Balance 11/30/15
Capital assets, not being depreciated -				
Land	\$762,065	\$0	\$0	\$762,065
Work in progress	1,014,230	224,312	(42,480)	1,196,062
Total capital assets, not being depreciated	1,776,295	224,312	(42,480)	1,958,127
Capital assets, being depreciated:				
Buildings and improvements	18,499,406	345,738	42,480	18,887,624
Equipment	3,782,537	328,430	0	4,110,967
Furniture and fixtures	107,867	0	0	107,867
Vehicles	2,530,241	228,761	0	2,759,002
Infrastructure	49,802,970	0	0	49,802,970
Total capital assets, being depreciated	74,723,021	902,929	42,480	75,668,430

Knox County, Illinois

Notes to Financial Statements

Note 5 Capital Assets (continued)

Governmental activities:	Balance 12/1/14	Additions	Deletions and Transfers	Balance 11/30/15
Accumulated depreciation:				
Buildings and improvements	(6,013,876)	(570,027)	0	(6,583,903)
Equipment	(3,453,954)	(160,800)	0	(3,614,754)
Furniture and fixtures	(98,766)	(4,255)	0	(103,021)
Vehicles	(2,214,857)	(122,411)	0	(2,337,268)
Infrastructure	(10,539,958)	(1,346,844)	0	(11,886,802)
Total accumulated depreciation	(22,321,411)	(2,204,337)	0	(24,525,748)
Total capital assets, being depreciated, net	52,401,610	(1,301,408)	42,280	51,142,682
Governmental activities capital assets, net	\$54,177,905	(\$1,077,096)	\$0	\$53,100,809

The business-type activities capital asset activity for the year ended November 30, 2015 is as follows:

Business-Type activities:	Balance 12/1/14	Additions	Deletions and Transfers	Balance 11/30/15
Capital assets, not being depreciated -				
Land	\$1,174,645	\$0	\$0	\$1,174,645
Construction in progress	0	0	0	0
Total capital assets, being depreciated	1,174,645	0	0	1,174,645
Capital assets, being depreciated:				
Land improvements	3,794,252	0	0	3,794,252
Buildings and improvements	7,897,602	0	0	7,897,602
Equipment and machinery	6,468,529	899,194	(155,355)	7,212,368
Furniture and fixtures	612,586	0	0	612,586
Vehicles	387,372	0	0	387,372
Infrastructure	205,218	0	0	205,218
Total capital assets, being depreciated	19,365,559	899,194	(155,355)	20,109,398
Accumulated depreciation:				
Land improvements	(3,424,293)	(42,916)	0	(3,467,209)
Buildings and improvements	(4,464,088)	(254,916)	0	(4,719,004)
Equipment and machinery	(4,771,344)	(493,336)	141,542	(5,123,138)
Furniture and fixtures	(562,482)	(18,118)	0	(580,600)
Vehicles	(278,054)	(38,841)	0	(316,895)
Infrastructure	(151,471)	(29,316)	0	(180,787)
Total accumulated depreciation	(13,651,732)	(877,443)	141,542	(14,387,633)
Total capital assets, being depreciated, net	5,713,827	21,751	(13,813)	5,721,765
Business-type activities capital assets, net	\$6,888,472	\$21,751	(\$13,813)	\$6,896,410

Knox County, Illinois

Notes to Financial Statements

Note 5 Capital Assets (continued)

Depreciation expense was charged to the functions as follows:

Governmental activities:	
General control and administration	\$288,480
Public safety	373,685
Judiciary and courts	20,275
Transportation	1,466,931
Public health	54,966
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Total depreciation expense-governmental activities	2,204,337
<hr/>	
Business-type activities -	
Nursing Home	279,381
Landfill	598,062
<hr/>	
Total depreciation expense-business-type activities	877,443
<hr/>	
Total depreciation expense	\$3,081,780
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Note 6 Retirement Plans

Illinois Municipal Retirement Fund

Plan description – Employees of the County are provided with pensions through the Illinois Municipal Retirement Fund (IMRF) —an agent multiple-employer defined benefit pension plan. Established by the Illinois State Legislature for the benefit of Illinois municipal employed outside the city of Chicago, IMRF is governed by the Illinois Pension Code. IMRF issues a publicly available financial report that can be obtained at <http://imrf.org>.

Benefits provided – IMRF provides retirement, disability, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member's date of participation determine a member's minimum benefit while the benefit provisions in effect on the member's date of termination determine a member's maximum benefit. Public Act 96-0889 added a new section to the Pension Code that applies different benefits to anyone who first contributes to IMRF on or after January 1, 2011 and does not have any other previous service credit with one of the reciprocal retirement systems in Illinois.

Members who first participate on or after that date are members of Tier II. Anyone who made contributions to IMRF prior to January 1, 2011 remain participants of Tier I. Tier I retirement benefit are determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. The pension amount is 1 2/3 percent of the final rate of earnings for each of the first fifteen years of service and 2 percent for each year of service credit in excess of fifteen years, up to a maximum of 75 percent of the final rate of earnings.

Tier II benefits are determined by the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Pension earnings are initially capped at \$110,631 increasing annually by 3 percent or the consumer price index, whichever is less.

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel:

Employees Covered by the Benefit Terms – The County’s covered employees are comingled with the Plan employees. At the December 31st 2014 valuation date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	302
Inactive employees entitled to but not yet receiving benefits	491
Active employees	403
<hr/>	
Total	1,196
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Contributions – Employees are required to contribute 4.5 percent of their annual pay as set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer’s Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	3.5%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Morality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RF-2014 Disabled Retirees Morality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes

There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2014 Illinois Municipal Retirement Fund annual actuarial valuation report.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study dated April 27, 2015 for the period January 1, 2014 through December 31, 2014. As a result of the December 31, 2014 actuarial experience study, new assumptions for the assumed rate of return, salary increase, inflation and related economic assumptions were adopted in the December 31, 2014 actuarial valuation to more closely reflect actual experience.

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

Changes in Net Plan Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2014	\$54,666,694	\$55,206,096	(\$539,402)
Service costs	1,537,273	0	1,537,273
Interest on total pension liability	4,047,802	0	4,047,802
Difference between expected and actual experience	1,187,699	0	1,187,699
Changes in assumptions	1,924,974	0	1,924,974
Employer contributions	0	1,950,556	(1,950,556)
Employee contributions	0	775,965	(775,965)
Net investment income	0	3,361,388	(3,361,388)
Benefit payments – net of refunds	(2,929,286)	(2,929,286)	0
Administrative expense	0	0	0
Other changes	0	379,632	(379,632)
Net changes	5,768,462	3,538,255	2,230,207
Balances as of December 31, 2014	\$60,435,156	\$58,744,351	\$1,690,805

Sensitivity of the plan’s proportionate share of the net pension liability to changes in the discount rate – The following presents the Plan’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the plan’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Plan’s proportionate share of the net Pension liability	\$10,052,906	\$1,690,805	(\$5,040,308)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2014, the Plan recognized pension expense of \$1,279,225. At November 30, 2015, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$867,297	\$0
Changes in assumptions	1,405,679	0
Net difference between projected and actual earnings	628,562	0
Employer contributions subsequent to the measurement date	1,232,820	0
Total	\$4,134,358	\$0

The County reported \$1,232,820 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended November 30, 2015. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Net Deferred Outflows of Resources
2015	\$996,837
2016	996,837
2017	750,722
2018	157,142
2019	0
Thereafter	0
Total	\$2,901,538

Payable to the Pension Plan

At November 30, 2015, the Plan reported a payable of \$105,873 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2015.

Sheriff's Law Enforcement (SLEP):

Employees Covered by the Benefit Terms – At the December 31st 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	5
Active employees	23
Total	49

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2014 Illinois Municipal Retirement Fund annual actuarial valuation report.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study dated April 27, 2015 for the period January 1, 2014 through December 31, 2014. As a result of the December 31, 2014 actuarial experience study, new assumptions for the assumed rate of return, salary increase, inflation and related economic assumptions were adopted in the December 31, 2014 actuarial valuation to more closely reflect actual experience.

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2014	\$9,539,921	\$8,880,796	\$659,125
Service costs	228,961	0	228,961
Interest on total pension liability	708,180	0	708,180
Difference between expected and actual experience	(294,952)	0	(294,952)
Changes in assumptions	162,954	0	162,954
Employer contributions	0	311,771	(311,711)
Employee contributions	0	87,428	(87,428)
Net investment income	0	540,972	(540,972)
Benefit payments – net of refunds	(423,994)	(423,994)	0
Other changes	0	(11,385)	11,385
Net changes	381,149	504,792	(123,643)
Balances as of December 31, 2014	\$9,921,070	\$9,385,588	\$535,482

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net Pension liability	\$1,873,951	\$535,482	(\$562,854)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2014, the County recognized pension expense of \$196,274. At November 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$0	\$239,386
Changes in assumptions	132,254	0
Net difference between projected and actual earnings	98,985	0
Employer contributions subsequent to the measurement date	205,821	0
Total	\$437,060	\$239,386

The County reported \$205,821 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended November 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Knox County, Illinois

Notes to Financial Statements

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Year Ending December 31:	Net Deferred Outflows of Resources
2015	(\$121)
2016	(121)
2017	(121)
2018	(121)
2019	(7,663)
Thereafter	0
Total	(\$8,147)

Payable to the Pension Plan

At November 30, 2015, the Plan reported a payable of \$23,034 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2015.

Note 7 Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 457. The plan, available to all eligible County employees, permits them to defer a portion of their salary until future years. Payments to the plan are made by County employees only. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

It is the opinion of the County that it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Note 8 Other Post-Employment Benefits

The County has evaluated its potential other postemployment benefits liability. The County provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the County are required to pay 100% of the current premium. However, only one former employee has chosen to stay in the County's current health insurance plan. Management believes based on the results of prior actuarial studies that any resulting liability is immaterial to the financial statements based on a calculation accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the County has no former employees for whom the County was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the County has not recorded any postemployment benefit liability as of November 30, 2015.

Knox County, Illinois

Notes to Financial Statements

Note 9 Construction and Other Significant Commitments

Construction commitments. The County has an active highway construction project as of November 30, 2015.

In April 2013, the County signed a local agency agreement with the Illinois Department of Transportation for County Highway 4 reconstruction. The estimated total cost of the project is \$6 million with an estimated \$3.9 million in federal funding, \$300,000 in estimated state funding, and approximately \$1.8 million is the local share including the preliminary engineering costs. As of November 30, 2015, the County has expended \$985,710 relating to the local share agreement and preliminary engineering costs. The County has not yet been billed for final construction costs by IDOT. The estimated date of completion is July 2016.

Note 10 Risk Management

The County maintains a comprehensive self-insurance plan through a third party administrator as an option for its employees' health coverage. Under this plan, the County had coverage for medical claims when individual claims exceeded \$100,000 with an unlimited maximum benefit per individual per life time and aggregate claims exceeded \$3,093,961 over an annual liability period. Coverage from a private insurance company was maintained for losses in excess of the stop-loss amounts.

Liabilities were reported when it was probable that a loss had occurred and the amount of the loss could be reasonably estimated. This liability is reported in the Internal Service Fund. Claims payable included all known claims and an amount for claims that had been incurred but not reported (IBNR).

Claim liabilities were estimated by considering the effects of inflation, recent claim settlement trends, including frequency and accrued liabilities on the statements of net position.

The change in the aggregate liability for claims for the year ended November 30 were as follows:

	2015	2014	2013
Claims payable including IBNR, beginning of year	\$429,913	\$785,832	\$607,620
Claims expense	1,274,298	1,954,090	2,948,570
Claim payments	(1,541,834)	(2,310,009)	(2,770,358)
Claims payable including IBNR, end of year	<u>\$162,377</u>	<u>\$429,913</u>	<u>\$785,832</u>

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters; workers' compensation claims of its employees; and medical claims of its employees and their dependents. In order to protect against such risks of loss, the County purchases insurance coverage. The maximum deductible in effect through these policies as of November 30, 2015 was \$25,000. During the year ended November 30, 2015, there were no significant reductions in coverage. Also, there have been no settlements which have exceeded insurance coverage in the past three years.

Knox County, Illinois

Notes to Financial Statements

Note 10 Risk Management (continued)

For risks of loss related to injuries to employees, the County purchases coverage through the Illinois Counties Risk Management Pool. Potentially the County could be assessed additional premiums for its share of any losses of the pool. Historically, the County has not been assessed any additional premiums.

Until 2012, the County was self-insured for workers' compensation. The County is now fully insured through the Illinois Counties Risk Management Pool. Prior to 2012, the County maintained a comprehensive self-insurance plan through a third party administrator for workers' compensation. Under this plan, the County had coverage for workers' compensation claims when individual claims exceeded \$400,000 with a maximum benefit of \$1,000,000 per each accident and \$1,000,000 per each employee for disease. Coverage from a private insurance company was maintained for losses in excess of the stop-loss amounts.

Liabilities were reported when it was probable that a loss had occurred and the amount of the loss could be reasonably estimated. Claims payable included all known claims and are recorded in the Self Insurance Fund. Claim liabilities were estimated by considering the effects of inflation, recent claim settlement trends, including frequency and accrued liabilities on the statements of net assets. The change in the aggregate liability for claims for the year ended November 30 were as follows:

	2015	2014	2013
Claims payable, beginning of year	\$0	\$46,747	\$63,917
Claims expense	0	(40,840)	7,021
Claim payments	0	(5,907)	(24,191)
Claims payable, end of year	\$0	\$0	\$46,747

Note 11 Lease Obligations

Capital lease

The County obtained a capital lease with Caterpillar for a Landfill Compactor. The value of the lease was \$558,025 with an interest rate of 3.50% payable in annual installments of \$104,252 - \$199,902 and was paid off in May 2015.

The County obtained a capital lease with Bank of America National Association for an International Workstar Roll-off Truck for the Landfill. The value of the lease was \$143,880 with an interest rate of 4.30% payable in monthly installments of \$2,660 and was paid off July 2015.

The County obtained a capital lease with Merchants Capital Resources, Inc. for an Earth Mover for the Landfill. The value of the lease was \$534,343 with an interest rate of 2.50% payable in annual installments of \$112,272 and was paid off October 2015.

The County obtained a capital lease with Merchants Capital Resources, Inc. for a Wheel Loader for the Landfill. The value of the lease was \$127,570 with an interest rate of 4.776% payable in annual installments of \$34,208 and was paid off June 2015.

Knox County, Illinois

Notes to Financial Statements

Note 11 Lease Obligations (continued)

Capital lease (continued)

The County obtained a capital lease with GE Capital for a 2012 International Truck for the Landfill. The value of the lease is \$106,500 with an interest rate of 4.02% payable in monthly installments of \$1,962 through February 1, 2017.

The County obtained a capital lease with GE Capital for a 2014 International Truck for the Landfill. The value of the lease is \$87,705 with an interest rate of 3.27% payable in monthly installments of \$1,949 through June 10, 2017.

The County obtained a capital lease with Caterpillar Financial Services Corporation for a 2016 Caterpillar On-Highway Truck for the Landfill. The value of the lease is \$89,218 with an interest rate of 3.20% payable in monthly installments of \$1,611 through August 5, 2020.

The County obtained a capital lease with Computer Information Concept (CIC) for computer software. The value of the lease is \$103,136 with an interest rate of 4% payable in annual installments of \$37,165 through December 12, 2017.

Leased machinery and equipment under capital leases in capital assets at November 30, 2015, included the following:

Machinery and equipment	\$1,786,091
Less: Accumulated depreciation	(1,205,431)
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Total	\$580,660
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Amortization of leased machinery and equipment under capital assets is included with depreciation expense.

Annual debt service requirements to maturity are as follows:

Governmental activities:

Fiscal Year Ended November 30,	Principal	Interest
2016	\$32,982	\$4,183
2017	34,320	2,845
2018	35,834	1,331
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	\$103,136	\$8,359
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Knox County, Illinois

Notes to Financial Statements

Note 11 Lease Obligations (continued)

Capital lease (continued)

Business-type activities:

Fiscal Year Ended November 30,	Principal	Interest
2016	\$62,687	\$3,572
2017	34,751	2,072
2018	17,997	1,335
2019	18,592	740
2020	12,732	157
	\$146,759	\$7,876

Operating lease

The County leases software under an operating lease agreement which expires in 2018. Total lease expense paid for November 30, 2015, was \$47,855. The following is a schedule of future minimum lease payments under operating leases at November 30, 2015:

Fiscal Year Ended November 30,	Operating Leases
2016	\$47,855
2017	47,855
2018	47,855
	\$143,565

Note 12 Long-Term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 5 to 20 years. General obligation bonds outstanding at November 30, 2015 are as follows:

Governmental Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/15
Series 2010A	6/15/10	\$1,055,000	4.55 – 5.55	12/15/23	\$1,055,000
Series 2010B	6/15/10	\$1,945,000	5.20 – 5.80	12/15/29	1,945,000
Series 2013A	12/23/13	\$3,635,000	0.65 – 2.71	12/15/18	2,970,000
Total					\$5,970,000

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

General Obligation Bonds (continued)

Business-Type Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/15
Series 2010A	6/15/10	\$1,000,000	1.35 – 5.55	12/15/25	\$785,000

On March 24, 2010, the County authorized issuing \$4,000,000 of General Obligation Alternate Revenue Bonds Series 2010A and 2010B for the purpose of renovating the County courthouse and acquiring land for landfill purposes. Of the \$4,000,000 General Obligation Alternate Revenue Bonds, \$1,000,000 of General Obligation Alternate Revenue Bonds must be paid by the revenue of the Landfill Fund and \$3,000,000 of General Obligation Alternate Revenue Bonds must be paid by public safety and sales taxes for them not to be classified as general obligation only bonds.

Of the \$4,000,000 bond issuance, \$50,000 is general obligation alternate revenue bonds (taxable) Series 2010A, \$2,005,000 is general obligation alternate revenue bonds (taxable Build America Bonds – direct pay) Series 2010A, and \$1,945,000 is general obligation alternate revenue bonds (taxable recovery zone economic development bonds) Series 2010B. Direct Pay Build America Bonds (BABs) allow the County to receive a 35% treasury rebate on each interest payment date and the bond proceeds must be used for capital purchases. Recovery Zone Bonds allow the County to receive a 45% treasury rebate on each interest payment date and the bond proceeds must be used for qualified economic development purposes in a designated recovery zone. Qualified economic development purposes include capital expenditures with respect to property located in a recovery zone. A recovery zone is any area designated as having significant poverty, unemployment, rate of home foreclosures, or general distress.

- A. Of the Series 2010A BABs, \$1,055,000 was used for renovating the County courthouse. These bonds are due on June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year beginning on December 15, 2019, with final maturity on December 15, 2023. The County anticipates receiving \$195,869 in treasury rebates. The amount of treasury rebates due to the County in the next fiscal year total \$17,940. The bond proceeds were used 100.00% to purchase capital assets. It is the intent of the County officials to service this debt from public safety tax revenue.
- B. The remaining \$1,000,000 of the Series 2010A bonds were used to purchase additional land at the landfill. These bonds are due June 15 and December 15 of each year beginning June 15, 2012, while principal amounts mature serially on December 15 of each year beginning 2012, with final maturity on December 15, 2025. The County anticipates receiving \$148,192 in treasury rebates. The amount of treasury rebates due to the County in the next fiscal year total \$12,194. The bond proceeds were used 100.00% to purchase capital assets. It is the intent of the County officials to service this debt from landfill tipping fee revenues.

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

General Obligation Bonds (continued)

- C. The County used \$1,945,000 of the Series 2010B Recovery Zone Economic Development Bonds for additional renovations to the County courthouse. These bonds are due June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year beginning on December 15, 2023, with final maturity on December 15, 2029. The County anticipates receiving \$809,829 in treasury rebates. The amount of treasury rebates due to the County in the next fiscal year total \$48,647. The bond proceeds were used 100.00% to purchase capital assets. It is the intent of the County officials to service this debt from public safety tax revenue.

The general obligation refunding bonds, Series 2013, bear interest at 2.00 to 3.00 percent, which is due June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year, with final maturity on December 15, 2018. The original issue was \$4,055,000. The bond proceeds were used 100.00% for the defeasment of the General Obligation Alternate Refunding Bond, Series 2003. This bond was defeased by the Taxable General Obligation Refunding Bond, Series 2013A in fiscal year ending November 30, 2014.

The taxable general obligation refunding bonds, Series 2013A, bear interest at 0.65 to 2.71 percent, which is due June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year, with final maturity on December 15, 2018. The original issue was \$3,635,000. The bond proceeds were used 100.00% for the defeasment of the General Obligation Refunding Bond, Series 2013.

Health Department Note Payable

The County obtained a \$1,150,000 loan from Farmers and Mechanics Bank for the Health Department building with an interest rate of 3.83% payable in monthly installments of \$6,866 through February 5, 2018 and one balloon payment of \$728,831 on March 5, 2018.

<u>Note Payable</u>	<u>Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 11/30/15</u>
Health Department	3/5/08	\$1,150,000	3.83	3/15/18	\$838,898

Sheriff Department Note Payable

The County obtained a \$136,142 loan from Farmers and Mechanics Bank for six Ford Utility vehicles with an interest rate of 2.15% payable in annual installments of \$46,534 through December 1, 2017.

<u>Note Payable</u>	<u>Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 11/30/15</u>
Sheriff's Office	10/1/15	\$136,142	2.15	12/1/17	\$136,142

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

Landfill Note Payables

The County obtained a \$233,538 loan from Farmers and Mechanics Bank for a Caterpillar Bulldozer with an interest rate of 2.27% payable in annual installments of \$61,910 through December 1, 2018.

The County obtained a \$99,238 loan from Farmers and Mechanics Bank for a John Deere Scrapper with an interest rate of 1.99% payable in annual installments of \$34,538 through December 1, 2017.

The County obtained a \$557,195 loan from First Mid-Illinois Bank & Trust for a 2016 Caterpillar Compactor with an interest rate of 1.90% payable in annual installments of \$145,985 through October 28, 2019.

The County obtained a \$106,922 loan from Farmers and Mechanics Bank for (2) 2015 Sheet & Post Unloader Trailers with an interest rate of 2.15% payable in annual installments \$21,344 - \$29,314 through December 1, 2017.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/15
Caterpillar Bulldozer	10/29/14	\$233,538	2.27	12/1/18	\$233,538
John Deere Scrapper	10/1/14	\$99,238	1.99	12/1/17	99,238
2016 Caterpillar Compactor	10/28/15	\$557,195	1.90	10/28/19	557,195
2015 Trailers	8/28/15	\$106,922	2.15	12/1/17	85,578
Total					\$975,549

Debt service requirements to maturity are as follows:

Governmental activities

Year ending November 30:	Leases Payable		Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$32,982	\$4,183	\$725,000	\$144,719	\$96,670	\$32,256
2017	34,320	2,845	735,000	135,037	97,284	31,642
2018	35,834	1,331	745,000	121,515	781,086	8,011
2019			765,000	103,141		
2020			245,000	92,774		
2021 – 2025			1,295,000	338,083		
2026 – 2030			1,460,000	138,232		
<hr/>						
	\$103,136	\$8,359	\$5,970,000	\$1,073,501	\$975,040	\$71,909

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

Business-type activities

Year ending November 30:	Leases Payable		Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$62,687	\$3,572	\$60,000	\$23,593	\$252,469	\$19,274
2017	34,751	2,072	60,000	22,324	257,036	14,707
2018	17,997	1,335	65,000	20,878	262,292	9,456
2019	18,592	740	65,000	19,269	203,752	4,144
2020	12,732	157	70,000	17,491		
2021 – 2025			380,000	52,791		
2026 – 2030			85,000	2,358		
	\$146,759	\$7,876	\$785,000	\$158,704	\$975,549	\$47,581

Long term liability activity for the year ended November 30, 2015, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$6,635,000	\$0	(\$665,000)	\$5,970,000	\$725,000
Discount/premium on bonds	(21,590)	0	1,742	(19,848)	(1,742)
Note payable	887,684	136,142	(48,786)	975,040	96,670
Capital lease	0	103,136	0	103,136	32,982
Accrued compensated absences	397,889	453,761	(518,358)	333,292	49,995
Governmental activity long-term liabilities	\$7,898,983	\$693,039	(\$1,230,402)	\$7,361,620	\$902,905
	Balance 12/1/14	Additions	Reductions	Balance 11/30/15	Due Within One Year
Business-type activities:					
General obligation bonds	\$840,000	\$0	(\$55,000)	\$785,000	\$60,000
Discount on bonds	(6,997)	0	634	(6,363)	(634)
Note payable	332,776	664,117	(21,344)	975,549	252,469
Capital leases	462,754	89,218	(405,213)	146,759	62,687
Accrued compensated absences	120,797	280,761	(267,118)	134,440	20,166
Business-type activity Long-term liabilities	\$1,749,330	\$1,034,096	(\$748,041)	\$2,035,385	\$394,688

The County is subject to a debt limitation of 5.750% of its assessed valuation of \$731,425,276. As of November 30, 2015, the County had \$36,106,801 of remaining legal debt margin.

Knox County, Illinois

Notes to Financial Statements

Note 13 Net Position

Net position reported on the government wide statement of net position at November 30, 2015, as follows:

Governmental Activities:

Net investment in capital assets:

Land and construction in progress	\$1,958,127
Other capital assets, net of accumulated depreciation	51,142,682
Less: related long-term debt outstanding	(7,048,176)

Total net investment in capital assets	46,052,633
--	------------

Restricted:

State statutes and enabling legislation	14,972,776
Debt services	1,992,151
Externally imposed by grantors	170,941

Total restricted	17,135,868
------------------	------------

Unrestricted	3,295,049
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Total governmental activities net position	\$66,483,550
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Business-type Activities:

Net investment in capital assets:

Land	\$1,174,645
Other capital assets, net of accumulated depreciation	5,721,765
Less: related long-term debt outstanding	(1,907,308)

Total net investment in capital assets	4,989,102
--	-----------

Restricted -

Externally imposed for landfill closure costs	7,410,572
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Unrestricted	1,287,113
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Total business-type activities net position	\$13,686,787
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Note 14 Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Knox County, Illinois

Notes to Financial Statements

Note 14 Fund Balance (continued)

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The County has nonspendable balances at year end that are listed below.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The County has restricted balances at year end that are listed below.

Committed Fund Balance

The County commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The County has committed balances at year end that are listed below.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the County’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The County has no assigned balances at year end.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund and for funds with negative fund balances.

Nonspendable Fund Balance

Major Funds -	
General	\$297
Non-Major Funds -	
County Health	10,936
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Total nonspendable fund balance	\$11,233
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Knox County, Illinois

Notes to Financial Statements

Note 14 Fund Balance (continued)

Restricted Fund Balance

Major Funds:

Bond agreement:

General -

Self Insurance

\$317,866

Public Safety Improvement Bonds

1,992,151

State statutes and enabling legislation -

Mary Davis Home

1,040,703

Illinois Municipal Retirement

1,119,563

Non-Major Funds:

State statutes and enabling legislation:

Federal Aid Matching

1,203,728

Nursing Home Referendum

1,475,946

County Bridge

2,042,450

County Highway

96,281

County Motor Fuel Tax

653,004

Veteran's Assistance

369,952

Law Library

23,254

Animal Control

67,025

Indemnity

263,898

Insurance Tort Levy

196,843

County Farm

58,311

911 Fund

868,874

Probation Service Fees

298,221

Drug Court

16,948

Social Security

1,021,989

State's Attorney Automation Fee

6,102

Electronic Citation

22,341

County Health

1,230,762

Arrestee Medical

773

Article 36

1,510

DUI

12,433

Vehicle Replacement

7,940

Drug OFT

5,452

County Inmate

110,492

Sheriff Motor Vehicle Impound

25,039

Court Document Storage

84,058

Sale in Error

128,386

Circuit Clerk Admin

32,038

Drug Forfeiture

65,821

Court Security

6,537

Externally imposed by grantors-

Federally Qualified Health Clinic

170,941

Total restricted fund balance

\$15,037,632

Knox County, Illinois

Notes to Financial Statements

Note 14 Fund Balance (continued)

Committed Fund Balance

Major Funds-	
General Fund:	
Special Contingency	\$2
Chaplain	783
Non-Major Funds -	
County Building	190,754
<hr/>	
Total committed fund balance	\$191,539
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Unassigned Fund Balance

Major Funds-	
General Fund -	
County General	\$1,539,892
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Note 15 Interfund Receivables and Payables

There were no interfund balances as of November 30, 2015:

Note 16 Interfund Transfers

Below are the interfund transfers as of November 30, 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major funds:		
General	\$2,389,961	\$1,529,665
Mary Davis Home	54,424	0
Illinois Municipal Retirement	0	228,335
Public Safety Improvement Bonds	0	462,699
Non-major funds	931,450	1,602,781
Proprietary funds:		
Nursing Home	1,028,796	27,539
Landfill	2,661,064	3,214,346
<hr/>		
	\$7,065,365	\$7,065,365
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All transfers were made to simplify cash flows within the County, for budgeted capital outlays, and accumulation of funds for future needs of the County.

Knox County, Illinois

Notes to Financial Statements

Note 17 Contingencies

From time to time, the County is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the County's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

Note 18 Major Customers

Waste Management, Kewanee Transfer Station, and City of Galesburg accounted for 30%, 18%, and 11%, respectively, of the Knox County Landfill's 2015 tipping fee revenues.

Note 19 Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require Knox County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closures and post-closure care costs is based on the amount of the landfill used during the year.

The landfill has expanded throughout the years and the total in-place capacity as of November 30, 2015, is approximately 5,757,000 cubic yards. Based on this capacity the estimated liability for landfill closure and post-closure care costs has a balance of \$4,742,191 as of November 30, 2015, which is based on 76.14% usage (filled) of the landfill. Although the majority of closure and post-closure care costs will be paid only near or after the date that a landfill site stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The current year operating expense of the landfill closure and post-closure care is \$99,158. It is estimated that an additional \$1,485,797 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is currently expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care (\$6,227,988) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of November 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Based on current demographic information and engineering estimates of landfill consumption, the County expects to close the landfill in approximately 2030.

Knox County, Illinois

Notes to Financial Statements

Note 20 Landfill Closure Reserve

Effective January 1, 1994, the landfill was required to establish a local solid waste management reserve. This is to be funded with approximately \$.95 per ton of waste that the landfill takes in for disposal. From December 1, 1997 through November 30, 2015, Knox County has complied with this requirement by increasing the fund to \$7,410,572.

The landfill also established a Landfill Composting Closure cash reserve to be used to close the composting area. This cash reserve was funded by a one-time deposit of \$5,000 and has a balance of \$9,257 as of November 30, 2015.

Note 21 New Reporting Standard

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* is effective for periods beginning after June 15, 2014. This statement establishes new requirements for governments to report a “net pension liability” for the unfunded portion of its IMRF pension plan. The County has implemented this statement in the year ended November 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* is effective for periods beginning after June 15, 2014. The statement amends the new requirements for governments reporting a net pension liability. The County has implemented this statement in the year ended November 30, 2015.

Note 22 Impact of Pending Accounting Principles

GASB issued Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement when a market price is not readily determinable, and establishes a 3-level hierarchy of fair value that will be disclosed in the notes to the financial statements, based on the presence or absence of observable market inputs. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The County has not determined the effect of this Statement.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68* addresses accounting and financial reporting for pensions that were not covered by GASB Statement No. 68, because the plan assets are not held in trust. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015. The County has not determined the effect of this Statement.

Knox County, Illinois

Notes to Financial Statements

Note 22 Impact of Pending Accounting Principles (continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County has not determined the effect of this Statement.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Authoritative sources of GAAP now include (1) GASB pronouncements, (2) GASB implementation guides, and (3) AICPA literature specifically cleared by the GASB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The County has not determined the effect of this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The County has not determined the effect of this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The County has not determined the effect of this Statement.

Note 23 Restatement of Beginning Net Position

As a result of the implementation of GASB Statement No. 68 and 71, the governmental and business-type activities beginning net positions were restated as follows:

	Governmental Activities	Business-Type Activities
Balance at December 1, 2014	\$62,693,031	\$13,849,685
Add (subtract) beginning net pension asset (liability) for IMRF	(254,362)	134,639
Add prior year net pension obligation	481,027	141,378
Balance at December 1, 2014, as restated	<u>\$62,919,696</u>	<u>\$14,125,702</u>

Knox County, Illinois

Notes to Financial Statements

Note 24 Subsequent Events

On December 1, 2015, the County obtained a \$1,601,000 loan from Farmers and Mechanics Bank for IMRF early retirement incentive (ERI) costs with an interest rate of 2.20% payable in monthly installments of \$28,225 through December 1, 2020.

On March 18, 2016, the County sold 20.1 acres of County Farm land to Roserock Holdings, LLC on for \$775,000.

Required Supplementary Information

Knox County, Illinois

General Fund

Budgetary Comparison Schedule

Required Supplementary Information

For the year ended November 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	\$1,975,050	\$1,975,050	\$1,974,968	(\$82)
Replacement	591,713	591,713	631,820	40,107
Sales	1,697,630	1,697,630	1,656,133	(41,497)
Income	920,000	920,000	958,020	38,020
Charges for services	3,344,033	3,002,671	2,158,096	(844,575)
Intergovernmental	656,835	666,729	483,551	(183,178)
Investment income	6,108	5,600	11,264	5,664
Miscellaneous	41,750	41,750	13,785	(27,965)
Total revenues	9,233,119	8,901,143	7,887,637	(1,013,506)
Expenditures:				
General control and administration	3,385,097	3,409,696	3,135,027	274,669
Public safety	2,851,594	2,640,689	2,421,064	219,625
Judiciary and courts	3,145,576	3,103,815	2,980,829	122,986
Transportation	0	0	0	0
Corrections	1,285,417	1,285,417	1,240,366	45,051
Public welfare	0	0	0	0
Public health	0	0	0	0
Debt service	0	0	0	0
Total expenditures	10,667,684	10,439,617	9,777,286	662,331
Excess (deficiency) of revenues over (under) expenditures	(1,434,565)	(1,538,474)	(1,889,649)	(351,175)
Other financing sources (uses):				
Transfers in	1,420,369	1,434,272	1,820,840	386,568
Transfers out	(110,229)	(40,229)	(431,721)	(391,492)
Total other financing sources (uses)	1,310,140	1,394,043	1,389,119	(4,924)
Net change in fund balance	<u>(\$124,425)</u>	<u>(\$144,431)</u>	(500,530)	<u>(\$356,099)</u>
Adjustment from budgetary basis to generally accepted accounting principles basis			198,577	
Fund balance, beginning of year			<u>1,842,142</u>	
Fund balance, end of year			<u>\$1,540,189</u>	
GAAP fund balances for General Revenue Funds:				
County General			\$1,540,189	
Self Insurance			317,866	
Special Contingency			2	
Chaplain			<u>783</u>	
GAAP fund balances for General Revenue Funds			<u>\$1,858,840</u>	

See Notes to Required Supplementary Information.

Knox County, Illinois

Mary Davis Home Fund

Budgetary Comparison Schedule

Required Supplementary Information

For the year ended November 30, 2015

	Budgeted Amount		Variance with
	Original and Final	Actual	Final Budget
Revenues:			
Taxes:			
Property	\$122,161	\$122,157	(\$4)
Charges for services	835,000	1,096,669	261,669
Intergovernmental	1,128,560	1,410,671	282,111
Investment income	1	4,087	4,086
Total revenues	2,085,722	2,633,584	547,862
Expenditures:			
Public safety	2,030,057	1,937,197	92,860
Total expenditures	2,030,057	1,937,197	92,860
Excess (deficiency) of revenues over (under) expenditures	55,665	696,387	640,722
Other financing sources (uses):			
Transfers in	47,300	54,424	7,124
Transfers out	0	0	0
Total other financing sources (uses)	47,300	54,424	7,124
Net change in fund balance	<u>\$102,965</u>	750,811	<u>\$647,846</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		22,030	
Fund balance, beginning of year		<u>267,862</u>	
Fund balance, end of year		<u>\$1,040,703</u>	

See Notes to Required Supplementary Information.

Knox County, Illinois

Illinois Municipal Retirement Fund
 Budgetary Comparison Schedule
 Required Supplementary Information
 For the year ended November 30, 2015

	<u>Budgeted Amount Original and Final</u>	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$1,920,185	\$1,918,609	(\$1,576)
Replacement	0	0	0
Investment income	6,000	8,634	2,634
Total revenues	1,926,185	1,927,243	1,058
Expenditures:			
Current:			
Employer's IMRF	1,626,185	871,280	754,905
Total expenditures	1,626,185	871,280	754,905
Excess (deficiency) of revenues over (under) expenditures	300,000	1,055,963	755,963
Other financing sources (uses):			
Transfers in	0	0	0
Transfers out	(300,000)	(228,335)	71,665
Total other financing sources (uses)	(300,000)	(228,335)	71,665
Net change in fund balance	<u>\$0</u>	827,628	<u>\$827,628</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		(8,616)	
Fund balance, beginning of year		<u>300,551</u>	
Fund balance, end of year		<u><u>\$1,119,563</u></u>	

See Notes to Required Supplementary Information.

Knox County, Illinois

Public Safety Improvement Bonds
 Budgetary Comparison Schedule
 Required Supplementary Information
 For the year ended November 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	\$720,300	\$720,300	\$780,627	\$60,327
Replacement	0	0	0	0
Sales	1,000,000	1,076,730	1,223,452	146,722
Income	0	0	0	0
Charges for services	0	0	0	0
Intergovernmental	0	0	0	0
Investment income	4,500	4,500	7,405	2,905
Miscellaneous	0	0	0	0
Total revenues	1,724,800	1,801,530	2,011,484	209,954
Expenditures:				
General control and administration	0	0	0	0
Public safety	801,200	874,957	1,010,922	(135,965)
Judiciary and courts	0	0	0	0
Transportation	0	0	0	0
Corrections	0	0	0	0
Public welfare	0	0	0	0
Public health	0	0	0	0
Debt service	720,300	723,273	723,273	0
Total expenditures	1,521,500	1,598,230	1,734,195	(135,965)
Excess (deficiency) of revenues over (under) expenditures	203,300	203,300	277,289	73,989
Other financing sources (uses):				
Transfers in	0	364,130	0	(364,130)
Transfers out	(98,569)	(462,699)	(462,699)	0
Total other financing sources (uses)	(98,569)	(98,569)	(462,699)	(364,130)
Net change in fund balance	<u>\$104,731</u>	<u>\$104,731</u>	(185,410)	<u>(\$290,141)</u>
Adjustment from budgetary basis to generally accepted accounting principles basis			472,367	
Fund balance, beginning of year			<u>1,705,194</u>	
Fund balance, end of year			<u>\$1,992,151</u>	

See Notes to Required Supplementary Information.

Knox County, Illinois

Schedules of Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF Regular Plan - Last 10 Calendar Years

(schedule to be built prospectively from 2014)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$1,537,273									
Interest on the total pension liability	4,047,802									
Benefit changes	0									
Difference between expected and actual experience	1,187,699									
Assumption changes	1,924,974									
Benefit payments and refunds	(2,929,286)									
Net change in total pension liability	5,768,462									
Total pension liability - beginning	54,666,694									
Total pension liability - ending (a)	\$60,435,156									
Plan fiduciary net position:										
Employer contributions	\$1,950,556									
Employee contributions	775,965									
Pension plan net investment income	3,361,388									
Benefit payments and refunds	(2,929,286)									
Other	379,632									
Net change in plan fiduciary net position	3,538,255									
Plan fiduciary net position - beginning	55,206,096									
Plan fiduciary net position - ending (b)	\$58,744,351									
Net pension liability(asset) - Ending (a) - (b)	1,690,805									
Plan fiduciary net position as a percentage of total pension liability	97.20%									
Covered valuation payroll	13,753,968									
Net pension liability as a percentage of covered valuation payroll	12.29%									

The County implemented GASB Statement No. 68 in November 30, 2015.

Knox County, Illinois

Schedules of Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

IMRF SLEP Plan - Last 10 Calendar Years

(schedule to be built prospectively from 2014)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$228,961									
Interest on the total pension liability	708,180									
Benefit changes	0									
Difference between expected and actual experience	(294,952)									
Assumption changes	162,954									
Benefit payments and refunds	(423,994)									
Net change in total pension liability	381,149									
Total pension liability - beginning	9,539,921									
Total pension liability - ending (a)	\$9,921,070									
Plan fiduciary net position:										
Employer contributions	\$311,771									
Employee contributions	87,428									
Pension plan net investment income	540,972									
Benefit payments and refunds	(423,994)									
Other	(11,385)									
Net change in plan fiduciary net position	504,792									
Plan fiduciary net position - beginning	8,880,796									
Plan fiduciary net position - ending (b)	\$9,385,588									
Net pension liability(asset) - Ending (a) - (b)	535,482									
Plan fiduciary net position as a percentage of total pension liability	94.60%									
Covered valuation payroll	1,164,069									
Net pension liability as a percentage of covered valuation payroll	46.00%									

The County implemented GASB Statement No. 68 in November 30, 2015.

Knox County, Illinois
 Required Supplementary Information
 Multiyear Schedule of IMRF Contributions

Multiyear Schedule of Contributions (IMRF – Regular)
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2014	\$1,472,302	\$1,950,556	(\$478,254)	\$13,753,968	14.18%

* Estimated based on contribution rate of 14.18% and covered valuation payroll of \$13,753,968.

*The County implemented GASB Statement No. 68 in November 30, 2015.

Multiyear Schedule of Contributions (IMRF – SLEP)
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2014	\$251,173	\$311,771	(\$60,598)	\$1,164,069	26.78%

* Estimated based on contribution rate of 26.78% and covered valuation payroll of \$1,164,069.

*The County implemented GASB Statement No. 68 in November 30, 2015.

Knox County, Illinois

Notes to Required Supplementary Information

Note 1 Budgetary Basis

The budgets are prepared for County funds on a cash basis and include a statement of the cash revenue and expenditures of the immediately preceding fiscal year and a projection of the cash revenue (including the available beginning cash balance) and the proposed itemized appropriations of the ensuing fiscal year. All appropriations cease with the close of the fiscal year.

Note 2 Excess Expenditures Over Appropriations

The major funds of Public Safety Improvement Bond Fund and Nursing Home Fund have excess of disbursements over appropriations of \$135,965 and \$71,383 respectively.

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate for IMRF *

Valuation date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 24 years for most employers (two employers were financed over 33 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation

Supplementary Information

Knox County, Illinois

General Fund

Combining Balance Sheet

November 30, 2015

ASSETS	County General	Self Insurance	Special Contingency	Chaplain	Total General
Cash, deposits, and investments	\$689,896	\$317,866	\$2	\$783	\$1,008,547
Accounts receivable	289,782	0	0	0	289,782
Property tax receivable	2,040,920	0	0	0	2,040,920
Due from other governments	822,797	0	0	0	822,797
Inventory	297	0	0	0	297
Due from other funds	0	0	0	0	0
Total assets	\$3,843,692	\$317,866	\$2	\$783	\$4,162,343

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:

Accounts payable	\$139,570	\$0	\$0	\$0	\$139,570
Accrued payroll	127,782	0	0	0	127,782
Accrued compensated absences	24,651	0	0	0	24,651
Due to other funds	0	0	0	0	0
Total liabilities	292,003	0	0	0	292,003

Deferred inflows of resources -

Unavailable property taxes	2,011,500	0	0	0	2,011,500
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Fund balances:

Nonspendable	297	0	0	0	297
Restricted	0	317,866	0	0	317,866
Committed	0	0	2	783	785
Unassigned	1,539,892	0	0	0	1,539,892
Total fund balance	1,540,189	317,866	2	783	1,858,840

Total liabilities, deferred inflows of resources and fund balances

	\$3,843,692	\$317,866	\$2	\$783	\$4,162,343
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Knox County, Illinois

General Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended November 30, 2015

	County General	Self Insurance	Special Contingency	Chaplain	Total General
Revenues:					
Taxes:					
Property	\$1,976,140	\$0	\$0	\$0	\$1,976,140
Replacement	630,985	0	0	0	630,985
Sales	1,704,071	0	0	0	1,704,071
Income	971,780	0	0	0	971,780
Charges for services	2,116,529	0	0	0	2,116,529
Intergovernmental	531,740	0	0	0	531,740
Investment income	11,264	10,579	11,150	0	32,993
Miscellaneous	12,584	0	0	0	12,584
Total revenues	7,955,093	10,579	11,150	0	7,976,822
Expenditures:					
General control and administration	3,125,876	153,662	25,000	0	3,304,538
Public safety	2,390,987	0	0	100	2,391,087
Judiciary and courts	2,974,345	0	0	0	2,974,345
Transportation	0	0	0	0	0
Corrections	1,245,174	0	0	0	1,245,174
Public welfare	0	0	0	0	0
Public health	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	9,736,382	153,662	25,000	100	9,915,144
Excess (deficiency) of revenues over (under) expenditures	(1,781,289)	(143,083)	(13,850)	(100)	(1,938,322)
Other financing sources (uses):					
Transfers in	1,820,840	0	567,878	883	2,389,601
Transfers out	(444,640)	0	(1,085,025)	0	(1,529,665)
Proceeds from long-term debt	103,136	0	0	0	103,136
Total other financing sources (uses)	1,479,336	0	(517,147)	883	963,072
Net change in fund balance	(301,953)	(143,083)	(530,997)	783	(975,250)
Fund balance, beginning of year	1,842,142	460,949	530,999	0	2,834,090
Fund balance, end of year	\$1,540,189	\$317,866	\$2	\$783	\$1,858,840

Knox County, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds

November 30, 2015

ASSETS	Total Nonmajor Governmental	Special Revenue		
		Federal Aid Matching	Nursing Home Referendum	County Bridge
Cash, deposits, and investments	\$10,157,660	\$1,206,870	\$1,474,974	\$2,048,049
Accounts receivable	157,213	0	0	0
Property tax receivable	5,047,183	377,948	755,896	377,948
Due from other governments	677,470	0	0	0
Inventory	10,936	0	0	0
Due from other funds	0	0	0	0
Total assets	\$16,050,462	\$1,584,818	\$2,230,870	\$2,425,997
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$164,919	\$8,590	\$9,924	\$11,047
Accrued payroll	126,996	0	0	0
Accrued compensated absences	14,508	0	0	0
Due to other funds	0	0	0	0
Total liabilities	306,423	8,590	9,924	11,047
Deferred inflows of resources -				
Unavailable property taxes	4,975,000	372,500	745,000	372,500
Fund balances:				
Nonspendable	10,936	0	0	0
Restricted	10,567,349	1,203,728	1,475,946	2,042,450
Committed	190,754	0	0	0
Unassigned	0	0	0	0
Total fund balance	10,769,039	1,203,728	1,475,946	2,042,450
Total liabilities, deferred inflows of resources and fund balances	\$16,050,462	\$1,584,818	\$2,230,870	\$2,425,997

County Highway	County Motor Fuel Tax	Veterans' Assistance	Extension Education	Law Library	Animal Control	Indemnity	Insurance Tort Levy
\$139,718	\$344,859	\$375,378	\$0	\$23,280	\$63,290	\$248,618	\$216,377
0	0	0	0	0	6,825	15,280	0
755,896	0	172,533	228,353	0	0	0	709,838
0	312,634	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
\$895,614	\$657,493	\$547,911	\$228,353	\$23,280	\$70,115	\$263,898	\$926,215

\$17,335	\$0	\$6,035	\$3,353	\$0	\$0	\$0	\$29,372
35,847	4,489	1,775	0	26	1,469	0	0
1,151	0	149	0	0	1,621	0	0
0	0	0	0	0	0	0	0
54,333	4,489	7,959	3,353	26	3,090	0	29,372

745,000	0	170,000	225,000	0	0	0	700,000
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0	0	0	0	0	0	0	0
96,281	653,004	369,952	0	23,254	67,025	263,898	196,843
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
96,281	653,004	369,952	0	23,254	67,025	263,898	196,843

\$895,614	\$657,493	\$547,911	\$228,353	\$23,280	\$70,115	\$263,898	\$926,215
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Knox County, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

November 30, 2015

ASSETS	County Farm	911 Fund	Probation Service Fees	Drug Court	Social Security	Special State's Attorney Automation Fee
Cash, deposits, and investments	\$58,311	\$700,837	\$295,799	\$34,007	\$1,046,743	\$6,102
Accounts receivable	0	20,791	2,422	0	0	0
Property tax receivable	0	0	0	0	1,054,758	0
Due from other governments	0	180,573	0	0	0	0
Inventory	0	0	0	0	0	0
Due from other funds	0	0	0	0	0	0
Total assets	\$58,311	\$902,201	\$298,221	\$34,007	\$2,101,501	\$6,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$0	\$33,327	\$0	\$17,059	\$0	\$0
Accrued payroll	0	0	0	0	39,512	0
Accrued compensated absences	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0
Total liabilities	0	33,327	0	17,059	39,512	0
Deferred inflows of resources -						
Unavailable property taxes	0	0	0	0	1,040,000	0
Fund balances:						
Nonspendable	0	0	0	0	0	0
Restricted	58,311	868,874	298,221	16,948	1,021,989	6,102
Committed	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balance	58,311	868,874	298,221	16,948	1,021,989	6,102
Total liabilities, deferred inflows of resources and fund balances:	\$58,311	\$902,201	\$298,221	\$34,007	\$2,101,501	\$6,102

Revenue

Electronic Citation	County Health	Federally Qualified Health Clinic	Arrestee Medical	Article 36	DUI	Vehicle Replacement	Drug OFT
\$22,341	\$1,134,405	\$78,473	\$773	\$1,510	\$12,433	\$7,940	\$5,452
0	12,063	58,762	0	0	0	0	0
0	614,013	0	0	0	0	0	0
0	112,030	72,233	0	0	0	0	0
0	10,936	0	0	0	0	0	0
0	0	0	0	0	0	0	0
\$22,341	\$1,883,447	\$209,468	\$773	\$1,510	\$12,433	\$7,940	\$5,452

\$0	\$11,474	\$8,337	\$0	\$0	\$0	\$0	\$0
0	13,688	30,190	0	0	0	0	0
0	11,587	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	36,749	38,527	0	0	0	0	0

0	605,000	0	0	0	0	0	0
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0	10,936	0	0	0	0	0	0
22,341	1,230,762	170,941	773	1,510	12,433	7,940	5,452
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
22,341	1,241,698	170,941	773	1,510	12,433	7,940	5,452

\$22,341	\$1,883,447	\$209,468	\$773	\$1,510	\$12,433	\$7,940	\$5,452
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Knox County, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

November 30, 2015

ASSETS	Special			
	County Inmate	Sheriff Motor Vehicle Impound	Court Document Storage	Sale in Error
Cash, deposits, and investments	\$119,558	\$25,039	\$77,085	\$100,726
Accounts receivable	0	0	6,973	27,660
Property tax receivable	0	0	0	0
Due from other governments	0	0	0	0
Inventory	0	0	0	0
Due from other funds	0	0	0	0
Total assets	\$119,558	\$25,039	\$84,058	\$128,386
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$9,066	\$0	\$0	\$0
Accrued payroll	0	0	0	0
Accrued compensated absences	0	0	0	0
Due to other funds	0	0	0	0
Total liabilities	9,066	0	0	0
Deferred inflows of resources -				
Unavailable property taxes	0	0	0	0
Fund balances:				
Nonspendable	0	0	0	0
Restricted	110,492	25,039	84,058	128,386
Committed	0	0	0	0
Unassigned	0	0	0	0
Total fund balance	110,492	25,039	84,058	128,386
Total liabilities, deferred inflows of resources and fund balances	\$119,558	\$25,039	\$84,058	\$128,386

Revenue				Debt Service	Capital Projects			
Circuit Clerk Admin	Drug Forfeiture	Court Improvement	Court Security	2009 Debt Service	2010 Build America Bonds	2010 Recovery Zone Bonds	County Building	
\$32,038	\$65,821	\$0	\$100	\$0	\$0	\$0	\$190,754	
0	0	0	6,437	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
\$32,038	\$65,821	\$0	\$6,537	\$0	\$0	\$0	\$190,754	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
32,038	65,821	0	6,537	0	0	0	0	
0	0	0	0	0	0	0	190,754	
0	0	0	0	0	0	0	0	
32,038	65,821	0	6,537	0	0	0	190,754	
\$32,038	\$65,821	\$0	\$6,537	\$0	\$0	\$0	\$190,754	

Knox County, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended November 30, 2015

	Special			
	Total Nonmajor Governmental	Federal Aid Matching	Nursing Home Referendum	County Bridge
Revenues:				
Taxes:				
Property	\$4,848,690	\$365,955	\$731,910	\$365,955
Replacement	0	0	0	0
Sales	0	0	0	0
State income	0	0	0	0
Charges for services	1,787,653	0	0	0
Intergovernmental revenue	3,340,932	0	0	5,954
Investment income	197,338	33,899	29,634	57,597
Miscellaneous	44,595	0	0	0
Total revenues	10,219,208	399,854	761,544	429,506
Expenditures:				
Current:				
General control and administration	754,475	0	0	0
Public safety	870,670	0	0	0
Judiciary and courts	209,392	0	0	0
Transportation	2,748,544	270,210	0	355,613
Corrections	175,389	0	0	0
Public welfare	149,459	0	0	0
Public health	3,449,054	0	100,631	0
Debt service:	0			
Principal	48,786	0	0	0
Interest and fiscal agent fees	126,595	0	0	0
Bond issuance costs	0	0	0	0
Capital outlay	689,746	161,162	0	63,150
Total expenditures	9,222,110	431,372	100,631	418,763
Excess (deficiency) of revenues over expenditures	997,098	(31,518)	660,913	10,743
Other financing sources (uses):				
Issuance of debt	0	0	0	0
Transfers in	931,450	0	0	0
Transfers out	(1,602,781)	0	(505,859)	0
Total other financing sources (uses)	(671,331)	0	(505,859)	0
Net change in fund balance	325,767	(31,518)	155,054	10,743
Fund balances, beginning of year	10,443,272	1,235,246	1,320,892	2,031,707
Fund balances, end of year	\$10,769,039	\$1,203,728	\$1,475,946	\$2,042,450

Revenue

County Highway	County Motor Fuel Tax	Veterans' Assistance	Extension Education	Law Library	Animal Control	Indemnity	Insurance Tort Levy
\$731,910	\$0	\$170,171	\$225,222	\$0	\$0	\$0	\$660,836
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	17,820	103,584	15,280	0
341,066	928,564	0	0	0	0	0	0
909	944	8,351	0	132	1,206	7,429	2,176
316	0	2,695	0	0	50	0	0
1,074,201	929,508	181,217	225,222	17,952	104,840	22,709	663,012
0	0	0	225,222	0	0	0	465,541
0	0	0	0	0	97,758	0	0
0	0	0	0	13,304	0	0	0
1,147,954	929,291	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	144,611	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
192,866	0	0	0	0	0	0	0
1,340,820	929,291	144,611	225,222	13,304	97,758	0	465,541
(266,619)	217	36,606	0	4,648	7,082	22,709	197,471
0	0	0	0	0	0	0	0
15,412	0	1,517	0	0	1,070	0	0
(5,038)	0	0	0	0	0	(144,574)	(328,961)
10,374	0	1,517	0	0	1,070	(144,574)	(328,961)
(256,245)	217	38,123	0	4,648	8,152	(121,865)	(131,490)
352,526	652,787	331,829	0	18,606	58,873	385,763	328,333
\$96,281	\$653,004	\$369,952	\$0	\$23,254	\$67,025	\$263,898	\$196,843

Knox County, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds (Continued)

For the year ended November 30, 2015

	County Farm	911 Fund	Probation Service Fees	Drug Court	Social Security	Special State's Attorney Automation Fee
Revenues:						
Taxes:						
Property	\$0	\$0	\$0	\$0	\$991,297	\$0
Replacement	0	0	0	0	0	0
Sales	0	0	0	0	0	0
State income	0	0	0	0	0	0
Charges for services	0	229,349	91,491	7,013	0	2,431
Intergovernmental revenue	0	321,227	0	0	0	0
Investment income	1,201	1,625	6,041	767	14,579	1
Miscellaneous	16,137	0	0	0	0	0
Total revenues	17,338	552,201	97,532	7,780	1,005,876	2,432
Expenditures:						
Current:						
General control and administration	1,322	0	0	0	56,815	0
Public safety	0	582,420	0	0	166,856	0
Judiciary and courts	0	0	12,442	24,653	93,550	419
Transportation	0	0	0	0	45,476	0
Corrections	0	0	0	0	65,706	0
Public welfare	0	0	0	0	4,848	0
Public health	0	0	0	0	147,241	0
Debt service:						
Principal	0	0	0	0	0	0
Interest and fiscal agent fees	0	0	0	0	0	0
Bond issuance costs	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	1,322	582,420	12,442	24,653	580,492	419
Excess (deficiency) of revenues over expenditures	16,016	(30,219)	85,090	(16,873)	425,384	2,013
Other financing sources (uses):						
Issuance of debt	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
Transfers out	0	0	0	0	(186,819)	0
Total other financing sources (uses)	0	0	0	0	(186,819)	0
Net change in fund balance	16,016	(30,219)	85,090	(16,873)	238,565	2,013
Fund balances, beginning of year	42,295	899,093	213,131	33,821	783,424	4,089
Fund balances, end of year	\$58,311	\$868,874	\$298,221	\$16,948	\$1,021,989	\$6,102

Revenue

Electronic Citation	County Health	Federally Qualified Health Clinic	Arrestee Medical	Article 36	DUI	Vehicle Replacement	Drug OFT
\$0	\$605,434	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
4,439	170,748	771,959	6,105	0	7,521	4,415	6,090
0	713,760	1,021,385	0	0	0	0	0
3	25,936	22	1	0	3	1	1
0	21,239	3,457	0	0	0	0	0
4,442	1,537,117	1,796,823	6,106	0	7,524	4,416	6,091
0	0	0	0	0	0	0	0
0	0	0	0	456	8,416	859	3,905
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1,197,797	2,003,385	0	0	0	0	0
0	23,742	25,044	0	0	0	0	0
0	16,355	17,251	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1,237,894	2,045,680	0	456	8,416	859	3,905
4,442	299,223	(248,857)	6,106	(456)	(892)	3,557	2,186
0	0	0	0	0	0	0	0
0	20,834	171,178	667	1,966	13,325	4,383	3,266
0	(152,066)	0	(6,000)	0	0	0	0
0	(131,232)	171,178	(5,333)	1,966	13,325	4,383	3,266
4,442	167,991	(77,679)	773	1,510	12,433	7,940	5,452
17,899	1,073,707	248,620	0	0	0	0	0
\$22,341	\$1,241,698	\$170,941	\$773	\$1,510	\$12,433	\$7,940	\$5,452

Knox County, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds (Continued)

For the year ended November 30, 2015

				Special
	County Inmate	Sheriff Motor Vehicle Impound	Court Document Storage	Sale in Error
Revenues:				
Taxes:				
Property	\$0	\$0	\$0	\$0
Replacement	0	0	0	0
Sales	0	0	0	0
State income	0	0	0	0
Charges for services	91,703	27,500	86,759	27,660
Intergovernmental revenue	0	0	8,976	0
Investment income	25	4	126	446
Miscellaneous	0	0	0	0
Total revenues	91,728	27,504	95,861	28,106
Expenditures:				
Current:				
General control and administration	0	0	0	4,293
Public safety	0	10,000	0	0
Judiciary and courts	0	0	57,382	0
Transportation	0	0	0	0
Corrections	109,683	0	0	0
Public welfare	0	0	0	0
Public health	0	0	0	0
Debt service:				
Principal	0	0	0	0
Interest and fiscal agent fees	0	0	0	0
Bond issuance costs	0	0	0	0
Capital outlay	0	0	0	0
Total expenditures	109,683	10,000	57,382	4,293
Excess (deficiency) of revenues over expenditures	(17,955)	17,504	38,479	23,813
Other financing sources (uses):				
Issuance of debt	0	0	0	0
Transfers in	128,447	17,535	107,836	124,573
Transfers out	0	(10,000)	(62,257)	(20,000)
Total other financing sources (uses)	128,447	7,535	45,579	104,573
Net change in fund balance	110,492	25,039	84,058	128,386
Fund balances, beginning of year	0	0	0	0
Fund balances, end of year	\$110,492	\$25,039	\$84,058	\$128,386

Revenue				Debt Service	Capital Projects			
Circuit Clerk Admin	Drug Forfeiture	Court Improvement	Court Security	2009 Debt Service	2010 Build America Bonds	2010 Recovery Zone Bonds	County Building	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
6,528	13,825	0	95,433	0	0	0	0	
0	0	0	0	0	0	0	0	
52	11	7	5	796	0	0	3,408	
0	0	0	0	0	0	0	701	
6,580	13,836	7	95,438	796	0	0	4,109	
0	0	0	0	0	0	0	1,282	
0	0	0	0	0	0	0	0	
7,590	0	52	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	92,989	
0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	272,568	
7,590	0	52	0	0	0	0	366,839	
(1,010)	13,836	(45)	95,438	796	0	0	(362,730)	
0	0	0	0	0	0	0	0	
33,048	51,985	68,301	278	0	0	0	165,829	
0	0	(68,256)	(89,179)	(23,772)	0	0	0	
33,048	51,985	45	(88,901)	(23,772)	0	0	165,829	
32,038	65,821	0	6,537	(22,976)	0	0	(196,901)	
0	0	0	0	22,976	0	0	387,655	
\$32,038	\$65,821	\$0	\$6,537	\$0	\$0	\$0	\$190,754	

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

November 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Township Motor Fuel Tax				
Assets:				
Cash in banks	\$554,487	\$928	\$359,960	\$195,455
Investments	325,054	825,977	1,093,061	57,970
Due from other governments	96,569	491,675	96,569	491,675
Total assets	\$976,110	\$1,318,580	\$1,549,590	\$745,100
Liabilities:				
Accounts payable	\$13,272	\$6,818	\$13,272	\$6,818
Agency funds due to others	962,838	1,311,762	1,536,318	738,282
Total liabilities	\$976,110	\$1,318,580	\$1,549,590	\$745,100
Trust Fund				
Assets -				
Cash in banks	\$40,084	\$172,827	\$6,136	\$206,775
Liabilities -				
Agency funds due to others	\$40,084	\$172,827	\$6,136	\$206,775
Township Bridge Program				
Assets :				
Cash in banks	\$10,120	\$177,085	\$0	\$187,205
Investments	28,223	8	0	28,231
Total assets	\$38,343	\$177,093	\$0	\$215,436
Liabilities -				
Agency funds due to others	\$38,343	\$177,093	\$0	\$215,436

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds (Continued)

November 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
County Collector				
Assets :				
Cash in banks	\$1,113,267	\$43,376,495	\$43,217,317	\$1,272,445
Investments	91,186	22,713,212	22,779,059	25,339
Total assets	\$1,204,453	\$66,089,707	\$65,996,376	\$1,297,784
Liabilities -				
Agency funds due to others	\$1,204,453	\$66,089,707	\$65,996,376	\$1,297,784
Sheriff Inmate				
Assets -				
Cash in banks	\$2,997	\$137,570	\$118,458	\$22,109
Liabilities -				
Agency funds due to others	\$2,997	\$137,570	\$118,458	\$22,109
Sheriff Sales				
Assets -				
Cash in banks	\$7,612	\$0	\$0	\$7,612
Liabilities -				
Agency funds due to others	\$7,612	\$0	\$0	\$7,612
County Clerk Office Accounts				
Assets -				
Cash in banks	\$46,798	\$1,154,002	\$1,116,570	\$84,230
Liabilities -				
Agency funds due to others	\$46,798	\$1,154,002	\$1,116,570	\$84,230
Circuit Clerk				
Assets:				
Cash in banks	\$836,129	\$3,066,519	\$2,954,797	\$947,851
Investments	0	57,133	56,556	577
Total assets	\$836,129	\$3,123,652	\$3,011,353	\$948,428
Liabilities -				
Agency funds due to others	\$836,129	\$3,123,652	\$3,011,353	\$948,428

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds (Continued)

November 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
All Agency Funds				
Assets:				
Cash in banks	\$2,611,494	\$48,085,426	\$47,773,238	\$2,923,682
Investments	444,463	23,596,330	23,928,676	112,117
Due from other governments	96,569	491,675	96,569	491,675
Total assets	\$3,152,526	\$72,173,431	\$71,798,483	\$3,527,474
Liabilities:				
Accounts payable	\$13,272	\$6,818	\$13,272	\$6,818
Agency funds due to others	3,139,254	72,166,613	71,785,211	3,520,656
Total liabilities	\$3,152,526	\$72,173,431	\$71,798,483	\$3,527,474

Knox County, Illinois

Schedule of Expenditures From Taxes Extended For Tort Immunity Purposes For the year ended November 30, 2015

Salaries	\$29,131
Property and liability insurance	339,417
Unemployment	43,697
Professional services	53,296
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Total	\$465,541
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