Knox County, Illinois

Galesburg, Illinois

Financial Report

Year Ended November 30, 2017

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Supplementary Information:

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, 2017, 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, 2017, 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.

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 3 through 17 and 65 through 72 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 73 through 94 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 16, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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 16, 2018

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 (the "County") for the fiscal year ended November 30, 2017. 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 FY2017

- The County's governmental assets exceeded its liabilities at the close of the fiscal year by $67.5 million (net position). Of this amount, $0.1 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- The County's governmental total net position increased by $0.9 million during fiscal year November 30, 2017 as reported in the statement of activities.
- The County's governmental major revenues consisted of $10.4 million in property tax revenues, $5.4 million in charges for services, $4.7 million in operating grants and contributions, and $5.7 million other tax revenues.
- At of the close of fiscal year November 30, 2017, the County's governmental funds reported combined ending fund balances of $20.9 million, an increase of $1.6 million in comparison to 2016.
- At the end of fiscal year November 30, 2017, the unassigned fund balance in the General Fund was $0.7 million. The General Fund consists of the General Fund (County Clerk Micro Fees, Tax Sale Automation, Annual Support Maintenance, Circuit Clerk Automation, and Recorders Computer and Micro Fee Funds) the Self Insurance Fund, and the Special Contingency Fund.

BUSINESS-TYPE FINANCIAL HIGHLIGHTS FOR FY2017

- The County's business-type assets exceeded its liabilities at the close of the fiscal year by $11.5 million (net position). Of this amount ($0.5) million (unrestricted net position) may be used to meet the County's ongoing obligations. The restricted net position of $7.8 million is restricted for landfill closure costs.
- The County's business-type net position decreased $1.1 million during fiscal year 2017 as reported in the statement of activities.
- The County's major business-type revenue consisted of $12.1 million in charges for services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to The County's basic financial statements. The 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 the County.

BASIC FINANCIAL STATEMENTS

The first two statements 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 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 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. 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 the 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.

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 the 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.

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. The 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.

The 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, Illinois Municipal Retirement, and the Federally Qualified Health Clinic 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.

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.

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.

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.

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.

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.

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, the County's assets exceeded its liabilities by $79.0 million for FY2017.

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

Condensed Statement of Net Position (in millions)
November 30, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	$36.2	$5.7	$41.9
Noncurrent assets	51.1	13.6	64.7
Total assets	87.3	19.3	106.6
Deferred outflow of resources	5.3	1.3	6.6
Total assets and deferred outflow of resources	92.6	20.6	113.2
Current liabilities	3.2	1.1	4.3
Long term liabilities	10.3	7.7	18.0
Total liabilities	13.5	8.8	22.3
Deferred inflows of resources	11.6	0.3	11.9
Total liabilities and deferred inflows of resources	25.1	9.1	34.2
Net position			
Net investment in capital assets	45.8	4.2	50.0
Restricted	21.6	7.8	29.4
Unrestricted	0.1	(0.5)	(0.4)
Total net position	$67.5	$11.5	$79.0

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Condensed Statement of Net Position (in millions)
November 30, 2016

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	$34.0	$6.5	$40.5
Noncurrent assets	51.5	13.5	65.0
Total assets	85.5	20.0	105.5
Deferred outflow of resources	6.8	2.1	8.9
Total assets and deferred outflow of resources	92.3	22.1	114.4
Current liabilities	3.1	1.1	4.2
Long term liabilities	12.1	8.4	20.5
Total liabilities	15.2	9.5	24.7
Deferred inflows of resources	10.5	0.0	10.5
Total liabilities and deferred inflows of resources	25.7	9.5	35.2
Net position			
Net investment in capital assets	45.4	4.5	49.9
Restricted	20.1	7.5	27.6
Unrestricted	0.9	0.6	1.5
Total net position	$66.6	$12.6	$79.2

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, 2017

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	$5.4	$12.1	$17.5
Operating grants and contributions	4.7	0.0	4.7
Capital grants and contributions	1.4	0.0	1.4
General revenue:			
Property taxes	10.4	0.0	10.4
Other taxes	5.7	0.0	5.7
Unrestricted investment earnings	0.2	0.2	0.4
Miscellaneous	0.1	0.1	0.2
Total revenues	27.9	12.4	40.3
Expenses:			
General control and administration	4.5	0.0	4.5
Public safety	6.5	0.0	6.5
Judiciary and courts	3.8	0.0	3.8
Transportation	4.4	0.0	4.4
Corrections	2.1	0.0	2.1
Public welfare	0.2	0.0	0.2
Public health	5.0	0.0	5.0
Nursing Home	0.0	10.7	10.7
Landfill	0.0	3.1	3.1
Interest on long-term debt	0.2	0.0	0.2
Total expenses	26.7	13.8	40.5
Transfers	(0.3)	0.3	0.0
Change in net position	0.9	(1.1)	(0.2)
Net position beginning	66.6	12.6	79.2
Net position, ending	$67.5	$11.5	$79.0

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position (in millions)
For the year ended November 30, 2016

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	$5.2	$11.8	$17.0
Operating grants and contributions	5.2	0.0	5.2
Capital grants and contributions	0.2	0.0	0.2
General revenue:			
Property taxes	9.9	0.0	9.9
Other taxes	5.3	0.0	5.3
Unrestricted investment earnings	0.2	0.2	0.4
Miscellaneous	0.8	0.0	0.8
Total revenues	26.8	12.0	38.8
Expenses:			
General control and administration	4.4	0.0	4.4
Public safety	7.6	0.0	7.6
Judiciary and courts	3.6	0.0	3.6
Transportation	3.8	0.0	3.8
Corrections	1.9	0.0	1.9
Public welfare	0.1	0.0	0.1
Public health	4.5	0.0	4.5
Nursing Home	0.0	9.9	9.9
Landfill	0.0	3.7	3.7
Interest on long-term debt	0.3	0.0	0.3
Total expenses	26.2	13.6	39.8
Transfers	(0.5)	0.5	0.0
Change in net position	0.1	(1.1)	(1.0)
Net position beginning	66.5	13.7	80.2
Net position, ending	$66.6	$12.6	$79.2

Changes in net position
The net position of the County decreased by $0.2 million during the fiscal year ending November 30, 2017. An increase in the Nursing Home's allowance for bad debts causing most of the net position decrease.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities

Net position increased $0.9 million over the previous year.

For the fiscal year ended November 30, 2017, revenues from governmental activities totaled $27.9 million. Property taxes ($10.4 million or 37%) represent the largest source of revenues.

Business-Type Activities

Net position decreased $1.1 million over the previous year.

The County's 2017 total revenues come from a variety of sources including 26% from property taxes, and 14% comes from other taxes. Another 43% comes from charges for services and much of the remainder is operating grants and contributions.

The County's 2017 expenses cover a range of services, with about 16% related to public safety. Another 11% is devoted to general control and administration and 11% for transportation. Nursing home and landfill account for 26% 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, 2017

	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	$4.5	($3.2)
Public safety	6.5	(4.0)
Judiciary and courts	3.8	(2.0)
Transportation	4.4	(2.2)
Corrections	2.1	(1.6)
Public welfare	0.2	(0.2)
Public health	5.0	(1.7)
Interest on long-term debt	0.2	(0.2)
Business-type Activities:		
Nursing Home	10.7	(2.4)
Landfill	3.1	0.7
Total primary government	$40.5	($16.8)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

For the year ended November 30, 2016	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	$4.4	($3.2)
Public safety	7.6	(5.0)
Judiciary and courts	3.6	(1.8)
Transportation	3.8	(2.8)
Corrections	1.9	(1.3)
Public welfare	0.1	(0.2)
Public health	4.5	(1.2)
Interest on long-term debt	0.3	(0.2)
Business-type Activities:		
Nursing Home	9.9	(1.7)
Landfill	3.7	(0.1)
Total primary government	$39.8	($17.5)

For the fiscal year ended November 30, 2017, expenses for governmental activities totaled $26.7 million. General and administrative expenses accounted for $4.5 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 $6.5 million in expenses during 2017. 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 $3.8 million in 2017. Expenses relating to the circuit court, public defender, court services, and the State's Attorney relate to this function.

Transportation accounted for $4.4 million of the total governmental activities expenses in 2017. Various funds established for the County Highway Department account for these expenses.

Corrections accounted for $2.1 million in expenditures during 2017. These expenses are directly tied to the operations of the County Jail.

Public welfare expenses represented $0.2 million of the total governmental expenditures activity, expenses relating to the assistance of veterans.

Public health expenses represented $5.0 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, unassigned 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 $20.9 million, an increase of $1.6 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 $0.7 million.

The fund balance of the General Fund decreased by $1.0 million before transfers during the current fiscal year.

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
Intergovernmental revenues for 2017 were $0.7 million compared with budgeted amount of $0.9 million. This variance is due to the County receiving less for Grants 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 2017 were $3.0 million compared to a budgeted amount of $3.3 million. Overall, there were no significant line item variances.

Illinois Municipal Retirement Fund Budgetary Variances
Revenues
Actual revenue was comparable to budget.

Expenditures
Employer's IMRF expenditures for 2017 were $1.2 million compared to a budgeted amount of $2.2 million. The positive variance is the result of IMRF expenditures being less than budgeted.

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

Federally Qualified Health Clinic Fund Budgetary Variances
Revenues
Charges for service revenues for 2017 were $0.9 million compared with budgeted amount of $1.5 million. This variance is due to the County receiving less for dental, medical, and behavioral health fees than anticipated.

Expenditures
Public health expenditures for 2017 were $2.5 million compared to a budgeted amount of $3.1 million. The positive variance is the result of salaries being $266 thousand less than budgeted. There were no other significant line item variances.

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 up 0.4% in 2017 compared with 2016.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 increase over 2016 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 $51.1 million (net of accumulated depreciation) and business-type activities at year end totaled $5.9 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 $2.6 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 = $1,239,932
- Courthouse building improvements = $406,466

Net Book Value of Capital Assets at November 30, 2017 (in millions)

	Governmental Activities	Business-type Activities
Land	$0.7	$1.2
Construction in progress	0.4	0.0
Land improvements	0.0	0.3
Buildings and improvements	11.2	2.8
Equipment and machinery	0.3	1.5
Furniture and fixtures	0.0	0.0
Vehicles	0.4	0.1
Infrastructure	38.1	0.0
Total	$51.1	$5.9

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

Net Book Value of Capital Assets at November 30, 2016 (in millions)

	Governmental Activities	Business-type Activities
Land	$0.8	$1.2
Construction in progress	0.5	0.0
Land improvements	0.0	0.3
Buildings and improvements	11.7	2.9
Equipment and machinery	0.4	1.5
Furniture and fixtures	0.0	0.0
Vehicles	0.3	0.1
Infrastructure	37.8	0.0
Total	$51.5	$6.0

Debt Administration

At November 30, 2017, the County had $6.6 million in governmental activities long term debt which consisted of general obligation bonds and notes payables. Amounts due next year on these obligations are $1.2 million. See Notes 11 and 12 for details of debt.

Governmental Activities
Outstanding Debt at November 30, 2017 (in millions)

General obligation bond payable	$4.5
Notes payable and capital leases	1.7
Accrued compensated absences	0.4
	$6.6

Governmental Activities
Outstanding Debt at November 30, 2016 (in millions)

General obligation bond payable	$5.2
Notes payable and capital leases	2.2
Accrued compensated absences	0.4
	$7.8

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

At November 30, 2017, the County had $1.7 million in business-type activities long term debt. Amounts due next year on these obligations are $0.4 million. See Notes 11 and 12 for details of debt.

Business-Type Activities
Outstanding Debt at November 30, 2017

General obligation bond payable	$0.6
Notes payable and capital leases	1.0
Accrued compensated absences	0.1
	$1.7

Business-Type Activities
Outstanding Debt at November 30, 2016

General obligation bond payable	$0.7
Notes payable and capital leases	0.9
Accrued compensated absences	0.1
	$1.7

ECONOMIC FACTORS

The local, state and national economic factors are an 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. 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 2018, the County Board and management have continued to use zero based budgeting to control operational and personnel costs. Each budgetary line item was reviewed by the County Finance Committee to evaluate costs. Budget control is strictly going to be utilized and enforced to keep expenditures from exceeding budgetary amounts. The County Board has had to diversify the revenue sources and reduce spending to maintain adequate reserves. Utilizing the Public Safety sales tax for public safety services will help alleviate some of the financial pressure on the General Fund. A referendum that was approved by the voters to create a 708C Mental Health Board could provide additional revenue to assist with the funding of mental health expenditures.

Management is continuing to evaluate policies to reduce expenditures and increase reserves. Knox County also works cooperatively with the Knox County Area Partnership for Economic Development to create economic growth.

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

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.

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.

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

Federally Qualified Health Clinic Fund –This fund is a grant-supported center that is a public and private nonprofit health care organization.

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.

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements (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.

Note 1 Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (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. Transfers of appropriations 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.

Note 1 Summary of Significant Accounting Policies (continued)

Investments

The County is a participant in the Local Government Investment Pool (LGIP) which is authorized in Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at $1 based on the amortized cost of the investments in LGIP. The investment is not subject to the fair value hierarchy disclosures.

In addition, the County invests in federal agency securities and certificates of deposits. Investments are reported at fair value which is determined using selected bases.

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

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 acquisition 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.

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 2017 property tax levy is levied to finance the operations of fiscal year 2018, the 2017 property tax is recorded as a receivable and the 2017 property tax revenue is deferred. The 2016 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2017. The County must file its tax levy by the last Tuesday of December each year. The 2016 levy was approved on November 23, 2016. The 2017 levy was approved on November 22, 2017.

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 2016 became due and payable in two installments, generally in June 2017 and September 2017. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences

Vacation, Compensatory Time, and Holiday

The County's policy permits employees to accumulate earned but unused vacation benefits, unused compensatory time, and banked holidays, 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 excluding retirement, no monetary obligation exists. Employees have the option upon retirement to receive a payout of up to thirty days of sick leave.

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

There were no funds with excess of expenditures over appropriations.

Note 2 Stewardship, Compliance and Accountability (continued)

Deficit Fund Equity

As of November 30, 2017, 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, 2017, the County's bank balance was $12,595,199 of which $102,509 was uncollateralized.

Note 4 Investments

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than quoted prices that are observable for the asset or liability. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of November 30, 2017, the County had the following investments:

	Fair Value	Level 1	Level 2
Federal agency securities	$12,413,327	$0	$12,413,327
Local government investment pool	12,115,867	12,115,867	0
Money market funds	277,228	277,228	0
Certificates of deposit	1,789,112	0	1,789,112
	$26,595,534	$12,393,095	$14,202,439

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.

Note 4 Investments (continued)

As of November 30, 2017, the County had the following investments with stated maturities.

	Remaining Maturity (in Years)				
Investment Type	< 1 year or Less	1-5 Years	6-10 Years	More than 10 Years	Total
Federal agency securities	$0	$3,255,688	$9,157,639	$0	$12,413,327
Local government investment pool	12,115,867	0	0	0	12,115,867
Money market mutual fund	277,228	0	0	0	277,228
Certificates of deposit	0	1,432,011	357,102	0	1,789,112
	$12,393,095	$4,687,699	$9,514,740	$0	$26,595,534

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:

Investment Type	Total as of 11/30/17	AAAm	AA+	Unrated
Federal agency securities	$12,413,327	$0	$12,413,327	$0
Local government investment pool	12,115,867	12,115,867	0	0
Money market mutual fund	277,228	277,228	0	0
Certificates of deposits	1,789,112	0	0	1,789,112
	$26,595,534	$12,393,095	$12,413,327	$1,789,112

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, 2017, 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, 2017 is as follows:

Governmental activities:	Balance 12/1/16	Additions	Deletions and Transfers	Balance 11/30/17
Capital assets, not being depreciated -				
Land	$762,065	$0	$(32,598)	$729,467
Work in progress	530,290	406,466	(530,290)	406,466
Total capital assets, not being depreciated	1,292,355	406,466	(562,888)	1,135,933
Capital assets, being depreciated:				
Buildings and improvements	18,887,624	29,000	0	18,916,624
Equipment	4,204,227	32,549	(386,678)	3,850,098
Furniture and fixtures	107,867	0	0	107,867
Vehicles	2,794,176	228,205	(26,933)	2,995,448
Infrastructure	51,088,394	1,239,932	530,290	52,858,616
Total capital assets, being depreciated	77,082,288	1,529,686	116,679	78,728,653
Accumulated depreciation:				
Buildings and improvements	(7,163,530)	(580,110)	0	(7,743,640)
Equipment	(3,770,163)	(154,962)	386,678	(3,538,447)
Furniture and fixtures	(105,081)	(727)	0	(105,808)
Vehicles	(2,477,574)	(157,049)	26,612	(2,608,011)
Infrastructure	(13,290,519)	(1,458,230)	0	(14,748,749)
Total accumulated depreciation	(26,806,867)	(2,351,078)	413,290	(28,744,655)
Total capital assets, being depreciated, net	50,275,421	(821,392)	529,969	49,983,998
Governmental activities capital assets, net	$51,567,776	($414,926)	($32,919)	$51,119,931

Note 5 Capital Assets (continued)

The business-type activities capital asset activity for the year ended November 30, 2017 is as follows:

Business-Type activities:	Balance 12/1/16	Additions	Deletions and Transfers	Balance 11/30/17
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	7,931,615	56,566	0	7,988,181
Equipment and machinery	7,220,166	594,989	(2,755,437)	5,059,718
Furniture and fixtures	612,586	0	0	612,586
Vehicles	387,372	56,569	(3,500)	440,441
Infrastructure	205,218	0	0	205,218
Total capital assets, being depreciated	20,151,209	708,124	(2,758,937)	18,100,396
Accumulated depreciation:				
Land improvements	(3,507,403)	(9,910)	0	(3,517,313)
Buildings and improvements	(4,961,184)	(216,390)	0	(5,177,574)
Equipment and machinery	(5,672,007)	(507,693)	2,670,715	(3,508,985)
Furniture and fixtures	(596,330)	(15,102)	0	(611,432)
Vehicles	(355,736)	(26,637)	3,500	(378,873)
Infrastructure	(205,218)	0	0	(205,218)
Total accumulated depreciation	(15,297,878)	(775,732)	2,674,215	(13,399,395)
Total capital assets, being depreciated, net	4,853,331	(67,608)	(84,722)	4,701,001
Business-type activities capital assets, net	$6,027,976	($67,608)	($84,722)	$5,875,646

Note 5 Capital Assets (continued)

Depreciation expense was charged to the functions as follows:

Governmental activities:	
General control and administration	$297,283
Public safety	417,278
Judiciary and courts	19,303
Transportation	1,584,658
Public health	32,556
Total depreciation expense-governmental activities	2,351,078
Business-type activities -	
Nursing Home	234,859
Landfill	540,873
Total depreciation expense-business-type activities	775,732
Total depreciation expense	$3,126,810

Note 6 Retirement Plans

IMRF Plan Description

The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

Note 6 Retirement Plans (continued)

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Regular Personnel:

Employees Covered by the Benefit Terms –
As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	328
Inactive plan members entitled to but not yet receiving benefits	391
Active plan members	399
Total	1,118

Contributions
As set by statute, the County's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2016 was 9.13%. For the fiscal year ended November 30, 2017, the County contributed $1,289,760 to the plan. The County also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability
The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions
The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

Actuarial assumptions (continued)

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF- specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in Net Plan Pension Liability

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at December 31, 2015	$65,327,212	$59,370,912	$5,956,300
Changes for the year:			
Service costs	1,520,559	0	1,520,559
Interest on total pension liability	4,822,341	0	4,822,341
Difference between expected and actual Experience of the total pension liability	(1,027,149)	0	(1,027,149)
Changes in assumptions	(83,139)	0	(83,139)
Contributions – employer	0	1,285,413	(1,285,413)
Contributions – employees	0	647,069	(647,069)
Net investment income	0	4,062,097	(4,062,097)
Benefit payments, including refunds Of employee contributions	(3,407,540)	(3,407,540)	0
Other (net transfer)	0	(35,665)	35,665
Net changes	1,825,072	2,551,374	(726,302)
Balance at December 31, 2016	$67,152,284	$61,922,286	$5,229,998

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	$14,247,683	$5,229,998	$(2,102,182)

Note 6 Retirement Plans (continued)

Regular Personnel (continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2017, the Plan recognized pension expense of $1,289,760. At November 30, 2017, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	$1,133,625	$736,559
Changes of assumptions	403,737	59,618
Net difference between projected and actual earnings on pension plan investments	3,055,299	0
Total deferred amounts to be recognized in pension expense in future periods	4,592,661	796,177
Pension contributions made subsequent to the measurement date	1,140,310	0
Total deferred amounts related to pensions	$5,732,971	$796,177

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending November 30	Net Deferred Outflows of Resources
2018	$1,910,807
2019	1,095,417
2020	723,447
2021	66,813
2022	0
Thereafter	0
Total	$3,796,484

Payable to the Pension Plan

At November 30, 2017, the Plan reported a payable of $97,849 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2017.

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP):

Employees Covered by the Benefit Terms

As of December 31, 2016, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	6
Active employees	23
Total	55

Contributions

As set by statute, the County's SLEP Plan Members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2016 was 17.44%. For the fiscal year ended November 30, 2017, the County contributed $204,781 to the plan. The County also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Note 6 Retirement Plans (continued)

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

Actuarial assumptions (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

3. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

4. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Note 6 Retirement Plans (continued)

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at December 31, 2015	$10,505,255	$9,312,006	$1,193,249
Changes for the year:			
Service cost	224,432	0	224,432
Interest on the total pension liability	776,915	0	776,915
Differences between expected and actual experience of the total pension liability	10,179	0	10,179
Changes of assumptions	(13,316)	0	(13,316)
Contributions – employer	0	220,026	(220,026)
Contributions – employees	0	121,821	(121,821)
Net investment income	0	637,108	(637,108)
Benefit payments, including refunds of employee contributions	(489,539)	(489,539)	0
Other (net transfer)	0	243,460	(243,460)
Net changes	508,671	732,876	(224,205)
Balances as of December 31, 2016	$11,013,926	$10,044,882	$969,044

Sensitivity 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	$2,405,656	$969,044	$(215,605)

Note 6 Retirement Plans (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2017, the County recognized pension expense of $204,781. At November 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	$45,904	$128,254
Changes of assumptions	78,648	10,542
Net difference between projected and actual earnings on pension plan investments	493,015	0
Total deferred amounts to be recognized in pension expense in future periods	617,567	138,796
Pension contributions made subsequent to the measurement date	182,320	0
Total deferred amounts related to pensions	$799,887	$138,796

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending November 30:	Net Deferred Outflows of Resources
2018	$157,710
2019	157,711
2020	150,169
2021	13,181
2022	0
Thereafter	0
Total	$478,771

Payable to the Pension Plan

At November 30, 2017, the Plan reported a payable of $16,201 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2017.

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 County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was approved to comply with IRC Section 457(g) which allows for the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the general creditors of the County, the County does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

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, 2017.

Note 9 Construction and Other Significant Commitments

Construction commitments. The County does not have any significant construction or other commitments as of November 30, 2017.

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 $2,832,142 over an annual liability period. Coverage from a private insurance company was maintained for losses in excess of the stop-loss amounts.

Note 10 Risk Management (continued)

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:

	2017	2016	2015
Claims payable including IBNR, beginning of year	$292,727	$162,377	$429,913
Claims expense	1,937,826	2,164,576	1,274,298
Claim payments	(1,922,650)	(2,034,226)	(1,541,834)
Claims payable including IBNR, end of year	$307,903	$292,727	$162,377

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, 2017 was $25,000. During the year ended November 30, 2017, there were no significant reductions in coverage. Also, there have been no settlements which have exceeded insurance coverage in the past three years.

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.

Note 11 Lease Obligations

Capital lease

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 lease was paid off during the year.

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 lease was paid off during the year.

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.

Note 11 Lease Obligations (continued)

Capital lease (continued)

The County obtained a capital lease with Centre State International Trucks, Inc. for a 2018 Roll-off Truck and a Haul Truck for the Landfill. The value of the lease is $241,550 with an interest rate of 4.28% payable in monthly installments of $5,520 through May 2021.

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, 2017, included the following:

Machinery and equipment	$637,568
Less: Accumulated depreciation	(307,081)
Total	$330,487

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
2018	$35,834	$1,331

Business-type activities:

Fiscal Year Ended November 30,	Principal	Interest
2018	$76,049	$7,912
2019	80,310	5,262
2020	76,719	2,410
2021	27,353	249
	$260,431	$15,833

Note 11 Lease Obligations (continued)

Operating lease

The County leases software under an operating lease agreement which expires in 2018. Total lease expense paid for November 30, 2017, was $47,855. The following is a schedule of future minimum lease payments under operating leases at November 30, 2017:

Fiscal Year Ended November 30,	Operating Leases
2018	$47,855

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, 2017 are as follows:

Governmental Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
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	1,510,000
Total					$4,510,000

Business-Type Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
Series 2010A	6/15/10	$1,000,000	1.35 – 5.55	12/15/25	$665,000

Note 12 Long-Term Debt (continued)

General Obligation Bonds (continued)

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 $193,429 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 $146,585 in treasury rebates. The amount of treasury rebates due to the County in the next fiscal year total $10,586. 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.

C. $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 $803,633 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.

Note 12 Long-Term Debt (continued)

General Obligation Bonds (continued)

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

In March 2008, 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. In June 2016, the County refinanced the $813,753 mortgage loan with Farmers and Mechanics Bank with an interest rate of 2.75% payable in monthly installments of $7,780 through June 30, 2026.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
Health Department	6/28/16	$813,753	2.75%	6/30/26	$709,056

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.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
Sheriff’s Office	10/1/15	$136,142	2.15	12/1/17	$45,526

IMRF ERI Note Payable

The County obtained a $1,601,000 loan from Farmers and Mechanics Bank for the early retirement incentive with an interest rate of 2.20% payable in monthly installments ranging from of $28,225 through $33,000 from December 1, 2015 through December 1, 2020.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
IMRF ERI	12/1/15	$1,601,000	2.20	12/1/20	$863,256

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. This Note was paid off during the year.

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. This Note was paid off during the year.

The County obtained a $284,519 loan from Farmers and Mechanics Bank for a 2017 Caterpillar Bulldozer with an interest rate of 2.60% payable in annual installments of $60,129 through July 1, 2021.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/17
Caterpillar Bulldozer	10/29/14	$233,538	2.27	12/1/18	$60,518
John Deere Scrapper	10/1/14	$99,238	1.99	12/1/17	0
2016 Caterpillar Compactor	10/28/15	$557,195	1.90	10/28/19	421,797
2015 Trailers	8/28/15	$106,922	2.15	12/1/17	0
2017 Caterpillar Bulldozer	5/10/17	$284,519	2.60	7/1/21	225,459
Total					$707,774

Debt service requirements to maturity are as follows:

Governmental activities

Year ending	Leases Payable		Bonds Payable		Notes Payable	
November 30:	Principal	Interest	Principal	Interest	Principal	Interest
2018	$35,834	$1,331	$745,000	$121,515	$442,816	$35,779
2019	0	0	765,000	103,141	406,667	25,394
2020	0	0	245,000	91,103	289,309	16,221
2021	0	0	255,000	83,712	81,004	12,358
2022	0	0	265,000	75,688	83,328	10,033
2023 – 2027	0	0	1,315,000	260,148	314,714	16,170
2028 – 2030	0	0	920,000	56,767	0	0
	$35,834	$1,331	$4,510,000	$792,074	$1,617,838	$115,955

Note 12 Long-Term Debt (continued)

Business-type activities

Year ending November 30:	Leases Payable Principal	Leases Payable Interest	Bonds Payable Principal	Bonds Payable Interest	Notes Payable Principal	Notes Payable Interest
2018	$76,049	$7,912	$65,000	$20,878	$252,756	$15,269
2019	80,310	5,262	65,000	19,269	196,270	9,844
2020	76,719	2,410	70,000	17,491	200,360	5,754
2021	27,353	249	70,000	15,402	58,388	1,741
2022	0	0	75,000	13,180	0	0
2023 – 2027	0	0	320,000	26,567	0	0
	$260,431	$15,833	$665,000	$112,787	$707,774	$32,608

Long term liability activity for the year ended November 30, 2017, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$5,245,000	$0	($735,000)	$4,510,000	$745,000
Discount/premium on bonds	(18,106)	0	1,741	(16,365)	(1,742)
Note payable	2,102,582	0	(484,744)	1,617,838	442,816
Capital lease	70,154	0	(34,320)	35,834	35,834
Accrued compensated absences	374,192	857,601	(822,252)	409,541	0
Governmental activity long-term liabilities	$7,773,822	$857,601	($2,074,575)	$6,556,848	$1,221,908

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	$725,000	$0	($60,000)	$665,000	$65,000
Discount on bonds	(5,729)	0	633	(5,096)	(634)
Note payable	767,482	284,519	(344,227)	707,774	252,756
Capital leases	84,072	241,550	(65,191)	260,431	76,049
Accrued compensated Absences	134,575	252,947	(308,123)	79,399	0
Business-type activity long-term liabilities	$1,705,400	$779,016	($776,708)	$1,707,508	$393,171

The County is subject to a debt limitation of 5.750% of its assessed valuation of $781,208,731. As of November 30, 2017, the County had $40,425,867 of remaining legal debt margin.

Note 13 Net Position

Net position reported on the government wide statement of net position at November 30, 2017, as follows:

Governmental Activities:	
Net investment in capital assets:	
Land and construction in progress	$1,135,933
Other capital assets, net of accumulated depreciation	49,983,998
Less: related long-term debt outstanding	(5,284,051)
Total net investment in capital assets	45,835,880
Restricted:	
State statutes and enabling legislation	17,360,687
Debt services	3,130,032
Unspent proceeds for capital improvements	780,295
Externally imposed by grantors	294,271
Total restricted	21,565,285
Unrestricted	131,558
Total governmental activities net position	$67,532,723
Business-type Activities:	
Net investment in capital assets:	
Land	$1,174,645
Other capital assets, net of accumulated depreciation	4,701,001
Less: related long-term debt outstanding	(1,628,109)
Total net investment in capital assets	4,247,537
Restricted -	
Externally imposed for landfill closure costs	7,758,373
Unrestricted	(548,779)
Total business-type activities net position	$11,457,131

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.

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	$13,062
Non-Major Funds -	
County Health	12,507
Total nonspendable fund balance	$25,569

Note 14 Fund Balance (continued)

Restricted Fund Balance

Major Funds:	
General:	
County General	$770,433
Self Insurance	3,250
State statutes and enabling legislation -	
Illinois Municipal Retirement	2,350,185
Externally imposed by grantors-	
Federally Qualified Health Clinic	294,271
Non-Major Funds:	
State statutes and enabling legislation:	
Mary Davis Home	399,937
Federal Aid Matching	1,154,933
Nursing Home Referendum	757,018
County Bridge	1,517,793
County Highway	369,623
County Motor Fuel Tax	709,234
Veterans' Assistance	466,971
Law Library	34,007
Animal Control	82,726
Indemnity	239,057
Insurance Tort Levy	124,039
County Farm	6,200
911 Fund	1,423,855
Probation Service Fees	398,696
Drug Court	49,857
Social Security	1,710,574
Court Document Storage	47,006
State's Attorney Automation Fee	9,872
Circuit Clerk Electronic Citation	27,730
Sheriff Electronic Citation	2,692
County Health	1,781,691
Court Document Storage	47,006
Article 36	8,897
DUI	13,893
Vehicle Replacement	882
Drug OFT	14,106
County Inmate	18,615
Sheriff Motor Vehicle Impound	111,058
Sale in Error	100,087
Circuit Clerk Admin	36,122
Drug Forfeiture	62,103
Court Security	6,333
Bond agreement:	
Public Safety Debt Service	780,295
Public Safety Improvement	3,130,032
Total restricted fund balance	$19,012,073

Note 14 Fund Balance (continued)

Committed Fund Balance

Major Funds-	
General Fund:	
Special Contingency	$513,500
Chaplain	783
Non-Major Funds -	
County Building	634,103
Total committed fund balance	$1,148,386

Unassigned Fund Balance

Major Funds-	
General Fund -	
County General	$695,853

Note 15 Interfund Receivables and Payables

There were no interfund balances as of November 30, 2017.

Note 16 Interfund Transfers

Below are the interfund transfers as of November 30, 2017:

Fund	Transfer In	Transfer Out
Major funds:		
General	$1,574,477	$253,743
Illinois Municipal Retirement	0	306,159
Federally Qualified Health Clinic	31,703	0
Non-major funds	1,215,600	2,594,656
Proprietary funds:		
Nursing Home	1,101,594	67,036
Landfill	24,671	726,451
	$3,948,045	$3,948,045

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.

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 and Kewanee Transfer Station accounted for 23% and 16%, respectively, of the Knox County Landfill's 2017 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, 2017, is approximately 5,756,000 cubic yards. Based on this capacity the estimated liability for landfill closure and post-closure care costs has a balance of $5,266,989 as of November 30, 2017, which is based on 89.78% 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 ($186,119). It is estimated that an additional $599,493 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 ($5,866,482) 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, 2017. 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 2022.

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 $0.95 per ton of waste that the landfill takes in for disposal. From December 1, 1997 through November 30, 2017, Knox County has complied with this requirement by increasing the fund to $7,758,373.

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 $9,692 as of November 30, 2017.

Note 21 Impact of Pending Accounting Principles

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. 81, *Irrevocable Split-Interest Agreements* improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 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.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The County has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County has not determined the effect of this Statement.

Note 21 Impact of Pending Accounting Principles (continued)

GASB Statement No. 85, *Omnibus 2017,* addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ending June 30, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The County has not determined the effect of this Statement.

Note 22 Subsequent Events

In December 2017, the County approved a local agency agreement with the Illinois Department of Transportation for County Highway 4 Reconstruction (Section 13-00001-01-RS). The estimated project cost is $4,800,000 with $3,840,000 million in federal funds, $4,879 in state funds, and $955,171 to be paid from the County's Federal Aid Matching Fund. The project is scheduled to start in April 2018 and expected to be completed by December 2018.

In January 2018, the County approved a culvert replacement project on County Highway 12 (Section 12-00160-00-BR. Total project costs is estimated to be $791,855. The construction contract was awarded to Laverdiere Construction in the amount of $429,284 and the engineering costs account for the other costs. The project is to be paid from the County Bridge Fund and is scheduled start in April 2018 and end in May 2018.

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

There were no major funds with excess of disbursements over appropriations.

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 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 2016 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): 27-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 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF * (continued)

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.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality 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 2012). 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.

** Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.*

Supplementary Information