

Knox County, Illinois

Galesburg, Illinois

Financial Report

Year Ended November 30, 2014

Knox County, Illinois

Year Ended November 30, 2014

Table of Contents

Independent Auditor's Report	1 - 3
Management Discussion and Analysis (Unaudited)	4 - 19
Basic Financial Statements:	
Government -Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	25
Proprietary Funds:	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	27
Statement of Cash Flows	28 - 29
Agency Funds –	
Statement of Fiduciary Net Position	30
Notes to Financial Statements	31 - 57
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedules for:	
General Fund	58
Illinois Municipal Retirement Fund	59
Schedule of IMRF Funding Progress	60
Notes to Required Supplementary Information	61

Knox County, Illinois

Year Ended November 30, 2014

Supplementary Information:

General Fund:

Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	63

Nonmajor Governmental Funds:

Combining Balance Sheet	64 - 67
Combining Statement of Revenues and Expenditures And Changes in Fund Balances	68 - 71

All Agency Funds -

Combining Statement of Changes in Assets and Liabilities	72 - 74
--	---------

Schedule of Expenditures from Taxes Extended for Tort Immunity Purposes

75

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, as of and for the year ended November 30, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

The County adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended November 30, 2014. Statement No. 65 changed the classifications of certain items on the statement of net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, and schedule of IMRF funding progress on pages 4 through 19 and 58 through 61 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 62 through 75 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 April 6, 2015, on our consideration of Knox County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County, Illinois' internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
April 6, 2015

This Page Intentionally Left Blank

**Management Discussion And Analysis
(Unaudited)**

Knox County, Illinois

Management Discussion and Analysis

As Treasurer of Knox County, Illinois, I offer readers of Knox County's financial statements this narrative overview and analysis of the financial activities of Knox County for the fiscal year ended November 30, 2014. 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 FY2014

- The County's governmental assets exceeded its liabilities at the close of the fiscal year by \$62.7 million (net position). Of this amount, \$2.0 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- The County's governmental total net position increased by \$2.6 million during fiscal year November 30, 2014 as reported in the statement of activities.
- The County's governmental major revenues consisted of \$9.4 million in property tax revenues, \$5.3 million in charges for services, \$4.8 million in operating grants and contributions, and \$2.8 million sales tax revenues.
- At the close of fiscal year November 30, 2014, the County's governmental funds reported combined ending fund balances of \$15.6 million, an increase of \$1.2 million in comparison to 2013.
- At the end of fiscal year November 30, 2014, the unassigned fund balance in the General Fund was \$1.8 million.

BUSINESS-TYPE FINANCIAL HIGHLIGHTS FOR FY2014

- The County's business-type assets exceeded its liabilities at the close of the fiscal year by \$13.8 million (net position). Of this amount \$1.4 million (unrestricted net position) may be used to meet the County's ongoing obligations. The restricted net position of \$7.2 million is restricted for landfill closure costs.
- The County's business-type net position decreased \$1.5 million during fiscal year 2014 as reported in the statement of activities.
- The County's major business-type revenue consisted of \$12.1 million in charges for services.

Knox County, Illinois

Management Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

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

The next section of the basic financial statements (pages 31-57) is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplementary information (pages 58-61). This section contains funding information about the County's pension plans and budget variances for the major governmental funds. After the required supplementary information, supplementary information is provided to show details about the County's General Fund and the non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

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

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

Fund Financial Statements

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

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

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

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

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

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

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

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

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31 – 57 of this report.

Required Supplementary Information

This information addresses the County's budgetary comparison schedules of major funds, the IMRF (Illinois Municipal Retirement Fund), Schedule of Funding Progress, and SLEP (Sheriff's Law Enforcement Personnel) Schedule of Funding Progress. 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 IMRF Regular and SLEP pension schedules have been provided to present the County's progress in funding its obligation to provide pension benefits to County employees through the IMRF system. Required supplementary information can be found on pages 58 - 61 of this report.

Supplementary Information

This information as discussed earlier in connection with the General Fund, non-major governmental funds, agency funds, and tort immunity expenditures is presented immediately following the required supplementary information on pensions. Supplementary information can be found on pages 62 through 75 of this report.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As previously addressed, net position may serve the purpose over time as a useful indicator of a government's financial position. To that end, Knox County's assets exceeded its liabilities by \$76.5 million for FY2014.

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

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

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

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Condensed Statement of Net Position (in millions) November 30, 2013

	Governmental Activities	Business- Type Activities	Total Primary Government
Current assets	\$26.4	\$8.0	\$34.4
Noncurrent assets	55.1	13.7	68.8
Total assets	81.5	21.7	103.2
Deferred outflows of resources	0.0	0.0	0.0
Total assets and deferred outflows of resources	81.5	21.7	103.2
Current liabilities	3.6	1.0	4.6
Long term liabilities	8.3	5.4	13.7
Total liabilities	11.9	6.4	18.3
Deferred inflows of resources	9.5	0.0	9.5
Total liabilities and deferred inflows of resources	21.4	6.4	27.8
Net position			
Net investment in capital assets	47.4	5.4	52.8
Restricted	12.4	6.7	19.1
Unrestricted	0.3	3.2	3.5
Total net position	\$60.1	\$15.3	\$75.4

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

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

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

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Changes in Net Position (in millions) For the year ended November 30, 2013			
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charge for services	\$5.9	\$11.3	\$17.2
Operating grants and contributions	4.8		4.8
Capital grants and contributions	0.6		0.6
General revenue:			
Property taxes	8.2		8.2
Other taxes	4.2		4.2
Unrestricted investment earnings	(0.6)	(0.6)	(1.2)
Miscellaneous	0.2	0.0	0.2
Total revenues	23.3	10.7	34.0
Expenses:			
General control and administration	4.2		4.2
Public safety	6.1		6.1
Judiciary and court related	3.7		3.7
Transportation	4.2		4.2
Corrections	1.6		1.6
Public welfare	0.2		0.2
Public health	3.6		3.6
Nursing Home		10.0	10.0
Landfill		3.0	3.0
Interest on long-term debt	0.3		0.3
Total expenses	23.9	13.0	36.9
Transfers	0.0	0.0	0.0
Change in net position	(0.6)	(2.3)	(2.9)
Net position, beginning	60.7	17.6	78.3
Net position, ending	\$60.1	\$15.3	\$75.4

Changes in net position

The net position of the County increased by \$1.1 million during the fiscal year ending November 30, 2014. Higher property tax revenue and unrestricted investment earnings all related to the net position increase.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities

Net position increased \$2.6 million over the previous year.

For the fiscal year ended November 30, 2014, revenues from governmental activities totaled \$25.1 million. Property taxes (\$9.4 million or 25%) represent the largest source of revenues.

Business-Type Activities

Net position decreased \$1.5 million over the previous year.

Figure A-1
Total Revenues for Fiscal Year 2014

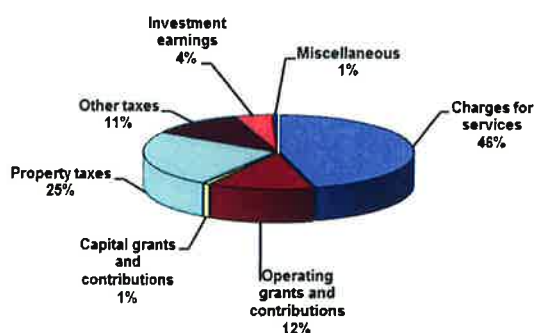


Figure A-2
Total Expenses for Fiscal Year 2014

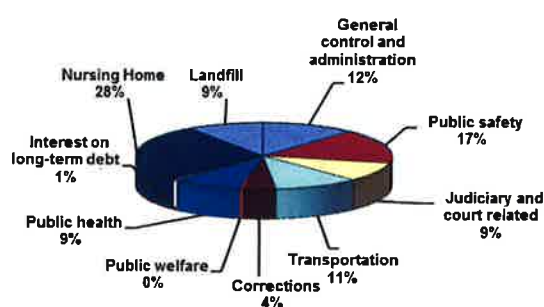


Figure A-1
Total Revenues for Fiscal Year 2013

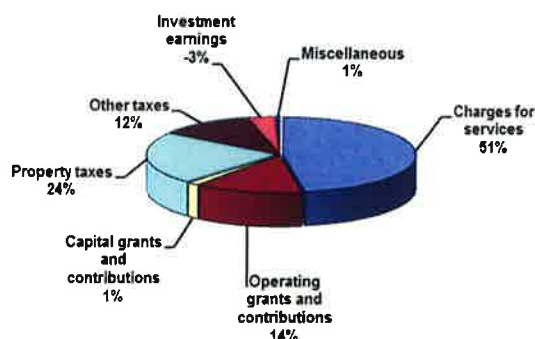
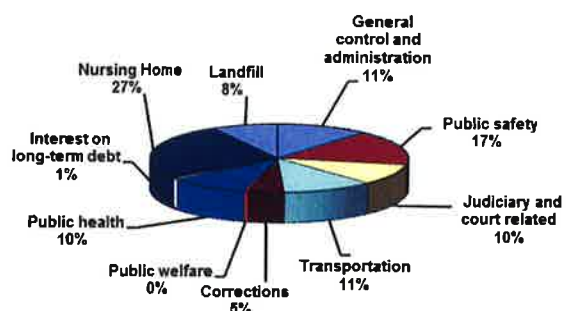


Figure A-2
Total Expenses for Fiscal Year 2013



The County's 2014 total revenues (Figure A-1) come from a variety of sources including 25% from property taxes, and 12% comes from operating grants and contributions. Another 46% comes from charges for services and much of the remainder is some other type of tax.

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's 2014 expenses (Figure A-2) cover a range of services, with about 17% related to public safety and 12% general control and administration. Another 11% is devoted to transportation along with 9% towards public health. Nursing home and landfill account for 28% and 10%, 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, 2014		
	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	\$4.3	(\$3.0)
Public safety	6.3	(3.1)
Judiciary and court related	3.4	(1.7)
Transportation	3.9	(2.6)
Corrections	1.5	(1.4)
Public welfare	0.2	(0.2)
Public health	3.3	(0.5)
Interest on long-term debt	0.2	(0.2)
Business-type Activities:		
Nursing Home	10.4	(1.5)
Landfill	3.5	(0.3)
Total primary government	\$37.0	(\$14.5)

For the year ended November 30, 2013		
	Total cost of service (in millions)	Net cost of service (in millions)
Governmental Activities:		
General control and administration	\$4.2	(\$3.0)
Public safety	6.1	(2.4)
Judiciary and court related	3.7	(1.7)
Transportation	4.2	(2.6)
Corrections	1.6	(1.4)
Public welfare	0.2	(0.2)
Public health	3.6	(1.1)
Interest on long-term debt	0.3	(0.3)
Business-type Activities:		
Nursing Home	10.0	(1.3)
Landfill	3.0	(0.3)
Total primary government	\$36.9	(\$14.3)

Knox County, Illinois

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

For the fiscal year ended November 30, 2014, expenses for governmental activities totaled \$23.1 million. General and administrative expenses accounted for \$4.3 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 \$6.3 million in expenses during 2014. 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 court related expenses totaled \$3.4 million in 2014. Expenses relating to the circuit court, public defender, court services, and the State's Attorney relate to this function.

Transportation accounted for \$3.9 million of the total governmental activities expenses in 2014. Various funds established for the County Highway Department account for these expenses.

Corrections accounted for \$1.5 million in expenditures during 2014. 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 \$3.3 million of the total governmental expenditures activity. The Health Department is the main contributor to this function's expenses.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year the County's governmental funds reported combined ending fund balances of \$15.6 million, an increase of \$1.2 million in comparison with the previous fiscal year.

The general fund is the primary operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1.8 million.

The fund balance of the General Fund increased by \$0.4 million during the current fiscal year.

Knox County, Illinois

Management Discussion and Analysis

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

Budgetary Highlights

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

General Fund Budgetary Variances

Revenues

Charges for services on page 58 for 2014 were \$3.0 million compared with budgeted amount of \$3.5 million. This variance is due to the County receiving less state payments for housing federal inmates than anticipated.

Expenditures

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

The general control and administration expenditures on page 58 for 2014 were \$3.1 million compared to a budgeted amount of \$3.4 million. The positive variance is the result of several improvement and supplies expenditures in this function being less than budgeted amount along with used contingency budget.

Illinois Municipal Retirement Fund Budgetary Variances

Overall, there were no significant variances in the Illinois Municipal Retirement Fund. Actual revenues and expenditures were less than budgeted.

Knox County, Illinois

Management Discussion and Analysis

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

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 3% in 2014 compared with 2013.
- Within the General Fund, the functions which reflected the largest portion of total expenditures were General Control and Administration and Judiciary and Court Related. The functions which reflected that largest percent decrease over 2013 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 \$54.2 million (net of accumulated depreciation) and business-type activities at year end totaled \$6.9 million (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, land improvements, buildings and improvements, equipment, furniture and fixtures, vehicles, and infrastructure such as roads and bridges. There were \$2.0 million of capital asset additions recorded during the year and \$3.0 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 = \$480,532
- Courthouse renovations = \$886,569
- Nursing home building improvements = \$168,227
- Landfill scrapper = \$99,238
- Landfill dozer = \$291,838

Knox County, Illinois

Management Discussion and Analysis

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

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

Net Book Value of Capital Assets at November 30, 2013 (in millions)		
	Governmental Activities	Business-type Activities
Land	\$0.8	\$1.2
Construction in progress	3.0	0.0
Land improvements	0.0	0.4
Buildings and improvements	9.6	3.5
Equipment and machinery	0.5	1.7
Furniture and fixtures	0.0	0.1
Vehicles	0.5	0.1
Infrastructure	40.6	0.1
Total	\$55.0	\$7.1

Debt Administration

At November 30, 2014, the County had \$7.5 million in governmental activities long term debt which consisted of general obligation bonds and notes payables. Amounts due next year on these obligations are \$0.7 million. See Notes 11 and 12 for details of debt.

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

Governmental Activities Outstanding Debt at November 30, 2013 (in millions)	
General obligation bond payable	\$7.5
Notes payable	0.9
Accrued compensated absences	0.4
	\$8.8

Knox County, Illinois

Management Discussion and Analysis

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (continued)

At November 30, 2014, the County had \$1.6 million in business-type activities long term debt. Amounts due next year on these obligations are \$0.5. See Notes 11 and 12 for details of debt.

Business-Type Activities Outstanding Debt at November 30, 2014	
General obligation bond payable	\$0.8
Notes payable and capital leases	0.8
Accrued compensated absences	0.1
	<hr/>
	\$1.7
	<hr/>
Business-Type Activities Outstanding Debt at November 30, 2013	
General obligation bond payable	\$0.9
Notes payable and capital leases	0.8
Accrued compensated absences	0.1
	<hr/>
	\$1.8
	<hr/>

ECONOMIC FACTORS

The state economic factors and the national economic factors are an indication that we can expect continual challenges to the County's budget. The State of Illinois struggles 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 2015, the County Board and management have continued to use zero based budgeting to control operational and personnel costs. Budget control has also continued to be utilized to keep expenditures from exceeding budgetary amounts. The County Board has had to diversity the revenue sources and reduce spending to maintain adequate reserves. Management is continuing the evaluate policies to reduce expenditures and increase reserves.

The County Board approved a referendum to the taxpayers to increase the public safety tax from $\frac{1}{4}$ of 1% to $\frac{1}{2}$ of 1%. The purpose of the additional $\frac{1}{4}$ of 1% is to help fund 911 and was approved by the voters at the November 2014 election. The County will receive their first distribution in October 2015. This will alleviate some financial pressure on the general fund and the public safety fund as well as allow for improvements to the infrastructure for 911 purposes.

Knox County, Illinois

Management Discussion and Analysis

REQUESTS FOR INFORMATION

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

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

This Page Intentionally Left Blank

Basic Financial Statements

Knox County, Illinois

Statement of Net Position

November 30, 2014

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash, deposits, and investments	\$16,072,176	\$4,967,843	\$21,040,019
Receivables:			
Accounts (net of allowance)	625,996	983,573	1,609,569
Property tax	9,720,843	0	9,720,843
Due from other governments	1,595,113	888,366	2,483,479
Inventories	17,360	0	17,360
Temporarily restricted assets:			
Cash	0	25,817	25,817
Internal balances	0	0	0
Total current assets	28,031,488	6,865,599	34,897,087
Noncurrent assets:			
Other assets	0	0	0
Investments	0	7,197,831	7,197,831
Capital assets:			
Land and construction in progress	1,776,295	1,174,645	2,950,940
Other capital assets, net of depreciation	52,401,610	5,713,827	58,115,437
Total capital assets	54,177,905	6,888,472	61,066,377
Total noncurrent assets	54,177,905	14,086,303	68,264,208
Total assets	82,209,393	20,951,902	103,161,295
DEFERRED OUTFLOW OF RESOURCES			
Unamortized loss on refunding	149,129	0	149,129
Total assets and deferred outflows of resources	82,358,522	20,951,902	103,310,424
LIABILITIES			
Accounts payable and accrued payroll	1,601,547	544,775	2,146,322
Accrued compensated absences - current	62,527	18,982	81,509
Accrued interest payable	100,741	23,701	124,442
Capital lease payable	0	400,002	400,002
Bonds and notes payable, current portion	712,044	142,616	854,660
Total current liabilities	2,476,859	1,130,076	3,606,935
Landfill closure liability	0	4,643,033	4,643,033
Accrued compensated absences	335,364	101,815	437,179
Capital lease payable	0	62,752	62,752
Bonds and notes payable, noncurrent portion	6,789,050	1,023,163	7,812,213
IMRF pension obligation	481,027	141,378	622,405
Total noncurrent liabilities	7,605,441	5,972,141	13,577,582
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	9,583,191	0	9,583,191
Total liabilities and deferred inflows of resources	19,665,491	7,102,217	26,767,708
NET POSITION			
Net investment in capital assets	46,685,183	5,252,942	51,938,125
Restricted	14,023,427	7,197,831	21,221,258
Unrestricted	1,984,421	1,398,912	3,383,333
Total net position	\$62,693,031	\$13,849,685	\$76,542,716

See Accompanying Notes to Financial Statements.

Knox County, Illinois
Statement of Activities
For the year ended November 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General control and administration	\$4,276,935	\$1,079,905	\$122,631	\$90,000	(\$2,984,399)		(\$2,984,399)
Public safety	6,246,316	2,043,770	1,126,184	0	(3,076,362)		(3,076,362)
Judiciary and court related	3,411,840	1,270,545	482,324	0	(1,658,971)		(1,658,971)
Transportation	3,972,231	0	1,127,161	212,982	(2,632,088)		(2,632,088)
Corrections	1,517,627	130,235	0	0	(1,387,392)		(1,387,392)
Public welfare	163,497	0	0	0	(163,497)		(163,497)
Public health	3,252,198	760,715	1,955,672	0	(535,811)		(535,811)
Interest on long-term debt	243,256	0	0	0	(243,256)		(243,256)
Total governmental activities	23,083,900	5,285,170	4,813,972	302,982	(12,681,776)	\$0	(12,681,776)
Business-Type activities:							
Nursing home	10,384,364	8,863,560	0	0		(1,520,804)	(1,520,804)
Sanitary landfill	3,568,606	3,258,878	2,000	0		(307,728)	(307,728)
Total business-type activities	13,952,970	12,122,438	2,000	0	0	(1,828,532)	(1,828,532)
Total primary government	\$37,036,870	\$17,407,608	\$4,815,972	\$302,982	(12,681,776)	(1,828,532)	(14,510,308)
General revenues:							
Property taxes					9,392,739	0	9,392,739
Replacement taxes					591,729	0	591,729
Sales taxes					2,756,554	0	2,756,554
State income taxes					874,429	0	874,429
Unrestricted investment earnings					834,548	894,882	1,729,430
Miscellaneous					219,158	27,836	246,994
Total general revenues					14,669,157	922,718	15,591,875
Transfers					569,774	(569,774)	0
Change in net position					2,557,155	(1,475,588)	1,081,567
Net position - beginning of year					60,135,876	15,325,273	75,461,149
Net position - ending					\$62,693,031	\$13,849,685	\$76,542,716

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Governmental Funds

Balance Sheet

November 30, 2014

ASSETS	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
		Illinois Municipal Retirement		
Cash, deposits, and investments	\$2,084,136	\$528,762	\$11,796,111	\$14,409,009
Accounts receivable	354,304	0	271,692	625,996
Property tax receivable	2,003,298	1,945,919	5,771,626	9,720,843
Due from other governments	699,233	0	895,880	1,595,113
Inventory	4,625	0	12,735	17,360
Due from other funds	0	0	4,779	4,779
Total assets	\$5,145,596	\$2,474,681	\$18,752,823	\$26,373,100
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$195,793	\$0	\$485,680	\$681,473
Accrued payroll	104,529	253,945	131,687	490,161
Accrued compensated absences	31,355	0	31,172	62,527
Due to other funds	4,779	0	0	4,779
Total liabilities	336,456	253,945	648,539	1,238,940
Deferred inflows of resources -				
Unavailable property taxes	1,975,050	1,920,185	5,687,956	9,583,191
Fund balances:				
Nonspendable	4,625	0	12,735	17,360
Restricted	460,949	300,551	12,015,938	12,777,438
Committed	530,999	0	387,655	918,654
Unassigned	1,837,517	0	0	1,837,517
Total fund balance	2,834,090	300,551	12,416,328	15,550,969
Total liabilities, deferred inflows of resources and fund balances	\$5,145,596	\$2,474,681	\$18,752,823	\$26,373,100

Knox County, Illinois

Reconciliation of the Balance Sheet to the Statement of Net Position November 30, 2014

Total fund balances - governmental funds	\$15,550,969
Amounts reported for governmental activities in the statement of net position are different because:	
An internal service fund is used to account for self insurance of medical claims. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
	1,233,254
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$76,499,316 and the accumulated depreciation of \$22,321,411.	
	54,177,905
Loss on refunding revenue is amortized over the life of the bonds in the governmental activities.	
	149,129
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Bonds, notes payable, capital leases, and discounts/premiums on bonds	(7,501,094)
IMRF pension obligation	(481,027)
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	
	(100,741)
Compensated absences not due and payable from current resources are not reported in the governmental funds.	
	<u>(335,364)</u>
Total net position - governmental activities	<u><u>\$62,693,031</u></u>

Knox County, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended November 30, 2014

	General	Special Revenue Illinois Municipal Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$1,928,065	\$1,756,458	\$5,708,216	\$9,392,739
Replacement	591,729	0	0	591,729
Sales	1,701,390	0	1,055,164	2,756,554
State income	874,429	0	0	874,429
Charges for services	2,985,278	0	2,299,892	5,285,170
Intergovernmental revenue	683,876	0	4,433,078	5,116,954
Investment income	85,252	30,276	617,359	732,887
Miscellaneous	51,170	0	167,988	219,158
Total revenues	8,901,189	1,786,734	14,281,697	24,969,620
Expenditures:				
Current:				
General control and administration	3,209,922	163,138	803,061	4,176,121
Public safety	2,751,210	452,713	2,877,376	6,081,299
Judiciary and court related	3,009,117	242,585	231,642	3,483,344
Transportation	0	123,134	2,410,455	2,533,589
Corrections	1,353,348	172,933	65,153	1,591,434
Public welfare	0	12,877	156,109	168,986
Public health	0	394,498	3,329,360	3,723,858
Debt service:				
Principal	0	0	996,930	996,930
Interest and fiscal agent fees	0	0	215,868	215,868
Bond issuance costs	0	0	78,445	78,445
Capital outlay	9,520	0	1,367,101	1,376,621
Total expenditures	10,333,117	1,561,878	12,531,500	24,426,495
Excess (deficiency) of revenues over expenditures	(1,431,928)	224,856	1,750,197	543,125
Other financing sources and (uses):				
Issuance of debt	0	0	3,635,000	3,635,000
Payment to refunded bond escrow agent	0	0	(3,555,915)	(3,555,915)
Transfers in	2,690,558	0	1,830,189	4,520,747
Transfers out	(906,829)	(264,795)	(2,779,349)	(3,950,973)
Total other financing sources (uses)	1,783,729	(264,795)	(870,075)	648,859
Net change in fund balance	351,801	(39,939)	880,122	1,191,984
Fund balances, beginning of year	2,482,289	340,490	11,536,206	14,358,985
Fund balances, end of year	\$2,834,090	\$300,551	\$12,416,328	\$15,550,969

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the year ended November 30, 2014

Net change in fund balance - Governmental funds	\$1,191,984
Amounts reported for governmental activities in the statement of activities are different because:	
An internal service fund is used to account for self insurance of medical claims. The net revenue of the internal service fund is reported with governmental activities.	1,091,681
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. Donated capital assets are only reported in the statement of activities. This is the amount by which depreciation expenses \$2,181,136 exceeds capitalized fixed assets \$1,367,621 in the period.	(804,515)
The issuance of long-term debt and related costs are shown on the fund financial statements as other financing sources (uses) and current expenditures, but are recorded as long-term liabilities and deferred outflows of resources on the government-wide statements	(3,635,000)
Issuance of refunding bonds	3,385,000
Payment of refunded bonds	46,930
Note payable repayment	950,000
Bond principal repayment	186,412
Loss on refunding	
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	106,601
Change in IMRF pension obligation	
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.	15,911
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Amortization of bond premiums	56,932
Amortization of loss on refunding	(37,283)
Vacation and compensated pay	2,502
Change in net position of governmental activities	<u>\$2,557,155</u>

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds
Statement of Net Position
November 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
ASSETS	Nursing Home	Sanitary Landfill	Total	Hospitalization
Current assets:				
Cash, deposits, and investments	\$820,555	\$4,147,288	\$4,967,843	\$1,663,167
Restricted cash - patient trust funds	25,817	0	25,817	0
Accounts receivable	626,189	357,384	983,573	0
Due from other governments	888,366	0	888,366	0
Other assets	0	0	0	0
Total current assets	2,360,927	4,504,672	6,865,599	1,663,167
Noncurrent assets:				
Other assets	0	0	0	0
Restricted investments - landfill closure	0	7,197,831	7,197,831	0
Capital assets:				
Land and construction in progress	156,600	1,018,045	1,174,645	0
Other capital assets, net of depreciation	3,132,042	2,581,785	5,713,827	0
Total capital assets (net of accumulated depreciation)	3,288,642	3,599,830	6,888,472	0
Total noncurrent assets	3,288,642	10,797,661	14,086,303	0
Total assets	5,649,569	15,302,333	20,951,902	1,663,167
LIABILITIES				
Current liabilities:				
Accounts payable	169,468	70,490	239,958	429,913
Accrued payroll	249,797	29,203	279,000	0
Accrued compensated absences	17,184	1,798	18,982	0
Patient funds held in trust	25,817	0	25,817	0
Interest payable	0	23,701	23,701	0
Capital lease payable	0	400,002	400,002	0
Note payable	0	88,250	88,250	0
Bond payable, net of unamortized discounts	0	54,366	54,366	0
Due to other funds	0	0	0	0
Total current liabilities	462,266	667,810	1,130,076	429,913
Noncurrent liabilities:				
Landfill closure liability	0	4,643,033	4,643,033	0
Accrued compensated absences	92,169	9,646	101,815	0
Capital lease payable	0	62,752	62,752	0
Note payable	0	244,526	244,526	0
Bond payable, net of unamortized discounts	0	778,637	778,637	0
IMRF pension obligation	111,389	29,989	141,378	0
Total noncurrent liabilities	203,558	5,768,583	5,830,763	0
Total liabilities	665,824	6,436,393	7,102,217	429,913
NET POSITION				
Net investment in capital assets	3,288,642	1,964,300	5,252,942	0
Restricted for -				
Landfill closure costs	0	7,197,831	7,197,831	0
Unrestricted	1,695,103	(296,191)	1,398,912	1,233,254
Total net position	\$4,983,745	\$8,865,940	\$13,849,685	\$1,233,254

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended November 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
Operating revenues:				
Charges for services	\$8,863,560	\$3,258,878	\$12,122,438	\$2,738,722
Other	22,702	5,134	27,836	398,635
Total operating revenues	8,886,262	3,264,012	12,150,274	3,137,357
Operating expenses:				
Personnel	7,389,290	1,072,980	8,462,270	0
Insurance	211,051	89,224	300,275	0
Plant and operations	2,463,325	1,574,041	4,037,366	0
Depreciation and amortization	274,206	578,782	852,988	0
Medical claims	0	0	0	2,147,337
Illinois EPA fees	46,492	204,004	250,496	0
Total operating expenses	10,384,364	3,519,031	13,903,395	2,147,337
Operating income (loss)	(1,498,102)	(255,019)	(1,753,121)	990,020
Nonoperating revenue (expense):				
Investment income	40,164	854,718	894,882	101,661
Grant income	0	2,000	2,000	0
Loss on sale of equipment	0	0	0	0
Interest expense	0	(49,575)	(49,575)	0
Total nonoperating revenue	40,164	807,143	847,307	101,661
Income (loss) before transfers	(1,457,938)	552,124	(905,814)	1,091,681
Other financing sources (uses):				
Transfers in	1,224,637	19,256	1,243,893	0
Transfers out	(7,687)	(1,805,980)	(1,813,667)	0
Changes in net position	(240,988)	(1,234,600)	(1,475,588)	1,091,681
Total net position, beginning of year	5,224,733	10,100,540	15,325,273	141,573
Total net position, ending	\$4,983,745	\$8,865,940	\$13,849,685	\$1,233,254

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Cash Flows

For the year ended November 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$8,445,844	\$3,182,655	\$11,628,499	\$2,738,722
Other receipts	22,701	5,134	27,835	398,635
Payments to suppliers	(2,738,129)	(1,240,231)	(3,978,360)	(2,503,256)
Payments to employees	(7,301,632)	(1,040,596)	(8,342,228)	0
Net cash provided (used) by operating activities	(1,571,216)	906,962	(664,254)	634,101
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(7,687)	(1,805,980)	(1,813,667)	0
Transfers from other funds	1,224,637	19,256	1,243,893	0
Proceeds from grants	0	2,000	2,000	0
Net cash provided (used) by noncapital financing activities	1,216,950	(1,784,724)	(567,774)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital leases and note payables	0	332,776	332,776	0
Acquisition and construction of capital assets	(181,873)	(492,084)	(673,957)	0
Proceeds from sale of capital assets	0	0	0	0
Interest paid on long term debt	0	(52,095)	(52,095)	0
Principal paid on long-term debt	0	(359,638)	(359,638)	0
Net cash provided (used) by capital and related financing activities	(181,873)	(571,041)	(752,914)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from sale of (purchase of) investments	498,726	604,780	1,103,506	(377,497)
Interest received	40,164	854,718	894,882	101,661
Net cash provided (used) by investing activities	538,890	1,459,498	1,998,388	(275,836)
Net increase (decrease) in cash and cash equivalents	2,751	10,695	13,446	358,265
Cash and cash equivalents - beginning	57,252	6,058	63,310	10,030
Cash and cash equivalents - ending	\$60,003	\$16,753	\$76,756	\$368,295
Reconciliation of cash and cash equivalents:				
Cash and cash equivalents	\$60,003	\$16,753	\$76,756	\$368,295
Investments	786,369	4,130,535	4,916,904	1,294,872
Net cash provided (used) by investing activities	\$846,372	\$4,147,288	\$4,993,660	\$1,663,167

See Accompanying Notes to Financial Statements.

Knox County, Illinois

Proprietary Funds

Statement of Cash Flows (Continued)

For the year ended November 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Nursing Home	Sanitary Landfill	Total	Hospitalization
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(\$1,498,102)	(\$255,019)	(\$1,753,121)	\$990,020
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	274,206	578,782	852,988	0
(Increase) decrease in:				
Accounts receivables	(417,716)	(76,224)	(493,940)	0
Increase (decrease) in:				
Accounts payable	(17,261)	(6,358)	(23,619)	(355,919)
Accrued expenses	87,657	32,384	120,041	0
Landfill closure liability	0	633,397	633,397	0
Net cash provided (used) by operating activities	(\$1,571,216)	\$906,962	(\$664,254)	\$634,101

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Cost of capital assets financed by accounts payable	\$0	\$0	\$0	\$0
Capital assets financed by accounts payable	0	0	0	0
Cost of capital assets financed by note payables	0	332,776	332,776	0
Capital assets financed by note payables	0	(332,776)	(332,776)	0
Net cash used by investing activities	\$0	\$0	\$0	\$0

Knox County, Illinois

Statement of Fiduciary Net Position

November 30, 2014

ASSETS	Agency Funds
Cash	\$2,611,494
Investments	444,463
Due from other governments	96,569
Total assets	\$3,152,526
LIABILITIES	
Accounts payable	\$13,272
Due to others	3,139,254
Total liabilities	\$3,152,526

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

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

Description of Government-wide Financial Statements

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

Financial Reporting Entity

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

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

Basis of Presentation – Government-wide Financial Statements

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

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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.

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.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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.

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.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Budgetary Basis of Accounting

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

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

Cash and Cash Equivalents

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

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

Investments

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

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Investments (continued)

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

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

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

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods 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, deferred inflows of resources, 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.

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.

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Fund Balance Policies (continued)

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 2014 property tax levy is levied to finance the operations of fiscal year 2015, the 2014 property tax is recorded as a receivable and the 2014 property tax revenue is deferred. The 2013 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2014. The County must file its tax levy by the last Tuesday of December each year. The 2013 levy was approved on November 21, 2013. The 2014 levy was approved on November 25, 2014.

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 2013 became due and payable in two installments, generally in June 2014 and September 2014. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Compensated Absences

Vacation

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

Knox County, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Sick Leave

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

Fund	Amount
County Motor Fuel Tax	\$340,155
Public Safety Improvement Bonds	\$234,309
Probation Service Fees	\$82,416

Deficit Fund Equity

As of November 30, 2014, 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, 2014, the County's bank balance was \$9,061,118 and the entire balance was insured and collateralized with securities in the County's name.

Knox County, Illinois

Notes to Financial Statements

Note 4 Investments

As of November 30, 2014, the County had the following investments

	Fair Value
Federal agency securities	\$20,322,769
Money market mutual funds	546,872
Certificates of deposit	1,196,924
External investment pool	1,431,855
	<u>\$23,498,420</u>

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

As of November 30, 2014, the County had the following investments with stated maturities.

Investment Type	Remaining Maturity (in Years)				Total
	< 1 year or Less	1-5 Years	6-10 Years	More than 10 Years	
Federal agency securities	\$0	\$292,635	\$15,173,113	\$4,857,021	\$20,322,769
Money market mutual fund	546,872	0	0	0	546,872
Certificates of deposit	99,236	198,354	899,244	0	1,196,924
External investment pool	1,431,855	0	0	0	1,431,855
	<u>\$2,078,053</u>	<u>\$490,989</u>	<u>\$16,072,357</u>	<u>\$4,857,021</u>	<u>\$23,498,420</u>

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 11/30/14	AAAm	AAA	Unrated
Federal agency securities	\$20,322,769	\$0	\$20,322,769	\$0
Money market mutual fund	546,872	546,872	0	0
Certificates of deposits	1,196,924	0	0	1,196,924
External investment pool	1,431,855	1,431,855	0	0
	<u>\$23,498,420</u>	<u>\$1,978,727</u>	<u>\$20,322,769</u>	<u>\$1,196,924</u>

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.

Knox County, Illinois

Notes to Financial Statements

Note 4 Investments (continued)

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, 2014, 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, 2014 is as follows:

Governmental activities:	Balance 12/1/13	Additions	Deletions and Transfers	Balance 11/30/14
Capital assets, not being depreciated -				
Land	\$762,065			\$762,065
Work in progress	3,051,849	\$452,422	(\$2,490,041)	1,014,230
Total capital assets, not being depreciated	3,813,914	452,422	(2,490,041)	1,776,295
Capital assets, being depreciated:				
Buildings and improvements	15,128,451	886,569	2,484,386	18,499,406
Equipment	3,773,017	9,520		3,782,537
Furniture and fixtures	107,867			107,867
Vehicles	2,530,241			2,530,241
Infrastructure	49,769,205	28,110	5,655	49,802,970
Total capital assets, being depreciated	71,308,781	924,199	2,490,041	74,723,021
Accumulated depreciation:				
Buildings and improvements	(5,472,704)	(541,172)		(6,013,876)
Equipment	(3,316,656)	(137,298)		(3,453,954)
Furniture and fixtures	(92,857)	(5,909)		(98,766)
Vehicles	(2,064,124)	(150,733)		(2,214,857)
Infrastructure	(9,193,934)	(1,346,024)		(10,539,958)
Total accumulated depreciation	(20,140,275)	(2,181,136)	0	(22,321,411)
Total capital assets, being depreciated, net	51,168,506	(1,256,937)	2,490,041	52,401,610
Governmental activities capital assets, net	\$54,982,420	(\$804,515)	\$0	\$54,177,905

Knox County, Illinois

Notes to Financial Statements

Note 5 Capital Assets (continued)

The business-type activities capital asset activity for the year ended November 30, 2014 is as follows:

Business-Type activities:	Balance 12/1/13	Additions	Deletions and Transfers	Balance 11/30/14
Capital assets, not being depreciated -				
Land	\$1,174,645			\$1,174,645
Construction in progress	0			0
Total capital assets, being depreciated	1,174,645	\$0	\$0	1,174,645
Capital assets, being depreciated:				
Land improvements	3,794,252			3,794,252
Buildings and improvements	7,729,375	168,227		7,897,602
Equipment and machinery	5,997,799	505,730	(35,000)	6,468,529
Furniture and fixtures	612,586			612,586
Vehicles	387,372			387,372
Infrastructure	205,218			205,218
Total capital assets, being depreciated	18,726,602	673,957	(35,000)	19,365,559
Accumulated depreciation:				
Land improvements	(3,381,377)	(42,916)		(3,424,293)
Buildings and improvements	(4,213,916)	(250,172)		(4,464,088)
Equipment and machinery	(4,343,519)	(462,825)	35,000	(4,771,344)
Furniture and fixtures	(544,365)	(18,117)		(562,482)
Vehicles	(239,213)	(38,841)		(278,054)
Infrastructure	(122,154)	(29,317)		(151,471)
Total accumulated depreciation	(12,844,544)	(842,188)	35,000	(13,651,732)
Total capital assets, being depreciated, net	5,882,058	(168,231)	0	5,713,827
Business-type activities capital assets, net	\$7,056,703	(\$168,231)	\$0	\$6,888,472

Depreciation expense was charged to the functions as follows:

Governmental activities:	
General control and administration	\$247,831
Public safety	374,170
Judiciary and court related	21,368
Transportation	1,482,241
Public health	55,526
Total depreciation expense-governmental activities	2,181,136
Business-type activities -	
Nursing Home	274,206
Landfill	567,982
Total depreciation expense-business-type activities	842,188
Total depreciation expense	\$3,023,324

Knox County, Illinois

Notes to Financial Statements

Note 6 Pension Plan and Retirement Systems

Illinois Municipal Retirement Fund:

Plan Description. The County's defined benefit pension plan for Regular and Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement (IMRF), an agent multiple employer plan. Benefit provision are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Non-Sheriff's Law Enforcement Personnel (Non-SLEP):

Funding Policy. As set by statute, the Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 11.74 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by the statute.

Annual Pension Cost and Net Pension Obligation. The required contribution for calendar year 2013 was \$1,559,339. The County's annual pension cost and net pension obligation to the regular employees IMRF plan are:

Annual required contribution	\$1,559,339
Interest on net IMRF pension obligation	34,767
Adjustment to annual required contribution	(23,631)
Annual pension cost	1,570,475
Annual contributions made	(1,559,339)
Increase in IMRF pension obligation	11,136
Net IMRF pension obligation, beginning of year	463,557
Net IMRF pension obligation, end of year	\$474,693

The IMRF fund will liquidate the IMRF obligation in future years.

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the County's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The County's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Knox County, Illinois

Notes to Financial Statements

Note 6 Pension Plan and Retirement Systems (continued)

Non-Sheriff's Law Enforcement Personnel (Non-SLEP) (continued):

Three-Year Trend Information for the Regular Plan			
Calendar Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/13	\$1,570,475	100%	\$474,693
12/31/12	1,495,027	95%	463,557
12/31/11	1,422,980	86%	383,131

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 86.69 percent funded. The actuarial accrued liability for benefits was \$30,269,146 and the actuarial value of assets was \$26,239,899, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,029,247. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$13,282,276 and the ratio of the UAAL to the covered payroll was 30 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Sheriff's Law Enforcement Personnel (SLEP):

Funding Policy. As set by statute, the Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent 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 contribution rate for calendar year 2013 used by the employer was 20.17 percent of annual covered payroll. The County's annual required contribution rate for calendar year 2013 was 22.02 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by the statute.

Annual Pension Cost and Net Pension Obligation. For calendar year ending December 31, 2013, the employer's actual contributions for pension cost for the Sheriff's Law Enforcement Personnel were \$225,310. Its required contribution for calendar year 2013 was \$245,976. The County's annual pension cost and net pension obligation to the SLEP employees IMRF plan are:

Annual required contribution	\$245,976
Interest on net IMRF pension obligation	9,305
Adjustment to annual required contribution	(6,330)
Annual pension cost	248,951
Annual contributions made	(225,310)
Increase in IMRF pension obligation	23,641
Net IMRF pension obligation, beginning of year	124,071
Net IMRF pension obligation, end of year	\$147,712

Knox County, Illinois

Notes to Financial Statements

Note 6 Pension Plan and Retirement Systems (continued)

The IMRF fund will liquidate the IMRF obligation in future years.

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the County's Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The County's Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Three-Year Trend Information for the Sheriff's Law Enforcement Personnel Plan			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/13	\$248,951	92%	\$147,712
12/31/12	233,274	87%	124,071
12/31/11	221,135	81%	92,630

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 71.09 percent funded. The actuarial accrued liability for benefits was \$4,509,010 and the actuarial value of assets was \$3,205,417, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,303,593. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,117,056 and the ratio of the UAAL to the covered payroll was 117 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7 Deferred Compensation Plan

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

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

Knox County, Illinois

Notes to 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. There are no former employees that are on the County's current health insurance plan. Therefore, there is no implicit subsidy to calculate in 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, 2014.

Note 9 Construction and Other Significant Commitments

Construction commitments. The County has an active highway construction project as of November 30, 2014.

In April 2013, the County signed a local agency agreement with the Illinois Department of Transportation for County Highway 4 reconstruction. The estimated total cost of the project is \$5.539 million with an estimated \$3,000,000 in federal funding, \$300,000 in estimated funding, and approximately \$2.139 million is the local share including the preliminary engineering costs. As of November 30, 2014, the County has expended \$824,548 relating to the local share agreement and preliminary engineering costs. The estimated date of completion is May 2015.

Note 10 Risk Management

The County maintains a comprehensive self-insurance plan through a third party administrator as an option for its employees' health coverage. Under this plan, the County had coverage for medical claims when individual claims exceeded \$100,000 with an unlimited maximum benefit per individual per life time and aggregate claims exceeded \$3,408,717 over an annual liability period. Coverage from a private insurance company was maintained for losses in excess of the stop-loss amounts.

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

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

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

	2014	2013	2012
Claims payable including IBNR, beginning of year	\$785,832	\$607,620	\$561,064
Claims expense	1,954,090	2,948,570	3,076,280
Claim payments	(2,310,009)	(2,770,358)	(3,029,724)
Claims payable including IBNR, end of year	\$429,913	\$785,832	\$607,620

Knox County, Illinois

Notes to Financial Statements

Note 10 Risk Management (continued)

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, 2014 was \$50,000. During the year ended November 30, 2014, 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.

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

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

	2014	2013	2012
Claims payable, beginning of year	\$46,747	\$63,917	\$110,841
Claims expense	(40,840)	7,021	113,213
Claim payments	(5,907)	(24,191)	(160,137)
Claims payable, end of year	\$0	\$46,747	\$63,917

Note 11 Lease Obligations

Capital lease

The County obtained a capital lease with Caterpillar for a Landfill Compactor. The value of the lease is \$558,025 with an interest rate of 3.50% payable in annual installments of \$104,252 - \$199,902 through May 14, 2015.

The County obtained a capital lease with Bank of America National Association for an International Workstar Roll-off Truck for the Landfill. The value of the lease is \$143,880 with an interest rate of 4.30% payable in monthly installments of \$2,660 through July 25, 2015.

Knox County, Illinois

Notes to Financial Statements

Note 11 Lease Obligations (continued)

Capital lease (continued)

The County obtained a capital lease with Merchants Capital Resources, Inc. for an Earth Mover for the Landfill. The value of the lease is \$534,343 with an interest rate of 2.50% payable in annual installments of \$112,272 through October 12, 2015.

The County obtained a capital lease with Merchants Capital Resources, Inc. for a Wheel Loader for the Landfill. The value of the lease is \$127,570 with an interest rate of 4.776% payable in annual installments of \$34,208 through June 12, 2015.

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

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

Leased machinery and equipment under capital leases in capital assets at November 30, 2014, included the following:

Machinery and equipment	\$1,696,873
Less: Accumulated depreciation	(937,199)
Total	\$698,281

Amortization of leased machinery and equipment under capital assets is included with depreciation expense.

Annual debt service requirements to maturity are as follows:

Fiscal Year Ended November 30,	Principal	Interest
2015	\$400,002	\$14,582
2016	45,426	1,501
2017	17,326	165
	\$462,754	\$16,248

Knox County, Illinois

Notes to Financial Statements

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, 2014, was \$47,855. The following is a schedule of future minimum lease payments under operating leases at November 30, 2014:

Fiscal Year Ended November 30,	Operating Leases
2015	\$47,855
2016	47,855
2017	47,855
2018	47,855
	\$191,420

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, 2014 are as follows:

Governmental Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/14
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	3,635,000
Total					\$6,635,000

Business-Type Activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/14
Series 2010A	6/15/10	\$1,000,000	1.35 – 5.55	12/15/25	\$840,000

The general obligation refunding bonds, Series 2009, bear interest at 2.00 to 2.50 percent, which is due along with the principal amounts on December 1 each year, with final maturity on December 1, 2014. The original issue was \$1,350,000. The bond proceeds were used 100.00% to defease the 2006 debt certificates. It is the intent of the County officials to service this debt from property tax revenue. During the current year, the bond was paid off by the County.

Knox County, Illinois

Notes to Financial Statements

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 \$196,826 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 97.16% 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 \$149,406 in treasury rebates. The amount of treasury rebates due to the County in the next fiscal year total \$12,856. 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. The County used \$1,945,000 of the Series 2010B Recovery Zone Economic Development Bonds for additional renovations to the County courthouse. These bonds are due June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year beginning on December 15, 2023, with final maturity on December 15, 2029. The County anticipates receiving \$809,086 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.

Knox County, Illinois

Notes to Financial Statements

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. During the current year, this bond was defeased by the Taxable General Obligation Refunding Bond, Series 2013A.

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

Health Department Note Payable

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

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/14
Health Department	3/5/08	\$1,150,000	3.83	3/15/18	\$887,684

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 Scraper with an interest rate of 1.99% payable in annual installments of \$34,538 through December 1, 2017.

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/14
Caterpillar Bulldozer	10/29/14	\$233,538	2.27	12/1/18	\$233,538
John Deere Scraper	10/1/14	99,238	1.99	12/1/17	99,238
Total					\$332,776

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

Debt service requirements to maturity are as follows:

Governmental activities

Year ending November 30:	Note Payables		Bonds Payable	
	Principal	Interest	Principal	Interest
2015	\$48,786	\$33,606	\$665,000	\$151,048
2016	50,624	31,768	725,000	144,719
2017	52,714	29,678	735,000	135,037
2018	735,560	7,003	745,000	121,515
2019			765,000	103,141
2020 – 2024			1,285,000	376,983
2025 – 2029			1,395,000	181,155
2030			320,000	9,280
	\$887,684	\$102,055	\$6,635,000	\$1,222,878

Business-type activities

Year ending November 30:	Leases Payable		Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$400,002	\$14,582	\$55,000	\$24,660	\$88,250	\$8,198
2016	45,426	1,501	60,000	23,593	90,996	5,452
2017	17,326	165	60,000	22,324	93,012	3,437
2018			65,000	20,878	60,518	1,393
2019			65,000	19,269		
2020 – 2024			370,000	64,995		
2025 – 2029			165,000	7,645		
	\$462,754	\$16,248	\$840,000	\$183,364	\$332,776	\$18,480

Long term liability activity for the year ended November 30, 2014, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$7,335,000	\$3,635,000	(\$4,335,000)	\$6,635,000	\$665,000
Discount/premium on bonds	139,004		(160,594)	(21,590)	(1,742)
Note payable	934,614		(46,930)	887,684	48,786
Accrued compensated absences	396,536	434,900	(433,547)	397,889	62,527
Governmental activity long-term liabilities	\$8,805,154	\$4,069,900	(\$4,976,071)	\$7,898,983	\$774,571

Knox County, Illinois

Notes to Financial Statements

Note 12 Long-Term Debt (continued)

	Balance 12/1/13	Additions	Reductions	Balance 11/30/14	Due Within One Year
Business-type activities:					
General obligation bonds	\$895,000		(\$55,000)	\$840,000	\$55,000
Discount on bonds	(7,631)		634	(6,997)	(634)
Note payable	0	\$332,776		332,776	88,250
Capital leases	767,392		(304,638)	462,754	400,002
Accrued compensated absences	127,595	249,852	(256,650)	120,797	18,982
Business-type activity Long-term liabilities	\$1,782,356	\$582,628	(\$615,654)	\$1,749,330	\$561,600

The County is subject to a debt limitation of 5.750% of its assessed valuation of \$715,545,389. As of November 30, 2014, the County had \$33,642,766 of remaining legal debt margin.

Note 13 Debt Defeasance

In December 2013, the county defeased the Series 2013 general obligation refunding bond issue by placing the proceeds of the Series 2013A general obligation refunding bond issue in an irrevocable trust fund to provide for all future debt service payments on the bond. Accordingly, the trust account assets and the liability for the defeased bond are not included in the County's financial statements. As of November 30, 2014, the County has \$3,385,000 of the General Obligation Bonds which are considered defeased. The decrease in cash flow requirements as a result of the economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid. The County had an economic loss on this refunding of \$186,412.

Note 14 Net Position

Net position reported on the government wide statement of net position at November 30, 2014, as follows:

Governmental Activities:

Net investment in capital assets:

Land and construction in progress	\$1,776,295
Other capital assets, net of accumulated depreciation	52,401,610
Less: related long-term debt outstanding	(7,492,722)

Total net investment in capital assets	46,685,183
--	------------

Restricted:

State statutes and enabling legislation	12,046,637
Debt services	1,728,170
Externally imposed by grantors	248,620

Total restricted	14,023,427
------------------	------------

Knox County, Illinois

Notes to Financial Statements

Note 14 Net Position (continued)

Unrestricted	1,984,421
Total governmental activities net position	\$62,693,031
Business-type Activities:	
Net investment in capital assets:	
Land	\$1,174,645
Other capital assets, net of accumulated depreciation	5,713,827
Less: related long-term debt outstanding	(1,635,530)
Total net investment in capital assets	5,252,942
Restricted -	
Externally imposed for landfill closure costs	7,197,831
Unrestricted	1,398,912
Total business-type activities net position	\$13,849,685

Note 15 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 how these balances are reported.

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.

Knox County, Illinois

Notes to Financial Statements

Note 15 Fund Balance (continued)

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	\$4,625
Non-Major Funds -	
County Health	12,735
<hr/>	
Total nonspendable fund balance	\$17,360

Restricted Fund Balance

Major Funds:

Bond agreement -	
General -	
Self Insurance	\$460,949
State statutes and enabling legislation -	
Illinois Municipal Retirement	300,551

Non-Major Funds:

State statutes and enabling legislation:	
Mary Davis Home	267,862
Federal Aid Matching	1,235,246
Nursing Home Referendum	1,320,892
County Bridge	2,031,707
County Highway	352,526
County Motor Fuel Tax	652,787
Veteran's Assistance	331,829
Law Library	18,606
Animal Control	58,873
Indemnity	385,763
Insurance Tort Levy	328,333
County Farm	42,295
911 Fund	899,093
Probation Service Fees	213,131
Drug Court	33,821
Social Security	783,424
State's Attorney Automation Fee	4,089
Electronic Citation	17,899
County Health	1,060,972

Knox County, Illinois

Notes to Financial Statements

Note 15 Fund Balance (continued)

Bond agreement:	
2009 Debt Service	22,976
Public Safety Improvement Bonds	1,705,194
2010 Build America Bonds	0
2010 Recovery Zone Bonds	0
Externally imposed by grantors-	
Federally Qualified Health Clinic	248,620
<hr/>	
Total restricted fund balance	\$12,777,438
<hr/>	
Committed Fund Balance	
Major Funds-	
General Fund -	
Special Contingency	\$530,999
Non-Major Funds -	
County Building	387,655
<hr/>	
Total committed fund balance	\$918,654
<hr/>	
Unassigned Fund Balance	
Major Funds-	
General Fund -	
County General	\$1,837,517
<hr/>	
Total unassigned fund balance	\$1,837,517
<hr/>	

Note 16 Interfund Receivables and Payables

Below are the interfund balances as of November 30, 2014:

Receivable Fund	Payable Fund	Amount
<hr/>		
Nonmajor governmental fund	General fund	\$4,779
<hr/>		

The purpose of the interfund balance is to fund short term cash falls in the general fund commingled investment account.

Knox County, Illinois

Notes to Financial Statements

Note 17 Interfund Transfers

Below are the interfund transfers as of November 30, 2014:

Fund	Transfer In	Transfer Out
Major funds:		
General	\$2,690,558	\$906,829
Illinois Municipal Retirement		264,795
Non-major funds	1,830,189	2,779,349
Proprietary funds:		
Nursing Home	1,224,637	7,687
Landfill	19,256	1,805,980
	\$5,764,640	\$5,764,640

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 18 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 19 Major Customers

Waste Management, Kewanee Transfer Station, and City of Galesburg accounted for 31%, 17%, and 10%, respectively, of the Knox County Landfill's 2014 tipping fee revenues.

Note 20 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, 2014, 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 \$4,643,033 as of November 30, 2014, which is based on 74.55% 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

Knox County, Illinois

Notes to Financial Statements

Note 20 Landfill Closure and Post-Closure Care Costs (continued)

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 \$633,397. It is estimated that an additional \$1,584,955 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is currently expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care (\$6,227,988) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of November 30, 2014. 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 2028.

Note 21 Landfill Closure Reserve

Effective January 1, 1994, the landfill was required to establish a local solid waste management reserve. This is to be funded with approximately \$.95 per ton of waste that the landfill takes in for disposal. From December 1, 1997 through November 30, 2014, Knox County has complied with this requirement by increasing the fund to \$7,197,831.

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 \$8,992 as of November 30, 2014.

Note 22 Impact of Pending Accounting Principles

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The County is required to implement this standard for the fiscal year ending November 30, 2015. The County has not yet determined the full impact that adoption of GASB Statement 68 will have on the financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The County is required to implement this standard for the fiscal year ending November 30, 2015. The County has not yet determined the full impact that adoption of GASB Statement 71 will have on the financial statements.

Note 23 New Reporting Standard

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The County has implemented this statement in the year ended November 30, 2014.

This Page Intentionally Left Blank

**Required Supplementary Information
(Unaudited)**

Knox County, Illinois

General Fund

Budgetary Comparison Schedule

Required Supplementary Information

For the year ended November 30, 2014

	Budgeted Amounts		Variance with
	Original and Final	Actual	Final Budget
Revenues:			
Taxes:			
Property	\$1,973,190	\$1,922,698	(\$50,492)
Replacement	613,724	595,245	(18,479)
Sales	1,685,322	1,694,780	9,458
Income	885,000	873,334	(11,666)
Charges for services	3,493,900	3,034,270	(459,630)
Intergovernmental	626,686	668,153	41,467
Investment income	6,128	24,150	18,022
Miscellaneous	28,026	40,650	12,624
Total revenues	9,311,976	8,853,280	(458,696)
Expenditures:			
General control and administration	3,417,409	3,149,977	267,432
Public safety	3,030,615	3,004,931	25,684
Judiciary and court related	3,269,727	3,088,366	181,361
Transportation	0	0	0
Corrections	1,482,486	1,364,925	117,561
Public welfare	0	0	0
Public health	0	0	0
Debt service	0	0	0
Total expenditures	11,200,237	10,608,199	592,038
Excess (deficiency) of revenues over (under) expenditures	(1,888,261)	(1,754,919)	133,342
Other financing sources (uses):			
Transfers in	1,723,268	1,606,975	(116,293)
Transfers out	(76,000)	(57,579)	18,421
Total other financing sources (uses)	1,647,268	1,549,396	(97,872)
Net change in fund balance	(\$240,993)	(205,523)	\$35,470
Adjustment from budgetary basis to generally accepted accounting principles basis		381,061	
Fund balance, beginning of year		1,666,604	
Fund balance, end of year		\$1,842,142	
GAAP fund balances for General Revenue Funds:			
County General		\$1,842,142	
Self Insurance		460,949	
Special Contingency		530,999	
County Building		0	
GAAP fund balances for General Revenue Funds		\$2,834,090	

See Notes to Required Supplementary Information.

Knox County, Illinois

Illinois Municipal Retirement Fund Budgetary Comparison Schedule Required Supplementary Information For the year ended November 30, 2014

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$1,760,000	\$1,747,037	(\$12,963)
Replacement	20,000	0	(20,000)
Investment income	5,000	30,276	25,276
Total revenues	1,785,000	1,777,313	(7,687)
Expenditures:			
Current:			
Employer's IMRF	1,733,000	1,564,851	168,149
Total expenditures	1,733,000	1,564,851	168,149
Excess (deficiency) of revenues over (under) expenditures	52,000	212,462	160,462
Other financing sources (uses):			
Transfers in	0	0	0
Transfers out	(300,000)	(264,795)	35,205
Total other financing sources (uses)	(300,000)	(264,795)	35,205
Net change in fund balance	<u>(\$248,000)</u>	<u>(52,333)</u>	<u>\$195,667</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		12,394	
Fund balance, beginning of year		<u>340,490</u>	
Fund balance, end of year		<u>\$300,551</u>	

See Notes to Required Supplementary Information.

Knox County, Illinois

Required Supplementary Information Schedule of IMRF Funding Progress

IMRF – Regular Members

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$26,239,899	\$30,269,146	\$4,029,247	86.69%	\$13,282,276	30.34%
12/31/12	21,904,034	27,844,606	5,940,572	78.67%	12,721,235	46.70%
12/31/11	19,312,573	25,569,567	6,256,994	75.53%	12,021,287	52.05%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$31,540,329. On a market basis, the funded ratio would be 104.20%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Knox County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

IMRF – SLEP Members

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$3,205,417	\$4,509,010	\$1,303,593	71.09%	\$1,117,056	116.70%
12/31/12	2,465,025	4,008,266	1,543,241	61.50%	1,082,216	142.60%
12/31/11	2,269,755	3,723,838	1,454,083	60.95%	1,030,765	141.07%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$4,058,077. On a market basis, the funded ratio would be 90.00%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Knox County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Knox County, Illinois

Notes to Required Supplementary Information

Note 1 Budgetary Basis

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

Note 2 Excess Expenditures Over Appropriations

There were no major funds that had an excess of disbursements over appropriations.

This Page Intentionally Left Blank

Supplementary Information

Knox County, Illinois

General Fund

Combining Balance Sheet

November 30, 2014

ASSETS	County General	Self Insurance	Special Contingency	County Building	Total General
Cash, deposits, and investments	\$1,092,188	\$460,949	\$530,999	\$0	\$2,084,136
Accounts receivable	354,304	0	0	0	354,304
Property tax receivable	2,003,298	0	0	0	2,003,298
Due from other governments	699,233	0	0	0	699,233
Inventory	4,625	0	0	0	4,625
Due from other funds	0	0	0	0	0
Total assets	\$4,153,648	\$460,949	\$530,999	\$0	\$5,145,596

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$195,793	\$0	\$0	\$0	\$195,793
Accrued payroll	104,529	0	0	0	104,529
Accrued compensated absences	31,355	0	0	0	31,355
Due to other funds	4,779	0	0	0	4,779
Total liabilities	336,456	0	0	0	336,456
Deferred inflows of resources -					
Unavailable property taxes	1,975,050	0	0	0	1,975,050
Fund balances:					
Nonspendable	4,625	0	0	0	4,625
Restricted	0	460,949	0	0	460,949
Committed	0	0	530,999	0	530,999
Unassigned	1,837,517	0	0	0	1,837,517
Total fund balance	1,842,142	460,949	530,999	0	2,834,090
Total liabilities, deferred inflows of resources and fund balances	\$4,153,648	\$460,949	\$530,999	\$0	\$5,145,596

Knox County, Illinois

General Fund

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

For the year ended November 30, 2014

	County General	Self Insurance	Special Contingency	County Building	Total General
Revenues:					
Taxes:					
Property	\$1,928,065	\$0	\$0	\$0	\$1,928,065
Replacement	591,729	0	0	0	591,729
Sales	1,701,390	0	0	0	1,701,390
Income	874,429	0	0	0	874,429
Charges for services	2,985,278	0	0	0	2,985,278
Intergovernmental	683,876	0	0	0	683,876
Investment income	24,150	34,001	27,101	0	85,252
Miscellaneous	41,851	9,319	0	0	51,170
Total revenues	8,830,768	43,320	27,101	0	8,901,189
Expenditures:					
General control and administration	3,090,951	103,491	25,000	0	3,219,442
Public safety	2,751,210	0	0	0	2,751,210
Judiciary and court related	3,009,117	0	0	0	3,009,117
Transportation	0	0	0	0	0
Corrections	1,353,348	0	0	0	1,353,348
Public welfare	0	0	0	0	0
Public health	0	0	0	0	0
Debt service	0	0	0	0	0
Total expenditures	10,204,626	103,491	25,000	0	10,333,117
Excess (deficiency) of revenues over (under) expenditures	(1,373,858)	(60,171)	2,101	0	(1,431,928)
Other financing sources (uses):					
Transfers in	1,606,975	0	1,002,411	81,172	2,690,558
Transfers out	(57,579)	0	(849,250)	0	(906,829)
Total other financing sources (uses)	1,549,396	0	153,161	81,172	1,783,729
Net change in fund balance	175,538	(60,171)	155,262	81,172	351,801
Fund balance (deficit), beginning of year	1,666,604	521,120	375,737	(81,172)	2,482,289
Fund balance, end of year	\$1,842,142	\$460,949	\$530,999	\$0	\$2,834,090

Knox County, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds

November 30, 2014

				Special
	Total Nonmajor Governmental	Mary Davis Home	Federal Aid Matching	Nursing Home Referendum
ASSETS				
Cash, deposits, and investments	\$11,796,111	\$18,649	\$1,465,704	\$1,316,875
Accounts receivable	271,692	96,055	0	0
Property tax receivable	5,771,626	123,908	370,981	741,962
Due from other governments	895,880	216,219	0	0
Inventory	12,735	0	0	0
Due from other funds	4,779	0	0	0
Total assets	\$18,752,823	\$454,831	\$1,836,685	\$2,058,837
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$485,680	\$22,176	\$235,689	\$6,445
Accrued payroll	131,687	27,139	0	0
Accrued compensated absences	31,172	15,493	0	0
Due to other funds	0	0	0	0
Total liabilities	648,539	64,808	235,689	6,445
Deferred inflows of resources -				
Unavailable property taxes	5,687,956	\$122,161	365,750	731,500
Fund balances:				
Nonspendable	12,735	0	0	0
Restricted	12,015,938	267,862	1,235,246	1,320,892
Committed	387,655	0	0	0
Unassigned	0	0	0	0
Total fund balance	12,416,328	267,862	1,235,246	1,320,892
Total liabilities, deferred inflows of resources and fund balances	\$18,752,823	\$454,831	\$1,836,685	\$2,058,837

Revenue

County Bridge	County Highway	County Motor Fuel Tax	Veterans' Assistance	Extension Education	Law Library	Animal Control	Indemnity	Insurance Tort Levy
\$2,033,604	\$450,329	\$608,380	\$334,480	\$0	\$17,588	\$53,946	\$348,082	\$320,656
0	779	0	0	0	1,040	8,670	37,681	0
370,981	741,962	0	172,486	228,290	0	0	0	668,072
0	0	60,620	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
\$2,404,585	\$1,193,070	\$669,000	\$506,966	\$228,290	\$18,628	\$62,616	\$385,763	\$988,728

\$7,128	\$76,519	\$12,132	\$3,563	\$3,290	\$0	\$1,279	\$0	\$0
0	29,832	4,081	1,451	0	22	1,252	0	0
0	2,693	0	123	0	0	1,212	0	0
0	0	0	0	0	0	0	0	0
7,128	109,044	16,213	5,137	3,290	22	3,743	0	0

365,750	731,500	0	170,000	225,000	0	0	0	\$660,395
---------	---------	---	---------	---------	---	---	---	-----------

0	0	0	0	0	0	0	0	0
2,031,707	352,526	652,787	331,829	0	18,606	58,873	385,763	328,333
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,031,707	352,526	652,787	331,829	0	18,606	58,873	385,763	328,333

\$2,404,585	\$1,193,070	\$669,000	\$506,966	\$228,290	\$18,628	\$62,616	\$385,763	\$988,728
--------------------	--------------------	------------------	------------------	------------------	-----------------	-----------------	------------------	------------------

Knox County, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

November 30, 2014

	County Farm	911 Fund	Probation Service Fees	Drug Court	Social Security	Special State's Attorney Automation Fee
ASSETS						
Cash, deposits, and investments	\$42,295	\$754,288	\$207,850	\$33,248	\$805,212	\$4,089
Accounts receivable	0	55,941	5,281	573	0	0
Property tax receivable	0	0	0	0	1,004,053	0
Due from other governments	0	88,864	0	0	0	0
Inventory	0	0	0	0	0	0
Due from other funds	0	0	0	0	0	0
Total assets	\$42,295	\$899,093	\$213,131	\$33,821	\$1,809,265	\$4,089
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	0	0	35,241	0
Accrued compensated absences	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0
Total liabilities	0	0	0	0	35,241	0
Deferred inflows of resources -						
Unavailable property taxes	0	0	0	0	990,600	0
Fund balances:						
Nonspendable	0	0	0	0	0	0
Restricted	42,295	899,093	213,131	33,821	783,424	4,089
Committed	0	0	0	0	0	0
Unassigned	0	0	0	0	0	0
Total fund balance	42,295	899,093	213,131	33,821	783,424	4,089
Total liabilities, deferred inflows of resources and fund balances	\$42,295	\$899,093	\$213,131	\$33,821	\$1,809,265	\$4,089

Revenue			Debt Service		Capital Projects		
Electronic Citation	County Health	Federally Qualified Health Clinic	2009 Debt Service	Public Safety Improvement Bonds	2010 Build America Bonds	2010 Recovery Zone Bonds	County Building
\$17,899	\$864,116	\$188,147	\$18,780	\$1,504,239	\$0	\$0	\$387,655
0	9,236	56,436	0	0	0	0	0
0	613,847	0	4,196	730,888	0	0	0
0	217,765	47,165	0	265,247	0	0	0
0	12,735	0	0	0	0	0	0
0	4,779	0	0	0	0	0	0
\$17,899	\$1,722,478	\$291,748	\$22,976	\$2,500,374	\$0	\$0	\$387,655
\$0	\$19,638	\$22,941	\$0	\$74,880	\$0	\$0	\$0
0	12,482	20,187	0	0	0	0	0
0	11,651	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	43,771	43,128	0	74,880	0	0	0
0	605,000	0	0	720,300	0	0	0
0	12,735	0	0	0	0	0	0
17,899	1,060,972	248,620	22,976	1,705,194	0	0	0
0	0	0	0	0	0	0	387,655
0	0	0	0	0	0	0	0
17,899	1,073,707	248,620	22,976	1,705,194	0	0	387,655
\$17,899	\$1,722,478	\$291,748	\$22,976	\$2,500,374	\$0	\$0	\$387,655

Knox County, Illinois

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

Nonmajor Governmental Funds

For the year ended November 30, 2014

		Special		
	Total Nonmajor Governmental	Mary Davis Home	Federal Aid Matching	Nursing Home Referendum
Revenues:				
Taxes:				
Property	\$5,708,216	\$119,256	\$357,045	\$714,100
Replacement	0	0	0	0
Sales	1,055,164	0	0	0
State income	0	0	0	0
Charges for services	2,299,892	998,532	0	0
Intergovernmental revenue	4,433,078	789,697	0	0
Investment income	617,359	619	102,624	96,291
Miscellaneous	167,988	3,761	0	0
Total revenues	14,281,697	1,911,865	459,669	810,391
Expenditures:				
Current:				
General control and administration	803,061	0	0	0
Public safety	2,877,376	1,898,158	0	0
Judiciary and court related	231,642	0	0	0
Transportation	2,410,455	0	162,893	0
Corrections	65,153	0	0	0
Public welfare	156,109	0	0	0
Public health	3,329,360	0	0	67,484
Debt service:	0			
Principal	996,930	0	0	0
Interest and fiscal agent fees	215,868	0	0	0
Bond issuance costs	78,445	0	0	0
Capital outlay	1,367,101	0	290,850	0
Total expenditures	12,531,500	1,898,158	453,743	67,484
Excess (deficiency) of revenues over expenditures	1,750,197	13,707	5,926	742,907
Other financing sources (uses):				
Issuance of debt	3,635,000	0	0	0
Payment to refunded bond escrow agent	(3,555,915)	0	0	0
Transfers in	1,830,189	145,806	0	0
Transfers out	(2,779,349)	0	0	(681,965)
Total other financing sources (uses)	(870,075)	145,806	0	(681,965)
Net change in fund balance	880,122	159,513	5,926	60,942
Fund balances, beginning of year	11,536,206	108,349	1,229,320	1,259,950
Fund balances, end of year	\$12,416,328	\$267,862	\$1,235,246	\$1,320,892

Revenue								
County Bridge	County Highway	County Motor Fuel Tax	Veterans' Assistance	Extension Education	Law Library	Animal Control	Indemnity	Insurance Tort Levy
\$357,045	\$714,100	\$0	\$169,672	\$221,884	\$0	\$0	\$0	\$524,002
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	18,890	103,274	37,681	0
16,582	196,400	1,127,161	0	0	0	0	0	0
143,418	17,068	522	21,698	0	633	3,327	20,460	20,715
0	14,999	0	15,769	0	0	25	0	10,000
517,045	942,567	1,127,683	207,139	221,884	19,523	106,626	58,141	554,717
0	0	0	0	221,884	0	0	8,320	485,492
0	0	0	0	0	0	105,688	0	0
0	0	0	0	0	7,734	0	0	0
186,795	622,768	1,391,608	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	151,257	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
147,202	42,480	0	0	0	0	0	0	0
333,997	665,248	1,391,608	151,257	221,884	7,734	105,688	8,320	485,492
183,048	277,319	(263,925)	55,882	0	11,789	938	49,821	69,225
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	17,057	0	1,066	0	1,350	1,066	0	0
0	(7,687)	0	0	0	0	0	(53,677)	(305,271)
0	9,370	0	1,066	0	1,350	1,066	(53,677)	(305,271)
183,048	286,689	(263,925)	56,948	0	13,139	2,004	(3,856)	(236,046)
1,848,659	65,837	916,712	274,881	0	5,467	56,869	389,619	564,379
\$2,031,707	\$352,526	\$652,787	\$331,829	\$0	\$18,606	\$58,873	\$385,763	\$328,333

Knox County, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the year ended November 30, 2014

	County Farm	911 Fund	Probation Service Fees	Drug Court	Social Security	Special State's Attorney Automation Fee
Revenues:						
Taxes:						
Property	\$0	\$0	\$0	\$0	\$918,188	\$0
Replacement	0	0	0	0	0	0
Sales	0	0	0	0	0	0
State income	0	0	0	0	0	0
Charges for services	0	262,773	102,826	9,055	0	1,118
Intergovernmental revenue	0	257,566	0	0	0	0
Investment income	3,604	1,518	14,919	1,427	51,307	2
Miscellaneous	16,137	0	0	0	0	0
Total revenues	19,741	521,857	117,745	10,482	969,495	1,120
Expenditures:						
Current:						
General control and administration	1,192	0	0	0	61,462	0
Public safety	0	279,530	0	0	170,560	0
Judiciary and court related	0	0	132,416	98	91,394	0
Transportation	0	0	0	0	46,391	0
Corrections	0	0	0	0	65,153	0
Public welfare	0	0	0	0	4,852	0
Public health	0	0	0	0	148,628	0
Debt service:						
Principal	0	0	0	0	0	0
Interest and fiscal agent fees	0	0	0	0	0	0
Bond issuance costs	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	1,192	279,530	132,416	98	588,440	0
Excess (deficiency) of revenues over expenditures	18,549	242,327	(14,671)	10,384	381,055	1,120
Other financing sources (uses):						
Issuance of debt	0	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
Transfers out	(100,000)	0	0	0	(188,279)	0
Total other financing sources (uses)	(100,000)	0	0	0	(188,279)	0
Net change in fund balance	(81,451)	242,327	(14,671)	10,384	192,776	1,120
Fund balances, beginning of year	123,746	656,766	227,802	23,437	590,648	2,969
Fund balances, end of year	\$42,295	\$899,093	\$213,131	\$33,821	\$783,424	\$4,089

Revenue			Debt Service		Capital Projects		
Electronic Citation	County Health	Federally Qualified Health Clinic	2009 Debt Service	Public Safety Improvement Bonds	2010 Build America Bonds	2010 Recovery Zone Bonds	County Building
\$0	\$603,835	\$0	\$286,420	\$722,669	\$0	\$0	\$0
0	0	0	0	0	0	0	0
0	0	0	0	1,055,164	0	0	0
0	0	0	0	0	0	0	0
5,028	171,992	588,723	0	0	0	0	0
0	989,963	965,709	0	0	0	0	90,000
5	55,996	15	3,023	57,371	2	0	795
0	56,728	17,282	0	919	0	0	32,368
5,033	1,878,514	1,571,729	289,443	1,836,123	2	0	123,163
0	0	0	0	0	0	0	24,711
0	0	0	1,050	422,390	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1,323,834	1,789,414	0	0	0	0	0
0	24,208	22,722	280,000	670,000	0	0	0
0	18,293	17,169	7,000	76,449	0	0	96,957
0	0	0	0	78,445	0	0	0
0	0	0	0	0	0	0	886,569
0	1,366,335	1,829,305	288,050	1,247,284	0	0	1,008,237
5,033	512,179	(257,576)	1,393	588,839	2	0	(885,074)
0	0	0	0	3,635,000	0	0	0
0	0	0	0	(3,555,915)	0	0	0
0	19,461	290,482	0	0	0	0	1,353,901
0	(273,279)	0	0	(627,603)	(368,375)	(92,041)	(81,172)
0	(253,818)	290,482	0	(548,518)	(368,375)	(92,041)	1,272,729
5,033	258,361	32,906	1,393	40,321	(368,373)	(92,041)	387,655
12,866	815,346	215,714	21,583	1,664,873	368,373	92,041	0
\$17,899	\$1,073,707	\$248,620	\$22,976	\$1,705,194	\$0	\$0	\$387,655

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

November 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Township Motor Fuel Tax				
Assets:				
Cash in banks	\$10,091	\$698,919	\$154,523	\$554,487
Investments	594,558	894,361	1,163,865	325,054
Due from other governments	82,664	96,569	82,664	96,569
Total assets	\$687,313	\$1,689,849	\$1,401,052	\$976,110
Liabilities:				
Accounts payable	\$18,941	\$13,272	\$18,941	\$13,272
Agency funds due to others	668,372	1,676,577	1,382,111	962,838
Total liabilities	\$687,313	\$1,689,849	\$1,401,052	\$976,110
Trust Fund				
Assets -				
Cash in banks	\$37,200	\$3,721	\$837	\$40,084
Liabilities -				
Agency funds due to others	\$37,200	\$3,721	\$837	\$40,084
Inheritance Tax Fund				
Assets -				
Cash in banks	\$0	\$0	\$0	\$0
Liabilities -				
Agency funds due to others	\$0	\$0	\$0	\$0
Township Bridge Program				
Assets :				
Cash in banks	\$10,094	\$26	\$0	\$10,120
Investments	28,219	4	0	28,223
Total assets	\$38,313	\$30	\$0	\$38,343
Liabilities -				
Agency funds due to others	\$38,313	\$30	\$0	\$38,343

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds (Continued)

November 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
County Collector				
Assets :				
Cash in banks	\$974,457	\$38,954,681	\$38,815,871	\$1,113,267
Investments	2,981	24,676,418	24,588,213	91,186
Total assets	\$977,438	\$63,631,099	\$63,404,084	\$1,204,453
Liabilities -				
Agency funds due to others	\$977,438	\$63,631,099	\$63,404,084	\$1,204,453
Sheriff Inmate				
Assets -				
Cash in banks	\$14,985	\$174,158	\$186,146	\$2,997
Liabilities -				
Agency funds due to others	\$14,985	\$174,158	\$186,146	\$2,997
Sheriff Sales				
Assets -				
Cash in banks	\$175	\$31,401	\$23,964	\$7,612
Liabilities -				
Agency funds due to others	\$175	\$31,401	\$23,964	\$7,612
County Clerk Office Accounts				
Assets -				
Cash in banks	\$45,902	\$941,348	\$940,452	\$46,798
Liabilities -				
Agency funds due to others	\$45,902	\$941,348	\$940,452	\$46,798
Circuit Clerk				
Assets:				
Cash in banks	\$921,128	\$4,130,447	\$4,215,446	\$836,129
Investments	566	48,441	49,007	0
Total assets	\$921,694	\$4,178,888	\$4,264,453	\$836,129
Liabilities -				
Agency funds due to others	\$921,694	\$4,178,888	\$4,264,453	\$836,129

Knox County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds (Continued)

November 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
All Agency Funds				
Assets:				
Cash in banks	\$2,014,032	\$44,934,701	\$44,337,239	\$2,611,494
Investments	626,324	25,619,224	25,801,085	444,463
Due from other governments	82,664	96,569	82,664	96,569
Total assets	\$2,723,020	\$70,650,494	\$70,220,988	\$3,152,526
Liabilities:				
Accounts payable	\$18,941	\$13,272	\$18,941	\$13,272
Agency funds due to others	2,704,079	70,637,222	70,202,047	3,139,254
Total liabilities	\$2,723,020	\$70,650,494	\$70,220,988	\$3,152,526

Knox County, Illinois

Schedule of Expenditures From Taxes Extended For Tort Immunity Purposes For the year ended November 30, 2014

Salaries	\$27,643
Property and liability insurance	367,113
Unemployment	37,007
Professional services	53,729
Total	\$485,492

