

TOWNSHIP OF PALATINE
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2016 ALL FUNDS
EXCEPT
ROAD AND BRIDGE FUND ENDED MARCH 31, 2016



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Township of Palatine
Palatine, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Palatine as of and for the year ended February 29, 2016, and for the Road and Bridge Fund for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township'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 of America; 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 of America. 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, each major fund, and the remaining fund information of the Township of Palatine, as of February 29, 2016, and the Road and Bridge Fund as of March 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2016 the Township adopted new accounting guidance, GASB 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 7 and 29 through 34 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 of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Palatine basic financial statements. The accompanying financial information listed as Additional Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

McClure, Arsona & Co., Chtd.

July 18, 2016

TOWNSHIP OF PALATINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED FEBRUARY 29, 2016 AND MARCH 31, 2016

As the Township of Palatine, Illinois (Township) Board, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended February 29, 2016 and March 31, 2016. The Management of the Township encourages the readers of this financial information presented in conjunction with the financial statements to obtain a better understanding of the Township's financial operations.

Financial Highlights

The net position of the Township of Palatine as of February 29 and March 31, 2016 and February 28 and March 31, 2015, was \$9,466,836 and \$9,474,779, respectively. The Township's net position decreased by \$160,981 for the years ended February 29 and March 31, 2016 and increased by \$254,644 for the years ended February 28 and March 31, 2015, respectively. The term "net position" represents the difference between total assets/deferred outflows and liabilities/deferred inflows of resources.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Palatine's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information and additional information.

Government-Wide Financial Analysis

The government-wide financial statements are prepared using the full accrual basis of accounting and are designed to provide readers with a broad overview of the Township of Palatine's finances, in a manner similar to private-sector businesses.

The statement of net position presents financial information on all of the Township of Palatine's assets/deferred outflows and liabilities/deferred inflows of resources, 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 whether the financial position of the Township of Palatine is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the Township of Palatine that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a portion of the costs through user fees and charges. The governmental activities of the Township of Palatine include general government, road projects, transportation for senior citizens and disabled individuals, social services assistance, and the funding of social service agencies that provide essential human care services to Township residents. The Township of Palatine Board is responsible for the maintenance of the Township of Palatine Cemeteries.

Fund Financial Statements

All of the funds of the Township of Palatine are governmental funds. The Fund financial statements are prepared using the modified accrual basis of accounting. 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. The Fund

financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's four funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to financial statements

The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the changes in the Township of Palatine's net pension liability and schedule of employer contributions. Additionally, required supplementary information regarding a schedule of revenues and expenditures – budget vs. actual for each major fund and a schedule of funding progress for other post-employment benefit plans is presented in this section.

Financial Analysis

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the Township of Palatine, assets/deferred outflows exceeded liabilities/deferred inflows of resources by \$9,466,836 and \$9,474,779, for the years ended February 29 and March 31, 2016 and February 28 and March 31, 2015, respectively. A portion of the Township's net position reflects its investment in capital assets, \$3,894,794. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is made up of \$4,081,900 which is restricted, and \$1,490,142 that is unrestricted.

Condensed Statement of Net Position

	For Years Ended	
	February 29 and March 31, 2016	February 28 and March 31, 2015
Current and Other Assets	\$ 9,674,462	\$ 9,331,389
Capital Assets, net of accumulated depreciation	3,894,794	3,920,180
Total Assets	13,569,256	13,251,569
Deferred Outflows of Resources	404,953	-
Current Liabilities	181,262	189,275
Non-Current Liabilities	787,823	27,789
Total Liabilities	969,085	217,064
Deferred Inflows of Resources	3,538,288	3,559,726
Net Position		
Net Investment in Capital Assets	3,894,794	3,920,180
Restricted	4,081,900	3,875,388
Unrestricted	1,490,142	1,679,211
Total Net Position	\$ 9,466,836	\$ 9,474,779

Condensed Statement of Activities

	For Years Ended	
	February 29 and March 31, 2016	February 28 and March 31, 2015
Revenues		
Program Revenues		
Charges for Services	\$ 287,941	\$ 266,093
Grants and Contributions	187,292	173,434
General Revenues		
Property Taxes	3,595,518	3,611,225
Replacement Taxes	117,293	128,561
Motor Fuel Taxes	-	-
Interest Income	18,605	14,444
Other	65,996	18,463
Total Revenues	<u>4,272,645</u>	<u>4,212,220</u>
Expenses		
Program Expenses		
Administration	1,559,754	1,047,062
Assessor	115,089	112,926
Senior and Disabled Transportation	294,385	322,828
Human Needs Funding	607,589	609,050
Home Relief	151,325	189,805
Cemetery Maintenance	43,151	37,991
Quentin Road Facilities	36,128	38,070
Maintenance of Roads	1,109,011	1,119,909
Depreciation/Amortization - Unallocated	517,194	479,935
Total Expenses	<u>4,433,626</u>	<u>3,957,576</u>
Change in Net Position	<u>(160,981)</u>	<u>254,644</u>
Net Position, Beginning of Year, As Originally Stated	9,474,779	9,220,135
Cumulative Effect of Change in Accounting Principle	153,038	-
Net Position, Beginning of Year, As Restated	<u>9,627,817</u>	<u>9,220,135</u>
Net Position, End of Year	<u>\$ 9,466,836</u>	<u>\$ 9,474,779</u>

The following is a summary of changes in fund balances for the years ended February 29 and March 31, 2016:

Governmental Funds	Fund Balance February 28 and March 31, 2015	Increase (Decrease)	Fund Balance February 29 and March 31, 2016
General (Town)	\$ 1,659,397	\$ 152,899	\$ 1,812,296
General Assistance	553,122	196,451	749,573
Road and Bridge	2,956,636	4,266	2,960,902
Needy Family	487,530	28,007	515,537
	<u>\$ 5,656,685</u>	<u>\$ 381,623</u>	<u>\$ 6,038,308</u>

Budgetary Highlights

There were line item changes to the original appropriations for the Town Fund, General Assistance Fund and the Road and Bridge Fund which did not impact the budget overall. Revenues in the Town Fund of

\$2,088,980 exceeded expenditures by \$152,899 and expenditures were \$88,939 less than the appropriation of \$2,025,020. Revenues in both the General Assistance and Road and Bridge funds adequately funded expenditures as well.

General Assistance, a mandated local form of public aid administered solely by Township government, must budget sufficient funds to accommodate all those that seek service. The number of residents seeking services through the General Assistance Department increased; however, those clients that qualify for State mandated regular General Assistance has decreased from fiscal year end February 2, 2015, resulting in a decrease in expenditures. This decrease was contributed to new leadership direction with the hire of a new General Assistance Coordinator and forcing GA clients to adhere to the General Assistance Policies and Regulations of the General Assistance Training Institute (GATI) handbook which resulted in terminations of several GA clients. In addition, General Assistance staff assists in client applications of LIHEAP, Weatherization, SNAP, PIPP, employment services, etc. Additionally, many of the residents seeking assistance for programs such as Food Pantry, Angel Tree, Adopt a Family Program, Apple Tree Program, etc. were serviced by paid staff, the commodity was not expensed in the General Assistance budget. These programs were funded by community donations made to the Needy Family Fund and for the most part coordinated by volunteers, who are supervised by the Outreach & Food Pantry Coordinators.

During the year ended February 29, 2016, Township of Palatine partnered with 25 social service agencies to provide various programs for children, teens, adults, senior citizens and disabled individuals. The Township of Palatine provided \$607,589 in funding to these not-for-profit agencies so that services would be available to Township residents.

Capital Assets

The following is a summary of capital assets, net of accumulated depreciation, for the years ended:

	February 29 and March 31, 2016	February 28 and March 31, 2015
	<u>2016</u>	<u>2015</u>
Land	\$ 119,098	\$ 119,098
Infrastructure Work in Progress	63,072	63,072
Land Improvements	495,144	425,616
Buildings	2,685,807	2,685,807
Building Improvements	199,845	114,852
Machinery and Equipment	1,604,031	1,268,703
Infrastructure	3,561,035	3,561,035
Intangibles	<u>6,300</u>	<u>6,300</u>
Cost of Capital Assets	8,734,332	8,244,483
Less Accumulated Depreciation/Amortization	<u>4,839,538</u>	<u>4,324,303</u>
Net Capital Assets	<u>\$ 3,894,794</u>	<u>\$ 3,920,180</u>

The most significant capital asset additions during the year were for land and building improvements and machinery. Additional information regarding the Township’s capital assets can be found in note 4 on page 20.

Description of Current and Expected Conditions

A sample of the services provided to the Township of Palatine residents during the past **calendar** year include:

- 10,564 bus and van rides (-5.18%)
- 4,276 visits to the Food Pantry (+5.50%)
- 2,268 Taxi Rides (-22.25%)
- 1,755 Cook County Vehicle Stickers sold (-16.23%)
- 907 students received assistance with school supplies from the Apple Tree program (+.78%)
- 809 Senior citizens and children in need received Angel Tree gifts (+4.52%)
- 862 Thanksgiving baskets were distributed to needy families and senior citizens (+8.98%)
- 255 Easter baskets were distributed to needy children
- 183 families received gifts thru the holiday Adopt-a-Family Program (-11.17%)
- 203 RTA Senior Passes issued (13.41%)
- 184 Temporary Handicap Placards issued (10.18%)
- 73 Emergency Fund requests (17.74%)
- 16 Voters registered (-42.86%)

The Township of Palatine's Mission Statement is "Serving People". The Board responsibly applies tax dollars to meet the growing needs of residents, while controlling expenses and balancing budgets. Resources were used efficiently by maintaining and expanding partnership relationships with individuals, organizations, businesses, local governments, churches, hospitals and volunteers. The results are numerous cost effective programs that assist the greatest number of residents with a multitude of services, while keeping levies and expense budgets as low as possible.

The only item that may have a significant effect on the financial position or results of activities of the Township in the near future is the establishment of a Capital Improvement Fund. In order to fund the Capital Improvement Fund, the Board will transfer \$342,000 from the Town Fund during the year ending February 28, 2017.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Administrator, Township of Palatine, 721 S. Quentin Road, Palatine, Illinois 60067.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF PALATINE

STATEMENT OF NET POSITION

FEBRUARY 29 AND MARCH 31, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 7,087,891
Receivables	
Property Taxes, net	2,483,107
Replacement Taxes	22,773
Other	19,835
Other Current Assets	40,352
Prepaid Expenses	20,504
Capital Assets, Net of Accumulated Depreciation/Amortization	<u>3,894,794</u>
Total Assets	13,569,256
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items Related to Pension (IMRF)	<u>404,953</u>
Total Assets and Deferred Outflows of Resources	<u>13,974,209</u>
LIABILITIES	
Accounts Payable	51,064
Accrued Salaries and Wages	31,683
Payroll Liabilities	15,119
Compensated Absences	83,396
Non-Current Liabilities:	
Net Other Post-Employment Benefits Payable	38,242
Net Pension Obligation	<u>749,581</u>
Total Liabilities	969,085
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	<u>3,538,288</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,507,373</u>
NET POSITION	
Net Investment in Capital Assets	3,894,794
Restricted	4,081,900
Unrestricted	<u>1,490,142</u>
Total Net Position	<u>\$ 9,466,836</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED FEBRUARY 29 AND MARCH 31, 2016

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES					
Administration	\$ 1,559,754	\$ 136,615	\$ -	\$ 42,000	\$ (1,381,139)
Assessor	115,089	-	-	-	(115,089)
Senior and Disabled Transportation	294,385	50,254	-	-	(244,131)
Human Needs Funding	607,589	-	-	-	(607,589)
Home Relief	151,325	17,012	144,929	-	10,616
Cemetery Maintenance	43,151	2,100	363	-	(40,688)
Quentin Road Facilities	36,128	-	-	-	(36,128)
Maintenance of Roads	1,109,011	81,960	-	-	(1,027,051)
Depreciation/Amortization - Unallocated	517,194	-	-	-	(517,194)
Total Governmental Activities	\$ 4,433,626	\$ 287,941	\$ 145,292	\$ 42,000	(3,958,393)

GENERAL REVENUES

Taxes

Property Taxes, Levied for General Purposes	3,595,518
Replacement Taxes	117,293
Motor Fuel Taxes	-
Interest Income	18,605
Miscellaneous	65,996

Total General Revenues 3,797,412

Change in Net Position (160,981)

NET POSITION

Beginning of Year, As Originally Stated	9,474,779
Cumulative Effect of Change in Accounting Principle	153,038
Beginning of Year, As Restated	<u>9,627,817</u>
End of Year	<u>\$ 9,466,836</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29 AND MARCH 31, 2016

	TOWN FUND	GENERAL ASSISTANCE FUND	ROAD AND BRIDGE FUND	NEEDY FAMILY FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,075,205	\$ 828,807	\$ 3,686,081	\$ 497,798	\$ 7,087,891
Receivables					
Property Taxes, net	1,508,027	409,678	565,402	-	2,483,107
Replacement Taxes	3,636	-	19,137	-	22,773
Other	3,573	-	16,262	-	19,835
Other Current Assets	16,865	-	-	23,487	40,352
Prepaid Expenses	10,511	-	9,993	-	20,504
Total Assets	<u>\$ 3,617,817</u>	<u>\$ 1,238,485</u>	<u>\$ 4,296,875</u>	<u>\$ 521,285</u>	<u>\$ 9,674,462</u>
LIABILITIES					
Accounts Payable	\$ 20,719	\$ -	\$ 30,345	\$ -	\$ 51,064
Accrued Salaries and Wages	11,184	3,887	16,612	-	31,683
Payroll Liabilities	12,516	2,426	177	-	15,119
Total Liabilities	44,419	6,313	47,134	-	97,866
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	1,761,102	482,599	1,288,839	5,748	3,538,288
Total Liabilities and Deferred Inflows of Resources	<u>1,805,521</u>	<u>488,912</u>	<u>1,335,973</u>	<u>5,748</u>	<u>3,636,154</u>
FUND BALANCES					
Nonspendable	10,511	-	9,993	-	20,504
Restricted for Statutory Purposes	-	749,573	2,950,909	-	3,700,482
Restricted by Donors	-	-	-	381,418	381,418
Committed	320,000	-	-	-	320,000
Unassigned	1,481,785	-	-	134,119	1,615,904
Total Fund Balances	<u>1,812,296</u>	<u>749,573</u>	<u>2,960,902</u>	<u>515,537</u>	<u>6,038,308</u>
Total Liabilities and Fund Balances	<u>\$ 3,617,817</u>	<u>\$ 1,238,485</u>	<u>\$ 4,296,875</u>	<u>\$ 521,285</u>	<u>\$ 9,674,462</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

FEBRUARY 29 AND MARCH 31, 2016

Total Fund Balances - Governmental Funds Balance Sheet	\$ 6,038,308
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,894,794
Deferred Outflows related to Pension (IMRF)	404,953
Compensated Absences are only recognized in the Statement of Net Position	(83,396)
The Net Other Post-Employment Benefit Payable, listed as a Noncurrent Liability, is only recognized in the Statement of Net Position	(38,242)
The Net Pension Obligation for IMRF, listed as a Noncurrent Liability, is only recognized in the Statement of Net Position	<u>(749,581)</u>
Net Position of Governmental Activities - Statement of Net Position	<u>\$ 9,466,836</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE

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

FOR THE YEARS ENDED FEBRUARY 29 AND MARCH 31, 2016

	TOWN FUND	GENERAL ASSISTANCE FUND	ROAD AND BRIDGE FUND	NEEDY FAMILY FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 1,731,928	\$ 499,650	\$ 1,363,940	\$ -	\$ 3,595,518
Replacement Taxes	62,198	-	55,095	-	117,293
Motor Fuel Taxes	-	-	-	-	-
Interest Income	1,437	479	15,927	762	18,605
Reimbursements	-	17,012	1,162	25	18,199
Grants	42,000	-	-	-	42,000
Contributions	363	-	-	144,929	145,292
Fees and Permits	26,395	-	136	-	26,531
Fines	-	-	2,459	-	2,459
Charges for Services	23,859	-	78,203	-	102,062
Cemetery Receipts	2,100	-	-	-	2,100
Donated Rental Income	136,590	-	-	-	136,590
Miscellaneous	62,110	-	3,886	-	65,996
Total Revenues	2,088,980	517,141	1,520,808	145,716	4,272,645
EXPENDITURES					
Current					
Administration	839,739	245,459	87,604	41,615	1,214,417
Assessor	115,089	-	-	-	115,089
Senior and Disabled Transportation	294,385	-	-	-	294,385
Human Needs Funding	607,589	-	-	-	607,589
Home Relief	-	75,231	-	76,094	151,325
Cemetery Maintenance	43,151	-	-	-	43,151
Quentin Road Facilities	36,128	-	-	-	36,128
Maintenance of Roads	-	-	1,428,938	-	1,428,938
Total Expenditures	1,936,081	320,690	1,516,542	117,709	3,891,022
Excess of Revenues Over Expenditures	152,899	196,451	4,266	28,007	381,623
FUND BALANCES					
Beginning of Year	1,659,397	553,122	2,956,636	487,530	5,656,685
End of Year	\$ 1,812,296	\$ 749,573	\$ 2,960,902	\$ 515,537	\$ 6,038,308

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

FEBRUARY 29 AND MARCH 31, 2016

Net Change in Fund Balances - Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 381,623</u>
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation
expense. This is the amount by which capital outlays exceeded
depreciation expense in the current period.

Capital Outlay	491,949
Depreciation Expense	(517,194)
Gain (Loss) on Disposal of Assets	<u>(141)</u>
Difference	(25,386)

Some expenses reported in the statement of activities do not require
the use of current financial resources and therefore are not
reported as expenditures in governmental funds. The expenses
include the changes in:

Compensated Absences	(9,099)
Net Other Post-Employment Benefits	(10,453)

Recognizing the pension revenue (expense) relating to the change in the net pension obligation	<u>(497,666)</u>
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Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ (160,981)</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF PALATINE

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29 AND MARCH 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Palatine, Illinois (Township) operates under the Township Act (60 ILCS) and the Revenue code (35 ILCS) of the Illinois Compiled Statutes (ILCS). The Township provides the following services as authorized by its charter: maintenance of roads in the unincorporated area, senior and disabled services, general assistance, property tax related matters and general administrative services.

The financial statements of the Township of Palatine have been prepared in conformity with generally accepted accounting principles (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 more significant of the Township's accounting policies are described below.

Reporting Entity

The Township's reporting entity includes all entities for which the Township exercises oversight responsibility as defined by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of a primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable.

The Township has developed criteria to determine whether these legally separate organizations should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Township (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). In applying these criteria, the Township has included in its financial statements the activities of the Township of Palatine Road District, Palatine Township Needy Family Fund, Inc. and Palatine Township Report, Inc. Although a legally separate entity, the Road District shares the same Board of Trustees as the Township and is, therefore, a component unit blended with the Township identified as the Road and Bridge Fund. Palatine Township Needy Family Fund, Inc. and Palatine Township Report, Inc. are nonprofit corporations which exist solely to serve the Township of Palatine and are, therefore, component units blended with the Township.

Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. They include all the governmental funds of the reporting entity. The governmental fund financial statements (i.e. the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance) are organized by fund. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements. The major funds are the Town Fund, General Assistance Fund, and Road and Bridge Fund. Following is a description of major and non-major funds.

Town Fund - The Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds account for the proceeds of specific revenue sources, or to finance specified activities as required by law or administrative regulations. The Special Revenue Funds and their purposes are as follows:

General Assistance Fund - Accounts for expenditures for general assistance services.

Road and Bridge Fund - Accounts for the operations of the Road District. It is used to account for all financial resources at the Road District and accounts for expenditures related to maintenance and improvement of Township Roads. The Road District levies a separate property tax.

Needy Family Fund - Accounts for contributions and emergency payments for residents who do not qualify for general assistance.

Basis of Accounting

The government-wide statements (the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are accounted for using a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets/deferred outflows and current liabilities/deferred inflows of resources generally are included on the balance sheet. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after the year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The Township recognizes property taxes receivable during the fiscal year in which the taxes are levied and become a legal claim of the Township; however, property taxes are not recognized as revenue until the subsequent fiscal year when the property taxes are extended by Cook County and remitted to the Township. Accordingly, the property tax levy for the 2015 tax year, including collections thereon, is recognized as deferred inflows of resources in the accompanying balance sheet. Expenditures are recognized when the related obligations are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the Town, General Assistance, and Road and Bridge Funds. All appropriated amounts lapse at the end of the fiscal year. Spending control for funds is established by the amount of the total appropriation for the fund, but management control is exercised at appropriation line item levels.

Cash and Investments

Cash includes amounts in demand deposits (checking, NOW and money market accounts) and time deposits (certificates of deposit with maturity dates that range from twelve to twenty-four months). Investments include negotiable certificates of deposit with maturity dates that range from twenty-four to thirty-six months.

Illinois Revised Statutes authorize the Township to invest in securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the State Treasurer's investment pool (authorized by ICLS 30, 235-2, e), and other permitted investments under paragraph 902, chapter 85 of the Statutes as amended by Public Act 86-426. Investments may only be made in banks, which are insured by the Federal Deposit Insurance Corporation.

Investments are stated at cost, which approximates market.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation/amortization reflected in the Statement of Net Position. Depreciation or amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Land Improvements	20 years
Buildings	50 years
Building Improvements	10-20 years
Infrastructure	10 years
Machinery and Equipment	5 - 20 years
Intangibles	5 years

The minimum capitalization threshold is any item of Machinery and Equipment with a total cost greater than \$1,000, Buildings and Land Improvements of \$10,000 and Infrastructure of \$50,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources related to pension expense represent amounts related to the differences between expected and actual experience, changes in assumptions and the net difference between projected and actual earnings on pension plan investments and post measurement date payments. See Note 6 for additional information on these deferred outflows.

Deferred inflows of resources may consist of two items. Deferred inflows relating to property taxes do not fit the definition of a liability, that is, the use of resources to satisfy an obligation. Rather deferred property taxes represent a future recognition of revenue, therefore are classified as deferred inflows of resources. Deferred inflows related to pensions represent differences between expected and actual experience.

Compensated Absences

In the event of termination, Township employees are not reimbursed for accumulated sick leave. Vacation pay does not carryover; employees must take vacation by the end of the calendar year. Terminated employees are reimbursed for any accumulated unpaid vacation pay. Non-exempt employees accrue overtime in the form of compensatory time. Accumulated compensatory time must be taken as time off or as payment by the end of the 26th pay period after the pay period in which it was earned. Vacation pay and compensatory time are accrued in the Statement of Net Position and Statement of Activities.

Defined Benefit Pension Plan (IMRF)

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

Fund Equity

The Township follows GASB statement 54 "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Non-spendable fund balance – amounts that are not in a spendable form (such as prepaid expense) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grants, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. An assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (but is neither restricted nor committed).

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, management applies restricted amounts first, unless a determination is made to use unrestricted fund balance. The Township's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Reimbursements

Other organizations occupy space in the Township building. The Township bills any operating costs to the organizations on a monthly basis. These receipts are classified as charges for services in the statement of activities and as reimbursements in the statement of revenues, expenditures and changes in fund balance.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Standard

In 2016, the Township adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Adoption of GASB No. 68 resulted in a restatement of beginning net position, which is described further in Note 13. In addition, the Statement changed the requirements for information disclosed in the footnotes to the financial statements and information required to be presented as required supplementary information.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits. At year-end, the carrying amount of the Township's deposits, excluding petty cash of \$565, was \$6,214,326 and the bank balance was \$6,268,962. Of the bank balance, \$1,733,878 was covered by federal depository insurance, \$4,427,574 was collateralized with securities held by the pledging financial institution's agent in the Township's name, and \$107,510 was uncollateralized. The uncollateralized portion relates to the Needy Family Fund.

Included in deposits are two certificates of deposit totaling \$644,145 with terms of 12 to 24 months and rates of .37% to .45%.

Investments. At year-end, the Township's investment balances were as follows:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITY (IN MONTHS)</u>	<u>WEIGHTED AVERAGE RATE</u>	<u>COST</u>	<u>FAIR VALUE</u>
Negotiable Certificates	30	1.09%	<u>\$ 873,000</u>	<u>\$ 875,229</u>

The Township has investments in negotiable certificates of deposit. Each certificate is a marketable security that can be actively traded. The Township has the ability and intent to hold each certificate to maturity. Each certificate is fully covered by federal depository insurance.

NOTE 3 - PROPERTY TAXES

The Township passed the 2015 Tax Levy Ordinances for the Township and for the Road District on December 14, 2015. Property Taxes from the 2015 levy attached as an enforceable lien on property as of January 1, 2015. Taxes are payable in two installments on or around March 1 and August 1. As such, significant tax monies are received between March and December. The County of Cook collects such taxes and remits them periodically.

The current property tax levy is recorded as a receivable, net of estimated uncollectibles of \$109,254. Property tax revenue is recognized to the extent of taxes due and collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year. Such time thereafter does not exceed 60 days. The current net tax levy receivable is recorded on the balance sheet along with a corresponding amount of deferred revenue. Deferred revenue represents the 2015 levy which is used to fund fiscal 2017 operations. All uncollected taxes receivable relating to prior years' levies have been written off.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the years ended February 29 and March 31, 2016 was as follows:

	Balance February 28 and March 31, 2015	Additions	Retirements	Balance February 29 and March 31, 2016
Capital assets, not being depreciated				
Land	\$ 119,098	\$ -	\$ -	\$ 119,098
Infrastructure Work in Progress	63,072	-	-	63,072
Total Capital assets, not being depreciated	<u>182,170</u>	<u>-</u>	<u>-</u>	<u>182,170</u>
Capital assets, being depreciated/amortized				
Land Improvements	425,616	69,528	-	495,144
Buildings	2,685,807	-	-	2,685,807
Building Improvements	114,852	84,993	-	199,845
Machinery and Equipment	1,268,703	337,428	(2,100)	1,604,031
Infrastructure	3,561,035	-	-	3,561,035
Intangibles	6,300	-	-	6,300
Total capital assets being depreciated/amortized	<u>8,062,313</u>	<u>491,949</u>	<u>(2,100)</u>	<u>8,552,162</u>
Less accumulated depreciation/amortization for				
Land Improvements	(334,697)	(12,230)	-	(346,927)
Buildings	(1,723,736)	(39,736)	-	(1,763,472)
Building Improvements	(14,248)	(14,829)	-	(29,077)
Machinery and Equipment	(866,838)	(93,666)	1,959	(958,545)
Infrastructure	(1,379,114)	(356,103)	-	(1,735,217)
Intangibles	(5,670)	(630)	-	(6,300)
Total accumulated depreciation/amortization	<u>(4,324,303)</u>	<u>(517,194)</u>	<u>1,959</u>	<u>(4,839,538)</u>
Total capital assets being depreciated/amortized, net	<u>3,738,010</u>	<u>(25,245)</u>	<u>(141)</u>	<u>3,712,624</u>
Capital assets, net	<u>\$ 3,920,180</u>	<u>\$ (25,245)</u>	<u>\$ (141)</u>	<u>\$ 3,894,794</u>

In the government-wide statement of activities depreciation/amortization expense is not allocated among Government Activities.

NOTE 5 – NON-CURRENT LIABILITIES

Changes in non-current liabilities during the year were as follows:

Type of Debt	Balance at February 28, 2015	Increases	Decreases	Balance at February 29, 2016	Amounts Due Within One Year
Net Other					
Post-Employment					
Benefits Payable	\$ 27,789	\$ 10,453	\$ -	\$ 38,242	\$ -
Net Pension					
Obligation	<u>379,529</u>	<u>370,052</u>	<u>-</u>	<u>749,581</u>	<u>-</u>
	<u>\$ 407,318</u>	<u>\$ 380,505</u>	<u>\$ -</u>	<u>\$ 787,823</u>	<u>\$ -</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

IMRF Plan Description. The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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

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

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

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	32
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	<u>23</u>
Total	<u><u>68</u></u>

Contributions. As set by statute, the Township's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township's annual contribution rate for calendar year 2015 was 11.45%. For the fiscal years ended February 29, 2016 and March 31, 2016, the Township contributed \$124,676 to the plan. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- The *Actuarial Cost Method* used was Entry Age Normal.
- The *Asset Valuation Method* used was Market Value of Assets.
- The *Inflation Rate* was assumed to be 2.75%.
- *Salary Increases* were expected to be 3.75% to 14.50%, including inflation.
- The *Investment Rate of Return* was assumed to be 7.50%.
- *Projected Retirement Age* was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for *Mortality* (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For *Disabled Retirees*, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For *Active Members*, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The *long-term expected rate of return* on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Single Discount Rate. A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate,

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Changes in the Net Pension Liability.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2014	\$ 5,771,969	\$ 5,392,440	\$ 379,529
Changes for the year:			
Service Cost	122,059	-	122,059
Interest on the Total Pension Liability	425,242	-	425,242
Differences Between Expected and Actual			
Experience of the Total Pension	112,897	-	112,897
Changes of Assumptions	12,894	-	12,894
Contributions - Employer	-	131,278	(131,278)
Contributions - Employees	-	51,934	(51,934)
Net Investment Income	-	26,643	(26,643)
Benefit Payments, including Refunds of Employee Contributions	(311,068)	(311,068)	-
Other (Net Transfer)	-	93,185	(93,185)
Net Changes	362,024	(8,028)	370,052
Balances at December 31, 2015	\$ 6,133,993	\$ 5,384,412	\$ 749,581

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.47%)	Current (7.47%)	1% Higher (8.47%)
Net Pension Liability	\$ 1,444,799	\$ 749,581	\$ 166,762

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the years ended February 29, 2016 and March 31, 2016, the Township recognized pension expense of \$622,342. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 71,870
Changes of assumptions	8,208
Net difference between projected and actual earnings on pension plan investments	<u>301,192</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>381,270</u>
Pension Contributions made subsequent to the Measurement Date, through February 29, 2016	<u>23,683</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 404,953</u>

Deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date of \$23,683 are recognized as a reduction of the net pension liability in the year ended February 29, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 121,011
2017	109,663
2018	75,298
2019	75,298
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 381,270</u>

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

The Township provides post-employment health care benefits (OPEB) for retired employees of the Township. The benefits, benefit levels, employee contributions and employer contributions are governed by the Township and can be amended by the Township through its personnel manual.

The plan is not accounted for as a trust fund; as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Township's Town Fund. To be eligible for benefits, an employee must qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are available to retired employees of the Township and are provided through the Township's health plan. The benefit levels are the same as those afforded to active employees.

All retirees contribute 100% of the actuarially determined premium to the plan. Active employees do not contribute to the OPEB plan until retirement.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Membership in the plan consisted of the following as of:

	<u>February 29, 2016</u>
Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	5
Active nonvested plan members	<u>9</u>
Total	<u>15</u>
Number of participating employers	<u>1</u>

Annual OPEB Costs and Net OPEB Obligation

The District had an actuarial valuation performed for the plan as of February 29, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended February 29, 2016.

The annual OPEB cost and net OPEB obligation as of February 29, 2016, was calculated as follows:

	<u>Governmental Activities</u>
Annual Required Contribution	\$ 15,623
Interest on the net OPEB obligation	1,254
Adjustment to the annual required contribution	<u>(1,046)</u>
Annual OPEB Cost	15,831
Contributions made	<u>(8,939)</u>
Increase in the net OPEB obligation	<u>6,892</u>
NOPEBO – Beginning of Year, As Originally Stated	27,789
Adjustment to beginning balance	<u>3,561</u>
NOPEBO – Beginning of Year, As Restated	<u>31,350</u>
NOPEBO – End of Year	<u>\$ 38,242</u>

The funded status and funding progress of the plan as of February 29 and March 31, 2016, is estimated based upon the actuarial valuation determined as of March 1, 2016:

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Accrued Liability (AAL)	\$	144,571
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	144,571
Funded Ratio (actuarial value of plan assets/AAL)		0%
Covered Payroll (active plan members)		N/A
UAAL as a percentage of covered payroll		0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding statements, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2016 actuarial valuation the unit credit cost method was used. The actuarial assumptions included, a 3% price inflation assumption, a 4% wage inflation assumption as well as an initial healthcare cost trend rate of 6.8-7.8% trending down to 5% for 2025 and beyond. The actuarial value of assets was not determined as the Township has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at March 1, 2015 was 30 years.

NOTE 8 - FUND BALANCES

As of February 29, 2016, the Township has \$381,418 that is restricted by donors for social service emergencies which include a food pantry and other one-time emergency payments for residents of the Township who do not qualify for General Assistance from the Township. The program is funded through contributions from the community through a nonprofit organization, Township of Palatine Needy Family Fund, Inc.

NOTE 8 - FUND BALANCES (Continued)

The Board of Trustees has committed \$120,000 of the General Fund balance for capital equipment replacement. The funds have been set aside into a separate cash account.

As the result of an intergovernmental agreement between the Road District and the Township of Palatine, as of February 29, 2016 \$200,000 of funds are committed for the purchase and maintenance of future bus purchases. The Board approved the commitment through a Board Resolution.

The General Assistance Fund and the Road District Fund balances are statutorily restricted through tax levies. The Road District has a 5-year plan to spend \$1,200,000 on new machinery and equipment.

NOTE 9 - IN-KIND SUPPORT

The Township records in-kind support in the form of rental income and agency support. Two not-for-profit agencies occupy space in the Township building. In lieu of charging each rent and providing financial support to them as agencies, the Township records \$136,590 as Donated Rental Income and the same amount classified as "Human Needs Funding" expense/expenditure in the Statement of Activities and the Funds Statement of Revenue and Expenditures.

NOTE 10 - NONPROFIT CORPORATION

Palatine Township Needy Family Fund, Inc.

In 1995, the Township formed a nonprofit corporation entitled the Palatine Township Needy Family Fund, Inc. The corporation is a qualified tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. The corporation was established for the purpose of generating contributions and providing assistance to residents not covered under the Township's general assistance program. All activities for the corporation are recorded in a separate fund column of the Township's balance sheet and statement of revenues, expenditures and changes in fund balances.

Palatine Township Report, Inc.

Palatine Township Report, Inc. qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. The corporation was established for the purpose of generating and mailing the Township newsletter. The corporation had expenditures of \$37,078 funded by the General Fund and a cash balance of \$21 as of February 29, 2016. These amounts are included in the General (Town) Fund.

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

NOTE 12 – MOTOR FUEL TAX FUNDS

Every year the Township of Palatine Road District receives an allotment of Motor Fuel Tax

NOTE 12 – MOTOR FUEL TAX FUNDS (Continued)

(MFT) money from the State of Illinois. This money is disbursed by the State to Cook County where it is held for pending projects. Projects are petitioned by the Palatine Township's Highway Commissioner to the Cook County Highway Department for approval to use these MFT funds. When the projects are approved, all management, payment and accounting for the projects are done through Cook County. These funds are reflected in the financial statements of the Township as MFT Revenue and capitalized as infrastructure assets. The unused allotment is not reflected in the financial statements of the Township. No MFT funds were spent during the year ended March 31, 2016.

NOTE 13 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

A prior period adjustment reducing net position at the beginning of the year was made to recognize the cumulative effect of a change in accounting principle. GASB 68 was required to be implemented this year. An increase to the net position as of February 28, 2015 and March 31, 2015 in the amount of \$153,038 (\$532,567 net deferred outflows related to pensions less \$379,529 net pension obligation) was recorded due to the implementation of GASB 68 this year. The effect on net position in the current year for this change in accounting principle was a decrease of \$497,666.

NOTE 14 – SUBSEQUENT EVENT

On March 28, 2016, the board passed a resolution to pay a total of \$632,187 to IMRF to reduce the net pension obligation of the Township. The payments will be made from various funds for which the liability relates. The payment occurred May 23, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF PALATINE
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL

TOWN FUND

FOR THE YEAR ENDED FEBRUARY 29, 2016

	APPROPRIATION		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 1,748,699	\$ 1,748,699	\$ 1,731,928	\$ (16,771)
Replacement Taxes	50,000	50,000	62,198	12,198
Interest Income	1,500	1,500	1,437	(63)
Fees	25,000	25,000	26,395	1,395
PACE Charges for Services	30,000	30,000	23,859	(6,141)
Cemetery Receipts	1,000	1,000	2,100	1,100
Cemetery Contributions	-	-	363	363
Donated Rental Income	136,590	136,590	136,590	-
Grants	-	-	42,000	42,000
Miscellaneous	32,231	32,231	62,110	29,879
Total Revenues	2,025,020	2,025,020	2,088,980	63,960
EXPENDITURES				
Current				
Administration	853,468	882,013	839,739	42,274
Assessor	123,950	124,705	115,089	9,616
Senior and Disabled Transportation	325,762	325,762	294,385	31,377
Human Needs Funding	620,590	608,590	607,589	1,001
Cemetery Maintenance	46,750	44,910	43,151	1,759
Quentin Road Facilities	54,500	39,040	36,128	2,912
Total Expenditures	2,025,020	2,025,020	1,936,081	88,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 152,899	\$ 152,899

TOWNSHIP OF PALATINE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL

GENERAL ASSISTANCE FUND

FOR THE YEAR ENDED FEBRUARY 29, 2016

	APPROPRIATION		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 497,023	\$ 497,023	\$ 499,650	\$ 2,627
Interest Income	300	300	479	179
SSI Reimbursements	1,700	1,700	12,206	10,506
LIHEAP Reimbursements	6,000	6,000	4,806	(1,194)
Total Revenues	505,023	505,023	517,141	12,118
EXPENDITURES				
Current				
Administration	282,017	282,017	245,459	36,558
Home Relief	207,180	207,180	75,231	131,949
Total Expenditures	489,197	489,197	320,690	168,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 15,826	\$ 15,826	\$ 196,451	\$ 180,625

TOWNSHIP OF PALATINE
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED MARCH 31, 2016

	APPROPRIATION		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 1,305,000	\$ 1,305,000	\$ 1,363,940	\$ 58,940
Replacement Taxes	65,000	65,000	55,095	(9,905)
Motor Fuel Taxes	-	-	-	-
Interest Income	20,000	20,000	15,927	(4,073)
Charges for Services	75,000	75,000	78,203	3,203
Grants	10,000	10,000	-	(10,000)
Fines	5,000	5,000	2,459	(2,541)
Leaf Bags/Stickers	1,000	1,000	136	(864)
Reimbursements	-	-	1,162	1,162
Miscellaneous	3,250	3,250	3,886	636
Total Revenues	1,484,250	1,484,250	1,520,808	36,558
EXPENDITURES				
Administration	85,925	100,925	87,604	13,321
Maintenance of Roads	1,749,200	1,784,200	1,428,938	355,262
Contingency	50,000	-	-	-
Total Expenditures	1,885,125	1,885,125	1,516,542	368,583
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (400,875)	\$ (400,875)	\$ 4,266	\$ 405,141

TOWNSHIP OF PALATINE

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED FEBRUARY 29, 2016

Total Pension Liability	
Service Cost	\$ 122,059
Interest on the Total Pension Liability	425,242
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the total Pension Liability	112,897
Changes of Assumptions	12,894
Benefit Payments, including Refunds of Employee Contributions	<u>(311,068)</u>
Net Change in Total Pension Liability	362,024
Total Pension Liability – Beginning	<u>5,771,969</u>
Total Pension Liability – Ending (A)	<u>\$ 6,133,993</u>
Plan Fiduciary Net Position	
Contributions – Employer	\$ 131,278
Contributions – Employee	51,934
Net Investment Income	26,643
Benefit Payments, including Refunds of Employee Contributions	(311,068)
Other (Net Transfer)	<u>93,185</u>
Net Change in Plan Fiduciary Net Position	(8,028)
Plan Fiduciary Net Position - Beginning	<u>5,392,440</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 5,384,412</u>
Net Pension Liability – Ending (A) – (B)	<u>\$ 749,581</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.78%
Covered Valuation Payroll	1,146,535
Net Pension Liability as a Percentage of Covered Valuation Payroll	65.38%

TOWNSHIP OF PALATINE

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation Payroll
2015	\$ 131,278	\$ 131,278	\$ -	\$ 1,146,535	11.45%

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate**

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

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

* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

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

TOWNSHIP OF PALATINE

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED

SCHEDULE OF FUNDING PROGRESS

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) --Entry Age	Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) – (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage Of Covered Payroll (3) ÷ (5)
2/29/2016	N/A	\$ 144,571	0%	\$ 144,571	N/A	0%
2/28/2015	N/A	N/A	N/A	N/A	N/A	N/A
2/28/2014	N/A	N/A	N/A	N/A	N/A	N/A
2/28/2013	N/A	65,565	0%	65,565	N/A	0%

The Township implemented GASB Statement No. 45 for the fiscal year ended February 28, 2010 and has an actuarial valuation performed triennially.

ADDITIONAL INFORMATION

TOWNSHIP OF PALATINE

TOWN FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED FEBRUARY 29, 2016

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
ADMINISTRATION			
Personnel Services			
Salaries			
Supervisor	\$ 21,000	\$ 21,000	\$ -
Clerk	18,000	18,000	-
Assessor	20,000	19,247	753
Highway Commissioner	10,000	10,000	-
Board Of Trustees	20,000	19,583	417
Board Meetings	2,400	2,300	100
Road District Treasurer	1,000	1,000	-
Committees	4,800	3,060	1,740
Office Personnel	249,992	251,562	(1,570)
Temporary Personnel	250	-	250
Salary Increases	10,089	5,550	4,539
Social Security/Medicare Expense	27,147	24,886	2,261
Illinois Retirement Contribution	29,502	26,839	2,663
Pension Deficit Payment	1,000	-	1,000
Health And Life Insurance	43,818	31,591	12,227
Unemployment Compensation Insurance	2,310	2,303	7
Workers' Compensation Insurance	1,510	1,506	4
Total Personnel Services	<u>462,818</u>	<u>438,427</u>	<u>24,391</u>
Contractual Services			
Building Maintenance	38,500	38,102	398
Grounds Maintenance	10,850	10,600	250
Equipment Maintenance	1,500	884	616
Building Improvements Non-Capital	6,000	2,844	3,156
Office Equipment Maintenance	4,725	4,380	345
General Insurance	32,000	31,298	702
Telephone and Communications	3,000	767	2,233
Alarm	3,150	3,146	4
Utilities	16,675	16,674	1
Scavenger	5,600	3,980	1,620
Conferences and Seminars	4,000	2,750	1,250
Travel Expenses	2,600	2,530	70
Printing and Publishing	2,500	2,091	409
Audit	10,500	9,975	525
Legal Services	14,000	18,651	(4,651)
Engineering	4,460	-	4,460
Professional Services	22,540	24,650	(2,110)
Community Events	7,500	5,647	1,853
Officials Bonding	500	140	360

(Continued)

TOWN FUND STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Supervisor Bonding	\$ 6,600	\$ 6,563	\$ 37
Training	1,000	480	520
Dues and Subscriptions	6,500	6,414	86
Recognitions	3,250	1,821	1,429
Copier	6,710	6,703	7
Employment Counseling	13,000	12,453	547
Communications	32,700	37,078	(4,378)
Website Services	3,800	3,141	659
Recruitment Expense	2,000	1,569	431
Payroll Service	3,500	3,488	12
Miscellaneous	3,535	2,983	552
Total Contractual Services	<u>273,195</u>	<u>261,802</u>	<u>11,393</u>
Commodities			
Janitorial Supplies	3,000	1,530	1,470
Postage	2,000	1,109	891
Office Supplies	4,500	3,714	786
Total Commodities	<u>9,500</u>	<u>6,353</u>	<u>3,147</u>
Capital Outlay			
Building & Improvements	131,000	129,225	1,775
Equipment Purchases	5,500	3,932	1,568
Total Capital Outlay	<u>136,500</u>	<u>133,157</u>	<u>3,343</u>
Total Administration	<u>882,013</u>	<u>839,739</u>	<u>42,274</u>
TOWNSHIP ASSESSOR			
Personnel Services			
Salaries	81,000	77,566	3,434
Salary Increases	2,500	2,038	462
Social Security/Medicare Expense	6,388	5,707	681
Illinois Retirement Contribution	7,700	7,460	240
Health And Life Insurance	12,500	10,469	2,031
Workers' Compensation Insurance	300	248	52
Total Personnel Services	<u>110,388</u>	<u>103,488</u>	<u>6,900</u>
Contractual Services			
Equipment Maintenance	1,100	1,093	7
Travel	750	222	528
Outreach Seminar	900	488	412

(Continued)

TOWN FUND STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Computer Program	\$ 1,400	\$ 1,398	\$ 2
IPA Institute Workshop	1,850	1,059	791
Training	110	102	8
Printing	600	600	-
Dues And Subscriptions	300	276	24
Professional Services	50	45	5
Publications	100	-	100
Telephone	900	900	-
Copier	2,755	2,754	1
Miscellaneous	100	-	100
SID Annual Rental	800	659	141
Equipment Rental	10	-	10
Contingency Provision	5	-	5
	<u>11,730</u>	<u>9,596</u>	<u>2,134</u>
Total Contractual Services			
Commodities			
Postage	597	270	327
Office Supplies	1,200	1,185	15
	<u>1,797</u>	<u>1,455</u>	<u>342</u>
Total Commodities			
Capital Outlay			
Equipment	790	550	240
	<u>790</u>	<u>550</u>	<u>240</u>
Total Capital Outlay			
Total Township Assessor	<u>124,705</u>	<u>115,089</u>	<u>9,616</u>
SENIOR AND DISABLED TRANSPORTATION			
Personnel Services			
Salaries	168,378	166,846	1,532
Salary Increases	3,554	3,104	450
Social Security/Medicare Expense	13,115	12,606	509
Illinois Retirement Contribution	19,629	18,030	1,599
Health And Life Insurance	43,926	30,049	13,877
Workers Compensation	4,710	4,701	9
	<u>253,312</u>	<u>235,336</u>	<u>17,976</u>
Total Personnel Services			
Contractual Services			
Fuel And Oil	20,000	18,509	1,491
Maintenance	25,000	21,787	3,213
Travel	500	466	34
Telephone	3,000	2,953	47
Advertising	2,000	653	1,347

(Continued)

TOWN FUND STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Equipment Maintenance	\$ 1,000	\$ 659	\$ 341
Taxi	12,000	9,928	2,072
Training	200	-	200
Copier	1,000	482	518
DOT Testing	850	801	49
Legal	800	522	278
Miscellaneous	1,500	577	923
Vehicle Insurance	1,500	-	1,500
	<hr/>	<hr/>	<hr/>
Total Contractual Services	69,350	57,337	12,013
	<hr/>	<hr/>	<hr/>
Commodities			
Office Supplies	450	340	110
Postage	150	72	78
	<hr/>	<hr/>	<hr/>
Total Commodities	600	412	188
	<hr/>	<hr/>	<hr/>
Capital Outlay			
Equipment	2,500	1,300	1,200
	<hr/>	<hr/>	<hr/>
Total Capital Outlay	2,500	1,300	1,200
	<hr/>	<hr/>	<hr/>
Total Senior and Disabled Transportation	325,762	294,385	31,377
	<hr/>	<hr/>	<hr/>
HUMAN NEEDS FUNDING			
Contractual Services			
Day Care Brokerage Service	31,500	31,500	-
Behavioral Health	5,000	5,000	-
The Bridge	198,590	198,590	-
Community Child Care Center	115,000	115,000	-
Alexian Brothers Mental Health	35,000	35,000	-
Palatine Opportunity Center	9,000	9,000	-
Countryside Association	17,500	17,500	-
Rolling Meadows Golden Years	3,000	3,000	-
Salvation Army	12,500	12,500	-
Shelter, Inc	8,000	7,999	1
Community Living	8,000	8,000	-
NW Casa	3,000	3,000	-
Palatine Township Senior Center	93,000	93,000	-
PHD	3,000	3,000	-
Catholic Charities	6,000	6,000	-
Dental Care Program	25,000	25,000	-

(Continued)

TOWN FUND STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Barrington Career Center	\$ 6,000	\$ 6,000	\$ -
Access To Care	6,000	6,000	-
Escorted Transportation Services	4,000	4,000	-
JourneyCare Hospice Of NE IL	1,000	1,000	-
Journey PADS To Hope	3,000	3,000	-
Volunteer Center	2,000	2,000	-
Midwest Palliative & Hospice CareCenter	1,000	1,000	-
Faith Community Homes	7,500	7,500	-
FitMS Neorobalance Center	1,000	-	1,000
Nurses Lending Closet	4,000	4,000	-
	<hr/>	<hr/>	<hr/>
Total Contractual Services	608,590	607,589	1,001
	<hr/>	<hr/>	<hr/>
Total Human Needs Funding	608,590	607,589	1,001
	<hr/>	<hr/>	<hr/>
CEMETERY MAINTENANCE			
Contractual Services			
Maintenance/Improvements	16,700	16,228	472
Ground Upkeep	21,460	20,696	764
Memorial Day	500	-	500
Cemetery Burial	2,400	2,400	-
Miscellaneous	3,850	3,827	23
	<hr/>	<hr/>	<hr/>
Total Contractual Services	44,910	43,151	1,759
	<hr/>	<hr/>	<hr/>
Total Cemetery Maintenance	44,910	43,151	1,759
	<hr/>	<hr/>	<hr/>
QUENTIN ROAD FACILITIES			
Contractual Services			
Alarm	1,500	1,052	448
Grounds Maintenance	6,500	4,845	1,655
Building Maintenance	8,260	8,258	2
Permanent Building Improvements	3,200	2,397	803
Utilities	19,580	19,576	4
	<hr/>	<hr/>	<hr/>
Total Contractual Services	39,040	36,128	2,912
	<hr/>	<hr/>	<hr/>
Total Quentin Road Facilities	39,040	36,128	2,912
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 2,025,020</u>	<u>\$ 1,936,081</u>	<u>\$ 88,939</u>

TOWNSHIP OF PALATINE

GENERAL ASSISTANCE FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED FEBRUARY 29, 2016

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
ADMINISTRATION			
Personnel Services			
Salaries	\$ 167,289	\$ 162,929	\$ 4,360
Salary Increases	3,790	2,767	1,023
Social Security/Medicare Expense	13,088	11,939	1,149
Illinois Retirement Contribution	19,589	17,154	2,435
Health And Life Insurance	61,586	31,649	29,937
Workers' Compensation Insurance	500	316	184
	<u>265,842</u>	<u>226,754</u>	<u>39,088</u>
Contractual Services			
Equipment Maintenance	3,500	8,588	(5,088)
Travel Expense	700	799	(99)
Printing	500	50	450
Legal	1,200	700	500
Telephone	1,400	1,200	200
Training	1,000	1,478	(478)
Copier	2,200	1,659	541
Miscellaneous	250	254	(4)
	<u>10,750</u>	<u>14,728</u>	<u>(3,978)</u>
Commodities			
Office Supplies	2,000	1,554	446
Postage	425	235	190
	<u>2,425</u>	<u>1,789</u>	<u>636</u>
Capital Outlay			
Equipment Purchases	3,000	2,188	812
	<u>3,000</u>	<u>2,188</u>	<u>812</u>
Total Administration	<u>282,017</u>	<u>245,459</u>	<u>36,558</u>

(Continued)

GENERAL ASSISTANCE FUND - STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
- CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
HOME RELIEF			
Contractual Services			
Medical Care	\$ 500	\$ -	\$ 500
Telephone	6,000	495	5,505
Utilities	17,000	10,194	6,806
Burial	4,000	-	4,000
Rental	122,900	40,537	82,363
Travel	14,580	5,915	8,665
Food	31,200	11,640	19,560
Clothing And Personnel	6,000	2,200	3,800
Health Insurance	4,500	4,250	250
Transient	500	-	500
	<u>207,180</u>	<u>75,231</u>	<u>131,949</u>
Total Contractual Services			
	<u>207,180</u>	<u>75,231</u>	<u>131,949</u>
Total Home Relief			
	<u>207,180</u>	<u>75,231</u>	<u>131,949</u>
Total Expenditures	<u>\$ 489,197</u>	<u>\$ 320,690</u>	<u>\$ 168,507</u>

TOWNSHIP OF PALATINE

ROAD AND BRIDGE FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2016

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
ADMINISTRATION			
Personnel Services			
Salaries	\$ 10,000	\$ 10,000	\$ -
Social Security/Medicare Expense	800	800	-
Workers Compensation	125	83	42
Total Personnel Services	<u>10,925</u>	<u>10,883</u>	<u>42</u>
Contractual Services			
General Insurance	41,000	39,364	1,636
Accounting Service	12,500	11,310	1,190
Telephone	3,750	3,688	62
Printing	3,000	2,613	387
Legal Services	13,500	8,620	4,880
Dues and Subscriptions	5,800	4,531	1,269
Training	750	225	525
Travel Expenses	1,000	157	843
Total Contractual Services	<u>81,300</u>	<u>70,508</u>	<u>10,792</u>
Commodities			
Office Supplies	1,000	552	448
Postage	500	244	256
Operating Supplies	500	403	97
Miscellaneous	200	167	33
Total Commodities	<u>2,200</u>	<u>1,366</u>	<u>834</u>
Capital Outlay			
Computer Software	1,000	487	513
Equipment	4,500	4,360	140
Office Remodeling	500	-	500
Real Estate	500	-	500
Total Capital Outlay	<u>6,500</u>	<u>4,847</u>	<u>1,653</u>
Total Administration	<u>100,925</u>	<u>87,604</u>	<u>13,321</u>
MAINTENANCE OF ROADS			
Personnel Services			
Salaries	461,000	464,551	(3,551)
Overtime and Comp Time	50,000	24,420	25,580

(Continued)

ROAD AND BRIDGE FUND - STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
- CONTINUED

	<u>APPROPRIATION</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Social Security/Medicare Expense	\$ 39,500	\$ 34,247	\$ 5,253
Illinois Retirement Contribution	59,000	55,194	3,806
Workers Compensation	43,000	40,243	2,757
Health Insurance	<u>115,000</u>	<u>100,335</u>	<u>14,665</u>
Total Personnel Services	<u>767,500</u>	<u>718,990</u>	<u>48,510</u>
Contractual Services			
Engineering Services	40,000	45,675	(5,675)
Building Maintenance	6,500	351	6,149
Equipment Maintenance	40,000	39,359	641
Drainage Maintenance	29,000	28,857	143
Roadway Maintenance	5,000	-	5,000
Bridge Maintenance	2,000	-	2,000
Utilities	11,700	11,580	120
Equipment Rental	5,500	5,200	300
Street Signs/Lights	9,500	4,542	4,958
Contract Work	175,600	56,748	118,852
Right-Of-Way Maintenance	53,000	36,370	16,630
Testing Services	<u>1,000</u>	<u>871</u>	<u>129</u>
Total Contractual Services	<u>378,800</u>	<u>229,553</u>	<u>149,247</u>
Commodities			
Operating Supplies	8,500	8,342	158
Automotive Fuel/Oil	30,000	25,227	4,773
Building Supplies	2,000	1,552	448
Materials	41,000	40,937	63
Small Tools	2,200	1,894	306
Road Salt	180,000	29,373	150,627
In House Engineering / Software	<u>2,500</u>	<u>1,500</u>	<u>1,000</u>
Total Commodities	<u>266,200</u>	<u>108,825</u>	<u>157,375</u>
Capital Outlay			
Equipment	48,500	48,467	33
Vehicle	279,600	279,572	28
Buildings	<u>43,600</u>	<u>43,531</u>	<u>69</u>
Total Capital Outlay	<u>371,700</u>	<u>371,570</u>	<u>130</u>
Total Maintenance of Roads	<u>1,784,200</u>	<u>1,428,938</u>	<u>355,262</u>
Provision For Contingencies	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,885,125</u>	<u>\$ 1,516,542</u>	<u>\$ 368,583</u>

TOWNSHIP OF PALATINE

NEEDY FAMILY FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

FOR THE YEAR ENDED FEBRUARY 29, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
ADMINISTRATION			
Contractual Services			
Copier	\$ -	\$ 473	\$ (473)
Legal	-	1,000	(1,000)
Food Pantry Truck	-	1,545	(1,545)
YHOP	-	2,424	(2,424)
Apple Tree Campaign	-	13,372	(13,372)
Spring & Thanksgiving Baskets	-	912	(912)
Adopt-A-Family	-	1,139	(1,139)
Gift Card Disbursements	-	17,900	(17,900)
Miscellaneous	-	2,209	(2,209)
Total Contractual Services	<u>-</u>	<u>40,974</u>	<u>(40,974)</u>
Commodities			
Office Supplies	-	200	(200)
Postage	-	441	(441)
Total Commodities	<u>-</u>	<u>641</u>	<u>(641)</u>
Total Administration	<u>-</u>	<u>41,615</u>	<u>(41,615)</u>
HOME RELIEF			
Contractual Services			
Medical Care	-	-	-
Utilities	-	6,177	(6,177)
Rental	-	17,402	(17,402)
Travel	-	1,306	(1,306)
Clothes/Personal	-	153	(153)
Food	-	51,056	(51,056)
Total Contractual Services	<u>-</u>	<u>76,094</u>	<u>(76,094)</u>
Total Home Relief	<u>-</u>	<u>76,094</u>	<u>(76,094)</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 117,709</u>	<u>\$ (117,709)</u>