

**Township of Palatine
(Located within the State of Illinois)**

Annual Financial Report

**Year Ended February 28, 2017 All Funds
Except
Road and Bridge Fund Year Ended March 31, 2017**

**Township of Palatine
Financial Statements
For the Years Ended February 28, 2017 and March 31, 2017**

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Board of Trustees
Township of Palatine
Palatine, Illinois

Independent Auditor's Report

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 28, 2017, and for the Road and Bridge Fund for the year ended March 31, 2017, 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 28, 2017, and the Road and Bridge Fund as of March 31, 2017, 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.

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 30 through 36 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 inquires 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 Supplementary 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.

Tijl, Knest & O'P.C.

July 13, 2017

**Township of Palatine
Management's Discussion and Analysis
Year Ended February 28, 2017 and March 31, 2017**

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 28, 2017 and March 31, 2017. 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 28 and March 31, 2017 and February 29 and March 31, 2016, was \$11,716,805 and \$9,466,836, respectively. The Township's net position increased by \$354,485 for the years ended February 28 and March 31, 2017 and decreased by \$160,981 for the years ended February 29 and March 31, 2016, 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

**Township of Palatine
Management's Discussion and Analysis
Year Ended February 28, 2017 and March 31, 2017**

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 five 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 multiyear schedule of 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 \$11,729,903 and \$9,466,836, for the years ended February 28 and March 31, 2017 and February 29 and March 31, 2016, respectively. A portion of the Township's net position reflects its investment in capital assets, \$4,142,435. 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 \$4,848,469 which is restricted, and \$2,738,999 that is unrestricted.

Condensed Statement of Net Position

	For Years Ended	
	February 28 and March 31, 2017	February 29 and March 31, 2016
Current and other assets	\$ 9,349,168	\$ 9,674,462
Capital assets, net of accumulated depreciation	4,142,435	3,894,794
Total Assets	13,491,603	13,569,256
 Deferred Outflows of Resources	 328,474	 404,953
Current liabilities	122,356	181,262
Non-current liabilities	215,794	787,823
Total Liabilities	338,150	969,085
 Deferred Inflows of Resources	 1,752,024	 3,538,288
Net Position		
Net investment in capital assets	4,142,435	3,894,794
Restricted	4,848,469	4,081,900
Unrestricted	2,738,999	1,490,142
Total Net Position	\$ 11,729,903	\$ 9,466,836

**Township of Palatine
Management's Discussion and Analysis
Year Ended February 28, 2017 and March 31, 2017**

Condensed Statement of Activities

	For Years Ended	
	February 28 and March 31, 2017	February 29 and March 31, 2016
Revenue		
Program Revenue		
Charges for services	\$ 224,155	\$ 287,941
Grants and contributions	130,056	187,292
General Revenues		
Property taxes	4,002,741	3,595,518
Replacement taxes	139,302	117,293
Interest income	20,272	18,605
Other	53,072	65,996
Total Revenues	<u>4,569,598</u>	<u>4,272,645</u>
Expenses		
Program Expenses		
Administration	1,306,952	1,559,754
Assessor	115,034	115,089
Senior and disabled transportation	251,557	294,385
Human needs funding	601,478	607,589
Home relief	82,844	151,325
Cemetery maintenance	39,304	43,151
Quentin Road facilities	34,616	36,128
Maintenance of roads	1,144,226	1,109,011
Health, safety and communication	36,775	-
Depreciation/Amortization-unallocated	589,229	517,194
Total Expenses	<u>4,202,015</u>	<u>4,433,626</u>
Changes in Net Position	<u>367,583</u>	<u>(160,981)</u>
Net Position, Beginning of Year, As Originally Stated	9,466,836	9,474,779
Prior Period Adjustment	1,895,484	153,038
Net Position, Beginning of Year, as Restated	<u>11,362,320</u>	<u>9,627,817</u>
Net Position, End of Year	<u>\$ 11,729,903</u>	<u>\$ 9,466,836</u>

The following is a summary of changes in fund balances for the years ended February 28 and March 31, 2017:

Governmental Funds	Fund Balances	Prior Period Adjustment	Increase	Fund Balance
	February 29 and March 31, 2016		(Decrease)	February 28 and March 31, 2017
General(Town)	\$ 1,812,296	\$ 905,539	\$ (288,443)	\$ 2,429,392
General Assistance	749,573	260,926	370,275	1,380,774
Road and Bridge	2,960,902	729,019	(728,408)	2,961,513
Needy Family	515,537	-	638	516,175
Capital Improvement	-	-	300,466	300,466
	<u>\$ 6,038,308</u>	<u>\$ 1,895,484</u>	<u>\$ (345,472)</u>	<u>\$ 7,588,320</u>

**Township of Palatine
Management's Discussion and Analysis
Year Ended February 28, 2017 and March 31, 2017**

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 \$2,119,882 was more than expenditures by \$53,557 and expenditures were \$147,677 less than the appropriation of \$2,214,002. Revenues in the General Assistance Fund adequately funded expenditures as well.

Differences from original to final budgets are line item transfers, overall budgeted expenditures did not change.

General Assistance, a mandated local form of public aid administrated solely by Township government, must budget sufficient funds to accommodate all those that seek assistance. The number of residents seeking services through General Assistance Department continues to increase from fiscal year end February 28, 2017. Many of Palatine Township residents are 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 28, 2017, Township of Palatine partnered with 26 social service agencies to provide various programs for children, teens, adults, senior citizens and disabled individuals. The Township of Palatine provided \$601,478 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:

	For Years Ended	
	February 28 and March 31, 2017	February 29 and March 31, 2016
Land	\$ 119,098	\$ 119,098
Infrastructure Work In Progress	63,072	63,072
Land Improvements	654,144	495,144
Buildings	2,685,807	2,685,807
Buildings Improvements	205,556	199,845
Machinery and Equipment	1,823,502	1,604,031
Infrastructure Work In Progress	3,467,865	3,561,035
Intangibles	-	6,300
Cost of Capital Assets	9,019,044	8,734,332
Less: Accumulated Depreciation/Amortization	4,876,609	4,839,538
Net Capital Assets	\$ 4,142,435	\$ 3,894,794

Township of Palatine
Management's Discussion and Analysis
Year Ended February 28, 2017 and March 31, 2017

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:

- 11,348 bus and van rides (7.42%)
- 4,197 visits to the Food Pantry (-1.88%)
- 2,242 Taxi Rides (-.16%)
- 1,722 Cook County Vehicle Stickers sold (-.19%)
- 907 students received assistance with school supplies from the Apple Tree program (+0.0%)
- 901 Senior citizens and children in need received Angel Tree gifts (+11.37%)
- 975 Thanksgiving baskets were distributed to needy families and senior citizens (+13.11%)
- 484 Easter baskets were distributed to needy children (+90%)
- 214 families received gifts thru the holiday Adopt-a-Family Program (+16.94)
- 190 RTA Senior Passes issued (-6.84%)
- 175 Temporary Handicap Placards issued (-5.14%)
- 75 Emergency Fund requests (2.5%)
- 56 Voters registered (3.50%)

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.

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 28 and March 31, 2017**

		<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources		
Current Assets:		
Cash and investments	\$	6,401,303
Receivables		
Property taxes, net		2,858,152
Replacement taxes		31,310
Other		1,172
Other current assets		36,727
Prepaid expenses		20,504
Total current assets		<u>9,349,168</u>
Non-Current Assets:		
Capital assets, net of accumulated depreciation/amortization		<u>4,142,435</u>
Total non-current assets		
Total Assets		<u>13,491,603</u>
Deferred Outflows of Resources:		
Deferred items related to pension (IMRF)		328,474
Total Assets and Deferred Outflow of Resources	\$	<u><u>13,820,077</u></u>
Liabilities and Deferred Inflows of Resources		
Current Liabilities:		
Accounts payable	\$	7,706
Accrued salaries and wages		44,782
Payroll liabilities		13,429
Compensated absences		56,439
Total current liabilities		<u>122,356</u>
Non-Current Liabilities:		
Net other post-employment benefits payable		45,134
Net pension liability		170,660
Total noncurrent liabilities		<u>215,794</u>
Total Liabilities		<u>338,150</u>
Deferred Inflows of Resources:		
Deferred revenue		1,694,931
Deferred items related to pension (IMRF)		57,093
Total Liabilities and Deferred Inflows of Resources	\$	<u><u>2,090,174</u></u>
Net Position		
Net Position:		
Net investment in capital assets	\$	4,142,435
Restricted		4,848,469
Unrestricted		2,738,999
Total Net Position	\$	<u><u>11,729,903</u></u>

See accompanying notes to financial statements.

**Township of Palatine
Statement of Activities
For the Years Ended February 28 and March 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue and Changes in Net Position</u>
Government Activities					
Administration	\$ 1,306,952	\$ 199,078	\$ -	\$ 5,296	\$ (1,102,578)
Assessor	115,034	-	-	-	(115,034)
Senior and disabled transportation	251,557	-	-	-	(251,557)
Human needs funding	601,478	-	-	-	(601,478)
Home relief	82,844	-	124,760	-	41,916
Cemetery maintenance	39,304	1,100	-	-	(38,204)
Quentin Road facilities	34,616	-	-	-	(34,616)
Maintenance of roads	1,144,226	23,977	-	-	(1,120,249)
Health, safety, and communication	36,775	-	-	-	(36,775)
Depreciation/amortization-unallocated	589,229	-	-	-	(589,229)
Total Governmental Activities	\$ <u>4,202,015</u>	\$ <u>224,155</u>	\$ <u>124,760</u>	\$ <u>5,296</u>	\$ <u>(3,847,804)</u>
General Revenues:					
Property taxes					4,002,741
Replacement taxes					139,302
Interest income					20,272
Miscellaneous					53,072
Total General Revenues					<u>4,215,387</u>
Change in Net Position					367,583
 Net Position - Beginning of Year					 9,466,836
 Prior Period Adjustment					 1,895,484
 Net Position-Beginning of Year Restated					 <u>11,362,320</u>
 Net Position - End of Year					 <u>\$ 11,729,903</u>

See accompanying notes to financial statements.

Township of Palatine
Balance Sheet - Governmental Funds
February 28 and March 31, 2017

Assets	Town Fund	General Assistance Fund	Road and Bridge Fund	Needy Family Fund	Capital Improvement Fund	Total Governmental Funds
Assets:						
Cash and investments	\$ 1,714,992	\$ 944,023	\$ 2,946,002	\$ 495,820	\$ 300,466	\$ 6,401,303
Receivables				-	-	
Property taxes, net	1,648,175	492,012	717,965	-	-	2,858,152
Replacement taxes	6,572	-	24,738	-	-	31,310
Other	1,172	-	-	-	-	1,172
Other current assets	11,193	-	-	25,534	-	36,727
Prepaid expenses	10,511	-	9,993	-	-	20,504
Total Assets	\$ 3,392,615	\$ 1,436,035	\$ 3,698,698	\$ 521,354	\$ 300,466	\$ 9,349,168
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ (375)	\$ 8,081	\$ -	\$ -	\$ 7,706
Accrued salaries and wages	21,437	5,189	18,156	-	-	44,782
Payroll liabilities	5,660	2,793	4,976	-	-	13,429
Total Liabilities	27,097	7,607	31,213	-	-	65,917
Deferred Inflows of Resources:						
Deferred revenue	936,126	47,654	705,972	5,179	-	1,694,931
Total Liabilities and Deferred Inflows of Resources	963,223	55,261	737,185	5,179	-	1,760,848
Fund Balances:						
Nonspendable	10,511	-	9,993	-	-	20,504
Restricted for statutory purpose	-	1,380,774	2,951,520	-	-	4,332,294
Restricted by donors	-	-	-	516,175	-	516,175
Committed	-	-	-	-	300,466	300,466
Unassigned	2,418,881	-	-	-	-	2,418,881
Total Fund Balances	2,429,392	1,380,774	2,961,513	516,175	300,466	7,588,320
Total Liabilities and Fund Balances	\$ 3,392,615	\$ 1,436,035	\$ 3,698,698	\$ 521,354	\$ 300,466	\$ 9,349,168

See accompanying notes to financial statement.

Township of Palatine
Reconciliation of Fund Balances of Governmental Funds
to the Governmental Activities in the Statement of Net Position
February 28 and March 31, 2017

Fund Balances of Governmental Funds	\$	7,588,320
Amounts reported in governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance.		4,142,435
Deferred outflows of resources for pension are not recognized on governmental fund statement.		328,474
Deferred inflows of resources for pension are not recognized on governmental fund statement.		(57,093)
Compensated Absences are only recognized in the Statement of Net Position.		(56,439)
The Net Other Post-Employment Benefits Payable, listed as a Noncurrent Liability, is only recognized in the Statement of Net Position.		(45,134)
The Net Pension Liability for IMRF, listed as Noncurrent Liability, is only recognized in the Statement of Net Position.		(170,660)
Net Position of Governmental Activities	\$	<u>11,729,903</u>

See accompanying notes to financial statements.

**Township of Palatine
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Years Ended February 28 and March 31, 2017**

	Town Fund	General Assistance Fund	Road and Bridge Fund	Needy Family Fund	Capital Improvements Fund	Total Governmental Funds
Revenues Received:						
Property tax	\$ 1,854,597	\$ 768,875	\$ 1,379,269	\$ -	\$ -	\$ 4,002,741
Replacement tax	66,010	-	73,292	-	-	139,302
Interest income	1,093	641	16,895	732	911	20,272
Reimbursements	-	14,879	1,390	-	-	16,269
Grants	-	5,296	-	-	-	5,296
Contributions	700	-	-	124,060	-	124,760
Fees and permits	26,391	-	1,148	-	-	27,539
Fines	-	-	2,467	-	-	2,467
Charges for services	21,218	-	18,972	-	-	40,190
Cemetery receipts	1,100	-	-	-	-	1,100
Donated rental income	136,590	-	-	-	-	136,590
Miscellaneous	12,183	-	40,889	-	-	53,072
Total Revenues Received	<u>2,119,882</u>	<u>789,691</u>	<u>1,534,322</u>	<u>124,792</u>	<u>911</u>	<u>4,569,598</u>
Expenditures Disbursed:						
Current:						
Administration	987,561	356,403	352,678	104,323	91	1,801,056
Assessor	115,034	-	-	-	-	115,034
Senior and disabled transportation	251,557	-	-	-	-	251,557
Human needs funding	601,478	-	-	-	-	601,478
Home relief	-	63,013	-	19,831	-	82,844
Cemetery maintenance	39,304	-	-	-	-	39,304
Quentin Road facilities	34,616	-	-	-	-	34,616
Maintenance of roads	-	-	1,910,052	-	42,354	1,952,406
Health, safety, and communication	36,775	-	-	-	-	36,775
Total Expenditures Disbursed	<u>2,066,325</u>	<u>419,416</u>	<u>2,262,730</u>	<u>124,154</u>	<u>42,445</u>	<u>4,915,070</u>
Excess(deficiency) of Revenues over (under) Expenditures	<u>53,557</u>	<u>370,275</u>	<u>(728,408)</u>	<u>638</u>	<u>(41,534)</u>	<u>(345,472)</u>
Other Financing Sources (Uses)						
Transfer in	-	-	-	-	342,000	342,000
Transfer out	(342,000)	-	-	-	-	(342,000)
Total Other Financing Sources (Uses)	<u>(342,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,000</u>	<u>-</u>
Net Changes in Fund Balances	(288,443)	370,275	(728,408)	638	300,466	(345,472)
Fund Balance - Beginning of Year	1,812,296	749,573	2,960,902	515,537	-	6,038,308
Prior Period Adjustment	905,539	260,926	729,019	-	-	1,895,484
Fund Balance Beginning of Year Restated	<u>2,717,835</u>	<u>1,010,499</u>	<u>3,689,921</u>	<u>515,537</u>	<u>-</u>	<u>7,933,792</u>
Fund Balance - End of Year	<u>\$ 2,429,392</u>	<u>\$ 1,380,774</u>	<u>\$ 2,961,513</u>	<u>\$ 516,175</u>	<u>\$ 300,466</u>	<u>\$ 7,588,320</u>

See accompanying notes to financial statements.

Township of Palatine
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Governmental Activities in the Statement of Activities
February 28 and March 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (345,472)

Amounts reported in governmental activities in the statement
of net position are different because:

Governmental funds report capital outlays as expenditures

However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	890,390
Depreciation expenses	(589,229)
Gain(Loss) on disposal of assets	<u>(53,520)</u>
Total	<u>247,641</u>

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.	26,957
Net Other Post-Employment Benefits.	(6,892)

Recognizing the pension revenue (expense) relating to changes in the net pension liability.

445,349

Change in Net Position of Governmental Activities

\$ 367,583

See accompanying notes to the financial statements.

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

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, and 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.

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

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, Needy Family Fund, and Capital Improvement 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.
- Capital Improvement Fund - Capital Improvement Fund is used to accumulate resources for capital asset and project purchases in the future.

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 2016 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.

Interfund activity has been eliminated on the government wide statements.

Program Revenue

The Township receives program revenues in the form of charges for cemetery burial services and various permits and fees.

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

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, Road and Bridge Funds, and Capital Improvement Fund. 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 deposits with maturity dates from twelve to twenty-four months). Investments include negotiable certificates of deposits 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 saving accounts, certificates of deposits or any other investment 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 that are insured by the Federal Deposit Insurance Corporation.

Investments are stated at fair market value.

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

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

Note 1- Summary of Significant Accounting Policies (continued)

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.

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:

- 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;

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

Note 1- Summary of Significant Accounting Policies (continued)

- 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 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. See Note 9 for more information.

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 GASB 72 and 76

For the years ended February 28, 2017 and March 31, 2017, the Township implemented the provisions of GASB No. 72, Fair Value Measurement and Application; and GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. GASB Statement No. 72 establishes standards for measuring fair value, applying fair value to certain investments, and disclosures related to all fair value measurement. There has been no effect to current or prior periods with this implementation. GASB Statement No. 76 establishes the hierarchy of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles. There has been no effect to current or prior periods with this implementation.

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

Note 2- Deposits and Investments

Deposits

At year-end, the carrying amount of the Township's deposits, excluding petty cash of \$670 was \$6,400,633 and the bank balance was \$6,565,053. Of the bank balance, \$1,395,684 was covered by federal depository insurance, \$5,004,948 was collateralized with securities held by the pledging financial institution's agent in the Township's name, and \$0 was uncollateralized. There is an uncollateralized amount for the Needy Family Fund of \$67,481.

Included in deposits are seven certificates of deposit totaling \$1,545,875 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>Investments</u>	<u>Weighted Average Maturity (In months)</u>	<u>Weighted Average Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Negotiable Certificates	7	1.04%	\$ 1,535,895	\$ 1,545,875

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.

Fair Value Measurement is measured by the Township using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Township's investments carried at fair value are valued using quoted market prices (Level 1 inputs).

Note 3- Property Taxes

The Township passed the 2016 Tax Levy Ordinances for the Township and for the Road District in December 2016. Property Taxes from the 2016 levy attached as an enforceable lien on property as of January 1, 2016. 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 uncollectible of \$14,085. 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 2016 levy which is used to fund fiscal 2018 operations. All uncollected taxes receivable relating to prior years' levies have been written off.

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

Note 4- Capital Assets

Capital asset activity for the years ended February 28 and March 31, 2017 was as follows:

	Balance February 29 and March 31, 2016	Additions	Retirements	Balance February 28 and March 31, 2017
Capital Assets, not being depreciated				
Land	\$ 119,098	\$ -	\$ -	\$ 119,098
Infrastructure work in progress	63,072	-	-	63,072
Total Capital Assets, not being depreciated	182,170	-	-	182,170
Capital Assets, being depreciated/amortized				
Land improvements	495,144	159,000	-	654,144
Building	2,685,807	-	-	2,685,807
Building improvements	199,845	5,711	-	205,556
Machinery and equipment	1,604,031	409,139	(189,668)	1,823,502
Infrastructure	3,561,035	316,540	(409,710)	3,467,865
Intangibles	6,300	-	(6,300)	-
Total Capital Assets, Being Depreciated/Amortized	8,552,162	890,390	(605,678)	8,836,874
Less Accumulated Depreciation/Amortization for				
Land improvements	(346,927)	(25,187)	-	(372,114)
Building	(1,763,472)	(40,108)	-	(1,803,580)
Building improvements	(29,077)	(17,500)	-	(46,577)
Machinery and equipment	(958,545)	(139,556)	189,213	(908,888)
Infrastructure	(1,735,217)	(366,879)	356,645	(1,745,451)
Intangibles	(6,300)	-	6,300	-
Total Accumulated Depreciation/Amortization	(4,839,538)	(589,229)	552,158	(4,876,609)
Total Capital Assets, being depreciated/amortized, net	3,712,624	301,161	(53,520)	3,960,265
Total Capital Assets, Net	\$ 3,894,794	\$ 301,161	\$ (53,520)	\$ 4,142,435

In the government-wide statement of activities depreciation/amortization expense is not allocated among Government Activities. Total depreciation expense for the years ended February 28, 2017 and March 31, 2017 totals \$589,229.

Note 5- Non-Current Liabilities

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

<u>Type of Debt</u>	<u>Balance at February 29, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at February 28, 2017</u>	<u>Amount Due Within One Year</u>
Non-Current Liabilities					
Post-employment benefits payable	\$ 38,242	\$ 6,892	\$ -	\$ 45,134	\$ -
Net Pension	749,581	-	(578,921)	170,660	-
Compensated Absences	83,396	67,414	(94,371)	56,439	56,439
Total Non-Current Liabilities	\$ 787,823	\$ 6,892	\$ (578,921)	\$ 215,794	\$ 56,439

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

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 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, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries	35
Inactive, non-retired members	11
Active Members	<u>25</u>
Total	<u>71</u>

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

Note 6- Defined Benefit Pension Plan (continued)

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 2016 was 11.16%. For the fiscal years ended February 28, 2017 and March 31, 2017, the Township contributed \$129,285 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.

Net Pension Liability

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

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 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 pursuant to an experience study from years 2011 to 2013.
- For *Non-disabled Retirees*, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For *Disabled Retirees*, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same 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 2012). 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:

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

Note 6- Defined Benefit Pension Plan (continued)

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

Single Discount Rate

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

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

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

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

Note 6- Defined Benefit Pension Plan (continued)

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 6,133,993	\$ 5,384,412	\$ 749,581
Changes for the year:			
Service Cost	125,009	-	125,009
Interest on the Total Pension Liability	448,737	-	448,737
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(72,486)	-	(72,486)
Changes of Assumptions	(19,516)	-	(19,516)
Contributions - Employer	-	761,953	(761,953)
Contributions - Employees	-	52,325	(52,325)
Net Investment Income	-	354,600	(354,600)
Benefit Payments, including Refunds of Employee Contributions	(378,616)	(378,616)	-
Other (Net Transfer)	-	(108,213)	108,213
Net Changes	<u>103,128</u>	<u>682,049</u>	<u>(578,921)</u>
Balances at December 31, 2016	<u>\$ 6,237,121</u>	<u>\$ 6,066,461</u>	<u>\$ 170,660</u>

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 7.50%, 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% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 6,934,471	\$ 6,237,121	\$ 5,652,264
Plan Fiduciary Net Position	<u>6,066,461</u>	<u>6,066,461</u>	<u>6,066,461</u>
Net Pension Liability/(Asset)	<u>\$ 868,010</u>	<u>\$ 170,660</u>	<u>\$ (414,197)</u>

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

For the years ended February 28, 2017 and March 31, 2017, the Township recognized pension of \$445,349. At December 31, 2016, the Township reported deferred outflows of resources related to pensions from the following sources:

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

Note 6- Defined Benefit Pension Plan (continued)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Deferred Amount to be Recognized in Pension Expense in Future Periods			
Difference between expected and actual experience	\$ 30,844	\$ -	\$ 30,844
Changes in assumption	3,522	-	3,522
Net difference between projected and actual earnings on pension plan investments	275,102	57,093	218,009
Pension Contributions made subsequent to the Measurement Date, through February 28, 2017	<u>19,006</u>	<u>-</u>	<u>19,006</u>
Total Deferred Amounts Related to Pension to the Measurement Date, through February 28, 2017	<u>\$ 328,474</u>	<u>\$ 57,093</u>	<u>\$ 271,381</u>

Deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date of \$19,006 are recognized as a reduction of the net pension liability in the year ended February 28, 2017. 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 31-Dec</u>	<u>Net Deferred Outflows of Resources</u>
2016 \$	106,063
2017	65,416
2018	87,600
2019	12,302
2020	-
Thereafter	-
Total \$	<u><u>271,381</u></u>

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

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.

Membership in the plan consisted of the following as of:

	February 28, 2017
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	9
Total	<u>15</u>
Number of participating employees	<u>1</u>

Annual OPEB Costs and Net OPEB Obligation

The District had an actuarial valuation performed for the plan as of March 1, 2015 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 28, 2016.

The annual OPEB cost and net OPEB obligation as of February 28, 2017, is calculated as follows:

	Governmental Activities
Annual Required Contribution	\$ 15,623
Interest on the net OPEB obligation	1,254
Adjustment to the annual required contribution	<u>(1,045)</u>
Annual OPEB cost	15,832
Contribution made	<u>(8,940)</u>
Increase in the net OPEB obligation	6,892
NOPEBO- Beginning of Year	<u>38,242</u>
NOPEBO- End of Year	<u>\$ 45,134</u>

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

Note 7- Other Post-Employment Benefits (continued)

The Funded Status and Funding Progress

As of March 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits and covered payroll information was not available.

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Liability (AAL)- Projected Unit Credit (b)	Unfunded (AAL)- (UAAL) (b)-(a)	Funded Ratio (a/b)
2/28/2017	N/A	\$ N/A	N/A	N/A
2/29/2016	N/A	144,571	144,571	0%
2/28/2015	N/A	N/A	N/A	N/A
2/28/2014	N/A	N/A	N/A	N/A
2/28/2013	N/A	65,565	65,565	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, 2015 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 advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at March 1, 2015 was 30 years.

Note 8- Fund Balances

As of February 28, 2017, the Township has \$516,175 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.

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 \$4,329,449 on new machinery and equipment.

Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017

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 Corporations

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 \$3,622 funded by the General Fund and a cash balance of \$21 as of February 28, 2017. These amounts are included in the General (Town) Fund.

Note 11- Provision for Income Taxes

Palatine Township Needy Family Fund, Inc. and Palatine Township Report, Inc. are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The organization adopted the implementation of FASB ASC 740. Under FASB ASC 740, management must evaluate the positions it has taken on tax returns. Management has determined that there are no tax provisions that would result in a more likely than not (50% chance) of being sustained under a potential audit or examination.

Note 12- 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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Township of Palatine
Notes to Financial Statements
February 28 and March 31, 2017**

Note 13- Motor Fuel Tax Fund

Every year the Township of Palatine Road District receives an allotment of Motor Fuel Tax (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, 2017.

Note 14- Interfund Transfers

An interfund transfer was made to the Capital Improvement Fund from the General Fund during the year in the amount of \$342,000 for future capital asset purchases and projects.

Note 15- Prior Period Adjustment

An adjustment was made to net position to recognize revenue in the proper period.

	Fund Balance as previously reported	Prior Period Adjustment	Fund Balance as restated
	\$	\$	\$
Town Fund	1,812,296	905,539	2,717,835
General Assistance Fund	749,573	260,926	1,010,499
Road & Bridge Fund	2,960,902	729,019	3,689,921
Needy Family Fund	515,537	-	515,537
Capital Improvement Fund	-	-	-
	\$ 6,038,308	\$ 1,895,484	\$ 7,933,792

Note 16- Date of Management's Review

Subsequent events have been evaluated through the date of this report. It was concluded that there are no subsequent events required to be disclosed.

Required Supplementary Information

Township of Palatine
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original Budget	Final Budget		
Revenues Received:				
Property tax	\$ 1,762,700	\$ 1,762,700	\$ 1,854,597	\$ 91,897
Replacement tax	60,000	60,000	66,010	6,010
Interest income	1,200	1,200	1,093	(107)
Fees	29,000	29,000	26,391	(2,609)
PACE charges for services	23,600	23,600	21,218	(2,382)
Cemetery receipts	1,100	1,100	1,100	-
Cemetery contributions	500	500	700	200
Donated rental income	136,590	136,590	136,590	-
Grants	-	-	-	-
Miscellaneous income	5,500	5,500	12,183	6,683
Total Revenues Received	<u>2,020,190</u>	<u>2,020,190</u>	<u>2,119,882</u>	<u>99,692</u>
Expenditures:				
Current				
Administration	1,051,025	1,051,025	987,561	63,464
Assessor	120,987	120,987	115,034	5,953
Senior and disabled transportation	327,400	317,240	251,557	65,683
Human needs funding	601,500	601,500	601,478	22
Cemetery maintenance	45,000	45,000	39,304	5,696
Quentin road facilities	31,290	36,623	34,616	2,007
Health, safety, and communication	36,800	41,627	36,775	4,852
Total Expenditures Disbursed	<u>2,214,002</u>	<u>2,214,002</u>	<u>2,066,325</u>	<u>147,677</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(193,812)</u>	<u>(193,812)</u>	<u>53,557</u>	<u>247,369</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	(342,000)	(342,000)	(342,000)	-
Total Other Financing Sources (Uses)	<u>(342,000)</u>	<u>(342,000)</u>	<u>(342,000)</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ (535,812)</u>	<u>\$ (535,812)</u>	(288,443)	<u>\$ 247,369</u>
Fund Balance - Beginning of Year			1,812,296	
Prior Period Adjustment			<u>905,539</u>	
Fund Balance - Beginning of Year Restated			<u>2,717,835</u>	
Fund Balance - End of Year			<u>\$ 2,429,392</u>	

Township of Palatine
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Assistance Fund
For the Year Ended February 28, 2017

	<u>Appropriation</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues Received:				
Property tax	\$ 483,100	\$ 483,100	\$ 768,875	\$ 285,775
Interest income	300	300	641	341
Grants	29,000	29,000	5,296	(23,704)
SSI reimbursements	5,000	5,000	4,579	(421)
LIHEAP reimbursements	4,000	4,000	10,300	6,300
Total Revenues Received	<u>521,400</u>	<u>521,400</u>	<u>789,691</u>	<u>268,291</u>
Expenditures:				
Current				
Administration	370,425	370,425	356,403	14,022
Home relief	132,500	132,500	63,013	69,487
Total Expenditures Disbursed	<u>502,925</u>	<u>502,925</u>	<u>419,416</u>	<u>83,509</u>
Excess (deficiency) of Revenues				
Over (under) Expenditures	<u>18,475</u>	<u>18,475</u>	<u>370,275</u>	<u>351,800</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ 18,475</u>	<u>\$ 18,475</u>	370,275	<u>\$ 351,800</u>
Fund Balance - Beginning of Year			749,573	
Prior Period Adjustment			<u>260,926</u>	
Fund Balance - Beginning of Year Restated			<u>1,010,499</u>	
Fund Balance - End of Year			<u>\$ 1,380,774</u>	

Township of Palatine
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Road and Bridge Fund
For the Year Ended March 31, 2017

	Appropriation		Actual	Variance
	Original Budget	Final Budget		
Revenues Received:				
Property tax	\$ 1,290,000	\$ 1,290,000	\$ 1,379,269	\$ 89,269
Replacement tax	65,000	65,000	73,292	8,292
Interest income	20,000	20,000	16,895	(3,105)
Fines	4,000	4,000	2,467	(1,533)
Leaf bags/stickers	750	750	1,148	398
Lake park estate lift station	1,625	1,625	-	(1,625)
Reimbursements	-	-	1,390	1,390
Miscellaneous	5,000	5,000	40,889	35,889
Intergovernmental agreements	75,000	75,000	18,972	(56,028)
Total Revenues Received	<u>1,461,375</u>	<u>1,461,375</u>	<u>1,534,322</u>	<u>72,947</u>
Expenditures:				
Current				
Administration	374,450	374,450	352,678	21,772
Maintenance of roads	2,375,950	2,375,950	1,910,052	465,898
Contingency	55,000	55,000	-	55,000
Total Expenditures Disbursed	<u>2,805,400</u>	<u>2,805,400</u>	<u>2,262,730</u>	<u>542,670</u>
Excess (deficiency) of Revenues				
Over (under) Expenditures	<u>(1,344,025)</u>	<u>(1,344,025)</u>	<u>(728,408)</u>	<u>615,617</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>\$ (1,344,025)</u>	<u>\$ (1,344,025)</u>	<u>(728,408)</u>	<u>\$ 615,617</u>
Fund Balance - Beginning of Year			2,960,902	
Prior Period Adjustment			<u>729,019</u>	
Fund Balance - Beginning of Year Restated			<u>3,689,921</u>	
Fund Balance - End of Year			<u>2,961,513</u>	

Township of Palatine
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Years Ended February 28, 2017 and March 31, 2017

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$ 125,009	\$ 122,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	448,737	425,242	-	-	-	-	-	-	-	-
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(72,486)	112,897	-	-	-	-	-	-	-	-
Assumption changes	(19,516)	12,894	-	-	-	-	-	-	-	-
Benefit payments and refunds	(378,616)	(311,068)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	103,128	362,024	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	6,133,993	5,771,969	-	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 6,237,121	\$ 6,133,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Employer contributions	\$ 761,953	\$ 131,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee contributions	52,325	51,934	-	-	-	-	-	-	-	-
Pension plan net investment income	354,600	26,643	-	-	-	-	-	-	-	-
Benefit payments and refunds	(378,616)	(311,068)	-	-	-	-	-	-	-	-
Other	(108,213)	93,185	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	682,049	(8,028)	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	5,384,412	5,392,440	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 6,066,461	\$ 5,384,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability/(Asset) - Ending (a) - (b)	170,660	749,581	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.26%	87.78%	-	-	-	-	-	-	-	-
Covered Valuation Payroll	\$ 1,162,778	\$ 1,146,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as Percentage of Covered Valuation Payroll	14.68%	65.38%	-	-	-	-	-	-	-	-

Township of Palatine
Multiyear Schedule of Contributions
For the Years Ended February 28, 2017 and March 31, 2017

Calendar Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 131,278	\$ 131,278	\$ -	\$ 1,146,535	11.45%
2016	129,766	761,953	(632,187)	1,162,778	65.53%

* Estimated based on contribution rate of 11.16% and covered valuation payroll of 1,162,778.

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ESO group): 27- year closed period until remaining period reaches 15 years(then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%-approximate; No explicit price inflation assumption is used in the valuation
<i>Salary Increases:</i>	3.75% to 14.50% including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experienced-based table of rates that are specific to the type of eligibility condition. Last update for 2014 valuation pursuant to an experience study of the period 2011-2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was issued with fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustment to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
<i>Other Information:</i>	
<i>Notes</i>	There were no benefits changes during the year.

Township of Palatine
Schedule of Funding Progress
Other Post-Employment Benefits Plan
For the Years Ended February 28, 2017 and March 31, 2017

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	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)
2/28/2017	N/A	\$ N/A	N/A	\$ N/A	N/A	N/A
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%

Township of Palatine
Notes to Required Supplementary Information
February 28 and March 31, 2017

Note 1- Summary of Significant Accounting Policies

Budgetary Process

The Township follows these procedures in establishing the budget data reflected in the required supplementary information.

1. The Board of Trustees appoints a committee to prepare the operating budget and a schedule of estimated revenues.
2. The proposed budget is reviewed and approved by the trustees.

Budgeted and actual figures are presented on the modified accrual basis of accounting.

Note 2- Expenditures Over Budget

The Township has incurred individual line item excess of expenditures over appropriations in funds; however, the overall individual funds indicated no aggregate excesses of expenditures over appropriations.

Supplementary Information

Township of Palatine
Schedule of Expenditures-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Administration				
Personal Services				
Salaries				
Supervisors	\$ 20,000	\$ 20,000	\$ 20,625	\$ (625)
Clerk	18,000	18,000	17,625	375
Assessors	20,000	20,000	19,583	417
Highway commissioner	10,000	10,000	9,667	333
Board of Trustees	20,000	20,000	19,846	154
Board meetings	7,200	7,200	4,300	2,900
Road District Treasurer	1,000	1,000	833	167
Committees	-	-	-	-
Office personnel	276,600	268,856	271,204	(2,348)
Temporary personnel	6,200	5,778	1,442	4,336
Salary increases	7,800	7,028	6,419	609
Social security/medicare expense	29,800	27,406	26,784	622
Illinois retirement contribution	31,800	28,941	28,940	1
Pension deficit payment	298,300	298,300	287,931	10,369
Health and life insurance	45,800	30,896	30,842	54
Unemployment compensation insurance	6,000	6,000	6,251	(251)
Workers' compensation insurance	900	1,078	1,102	(24)
Total Personnel Services	<u>799,400</u>	<u>770,483</u>	<u>753,394</u>	<u>17,089</u>
Contractual Services				
Building maintenance	54,650	51,397	34,958	16,439
Grounds maintenance	6,800	6,843	6,843	-
Equipment maintenance	5,400	5,400	1,898	3,502
Building improvements non-capital	6,500	6,500	2,477	4,023
Office equipment maintenance	5,600	6,591	6,591	-
General insurance	35,100	30,885	30,884	1
Telephone and communications	3,500	3,500	1,678	1,822
Garbage	3,000	3,000	2,394	606
Alarm	3,000	3,000	2,477	523
Utilities	17,200	12,372	12,372	-
Conferences and seminars	4,000	3,754	1,785	1,969
Travel expenses	1,500	3,231	3,230	1
Printing and publishing	1,200	1,200	563	637
Audit	8,000	8,000	7,293	707
Legal services	13,000	18,355	13,163	5,192
Engineering	14,000	14,000	10,979	3,021
Professional services	14,600	38,340	36,226	2,114
Community events	7,500	7,500	7,268	232
Officials bonding	100	140	140	-

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Supervisor bonding	\$ 3,875	\$ 3,875	\$ 4,566	\$ (691)
Training	2,500	2,500	251	2,249
Dues and subscriptions	10,500	10,500	9,007	1,493
Recognition	3,800	4,944	3,524	1,420
Copier	6,000	8,426	8,425	1
Recruitment expense	1,000	1,862	1,862	-
Payroll services	3,500	4,071	4,070	1
Miscellaneous	4,300	6,005	6,004	1
Total Contractual Services	240,125	266,191	220,928	45,263
Commodities				
Janitorial supplies	2,000	2,270	2,270	-
Postage	1,500	2,762	2,762	-
Office supplies	4,000	5,319	5,319	-
Total Commodities	7,500	10,351	10,351	-
Capital Outlay				
Building & improvements	-	-	-	-
Equipment purchases	4,000	4,000	2,888	1,112
Total Capital Outlay	4,000	4,000	2,888	1,112
Total Administration	1,051,025	1,051,025	987,561	63,464
Township Assessor				
Personal Services				
Salaries	84,000	81,505	81,027	478
Salary increases	1,600	1,600	1,479	121
Social security/medicare expense	6,617	6,617	5,961	656
Illinois retirement contribution	7,800	7,844	7,843	1
Health and life insurance	8,800	8,800	7,246	1,554
Workers' compensation insurance	300	300	156	144
Total Personnel Services	109,117	106,666	103,712	2,954
Contractual Services				
Equipment maintenance	700	700	550	150
Travel	400	400	327	73
Outreach seminar	750	750	549	201

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Computer program	\$ 1,100	\$ 1,100	\$ 450	\$ 650
IPA institute workshop	1,850	1,850	1,464	386
Training	25	25	-	25
Printing	550	1,161	1,161	-
Dues and subscriptions	300	300	-	300
Professional services	25	26	25	1
Publications	50	50	-	50
Telephone	900	900	900	-
Copier	2,500	3,356	3,355	1
Miscellaneous	16	16	-	16
SID annual rental	400	400	-	400
Equipment rental	4	4	-	4
Contingency provision	5	5	-	5
Public relation	45	45	-	45
Total Contractual Services	<u>9,620</u>	<u>11,088</u>	<u>8,781</u>	<u>2,307</u>
Commodities				
Postage	250	454	754	(300)
Office supplies	1,000	1,779	1,778	1
Total Commodities	<u>1,250</u>	<u>2,233</u>	<u>2,532</u>	<u>(299)</u>
Capital Outlay				
Equipment	1,000	1,000	9	991
Total Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>9</u>	<u>991</u>
Total Township Assessor	<u>120,987</u>	<u>120,987</u>	<u>115,034</u>	<u>5,953</u>
Senior and Disabled Transportation				
Personal Services				
Salaries	180,900	170,740	161,041	9,699
Salary increases	3,700	3,700	2,508	1,192
Transportation overtime	500	1,443	-	1,443
Social security/medicare expense	14,200	14,200	12,446	1,754
Illinois retirement contribution	20,700	20,700	17,909	2,791
Health and life insurance	32,000	32,000	17,931	14,069
Workers' Compensation Insurance	4,700	4,700	3,877	823
Total Personnel Services	<u>256,700</u>	<u>247,483</u>	<u>215,712</u>	<u>31,771</u>
Contractual Services				
Fuel and oil	20,000	20,000	6,561	13,439
Maintenance	25,000	22,724	7,410	15,314
Travel	500	500	204	296
Telephone	3,000	3,009	3,009	-
Advertising	1,500	1,648	1,647	1

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Equipment maintenance	\$ 800	\$ 800	\$ -	\$ 800
Taxi	11,000	11,607	11,607	-
Training	200	200	-	200
Copier	1,000	1,000	392	608
DOT testing	1,000	1,000	423	577
Legal	500	525	525	-
Miscellaneous	2,200	2,200	418	1,782
Vehicle insurance	1,500	1,694	1,693	1
Total Contractual Services	68,200	66,907	33,889	33,018
Commodities				
Office supplies	400	743	743	-
Postage	100	107	106	1
Total Commodities	500	850	849	1
Capital Outlay				
Purchases	2,000	2,000	1,107	893
Total Capital Outlay	2,000	2,000	1,107	893
Total Senior and Disabled Transportation	327,400	317,240	251,557	65,683
Human Needs Funding				
Contractual Services				
The Bridge	188,590	188,590	188,590	-
Community Child Care Center	112,000	112,000	112,000	-
Alexian Brothers Mental Health	35,000	35,000	35,000	-
Palatine Opportunity Center	9,000	9,000	9,000	-
Countryside Association	17,500	17,500	17,500	-
Rolling Meadows Golden Years	3,500	3,500	3,488	12
Salvation Army	5,000	5,000	5,000	-
Shelter, Inc.	2,000	2,000	2,000	-
Community Living	9,000	9,000	9,000	-
NW Casa	2,000	2,000	2,000	-
Palatine Township Senior Center	85,500	85,500	85,500	-
PHD	3,000	3,000	3,000	-
Catholic Charities	7,000	7,000	7,000	-
Dental Care Program	45,000	45,000	45,000	-

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual
Town Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Journey PADS To Hope	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Faith Community Homes	8,000	8,000	8,000	-
Community Initiative Income	10	10	-	10
Northwest Compass	25,000	25,000	25,000	-
Escorted Transportation Services	4,000	4,000	4,000	-
Little City Foundation	1,000	1,000	1,000	-
Career Place	8,400	8,400	8,400	-
Hands on Suburban Chicago	2,000	2,000	2,000	-
Arts Refreshing The Soul	1,000	1,000	1,000	-
Children's Advocacy Center	7,000	7,000	7,000	-
Connect To Community	1,500	1,500	1,500	-
Crime Stoppers	1,500	1,500	1,500	-
St. Joseph's Home	14,500	14,500	14,500	-
Total Contractual Services	<u>601,500</u>	<u>601,500</u>	<u>601,478</u>	<u>22</u>
Total Human Needs Funding	<u>601,500</u>	<u>601,500</u>	<u>601,478</u>	<u>22</u>
Cemetery Maintenance				
Contractual Services				
Maintenance/improvements	16,500	16,500	15,856	644
Ground upkeep	27,000	27,000	22,152	4,848
Memorial Day	500	500	384	116
Cemetery burial	700	700	700	-
Miscellaneous	300	300	212	88
Total Contractual Services	<u>45,000</u>	<u>45,000</u>	<u>39,304</u>	<u>5,696</u>
Total Cemetery Maintenance	<u>45,000</u>	<u>45,000</u>	<u>39,304</u>	<u>5,696</u>
Quentin Road Facilities				
Contractual Services				
Alarm	1,500	3,839	3,839	-
Ground maintenance	2,090	2,090	85	2,005
Building maintenance	5,900	7,585	7,584	1
Utilities	21,800	23,109	23,108	1
Total Contractual Services	<u>31,290</u>	<u>36,623</u>	<u>34,616</u>	<u>2,007</u>
Total Quentin Road Facilities	<u>31,290</u>	<u>36,623</u>	<u>34,616</u>	<u>2,007</u>
Health Safety And Communication				
Contractual Services				
Website services	4,800	4,800	4,329	471
Communication	32,000	36,827	32,446	4,381
Total Contractual Services	<u>36,800</u>	<u>41,627</u>	<u>36,775</u>	<u>4,852</u>
Total Health Safety And Communications	<u>36,800</u>	<u>41,627</u>	<u>36,775</u>	<u>4,852</u>
Total Expenditures	<u>\$ 2,214,002</u>	<u>\$ 2,214,002</u>	<u>\$ 2,066,325</u>	<u>\$ 147,677</u>

Township of Palatine
Schedule of Expenditures-Budget and Actual
General Assistance Fund
For the Year Ended February 28, 2017

	Appropriation		Actual	Variance
	Original	Final		
Administration				
Personal Services				
Salaries	\$ 172,900	\$ 181,473	\$ 182,774	\$ (1,301)
Salaries increases	3,500	3,500	3,446	54
Social security/medicare expense	13,600	13,600	13,490	110
Illinois retirement contribution	19,700	20,058	20,058	-
Health and life insurance	49,000	34,302	28,578	5,724
Workers' compensation insurance	400	400	197	203
Pension deficit payment	93,200	93,200	88,145	5,055
Total Personal Services	<u>352,300</u>	<u>346,533</u>	<u>336,688</u>	<u>9,845</u>
Contractual Services				
Equipment maintenance	4,100	6,600	4,600	2,000
Travel expense	700	890	890	-
Printing	500	500	-	500
Legal	600	2,065	2,065	-
Telephone	1,200	1,200	1,200	-
Training	1,000	1,000	685	315
Copier	2,000	2,000	1,622	378
Miscellaneous	2,600	4,212	5,438	(1,226)
Total Contractual Services	<u>12,700</u>	<u>18,467</u>	<u>16,500</u>	<u>1,967</u>
Commodities				
Office Supplies	2,000	2,000	1,203	797
Postage	425	425	300	125
Total Commodities	<u>2,425</u>	<u>2,425</u>	<u>1,503</u>	<u>922</u>
Capital Outlay				
Equipment Purchases	3,000	3,000	1,712	1,288
Total Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>1,712</u>	<u>1,288</u>
Total Administration	\$ <u>370,425</u>	\$ <u>370,425</u>	\$ <u>356,403</u>	\$ <u>14,022</u>

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual -Continued
General Assistance Fund
For the Year Ended February 28, 2017

	<u>Appropriation</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Home Relief				
Contractual Services				
Medical care	\$ 500	\$ 500	\$ -	\$ 500
Telephone	3,900	3,900	400	3,500
Utilities	16,000	16,000	17,430	(1,430)
Burial	4,000	4,000	25	3,975
Rental	75,300	75,300	36,790	38,510
Travel	11,400	11,400	718	10,682
Food	12,500	12,500	2,400	10,100
Clothing and personnel	3,900	3,900	1,000	2,900
Health insurance	4,500	4,500	4,250	250
Transit	500	500	-	500
Total Contractual Services	<u>132,500</u>	<u>132,500</u>	<u>63,013</u>	<u>55,737</u>
Total Home Relief	<u>132,500</u>	<u>132,500</u>	<u>63,013</u>	<u>69,487</u>
Total Expenditure	<u>\$ 502,925</u>	<u>\$ 502,925</u>	<u>\$ 419,416</u>	<u>\$ 83,509</u>

Township of Palatine
Schedule of Expenditures-Budget and Actual
Road and Bridge Fund
For the Year Ended March 31, 2017

	Appropriation		Actual	Variance
	Original	Final		
Administration				
Personnel Services				
Salaries	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Social security/ medicare expense	800	800	800	-
Workers compensation	100	300	255	45
IMRF pension deficit payment	270,200	270,200	261,961	8,239
Total Personnel Services	<u>281,100</u>	<u>281,300</u>	<u>273,016</u>	<u>8,284</u>
Contractual Services				
General insurance	44,000	44,500	44,483	17
Accounting services	11,000	13,000	12,791	209
Telephone	4,500	4,500	3,878	622
Printing and publishing	3,000	3,000	2,552	448
Legal services	13,500	13,500	8,947	4,553
Dues and subscription	5,800	5,800	2,649	3,151
Training	1,600	1,600	645	955
Travel expenses	1,000	1,000	-	1,000
Total Contractual Services	<u>84,400</u>	<u>86,900</u>	<u>75,945</u>	<u>10,955</u>
Commodities				
Office supplies	1,000	1,000	783	217
Postage	500	500	337	163
Operating supplies	500	500	76	424
Miscellaneous	200	200	170	30
Total Commodities	<u>2,200</u>	<u>2,200</u>	<u>1,366</u>	<u>834</u>
Capital Outlay				
Computer software	1,300	1,300	634	666
Equipment	1,750	1,750	1,649	101
Office remodeling	500	500	68	432
Real estate	500	500	-	500
Total Capital Outlay	<u>4,050</u>	<u>4,050</u>	<u>2,351</u>	<u>1,699</u>
Total Administration	<u>371,750</u>	<u>374,450</u>	<u>352,678</u>	<u>21,772</u>
Maintenance of Roads				
Personnel Services				
Salaries	468,500	469,000	470,462	(1,462)
Overtime and comp time	55,000	55,000	24,890	30,110

(Continued)

Township of Palatine
Schedule of Expenditures-Budget and Actual
Road and Bridge Fund
For the Year Ended March 31, 2017

	Appropriation		Actual	Variance
	Original	Budget		
Social security/medicare expense	40,250	40,250	35,141	5,109
Illinois retirement contribution	58,500	58,500	54,463	4,037
Workers compensation	40,000	40,000	30,161	9,839
Health insurance	68,750	68,750	61,805	6,945
Total Personnel Services	731,000	731,500	676,922	54,578
Contractual Services				
Engineering services	40,000	43,000	40,651	2,349
Building maintenance	5,000	8,000	7,830	170
Equipment maintenance	30,000	36,000	35,979	21
Road maintenance	5,000	5,000	-	5,000
Drainage maintenance	25,000	25,000	24,844	156
Bridge maintenance	2,000	2,000	-	2,000
Utilities	10,500	10,800	10,758	42
Equipment rentals	6,000	6,000	5,200	800
Street signs/lights	9,000	9,100	9,079	21
Contract work	570,000	595,000	577,154	17,846
Right-of-way maintenance	50,000	55,000	50,898	4,102
Testing services	1,200	2,200	1,244	956
Total Contractual Services	753,700	797,100	763,637	33,463
Commodities				
Operating supplies	7,000	8,500	8,240	260
Automotive fuel/oil	32,000	32,000	31,826	174
Building supplies	2,000	2,000	1,312	688
Materials	30,000	30,000	23,780	6,220
Small tools	1,200	1,200	988	212
Road salt	140,000	126,900	24,786	102,114
In House engineering/software	1,500	1,500	400	1,100
Total Commodities	213,700	202,100	91,332	110,768
Capital Outlay				
Equipment	125,250	125,250	-	125,250
Vehicle	475,000	440,000	373,607	66,393
Buildings	80,000	80,000	4,554	75,446
Total Capital Outlay	680,250	645,250	378,161	267,089
Total Maintenance of Roads	2,750,400	2,375,950	1,910,052	465,898
Provision For Contingencies	55,000	55,000	-	55,000
Total Expenditures	\$ 2,805,400	\$ 2,805,400	\$ 2,262,730	\$ 542,670

Township of Palatine
Schedule of Expenditures-Budget and Actual
Capital Improvement Fund
For the Year Ended February 28, 2017

	<u>Appropriation</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Administration				
Commodities				
Office supplies	\$ -	\$ -	\$ 91	\$ (91)
Total Commodities	<u>-</u>	<u>-</u>	<u>91</u>	<u>(91)</u>
Total Administration	<u>-</u>	<u>-</u>	<u>91</u>	<u>(91)</u>
Maintenance				
Capital outlay				
Buildings	142,000	142,000	42,354	99,646
Total Capital Outlay	<u>142,000</u>	<u>142,000</u>	<u>42,354</u>	<u>99,646</u>
Total Maintenance	<u>142,000</u>	<u>142,000</u>	<u>42,354</u>	<u>99,646</u>
Total Expenditures	<u>\$ 142,000</u>	<u>\$ 142,000</u>	<u>\$ 42,445</u>	<u>\$ 99,555</u>

Township of Palatine
Schedule of Expenditures - Needy Family Fund
For the Year Ended February 28, 2017

	<u>Actual</u>
Administration	
Contractual Services	
Copier	\$ 661
Legal	4,965
Food pantry truck	41,439
YHOP	9,988
Apple Tree campaign	15,765
Spring & Thanksgiving baskets	704
Adopt-A-Family	1,076
Gift card disbursements	23,941
Miscellaneous	3,514
Total Contractual Services	102,053
Commodities	
Office supplies	1,290
Postage	980
Total Commodities	2,270
Total Administration	104,323
Home Relief	
Contractual Services	
Medical care	-
Utilities	4,762
Rental	13,135
Travel	1,934
Clothes/personal	-
Food	-
Total Contractual Services	19,831
Total Home Relief	19,831
Total Expenditures	\$ 124,154