

**ALGONQUIN TOWNSHIP  
McHENRY COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED MARCH 31, 2016**

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*“Our 53<sup>rd</sup> Year”*

INDEPENDENT AUDITOR'S REPORT

Township Supervisor  
and Board of Trustees  
Algonquin Township  
Crystal Lake, Illinois 60014

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Algonquin Township, McHenry County, Illinois as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on the 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 the audit to be planned and performed to obtain reasonable assurance about whether the financial statements are free of 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 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 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 aggregate remaining fund information of Algonquin Township as of March 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 8 to the financial statements, in the fiscal year ending March 31, 2016, the Township adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America requires the management's discussion and analysis, budgetary comparison information and pension plan information (as referenced in the Table of Contents) 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. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

## ***Brown & Co.***

Brown & Co., LLP, CPA's  
Woodstock, Illinois  
July 13, 2016

**MANAGEMENT'S DISCUSSION**  
**AND ANALYSIS**

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

Within this section, Algonquin Township's (the "Township") management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2016, based on currently known facts, decisions, and conditions. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and should be read in conjunction with the Independent Auditor's Report on pages 1 and 2 and the Township's financial statements. The financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements.

**Government-Wide Financial Statements**

The Township's annual reports include two government-wide financial statements, which provide a broad overview of the Township's finances as a whole. These statements provide both long-term and short-term information about the Township's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the ***Statement of Net Position***. This is the Township's statement of position presenting information that includes all the Township's assets, liabilities and deferred inflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the ***Statement of Activities***, which reports how the Township's net revenues and expenses changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township principally supported by taxes, intergovernmental revenues, and grants, from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. The Township does not have any funds considered business-type activities.

**Fund Financial Statements**

The Township uses funds (accountability units) to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. All funds of the Township are governmental funds. Governmental funds are reported in the fund financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and the balances of those spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of the fund balances has been provided showing their relationship to net position.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for revenues, expenditures, other financing sources and uses, fund transfers and budgetary comparison schedules along with GASB 68 pension plan information.

**Financial Analysis of the Township as a Whole**

Over time, as year-to-year financial information is accumulated, changes in net position may be observed and used to discuss the changing financial position of the Township as a whole.

As of the end of the current fiscal year, the Township's combined governmental net position of \$13,442,357 increased by \$265,248 over last year. Of the total amount, \$1,713,728 or 12.75% constitutes unrestricted net position available for spending at the Township's discretion to meet the government's ongoing obligations to citizens and creditors. Net position restricted for specific purposes or by enabling legislation constitutes \$3,162,743 or 20.90% of the total amount and the net amount restricted for pensions is \$90,531. The remaining \$8,475,356 or 63.05% of net position is invested in capital assets and is also restricted as to its use.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MARCH 31, 2016**

**Financial Analysis of the Township as a Whole (Continued)**

The following table presents a condensed summary of the Township's net position as of March 31, 2016 and 2015:

	Net Position	
	Governmental Activities	
	2016	2015
Current and Other Assets	\$ 9,835,393	\$ 9,922,329
Capital Assets (Net of Depreciation)	9,145,959	9,051,626
Total Assets	\$ 18,981,352	\$ 18,973,955
 Deferred Outflows of Resources	 \$ 29,536	 \$ 33,389
Current Liabilities	\$ 224,374	\$ 426,901
Long-Term Liabilities	637,591	697,304
Total Liabilities	\$ 861,965	\$ 1,124,205
 Deferred Inflows of Resources	 \$ 4,706,566	 \$ 4,706,030
 Net Position:		
Invested in Capital Assets		
(Net of Depreciation and Related Debt)	\$ 8,475,356	\$ 8,321,903
Restricted	3,162,743	2,773,106
Restricted for Pensions	90,531	617,302
Unrestricted	1,713,728	1,464,798
Total Net Position	\$ 13,442,357	\$ 13,177,109

The following are significant current year transactions having a significant impact on the Statement of Net Position: Capital asset acquisitions of \$727,693, increase in road salt inventory of \$102,437, decrease in accounts payable of \$224,099, and the GASB 68 prior period adjustment of \$617,302.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MARCH 31, 2016**

**Financial Analysis of the Township as a Whole (Continued)**

The following table presents a condensed summary of the Township's changes in net position for the years ended March 31, 2016 and 2015:

	Changes in Net Position Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues -		
Bus, Recycling and Building Revenues	\$ 61,736	\$ 48,582
Court Fines	5,228	5,709
Grants Received	-	-
General Revenues -		
Property Taxes	4,697,232	4,721,998
State Replacement Taxes	99,198	110,064
Motor Fuel Taxes	74,832	95,746
Interest Income	14,042	11,637
Other General Revenues	46,240	46,595
Total Revenues	<u>\$ 4,998,508</u>	<u>\$ 5,040,331</u>
Expenses:		
General Government	\$ 2,560,732	\$ 2,013,752
Road and Bridge	1,961,412	2,103,198
Community Services and Support	162,775	174,389
Cemetery	5,300	5,300
Interest on Long-Term Debt	32,050	34,541
Total Expenses	<u>\$ 4,722,269</u>	<u>\$ 4,331,180</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 276,239	\$ 709,151
Other Financing Sources:		
Gain (Loss) on Disposal of Assets	<u>(10,991)</u>	<u>39,624</u>
Change in Net Position	<u>\$ 265,248</u>	<u>\$ 748,775</u>
Net Position - Beginning of Year, as Previously Stated	\$ -	\$ 11,624,126
Prior Period Adjustments	<u>-</u>	<u>804,208</u>
Net Position - Beginning of Year, as Restated	<u>\$ 13,177,109</u>	<u>\$ 12,428,334</u>
Net Position - End of Year	<u>\$ 13,442,357</u>	<u>\$ 13,177,109</u>

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Financial Analysis of the Township as a Whole (Continued)**

As evidenced by the data presented above, the Township's financial condition has improved as a result of its governmental activities. This improvement is primarily due to decreased expenses, particularly in Road and Bridge. Net position has increased and the Township continues to finance operations without incurring additional debt.

**Financial Analysis of the Township Funds**

The Township reports the following major governmental funds:

The **Town Fund** is the general operating fund of the Township and is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund. The balance of the Town Fund at March 31, 2016 was \$1,645,544, increasing \$113,743 (7.43%) from last year. Significant transactions were property tax receipts and salary payments to Township officials.

The **Road & Bridge Fund** accounts for financial resources used to maintain and preserve the Township's roads and is restricted in its use by enabling legislation. It also includes the amounts levied and expended for social security taxes, retirement contributions, liability insurance premiums and audit fees. The balance of the Road and Bridge Fund at March 31, 2016 was \$1,153,405, decreasing \$9,892, or 12.31% from last year. Significant transactions were property tax receipts, contractual payments for road maintenance and purchases of fuel and lubricants.

The **Equipment & Building Fund** is used to account for the accumulation of resources to use in the acquisition or construction of major capital purchases and facilities and is restricted in its use by enabling legislation. The balance of the Building and Equipment Fund at March 31, 2016 was \$1,747,973, increasing \$479,336, or 47.5% over last year. Significant transactions were property tax revenues and capital outlay for building improvements and the acquisition of new equipment.

The Township reports the following non-major governmental fund:

The **General Assistance Fund** accounts for financial resources used to provide financial relief to disadvantaged individuals in the Township and is restricted in its use by enabling legislation. The balance of the General Assistance Fund at March 31, 2016 was \$364,520. Significant transactions were property tax revenues and assistance payments.

**Capital Assets**

Algonquin Township's investment in capital assets for its governmental activities as of March 31, 2016, amounts to \$9,145,959 (net of accumulated depreciation). Investment in capital assets includes road and bridge infrastructure, land, buildings and improvements, vehicles and equipment. The net increase in Algonquin Township's investment in capital assets for the current fiscal year was \$94,333, or 1.04%. The Township added capital assets of \$727,693 and disposed of capital assets with a cost basis of \$206,076 and accumulated depreciation of \$185,510.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Capital Assets (Continued)**

Major capital asset acquisitions during the current fiscal year included the following:

<u>Date</u>	<u>Description</u>	<u>Cost</u>
4/1/15	2015 Ford F250 Crewcab 4x4 Pickup	\$ 35,294
7/8/15	2015 Ford F150 Crewcab 4x4 Pickup	27,409
8/12/15	Car Charging Station	10,586
8/12/15	Two 2015 John Deere 4066R Utility Tractors	73,630
9/9/15	STEPP-3.0 Pre-Mixer Heater Trailer	28,009
9/10/15	2015 Road Program	246,510
10/14/15	2005 Ford E450 Step Van	18,700
12/9/15	Building Electrical Upgrades	31,290
1/13/16	2016 Freightliner 114SD with Plow	231,865
2/10/16	2015 Bomag Compactor Roller	<u>24,400</u>
Total Capital Asset Acquisitions		<u>\$ 727,693</u>

Capital asset acquisitions were paid from the Town, Road and Bridge, and Building and Equipment funds.

Following below is a summary of the Township's capital assets (net of depreciation) as of March 31, 2016 and 2015:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,430,175	\$ 1,430,175
Road and Bridge Infrastructure	2,172,189	1,971,605
Buildings and Improvements	2,521,486	2,559,932
Trucks, Tractors, and Trailers	826,293	653,219
Road Equipment	2,047,965	2,265,181
Vehicles	7,538	14,498
Office Furniture and Equipment	<u>140,313</u>	<u>157,016</u>
Total	<u>\$ 9,145,959</u>	<u>\$ 9,051,626</u>

For more detailed information regarding the Township's capital assets, please refer to Note 1 in the Notes to Financial Statements on pages 23-24.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Debt**

As of March 31, 2016 the Township had \$670,603 in long-term debt outstanding which consisted entirely of general obligation bonds. The Township's total debt decreased by \$59,120. Following below is a summary of the Township's long-term debt as of March 31, 2016 and 2015:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
General Obligation Bonds	<u>\$ 670,603</u>	<u>\$ 729,723</u>
Total	<u>\$ 670,603</u>	<u>\$ 729,723</u>

For more detailed information regarding the Township's long-term debt, please refer to Note 5 in the Notes to Financial Statements on pages 30-31.

**Economic Factors**

Normal inflation will impact next year's budget. Due to the changing housing market, assessed valuations have been declining since the 2009 tax year, with the first increase in the 2015 real estate tax year of 2.79%. In order to continue to provide the resources needed for annual budgets, taxing bodies have had to increase their tax rates. Algonquin Township is well below the statutory maximum tax rates for the Township and Equipment and Building Funds, but if the trend continues to decline, the Road and Bridge Fund will be at the maximum tax rate in the 2018 tax year, which will affect the fiscal 2019 budget.

**Fund Restrictions**

There are no restrictions, commitments, or other limitations affecting the availability of the Town Fund resources. All other funds of the Township are restricted in purpose by enabling legislation.

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Budget Variations**

There are several major variations of actual income and expenses from the original and final budget amounts. Here is a summary of these variations and the reasons for them:

<u>Fund</u>	<u>Item</u>	<u>Budget</u>	<u>Actual</u>
Town Explanation	Maintenance - Buildings and Property Services Services required less than anticipated	\$ 70,000	\$ 37,532
Town Explanation	Printing and Publishing Printing and Publishing less than anticipated	\$ 37,000	\$ 739
Town Explanation	Capital Outlay - Equipment Equipment Capital Outlay less than anticipated	\$ 45,000	\$ 6,470
Town Explanation	Capital Outlay - Expansion and Development Expansion and Development not expended	\$ 100,000	\$ -
Town Explanation	Contingency Expense Contingency Expense not utilized	\$ 20,000	\$ -
Town Explanation	Assessor Salaries Assessor Salaries less than anticipated	\$ 400,000	\$ 365,791
General Assistance Explanation	General Assistance Home Relief General Assistance Home Relief less than anticipated	\$ 236,200	\$ 113,532
Road & Bridge Explanation	Property Tax Revenue The gross amount of Property Tax Revenue before payments to municipalities was used in the ordinance by mistake	\$ 2,538,000	\$ 1,673,401
Road & Bridge Explanation	Motor Fuel Taxes Motor Fuel Tax revenue not budgeted	\$ -	\$ 74,832
Road & Bridge Explanation	Grant Income No grants obtained during the fiscal year	\$ 25,000	\$ -
Road & Bridge Explanation	Retirement Contribution Retirement Contribution less than anticipated	\$ 100,100	\$ 56,730
Road & Bridge Explanation	Liability Insurance Liability Insurance premiums less than anticipated	\$ 90,100	\$ 56,298

**ALGONQUIN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

**Budget Variations (continued)**

<u>Fund</u>	<u>Item</u>	<u>Budget</u>	<u>Actual</u>
Road & Bridge Explanation	Salaries - Maintenance Employee not replaced; less overtime for snow plowing	\$ 750,000	\$ 623,197
Road & Bridge Explanation	Maintenance - Roads Road Maintenance less than anticipated	\$ 500,000	\$ 421,600
Road & Bridge Explanation	Fuel and Lubricants Decrease in price of fuel	\$ 120,000	\$ 57,579
Road & Bridge Explanation	Supplies - Equipment Equipment Supplies less than anticipated	\$ 100,000	\$ 35,565
Building & Equipment Explanation	Capital Outlay - Building Upgrades Building Upgrades less than anticipated	\$ 800,000	\$ 94,180
Building & Equipment Explanation	Capital Outlay - Equipment, Vehicles and Machinery Equipment, Vehicles and Machinery purchases less than anticipated	\$ 850,000	\$ 484,747
Building & Equipment Explanation	Debt Service Principal Payments Debt Service Principal Payments less than anticipated	\$ 180,000	\$ 29,560

**Requests for Information**

This financial report is designed to provide a general overview of Algonquin Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Algonquin Township, c/o Township Supervisor, 3702 US Highway 14, Crystal Lake, IL 60014-8204.

**GOVERNMENT – WIDE**  
**FINANCIAL STATEMENTS**

**ALGONQUIN TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2016**

**Governmental Activities**

**Assets and Deferred Outflows**

**Assets:**

Cash and Cash Equivalents - Unrestricted	\$ 1,213,347
Cash and Cash Equivalents - Restricted	1,827,883
Investments - Unrestricted	477,880
Investments - Restricted	1,335,777
Net Pension Asset - Restricted	60,995
Property Taxes Receivable	4,706,566
Other Receivables	21,571
Prepaid Insurance	14,217
Prepaid Software Subscription	19,374
Inventory - Road Salt	157,783
Capital Assets (Net of Depreciation)	<u>9,145,959</u>
<b>Total Assets</b>	<b><u>\$18,981,352</u></b>

**Deferred Outflows of Resources:**

Deferred Pension Contributions	<u>\$ 29,536</u>
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**Total Assets and Deferred Outflows** **\$19,010,888**

**ALGONQUIN TOWNSHIP**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**MARCH 31, 2016**

**Governmental Activities**

**Liabilities, Deferred Inflows and Net Position**

<b>Liabilities:</b>	
Accounts Payable	\$ 82,243
Refundable Personal Property Replacement Tax	13,644
Refundable Culvert Bonds	2,000
Accrued Payroll and Taxes	58,503
Accrued Interest	6,247
Long-Term Liabilities -	
Due Within One Year	61,737
Due in More Than One Year	<u>637,591</u>
<b>Total Liabilities</b>	<u>\$ 861,965</u>
<b>Deferred Inflows of Resources:</b>	
Deferred Revenues - Taxes	<u>\$ 4,706,566</u>
<b>Net Position:</b>	
Invested in Capital Assets	
(Net of Depreciation and Related Debt)	\$ 8,475,356
Restricted	3,162,743
Restricted for Pensions	90,531
Unrestricted	<u>1,713,728</u>
<b>Total Net Position</b>	<u>\$13,442,357</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$19,010,888</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

<u>Functions/Programs</u>	<u>Total Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services and Fines</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental Activities:</b>					
General Government	\$ 2,560,732	\$ 12,017	\$ -	\$ -	\$ (2,548,715)
Roads and Bridges	1,961,412	22,317	-	-	(1,939,095)
Cemetery	5,300	-	-	-	(5,300)
Community Services and Support	162,775	32,630	-	-	(130,145)
Interest on Long-Term Debt	32,050	-	-	-	(32,050)
<b>Total Governmental Activities</b>	<u>\$ 4,722,269</u>	<u>\$ 66,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,655,305)</u>
<b>General Revenues:</b>					
					\$ 4,697,232
					99,198
					74,832
					14,042
					<u>46,240</u>
					<b>Total General Revenues</b>
					<u>\$ 4,931,544</u>
<b>Other Financing Sources (Uses):</b>					
					\$ (10,991)
					<b>Change in Net Position</b>
					\$ 265,248
					<b>Net Position - April 1, 2015, as Previously Stated</b>
					\$ 12,372,901
					Prior Period Adjustments
					<u>804,208</u>
					<b>Net Position - April 1, 2015, as Restated</b>
					<u>\$ 13,177,109</u>
					<b>Net Position - March 31, 2016</b>
					<u>\$ 13,442,357</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

**FUND FINANCIAL STATEMENTS**

**ALGONQUIN TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**MARCH 31, 2016**

	<u>Town Fund</u>	<u>Road and Bridge Fund</u>	<u>Equipment and Building Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b><u>Assets and Deferred Outflows</u></b>					
<b>Assets:</b>					
Cash and Cash					
Equivalents - Unrestricted	\$ 1,213,347	\$ -	\$ -	\$ -	\$ 1,213,347
Cash and Cash					
Equivalents - Restricted	-	483,865	979,236	364,782	1,827,883
Investments - Unrestricted	477,880	-	-	-	477,880
Investments - Restricted	-	555,366	780,411	-	1,335,777
Net Pension Asset - Restricted	25,644	35,351	-	-	60,995
Property Taxes Receivable	1,678,567	1,676,909	1,229,240	121,850	4,706,566
Other Receivables	3,315	18,256	-	-	21,571
Prepaid Insurance	4,834	9,383	-	-	14,217
Prepaid Software Subscription	19,374	-	-	-	19,374
Inventory - Road Salt	-	157,783	-	-	157,783
	<u>-</u>	<u>157,783</u>	<u>-</u>	<u>-</u>	<u>157,783</u>
<b>Total Assets</b>	<u>\$ 3,422,961</u>	<u>\$ 2,936,913</u>	<u>\$ 2,988,887</u>	<u>\$ 486,632</u>	<u>\$ 9,835,393</u>
<b>Deferred Outflows of Resources:</b>					
Deferred Pension Contributions	<u>\$ 15,023</u>	<u>\$ 14,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,536</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 3,437,984</u>	<u>\$ 2,951,426</u>	<u>\$ 2,988,887</u>	<u>\$ 486,632</u>	<u>\$ 9,864,929</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BALANCE SHEET (CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**MARCH 31, 2016**

	<u>Town Fund</u>	<u>Road and Bridge Fund</u>	<u>Equipment and Building Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 30,639	\$ 41,589	\$ 10,015	\$ -	\$ 82,243
Refundable Personal Property Replacement Tax	2,057	9,666	1,659	262	13,644
Refundable Culvert Bonds	-	2,000	-	-	2,000
Accrued Payroll and Taxes	40,510	17,993	-	-	58,503
<b>Total Liabilities</b>	<u>\$ 73,206</u>	<u>\$ 71,248</u>	<u>\$ 11,674</u>	<u>\$ 262</u>	<u>\$ 156,390</u>
<b>Deferred Inflows of Resources:</b>					
Deferred Revenues - Taxes	<u>\$ 1,678,567</u>	<u>\$ 1,676,909</u>	<u>\$ 1,229,240</u>	<u>\$ 121,850</u>	<u>\$ 4,706,566</u>
<b>Fund Balances:</b>					
Nonspendable: Prepaid Expenses and Inventory	\$ 24,208	\$ 167,166	\$ -	\$ -	\$ 191,374
Restricted Funds	-	986,239	1,747,973	364,520	3,098,732
Restricted for Pensions	40,667	49,864	-	-	90,531
Unassigned Funds	<u>1,621,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,621,336</u>
<b>Total Fund Balances</b>	<u>\$ 1,686,211</u>	<u>\$ 1,203,269</u>	<u>\$ 1,747,973</u>	<u>\$ 364,520</u>	<u>\$ 5,001,973</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 3,437,984</u>	<u>\$ 2,951,426</u>	<u>\$ 2,988,887</u>	<u>\$ 486,632</u>	<u>\$ 9,864,929</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MARCH 31, 2016**

Total Fund Balances - Governmental Funds (page 16) \$ 5,001,973

Amounts reported for governmental activities in the government-wide  
Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial  
resources and therefore are not reported in the fund financial  
statements (page 8) 9,145,959

Some liabilities do not represent uses of current financial resources  
and are therefore not reported as liabilities in the fund financial statements:

Long-Term Debt (Note 5 on page 30) (670,603)  
Compensated Absences (Note 5 on page 30) (28,725)  
Accrued Interest (Note 5 on page 31) (6,247)

Total Net Position - Governmental Activities (page 14) \$ 13,442,357

**ALGONQUIN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Town Fund</u>	<u>Road and Bridge Fund</u>	<u>Equipment and Building Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>Revenues:</b>					
Property Taxes	\$ 1,575,549	\$ 1,673,401	\$ 1,226,861	\$ 221,421	\$ 4,697,232
State Replacement Taxes	14,955	70,273	12,062	1,908	99,198
Motor Fuel Taxes	-	74,832	-	-	74,832
Interest Income	4,334	3,759	4,887	1,062	14,042
Bus, Recycling and Building Revenues	12,017	49,719	-	-	61,736
Court Fines	-	5,228	-	-	5,228
Grants Received	-	-	-	-	-
Other General Revenues	4,138	41,053	-	1,049	46,240
<b>Total Revenues</b>	<u>\$ 1,610,993</u>	<u>\$ 1,918,265</u>	<u>\$ 1,243,810</u>	<u>\$ 225,440</u>	<u>\$ 4,998,508</u>
<b>Expenditures:</b>					
Current:					
General Government	\$ 1,636,013	\$ 792,574	\$ 16,432	\$ 54,586	\$ 2,499,605
Road and Bridge	-	1,521,203	-	-	1,521,203
Community Services and Support	42,283	-	-	113,532	155,815
Cemetery	5,300	-	-	-	5,300
Capital Outlay	41,951	249	578,927	445	621,572
Debt Service:					
Principal	29,560	-	29,560	-	59,120
Interest	16,300	-	16,300	-	32,600
<b>Total Expenditures</b>	<u>\$ 1,771,407</u>	<u>\$ 2,314,026</u>	<u>\$ 641,219</u>	<u>\$ 168,563</u>	<u>\$ 4,895,215</u>
<b>Excess Revenues or (Expenditures)</b>	\$ (160,414)	\$ (395,761)	\$ 602,591	\$ 56,877	\$ 103,293
<b>Other Financing Sources:</b>					
Sale of Capital Assets	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Transfers from (to) Other Funds	-	123,255	(123,255)	-	-
<b>Net Change in Fund Balances</b>	\$ (160,414)	\$ (262,506)	\$ 479,336	\$ 56,877	\$ 113,293
<b>Fund Balance - April 1, 2015, as Previously Stated</b>					
	\$ 1,531,801	\$ 1,163,297	\$ 1,268,637	\$ 307,643	\$ 4,271,378
<b>Prior Period Adjustment for GASB 68</b>	314,824	302,478	-	-	617,302
<b>Fund Balance - April 1, 2015, as Restated</b>	<u>\$ 1,846,625</u>	<u>\$ 1,465,775</u>	<u>\$ 1,268,637</u>	<u>\$ 307,643</u>	<u>\$ 4,888,680</u>
<b>Fund Balances - March 31, 2016</b>	<u>\$ 1,686,211</u>	<u>\$ 1,203,269</u>	<u>\$ 1,747,973</u>	<u>\$ 364,520</u>	<u>\$ 5,001,973</u>

See Accompanying Notes to the Financial Statements and Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Net change in fund balances of governmental funds (page 18) \$ 113,293

Amounts reported for governmental activities in the government-wide Statement of Activities are different because:

Capital outlays are reported in the fund financial statements as expenditures. However, in the government-wide statements they are capitalized and depreciated over their estimated useful lives.

Capital Asset Acquisitions	\$ 727,693	
Capital Asset Trade-ins	425	
Depreciation	<u>(612,794)</u>	115,324

In the Statement of Activities, the gain or loss on the sale of capital assets is recognized. The governmental fund financial statements recognize only the proceeds from these sales.

Gain on Sale of Capital Assets	\$ (10,991)	
Proceeds from Sale of Capital Assets	<u>(10,000)</u>	(20,991)

Accrued Interest does not affect current financial resources and therefore is not reported in the fund financial statements. 550

Changes to the accrued liability for compensated absences do not affect current financial resources and therefore are not reported in the fund financial statements. (2,048)

Debt principal payments are reported in the fund financial statements as expenditures. However, they are not reported in the government-wide Statement of Activities. In the government-wide Statement of Net Position they are reported as a reduction of long-term liabilities. 59,120

Change in net position of governmental funds (page 14) \$ 265,248

**NOTES TO FINANCIAL STATEMENTS**

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Algonquin Township was established in 1850. The Township consists of approximately 47.9 square miles with the City of Crystal Lake as its center point. The Township services a population of approximately 87,821 citizens. The Township is subject to local ordinances and the State of Illinois Statutes. The Board of Trustees, Supervisor, Clerk, Highway Commissioner, and Assessor are elected to their positions by the general election process in McHenry County.

The Township includes all funds and account groups of its primary government operations and any component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on those criteria, the Algonquin Township Road District is a component of the primary government. As such, the accompanying financial statements include the activity and financial position of the Township's Road District using a blended presentation method.

The accounting and reporting policies of the Township included in the accompanying basic financial statements conform to Generally Accepted Accounting Principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**Basis of Presentation**

The ***Statement of Net Position*** and the ***Statement of Activities*** display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The effect of inter-fund activity has been removed from these statements. The statements distinguish between governmental and business type activities, when applicable. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

The ***Statement of Activities*** demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function. The Township does not allocate indirect expenses to its functions. Program revenues include charges for services, court fines and grants or contributions restricted to meeting the operating or capital requirements of a particular function. The Township's charges for services include charges to citizens who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported as general revenues.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are grouped into three broad categories depending on whether they are used to account for governmental activities (governmental funds), business-type activities (proprietary funds) or fiduciary activities (fiduciary funds). The Township does not conduct any business-type or fiduciary activities and, therefore, does not use proprietary or fiduciary funds.

Governmental fund types are those through which all governmental functions of the Township are financed. The Township's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position instead of net income determination. Governmental fund types include the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds.

**Governmental Funds**

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity, meets certain quantitative criteria, or if its operations are deemed significant by the Township's management. The quantitative criteria for major fund inclusion require an individual fund to constitute at least 10% of the total assets, liabilities, revenues, or expenditures for all governmental funds. The Township reports the following major governmental funds:

The **Town Fund** is the general operating fund of the Township and is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

The **Road & Bridge Fund** accounts for financial resources used to maintain and preserve the Township's roads and is restricted in its use by enabling legislation. It also includes the amounts levied and expended for social security taxes, retirement contributions, liability insurance premiums and audit fees.

The **Equipment & Building Fund** is used to account for the accumulation of resources to use in the acquisition or construction of major capital purchases and facilities and is restricted in its use by enabling legislation.

The Township reports the following non-major governmental fund:

The **General Assistance Fund** accounts for financial resources used to provide financial relief to disadvantaged individuals in the Township and is restricted in its use by enabling legislation.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

In the government-wide **Statement of Net Position** and **Statement of Activities**, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Finally, the **Statement of Net Position** reports both current and non-current assets and liabilities.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the Township's operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period.

Property taxes are the primary revenue source susceptible to accrual and are recorded as revenue in the period covered by the appropriations they are intended to finance. All other revenues are recognized when earned. Expenditures are recorded when the related fund liability is incurred.

The Township reports deferred property tax revenues on its **Statement of Net Position**. Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the county collector, property taxes are not "available" to finance the current year's expenditures. Therefore, the current year's tax levy is recorded as property taxes receivable and deferred inflows of resources.

**Measurement Focus**

On the government-wide **Statement of Net Position** and **Statement of Activities**, both governmental and business-type activities are presented using the flow of economic resources measurement focus. Under the economic resources measurement focus, all assets and liabilities (whether current or non-current) are included on the **Statement of Net Position** and the full accrual basis change in total net position is presented on the **Statement of Activities**.

The measurement focus of the fund financial statements is the flow of current financial resources. Under this focus, all sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in the **Statement of Revenues, Expenditures, and Changes in Fund Balance**. Only resources available to finance current expenditures and liabilities due in the current period are presented on the **Balance Sheet**.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Expenses**

Certain payments to vendors for goods, services and insurance are recorded as prepaid expenses in both the Statement of Net Position and the Balance Sheet as they reflect costs applicable to future periods. As of March 31, 2016, the Township's prepaid expenses of \$33,591 consisted of prepaid liability insurance in the amount of \$14,217 and a prepaid software subscription of \$19,374.

**Inventory**

Algonquin Township Road District maintains an inventory of road salt. The inventory is valued at cost and was \$157,783 at March 31, 2016.

**Capital Assets**

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. Capital assets are defined and set by policy as assets with an estimated useful life greater than one year and initial individual cost of more than \$5,000 for office furniture and equipment, \$10,000 for buildings, improvements and road equipment, and \$50,000 for road and bridge projects. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are expensed as incurred. Major improvements, if they extend the life of the asset, are capitalized and depreciated over the remaining useful lives of the related capital assets. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the ***Statement of Activities***, with accumulated depreciation reflected in the ***Statement of Net Position***.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Road and Bridge Infrastructure	50 years
Buildings, Structures and Improvements	10 to 50 years
Vehicles, Trucks, Tractors, and Road Equipment	5 to 15 years
Office Furniture and Equipment	5 to 10 years

Road and bridge infrastructure assets include assets acquired subsequent to March 31, 2007.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (continued)**

The following is a summary of changes in capital assets for the fiscal year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Non-Depreciable Capital Assets -</b>				
Land	\$ 1,430,175	\$ -	\$ -	\$ 1,430,175
<b>Total Non-Depreciable Capital Assets</b>	<u>\$ 1,430,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,430,175</u>
<b>Depreciable Capital Assets -</b>				
Road and Bridge Infrastructure	\$ 2,152,508	\$ 246,510	\$ -	\$ 2,399,018
Buildings and Improvements	3,536,684	41,876	-	3,578,560
Trucks, Tractors, and Trailers	3,043,800	313,268	(111,196)	3,245,872
Road Equipment	3,962,264	126,039	(94,880)	3,993,423
Vehicles	116,452	-	-	116,452
Office Furniture and Equipment	589,997	-	-	589,997
<b>Total Depreciable Capital Assets</b>	<u>\$ 13,401,705</u>	<u>\$ 727,693</u>	<u>\$ (206,076)</u>	<u>\$ 13,923,322</u>
<b>Accumulated Depreciation -</b>				
Road and Bridge Infrastructure	\$ 180,903	\$ 45,926	\$ -	\$ 226,829
Buildings and Improvements	976,752	80,322	-	1,057,074
Trucks, Tractors, and Trailers	2,390,581	140,194	(111,196)	2,419,579
Road Equipment	1,697,083	322,264	(73,889)	1,945,458
Vehicles	101,954	6,960	-	108,914
Office Furniture and Equipment	432,981	17,128	(425)	449,684
<b>Total Accumulated Depreciation</b>	<u>\$ 5,780,254</u>	<u>\$ 612,794</u>	<u>\$ (185,510)</u>	<u>\$ 6,207,538</u>
<b>Depreciable Capital Assets (Net)</b>	<u>\$ 7,621,451</u>	<u>\$ 114,899</u>	<u>\$ (20,566)</u>	<u>\$ 7,715,784</u>
<b>Total Capital Assets (Net)</b>	<u>\$ 9,051,626</u>	<u>\$ 114,899</u>	<u>\$ (20,566)</u>	<u>\$ 9,145,959</u>

Depreciation expense was charged to the following categories for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
General Government	\$ 17,128	\$ 42,975
Community Services and Support	6,960	6,959
Roads and Bridges	588,706	563,949
<b>Total</b>	<u>\$ 612,794</u>	<u>\$ 613,883</u>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance**

The Township has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement's objective is to enhance the usefulness of fund balance information. As a result of this Statement, the titles and definitions of governmental fund balances have changed.

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraint placed upon the funds. These levels are as follows:

**Nonspendable** – This category represents funds not in spendable form. As of March 31, 2016 \$191,374 was designated as nonspendable funds classified as prepaid expenses and inventory.

**Restricted** – This category represents funds limited in use due to constraints on purpose by enabling legislation. Restricted fund balances at March 31, 2016 totaled \$3,098,732 and were comprised of the following:

<b><u>Fund</u></b>	<b><u>Balance</u></b>
Road and Bridge	\$ 257,979
Social Security	196,288
Retirement	302,208
Insurance	142,088
Audit	<u>87,676</u>
Road and Bridge subtotal (page 16)	\$ 986,239
Equipment & Building	1,747,973
General Assistance	<u>364,520</u>
Total Restricted Funds (page 16)	<u>\$ 3,098,732</u>

**Committed** – This category represents funds limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via formal action by the Board and must be made prior to the end of the year. A commitment can only be modified or removed by the same formal action. There was no committed fund balance at March 31, 2016.

**Assigned** – This category represents intentions of the Board to use the funds for specific purposes. The Board has delegated the authority to assign amounts to be used for specific purposes to the Township Supervisor or his/her designee. There was no assigned fund balance at March 31, 2016.

**Unassigned** – This category includes the residual classification for the Township's General Fund and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for which multiple fund balances are available, the Township's policy is to use funds in the order of the most restrictive to the least restrictive.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

The government-wide financial statements are required to report three components of net position:

**Invested in capital assets, net of related debt** - This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

**Restricted** - This component of net position consists of constraints placed on net asset use through external restrictions such as enabling legislation.

**Unrestricted** - This component of net position consists of net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt." When an expense is incurred for which both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, contingent assets and liabilities, revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

In accordance with the Public Funds Investment Act (30 ILCS 235), the Township is authorized to invest in the following types of instruments:

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities guaranteed by the full faith and credit of the United States of America as to principal and interest.
- b. Bonds, notes, debentures, or similar obligations of the United States of America or its agencies.
- c. Interest-bearing savings accounts, certificates of deposit (CD's), time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.
- d. Short-term obligations (maturing within 180 days of the date of purchase) of corporations organized in the United States with assets exceeding \$500,000,000. Such obligations must be rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services. This type of obligation is limited to one-third of the Township's funds available for investment and cannot exceed 10% of the corporation's outstanding obligations.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

- e. Money market mutual funds registered under the Investment Company Act of 1940. The portfolio of any such money market mutual fund is limited to obligations described in (a) and (b) above or to agreements to repurchase such obligations.
- f. Repurchase agreements of government securities having the meaning set out by the Government Securities Act of 1986.
- g. Public funds in a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act.

The Township's deposits and investments are subject to the following types of risk:

**Credit Risk** – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Township does not have any investments other than certificate of deposits and therefore is not subject to credit risk.

**Custodial Credit Risk** – For deposits, this is the risk that, in the event of a bank failure, the Township would not be able to recover its deposits. The Township's deposits with banks are subject to this risk to the extent they are not fully insured or collateralized. The Township's investment policy minimizes this risk by requiring all deposits above the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 to be collateralized by the pledging of additional securities by a third party institution in the Township's name. Following below is a summary of the Township's funds by collateralization category as of March 31, 2016:

	<b><u>Book Balance</u></b>	<b><u>Bank Balance</u></b>
Category One - Deposits covered by Federal Depository Insurance Corporation	\$ 1,908,857	\$ 1,908,857
Category Two - Deposits covered by collateral held by the pledging financial institution's trust department in the Township's name	2,946,031	2,988,835
Category Three - Deposits which are uninsured and uncollateralized	-	-
Total	<b><u>\$ 4,854,888</u></b>	<b><u>\$ 4,897,692</u></b>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk** – This is the risk an investor will suffer from lack of diversification. The Township is not subject to this risk.

**Interest Rate Risk** – This is the risk of changes in market interest rates will adversely affect the fair value of an investment. Instruments with longer maturities will generally have greater sensitivity to interest rate risk. The Township's investment policy addresses this risk by:

- a. Structuring the investment portfolio so securities mature to meet cash requirements for current operations, thus avoiding the need to sell securities on the open market before maturity.
- b. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**Foreign Current Risk** – This is the risk of changes in exchange rates will adversely affect the fair value of an investment or deposit. The Township is not subject to this risk.

Following below is a brief description of the Township's deposit and investment balances as of March 31, 2016:

**Cash and Cash Equivalents**

The Township's deposits include cash and cash equivalents which are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The Township maintains four interest bearing checking accounts, one savings account and four money market accounts with Fifth Third Bank, Home State Bank, Illinois State Bank and Crystal Lake Bank and Trust. Motor Fuel Tax funds are held by McHenry County on behalf of all townships. At year end, the carrying (book) amount of the Township's deposits was \$3,041,231 and the bank balance was \$3,084,035, the difference being due to deposits in transit and outstanding checks. All accounts are fully collateralized.

**Investments**

The Township's investments consist of twelve certificates of deposit (CD's) with FirstMerit Bank, BMO Harris Bank and Illinois State Bank. At year end, the carrying amount and bank balance of these CD's was \$1,813,657. All investments are reported at fair market value at March 31, 2016 and all accounts are fully collateralized.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 3 – PROPERTY TAX REVENUE AND RECEIVABLE**

The Township levies property tax each year on all taxable real property located in the Township. The Township must file its tax levy ordinance with McHenry County by December of each year. Property taxes attach as an enforceable lien on property as of January 1. Tax bills are prepared by McHenry County and payments are due in two installments, usually June and September. The County collects the taxes and remits to the Township as received.

The Township's property tax levy is based on a combined budget and appropriations ordinance. Property taxes are recorded as revenue in the period covered by the appropriations they are intended to finance. Property tax receivables are created from the 2015 tax levy which is payable in June and September, 2016. Collections on the levy for the 2015 tax year have been deferred until the subsequent fiscal year.

A summary of the levies, assessed valuation, rates and amounts raised for the tax years 2015, 2014, and 2013 is as follows:

Tax Year	<u>2015</u>			<u>2014</u>			<u>2013</u>		
Assessed Valuation	<u>\$2,180,264,415</u>			<u>\$2,121,075,671</u>			<u>\$2,216,018,165</u>		
Fund	Lewy	Rates	Amount Raised	Lewy	Rates	Amount Raised	Lewy	Rates	Amount Raised
Town (Corporate)	\$ 1,678,548	.0772	\$ 1,678,567	\$ 1,578,536	.0746	\$ 1,578,539	\$ 1,578,535	.0712	\$ 1,578,536
Public Assistance	121,832	.0056	121,850	221,832	.0105	221,841	240,005	.0108	240,017
Road and Bridge	2,576,085	.1185	2,576,091	2,576,076	.1217	2,576,080	2,576,070	.1162	2,576,077
Equipment & Building	1,229,232	.0565	1,229,240	1,229,181	.0580	1,229,183	1,229,165	.0555	1,229,181
Retirement	126,890	.0058	126,894	126,890	.0060	126,902	126,875	.0057	126,889
Audit	10,170	.0005	10,176	10,170	.0005	10,182	10,150	.0005	10,172
Liability Insurance	35,545	.0016	35,551	35,545	.0017	35,562	35,525	.0016	35,545
Social Security	71,068	.0033	71,079	71,068	.0033	71,082	71,050	.0032	71,067
Transfers To Other									
Municipalities	-	-	(1,142,882)	-	-	(1,143,341)	-	-	(1,143,146)
Totals	<u>\$ 5,849,370</u>	<u>.2690</u>	<u>\$ 4,706,566</u>	<u>\$ 5,849,298</u>	<u>.2763</u>	<u>\$ 4,706,030</u>	<u>\$ 5,867,375</u>	<u>.2647</u>	<u>\$ 4,724,338</u>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 3 – PROPERTY TAX REVENUE AND RECEIVABLE (CONTINUED)**

Revenues and the related expenditures of special restricted tax levies are accounted for in the Road and Bridge Fund. Portions of the Road and Bridge Fund's equity represent the excess of cumulative revenues over cumulative expenditures which are restricted for specific future expenditures. There is no equity reserve balance for the special tax levies when the cumulative expenditures exceeded the cumulative revenues. A summary of the special restricted levy balances at March 31, 2016 is as follows:

<u>Special Levies</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Social Security	\$ 178,467	\$ 70,949	\$ (53,128)	\$ 196,288
Retirement	232,279	126,659	(56,730)	302,208
Insurance	162,891	35,495	(56,298)	142,088
Audit	<u>81,042</u>	<u>10,164</u>	<u>(3,530)</u>	<u>87,676</u>
Total	<u>\$ 654,679</u>	<u>\$ 243,267</u>	<u>\$ (169,686)</u>	<u>\$ 728,260</u>

**NOTE 4 – OTHER REVENUE RECEIVABLE**

Other revenue receivable as of March 31, 2016 was \$21,571 and consisted of personal property replacement taxes and fees charged to external parties for goods or services during the 2015-2016 fiscal year, but for which payment was not received until the following fiscal year. There is no doubt as to the collectability of these amounts.

**NOTE 5 – LONG-TERM LIABILITIES**

The Township issued \$1,175,000 of debt certificates on August 31, 2004 to finance the purchase of real estate and capital improvements. The debt certificates provide for serial retirement of principal on January 15 and July 15 of each year beginning January 15, 2006. Interest is at a rate of 4.50% and is payable on January 15 and July 15 of each year. The balance due on the debt certificates as of March 31, 2016 is \$670,723.

Following below is a summary of the activity on the Township's long-term liabilities for the fiscal year

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-Term Debt - 2004 Real Estate Bonds	\$ 729,723	\$ -	\$ (59,120)	\$ 670,603	\$ 61,737
Total Long-Term Debt	<u>\$ 729,723</u>	<u>\$ -</u>	<u>\$ (59,120)</u>	<u>\$ 670,603</u>	<u>\$ 61,737</u>
Other Long-Term Liabilities - Compensated Absences	\$ 26,677	\$ 2,048	\$ -	\$ 28,725	\$ -
Total Long-Term Liabilities	<u>\$ 756,400</u>	<u>\$ 2,048</u>	<u>\$ (59,120)</u>	<u>\$ 699,328</u>	<u>\$ 61,737</u>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)**

Principal and interest payments on long-term debt have been made through the Town Fund and the Building and Equipment Fund. Interest paid during the fiscal year amounted to \$32,600 and accrued interest was \$6,247.

At March 31, 2016 the annual debt service requirements to service the general obligation debt certificates to maturity are as follows:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 61,737	\$ 29,984	\$ 91,721
2018	64,672	27,049	91,721
2019	67,656	24,065	91,721
2020	70,778	20,943	91,721
2021	73,992	17,729	91,721
2022-2025	331,768	34,348	366,116
Totals	<u>\$ 670,603</u>	<u>\$ 154,118</u>	<u>\$ 824,721</u>

Compensated absences typically have been liquidated in the Town Fund and Road and Bridge Fund. Employees in the Assessor and Supervisor's offices are eligible to accumulate earned but unused vacation pay benefits. Their vacation pay is accrued when earned. As of March 31, 2016, \$28,725 has been accrued for earned but unused vacation pay.

**NOTE 6 – LEGAL DEBT LIMIT**

As defined by the Illinois Municipal Code, "no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness". This limit for the Township, as of March 31, 2016, is \$188,047,806.

**NOTE 7 – 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; injuries to employees; and natural disasters. The Township levies taxes for its liability insurance payments. The levy is not a Tort Immunity tax levy or a levy for self-insurance. The Township maintains commercial insurance coverage on the above risks of loss through membership in the Township Officials of Illinois Risk Management Association (TOIRMA).

TOIRMA provides risk management services and insures all of the Township's property, general liability, automobile, employee dishonesty, and excess liability claims up to specified limits. TOIRMA is a separate entity which sets rates and purchases commercial excess and stop-loss coverage. The Township pays annual premiums to TOIRMA for coverage. Supplementary payments may also be required by TOIRMA's Board of Directors should the premiums paid be insufficient to fund operations. No such supplemental payments have been required. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN**

**IMRF Plan Description**

The Township'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 Township'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 below. 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](http://www.imrf.org).

**Benefits Provided**

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

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

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
- ½ of the increase in the Consumer Price Index of the original pension amount.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**Employees Covered by Benefit Terms**

As of December 31, 2015, the following employees were covered by the benefit terms:

<b><u>Class</u></b>	<b><u>IMRF</u></b>
Retirees and Beneficiaries currently receiving benefits	15
Inactive Plan Members entitled to but not yet receiving benefits	4
Active Plan Members	24
<b>Total</b>	<b><u>43</u></b>

**Contributions**

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township's annual contribution rate for calendar year 2015 was 8.73%. For the fiscal year ended March 31, 2016, the Township contributed \$117,909 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, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study of the period 2011 to 2013.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
<b>Total</b>	<b><u>100%</u></b>	

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**Single Discount Rate**

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

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

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 7,935,713	\$ 8,519,626	\$ (583,913)
<b>Changes for the year:</b>			
Service Cost	151,126	-	151,126
Interest on the Total Pension Liability	593,591	-	593,591
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual			
Experience of the Total Pension Liability	(352,241)	-	(352,241)
Changes of Assumptions	-	-	-
Contributions - Employer	-	121,992	(121,992)
Contributions - Employees	-	62,883	(62,883)
Net Investment Income	-	42,577	(42,577)
Benefit Payments, including Refunds of Employee Contributions	(193,456)	(193,456)	-
Other (Net Transfer)	-	(357,894)	357,894
<b>Net Changes</b>	<b>\$ 199,020</b>	<b>\$ (323,898)</b>	<b>\$ 522,918</b>
<b>Balances at December 31, 2015</b>	<b>\$ 8,134,733</b>	<b>\$ 8,195,728</b>	<b>\$ (60,995)</b>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**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 7.5% 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 Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 9,159,435	\$ 8,134,733	\$ 7,321,495
Plan Fiduciary Net Position	<u>8,195,728</u>	<u>8,195,728</u>	<u>8,195,728</u>
Net Pension Liability (Asset)	<u>\$ 963,707</u>	<u>\$ (60,995)</u>	<u>\$ (874,233)</u>

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

For the year ended March 31, 2016, the Township recognized pension expense of \$642,469.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

At March 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>			
Differences between Expected and Actual Experience	\$ -	\$(284,121)	\$ (284,121)
Changes of Assumptions	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>466,122</u>	<u>-</u>	<u>466,122</u>
<b>Total Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>	<b><u>\$ 466,122</u></b>	<b><u>\$(284,121)</u></b>	<b><u>\$ 182,001</u></b>
Pension Contributions made subsequent to the Measurement Date	<u>\$ 29,536</u>	<u>\$ -</u>	<u>\$ 29,536</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 495,658</u></b>	<b><u>\$(284,121)</u></b>	<b><u>\$ 211,537</u></b>

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 8 – EMPLOYEE PENSION PLAN (CONTINUED)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 48,410
2017	48,410
2018	48,410
2019	48,412
2020	(11,641)
Thereafter	-
<b>Total</b>	<u><u>\$ 182,001</u></u>

**NOTE 9 – INTERFUND TRANSFERS**

The township does not have any routine interfund transfers. During the fiscal year ended March 31, 2016, Road and Bridge expenses totaling \$123,255 were paid with Equipment and Building Funds and are shown as interfund transfers on the fund financial statements.

**NOTE 10 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT**

A prior period adjustment was made to record the cash balance held by McHenry County for motor fuel tax funds disbursed by the State of Illinois to the County on behalf of all townships. An adjustment was also made to record a purchase of road salt inventory in the previous year with MFT funds. The March 31, 2014 Road and Bridge restricted fund balance was increased \$99,808 for the beginning funds available, and the March 31, 2015 balance was increased \$111,240 for the inventory purchase. The March 31, 2015 Statement of Activities was restated to reflect an additional \$95,746 in Motor Fuel Tax revenue, \$183 in interest earned, and \$120,070 in expenses.

**ALGONQUIN TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**NOTE 11 – CONTINGENCIES AND COMMITMENTS**

Tax objectors filed a complaint alleging the Township and Road District have unnecessarily accumulated funds. The Plaintiffs seek to void the levy and a rebate of funds which have been accumulated. The Township and Road District are aggressively defending the case and believe it will be dismissed, therefore no contingency amount has been recorded.

The Township is not aware of any other pending litigation or potential non-disclosed liabilities that management believes would have a material effect upon the financial position of the Township.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 13, 2016, the date the financial statements were available to be issued. No other significant subsequent events have been identified.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE - TOWN FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property Taxes	\$ 1,577,000	\$ 1,577,000	\$ 1,575,549	\$ (1,451)
State Replacement Taxes	14,000	14,000	14,955	955
Interest Income	3,500	3,500	4,334	834
Building Use, Beverages, and Snacks	1,500	1,500	617	(883)
Rental Income	11,000	11,000	11,400	400
Sale of Capital Assets	5,000	5,000	-	(5,000)
Other Revenues	-	-	4,138	4,138
<b>Total Revenues</b>	<u>\$ 1,612,000</u>	<u>\$ 1,612,000</u>	<u>\$ 1,610,993</u>	<u>\$ (1,007)</u>
<b>Expenditures:</b>				
<b>Administration -</b>				
Personnel - Salaries	\$ 370,000	\$ 370,000	\$ 358,624	\$ 11,376
Social Security and Medicare	33,500	33,500	26,132	7,368
Employee Health Insurance	60,000	60,000	52,144	7,856
Retirement Contribution	45,000	45,000	27,937	17,063
GASB 68 Pension Expense	-	-	135,978	(135,978)
Unemployment Insurance	2,000	2,000	1,376	624
<b>Contractual Services -</b>				
Maintenance - Buildings and Property	70,000	70,000	37,532	32,468
Maintenance - Equipment	15,000	15,000	9,119	5,881
Accounting Services	12,500	12,500	2,662	9,838
Audit Services	10,000	10,000	1,765	8,235
Legal Services	25,000	25,000	7,088	17,912
Consulting Services	4,000	4,000	-	4,000
Postage	2,500	2,500	543	1,957
Telecommunications	7,000	7,000	5,572	1,428
Printing and Publishing	40,000	37,000	739	36,261
Dues and Subscriptions	5,000	5,000	3,004	1,996
Travel, Training, and Meetings	12,000	12,000	2,357	9,643
Utilities	8,000	8,000	4,448	3,552
Liability Insurance	40,000	40,000	29,002	10,998
Cleaning Services	8,000	8,000	7,242	758
Lease	3,000	3,000	2,432	568
Engineering and Planning	10,000	10,000	14,352	(4,352)

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**TOWN FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures (Continued):</b>				
Contractual Services (continued) -				
Technical Support	\$ 7,000	\$ 7,000	\$ 6,770	\$ 230
Computer Maintenance	7,000	7,000	2,382	4,618
Planning Commission Expense	100	100	-	100
Transportation Committee Expense	100	100	-	100
Grant Expense	100	100	-	100
Commodities -				
Office Supplies	3,000	3,000	1,361	1,639
Computer Supplies	2,000	2,000	56	1,944
Computer Software	2,000	2,000	-	2,000
Publications	500	500	235	265
Maintenance Supplies	8,000	8,000	1,746	6,254
Building Supplies	5,000	5,000	1,163	3,837
Other Expenses -				
Miscellaneous Expense	10,000	10,000	2,602	7,398
Cemetery Expense	300	300	5,300	(5,000)
Inter-Governmental Agreements	2,500	2,500	2,170	330
Community Services / Support	5,000	5,000	4,316	684
Environmental Services	32,000	32,000	26,024	5,976
Service Charges	7,500	7,500	4,860	2,640
Senior Transportation Services	25,000	28,000	27,542	458
Senior Activities	15,000	15,000	5,125	9,875
Employee Services	3,000	3,000	3,085	(85)
Enforcement Expense	1,000	1,000	-	1,000
Unforeseen Hardship	10,000	10,000	-	10,000
Debt Service - Principal	31,500	31,500	29,560	1,940
Interest	17,500	17,500	16,300	1,200
Capital Outlay -				
Building	48,500	48,500	31,290	17,210
Equipment	45,000	45,000	6,470	38,530
Computer Equipment	10,000	10,000	413	9,587
Expansion and Development	100,000	100,000	-	100,000
Senior Bus	100	100	-	100
Contingency Expense	20,000	20,000	-	20,000
<b>Total Administration</b>	<u>\$ 1,201,200</u>	<u>\$ 1,201,200</u>	<u>\$ 908,818</u>	<u>\$ 292,382</u>

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**TOWN FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures (Continued):</b>				
<b>Assessor -</b>				
Personnel -				
Salaries	\$ 400,000	\$ 400,000	\$ 365,791	\$ 34,209
Social Security and Medicare	36,000	36,000	28,632	7,368
Employee Health Insurance	165,000	165,000	170,624	(5,624)
Retirement Contribution	48,000	48,000	31,031	16,969
GASB 68 Pension Expense	-	-	138,179	(138,179)
Unemployment Insurance	50	50	-	50
Contractual Services -				
Maintenance - Equipment	4,000	4,000	3,372	628
Legal Services	20,000	18,000	16,772	1,228
Postage	2,000	1,000	196	804
Telecommunications	9,000	11,000	9,684	1,316
Printing and Publishing	500	500	-	500
Dues and Subscriptions	3,000	4,000	3,246	754
Travel, Training, and Meetings	10,000	11,000	8,968	2,032
Independent Appraisals	28,000	20,000	9,552	10,448
Equipment Rentals	100	100	-	100
Technical Support	54,000	61,000	44,564	16,436
Commodities -				
Office Supplies	2,000	2,000	2,326	(326)
Computer Supplies	2,000	2,000	188	1,812
Computer Software	25,000	25,000	24,315	685
Miscellaneous Expense	1,000	1,000	-	1,000
Capital Outlay -				
Office Equipment	4,000	4,000	1,150	2,850
Computer Equipment	20,000	20,000	2,628	17,372
<b>Total Assessor</b>	<u>\$ 833,650</u>	<u>\$ 833,650</u>	<u>\$ 861,218</u>	<u>\$ (27,568)</u>

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**TOWN FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued):</b>				
<b>Clerk -</b>				
Contractual Services -				
Legal Services	\$ 2,500	\$ 2,500	\$ 270	\$ 2,230
Postage	100	100	-	100
Printing and Publishing	1,000	1,000	331	669
Dues and Subscriptions	100	100	30	70
Travel, Training, and Meetings	2,500	2,500	100	2,400
Election Expense	5,000	5,000	619	4,381
Commodities -				
Office Supplies	150	150	-	150
Miscellaneous Expense	200	200	21	179
<b>Total Clerk</b>	<u>\$ 11,550</u>	<u>\$ 11,550</u>	<u>\$ 1,371</u>	<u>\$ 10,179</u>
<b>Rental Property -</b>				
Contractual Services -				
Maintenance - Buildings and Property	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Maintenance - Equipment	10,000	10,000	-	10,000
Utilities	1,500	1,500	-	1,500
Capital Outlay -				
Building	10,000	10,000	-	10,000
Equipment	5,000	5,000	-	5,000
<b>Total Rental Property</b>	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ -</u>	<u>\$ 36,500</u>
<b>Total Expenditures</b>	<u>\$ 2,082,900</u>	<u>\$ 2,082,900</u>	<u>\$ 1,771,407</u>	<u>\$ 311,493</u>
<b>Excess Revenues or (Expenditures)</b>	<u>\$ (470,900)</u>	<u>\$ (470,900)</u>	<u>\$ (160,414)</u>	<u>\$ 310,486</u>
<b>Fund Balance - April 1, 2015, as Previously Stated</b>			\$ 1,531,801	
Prior Period Adjustment for GASB 68			314,824	
<b>Fund Balance - April 1, 2015, as Restated</b>			<u>\$ 1,846,625</u>	
<b>Fund Balance - March 31, 2016</b>			<u>\$ 1,686,211</u>	

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$2,538,000	\$2,538,000	\$ 1,673,401	\$ (864,599)
State Replacement Taxes	65,000	65,000	70,273	5,273
Motor Fuel Taxes	-	-	74,832	74,832
Bus Revenue	30,000	30,000	32,630	2,630
Recycling Revenue	12,000	12,000	17,089	5,089
Court Fines	5,000	5,000	5,228	228
Revoked Bonds	-	-	2,000	2,000
Grants Received	25,000	25,000	-	(25,000)
Sale of Capital Assets	-	-	10,000	10,000
Interest Income	3,000	3,000	3,759	759
Other Revenues	20,000	20,000	39,053	19,053
<b>Total Revenues</b>	<u>\$2,698,000</u>	<u>\$2,698,000</u>	<u>\$ 1,928,265</u>	<u>\$ (769,735)</u>
<b>Expenditures:</b>				
<b>General Administration -</b>				
Personnel - Salaries - Administration	\$ 80,000	\$ 80,000	\$ 80,633	\$ (633)
Social Security and Medicare	70,100	70,100	53,128	16,972
Employee Health Insurance	165,000	165,000	161,817	3,183
Retirement Contribution	100,100	100,100	56,730	43,370
GASB 68 Pension Expense	-	-	252,614	(252,614)
Unemployment Insurance	2,500	2,500	1,688	812
<b>Contractual Services -</b>				
Maintenance - Building	2,500	2,500	-	2,500
Maintenance - Equipment	4,500	4,500	-	4,500
Accounting Services	1,000	1,000	-	1,000
Audit Services	10,000	10,000	3,530	6,470
Legal Services	30,000	28,700	21,692	7,008
Postage	1,500	1,500	1,363	137
Telecommunications	25,000	26,300	27,042	(742)
Printing and Publishing	4,000	4,000	1,085	2,915
Dues and Subscriptions	6,000	6,000	4,474	1,526
Travel and Meetings	8,500	8,500	5,349	3,151
Education and Training	9,500	9,500	2,670	6,830
Liability Insurance	90,100	90,100	56,298	33,802
Technical Support Services	17,000	17,000	12,977	4,023

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures (Continued):</b>				
Commodities -				
Office Supplies	\$ 5,000	\$ 5,000	\$ 2,986	\$ 2,014
Computer Supplies	5,000	5,000	-	5,000
Other Expenses -				
Construction Bonds	100	100	-	100
Miscellaneous	8,500	8,500	3,885	4,615
Inter-Governmental Agreements	45,000	45,000	40,244	4,756
Property Loan	100	100	-	100
Service Charges	2,000	2,000	2,369	(369)
Capital Outlay -				
Equipment	7,500	7,500	249	7,251
<b>Total General Administration</b>	<u>\$ 700,500</u>	<u>\$ 700,500</u>	<u>\$ 792,823</u>	<u>\$ (92,323)</u>
<b>Maintenance -</b>				
Personnel - Salaries - Maintenance	\$ 750,000	\$ 750,000	\$ 623,197	\$ 126,803
Contractual Services -				
Maintenance - Buildings	35,000	35,000	19,726	15,274
Maintenance - Equipment	50,000	50,000	44,402	5,598
Maintenance - Roads	500,000	500,000	421,600	78,400
Maintenance - Bridges	100	100	-	100
Maintenance - Snow Removal	100	100	-	100
Utilities	55,000	55,000	50,168	4,832
Equipment Rentals	15,000	15,000	6,863	8,137
Engineering Services	30,000	30,000	22,666	7,334
Special Road Projects -				
Non-Dedicated Roads	30,000	30,000	28,931	1,069
Prior Year Contracts	100	100	-	100
Commodities -				
Fuel and Lubricants	120,000	120,000	57,579	62,421
Supplies - Buildings	25,000	25,000	7,646	17,354
Supplies - Equipment	100,000	100,000	64,435	35,565
Supplies - Roads	110,000	110,000	120,030	(10,030)
Supplies - Bridges	100	100	-	100
Supplies - Snow Removal	100	100	-	100
Clothing and Protective Equipment	12,000	12,000	3,333	8,667

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (Continued):</b>				
Other Expenses -				
Miscellaneous	\$ 7,500	\$ 7,500	\$ 4,571	\$ 2,929
Grants	100	100	-	100
Environmental Services	60,000	60,000	45,831	14,169
Senior Transportation Services	15,000	15,000	225	14,775
Capital Outlay -				
Land Acquisition	100	100	-	100
Buildings	5,000	5,000	-	5,000
Equipment	5,000	5,000	-	5,000
Other Improvements	5,000	5,000	-	5,000
<b>Total Maintenance</b>	<b>\$ 1,930,200</b>	<b>\$ 1,930,200</b>	<b>\$ 1,521,203</b>	<b>\$ 408,997</b>
<b>Contingencies</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 20,000</b>
<b>Total Expenditures</b>	<b>\$ 2,650,700</b>	<b>\$ 2,650,700</b>	<b>\$ 2,314,026</b>	<b>\$ 336,674</b>
<b>Excess Revenues or (Expenditures)</b>	<b>\$ 47,300</b>	<b>\$ 47,300</b>	<b>\$ (385,761)</b>	<b>\$ (433,061)</b>
<b>Transfers from (to) Other Funds</b>			123,255	
<b>Fund Balance - April 1, 2015, as Previously Stated</b>			\$ 1,163,297	
Prior Period Adjustment for GASB 68			302,478	
<b>Fund Balance - April 1, 2015, as Restated</b>			<b>\$ 1,465,775</b>	
<b>Fund Balance - March 31, 2016</b>			<b>\$ 1,203,269</b>	

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**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**EQUIPMENT AND BUILDING FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property Taxes	\$ 1,211,000	\$ 1,211,000	\$ 1,226,861	\$ 15,861
State Replacement Taxes	10,000	10,000	12,062	2,062
Interest Income	2,500	2,500	4,887	2,387
Grants Received	-	-	-	-
Sale of Capital Assets	-	-	-	-
<b>Total Revenues</b>	<u>\$ 1,223,500</u>	<u>\$ 1,223,500</u>	<u>\$ 1,243,810</u>	<u>\$ 20,310</u>
<b>Expenditures:</b>				
Capital Outlay -				
Building and Upgrading	\$ 800,000	\$ 800,000	\$ 94,180	\$ 705,820
Equipment, Vehicles, and Machinery	850,000	850,000	484,747	365,253
Service Charges	1,500	1,500	2,332	(832)
Debt Service -				
Principal	180,000	180,000	29,560	150,440
Interest	35,000	35,000	16,300	18,700
Grant Expenses	-	-	-	-
Rent	20,000	20,000	14,100	5,900
<b>Total Expenditures</b>	<u>\$ 1,886,500</u>	<u>\$ 1,886,500</u>	<u>\$ 641,219</u>	<u>\$ 1,245,281</u>
<b>Excess Revenues or (Expenditures)</b>	<u>\$ (663,000)</u>	<u>\$ (663,000)</u>	<u>\$ 602,591</u>	<u>\$ 1,265,591</u>
<b>Transfers from (to) Other Funds</b>			(123,255)	
<b>Fund Balance - April 1, 2015</b>			<u>1,268,637</u>	
<b>Fund Balance - March 31, 2016</b>			<u>\$ 1,747,973</u>	

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**MULTI-YEAR SCHEDULE OF CHANGES IN NET**  
**PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED DECEMBER 31**

<b>Calendar Year Ending December 31,</b>	<b>2015</b>
<b>Total Pension Liability</b>	
Service Cost	\$ 151,126
Interest on the Total Pension Liability	593,591
Changes of Benefit Terms	-
Difference between Expected and Actual Experience of the Total Pension Liability	(352,241)
Changes of Assumptions	-
Benefit payments, including Refunds of Employee Contributions	<u>(193,456)</u>
Net Change in Total Pension Liability	\$ 199,020
Total Pension Liability - Beginning	<u>7,935,713</u>
Total Pension Liability - Ending (A)	<u><u>\$ 8,134,733</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 121,992
Contributions - Employee	62,883
Net Investment Income	42,577
Benefit Payments, including Refunds of Employee Contributions	(193,456)
Other (Net Transfer)	<u>(357,894)</u>
Net Change in Plan Fiduciary Net Position	\$ (323,898)
Plan Fiduciary Net Position - Beginning	<u>8,519,626</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 8,195,728</u></u>
<b>Net Pension Liability (Asset) {(A) - (B)}</b>	<u><u>\$ (60,995)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	100.75%
<b>Covered Valuation Payroll</b>	<u><u>\$ 1,397,382</u></u>
<b>Net Pension Liability as a percentage of Covered Valuation payroll</b>	(4.36)%

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

**ALGONQUIN TOWNSHIP**  
**MULTI-YEAR SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEARS ENDED DECEMBER 31**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 121,991	\$ 121,992	\$ (1)	\$ 1,397,382	8.73%

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

**ALGONQUIN TOWNSHIP**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**MARCH 31, 2016**

**NOTE 13 – BUDGETARY ACCOUNTING AND BUDGET PROCESS**

As set forth in the Illinois Statutes, the Board of Trustees adopts an annual budget ordinance of estimated revenues and appropriations for the Township's governmental funds. Two separate budgets are prepared for the Town Funds (Town Fund and General Assistance Fund) and Road District Funds (Road and Bridge Fund and Equipment and Building Fund) which serve as a management control device. The budgets are adopted using the modified accrual basis method of accounting. As part of the required supplementary information contained in this report, the actual revenues and expenditures are compared to the original and final budgets for each of the Township's governmental funds for the period to demonstrate compliance with the adopted budgets. If budgeted expenditures exceed expected revenues, the Township planned to fund any excess expenditures with previously accumulated funds.

The annual budget process is as follows:

1. The Board of Trustees adopts a budget ordinance, which serves as an operating budget.
2. Budget hearings are conducted.
3. The budget is legally enacted through passage of an ordinance.
4. The budget may be amended for line item transfers during the fiscal year by resolution of the Board of Trustees.

None of the expenditures in any of the Township funds exceeded their corresponding appropriations.

ALGONQUIN TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2016

NOTE 14 – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE

Valuation Date: December 31, 2015

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

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

*Actuarial Cost Method:* Aggregate entry age - normal

*Amortization Method:* Level percentage of payroll, closed

*Remaining Amortization Period:* 28-year closed period until remaining period reaches 15 years (then 15 year rolling period).

*Asset Valuation Method:* 5-year smoothed market; 20% corridor

*Wage Growth:* 4%

*Price Inflation:* 3%, approximate; No explicit price inflation assumption was used in the valuation.

*Salary Increases:* 4.40% to 16%, including inflation

*Investment Rate of Return:* 7.50%

*Single Discount Rate:* 7.50%

*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.

*Mortality:* RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward ten years.

**Other Information:**

*Notes:* There were no benefit changes during the year.

**OTHER INFORMATION**

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL ASSISTANCE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<b>Variance With</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property Taxes	\$ 220,000	\$ 220,000	\$ 221,421	\$ 1,421
State Replacement Taxes	2,000	2,000	1,908	(92)
Interest Income	150	150	1,062	912
Other Revenues	-	-	1,049	1,049
<b>Total Revenues</b>	<u>\$ 222,150</u>	<u>\$ 222,150</u>	<u>\$ 225,440</u>	<u>\$ 3,290</u>
<b>Expenditures:</b>				
<b>Administration -</b>				
Personnel -				
Salaries	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Social Security and Medicare	2,300	2,300	2,300	-
Employee Health Insurance	3,000	3,000	3,000	-
Retirement Contribution	2,600	2,600	2,600	-
Unemployment Insurance	50	50	50	-
Contractual Services -				
Maintenance - Equipment	1,000	1,000	89	911
Legal Services	1,000	1,000	-	1,000
Postage	1,000	1,000	735	265
Telecommunications	1,000	1,000	973	27
Printing and Publishing	500	500	198	302
Travel, Training, and Meetings	1,000	1,000	403	597
Utilities	7,500	7,500	6,439	1,061
Cleaning Services	3,500	3,500	3,500	-
Computer Technical Support	500	500	500	-
Commodities -				
Office Supplies	500	500	103	397
Computer Supplies	500	500	198	302
Computer Software	1,000	1,000	250	750
Other Expense -				
Miscellaneous	500	500	-	500
Service Charges	1,400	3,400	3,248	152
Capital Outlay -				
Office Equipment	3,000	1,000	-	1,000
Computer Equipment	1,000	1,000	445	555
<b>Total Administration</b>	<u>\$ 62,850</u>	<u>\$ 62,850</u>	<u>\$ 55,031</u>	<u>\$ 7,819</u>

See Independent Auditor's Report

**ALGONQUIN TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL ASSISTANCE FUND (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Expenditures (Continued):</b>				
<b>Home Relief -</b>				
Contractual Services -				
Transportation Expenses	\$ 7,500	\$ 7,500	\$ 1,164	\$ 6,336
Utilities	25,000	25,000	19,051	5,949
General Insurance	3,500	3,500	3,175	325
Physician Services	3,000	3,000	-	3,000
Hospital Services	5,000	5,000	-	5,000
Drugs	3,000	3,000	-	3,000
Dental	500	500	-	500
Other Medical Care	2,000	2,000	-	2,000
Funeral and Burial	1,500	1,500	-	1,500
Shelter / Rent	62,700	62,700	19,676	43,024
Counseling	1,000	1,000	-	1,000
Emergency Assistance - Shelter	52,000	52,000	37,711	14,289
Emergency Assistance - Utilities	60,000	60,000	31,221	28,779
Emergency Assistance - All Other	2,500	2,500	299	2,201
Commodities -				
Food and Incidentals	2,000	2,000	910	1,090
Job Training and Related Expense	1,000	1,000	-	1,000
Other Expenses -				
Miscellaneous	1,000	1,000	-	1,000
Unforeseen Hardship	3,000	3,000	325	2,675
<b>Total Home Relief</b>	<u>\$ 236,200</u>	<u>\$ 236,200</u>	<u>\$ 113,532</u>	<u>\$ 122,668</u>
<b>Contingencies</b>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>
<b>Total Expenditures</b>	<u>\$ 309,050</u>	<u>\$ 309,050</u>	<u>\$ 168,563</u>	<u>\$ 140,487</u>
<b>Excess Revenues or (Expenditures)</b>	<u>\$ (86,900)</u>	<u>\$ (86,900)</u>	<u>\$ 56,877</u>	<u>\$ 143,777</u>
<b>Fund Balance - April 1, 2015</b>			<u>307,643</u>	
<b>Fund Balance - March 31, 2016</b>			<u>\$ 364,520</u>	

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