TOWN OF McHENRY
McHENRY COUNTY, IL
SEAL

{ec&co.} 815.344.1300 mchenry
847.382.3366 barrington

FILED
McHENRY COUNTY, IL
JUL 14 2015
Mary E. McCallum
COUNTY CLERK

eder, casella & co.

McHENRY TOWNSHIP, ILLINOIS

ANNUAL FINANCIAL REPORT

MARCH 31, 2015

TOWN OF McHENRY
SEAL
McHENRY COUNTY, IL

MCHENRY TOWNSHIP
TABLE OF CONTENTS
MARCH 31, 2015

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Funding Progress	25
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	26
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Road and Bridge Fund	30
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Permanent Road Fund	33
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Assistance Fund	34
Notes to Required Supplementary Information	35

{ec&co.} 815.344.1300 mchenry
847.382.3366 barrington

INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
McHenry Township
McHenry, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of

MCHENRY TOWNSHIP.

as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise McHenry Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

eder, casella & co.

5400 west elm street. suite 203. mchenry. il 60050
509 west old northwest highway. suite 102. barrington. il 60010
www.edercasella.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of McHenry Township as of March 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 7 and 25 through 35 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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 on 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.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
June 25, 2015

REQUIRED SUPPLEMENTARY INFORMATION

MCHENRY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of McHenry Township (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

- At March 31, 2015, the assets of the Township exceeded its liabilities and deferred inflows of resources by $12,380,182 (net position). Of this amount, $5,094,044 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The total net position for the Township increased by $564,702.
- At March 31, 2015, the Township's governmental funds reported combined ending fund balances of $6,774,075, an increase of $472,308 in comparison with the prior year. Of this amount, $367,047 is nonspendable, $1,626,813 is restricted, $1,025,000 is committed by the Board for future projects, $1,590,994 is assigned for different funds and projects, and $2,164,221 is available for spending at the Township's discretion (unassigned fund balance).
- At March 31, 2015, the fund balance for the General Fund was $3,850,097, of which $2,164,221 was unassigned. Unassigned fund balance represents 133 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Township's assets and deferred outflows of resources, less its 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 is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and other governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, directly funded community services, community assistance and services, parks and recreation, assessor, and highways and roads. The Township does not conduct any business-type activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Road and Bridge Fund, Permanent Road Fund, and General Assistance Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

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

The notes to the financial statements can be found on pages 14 through 24 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in meeting its obligation to provide as fully adequate as possible services to all of its residents.

The Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this appropriation.

Required supplementary information can be found on pages 25 through 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities and deferred inflows of resources by $12,380,182 at March 31, 2015.

The largest portion of the Township's net position (46 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, office equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

McHenry Township's Net Position at Year-End

	Governmental Activities	
	FY 2015	FY 2014
ASSETS		
Current and Other Assets	$ 11,700,235	$ 11,301,484
Capital Assets	5,754,426	5,725,413
Total Assets	$ 17,454,661	$ 17,026,897
LIABILITIES		
Long-Term Liabilities Outstanding	$ 148,319	$ 211,700
Other Liabilities	282,759	199,135
Total Liabilities	$ 431,078	$ 410,835
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	$ 4,643,401	$ 4,800,582
Total Deferred Inflows of Resources	$ 4,643,401	$ 4,800,582
NET POSITION		
Net Investment in Capital Assets	$ 5,659,326	$ 5,560,180
Restricted	1,626,812	1,694,219
Unrestricted	5,094,044	4,561,081
Total Net Position	$ 12,380,182	$ 11,815,480

An additional portion of the Township's net position (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $5,094,044, may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2015, the Township is able to report positive balances in all three categories of net position.

The Township's net position increased by $564,702 during the year ended March 31, 2015.

Governmental activities - Governmental activities increased the Township's net position by $564,702. Key elements of this increase are as follows:

McHenry Township's Change in Net Position

	Governmental Activities	
	FY 2015	FY 2014
Revenues:		
Program Revenues		
Charges for Services	$ 53,267	$ 47,753
Operating Grants and Contributions	117,605	320,885
General Revenues:		
Property Taxes	4,812,536	4,756,009
Other Taxes	244,042	248,376
Unrestricted Investment Earnings	43,143	55,398
Gain/(Loss) on Sale of Capital Assets	(2,650)	102,777
Other Income	19,177	39,464
Total Revenues	$ 5,287,120	$ 5,570,662
Expenses:		
General Government	$ 786,498	$ 782,479
Directly Funded Community Services	143,282	178,394
Community Assistance and Services	215,808	213,970
Parks and Recreation	478,786	431,220
Assessor	354,909	336,650
Highways and Roads	2,736,373	2,746,003
Interest and Fees on Long-Term Debt	6,762	6,781
Total Expenses	$ 4,722,418	$ 4,695,497
Change in Net Position	$ 564,702	$ 875,165
Net Position - Beginning	11,815,480	10,940,315
Net Position - Ending	$ 12,380,182	$ 11,815,480

- Expenses increased in some areas and decreased in other areas of the Township. The overall effect was positive since the Township received more revenue than needed to cover these expenses.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township's net resources available for spending.

At March 31, 2015, the Township's governmental funds reported combined ending fund balances of $6,774,075, an increase of $472,308 in comparison with the prior year. Of this amount, $2,164,221 constitutes unassigned fund balance, which is available for spending at the Township's discretion.

The General Fund is the chief operating fund of the Township. At March 31, 2015, fund balance in the General Fund was $3,850,097, an increase of $247,385 in comparison with the prior year. This increase was due to more revenue received than expenses incurred. In the prior year, the General Fund had transferred amounts to the General Assistance Fund and in the current year this was not done.

The Road and Bridge Fund is used to account for revenues restricted for road and bridge district expenditures. At March 31, 2015, fund balance in the Road and Bridge Fund was $1,715,105, an increase of $87,825 in comparison with the prior year. This increase was due to fewer capital assets purchased as well as lower Highways and Roads expense due to expenses related to a grant that was received in fiscal year 2014 but not in fiscal year 2015.

The Permanent Road Fund is used to account for revenues restricted for road improvements and maintenance within the road district. At March 31, 2015, fund balance in the Permanent Road Fund was $1,180,335, an increase of $200,931 in comparison with the prior year. The increase was due to an increase in property tax levy received and less road repair expenses.

The General Assistance Fund is used to account for revenues restricted for general assistance expenditures. At March 31, 2015, fund balance in the General Assistance Fund was $28,538, a decrease of $63,833 in comparison with the prior year. The decrease was due to more expenses incurred than revenue received. In the prior year, a transfer was made to the General Assistance Fund from the General Fund to cover the additional expenses. A transfer was not made in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the final budgeted amounts and actual amounts are summarized as follows:

- The difference between the estimated revenues and the actual revenues was $26,288 (favorable).
- The difference between the estimated expenditures and the actual expenditures was $319,298 (favorable), and was primarily due to less than anticipated overall general government expenses, contractual services, expenditures for salaries, and capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Township's investment in capital assets for its governmental activities as of March 31, 2015 amounts to $5,754,426 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, office equipment and infrastructure. Major capital asset events during the year ended March 31, 2015 included the following:

- Purchase of flooring for recreation center and town hall for $98,651
- Purchase of a 2015 pickup truck for $33,296 and a 2014 Ford Escape for $23,505
- Purchase of a dump truck for $104,231
- Purchase of Sled Steer for $61,000
- Disposal of John Deer grader of $145,000
- Disposal of 2001 Dodge Ram truck with plow of $21,695

McHenry Township's Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2015	2014
Land	$ 111,500	$ 111,500
Construction in Progress	-	28,152
Buildings	3,136,402	3,173,025
Improvements	239,266	135,939
Machinery and Equipment	1,880,894	1,883,047
Office Equipment	51,147	59,973
Infrastructure - Rights of Way	335,217	333,777
Total	$ 5,754,426	$ 5,725,413

Additional information on the Township's capital assets can be found in note 4 on pages 20 and 21 of this report.

Long-term debt - At March 31, 2015, the Township had $148,319 in long-term debt.

McHenry Township's Outstanding Debt

	Governmental Activities	
	2015	2014
Bonds Payable	$ 95,098	$ 165,233
Compensated Absences	53,221	46,467
Total	$ 148,319	$ 211,700

Additional information on the Township's long-term debt can be found in Note 5 on page 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

McHenry Township is still experiencing a very slow economic recovery. While employment rates are starting to increase, many township residents were employed in the building trades and are still experiencing unemployment or under-employment. New housing starts are still very low in comparison to the period prior to when the great recession started in 2008. While existing real estate sales are going up the pricing yield for these sales has been greatly reduced from levels prior to 2008.

McHenry Township has kept its levy at the same rate for the fourth year in a row, recognizing that increased taxation will provide an additional burden on our taxpayers. While keeping our tax burden flat we still saw significant increase in requests for emergency financial assistance, one of our statutory responsibilities. McHenry Township has been able to manage our finances without increased burden on the taxpayers due to our fund balance and our prudent budgeting practices.

Fund balance monies are not used for operating expenses but for deferred maintenance on facilities and equipment replacement and other major capital expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Office of the Supervisor, McHenry Township, 3703 N. Richmond Road, McHenry, Illinois 60051.

BASIC FINANCIAL STATEMENTS

MCHENRY TOWNSHIP
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
MARCH 31, 2015

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 6,076,553
Restricted Cash and Cash Equivalents	82,460
Investments, at fair value	527,774
Property Taxes Receivable, net of allowance of $23,334	4,643,401
Inventory	346,878
Security Deposits	3,000
Prepaid Items	20,169
Capital Assets (Note 4):	
Land and Other Non-Depreciable Assets	446,717
Other Capital Assets, Net of Depreciation	5,307,709
Total Assets	$ 17,454,661
LIABILITIES	
Accounts Payable	$ 225,598
Deposits	14,608
Payroll Liabilities	42,553
Non-Current Liabilities	
Due Within One Year	73,084
Due in More Than One Year	75,235
Total Liabilities	$ 431,078
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	$ 4,643,401
Total Deferred Inflows of Resources	$ 4,643,401
NET POSITION	
Net Investment in Capital Assets	$ 5,659,326
Restricted for:	
Road and Bridge	586,402
Permanent Road	1,040,410
Unrestricted/(Deficit)	5,094,044
Total Net Position	$ 12,380,182

The Notes to Financial Statements are an integral part of this statement.

MCHENRY TOWNSHIP
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government				
Governmental Activities				
General Government	$ 786,498	$ 44,959	$ 57,978	$ (683,561)
Directly Funded Community Services	143,282	-	-	(143,282)
Community Assistance and Services	215,808	-	-	(215,808)
Parks and Recreation	478,786	-	-	(478,786)
Assessor	354,909	-	-	(354,909)
Highways and Roads	2,736,373	8,308	59,627	(2,668,438)
Interest and Fees on Long-Term Debt	6,762	-	-	(6,762)
Total Primary Government	$ 4,722,418	$ 53,267	$ 117,605	$ (4,551,546)

General Revenues	
Taxes	
Property Taxes	$ 4,812,536
Replacement Tax	75,024
Motor Fuel Tax	169,018
Unrestricted Investment Earnings	43,143
Gain/(Loss) on Sale of Capital Assets	(2,650)
Other Income	19,177
Total General Revenues	$ 5,116,248
Change in Net Position	$ 564,702
Net Position - Beginning of Year	11,815,480
Net Position - End of Year	$ 12,380,182

The Notes to Financial Statements are an integral part of this statement.

MCHENRY TOWNSHIP
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2015

	General Fund	Road and Bridge Fund	Permanent Road Fund	General Assistance Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 3,427,299	$ 1,492,594	$ 1,135,114	$ 21,546	$ 6,076,553
Restricted Cash and Cash Equivalents	-	82,460	-	-	82,460
Investments, at fair value	467,622	-	60,152	-	527,774
Property Taxes Receivable, net of allowance of $24,124	1,720,148	1,004,272	1,772,077	146,904	4,643,401
Inventory	-	346,878	-	-	346,878
Security Deposits	1,000	2,000	-	-	3,000
Prepaid Items	10,876	8,703	-	590	20,169
Interfund Loans	(5,700)	(800)	-	6,500	-
Total Assets	$ 5,621,245	$ 2,936,107	$ 2,967,343	$ 175,540	$ 11,700,235
LIABILITIES					
Accounts Payable	$ 25,429	$ 200,169	$ -	$ -	$ 225,598
Deposits	7,308	7,300	-	-	14,608
Payroll Liabilities	18,263	9,261	14,931	98	42,553
Total Liabilities	$ 51,000	$ 216,730	$ 14,931	$ 98	$ 282,759
DEFERRED INFLOWS OF RESOURCES					
Unearned Property Taxes	$ 1,720,148	$ 1,004,272	$ 1,772,077	$ 146,904	$ 4,643,401
Total Deferred Inflows of Resources	$ 1,720,148	$ 1,004,272	$ 1,772,077	$ 146,904	$ 4,643,401
FUND BALANCES					
Nonspendable					
Prepaid Expenses	$ 10,876	$ 8,703	$ -	$ 590	$ 20,169
Inventory	-	346,878	-	-	346,878
Restricted					
Road and Bridge	-	586,403	-	-	586,403
Permanent Hard Road	-	-	1,040,410	-	1,040,410
Committed					
General Assistance	750,000	-	-	-	750,000
Improvements	275,000	-	-	-	275,000
Assigned					
General Assistance	-	-	-	27,948	27,948
Road and Bridge	-	773,121	-	-	773,121
Permanent Hard Road	-	-	139,925	-	139,925
Deferred Maintenance on Facilities	500,000	-	-	-	500,000
Technology Upgrades and Replacements	150,000	-	-	-	150,000
Unassigned	2,164,221	-	-	-	2,164,221
Total Fund Balances	$ 3,850,097	$ 1,715,105	$ 1,180,335	$ 28,538	$ 6,774,075
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,621,245	$ 2,936,107	$ 2,967,343	$ 175,540	$ 11,700,235

The Notes to Financial Statements are an integral part of this statement.

MCHENRY TOWNSHIP
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2015

Fund Balances - Total Governmental Funds		$ 6,774,075
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	$ 9,227,281	
Less: Accumulated Depreciation	(3,472,855)	
		5,754,426
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable		(95,098)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences		(53,221)
Net Position of Governmental Activities		$ 12,380,182

The Notes to Financial Statements are an integral part of this statement.

MCHENRY TOWNSHIP
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2015

	General Fund	Road and Bridge Fund	Permanent Road Fund	General Assistance Fund	Total Governmental Funds
REVENUES					
Property Taxes	$ 1,724,429	$ 983,048	$ 1,957,788	$ 147,271	$ 4,812,536
Replacement Tax	13,180	29,266	29,685	2,893	75,024
Motor Fuel Tax	-	169,018	-	-	169,018
Road Fines	-	6,768	-	-	6,768
Interest Income	24,274	9,341	9,204	324	43,143
Rental Income	37,345	-	-	-	37,345
Grant Income	57,978	-	-	-	57,978
Senior Transportation Fees	7,614	-	-	-	7,614
Donation Income	-	-	-	463	463
Miscellaneous Income	5,552	13,106	(1,031)	638	18,265
Intergovernmental Agreements	-	59,627	-	-	59,627
Fees	-	1,540	-	-	1,540
Reimbursements	-	449	-	-	449
	$ 1,870,372	$ 1,272,163	$ 1,995,646	$ 151,589	$ 5,289,770
EXPENDITURES					
Current					
General Government	$ 570,551	$ 228,290	$ -	$ -	$ 798,841
Directly Funded Community Services	139,570	-	-	-	139,570
Community Assistance and Services	-	-	-	215,422	215,422
Parks and Recreation	325,394	-	-	-	325,394
Assessor	354,909	-	-	-	354,909
Highways and Roads	-	737,063	1,794,715	-	2,531,778
Capital Outlay	232,563	142,088	-	-	374,651
Debt Service					
Principal	-	70,135	-	-	70,135
Interest and Fees	-	6,762	-	-	6,762
	$ 1,622,987	$ 1,184,338	$ 1,794,715	$ 215,422	$ 4,817,462
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 247,385	$ 87,825	$ 200,931	$ (63,833)	$ 472,308
OTHER FINANCING SOURCES/(USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	$ 247,385	$ 87,825	$ 200,931	$ (63,833)	$ 472,308
FUND BALANCES - APRIL 1, 2014	3,602,712	1,627,280	979,404	92,371	6,301,767
FUND BALANCES - MARCH 31, 2015	$ 3,850,097	$ 1,715,105	$ 1,180,335	$ 28,538	$ 6,774,075

The Notes to Financial Statements are an integral part of this statement.

MCHENRY TOWNSHIP
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2015

Net Change in Fund Balances - Total Governmental Funds		$ 472,308
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Capital Outlays	$ 405,228	
Depreciation Expense	(373,565)	
		31,663
Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences		(6,754)
Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.		
Repayment of Long-Term Debt		70,135
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.		
Gain/(Loss) on Sale of Fixed Assets		(2,650)
Change in Net Position of Governmental Activities		$ 564,702

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McHenry Township's (Township) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting polices established in GAAP and used by the Township are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity,* in that the financial statements include all organizations, activities, and functions that comprise the Township. Component units are legally separate entities for which the Township (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Township's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Township. Using these criteria, the Township has no component units. In addition, the Township is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Financial Statements*

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund (reporting the Township's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Township as governmental activities. The Township does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, replacement tax, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, directly funded community services, community assistance and services, parks and recreation, assessor, highways and roads). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Financial Statements* (Continued)

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Township had no capital grants for the year ended March 31, 2015.

The net costs (by function) are normally covered by general revenue (property taxes, replacement tax, unrestricted investment earnings, etc.).

The Township does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures of all governmental funds) for the determination of major funds. The Township electively made all funds major funds.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Township reports these major governmental funds:

1. The General Fund is the Township's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. The Road and Bridge Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintenance of the Township's roads.
3. The Permanent Road Fund is used to account for revenues restricted for road improvements and maintenance within the road district.
4. The General Assistance Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for various services provided to lower income residents.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Township reports unavailable revenue on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At March 31, 2015, the Township had $4,643,401 of unavailable revenue from property taxes.

E. *Cash and Cash Equivalents and Investments*

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

Separate bank accounts are maintained for all Township funds. Occasionally, certain cash accounts may incur overdrafts (deficits) in an account. Two Township bank accounts had a cash overdraft at March 31, 2015.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, Certificates of Deposit, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool known as The Illinois Funds.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Prepaid Expenses*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

H. *Inventories*

Inventories consist of the cost of salt for the roads. The salt inventory as of March 31, 2015 was $346,878.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10 - 50 years
Improvements	7 - 20 years
Machinery and Equipment	7 - 25 years
Office Equipment	5 - 10 years

GASB Statement No. 34 requires the Township to report and depreciate new infrastructure assets effective as of April 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. New infrastructure was acquired for $1,440 during fiscal year 2015.

K. *Compensated Absences*

The Township accrues accumulated unpaid vacation and personal leave time when earned (or estimated to be earned) by the employee. At March 31, 2015, this amount was $53,221. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide Statement of Net Position and is reported as a reconciling item between the fund and government-wide presentations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. *Government-Wide Net Position*

Government-wide net position is divided into three components:

- Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – consists of net position that is restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – all other net position is reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Governmental Fund Balances* (Continued)

- Assigned – Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Township has delegated this authority to the Supervisor.

  Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Township itself.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in the Road and Bridge Fund, Permanent Road Fund and General Assistance Fund.

The Township permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

O. *Property Tax Calendar and Revenues*

The Township's property tax is levied each calendar year on all taxable real property located in the Township on or before the last Tuesday in December. The 2014 levies were passed by the Board on November 13, 2014. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured and collateralized by securities held in the Township's name.

The Township is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

Interest Rate Risk. The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific types of investment instruments. See Note 1E for types allowable under state law.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk. The Township places no limit on the amount the Township may invest in any one investment instrument.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's custodial credit risk policy requires collateral for any deposits in excess of insured amounts. At March 31, 2015, none of the Township's bank balances were exposed to custodial credit risk.

NOTE 3 - RESTRICTED CASH AND CASH EQUIVALENTS

The Road and Bridge Fund reflects a restricted cash and cash equivalents balance in the amount of $82,460 representing the amount of Motor Fuel Tax funds available at March 31, 2015. This amount is to be expended on road maintenance and improvements approved by the Illinois Department of Transportation.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2015 was as follows:

	Balance April 1, 2014	Increases	Decreases	Balance March 31, 2015
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 111,500	$ -	$ -	$ 111,500
Infrastructure	333,777	1,440	-	335,217
Construction in Progress	28,152	-	28,152	-
Total Capital Assets not being depreciated	$ 473,429	$ 1,440	$ 28,152	$ 446,717
Other Capital Assets				
Buildings	$ 4,081,300	$ 63,864	$ -	$ 4,145,164
Improvements	452,148	127,890	-	580,038
Machinery and Equipment	3,904,821	240,186	166,695	3,978,312
Office Equipment	86,245	-	9,195	77,050
Total Other Capital Assets at historical cost	$ 8,524,514	$ 431,940	$ 175,890	$ 8,780,564
Less Accumulated Depreciation for				
Buildings	$ 908,275	$ 100,487	$ -	$ 1,008,762
Improvements	316,209	24,563	-	340,772
Machinery and Equipment	2,021,774	239,689	164,045	2,097,418
Office Equipment	26,272	8,826	9,195	25,903
Total Accumulated Depreciation	$ 3,272,530	$ 373,565	$ 173,240	$ 3,472,855
Other Capital Assets, Net	$ 5,251,984	$ 58,375	$ 2,650	$ 5,307,709
Governmental Activities Capital Assets, Net	$ 5,725,413	$ 59,815	$ 30,802	$ 5,754,426

Upon adoption of GASB 34 financial reporting, the Township elected to use the prospective method of reporting its infrastructure assets. Under the prospective method, no value was assigned to the existing roads, bridges and other infrastructure. Only the rights of way were recorded. Subsequent to the adoption of GASB 34, the cost of new roads, bridges and major improvements thereto are to be capitalized. New infrastructure was acquired for $1,440 during fiscal year 2015.

Depreciation expense was charged to functions as follows:

NOTE 4 - CAPITAL ASSETS (Continued)

Governmental Activities	
General Government	$ 121,373
Parks and Recreations	9,494
Highways and Streets	242,698
Total Governmental Activities Depreciation Expense	$ 373,565

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended March 31, 2015 was as follows:

	Balance April 1, 2014	Additions	Retirements	Balance March 31, 2015	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
Bonds Payable	$ 165,233	$ -	$ 70,135	$ 95,098	$ 73,084
Other Long-Term Obligations					
Compensated Absences	46,467	6,754	-	53,221	-
Total Long-Term Obligations	$ 211,700	$ 6,754	$ 70,135	$ 148,319	$ 73,084

Bonds payable consist of the following at March 31, 2015:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
Bonds Payable	6/25/2015	4.47%	$ 148,674	$ 51,784
Bonds Payable	9/1/2016	3.30%	63,924	43,314

At March 31, 2015 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending March 31	Principal	Interest	Total
2016	$ 73,084	$ 3,813	$ 76,897
2017	22,014	738	22,752
	$ 95,098	$ 4,551	$ 99,649

NOTE 6 - INTERFUND BALANCES

Interfund balances at March 31, 2015 consisted of the following:

Due from	Due to	Amount
General Fund	General Assistance Fund	$ 6,500
Road and Bridge Fund	General Fund	800

Interfund loans are for payroll liabilities and postage.

NOTE 7 - DEFICIT FUND BALANCE

There were no funds which reflected a deficit fund balance as of March 31, 2015.

NOTE 8 - PROPERTY TAXES

Property taxes recorded in these financial statements are from the 2013 tax levies. A summary of the assessed valuations, rates, and extensions for the years 2014, 2013, and 2012 follows:

TAX YEAR	2014		2013		2012	
ASSESSED VALUATION	$937,650,022		$983,938,068		$1,116,043,462	
	Rate	Extension	Rate	Extension	Rate	Extension
Corporate	0.1844	$ 1,728,792	0.1762	$ 1,728,790	0.1549	$ 1,728,796
General Assistance	0.0157	147,642	0.0150	147,644	0.0132	147,641
*Road and Bridge	0.1650	1,547,123	0.1537	985,531	0.1332	972,015
Permanent Hard Road	0.1899	1,780,982	0.2001	1,962,741	0.1721	1,920,733
	0.5551	$ 5,204,539	0.5450	$ 4,824,706	0.4734	$ 4,769,185

*Extensions for Road and Bridge are shown net, after deducting the portion of the taxes extended which are allocable to the underlying cities and villages.

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended March 31, 2015, no fund had expenditures that exceeded the budget.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the Township's Regular plan members are required to contribute 4.50% 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 required contribution rate for calendar year 2014 was 11.09%. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2014 was $143,835.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund* (Continued)

Annual Pension Cost (Continued)

Three Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	$ 143,835	100%	$ -
12/31/2013	145,054	100%	-
12/31/2012	132,421	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Township's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Township's Regular plan's overfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 110.80% funded. The actuarial accrued liability for benefits was $3,388,296 and the actuarial value of assets was $3,754,110, resulting in an overfunded actuarial accrued liability (UAAL) of $365,814. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was $1,296,982. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

B. *Social Security*

All employees are covered under Social Security. The Township paid the total required contribution for the current fiscal year.

NOTE 11 - INTERFUND TRANSFERS

No interfund transfers were made for the year ended March 31, 2015.

NOTE 12 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTE 12 - RISK MANAGEMENT (Continued)

The Township is a member of the Township Officials of Illinois Risk Management Association (TOIRMA), a joint risk management pool of townships through which property, general liability, automobile liability, uninsured motorists, underinsured motorists, public officials and employees liability, employee benefits liability, and workers' compensation and employers' liability coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Township and TOIRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions for TOIRMA, to report claims on a timely basis, cooperate with TOIRMA, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by TOIRMA. Members have a contractual obligation to fund any deficit of TOIRMA attributable to a membership year during which they were a member.

TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. TOIRMA also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

For each of the past three years, the Township has had no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Township is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended March 31, 2015, there were no significant adjustments in premiums based on actual experience.

NOTE 13 - CONTINGENCIES

The Township is not aware of any litigation which might have a material adverse effect on the Township's financial position.

NOTE 14 - SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 25, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MCHENRY TOWNSHIP
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
MARCH 31, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	$ 3,754,110	$ 3,388,296	$ (365,814)	110.80%	$ 1,296,982	0.00%
12/31/2013	3,746,100	3,522,360	(223,740)	106.35%	1,261,342	0.00%
12/31/2012	3,055,752	3,610,286	554,534	84.64%	1,188,698	46.65%

On a market value basis, the actuarial value of assets as of December 31, 2014 is $4,353,714. On a market basis, the funded ratio would be 128.49%.

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

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
REVENUES			
Property Taxes	$ 1,724,784	$ 1,724,784	$ 1,724,429
Replacement Tax	15,000	15,000	13,180
Interest Income	18,000	18,000	24,274
Rental Income	30,500	30,500	37,345
Grant Income	45,000	45,000	57,978
Senior Transportation Fees	7,300	7,300	7,614
Miscellaneous Income	3,500	3,500	5,552
Total Revenues	$ 1,844,084	$ 1,844,084	$ 1,870,372
EXPENDITURES			
CURRENT			
General Government			
Personnel			
Salaries	$ 285,000	$ 285,000	$ 270,128
Health Insurance	36,000	49,450	47,785
Health Reimbursement Account	20,000	20,000	17,491
Retirement Contribution	40,000	40,000	28,202
Social Security/Unemployment	31,000	31,000	25,128
	$ 412,000	$ 425,450	$ 388,734
Contractual Services			
Maintenance Service - Equipment	$ 2,000	$ 2,000	$ 1,953
Risk Management Premiums	36,000	36,000	27,658
Telephone	4,000	4,000	2,579
Dues	5,000	5,000	1,841
Travel Expense	1,000	1,000	510
Postage	4,000	4,000	378
Printing/Publishing	2,500	2,500	1,093
Township Newsletter	20,000	20,000	18,677
Accounting Service	12,000	12,000	8,499
Nextel/Radio	1,500	1,500	1,380
Legal Service	10,000	10,000	5,322
Website	1,500	1,500	1,045
Training	3,000	3,000	1,137
Bank Fees	-	-	11
Data Processing Support	15,000	15,000	14,033
	$ 117,500	$ 117,500	$ 86,116
Commodities			
Office Supplies	$ 4,000	$ 4,000	$ 3,723
Operating Supplies	1,000	1,000	964
Furniture/Equipment/Software	5,000	5,000	4,657
	$ 10,000	$ 10,000	$ 9,344
Other Expenditures			
Mosquito Abatement	$ 62,000	$ 62,000	$ 61,000
Senior Citizen Service	10,000	10,000	9,834
McHenry County Historical Society	1,000	1,000	1,000
NISRA	6,000	6,000	2,662
McHenry County Recycling Education	650	650	650
Special Events	8,000	8,000	5,244
Nuisance Ordinance Enforcement	5,000	5,000	1,435
Miscellaneous	7,000	7,000	4,532
	$ 99,650	$ 99,650	$ 86,357
Total General Government	$ 639,150	$ 652,600	$ 570,551

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
EXPENDITURES (Continued)			
CURRENT (Continued)			
Directly Funded Community Services			
Personnel			
Salaries	$ 92,200	$ 92,200	$ 91,324
Health Insurance	7,000	7,000	6,024
Health Reimbursement Account	7,200	7,200	1,552
Retirement Contribution	8,000	8,000	6,188
Social Security/Unemployment	9,200	9,200	9,715
	$ 123,600	$ 123,600	$ 114,803
Contractual Services			
Vehicle Maintenance	$ 6,000	$ 6,000	$ 5,817
Nextel/Radio	600	600	520
PACE Lease	4,000	4,000	3,600
Town Fund Contingencies	57,875	36,361	(134)
	$ 68,475	$ 46,961	$ 9,803
Commodities			
Operating Supplies	$ 500	$ 500	$ 479
Other Expenditures			
Miscellaneous	$ 1,500	$ 1,989	$ 1,985
Fuel	12,500	12,500	12,500
	$ 14,000	$ 14,489	$ 14,485
Total Directly Funded Community Services	$ 206,575	$ 185,550	$ 139,570
Parks and Recreation			
Personnel			
Salaries	$ 98,800	$ 98,800	$ 97,022
Overtime	5,000	5,000	2,921
Health Insurance	18,000	24,575	23,849
Health Reimbursement Account	8,000	9,000	9,849
Retirement Contribution	11,000	11,000	9,834
Social Security/Unemployment	11,000	11,000	9,055
	$ 151,800	$ 159,375	$ 152,530
Contractual Services			
Maintenance Service - Building	$ 50,000	$ 50,000	$ 46,581
Maintenance Service - Equipment	12,000	12,000	8,384
Maintenance Service - Vehicles	7,500	7,500	5,598
Equipment Rental	4,300	4,300	2,800
Dues and Subscriptions	500	500	50
Travel	500	500	-
Training	1,000	1,000	60
Nextel/Radio	2,000	2,000	1,501
Utilities - Food Pantry	9,500	9,500	8,680
Utilities - Town Hall	17,000	17,000	15,425
Utilities - WHCC	2,500	2,500	2,216
Utilities - Park Garage	2,500	2,500	2,015
Utilities - Ball Fields	4,500	4,500	1,726
Utilities - Recreation Center	17,000	17,000	15,081
Uniform Services	3,500	3,500	2,840
Security	6,500	6,500	5,577
Fuel	12,500	12,500	12,500
	$ 153,300	$ 153,300	$ 131,034

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
EXPENDITURES (Continued)			
CURRENT (Continued)			
Parks and Recreation (Continued)			
Commodities			
Office Supplies	$ 650	$ 650	$ 423
Operating Supplies	1,000	1,000	591
Small Tools	2,000	2,000	1,729
Grounds Maintenance Supplies	19,000	19,000	18,210
Ball Field Maintenance Supplies	24,000	24,000	20,682
	$ 46,650	$ 46,650	$ 41,635
Other Expenditures			
Miscellaneous	$ 2,000	$ 2,000	$ 195
Total Parks and Recreation	$ 353,750	$ 361,325	$ 325,394
Assessor			
Personnel			
Salaries	$ 245,110	$ 245,110	$ 237,131
Health Insurance	36,000	36,000	24,816
Health Reimbursement Account	11,000	11,000	3,384
Retirement Contribution	25,500	25,500	23,572
Social Security/Unemployment	21,000	21,000	20,850
	$ 338,610	$ 338,610	$ 309,753
Contractual Services			
Maintenance Service - Equipment	$ 3,500	$ 3,500	$ 2,387
Computer Maintenance/Software	30,000	30,000	28,698
Telephone	3,000	3,000	2,352
Dues and Subscriptions	1,700	1,700	1,549
Travel Expense	3,000	3,000	2,138
Postage	900	900	339
Printing/Publishing	800	800	655
Training	3,500	3,500	2,915
Publications	300	300	131
Professional Services	8,000	8,000	1,250
	$ 54,700	$ 54,700	$ 42,414
Commodities			
Office Supplies	$ 2,500	$ 2,500	$ 2,224
Other Expenditures			
Miscellaneous Expenses	$ 3,000	$ 3,000	$ 518
Total Assessor	$ 398,810	$ 398,810	$ 354,909
Total Current	$ 1,598,285	$ 1,598,285	$ 1,390,424
Capital Outlay			
Directly Funded Community Services	$ 50,000	$ 50,000	$ 3,712
Parks and Recreation	259,000	259,000	205,346
Assessor	35,000	35,000	23,505
	$ 344,000	$ 344,000	$ 232,563
Total Expenditures	$ 1,942,285	$ 1,942,285	$ 1,622,987

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (98,201)	$ (98,201)	$ 247,385
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCE	$ (98,201)	$ (98,201)	$ 247,385
FUND BALANCE - APRIL 1, 2014	3,382,649	3,382,649	3,602,712
FUND BALANCE - MARCH 31, 2015	$ 3,284,448	$ 3,284,448	$ 3,850,097

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
REVENUES			
Property Taxes	$ 985,599	$ 985,599	$ 983,048
Replacement Tax	29,000	29,000	29,266
Motor Fuel Tax	-	-	169,018
Road Fines	6,000	6,000	6,768
Interest Income	6,500	6,500	9,341
Grant Income	50	50	-
Miscellaneous Income	5,000	5,000	13,106
Intergovernmental Agreements	100,000	100,000	59,627
Fees	1,100	1,100	1,540
Reimbursements	560	560	449
Total Revenues	$ 1,133,809	$ 1,133,809	$ 1,272,163
EXPENDITURES			
CURRENT			
General Government			
Personnel			
Salaries	$ 117,500	$ 117,500	$ 111,046
Health Insurance	6,500	6,500	5,640
Health Reimbursement Account	2,500	2,500	2,049
Retirement Contribution	8,500	8,500	7,096
Social Security/Unemployment	7,000	7,000	6,400
	$ 142,000	$ 142,000	$ 132,231
Contractual Services			
Telephone	$ 12,000	$ 12,090	$ 12,052
Dues and Subscriptions	1,500	1,500	703
Travel	1,200	1,200	451
Postage	7,500	7,500	6,784
Printing/Publishing	10,000	13,150	13,141
Accounting Services	9,000	9,000	8,964
Legal Services	2,500	3,020	3,005
Training	1,000	1,000	430
Recycling	-	-	(538)
General Insurance	51,000	51,000	41,834
	$ 95,700	$ 99,460	$ 86,826
Commodities			
Office Supplies	$ 2,500	$ 3,000	$ 3,487
Other Expenditures			
Municipal Replacement Tax	$ 4,000	$ 4,000	$ 3,436
Bank Fees	200	200	-
Contingencies	150,000	130,490	-
Miscellaneous	1,500	2,320	2,310
	$ 155,700	$ 137,010	$ 5,746
Total General Government	$ 395,900	$ 381,470	$ 228,290

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
EXPENDITURES (Continued)			
CURRENT (Continued)			
Highways and Roads			
Contractual Services			
Bridge Repair	$ 40,000	$ 40,000	$ -
Maintenance Service - Building	10,000	10,000	5,237
Maintenance Service - Equipment	30,000	30,000	22,918
Maintenance Service - Road	25,000	25,000	210
Wash Bay Recycle System	45,000	45,000	-
Engineering Services	105,000	105,000	176,657
Tree Trimming	2,500	2,500	-
Street Lighting	65,000	65,000	47,049
Utilities	26,000	26,000	20,487
Rentals	100,000	100,000	362
	$ 448,500	$ 448,500	$ 272,920
Commodities			
Maintenance Supplies - Building	$ 2,000	$ 5,380	$ 5,370
Maintenance Supplies - Equipment	38,000	43,700	43,667
Maintenance Supplies - Snow	290,000	290,000	180,233
Maintenance Supplies - Road	45,000	50,350	50,348
Maintenance Supplies - Sand and Gravel	25,000	25,000	14,211
Small Tools	2,000	2,000	1,417
Operating Supplies	36,500	36,500	36,180
Fuel	130,000	130,000	93,156
Sign Replacement Program	25,000	25,000	23,199
	$ 593,500	$ 607,930	$ 447,781
Other Expenditures			
Older Platted Subdivisions	$ 50,000	$ 50,000	$ 5,500
Miscellaneous	3,000	3,000	1,499
Deferred Maintenance	20,000	20,000	9,363
Remediation	10,000	10,000	-
	$ 83,000	$ 83,000	$ 16,362
Total Highway and Roads	$ 1,125,000	$ 1,139,430	$ 737,063
Total Current	$ 1,520,900	$ 1,520,900	$ 965,353
Capital Outlay			
General Government	$ 2,000	$ 2,000	$ 9,189
Highways and Roads	200,000	200,000	132,899
	$ 202,000	$ 202,000	$ 142,088
Debt Service			
Principal Payments	$ -	$ -	$ 70,135
Interest Payments	-	-	6,762
	$ -	$ -	$ 76,897
Total Expenditures	$ 1,722,900	$ 1,722,900	$ 1,184,338

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (589,091)	$ (589,091)	$ 87,825
OTHER FINANCING SOURCES/(USES)			
Proceeds from Sale of Fixed Assets	50,000	50,000	-
NET CHANGE IN FUND BALANCE	$ (539,091)	$ (539,091)	$ 87,825
FUND BALANCE - APRIL 1, 2014	1,652,866	1,652,866	1,627,280
FUND BALANCE - MARCH 31, 2015	$ 1,113,775	$ 1,113,775	$ 1,715,105

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERMANENT ROAD FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
REVENUES			
Property Taxes	$ 1,962,829	$ 1,962,829	$ 1,957,788
Replacement Tax	25,000	25,000	29,685
Interest Income	5,000	5,000	9,204
Miscellaneous Income	100	100	(1,031)
Total Revenues	$ 1,992,929	$ 1,992,929	$ 1,995,646
EXPENDITURES			
CURRENT			
Highways and Roads			
Salaries	$ 635,500	$ 635,500	$ 569,024
IMRF	75,000	75,000	53,413
Social Security and Medicare Contribution	60,000	60,000	49,644
Employee Insurance	85,000	85,000	78,806
HRA	32,000	32,000	18,573
Road Repair and Construction	1,100,000	1,100,000	1,025,255
Bank Fees	200	200	-
Miscellaneous Expense	1,000	1,000	-
Contingencies	125,000	125,000	-
Total Highways and Roads	$ 2,113,700	$ 2,113,700	$ 1,794,715
Total Expenditures	$ 2,113,700	$ 2,113,700	$ 1,794,715
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (120,771)	$ (120,771)	$ 200,931
OTHER FINANCING SOURCES/(USES)	-	-	-
NET CHANGE IN FUND BALANCE	$ (120,771)	$ (120,771)	$ 200,931
FUND BALANCE - APRIL 1, 2014	962,222	962,222	979,404
FUND BALANCE - MARCH 31, 2015	$ 841,451	$ 841,451	$ 1,180,335

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL ASSISTANCE FUND
YEAR ENDED MARCH 31, 2015

	BUDGETED AMOUNTS		
	ORIGINAL	FINAL	ACTUAL
REVENUES			
Property Taxes	$ 148,000	$ 148,000	$ 147,271
Replacement Tax	3,000	3,000	2,893
Interest Income	300	300	324
Donation Income	500	500	463
Miscellaneous Income	2,500	2,500	638
Total Revenues	$ 154,300	$ 154,300	$ 151,589
EXPENDITURES			
CURRENT			
Community Assistance and Services			
Personnel			
Salaries	$ 41,800	$ 41,800	$ 36,513
Health Insurance	3,200	3,200	2,989
Health Reimbursement Account	1,100	1,100	24
Retirement Account	3,000	3,000	2,716
Social Security/Unemployment	4,500	4,500	3,667
	$ 53,600	$ 53,600	$ 45,909
Contractual and Other			
Software	$ 1,200	$ 1,200	$ 1,200
Office Supplies	1,000	1,000	597
Computer Hardware	2,000	2,000	1,427
Catastrophic Insurance	2,360	2,360	2,249
Travel/Training	1,000	1,026	910
Postage	500	500	543
Miscellaneous	1,000	974	279
	$ 9,060	$ 9,060	$ 7,205
General Assistance	$ 100,000	$ 100,000	$ 55,072
Emergency Assistance	$ 150,000	$ 150,000	$ 107,236
Total Community Assistance and Services	$ 312,660	$ 312,660	$ 215,422
Total Expenditures	$ 312,660	$ 312,660	$ 215,422
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (158,360)	$ (158,360)	$ (63,833)
OTHER FINANCING SOURCES/(USES)			
Transfers	158,360	158,360	-
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (63,833)
FUND BALANCE - APRIL 1, 2014	92,371	92,371	92,371
FUND BALANCE - MARCH 31, 2015	$ 92,371	$ 92,371	$ 28,538

See Accompanying Independent Auditor's Report

MCHENRY TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2015

NOTE 1 - BUDGETARY PROCESS

A. The Township Board of Trustees adopts the budgets for all governmental type funds; however, two separate budgets are prepared. The Township budget was passed on May 20, 2014 and the Road District budget was also passed on May 20, 2014. The Township budget was amended on March 12, 2015 and the Road District budget was also amended on March 12, 2015.

1. Town Funds (General, General Assistance, etc.)
   - i. The tentative budget is prepared by the Township Supervisor and filed with the Town Clerk.
   - ii. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least 30 days prior to final action.
   - iii. At least 30 days prior, notice of the public hearing is published in a newspaper published in the town.
   - iv. The tentative budget is adopted by the Town Board of Trustees prior to April 30.
2. Road Fund (Road and Bridge, Permanent Hard Road, etc.)
   - i. The tentative budget is prepared by the Highway Commissioner and filed with the Town Clerk
   - ii. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least 30 days prior to final action.
   - iii. At least 30 days prior, notice of the public hearing is published in a newspaper published in the town.
   - iv. The tentative budget is adopted by the Town Board of Trustees prior to April 30.

B. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budgets are adopted using the modified accrual basis of accounting.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended March 31, 2015, no fund had expenditures that exceeded the budget.