

**TOWNSHIP OF SCHAUMBURG
HOFFMAN ESTATES, ILLINOIS**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2017**

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700
Facsimile (847) 221-5701

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Schaumburg
Hoffman Estates, Illinois

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Township of Schaumburg, Hoffman Estates, Illinois, as of and for the year ended February 28, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the Township of Schaumburg, as of February 28, 2017, 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 12 to the financial statements, in 2017 the Township adopted new accounting guidance, *GASB Statement No. 72, Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended February 28, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information, as listed in the table of contents, for the year ended February 28, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended February 28, 2017, and certain additional procedures, including comparing and recording such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended February 28, 2017.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

Rolling Meadows, IL
June 16, 2017

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis – Unaudited

The Township Supervisor, Town Clerk, Highway Commissioner, the Town Board of Trustees and the employees (management) offer the readers of Township of Schaumburg's financial statements this narrative discussion and analysis of its financial activities for the fiscal year ended February 28, 2017.

This discussion and analysis is designed to:

1. Assist the reader in focusing on significant financial issues,
2. Provide an overview of the Township's financial activity,
3. Identify changes in the Township's financial position (its ability to cope with the next and subsequent year challenges),
4. Identify any material deviations from the financial plan (the approved budgets), and
5. Identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Township's financial statements beginning on page 12.

Financial Highlights

Financial highlights of the Town Fund, General Assistance Fund and the Road & Bridge Fund are summarized as follows:

Town Fund

Property taxes increased \$43,183 from \$4,518,885 to \$4,562,068.

Interest on bank deposits increased \$6,709 from \$11,593 to \$18,302.

Deposits to the pension were down \$143,400 from \$393,400 to \$250,000.

Transportation bus expenses were down \$12,706 from \$85,196 to \$72,489.

Two busses were purchased for \$122,778.

General Assistance

Property taxes increased \$36,988 from \$609,010 to \$645,998.

Donations were down \$16,913 from \$80,678 to \$63,765.

Deposits to the pension were up \$6,300 from \$18,700 to \$25,000.

Emergency Assistance awards were down \$38,803 from \$115,730 to \$76,927.

General Assistance payments were down \$23,692 from \$91,102 to \$67,410.

Road and Bridge Fund

Real estate taxes increased \$18,422 from \$638,062 to \$656,484.

Property and casualty insurance dropped \$30,320 from \$55,393 to \$25,073.

Transferred out \$10,000 to the Town Transportation Department towards the purchase of a bus.

Engineering fees were down \$4,827 from \$13,330 to \$8,503.

Road repair and resurfacing was up \$136,339 from \$127,080 to \$263,419.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Schaumburg's basic financial statements. The Township's basic financial statements include three components:

1. Government-wide financial statements, which present financial information on the Township as a whole;
2. Fund financial statements, which present financial information on each of the Township's major funds; and
3. Notes to the financial statements, which provide additional information concerning both of the above types of financial statements to assist the reader's understanding.

This report also contains other supplementary information in addition to the basic financial statements.

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 liabilities, with the difference between the two reported as Net Position. Over time, increases and decreases in net position may serve as a useful indicator of whether the Township's financial position is improving or deteriorating. The focus of the Statement of Net Position is designed to be similar to bottom-line results for the Township and its governmental activities. This statement combines and consolidates governmental funds current financial resources with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities which are supported, by the Township's general taxes and other resources. This focus is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

The Governmental Activities reflect the Township's basic services including assistance in assessment of property values, assistance to the poor and indigent, maintenance and improvement of roads and bridges, and administration. Property taxes finance the majority of these services.

The Business-type Activities reflect private sector type operations where the fee for the service typically covers all or most all of the cost of operations including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements familiar. However, they focus on the major funds rather than grouping the financial statements by fund types.

The Governmental Major Fund presentation is prepared on a sources and uses of liquid resources basis. This is the manner in which the Budget and Appropriation Ordinance is typically developed. The flow and availability of liquid resources is a clear and appropriate focus for any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

Funds are accounting devices the Township uses to keep track of specific resources of funding and spending on particular programs. Some funds are required by State law; others may be required by bond covenants, as a condition of receiving a grant or other contractual agreement. Further, the Township may establish funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Fund Financial Statements also allow the Township to report on its administration of its fiduciary fund: the Pension Fund. While these funds represent trust and agency responsibilities of the Township, the assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, this fund is not presented as part of the Governmental Financial Statements.

Infrastructure Assets

Historically, the Township's largest group of assets (infrastructure, buildings, equipment, vehicles, etc.) have not been reported nor depreciated in governmental financial statements. These assets are valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must depreciate these assets over their estimated useful lives.

Notes to 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. A budgetary comparison has been provided for the Major Funds as required supplementary information.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Changes in Net Position – The Township of Schaumburg's Net Position increased \$453,571. The Component Unit's Net Position increased \$7,503, or 62.1%. The following table presents a summary of the Township and Component Unit's net position at February 28, 2017 compared to February 29, 2016.

Table 1
Statement of Net Position
As of February 28, 2017
(Compared With February 29, 2016)

	Governmental Activities		Component Unit	
	2017	2016	2017	2016
Assets:				
Current and Other Assets	\$ 10,866,331	\$ 10,567,639	\$ 19,593	\$ 12,090
Capital Assets, Net of Depreciation	3,843,354	3,770,590	-	-
Total Assets	14,709,685	14,338,229	19,593	12,090
Deferred Outflows of Resources:				
Pensions	379,127	445,141	-	-
Total Deferred Outflows of Resources	379,127	445,141	-	-
Liabilities:				
Other Liabilities	70,991	90,435	-	-
Noncurrent Liabilities:				
Due in More Than One Year	352,440	640,672	-	-
Total Liabilities	423,431	731,107	-	-
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	5,902,023	5,880,610	-	-
Pensions	138,134	-	-	-
Total Deferred Inflows of Resources	6,040,157	5,880,610	-	-
Net Position:				
Net Investment in Capital Assets	3,843,354	3,770,590	-	-
Restricted	1,206,690	1,058,900	-	-
Unrestricted	3,575,180	3,342,163	19,593	12,090
Total Net Position	\$ 8,625,224	\$ 8,171,653	\$ 19,593	\$ 12,090

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results for Activities - which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in the amount invested in capital assets and an increase in the related net debt. This will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase net investment in capital assets.

TOWNSHIP OF SCHAUMBURG
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2017

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets Through Depreciation - which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Township of Schaumburg's combined net position of \$8,625,224 was up \$453,571 over the \$8,171,653 reported last year.

Total assets were up \$371,456. Cash and investments were down \$50,278, receivables were up \$349,970 and capital assets, net of accumulated depreciation, were up \$72,764.

At the same time, total liabilities and deferred inflows decreased \$148,129. Unavailable property tax and deferred pension inflows increased \$159,547 while accounts payable and accrued expenses were down \$19,886. Amounts due to other governments and funds increased \$442. Non-current liabilities due in over one year decreased \$288,232.

Table 2
Changes in Net Position
For the Fiscal Year Ended February 28, 2017
(Compared With Year Ended February 29, 2016)

	Governmental Activities		Change
	2017	2016	
Revenues:			
Program Revenues:			
Charges for Service	\$ 96,783	\$ 93,253	\$ 3,530
Operating Grants and Contributions	62,331	108,817	(46,486)
General Revenues:			
Property Taxes	5,864,550	5,765,957	98,593
Corporate Replacement Taxes	99,041	105,377	(6,336)
(Loss) on Disposition of Assets	(22,089)	(9,873)	(12,216)
Investment Earnings	22,405	14,069	8,336
Total Revenues	<u>6,123,021</u>	<u>6,077,600</u>	<u>45,421</u>
Expenses:			
Governmental Activities:			
General Government	2,863,593	3,328,427	(464,834)
Human Services & Public Welfare	2,202,795	2,115,841	86,954
Home Relief	147,253	208,354	(61,101)
Roads and Bridges	245,278	233,148	12,130
Depreciation - Unallocated	210,531	191,430	19,101
Total Expenses	<u>5,669,450</u>	<u>6,077,200</u>	<u>(407,750)</u>
Change in Net Position	453,571	400	453,171
Net Position - Beginning	<u>8,171,653</u>	<u>8,171,253</u>	<u>400</u>
Net Position - Ending	<u>\$ 8,625,224</u>	<u>\$ 8,171,653</u>	<u>\$ 453,571</u>

Revenues

Economic Condition - Can reflect a declining, stable or growing economic environment and has a substantial impact on certain revenues as well as public spending habits for construction and volumes of construction.

Increase/Decrease in Township Approved Rates - While certain tax rates are set by statute, the Township Board has significant authority to impose and periodically increase/decrease some rates.

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) - Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income - The Township's investment portfolio is managed using a shorter average maturity than many governments, and the market condition may cause investment income to fluctuate more than alternative longer-term options.

Expenses

Introduction of New Programs - Within the functional expense categories (Human Services, Financial Assistance, Roads, Police Protection, etc.) individual programs may be added or discontinued to meet changing community needs.

Increase in Authorized Personnel - Changes in service demand may cause the Township Board to increase/decrease authorized staffing.

Salary Increases (annual adjustments and merit) - The ability to attract and retain human and intellectual resources requires the Township to strive to approach a competitive salary range position in the marketplace.

Inflation - While overall inflation appears to be reasonably modest; the Township is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

Governmental Activities

Revenues for the 2016-2017 fiscal year totaled \$6,123,021, an increase of \$45,421 over the \$6,077,600 reported a year ago. Taxes were up \$98,593. Program revenues decreased by \$42,956. Earnings from replacement taxes, interest, rents, grants, and other were down \$10,216.

The Township's expenses for governmental activities were \$5,669,450, down \$407,750 from \$6,077,200 in 2016. The general governmental activities were down \$464,834. Human Services and Public Welfare increased \$86,954. Home Relief expenses decreased \$61,101. Roads and Bridges increased \$12,130. Depreciation expense - unallocated increased \$19,101.

Table 3
Net Cost of Governmental Services
For the Fiscal Year Ended February 28, 2017 and February 29, 2016

Functions/ Programs	Cost of Services			
	2017		2016	
	Total	Net	Total	Net
General Government	\$ 2,863,593	\$ 2,769,523	\$ 3,328,427	\$ 3,208,672
Human Services & Public Welfare	2,202,795	2,139,030	2,115,841	2,035,163
Home Relief	147,253	147,253	208,354	208,354
Roads and Bridges	245,278	243,999	233,148	231,511
Depreciation - unallocated	210,531	210,531	191,430	191,430
Total Primary Government	\$ 5,669,450	\$ 5,510,336	\$ 6,077,200	\$ 5,875,130

Summary and Highlights

- The cost of all Governmental Activities for the year was \$5,669,450.
- Some of the cost was financed by charges for services of \$96,783.
- The Township's net costs (\$5,510,336) were financed by property taxes of \$5,864,550.
- Other governmental revenues totaled \$161,688.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The fiscal year 2016-2017 was a good year for the Township. The fund balances were up \$296,723. The Town Fund balance was up \$148,933 to \$3,686,627. The General Assistance Fund balance was up \$148,874 to \$714,245. The Road and Bridge Fund balance was down \$1,084 to \$492,445 and the Debt Services Fund balance was zero.

Town Fund

The Town Fund balance increased \$148,933. This was a 4.20% increase in the fund balance and \$12,160 more than the \$136,773 increase reported in 2016. Fund revenues of \$4,736,360 were \$20,245 more than in 2016, while expenditures in 2017 were \$4,614,427, which is \$20,585 more than 2016.

General Assistance

The General Assistance Fund balance increased \$148,874. This was a 26.3% increase in the fund balance. Revenues were up \$19,544 to \$737,578 in 2017. Expenses decreased \$40,320 from \$629,024 in 2016 to \$588,704 in 2017.

Road and Bridge

The Road and Bridge Fund balance decreased \$1,084. This was a 0.2% decrease in the fund balance. The fund balance increased \$109,877 in 2016. Revenues were up \$17,848 from \$653,324 in 2016, to \$671,172 in 2017. Expenses increased \$118,809 from \$543,447 in 2016 to \$662,256 in 2017. A \$10,000 donation was made to the Town Fund.

General Fund Budgetary Highlights

The Budget and Appropriation Ordinances were adopted on April 27, 2016. However, the Board did approve transfers between budget line items to increase line items that were over budget by taking from line items under budget. This did not change the total appropriations.

Table 4
Revenues vs. Budget
For Fiscal Year ended February 28, 2017

<u>General Town Fund</u>	<u>Original and Final Budget</u>	<u>2017 Actual</u>
Revenues:		
Taxes:		
Property taxes	\$ 4,487,000	\$ 4,562,068
Corporate replacement taxes	60,000	61,920
Other	89,600	112,372
Total Revenues	<u>4,636,600</u>	<u>4,736,360</u>
Expenses:		
Expenditures	<u>5,035,499</u>	<u>4,614,427</u>
Other Financing Sources:		
Transfers in	10,000	10,000
Proceeds on disposition of assets	<u>-</u>	<u>17,000</u>
Total Other Financing Sources	<u>10,000</u>	<u>27,000</u>
Net Change in Fund Balance	<u>\$ (388,899)</u>	<u>\$ 148,933</u>

Capital Assets (See Note 7 for additional details)

At the end of February 2017, the Township had a combined total of \$6,283,814 invested in a broad range of capital assets including land, buildings, trucks, roads, machinery and equipment. The accumulated depreciation of these assets is \$2,440,460. Total capital assets, net of depreciation, were \$3,843,354. The net increase in capital assets this year is \$72,764.

Table 5
Capital Assets at Year End, Net of Depreciation
For the Fiscal Year Ended February 28, 2017 and February 29, 2016

<u>Capital Asset Class</u>	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2017</u>	<u>2016</u>	
Land	\$ 136,904	\$ 136,904	0.00%
Buildings	1,837,806	1,925,068	-4.53%
Equipment	187,976	179,083	4.97%
Transportation Equipment	514,277	507,342	1.37%
Roads	<u>1,166,391</u>	<u>1,022,193</u>	14.11%
Totals	<u>\$ 3,843,354</u>	<u>\$ 3,770,590</u>	1.93%

Long Term Debt (See Note 8 for additional details.)

At February 28, 2017, debt service requirements include compensated absences of \$140,080 and pension obligations of \$212,360.

Economic Factors

The Township of Schaumburg depends mainly on property tax revenues and charges for services. Non-tax revenues of interest, donations, grants and fees are now down to 1.9% of our income. The cost of running the Township and the providing of services to our clients continues to rise. While tax increases are limited to the increase in the consumer price index. And taxpayers are concerned about the amount of real estate taxes they are paying. For that reason, the Township must find ways to continue to help residents while holding the line on expenses.

Requests for Information

This financial report is designed to provide a general overview of 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, Township of Schaumburg, One Illinois Blvd., Hoffman Estates, IL 60169.

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BASIC FINANCIAL STATEMENTS

TOWNSHIP OF SCHAUMBURG
STATEMENT OF NET POSITION
FEBRUARY 28, 2017

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 4,354,078	\$ 19,593
Investments	1,203,354	-
Receivables, net of allowance for uncollectibles	5,308,899	-
Capital assets not being depreciated:		
Land	136,904	-
Capital assets, net of accumulated depreciation:		
Buildings	1,837,806	-
Infrastructure - roadways	1,166,391	-
Equipment	187,976	-
Transportation and vehicular equipment	514,277	-
Total Assets	14,709,685	19,593
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	379,127	-
Total Deferred Outflows of Resources	379,127	-
LIABILITIES		
Accounts payable	70,000	-
Due to other governments	991	-
Noncurrent liabilities:		
Due in more than one year	352,440	-
Total Liabilities	423,431	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	5,902,023	-
Pensions	138,134	-
Total Deferred Inflows of Resources	6,040,157	-
NET POSITION		
Net investment in capital assets	3,843,354	-
Restricted for:		
General Assistance	714,245	-
Road and Bridge	492,445	-
Unrestricted	3,575,180	19,593
Total Net Position	\$ 8,625,224	\$ 19,593

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2017

FUNCTIONS/ PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
GOVERNMENTAL ACTIVITIES:						
General government	\$ 2,863,593	\$ 81,900	\$ 12,170	\$ -	\$ (2,769,523)	\$ -
Human services & public welfare	2,202,795	13,604	50,161	-	(2,139,030)	-
Home relief	147,253	-	-	-	(147,253)	-
Roads and bridges	245,278	1,279	-	-	(243,999)	-
Depreciation - unallocated*	210,531	-	-	-	(210,531)	-
Total Primary Government	<u>\$ 5,669,450</u>	<u>\$ 96,783</u>	<u>\$ 62,331</u>	<u>\$ -</u>	<u>(5,510,336)</u>	<u>-</u>
COMPONENT UNIT:						
Township of Schaumburg						
Schaumburg Township						
Foundation Fund	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 9,103</u>	<u>\$ -</u>		<u>7,503</u>
GENERAL REVENUES:						
Taxes:						
Property taxes, levied for general purposes					5,864,550	-
Personal property replacement taxes					99,041	-
Unrestricted investment earnings					22,405	-
(Loss) on disposition of capital assets					<u>(22,089)</u>	<u>-</u>
Total General Revenues					<u>5,963,907</u>	<u>-</u>
CHANGE IN NET POSITION					453,571	7,503
NET POSITION - FEBRUARY 29, 2016					<u>8,171,653</u>	<u>12,090</u>
NET POSITION - FEBRUARY 28, 2017					<u>\$ 8,625,224</u>	<u>\$ 19,593</u>

* This amount excludes the depreciaton that is included in the direct expenses of the various programs.

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
FEBRUARY 28, 2017

	Town Fund	General Assistance Fund	Road and Bridge Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,284,756	\$ 640,606	\$ 428,716	\$ 4,354,078
Investments	936,083	138,166	129,105	1,203,354
Receivables, net of allowance for uncollectibles	4,123,516	568,439	616,944	5,308,899
Interfund receivable	-	7,567	-	7,567
Total Assets	<u>\$ 8,344,355</u>	<u>\$ 1,354,778</u>	<u>\$ 1,174,765</u>	<u>\$ 10,873,898</u>
LIABILITIES				
Accounts payable	\$ 64,570	\$ 3,221	\$ 2,209	\$ 70,000
Interfund payable	7,567	-	-	7,567
Due to other governments	-	-	991	991
Total Liabilities	<u>72,137</u>	<u>3,221</u>	<u>3,200</u>	<u>78,558</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,585,591	637,312	679,120	5,902,023
Total Deferred Inflows of Resources	<u>4,585,591</u>	<u>637,312</u>	<u>679,120</u>	<u>5,902,023</u>
FUND BALANCES				
Restricted:				
General Assistance	-	714,245	-	714,245
Road and Bridge	-	-	492,445	492,445
Committed:				
Capital improvement and repair	300,000	-	-	300,000
Senior Citizens Program	300,000	-	-	300,000
Assigned:				
Subsequent budgetary expenditures	358,000	-	-	358,000
Unassigned	2,728,627	-	-	2,728,627
Total Fund Balances	<u>3,686,627</u>	<u>714,245</u>	<u>492,445</u>	<u>4,893,317</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,344,355</u>	<u>\$ 1,354,778</u>	<u>\$ 1,174,765</u>	<u>\$ 10,873,898</u>

(Continued)

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2017

Total fund balances - governmental funds (Exhibit C) \$ 4,893,317

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

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the Township as a whole.

Cost of capital assets:		
Land	\$ 136,904	
Buildings and improvements	3,290,111	
Infrastructure - roadways	1,721,590	
Machinery and equipment	360,859	
Transportation equipment	<u>774,350</u>	
Total cost of capital assets	6,283,814	
Accumulated depreciation	<u>(2,440,460)</u>	
Net investment in capital assets		3,843,354

Certain revenues receivable by the Township and recognized in the governmental funds balance sheet do not provide current financial resources and are deferred in the Statement of Net Position.

Pensions	(138,134)
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Deferred charges included in the Statement of Net Position are not available to pay for current period revenues and, therefore, is not recognized in the governmental funds balance sheet.

Pensions	379,127
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Compensated absences payable	(140,080)	
Net pension obligation	<u>(212,360)</u>	<u>(352,440)</u>

Total net position of governmental activities (Exhibit A)		<u><u>\$ 8,625,224</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 28, 2017

	Town Fund	General Assistance Fund	Road and Bridge Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,562,068	\$ 645,998	\$ 656,484	\$ 5,864,550
Corporate replacement taxes	61,920	25,544	11,577	99,041
Earnings on investments	18,302	2,271	1,832	22,405
Rental	2,050	-	-	2,050
Donations	12,170	50,161	-	62,331
Charges for services	71,228	13,604	1,279	86,111
Other	8,622	-	-	8,622
Total Revenues	4,736,360	737,578	671,172	6,145,110
EXPENDITURES				
Current				
General Government	2,341,501	441,451	271,665	3,054,617
Human Services & Public Welfare	2,202,795	-	-	2,202,795
Home relief - General Assistance	-	67,410	-	67,410
Home relief - Emergency Assistance	-	76,927	-	76,927
Roads and bridges	-	-	117,554	117,554
Capital Outlay				
Equipment	-	2,916	1,115	4,031
Buildings	70,131	-	-	70,131
Road improvements	-	-	271,922	271,922
Total Expenditures	4,614,427	588,704	662,256	5,865,387
EXCESS OF REVENUES OVER EXPENDITURES	121,933	148,874	8,916	279,723
OTHER FINANCING SOURCES AND (USES)				
Transfer to Town Fund	-	-	(10,000)	(10,000)
Transfer from Road and Bridge Fund	10,000	-	-	10,000
Proceeds on Disposition of Assets	17,000	-	-	17,000
Total Other Financing Sources and (Uses)	27,000	-	(10,000)	17,000
NET CHANGE IN FUND BALANCES	148,933	148,874	(1,084)	296,723
FUND BALANCE - BEGINNING	3,537,694	565,371	493,529	4,596,594
FUND BALANCE - ENDING	\$ 3,686,627	\$ 714,245	\$ 492,445	\$ 4,893,317

(Continued)

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2017

Total net change in fund balances - governmental funds (Exhibit D) \$ 296,723

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. Capital outlays for items below the Township's capitalization policy limits and repairs and maintenance are expensed.

Depreciation expense	\$ (286,519)	
Capital outlay	<u>398,372</u>	111,853

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

Compensated absences	(9,609)	
Pensions	93,693	
Net basis of assets sold	<u>(39,089)</u>	<u>44,995</u>

Change in net position of governmental activities (Exhibit B) \$ 453,571

TOWNSHIP OF SCHAUMBURG
STATEMENT OF FIDUCIARY NET POSITION
EMPLOYEE PENSION PLAN
FEBRUARY 28, 2017

	<u>Township Employees Pension Fund</u>
ASSETS	
Cash and cash equivalents	\$ 81,405
Investments, at fair value	3,905,933
Interest receivable	<u>5,885</u>
 Total Assets	 <u>3,993,223</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>3,993,223</u>
 Total Net Position	 <u><u>\$ 3,993,223</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE PENSION PLAN
YEAR ENDED FEBRUARY 28, 2017

	<u>Township Employees Pension Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 299,000
Investment earnings:	
Investment income	70,724
Net increase in the fair value of investments	<u>350,680</u>
Total investment earnings	<u>421,404</u>
Total Additions	<u>720,404</u>
DEDUCTIONS	
Benefits	285,906
Administrative expenses	<u>16,977</u>
Total Deductions	<u>302,883</u>
CHANGE IN NET POSITION	417,521
NET POSITION - BEGINNING	<u>3,575,702</u>
NET POSITION - ENDING	<u><u>\$ 3,993,223</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Schaumburg, Hoffman Estates, Illinois (the “Township”) was incorporated on April 2, 1850. The Township operates under the Township Act (60 ILCS) and the Revenue Code (35 ILCS) of the *Illinois Compiled Statutes* (ILCS). The Township provides the following services as authorized by its charter: maintenance of roads in the unincorporated area, senior and disabled services, mental health services including individual and family counseling, general assistance, property tax related matters and general administrative services.

The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles or GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township’s accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

The Township has a separately elected Board, the power to levy taxes, the authorization to expend funds, the responsibility to designate management, the ability to prepare and modify the annual budget and the authority to issue debt. Therefore, the Township is not included as a component unit of any other entity.

Discretely Presented Component Unit

The Schaumburg Township Foundation Fund has been included as a discretely presented component unit of the Township. The component unit column in the basic financial statements includes the financial data of the Schaumburg Township Foundation Fund. The component unit is reported in a separate column to emphasize that it is legally separate from the Township.

B. Basis of Presentation

The Township’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. (The Township of Schaumburg has no business-type activities for which a separate accounting is required). Likewise, the Township, as the primary government, is reported separately from certain legally separate component units for which the primary government is financially accountable.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Government Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. (There are no proprietary funds within the Township).

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Government Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within thirty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The funds of the Township are described below:

Governmental Funds

General Fund – The general fund is the Township's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Special revenue funds of Schaumburg Township include the General Assistance Fund and the Road and Bridge Fund. The General Assistance Fund was established to assist in providing community services such as senior and disabled services, individual and family counseling, and other general assistance. The Road and Bridge Fund was established for the maintenance of roads in unincorporated areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fiduciary Funds (not included in governmental-wide statements)

Fiduciary Funds – Fiduciary funds are used to account for assets held by the Township in a trust capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The fiduciary funds were created to fund the Schaumburg Township Employee Pension Plan and the Schaumburg Township 403(B) Employer Matching Retirement Plan.

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township, is considered by the Township to be major, or meets the following criteria:

- 1) Total assets, liabilities, revenues, or expenditures of that individual governmental or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type; and
- 2) Total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

The Township has classified all funds as major.

The funds classified as major are as follows:

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

General Assistance Fund – A special revenue fund used to account for the Township's general assistance program.

Road and Bridge Fund – A special revenue fund used to account for the maintenance of roads within the Township.

D. Net Position/Fund Balance Reporting

Government-Wide Reporting

For the Government-Wide Financial Statements, net positions are reported as follows:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

Restricted net position – Consists of net positions with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation. The Township's restricted net position consists of \$714,245 in the General Assistance Fund and \$492,445 in the Road and Bridge Fund.

Unrestricted net position – Consists of all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, and then unrestricted resources as they are needed.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Balances

Governmental fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned and Unassigned:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted – Restricted fund balances are restricted when constraints are placed on their 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.

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.

Unassigned – Unassigned fund balance is the residual classification for the Town Fund. This classification represents the Town Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the Town Fund.

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

E. Cash and Cash Equivalents and Investments

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

Investments with a maturity of one year or less when purchased and all non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. All investments of the pension trust fund, regardless of length of maturity, are reported at fair value. Fair value is based on published market quotes as of February 28, 2017.

Under Illinois law, the Township is restricted to investing funds in specified types of investment instruments. The following generally represent the types of instruments allowable by State Law:

1. Securities issued or guaranteed by the United States.
2. Interest-bearing accounts of bank and savings and loans insured up to \$250,000 by the Federal Deposit Insurance Corporation.
3. Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million rated in the highest classification by at least two rating agencies.
4. Insured accounts of an Illinois credit union chartered under United States or Illinois law.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5. Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these types of obligations.
6. The Illinois Funds.

In addition, the Pension Trust Fund is also permitted to invest in the following instruments:

1. Repurchase agreements, which meet instrument transaction requirements of Illinois law.
2. General accounts of Illinois-licensed life insurance companies.
3. Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds and real estate, limited to 10% of the funds' investments and mutual funds limited to 35% of the funds' investments.
4. Bonds issued by the State of Illinois, or any county, city, township, municipal corporation, incorporated town or school district in Illinois.
5. Tax anticipation warrants issued by any city, township, incorporated town or fire protection district in Illinois.
6. Mutual funds.

F. Receivables

Receivables consist primarily of property taxes, intergovernmental and other miscellaneous amounts due the Township.

G. Employees' Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of compensation until future years. The deferred amount is not available to employees until termination, retirement, death or unforeseeable emergency. The assets have been placed in trust for the benefit of the employees and, accordingly, are not reported in these financial statements.

H. Vacation and Compensation Time Liability

Township employees are given vacation days to take by the end of the annual anniversary date of hire that they may carry over to the next year with a maximum of twice that of which they are entitled to in a single year. Terminated employees are reimbursed for any accumulated unpaid vacation days. The amount of such accumulated vacation benefits at February 28, 2017 is \$134,772.

Compensation time accrued at February 28, 2017 is \$5,308.

I. Capital Assets

In government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets that exceed a capitalization threshold are capitalized and valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets that are recorded at their estimated fair value at the date of donation. The Township capitalizes assets purchased or acquired with an original cost of \$5,000 or more for equipment and transportation equipment, and \$20,000 or more for land, buildings and improvements. Prior to March 1, 2004, infrastructure assets were not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over estimated useful lives using the straight-line method of depreciation.

TOWNSHIP OF SCHAUMBURG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Buildings and improvements and furniture and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-40
Infrastructure	20
Equipment and vehicles	5-10

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

J. Long-term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for government funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

K. Comparative Data and Reclassifications

Comparative totals for the prior year have not been presented in the accompanying financial statements.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for this category—pensions (\$379,127) reported in the government-wide statement of position. This result is from the differences between expected and actual experience, the net differences projected and actual investment earnings on plan investments, changes of assumptions, and changes in proportion and differences between contributions and proportion share of contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. The first is unavailable revenue unavailable revenue (\$5,902,023); it is reported in both the government-wide statement of position and in the governmental funds balance sheet. The item for unavailable revenue is from property taxes. The second is pensions (\$138,134), which is a result of the same reasons listed for deferred outflows of resources—pensions. These items amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Program Revenues

Amounts reported as program revenues include 1) Services provided and fees and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather as program revenues.

O. Personal Property Replacement Taxes

Personal property replacement tax revenues are allocated across funds and to other governmental entities at the same rate since inception in the 1970's. At the time, allocation was based on the size of the towns and library in relation to the rest of the area.

P. Property Taxes

The Township must file its tax levy ordinance by the last Tuesday in December of each year. The 2016 levy, collectible in 2017 was adopted on December 21, 2016. The Township's property tax is levied each calendar year on all taxable real property located in the Township.

The County Assessor is responsible for the assessment of all taxable real property within Cook County (the County), except for certain railroad property which is assessed directly by the State. Reassessments occur based on market conditions. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments on or about March 1 and August 1 during the following year.

In the government-wide financial statements revenue is recognized based on the period that the levy is intended to finance. Based upon collection histories, the Township has provided an allowance for uncollectible real property taxes equal to 1.0% of the current extension. All property taxes receivable over one year old have been written off.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Township Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Cash and investments are held separately by several of the Township's funds. The Township invests these funds pursuant to an investment policy established by the Board of Trustees. Investments consist solely of certificates of deposit and Illinois Funds.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of February 28, 2017, the carrying amount of the Township's deposits totaled \$4,352,778 excluding cash on hand, and the Township's bank balances totaled \$4,383,100. All deposits were covered by federal depository insurance or by collateral held by the Township or its agent in the Township's name. Cash on hand of \$1,300 has been excluded from the "Deposits and Investments" shown below.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township invests in certificates of deposit and money market accounts. As of February 28, 2017, the carrying amount and bank balances of the Township's investments totaled \$1,203,353. At February 28, 2017, investments in certificates of deposit were covered by federal depository insurance or by collateral held by the Township or its agent in the Township's name.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

During the fiscal year ended February 28, 2017, the Township's deposits and investments are insured as follows:

Deposits and Investments	Governmental Funds
Insured	\$ 749,042
Collateralized	
Collateral Held by the Pledging Bank's/Brokerage Firm's Trust Departments in the Name of the Township	4,837,411
Total Deposits and Investments	\$ 5,586,453

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in The Illinois Funds are valued at Illinois Fund's net assets value (NAV) per share price, which is the price at which the investment could be sold, as determined by the pool.

Annual financial audits for The Illinois Funds are available at the Illinois State Treasurer's website, www.treasurer.il.gov/programs/illinois-funds/annual-financial-audit.aspx.

Interest Rate Risk. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations, while providing a reasonable rate of return based on the current market.

Credit Risk and Fair Value Disclosure. Under Illinois law, the Township is restricted to investing funds in specified types of investment instruments. As mentioned earlier, non-negotiable certificates of deposit are stated at amortized cost and the Illinois Funds is measured at net asset value. During the fiscal year ended February 28, 2017, the Township invested in certificates of deposit and the Illinois Funds with investment maturities and fair value disclosures as follows:

Investment Type	02/28/2017	Investment Maturity Less Than One Year
Investments Measured at the Amortized Cost:		
Certificates of Deposit	\$ 499,042	\$ 499,042
Investments Measured at the Net Asset Value (NAV):		
The Illinois Funds	704,311	704,311
Total Investments - Township	\$ 1,203,353	\$ 1,203,353

B. Township Pension Plan Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Cash and investments are held separately for the Township's fiduciary funds - Pension Fund. The Township invests these funds pursuant to an investment policy established by the Board of Trustees. Investments consist of fixed income, mutual funds and equity securities.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of February 28, 2017, the carrying amount of the Township's deposits and bank balances totaled \$81,405. Deposits of \$81,405 are covered by federal depository insurance.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township invests in fixed income, mutual funds and equity securities. As of February 28, 2017, the carrying amount and bank balances of the Township's investments totaled \$3,905,933. Deposits of \$886,277 are guaranteed by the U.S. government and \$3,019,656 is not covered by federal depository insurance or by collateral.

Concentration Risk. Please see Note 9 – Employee Retirement System for information on Asset Allocation and Concentrations.

Credit Risk. Under Illinois law, the Township is restricted to investing funds in specified types of investment instruments. During the fiscal year ended February 28, 2017, the Township invested in mutual funds, equities, and fixed income with investment maturities as follows:

Investment Type	Fair Value	Investment Maturity			
		Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Debt Securities					
U.S. Treasuries	\$ 597,750	\$ -	\$ 317,798	\$ 279,952	\$ -
Agency Securities	288,527	105,630	182,897	-	-
Corporate Bonds	161,469	45,635	115,834	-	-
Mortgage Pools	11,034	-	-	-	11,034
Equity Securities					
Mutual Funds	2,067,347	2,067,347	-	-	-
Equities	779,806	779,806	-	-	-
Totals	\$ 3,905,933	\$ 2,998,418	\$ 616,529	\$ 279,952	\$ 11,034

Fair Value Measurements and Disclosures. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels of inputs as follows:

- *Level 1* – Inputs are quoted prices (unadjusted) of identical instruments in active markets that the reporting entity has the ability to access as of the measurement date.
- *Level 2* – Inputs are quoted prices of similar instruments in active markets, quoted prices for identical similar instruments that are not active, inputs other than quoted prices used in a valuation model that are observable for that instrument, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3* – One or more inputs used in valuation technique are unobservable and significant to overall fair value measurement.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Determination of fair value and the resulting hierarchy required the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The Township utilizes quoted market prices as estimates of the fair value of its financial instruments. Cash and Money Market Funds are not considered under fair value reporting as a level.

The following table presents the financial instruments measured at fair value for the Township Pension Plan as of February 28, 2017 by the valuation hierarchy:

Investment Type	02/28/2017	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities				
U.S. Treasuries	\$ 597,750	\$ 597,750	\$ -	\$ -
Agency Securities	288,527	105,630	182,897	-
Corporate Bonds	161,469	45,635	115,834	-
Mortgage Pools	11,034	-	11,034	-
Equity Securities				
Mutual Funds	2,067,347	2,067,347	-	-
Equities	779,806	779,806	-	-
Total Investments - Pension	<u>\$ 3,905,933</u>	<u>\$ 3,596,168</u>	<u>\$ 309,765</u>	<u>\$ -</u>

NOTE 3 – RECEIVABLES

Receivable amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for financial statement presentation. Below is the detail of receivables for the Town Fund, the General Assistance Fund and the Road and Bridge Fund, including the applicable allowances for uncollectible accounts:

Receivables	Town	General Assistance	Road and Bridge	Total
Property taxes	\$ 4,145,746	\$ 574,877	\$ 616,088	\$ 5,336,711
Personal property replacement taxes	22,327	-	2,144	24,471
Interest	1,762	-	-	1,762
Other accounts receivable	-	-	5,572	5,572
Gross receivables	4,169,835	574,877	623,804	5,368,516
Less: allowance for uncollectibles	<u>(46,319)</u>	<u>(6,438)</u>	<u>(6,860)</u>	<u>(59,617)</u>
Net receivables	<u>\$ 4,123,516</u>	<u>\$ 568,439</u>	<u>\$ 616,944</u>	<u>\$ 5,308,899</u>

NOTE 4 – PROPERTY TAXES

The Township's property tax is levied each year on all taxable real property located in the Township on or before the last Tuesday in December. The 2016 levy was adopted on December 21, 2016, and the 2015 levy was passed by the Board on December 16, 2015. Property taxes attach as an enforceable lien on property as of January 1, of the Levy year, and are payable in two installments on approximately March 1 and August 1 of the year subsequent to the levy year. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded on these financial statements are from the 2016 and 2015 tax levy years.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 4 – PROPERTY TAXES (CONT'D)

A summary of the past two years' assessed valuation, tax rates, and extensions are as follows:

Tax Year	2016		2015	
Equalized Assessed Valuation	\$	4,496,664,565	\$	3,892,142,412
	Rates	Extensions	Rates	Extensions
Town Fund				
Corporate	0.1146	\$ 4,426,425	0.1146	\$ 4,465,086
Social Security	0.0006	22,660	0.0006	22,660
Auditing	0.0002	6,695	0.0002	6,695
Liability Insurance	0.0022	84,460	0.0022	84,460
Workmen's Compensation	0.0012	46,350	0.0012	46,350
Unemployment Insurance	0.0012	45,320	0.0012	45,320
Total Town Fund	0.1200	4,631,910	0.1200	4,670,571
Road and Bridge Fund				
Corporate	0.0340	685,980	0.0340	661,664
Total Road and Bridge Fund	0.0340	685,980	0.0340	661,664
General Assistance Fund				
Corporate	0.0164	621,296	0.0164	639,210
Social Security	0.0003	11,124	0.0003	11,124
Auditing	0.0001	3,090	0.0001	3,090
Unemployment Insurance	0.0002	8,240	0.0002	8,240
Total General Assistance Fund	0.0170	643,750	0.0170	661,664
Totals	0.1710	\$ 5,961,640	0.1710	\$ 5,993,899

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

Amounts due to and due from individual funds at February 28, 2017 are as follows:

Fund	Payable	Receivable
Town Fund	\$ 7,567	\$ -
General Assistance Fund	-	7,567
Total	\$ 7,567	\$ 7,567

The amount due to the General Assistance Fund from the Town Fund is \$7,567 of personal property replacement tax collected by the Town Fund but allocated to the General Assistance Fund. These interfund loans are expected to be repaid within one year.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 6 – INTERFUND TRANSFERS

The Township made the following interfund transfer as a donation for Senior Transportation:

Fund	From	To
Town Fund	\$ -	\$ 10,000
Road and Bridge Fund	10,000	-
Total	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Transfers are used to (1) move revenues from the fund in which statute or budget requires collection to the fund that statute or budget requires expenditures, and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2017, was as follows:

	Balances 3/1/2016	Additions	Deletions	Balances 2/28/2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 136,904	\$ -	\$ -	\$ 136,904
Total capital assets, not being depreciated	<u>136,904</u>	<u>-</u>	<u>-</u>	<u>136,904</u>
Capital assets, being depreciated:				
Buildings	3,290,111	-	-	3,290,111
Infrastructure-roadways	1,501,404	220,186	-	1,721,590
Equipment	330,878	55,408	25,427	360,859
Transportation & vehicular equipment	704,613	122,778	53,041	774,350
Total capital assets, being depreciated	<u>5,827,006</u>	<u>398,372</u>	<u>78,468</u>	<u>6,146,910</u>
Accumulated depreciation:				
Buildings	1,365,043	87,262	-	1,452,305
Infrastructure-roadways	479,211	75,988	-	555,199
Equipment	151,795	43,671	22,583	172,883
Transportation & vehicular equipment	197,271	79,598	16,796	260,073
Total accumulated depreciation	<u>2,193,320</u>	<u>286,519</u>	<u>39,379</u>	<u>2,440,460</u>
Net depreciable capital assets	<u>3,633,686</u>	<u>111,853</u>	<u>39,089</u>	<u>3,706,450</u>
Net total capital assets	<u>\$ 3,770,590</u>	<u>\$ 111,853</u>	<u>\$ 39,089</u>	<u>\$ 3,843,354</u>
Depreciation was charged to function as follows:		Amount		
Governmental Activities:				
Roads and bridges		\$ 75,988		
Unallocated		210,531		
Total governmental activities depreciation expense		<u>\$ 286,519</u>		

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 8 – DEBT SERVICE REQUIREMENTS

The following is a summary of the components of long-term debt for the year ended February 28, 2017:

<u>Governmental Activity</u>	<u>Balance 3/1/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances 2/28/2017</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 130,471	\$ 9,609	\$ -	\$ 140,080	\$ -
Pensions	510,201	120,628	418,469	212,360	-
Totals	<u>\$ 640,672</u>	<u>\$ 130,237</u>	<u>\$ 418,469</u>	<u>\$ 352,440</u>	<u>\$ -</u>

Please see Note 9 for further information on Pensions (\$212,360). Long-term debt is liquidated by all the funds, because the Township employs people across the three funds.

At February 28, 2017, the legal debt margin for the Township was limited to 5.75% of the most recent assessed valuation available, which was from the 2016 tax levy. Based on an assessed valuation of \$4,496,664,565, the debt limit was \$258,558,212. The remaining legal debt margin was \$258,558,212.

Short Term Debt/Operating Leases

The Township leases one vehicle from Pace, the Suburban Bus Division of the RTA, for use in the transportation of citizens. The lease expired March 31, 2016 and was not renewed, so the total cost for the lease was \$100 for the year ended February 28, 2017. The Township originally paid a security deposit of \$1,000 which was not returned to the Township upon return of the vehicle to Pace, whom claimed the bus had some rust that developed over the course of the lease.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM

The Township has two pension plans offered to its employees. It offers both a defined benefit plan and a defined contribution pension plan.

A. Defined Benefit Pension Plan

Plan Description

The Schaumburg Township Employee Pension Plan is a single-employer defined benefit plan administered by the Township. The defined benefit plan covers all officials and full-time and part-time employees of the Township with employment starting prior to March 1, 2010 regardless of age or the number of years of active service. Under the provisions of the plan, which are determined by the Township, the Township is required to contribute an amount necessary to finance the plan as actuarially determined by an enrolled actuary.

Employees Covered by Benefit Terms

As of February 28, 2017, the following employees were covered by the benefit terms:

February 28,	<u>2017</u>
Inactive plan members and beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>37</u>
Total	<u><u>46</u></u>

TOWNSHIP OF SCHAUMBURG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FEBRUARY 28, 2017

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (CONT'D)

Contributions

The Township contributed \$299,000 to the plan in the current year. Employees are not required to contribute to the plan. The plan is financed on a pay-as-you-go basis. The plan does not issue separate financial statements. The accrued benefit is determined to be 1.675% of average compensation (the highest 5 consecutive years of pensionable earnings) multiplied by credited service to a maximum of 35 years.

Net Pension Liability

The employer's net pension liability was measured as of February 28, 2017. 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 February 28, 2017:

- The **Actuarial Cost Method** used was Entry Age Cost Method.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.0%.
- **Salary Increases** were expected to be 3.5%.
- The **Investment Rate of Return** was assumed to be 7.0%.
- **Projected Retirement Age** was 65 years of age.
- The rates for Pre-Retirement **Mortality** were developed from the RP-2014 Mortality with generational improvement scale from the 2016 Social Security Administration Trustees' Report applied from 2006; the rates for Post-Retirement were developed from the 2017 IRS Mortality for Lump Sum Conversions specified in Code Section 417(e).
- For **Disabled Retirees**, no assumptions were made.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of February 28, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income and Bond Funds	40%	2.00%
Stocks and Equity Mutual Funds	60%	5.00%
Cash	0%	0.00%
Total	<u>100%</u>	

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (CONT'D)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at February 29, 2016	\$ 4,079,069	\$ 3,568,868	\$ 510,201
Changes for the year:			
Service Cost	75,268	-	75,268
Interest on the Total Pension Liability	280,797	-	280,797
Differences Between Expected and Actual Experience of the Total Pension Liability	20,077	-	20,077
Changes of Assumptions	30,392	-	30,392
Contributions - Employer	-	299,000	(299,000)
Net Investment Income	-	422,352	(422,352)
Benefits Payments, including Refunds of Employee Contributions	(285,906)	(285,906)	-
Administrative expenses	-	(16,977)	16,977
Net Changes	<u>120,628</u>	<u>418,469</u>	<u>(297,841)</u>
Balances at February 28, 2017	<u>\$ 4,199,697</u>	<u>\$ 3,987,337</u>	<u>\$ 212,360</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Lower <u>(6.0%)</u>	Current Discount <u>(7.0%)</u>	1% Higher <u>(8.0%)</u>
Total Pension Liability	\$ 4,598,668	\$ 4,199,697	\$ 3,835,340
Plan Fiduciary Net Position	<u>3,987,337</u>	<u>3,987,337</u>	<u>3,987,337</u>
Net Pension Liability/(Asset)	<u>\$ 611,331</u>	<u>\$ 212,360</u>	<u>\$ (151,997)</u>

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (CONT'D)

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

For the year ended February 28, 2017, the employer recognized pension expense of \$205,307, as follows:

February 28,	2017
Service cost	\$ 75,268
Interest on total pension liability	280,797
Projected earnings on pension plan investments	(249,685)
Pension plan administrative expense	16,977
Current period recognition of deferred outflows of resources	
Difference between expected and actual experience in measurement of the total pension liability	21,921
Changes of assumptions	7,753
Differences between projected & actual earnings on pension plan investments	52,276
Total	\$ 205,307

At February 28, 2017, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 87,688	\$ -
Changes of assumptions	31,014	-
Net difference between projected and actual earnings on pension plan investments	260,425	(138,134)
Total Deferred Amounts Related to Pensions	\$ 379,127	\$ (138,134)

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:

Year Ending February 28/29,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2018	\$ 81,950	\$ -
2019	81,950	-
2020	81,948	-
2021	(4,855)	-
2022	-	-
Thereafter	-	-
Total	\$ 240,993	\$ -

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (CONT'D)

B. Defined Contribution Plan

In addition, effective August 1, 2000, the Township established a single employer defined contribution pension plan (Plan), the Schaumburg Township 403(B) Employer Matching Retirement Plan. The Plan was established in accordance with Illinois Compiled Statutes, by the Township Board of Trustees.

All employees of the Township are eligible to participate in the Plan after completing one year of service and reaching the age of twenty-one (21). Employees can voluntarily elect to contribute to the Plan. The Township will contribute 40% of the amount deferred by an employee as an employer match, which is computed on the first \$8,000 of earnings to a maximum of \$3,200 per employee. Employees vest in the employer's contribution after three years. During the year, employees contributed \$205,725 to the Plan and the Township contributed \$66,859.

NOTE 10 – 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; illnesses of employees; and natural disasters. The Township purchases third-party indemnity insurance for general liability, property casualty, workers' compensation and health. The policies are in effect from March 1, 2016 to March 1, 2017. The policies limit the Township's exposure to deductibles of \$100 - \$1,000 per occurrence depending on the coverage. Settled claims have not exceeded this commercial coverage in the current fiscal year or in the prior fiscal year.

NOTE 11 – COMPONENT UNIT – SCHAUMBURG TOWNSHIP FOUNDATION FUND

The Schaumburg Township Foundation Fund was established as an intermediary through whom constituents are able to donate tax-deductible contributions to the Township.

During the year ended February 28, 2017, the Schaumburg Township Foundation Fund transferred \$-0- of contributions to the Township to support the food pantry program.

A. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Schaumburg Township Foundation Fund is reported as a discretely presented component unit of the Township on the government-wide financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Net Position

The Schaumburg Township Foundation Fund is reported on the government-wide financial statements on which net positions are reported as follows:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

TOWNSHIP OF SCHAUMBURG
NOTES TO BASIC FINANCIAL STATEMENTS
FEBRUARY 28, 2017

NOTE 11 – COMPONENT UNIT – SCHAUMBURG TOWNSHIP FOUNDATION FUND (CONT'D)

Restricted net position – Consists of net positions with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Schaumburg Township Foundation Fund’s policy to use restricted resources first, and then unrestricted resources as they are needed.

B. Deposits

In accordance with the Schaumburg Township Foundation Fund investment policy, the Foundation Fund’s monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds. At year-end, the carrying amount of the Foundation Fund totaled \$19,593 and the bank balance totaled \$19,593. The bank balance was covered by federal depository insurance.

For additional information regarding the Schaumburg Township Foundation Fund, send inquiries to the Schaumburg Township Foundation Fund, One Illinois Blvd., Hoffman Estates, IL 60169 or call (847) 884-0030.

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended February 28, 2017, the Township adopted new accounting guidance:

- *GASB Statement No. 72, Fair Value Measurement and Application*

GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between February 28, 2017, and the date of this audit report requiring disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF SCHAUMBURG
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWNSHIP EMPLOYEES PENSION FUND
FEBRUARY 28, 2017

	<u>02/28/2017</u>	<u>02/29/2016</u>
Total pension liability		
Service cost	\$ 75,268	\$ 82,204
Interest on the total pension liability	280,797	273,541
Difference between expected and actual experience of the total pension liability	20,077	107,438
Changes of assumptions	30,392	10,050
Benefit payments, including refunds of employee contributions	<u>(285,906)</u>	<u>(439,375)</u>
Net change in pension liability	120,628	33,858
Total pension liability - beginning	<u>4,079,069</u>	<u>4,045,211</u>
Total pension liability - ending (A)	<u><u>\$ 4,199,697</u></u>	<u><u>\$ 4,079,069</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 299,000	\$ 424,400
Contributions - employees	-	-
Net investment income	422,352	(171,158)
Benefit payments, including refunds of employee contributions	(285,906)	(439,375)
Administrative expenses	(16,977)	(15,960)
Other (net transfer)	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	418,469	(202,093)
Plan fiduciary net position - beginning	<u>3,568,868</u>	<u>3,770,961</u>
Plan fiduciary net position - ending (B)	<u><u>\$ 3,987,337</u></u>	<u><u>\$ 3,568,868</u></u>
Net pension liability/(asset) - ending (A) - (B)	<u><u>\$ 212,360</u></u>	<u><u>\$ 510,201</u></u>
Plan fiduciary net position as a percentage of total pension liability	94.94%	87.49%
Covered valuation payroll	\$ 1,498,319	\$ 1,548,538
Net pension liability as a percentage of covered valuation payroll	14.17%	32.95%

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

TOWNSHIP OF SCHAUMBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS (UNAUDITED)
 PENSION TRUST FUND
 FEBRUARY 28, 2017

Funding Progress

Actuarial Valuation Fiscal Year Ended February 28/29	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
	A	B	C = B - A	D = A / B	E	F = C / E
2007	\$ 2,116,851	\$ 2,943,268	\$ 826,417	71.92%	\$ 1,744,848	47.36%
2008	2,367,216	3,401,473	1,034,257	69.59%	1,854,854	55.76%
2009	1,794,561	3,618,002	1,823,441	49.60%	1,991,519	91.56%
2010	2,708,724	4,073,619	1,364,895	66.49%	1,799,129	75.86%
2011	3,378,772	4,413,274	1,034,502	76.56%	1,757,081	58.88%
2012	3,763,389	4,664,125	900,736	80.69%	1,617,685	55.68%
2013	2,540,700	3,465,798	925,098	73.31%	1,084,442	85.31%
2014	3,399,273	3,833,625	434,352	88.67%	958,602	45.31%
2015	3,770,961	4,045,211	274,250	93.22%	927,618	29.56%
2016	3,568,868	4,079,069	510,201	87.49%	864,358	59.03%
2017	3,987,337	4,199,697	212,360	94.94%	829,744	25.59%

Employer Contributions

Fiscal Year	Annual Required Contributions	Actual Employer Contributions	Percent Contributed
	A	B	C = B / A
2007	\$ 303,565	\$ 350,000	115.30%
2008	263,619	250,000	94.83%
2009	306,039	413,773	135.20%
2010	416,809	431,000	103.40%
2011	325,915	387,000	118.74%
2012	288,967	476,000	164.72%
2013	251,157	451,000	179.57%
2014	217,914	668,000	306.54%
2015	140,726	340,000	241.60%
2016	117,121	424,400	362.36%
2017	140,395	299,000	212.97%

TOWNSHIP OF SCHAUMBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 PENSION TRUST FUND
 FEBRUARY 28, 2017

Calendar Year Ending December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency/ (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
	A	B	C = A - B	D	E = B / D
2007	\$ 303,565	\$ 350,000	\$ (46,435)	\$ 1,744,858	20.06%
2008	263,619	250,000	13,619	1,854,854	13.48%
2009	306,039	413,773	(107,734)	1,991,519	20.78%
2010	416,809	431,000	(14,191)	1,799,129	23.96%
2011	325,915	387,000	(61,085)	1,757,081	22.03%
2012	288,967	476,000	(187,033)	1,617,685	29.42%
2013	251,157	451,000	(199,843)	1,084,442	41.59%
2014	217,914	668,000	(450,086)	958,602	69.68%
2015	140,726	340,000	(199,274)	927,618	36.65%
2016	117,121	424,400	(307,279)	864,358	49.10%
2017	140,395	299,000	(158,605)	829,744	36.04%

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Measurement Date:</i>	February 28, 2017, based on valuation date of March 1, 2017
<i>Actuarial Cost Method:</i>	Entry age cost method
<i>Asset Valuation Method:</i>	Market value of assets
<i>Interest Rates</i>	
<i>Discount Rate:</i>	7.00%
<i>Expected Long Term Rate of Return:</i>	7.00%
<i>Municipal Bond Rate:</i>	N/A
<i>Inflation:</i>	3.00%
<i>Annual Pay Increases:</i>	3.50%
<i>Mortality Rates</i>	
<i>Pre-Retirement:</i>	RP-2014 mortality with generational improvement scale from the 2016 Social Security Administration Trustees' Report applied from 2006
<i>Post-Retirement:</i>	2016 IRS mortality for lump sum conversions specified in Code Section 417(e)
<i>Retirement Rates:</i>	100% at age 65

TOWNSHIP OF SCHAUMBURG
TOWN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 28, 2017

	2017	
	Original and Final Budget	Actual
REVENUES		
Local Sources:		
Property taxes	\$ 4,487,000	\$ 4,562,068
Corporate replacement taxes	60,000	61,920
Earnings on investments	11,300	18,302
Rental income	500	2,050
Donations	9,600	12,170
Passport Income	22,000	25,550
Bus fare income	19,000	19,922
Committee for Disabled Citizens Income	16,500	15,741
Senior Citizens Program Income	8,000	10,015
Other	2,700	8,622
	<u>4,636,600</u>	<u>4,736,360</u>
Total From Local Sources	<u>4,636,600</u>	<u>4,736,360</u>
Total Revenues	<u>4,636,600</u>	<u>4,736,360</u>
EXPENDITURES		
Current:		
General Government:		
Compensation of Township Officials	107,863	107,862
Administration	2,284,434	2,054,844
Assessor's Office	172,261	178,795
	<u>2,564,558</u>	<u>2,341,501</u>
Total General Government	<u>2,564,558</u>	<u>2,341,501</u>
Human Services & Public Welfare		
Mental Health Board	<u>1,600</u>	<u>1,405</u>
Committee for Disabled Persons	<u>246,391</u>	<u>234,027</u>
Senior Citizens Services Committee	<u>313,631</u>	<u>276,635</u>

(Continued)

TOWNSHIP OF SCHAUMBURG
TOWN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 28, 2017

	2017	
	Original and Final Budget	Actual
Transportation	\$ 648,336	\$ 609,391
Human Services	1,060,983	1,081,337
Total Human Services & Public Welfare	2,270,941	2,202,795
Capital outlay:		
Buildings	200,000	70,131
Total Capital Outlay	200,000	70,131
Total Expenditures	5,035,499	4,614,427
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(398,899)	121,933
OTHER FINANCING SOURCES		
Transfer from Road and Bridge Fund	10,000	10,000
Proceeds on Disposition of Assets	-	17,000
Total Other Financing Sources	10,000	27,000
NET CHANGE IN FUND BALANCE	\$ (388,899)	148,933
FUND BALANCE - BEGINNING		3,537,694
FUND BALANCE - ENDING		\$ 3,686,627

TOWNSHIP OF SCHAUMBURG
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 28, 2017

	2017	
	Original and Final Budget	Actual
REVENUES		
Local Sources:		
Property taxes	\$ 638,000	\$ 645,998
Personal Property Replacement Taxes	22,000	25,544
Donations	45,000	50,161
Charges For Services	10,000	13,604
Earnings on Investments	1,100	2,271
	<u>716,100</u>	<u>737,578</u>
Total Local Sources	<u>716,100</u>	<u>737,578</u>
Total Revenues	<u>716,100</u>	<u>737,578</u>
EXPENDITURES		
Current:		
Administration	461,295	441,451
Home relief - general assistance	185,000	67,410
Home relief - emergency assistance	201,100	76,927
Capital Outlay:		
Equipment	5,000	2,916
	<u>852,395</u>	<u>588,704</u>
Total Expenditures	<u>852,395</u>	<u>588,704</u>
NET CHANGE IN FUND BALANCE	<u>\$ (136,295)</u>	148,874
FUND BALANCE - BEGINNING		<u>565,371</u>
FUND BALANCE - ENDING		<u>\$ 714,245</u>

TOWNSHIP OF SCHAUMBURG
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 28, 2017

	2017	
	Original and Final Budget	Actual
REVENUES		
Local Sources:		
Property taxes	\$ 698,000	\$ 656,484
Personal Property Replacement Taxes	12,000	11,577
Charges For Services	1,600	1,279
Earnings on investments	1,300	1,832
Total Local Sources	<u>712,900</u>	<u>671,172</u>
Total Revenues	<u>712,900</u>	<u>671,172</u>
EXPENDITURES		
Current:		
Administration	296,872	271,665
Road and Bridge	164,101	117,554
Capital Outlay:		
Equipment	27,600	1,115
Road improvements	210,000	271,922
Total Expenditures	<u>698,573</u>	<u>662,256</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>14,327</u>	<u>8,916</u>
OTHER FINANCING (USES)		
Transfer to Town Fund	<u>-</u>	<u>(10,000)</u>
Total Other Financing (Uses)	<u>-</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 14,327</u>	<u>(1,084)</u>
FUND BALANCE - BEGINNING		<u>493,529</u>
FUND BALANCE - ENDING		<u>\$ 492,445</u>

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TOWNSHIP OF SCHAUMBURG
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FEBRUARY 28, 2017

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Beginning in October, the Department Managers submit to the Board of Trustees a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures for the General Fund and the Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. At the Township Board of Trustees' meeting during the first quarter of each fiscal year, the budget is legally enacted.
4. The adopted budget is forwarded to the Cook County Clerk as required by law.
5. The level of budgetary control (that is, the level at which changes or amendments must be approved by the Board) is established at the department level. Any changes or amendments to the budget of any fund must be approved by the Board of Trustees. Revisions made by the Board of Trustees to the current year's budget were in accordance with legal requirements (not to exceed 10% of a total fund current year's budget) and are reflected within the budgetary data included in the general-purpose financial statements.
6. Expenditures may not legally exceed budgeted appropriations at the department level. All annual appropriations lapse at fiscal year end.

Township budgets are prepared on a basis of accounting consistent with accounting principles generally accepted in the United States (GAAP). The budget was adopted April 27, 2016. Subsequent approved line item changes were made after passage.

NOTE 2 – EXPENDITURES IN EXCESS OF BUDGET

During the year ended February 28, 2017, actual expenditures disbursed did not exceed budgeted expenditures across all funds.

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SUPPLEMENTARY INFORMATION

TOWNSHIP OF SCHAUMBURG
GENERAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes	Personal Property Replacement Taxes	Investment Income	Inter- governmental	Miscellaneous	Total
2017	\$ 5,864,550	\$ 99,041	\$ 22,405	-	\$ (22,089)	\$ 5,963,907
2016	5,765,957	105,377	14,069	-	(9,873)	5,875,530
2015	5,563,602	95,300	11,451	-	45,963	5,716,316
2014	5,379,650	99,756	10,441	-	31,272	5,521,119
2013	5,360,805	87,017	14,911	14,400	202,397	5,679,530
2012	5,332,396	87,940	14,570	20,631	312,501	5,768,038
2011	4,910,630	96,331	36,269	-	726,405	5,769,635
2010	4,814,833	91,463	71,092	-	383,555	5,360,943
2009	4,568,362	100,431	120,426	-	660,692	5,449,911
2008	4,734,840	111,999	184,865	-	402,357	5,434,061

Note (1) Includes revenues of Town Fund, General Assistance Fund and Road and Bridge Fund.

TOWNSHIP OF SCHAUMBURG
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
 LAST TEN FISCAL YEARS

Fiscal Year	Government	Human Services, Public Welfare & Home Relief	Road and Bridge	Capital Outlay	Debt Service	Total Expenditures
2017	\$ 3,054,617	\$ 2,347,132	\$ 117,554	\$ 346,084	\$ -	\$ 5,865,387
2016	3,080,216	2,322,673	127,130	236,294	-	5,766,313
2015	2,847,108	2,330,224	138,116	294,517	12,874	5,622,839
2014	3,046,336	2,210,652	159,910	302,514	12,874	5,732,286
2013	2,908,082	2,299,952	177,402	394,972	12,874	5,793,282
2012	3,007,445	2,196,734	173,079	94,494	12,874	5,484,626
2011	2,837,578	2,024,099	163,815	542,588	12,874	5,580,954
2010	2,890,997	2,191,843	82,301	143,893	12,874	5,321,908
2009	2,971,221	2,082,408	53,035	271,636	12,874	5,391,174
2008	2,407,833	2,016,291	46,355	320,780	352,549	5,143,808

Note (1) Includes expenditures of General Fund, General Assistance Fund, Road and Bridge Fund and Debt Service Fund.

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TOWNSHIP OF SCHAUMBURG
TAX RATES AND LEVIES
LAST TEN FISCAL YEARS

TAX RATES*	2016***	2015	2014	2013	2012
General	0.1200	0.1200	0.1150	0.1170	0.1000
Bond and Interest	-	-	-	-	-
Road and Bridge **	0.0340	0.0340	0.0320	0.0310	0.0260
General Assistance	0.0170	0.0170	0.0160	0.0130	0.0110
TOTAL	0.1710	0.1710	0.1630	0.1610	0.1370
PERCENTAGE OF INCREASE (DECREASE) FROM PRIOR YEARS	0.00%	4.91%	1.24%	17.52%	9.60%
TAX LEVIES					
General	\$ 4,631,910	\$ 4,670,571	\$ 4,598,398	\$ 4,620,795	\$ 4,459,700
Bond and Interest	-	-	-	-	-
Road and Bridge **	685,980	661,664	639,777	612,157	579,761
General Assistance	643,750	661,664	639,777	513,422	490,567
TOTAL	\$ 5,961,640	\$ 5,993,899	\$ 5,877,952	\$ 5,746,374	\$ 5,530,028
PERCENTAGE OF INCREASE (DECREASE) FROM PRIOR YEARS	-0.54%	1.97%	2.29%	3.91%	0.82%

* Cents per \$100 of assessed and equalized valuation. Includes 3% loss on collection factor, (5% on bonds) applied by the County. Taxes levied on a calendar year basis for collection in the subsequent fiscal year.

** Township Road & Bridge receives only approximately 50% of total levy; balance is distributed directly to other municipalities.

*** Rates/amounts based off of 2016 Levy Edit requested by the Township

Source: Office of Cook County Clerk

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
0.0930	0.0820	0.0690	0.0660	0.0660
-	-	-	-	0.0000
0.0230	0.0200	0.0170	0.0160	0.0160
0.0090	0.0080	0.0060	0.0070	0.0070
<u>0.1250</u>	<u>0.1100</u>	<u>0.0920</u>	<u>0.0890</u>	<u>0.0890</u>
<u>13.64%</u>	<u>19.57%</u>	<u>3.37%</u>	<u>0.00%</u>	<u>-13.51%</u>
\$ 4,496,142	\$ 4,410,407	\$ 4,172,648	\$ 4,022,790	\$ 3,829,004
-	-	-	-	-
553,991	537,855	514,022	487,611	469,820
435,111	430,284	362,839	426,660	406,106
<u>\$ 5,485,244</u>	<u>\$ 5,378,546</u>	<u>\$ 5,049,509</u>	<u>\$ 4,937,061</u>	<u>\$ 4,704,930</u>
<u>1.98%</u>	<u>6.52%</u>	<u>2.28%</u>	<u>4.93%</u>	<u>-2.17%</u>

TOWNSHIP OF SCHAUMBURG
PROPERTY TAX LEVIES EXTENDED AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Levy Year (1)	Total Tax Extended (2)(3)	Current Tax Collections	Current Tax Collections as Percent of Extension
2016*	\$ 5,961,640	\$ -	0.00%
2015	5,993,899	5,953,185	99.32%
2014	5,877,952	5,734,785	97.56%
2013	5,746,374	5,563,602	96.82%
2012	5,530,028	5,514,063	99.71%
2011	5,485,244	5,360,805	97.73%
2010	5,378,546	5,278,611	98.14%
2009	5,049,509	4,910,630	97.25%
2008	4,937,061	4,814,833	97.52%
2007	4,704,930	4,622,667	98.25%

Note (1) Taxes levied on a calendar year basis for collection in the subsequent fiscal year.

Note (2) Includes the 3% loss in collection factor (5% for bonds) applied by the County to the original levy. Due to the impact of the Property Tax Extension Limitation Act (PTELA), loss factors may not be allowed.

Note (3) Total tax extended is based upon Township's portion of the Road and Bridge levy only, which is approximately 50% of the total levy. The difference is paid directly to other municipalities within the Township.

* Current collections are deferred

Source: Office of the County Treasurer

TOWNSHIP OF SCHAUMBURG
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Levy Year	Percentage Increase (Decrease)	Railroad Property	Assessed Value		Estimated Actual Value	Ratio of Total Assessed/ Total Estimated Actual Value
			Real Property	Total		
2016*	15.53%	**	\$ 4,496,664,565	\$ 4,496,664,565	\$ 13,489,993,695	33.33
2015	-2.66%	**	3,892,142,412	3,892,142,412	11,676,427,236	33.33
2014	1.25%	**	3,998,606,992	3,998,606,992	11,995,820,976	33.33
2013	-12.19%	**	3,949,407,542	3,949,407,542	11,848,222,626	33.33
2012	0.85%	**	4,497,717,493	4,497,717,493	13,493,152,479	33.33
2011	-7.75%	**	4,459,699,900	4,459,699,900	13,379,099,700	33.33
2010	-10.11%	**	4,834,561,808	4,834,561,808	14,503,685,424	33.33
2009	-11.06%	**	5,378,545,620	5,378,545,620	14,044,008,945	33.33
2008	-0.78%	**	6,047,315,265	6,047,315,265	13,667,311,036	33.33
2007	5.06%	**	6,095,136,228	6,095,136,228	12,504,211,959	33.33

* Assessed value based off 2016 Levy draft

Source: Office of the County Clerk

TOWNSHIP OF SCHAUMBURG
PRINCIPAL TAXPAYERS
FEBRUARY 28, 2017

Taxpayer	Type of Business	2016 Levy Year Assessed Valuation (1) (Thousands)	Percentage of Total Assessed Valuation
WOODFIELD MALL	MALL	\$ 88,043	1.96%
KEYSTONE PROPERTIES	COMMERCIAL OFFICES	21,771	0.48%
MANULIFE INSURANCE	COMMERCIAL INSURANCE OFFICES	18,529	0.41%
KF SCHAUMBURG	COMMERCIAL OFFICES	18,234	0.41%
ZNA REAL ESTATE	COMMERCIAL OFFICES	16,231	0.36%
MOTOROLA	MANUFACTURING	13,326	0.30%
THOMPSON PROP TAX	COMMERCIAL OFFICES	7,896	0.18%
SEARS	RETAIL STORES	7,600	0.17%
MACY'S	RETAIL STORES	6,813	0.15%
IKEA	RETAIL STORES	5,458	0.12%
J C PENNY	RETAIL STORES	4,896	0.11%
STONEGATE REALTY	COMMERCIAL OFFICES	4,286	0.10%
PENNSSCOT	APARTMENT COMPLEX	4,220	0.09%
LINCOLN MEADOW	APARTMENT COMPLEX	3,758	0.08%
HYATT	HOTEL	3,699	0.08%
RMK MGMT CORP	APARTMENT COMPLEX	3,403	0.08%
CHAS FLEISMAN PAIGE	APARTMENT COMPLEX	2,918	0.06%
McKNIGHT REALTY	COMMERCIAL OFFICES	2,801	0.06%
JANKO ALCION	COMMERCIAL STORES	2,771	0.06%
INLAND REAL ESTATE	RETAIL STORES	2,518	0.06%
COSTCO TAX ADM	RETAIL STORES	2,273	0.05%
WOODFIELD GREEN	RETAIL STORES	2,218	0.05%
HAWTHORNE ESTS	APARTMENT COMPLEX	2,195	0.05%
BIT HOLDINGS	COMMERCIAL OFFICES	1,875	0.04%
VLAND SCHAUMBURG LLC	COMMERCIAL OFFICES	579	0.01%
TOTAL		<u>\$ 248,312</u>	<u>5.52%</u>

Note (1) Every effort has been made to research and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2016 Levy Year Assessed Valuation is the most current available.

Source: Office of the County Clerk

TOWNSHIP OF SCHAUMBURG
 COMPUTATION OF LEGAL DEBT MARGIN
 FEBRUARY 28, 2017

*2016 LEVY YEAR ASSESSED VALUE	<u>\$ 4,496,664,565</u>
Debt limit 5.75% of Assessed value	\$ 258,558,212
Township Debt Applicable to Debt Limit	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 258,558,212</u>

* Based off 2016 Levy draft

TOWNSHIP OF SCHAUMBURG
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	Gross General Obligation Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Assessed Valuation	Net Bonded Debt Per Capita
2017*	131,288	\$4,496,664,565	\$ -	\$ -	\$ -	0.00%	\$ -
2016	131,288	3,892,142,412	-	-	-	0.00%	-
2015	131,288	3,998,606,992	-	-	-	0.00%	-
2014	131,288	3,949,407,542	-	-	-	0.00%	-
2013	131,288	4,497,717,493	-	-	-	0.00%	-
2012	131,288	4,459,699,900	-	-	-	0.00%	-
2011	131,288	4,834,561,808	-	-	-	0.00%	-
2010	131,288	5,378,545,620	-	-	-	0.00%	-
2009	134,114	6,047,315,265	-	-	-	0.00%	-
2008	134,114	6,095,136,228	-	-	-	0.00%	-

* Assessed value based off 2016 Levy draft

Sources:

- (1) U. S. Census Bureau Data
- (2) Cook County, Illinois Tax Extension Division
- (3) Township of Schaumburg's Annual Financial Reports

TOWNSHIP OF SCHAUMBURG
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
 BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Governmental Expenditures*	Ratio of Debt Service to General Governmental Expenditures*
2017	\$ -	\$ -	\$ -	\$ 5,865,387	0.0%
2016	-	-	-	5,766,313	0.0%
2015	-	-	-	5,622,839	0.0%
2014	-	-	-	5,732,286	0.0%
2013	-	-	-	5,793,282	0.0%
2012	-	-	-	5,484,626	0.0%
2011	-	-	-	5,580,954	0.0%
2010	-	-	-	5,321,908	8.7%
2009	-	-	-	5,391,174	29.3%
2008	330,000	9,675	339,675	5,143,808	6.6%

* Includes expenditures of General Fund, General Assistance Fund, Road and Bridge Fund and Debt Service Fund.

Source: Township of Schaumburg's Annual Financial Reports.

TOWNSHIP OF SCHAUMBURG
BUILDING PERMITS AND PROPERTY VALUE
LAST TEN FISCAL YEARS

Fiscal Year	Building Permits (1)	
	Number of Permits	Value
2016	2,954	\$ 52,807,566
2015	4,870	377,752,632
2014	3,774	91,939,620
2013	4,561	165,030,082
2012	4,213	111,966,765
2011	4,663	167,806,089
2010	8,284	166,056,401
2009	2,975	111,983,333
2008	5,635	161,593,391
2007	3,916	506,315,101

(1) Source - Schaumburg Township Assessor's office.

(2) Source - Cook County Assessor's office.

A summary of building permits issued for calendar 2016 is as follows:

Municipality	Number	Value
Elk Grove	185	\$ 2,392,995
Hanover Park	493	2,371,667
Hoffman Estates	1510	24,594,795
Rolling Meadows	16	185,603
Roselle	89	1,079,583
Schaumburg	512	19,882,557
Streamwood	107	564,964
Unincorporated	42	1,735,402
Total parcels of property	<u>2,954</u>	<u>\$ 52,807,566</u>

N/A - Information is not available.

TOWNSHIP OF SCHAUMBURG
 MISCELLANEOUS STATISTICS
 FEBRUARY 28, 2017

Miscellaneous

Form of Government	Township
Date of Incorporation	April 2, 1850
Total Land Area	32 square miles
Unincorporated Roads	9.3 miles
Apartment complexes	19
Motels/Hotels	27
Senior Citizens complexes	9
Hospitals	1
Public Golf Courses	5
Nursing Care Centers	3

Appointed Standing Advisory Committees

- Committee for Disabled Citizens
- Mental Health Board
- Senior Citizens Services Committee
- Safety Committee
- Technology Committee

Summary of Schools

	<u>Number</u>	<u>Enrollment</u>
Public		
Community Consolidated Elementary		
School District 54	27	15,030
High School District 211	3	6,675
Private		
St. Hubert School	1	486
St. Peter's Lutheran	1	296
Schaumburg Christian School	1	1,170

(Continued)

TOWNSHIP OF SCHAUMBURG
MISCELLANEOUS STATISTICS (Continued)
FEBRUARY 28, 2017

Distribution of Township Population by Municipality

	Census Year	Population
	<u>Year</u>	<u>Population</u>
Elk Grove	2010	11,023
Hanover Park	2010	9,892
Hoffman Estates	2010	33,915
Rolling Meadows	2010	1,582
Roselle	2010	3,723
Schaumburg	2010	67,778
Streamwood	2010	1,469
Unincorporated	2010	1,906

Median Age by Municipalities in Township

	Year	Age
	<u>Year</u>	<u>Age</u>
Elk Grove	2010	43.5
Hanover Park	2010	34.1
Hoffman Estates	2010	35.4
Rolling Meadows	2010	25.3
Roselle	2010	40.0
Schaumburg	2010	38.7
Streamwood	2010	37.1
Unincorporated	2010	43.4

Source: Northeastern Illinois Planning Commission