



815.344.1300 mchenry  
847.382.3366 barrington  
www.edercasella.com

***LAKE/McHENRY COUNTY  
SPECIAL RESPONSE TEAM***

***ANNUAL FINANCIAL REPORT***

***DECEMBER 31, 2015***

**eder, casella & co.**

LAKE/McHENRY COUNTY SPECIAL RESPONSE TEAM

TABLE OF CONTENTS

DECEMBER 31, 2015

	PAGE
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Fund Financial Statements	
Balance Sheet – Modified Cash Basis – Governmental Funds	5
Reconciliation of the Balance Sheet – Modified Cash Basis – Governmental Funds to the Statement of Net Position – Modified Cash Basis	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities – Modified Cash Basis	8
Notes to Financial Statements	9
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budgeted and Actual – General Fund	17



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## INDEPENDENT AUDITORS' REPORT

Joint Administrative Council  
MABAS Divisions 4 & 5 SRT Joint Administrative Council  
Hainesville, Illinois

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

### LAKE/McHENRY COUNTY SPECIAL RESPONSE TEAM

as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Special Response Team'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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Special Response Team'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 Special Response Team'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.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Lake/McHenry County Special Response Team, as of December 31, 2015, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

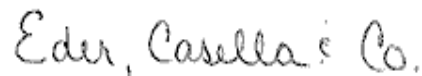
## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake/McHenry County Special Response Team's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
May 24, 2016

## BASIC FINANCIAL STATEMENTS

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 DECEMBER 31, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 119,949
Capital Assets, Net of Depreciation	785
Total Assets	\$ 120,734
 <b>LIABILITIES</b>	
Total Liabilities	\$ -
 <b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 785
Unrestricted/(Deficit)	119,949
Total Net Position	\$ 120,734

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

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities:				
Public Safety	\$ 398,354	\$ 255,040	\$ 4,723	\$ (138,591)
Total Governmental Activities	\$ 398,354	\$ 255,040	\$ 4,723	\$ (138,591)
General Revenues				
Interest Income				\$ 636
Other				800
Gain/(Loss) on Disposal of Capital Assets				(144,914)
Total General Revenues				\$ (143,478)
Change in Net Position				\$ (282,069)
Net Position - Beginning of Year				402,803
Net Position - End of Year				\$ 120,734

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

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 119,949	\$ 119,949
Total Assets	<u>\$ 119,949</u>	<u>\$ 119,949</u>
<b>LIABILITIES</b>		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES</b>		
Unassigned	\$ 119,949	\$ 119,949
Total Fund Balance	<u>\$ 119,949</u>	<u>\$ 119,949</u>
Total Liabilities and Fund Balances	<u>\$ 119,949</u>	<u>\$ 119,949</u>

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



LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 DECEMBER 31, 2015

Total Fund Balances - Governmental Funds \$ 119,949

Amounts reported for governmental activities in the Statement of Net Position -  
 Modified Cash Basis are different because:

Capital assets used in governmental activities are not financial resources  
 and therefore are not reported in the funds.

Capital Assets	\$ 3,238	
Accumulated Depreciation on Capital Assets	<u>(2,453)</u>	
		<u>785</u>
Net Position of Governmental Activities		<u><u>\$ 120,734</u></u>

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

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Intergovernmental		
Assessments	\$ 242,650	\$ 242,650
Class Revenue	12,160	12,160
Grant Revenue	4,723	4,723
Deployments	230	230
Other Sources		
Interest Income	636	636
Miscellaneous Income	800	800
	<u>\$ 261,199</u>	<u>\$ 261,199</u>
<b>EXPENDITURES</b>		
Current		
General Government	<u>\$ 421,514</u>	<u>\$ 421,514</u>
	<u>\$ 421,514</u>	<u>\$ 421,514</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (160,315)</b>	<b>\$ (160,315)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (160,315)</b>	<b>\$ (160,315)</b>
<b>FUND BALANCE - DECEMBER 31, 2014</b>	<u>280,264</u>	<u>280,264</u>
<b>FUND BALANCES - DECEMBER 31, 2015</b>	<u><u>\$ 119,949</u></u>	<u><u>\$ 119,949</u></u>

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

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE  
 THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (160,315)

Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (33,867)	
Capital Outlays	<u>798</u>	(33,069)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.

Repayment of Long-Term Debt		56,229
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In the Statement of Activities - Modified Cash Basis, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets		<u>(144,914)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (282,069)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

LAKE/McHENRY COUNTY SPECIAL RESPONSE TEAM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF JOINT AGREEMENT

Lake/McHenry County Special Response Team (Special Response Team) is a joint agreement organized under Article V11, Section 10 of the Illinois Constitution and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 for the purpose of constructing, operating and maintaining a building to be used jointly by the members.

47 fire departments (members) from Lake and McHenry counties pay an annual assessment to the Special Response Team. Emergency responders, who are trained for specialty rescues and recoveries, apply to join the Special Response Team.

Currently, members of the Special Response Team include:

- Abbott Fire Department
- Abbvie Industrial Fire Department
- Algonquin/Lake in the Hills Fire Protection District
- Antioch Fire Department
- Barrington Fire Department
- Barrington Countryside Fire Protection District
- Beach Park Fire Department
- Buffalo Grove Fire Department
- Cary Fire Protection District
- Countryside Fire Protection District
- Crystal Lake Fire Department
- Deerfield-Bannockburn Fire Protection District (Division 3)
- Fox Lake Fire Protection District
- Fox River Grove Fire Department
- Grayslake Fire Protection District
- Great Lakes Fire Department
- Greater Round Lake Fire Protection District
- Gurnee Fire Department
- Harvard Fire Protection District
- Hebron-Alden-Greenwood Fire Protection District
- Huntley Fire Protection District
- Knollwood Fire Department
- Lake Bluff Fire Department
- Lake Forest Fire Department
- Lake Villa Fire Protection District
- Lakewood Fire Department
- Lake Zurich Fire/Rescue
- Libertyville Fire Department
- Lincolnshire-Riverwoods Fire Protection District
- Long Grove Fire Department
- Marengo Fire Protection District
- McHenry Township Fire Protection District
- Mundelein Fire Department

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - DESCRIPTION OF JOINT AGREEMENT (Continued)

- Newport Township Fire Protection District
- North Chicago Fire Department
- Nunda Rural Fire Protection District
- Pleasant Prairie Fire Department
- Richmond Township Fire Protection District
- Spring Grove Fire Protection District
- Union Fire Protection District
- Wauconda Fire Protection District
- Waukegan Fire Department
- Wheeling Fire Department (Division 1)
- Winthrop Harbor Fire Department
- Wonder Lake Fire Protection District
- Woodstock Fire/Rescue District
- Zion Fire and Rescue Department

The Special Response Team is governed by an Executive Board consisting of Fire Chiefs from five of the members. The Executive Board meets monthly.

Day to day operations of the Special Response Team are supervised by the Administrative Coordinator who reports to the Executive Board. The Coordinator's specific duties and responsibilities are established by the Executive Board.

Income is derived primarily from member assessments.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include all organizations, activities, and functions that comprise the Special Response Team. Component units are legally separate entities for which the Special Response Team (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Special Response Team's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Special Response Team. Using these criteria, the Special Response Team has no component units. In addition, the Special Response Team is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

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

The Special Response Team's basic financial statements include both government-wide (reporting the Special Response Team as a whole) and fund (reporting the Special Response Team's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Special Response Team as governmental activities. The Special Response Team's public safety function is classified as a governmental activity. The Special Response Team does not conduct any business-type activities.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis by column, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations arising from cash transactions. The Special Response Team’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Special Response Team first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Special Response Team’s functions. The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants (where applicable). Program revenues must be directly associated with the function (general government). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (assessments, unrestricted investment earnings, etc.).

The Special Response Team does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Special Response Team as an entity and the change in the Special Response Team’s net position resulting from the current year’s activities.

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Special Response Team are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth the minimum criteria (percentage of assets, liabilities, revenues and expenditures of all governmental funds) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements.

The following fund type is used by the Special Response Team:

Governmental Funds

The focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Special Response Team reports this governmental fund and fund type:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements (Continued)*

Governmental Funds (Continued)

- The General Fund is the Special Response Team's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The activities reported in this fund is reported as governmental activities in the government-wide financial statements.

D. *Basis of Accounting*

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

Modified Cash

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions, with a provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Special Response Team utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

E. *Budgets and Budgetary Accounting*

The budget for the Special Response Team is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 70, Act 705/Article 16.14 of the Illinois Compiled Statutes. The original budget was passed on November 26, 2014. The Special Response Team follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administrative Coordinator submits to the Executive Board a proposed budget per program for the fiscal year. The budget includes expected revenues and proposed expenditures related to the program.
2. The budget is adopted by the Executive Board.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Cash and Cash Equivalents*

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.

G. *Investments*

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization. The Special Response Team has no investments at December 31, 2015.

H. *Inventories*

It is the Special Response Team's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

I. *General Fixed Assets*

All capital assets purchased are capitalized and reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Vehicles	5 - 25 years
Equipment	5 - 10 years
Office Equipment	5 years

J. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position – Modified Cash Basis.

K. *Government-Wide Net Position*

Government-wide net position is divided into three components:

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

L. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### L. *Governmental Fund Balances* (Continued)

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

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

- **Restricted** – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- **Committed** – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Executive Board (through Board resolution). Committed amounts cannot be used for any other purpose unless the Executive Board removes those constraints by taking the same type of action. 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 Special Response Team's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body or official to which the Executive Board has delegated the authority to assign, modify or rescind amounts to be used for a specific purpose (through Board resolution).

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

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

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

### NOTE 3 - DEPOSITS

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

Deposits with financial institutions are fully insured or collateralized by securities held in the Special Response Team's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the Special Response Team for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
<b>Governmental Activities</b>				
Other Capital Assets				
Vehicles	\$ 851,651	\$ -	\$ 851,651	\$ -
Equipment	114,172	-	114,172	-
Office Equipment	2,440	798	-	3,238
Total Other Capital Assets at Historical Cost	<u>\$ 968,263</u>	<u>\$ 798</u>	<u>\$ 965,823</u>	<u>\$ 3,238</u>
Less Accumulated Depreciation for:				
Vehicles	\$ 698,058	\$ 29,842	\$ 727,900	\$ -
Equipment	88,998	4,012	93,010	-
Office Equipment	2,440	13	-	2,453
Total Accumulated Depreciation	<u>\$ 789,496</u>	<u>\$ 33,867</u>	<u>\$ 820,910</u>	<u>\$ 2,453</u>
Other Capital Assets, Net	<u>\$ 178,767</u>	<u>\$ (33,069)</u>	<u>\$ 144,913</u>	<u>\$ 785</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 178,767</u></u>	<u><u>\$ (33,069)</u></u>	<u><u>\$ 144,913</u></u>	<u><u>\$ 785</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	<u><u>\$ 33,867</u></u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Changes in long-term debt are summarized as follows:

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015	Amounts Due Within One Year
<b>Governmental Activities</b>					
Long-Term Debt					
Capital Lease - 2013 Peterbilt	\$ 56,229	\$ -	\$ 56,229	\$ -	\$ -
Total Long-Term Debt	<u>\$ 56,229</u>	<u>\$ -</u>	<u>\$ 56,229</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 56,229</u>	<u>\$ -</u>	<u>\$ 56,229</u>	<u>\$ -</u>	<u>\$ -</u>

Capital leases consisted of the following at December 31, 2015:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities</b>				
Lease Payable - 2013 Peterbilt	7/20/2015	2.79%	\$ 164,150	\$ -

NOTE 6 - DEFICIT FUND BALANCE

The Special Response Team did not have a deficit fund balance as of December 31, 2015.

NOTE 7 - EXCESS OF EXPENDITURES OVER BUDGET

The expenditures of the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 305,634	\$ 421,514	\$ 115,880

The over expenditure was covered by available fund balance.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - OPERATING LEASE

On October 14, 2014, the Special Response Team entered into an operating lease for office and storage space. The lease is for \$1,300 per month from October 15, 2014 through October 31, 2015, and \$1,400 per month from November 1, 2015 through October 31, 2017.

Minimum annual lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 16,800
2017	14,000
	<u>\$ 30,800</u>

Lease payments for the year ending December 31, 2015 were \$17,200.

NOTE 9 - RETIREMENT FUND COMMITMENTS

*Social Security*

The employee is covered under Social Security. The Special Response Team paid the total required contribution for the current fiscal year.

NOTE 10 - RISK MANAGEMENT

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

The Special Response Team purchases commercial insurance to handle these risks of loss. During fiscal year 2015, there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - SUBSEQUENT EVENTS

In August 2015, the Mutual Aid Box Alarm System – Illinois (MABAS-IL) Divisions 4 and 5 created a new intergovernmental mutual aid committee, the SRT Joint Administrative Council, to begin operations on January 1, 2016. The Special Response Team will cease operations as of January 1, 2016. The Special Response Team fixed assets were transferred to the newly formed SRT Joint Administrative Council on December 1, 2015. At that time the Special Response Team also transferred \$150,000 to the new Council.

On February 15, 2016, the SRT Treasurer transferred the remaining cash balances to the MABAS Divisions per the intergovernmental agreement (62% to MABAS Division 4, 38% to MABAS Division 5).

SUPPLEMENTARY INFORMATION

LAKE/MCHENRY COUNTY SPECIAL RESPONSE TEAM  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - MODIFIED CASH BASIS - BUDGETED AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts	Actual Amounts
	Original and Final	
<b>REVENUES</b>		
Intergovernmental		
Assessments	\$ 252,650	\$ 242,650
Class Revenue	-	12,160
Grant Revenue	5,000	4,723
Deployments	-	230
Other Sources		
Interest Income	200	636
Miscellaneous Income	-	800
	\$ 257,850	\$ 261,199
<b>EXPENDITURES</b>		
Current		
General Government		
Training	\$ 22,200	\$ 24,062
Payroll	110,305	103,267
Administrative	28,300	31,437
Start-up Donation	8,825	150,000
Equipment	120,004	97,442
Supplies	-	4,049
Insurance	11,000	11,257
Contingency	5,000	-
	\$ 305,634	\$ 421,514
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (47,784)	\$ (160,315)
<b>OTHER FINANCING SOURCES/(USES)</b>	-	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (47,784)	\$ (160,315)
<b>FUND BALANCE - DECEMBER 31, 2014</b>	310,000	280,264
<b>FUND BALANCE - DECEMBER 31, 2015</b>	\$ 262,216	\$ 119,949

See Accompanying Independent Auditor's Report