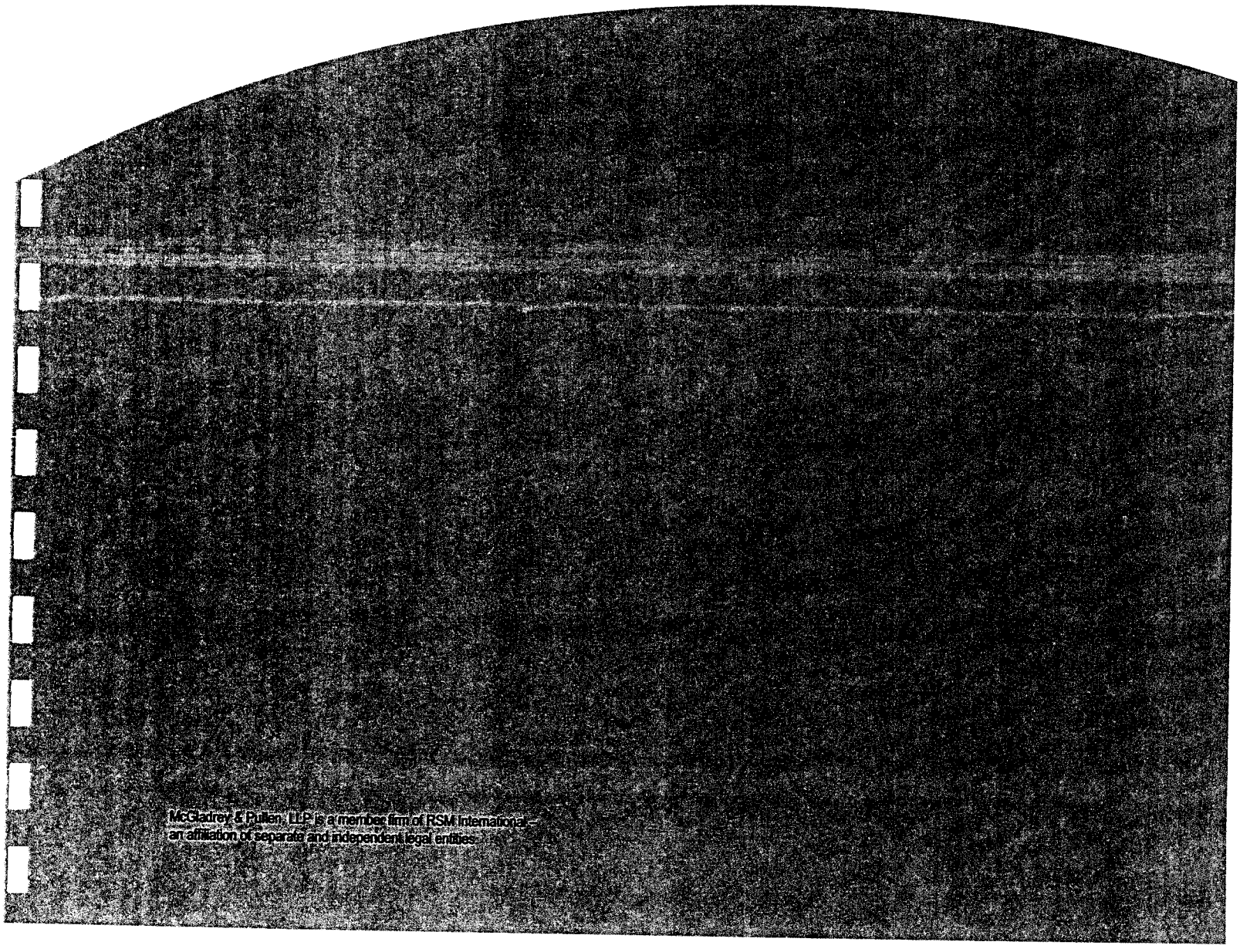
McGladrey & Pullen
Certified Public Accountants

Township of Nunda, Illinois

Annual Financial Report
Year Ended March 31, 2006



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Township of Nunda, Illinois

Board of Township Trustees and Elected Officials
March 31, 2006

Mary L. Donner	Trustee
Thomas C. Palmer	Trustee
Walter F. Romanus	Trustee
James C. Schlader	Trustee
John A. Heisler	Supervisor
Ann Kate	Clerk
Donald C. Kopsell	Highway Commissioner
Dennis Jagla	Assessor

Financial Section

Independent Auditor's Report

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Supervisor and Board of Trustees
Township of Nunda, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Nunda, Illinois, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Nunda, Illinois. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Nunda, Illinois, as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes management's discussion and analysis (pages 3-9), pension related schedules (page 27) and budgetary comparison information (pages 28-36) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Township of Nunda, Illinois. The combining and individual fund financial statements and other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Schaumburg, Illinois
August 23, 2006

Management's Discussion and Analysis (MD&A)

Management's Discussion and Analysis

Nunda Township's discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ending March 31, 2006, with comparisons to fiscal year 2005.

Financial Highlights

- Government-wide net assets decreased by $2,328.
- Government-wide capital assets decreased by $298,746.
- General revenues of $3,377,607 account for 99% of all revenues.
- The Township had $15,178,383 in net assets, $965,708 of which was unrestricted.
- Total debt increased $968,136 (714%).

Using this Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand Nunda Township's financial situation as a whole and also give a detailed view of the Township's fiscal condition.

Overview of the Financial Statements

Nunda Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) **Government-wide financial statements**- are comprised of two components, the Statement of Net Assets and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector businesses. These statements use the accrual basis of accounting and take into account all assets, liabilities, revenues and expenses from the current year regardless of when the cash is received or paid.

These two statements report the Township's net assets and the changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the township as a whole has improved or deteriorated. However, it should be noted that these statements are only one way to measure the Township's financial health.

The Government-wide Financial Statements can be found on pages 10 and 11 of this report.

2) **Fund Financial Statements**- a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated to specific activities or objectives. Nunda Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements provide detailed information about the Township's major funds, not the Township as a whole. State law requires some funds to be segregated, and Township council may segregate others to manage money for a specific purpose. There are three different types of funds: 1) Governmental Funds, 2) Proprietary Funds, 3) Fiduciary Funds. The Township reports only governmental funds.

Governmental Funds- These funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. The difference is that the governmental fund financial statements focus on current sources and uses of spendable resources. The Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 13 and 15). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (notes payable and others) into the Governmental Activities column (in the Government-wide statements).

The basic governmental fund financial statements can be found on pages 12 and 14 of this report

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

Notes to the financial statements can be found on pages 16-26 of this report.

Required Supplementary Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Nunda Township's progress in funding its pension obligations, and budgetary comparison schedules for its major governmental funds.

Required Supplementary Information can be found on pages 27-36 of this report.

Government-Wide Financial Analysis

Table 1 provides a summary of the Township's net assets at March 31, 2006 and 2005.

Table 1
Statement of Net Assets
As of March 31, 2006 and 2005

	Governmental Activities		
	2006	2005	Inc (Dec)
Assets:			
Current and other assets	$ 6,390,188	$ 4,879,053	$ 1,511,135
Capital assets	13,296,547	13,595,293	(298,746)
Total assets	$ 19,686,735	$ 18,474,346	$ 1,212,389
Liabilities:			
Long-term liabilities	1,025,236	35,789	989,447
Other liabilities	3,483,116	3,257,846	225,270
Total liabilities	$ 4,508,352	$ 3,293,635	$ 1,214,717
Net Assets:			
Invested in capital assets, net of debt	$ 13,191,687	$ 13,459,569	$ (267,882)
Restricted	1,020,988	5,195	1,015,793
Unrestricted	965,708	1,715,947	(750,239)
Total net assets	$ 15,178,383	$ 15,180,711	$ (2,328)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Nunda Township, assets exceeded liabilities by $15,178,383 at the close of fiscal year 2006. Of this amount, $13,191,687 represents the Township's capital assets, net of related debt. Nunda Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Nunda Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of Nunda Township's net assets (7%) represents resources that are subject to external restrictions. Restricted net assets consist of $1,015,793 in unspent bond proceeds to be used to construct the new highway department garage. In addition, $5,195 is restricted for cemetery purposes. The remaining balance of unrestricted net assets ($965,708) may be used to meet the Township's ongoing obligations to citizens and creditors.

During the fiscal year Nunda issued $1,000,000 of debt certificates, Series 2005, which accounts for the majority of the significant increase in liabilities. Most of the proceeds from the debt certificates are unspent as of March 31, 2006 and account for most of the increase in current assets. The remaining increase is due in part to a higher property tax levy (2005 levy) compared to the prior year (2004 levy), resulting in higher property taxes receivable as of year-end.

Governmental Activities- Governmental activities decreased Nunda Township's net assets by $177,149. The changes in net assets for the years ended March 31, 2006 and 2005 are outlined below in Table 2.

Table 2

Changes in Net Assets

For the Years Ended March 31, 2006 and 2005

	Governmental Activities		
	2006	2005	Inc (Dec)
Revenues			
Program Revenues			
Charges for Service	$ 28,025	$ 62,768	$ (34,743)
Operating Grants and Contributions	-	21,505	(21,505)
General Revenue			
Property	3,092,741	2,929,298	163,443
Other	85,262	64,091	21,171
Interest	102,069	25,878	76,191
Miscellaneous	97,535	100,454	(2,919)
Total Revenue	3,405,632	3,203,994	201,638
Expenses			
Governmental Activities			
General Government	958,963	1,016,974	(58,011)
Highways and Streets	2,349,676	2,298,981	50,695
Health and Welfare	41,343	36,931	4,412
Cemeteries	19,665	21,795	(2,130)
Interest	38,313	6,462	31,851
Total Expenses	3,407,960	3,381,143	26,817
Change in Net Assets	(2,328)	(177,149)	174,821
Net assets - beginning	15,180,711	15,357,860	(177,149)
Net assets - ending	$ 15,178,383	$ 15,180,711	$ (2,328)

Revenues increased $201,638 compared to the prior year, mainly because of an increase of $163,443 in property tax revenues. The increase in property tax revenues was a result of a levy increase of approximately 5% between the 2003 levy (FY2005 revenue) and the 2004 levy (FY2006 revenue). In addition, interest revenues were higher in FY 2006 compared to the prior year because of better rates received as well as investment of the proceeds from the Series 2005 debt certificates during FY 2006. Total expenses for FY 2006 showed a modest 1% increase compared to the prior year.

Financial Analysis of the Government's Funds

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

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

As of the end of fiscal year 2006, Nunda Township's governmental funds reported a combined ending fund balance of $3,057,867 an increase of $1,314,865 in comparison with the prior year. Approximately 95% of this total amount ($2,909,474) constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes.

The general fund is the chief operating fund of Nunda Township. At the end of fiscal year 2006, total (unreserved) fund balance of the general fund was $1,203,519. As a measure of liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The fund balance of Nunda Township's general fund increased by $979,210 during the current fiscal year. The key reason for the increase was the receipt of proceeds of $1,013,016 from issuance of the Series 2005 debt certificates.

The fund balance of the Road and Bridge fund increased by $160,900 during the current fiscal year. The key reason for the increase was the issuance of a $112,435 capital lease which is reported as an other financing source. In addition, capital additions were lower than anticipated resulting in an excess of revenues over expenditures for the current year.

The fund balance of the Permanent Hard Road fund increased by $167,912. For this fund also, capital additions were lower than anticipated resulting in an excess of revenues over expenditures for the current year.

General Fund Budgetary Highlights

Actual revenues received were $11,581 more than final budgeted amounts. Expenditures were $1,043,238 under final budgeted amounts. This was due to the delayed start of construction of a new highway department garage which was budgeted ($1,000,000) in FY 2006. The Township amended its original expenditure budget by $1,000,000 for the construction of the new highway department garage.

Capital Assets and Debt Administration

Capital assets- Nunda Township's investment in capital assets for its governmental activities as of March 31, 2006 amount to $13,296,547 (net of accumulated depreciation), as indicated in the following table:

Capital Assets at Year End
Net of Depreciation

	Governmental Activities	
	2006	**2005**
Land	$ 8,574,902	$ 8,574,902
Buildings	398,575	448,371
Fixtures and equipment	408,543	451,086
Cemetery assets*	-	-
Infrastructure	3,914,527	4,120,934
Total	$ 13,296,547	$ 13,595,293

*Cemetery assets of $26,424, are fully depreciated as of March 31, 2005.

For further information and details on capital assets, see the Notes to the Financial Statements (Note 5).

Long-Term Debt

At the end of the current fiscal year, Nunda Township had total long term debt outstanding of $1,104,860 (excluding compensated absences payable). This debt is backed by the full faith and credit of the Township.

Outstanding Debt
As of March 31, 2006 and 2005

	2006	2005
Installment contracts	$ -	$ 74,224
Series 2005 Debt Certificates	1,000,000	-
Capital lease	104,860	61,500
	$ 1,104,860	$ 135,724

For further information on outstanding debt, see the Notes to the Financial Statements (Note 6).

Financial Position

Over recent decades, Nunda Township has experienced incredible amounts of residential and business growth. Although this growth has benefited the financial position of the Township, we continue to seek ways to improve the quality and quantity of services provided to the citizens of Nunda Township.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of Nunda Township's finances. If you have any questions concerning the information provided in this report or requests for additional information contact the following:

John Heisler
3420 Bay Rd.
Crystal Lake, IL 60013
(815) 459- 4011

Basic Financial Statements

Government – Wide Financial Statements (GWFS)

Township of Nunda, Illinois

Statement of Net Assets
March 31, 2006

	Governmental Activities
Assets	
Current	
Cash and cash equivalents	$ 3,084,490
Receivables	
Property taxes	3,262,300
Inventory	43,198
Other assets	200
Total current assets	6,390,188
Noncurrent	
Capital assets not being depreciated	8,574,902
Capital assets being depreciated, net	4,721,645
Total noncurrent assets	13,296,547
Total assets	$ 19,686,735
Liabilities and Net Assets	
Current	
Accounts payable	$ 38,227
Accrued payroll	16,514
Accrued interest	33,717
Deferred revenue	3,262,300
Refundable deposits	15,280
Compensated absences	14,663
Debt certificates	35,000
Capital leases	67,415
Total current liabilities	3,483,116
Noncurrent	
Compensated absences	9,775
Debt certificates, net of premium of $13,016	978,016
Capital leases	37,445
Total noncurrent liabilities	1,025,236
Total liabilities	4,508,352
Net Assets	
Invested in capital assets, net of related debt	13,191,687
Restricted for garage construction	1,015,793
Restricted for cemetery purposes	5,195
Unrestricted	965,708
Total net assets	15,178,383
Total liabilities and net assets	$ 19,686,735

See Notes to Basic Financial Statements.

Township of Nunda, Illinois

Statement of Activities
Year Ended March 31, 2006

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense), Revenue and Changes in Net Assets Governmental Activities
Governmental activities			
General government	$ 958,963	$ 2,320	$ (956,643)
Highways and streets	2,349,676	25,705	(2,323,971)
Health and welfare	41,343	-	(41,343)
Cemeteries	19,665	-	(19,665)
Interest	38,313	-	(38,313)
Total governmental activities	$ 3,407,960	$ 28,025	(3,379,935)
General revenues			
Taxes			
Property			3,092,741
Other			85,262
Interest			102,069
Gain on sale of capital assets			8,769
Miscellaneous			88,766
Total general revenues			3,377,607
Change in net assets			(2,328)
Net assets			
Beginning of year			15,180,711
End of year			$ 15,178,383

See Notes to Basic Financial Statements.

Fund Financial Statements (FFS)

Township of Nunda, Illinois

Balance Sheet
Governmental Funds
March 31, 2006

	General Fund	Road and Bridge Fund	Permanent Hard Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,225,223	$ 364,049	$ 1,262,760	$ 232,458	$ 3,084,490
Receivables					
Property taxes	858,792	643,943	1,583,247	176,318	3,262,300
Inventory	-	43,198	-	-	43,198
Other Assets	-	200	-	-	200
Total assets	$ 2,084,015	$ 1,051,390	$ 2,846,007	$ 408,776	$ 6,390,188
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 15,250	$ 16,227	$ 6,684	$ 66	$ 38,227
Accrued expenses	6,454	-	8,339	1,721	16,514
Refundable deposits	-	15,280	-	-	15,280
Deferred property taxes	858,792	643,943	1,583,247	176,318	3,262,300
Total liabilities	880,496	675,450	1,598,270	178,105	3,332,321
Fund balances					
Reserved for inventory	-	43,198	-	-	43,198
Reserved for perpetual care	-	-	-	5,195	5,195
Unreserved - designated for land acquisition	-	-	-	100,000	100,000
Unreserved - undesignated					
General fund	1,203,519	-	-	-	1,203,519
Special revenue funds	-	332,742	-	125,476	458,218
Capital project funds	-	-	1,247,737	-	1,247,737
Total fund balances	1,203,519	375,940	1,247,737	230,671	3,057,867
Total liabilities and fund balances	$ 2,084,015	$ 1,051,390	$ 2,846,007	$ 408,776	$ 6,390,188

See Notes to Basic Financial Statements.

Township of Nunda, Illinois

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
March 31, 2006

Total fund balances - governmental funds	$	3,057,867
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds		13,296,547
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds:		
These activities consist of:		
Accrued interest		(33,717)
Compensated absences		(24,438)
Debt certificates		(1,000,000)
Unamortized premium on debt certificates		(13,016)
Capital leases		(104,860)
Net assets of governmental activities	$	15,178,383

See Notes to Basic Financial Statements.

Township of Nunda, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended March 31, 2006

	General Fund	Road and Bridge Fund	Permanent Hard Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 815,016	$ 611,412	$ 1,502,431	$ 163,882	$ 3,092,741
Replacement taxes	21,497	25,962	33,814	3,989	85,262
Interest - investments	34,838	7,732	50,051	8,353	100,974
Interest - County Treasurer	290	218	535	52	1,095
Town Hall rental	2,320	-	-	-	2,320
Insurance dividend	3,024	-	-	5,559	8,583
Fines	-	24,030	-	-	24,030
Fees	-	1,675	-	-	1,675
Other income	296	84,560	-	3,527	88,383
Total revenues	877,281	755,589	1,586,831	185,362	3,405,063
Expenditures					
Current					
General government	889,509	-	-	-	889,509
Highways and streets	-	211,501	1,094,085	117,511	1,423,097
Health and welfare	-	-	-	41,343	41,343
Cemeteries	-	-	-	19,665	19,665
Debt service					
Principal	-	143,299	-	-	143,299
Interest	-	6,643	-	-	6,643
Capital outlay	21,578	345,681	324,834	-	692,093
Total expenditures	911,087	707,124	1,418,919	178,519	3,215,649
Excess (deficiency) of revenues over expenditures before other financing sources	(33,806)	48,465	167,912	6,843	189,414
Other financing sources					
Debt issuances	1,000,000	112,435	-	-	1,112,435
Premium on issuance of debt	13,016	-	-	-	13,016
	1,013,016	112,435	-	-	1,125,451
Net change in fund balances	979,210	160,900	167,912	6,843	1,314,865
Fund balances					
Beginning of year	224,309	215,040	1,079,825	223,828	1,743,002
End of year	$ 1,203,519	$ 375,940	$ 1,247,737	$ 230,671	$ 3,057,867

See Notes to Basic Financial Statements.

Township of Nunda, Illinois

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended March 31, 2006

Net change in fund balances—total governmental funds		$ 1,314,865
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	$ 326,966	
Depreciation expense	(562,561)	(235,595)
Some capital additions were financed through the issuance of long-term debt. In governmental funds, long-term debt is considered other financing sources, but in the Statement of Net Assets, debt is reported as a liability. In the current period, proceeds were received from:		
Debt certificates		(1,000,000)
Premium on debt certificates		(13,016)
Capital leases		(112,435)
Gains on the sale and trade-in of capital assets are not reported in governmental funds, however, gains are a component of the general revenues in the Statement of Activities.		(63,151)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:		
Installment contracts		74,224
Capital leases		69,075
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 activities consist of:		
(Increase) in accrued interest		(31,670)
(Increase) in compensated absences		(4,625)
Change in net assets of governmental activities		$ (2,328)

See Notes to Basic Financial Statements.

Note 1. Significant Accounting Policies

The accounting policies of the Township of Nunda, Illinois ("the Township") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which 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 accompanying financial statements present the Township (the primary government) and its component unit. The financial data of the component unit is included in the Township's reporting entity because of its operational significance or financial relationships with the Township. The Township Board is the governing body of the component unit.

Blended Component Unit

Although the Township of Nunda Road District (District) is a legally separate entity from the Township, the District is blended as if it were part of the Township. The District serves all of the citizens of the Township. The Township Board must approve the District's annual budget as well as audit all of the District's expenditures. Accordingly, the District is included as a blended component unit of the Township and is reported as five special revenue funds: the Road and Bridge Fund, the Permanent Hard Road Fund, the Road District Insurance Fund, the Road District IMRF Fund and the Road District Social Security Fund. The District has a March 31 fiscal year-end, the same as the Township. The District does not have a separately issued annual financial report.

Government-wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Township. Eliminations have been made to minimize the double counting of internal activities of the Township. The financial activities of the Township consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Assets presents the Township's assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government, highways and streets etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Separate financial statements are provided for major governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Township has the following major governmental funds - General Fund, Road and Bridge Fund, and the Permanent Hard Road Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Following is a description of the Township's major governmental funds:

General (Town) Fund – This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road and Bridge Fund – This Fund is used to account for expenditures to maintain and repair Township roads. Revenue for the Fund is gained primarily through the levy of property taxes.

Permanent Hard Road Fund – This Fund is used to account for expenditures for construction and maintenance of hard-surfaced Township roads. Revenue for the Fund is gained primarily through the levy of property taxes.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Township gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various grants. On an accrual basis, revenues from taxes are recognized when the Township has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds 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 60 days of the end of the current fiscal year.

Significant revenue sources that are susceptible to accrual include property taxes, replacement taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

Cash and cash equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity within 90 days of the date acquired by the Township.

The Township maintains a cash and investment pool that is available for use by all funds, except that the Cemetery Fund maintains its own accounts. Each fund's portion of this pool is displayed on the balance sheet as cash and cash equivalents. Deposits are stated at cost and are either held in checking accounts, money market accounts or certificates of deposits with a maturity of less than 90 days.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories

Inventories for all governmental funds are valued at average cost. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. Material amounts of inventories are also reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are recorded among reported assets.

Interfund Receivables/Payables

The Township has the following types of transactions between funds:

Loans and Advances—amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds.

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets.

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Capital Assets

Capital assets, which include land and improvements, streets, right of way, buildings, furniture and fixtures, vehicles, and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $1,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the value of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

Capital assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation. All infrastructure assets acquired on or after April 1, 1980, have been capitalized.

Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

	Estimated Useful Lives in Years
Buildings	39 - 50
Fixtures and equipment	3 - 20
Cemetery assets	3 - 20
Infrastructure	25 - 40

Deferred Revenue

The Township defers revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General (Town) Fund is typically used to liquidate these liabilities.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the government-wide Statement of Net Assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Post Employment Healthcare Benefits

The Township does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the Township.

Fund Balance Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances, if any, represent tentative plans for future use of financial resources.

Accounting Estimates

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

Note 2. Budgets

The Township Supervisor submits to the Board of Trustees the proposed budget for the fiscal year. Budgets are prepared for all funds, generally on a basis of accounting consistent with GAAP. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments on the proposed budget. The budget is adopted by the Board of Trustees and is legally enacted by the Township Board through passage of an ordinance. Revisions to the budget are made in accordance with the Illinois Compiled Statutes. During the fiscal year, the Board amended the original budget and appropriation ordinance for the General (Town) fund.

Expenditures may not legally exceed budgeted appropriations by greater than 10 percent at the department level without Board approval as established by State Statute.

As of March 31, 2006, expenditures for the following departments exceeded appropriated amounts by greater than 10% (expenditures reflect the total of current, debt service and capital outlay amounts for the department):

Fund / Department	Appropriation (Budget)	Actual
Road and Bridge Fund – Road division	$63,500	$78,267
Road and Bridge Fund – Equipment division	380,500	477,469

Note 3. Property Taxes

The Township's property tax is levied each calendar year on all taxable real property located in the Township. Since the 2005 property tax levy is levied to finance the operations of fiscal year 2007, the 2005 property tax levy is recorded as a receivable and the property tax revenue is deferred. The 2004 property tax levy is recorded as revenue by the Township in accordance with the applicable measurement focus and basis of accounting for fiscal year 2006.

The Township's assessor is responsible for assessment of all taxable real property within the Township, except for certain railroad and pollution control property, which is assessed directly by the State.

Property taxes are collected by the McHenry County Collector/Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2004 become due and payable in two installments in June 2005 and September 2005. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Note 4. Cash and Investments

For the year ended March 31, 2006, the Township adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3.*

The Township deposits and invests all its monies only in investments allowed by state statutes. The statutes authorize the Township to make deposits/invest in commercial banks, obligations of the U.S. Treasury, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds investment pool.

The Township does not have a formal investment policy that further limits the allowed investments; however,as of March 31, 2006, all Township funds were deposited in banks or invested in certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2006, $2,904,697 of the Township's bank balance of $3,109,894 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 100,000
Uninsured and collateral held by pledging bank's safekeeping department	2,804,697
Total	$ 2,904,697

Note 5. Capital Assets

A summary of changes in the capital assets for governmental activities of the Township for the year ended March 31, 2006, is as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 8,574,902	$ -	$ -	$ 8,574,902
Capital assets being depreciated:				
Buildings	901,507	-	-	901,507
Fixtures and equipment	2,140,952	326,966	127,596	2,340,322
Cemetery assets	26,424	-	-	26,424
Infrastructure	7,102,606	-	-	7,102,606
Total capital assets being depreciated	10,171,489	326,966	127,596	10,370,859
Less accumulated depreciation for:				
Buildings	453,136	49,796	-	502,932
Fixtures and equipment	1,689,866	306,358	64,445	1,931,779
Cemetery assets	26,424	-	-	26,424
Infrastructure	2,981,672	206,407	-	3,188,079
Total accumulated depreciation	5,151,098	562,561	64,445	5,649,214
Total capital assets being depreciated, net	5,020,391	(235,595)	63,151	4,721,645
Governmental activities Capital assets, net	$ 13,595,293	$ (235,595)	$ 63,151	$ 13,296,547

Depreciation was charged to functions/programs as follows:

Governmental activities:	
General government	$ 49,796
Highways and streets	512,765
Total depreciation expense - governmental activities	$ 562,561

Note 6. Long-Term Obligations

The following is a summary of long-term obligation activity for the Township associated with governmental activities for the year ended March 31, 2006:

	Outstanding Debt as of April 1, 2005	Additions	Reductions	Outstanding Debt as of March 31, 2006	Due within one year
Compensated absences	$ 19,813	$ 12,952	$ 8,327	$ 24,438	$ 14,663
Installment contracts	74,224	-	74,224	-	-
Series 2005 Debt Certificates*	-	1,000,000	-	1,000,000	35,000
Capital leases	61,500	112,435	69,075	104,860	67,415
	$ 155,537	$ 1,125,387	$ 151,626	$ 1,129,298	$ 117,078

* Excludes unamortized premium of $13,016.

Outstanding debt as of March 31, 2006, consists of the following:

Capital lease, requires annual installments of $33,524, which includes interest at 5.22%, through October 15, 2006	$ 31,861
Capital lease, requires annual installments of $39,436, which includes interest at 5.32%, through April 27, 2007.	72,999
Series 2005 Debt Certificates, requires annual principal installments ranging from $35,000 to $95,000, plus semi-annual interest at 4.5%, through January 15, 2020.	1,000,000
Total outstanding debt	$ 1,104,860

The annual principal and interest requirements for all outstanding capital leases and debt certificates as of March 31, 2006 are as follows:

Year Ending March 31:	Debt Certificates		Capital Leases	
	Principal	Interest	Principal	Interest
2007	$ 35,000	$ 63,948	$ 67,415	$ 5,545
2008	55,000	43,565	37,445	1,991
2009	60,000	41,090	-	-
2010	60,000	38,390	-	-
2011	65,000	35,690	-	-
2012 - 2016	365,000	132,550	-	-
2017 - 2021	360,000	41,690	-	-
Total	$ 1,000,000	$ 396,923	$ 104,860	$ 7,536

The Township's legal debt limitation of $103,495,782 is based on 8.625% of the 2005 equalized assessed valuation of $1,211,545,304 and $1,000,000 of general obligation debt.

Note 7. Reserved and Designated Fund Equity and Restricted Net Assets

Reservations of fund balances of governmental funds are established to identify the portion of the fund balance that is not appropriable for future expenditures, or is legally segregated for a specific future use. Restricted net assets represent legal constraints placed on net asset use by donors. Designations of fund balances represent the Board's intended use of such funds. The Township had the following reserves, restrictions and designations as of year-end:

Reserved/restricted for Perpetual Care – Cemetery Fund: $5,195 is reported as reserved/restricted for perpetual care and represents funds donated to the Township for the upkeep of Township cemeteries. Under the terms of these gifts, the principal must be maintained intact and therefore is not available for expenditures.

Designated for Land Acquisition – Cemetery Fund: $100,000 is reported as reserved/restricted for land acquisition and represents funds the Board has reserved in the event that additional land for cemetery plots is needed.

Reserve for Inventories – Road and Bridge Fund: The reserve for inventories was created to represent the portion of the fund balance that is not available for appropriation because the Township expects to use these resources within the next budgetary period.

Note 8. Employee Retirement Plans

Substantially all Township employees are covered under the following employee retirement plan:

Illinois Municipal Retirement Fund

The Township's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Township is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 5.94 percent of covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005, was 27 years.

For calendar year 2005, the Township's annual pension cost of $65,182 was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC) and Annual Required Contribution (ARC)	Percentage of APC and ARC Contributed
December 31, 2005	$ 65,182	100 %
December 31, 2004	21,276	100
December 31, 2003	10,052	100

Note 9. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township accounts for its risk of loss in the General (Town) Fund for the primary government and in the Road District Insurance Fund for the blended component unit.

The Township is insured through TOIRMA, a joint risk management pool of Illinois Townships through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers compensation coverage is provided for the members, acting as a single insurable unit. The Township pays an annual premium to TOIRMA.

There has been no reduction in the Township's insurance coverage for any of its programs since the prior fiscal year. Settlements have not exceeded insurance coverage for the current year or prior three fiscal years.

Note 10. Commitments

As of March 31, 2006, the Township entered into various construction commitments for construction of a new garage for its highway department, amounting to approximately $330,000. No future financing is required.

Note 11. Pronouncement Issued But Not Yet Adopted

The Governmental Accounting Standards Board (GASB) recently issued the following statements:

Statement No. 43, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, will be effective for the Township beginning with its year ended March 31, 2007. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information. The Township is required to implement this Statement for the year ending March 31, 2009.

Statement No. 47 – *Accounting for Termination of Benefits*, establishes accounting standards for voluntary and involuntary termination benefits, including termination benefits provided through a defined benefit other post employment benefit plan (OPEB). For those termination benefits provided through a defined benefit OPEB plan, this Statement must be implemented concurrently with Statement No. 45. For all benefits, this Statement will become effective for the year ending March 31, 2007.

Management has not currently determined what impact, if any, these Standards may have on its financial statements.

Required Supplementary Information

Township of Nunda, Illinois

Illinois Municipal Retirement Fund
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	$ 2,097,392	$ 1,549,181	$ (548,211)	135.39 %	$ 1,097,348	(49.96) %
12/31/2004	1,862,381	1,467,030	(395,351)	126.95	1,037,856	(38.09)
12/31/2003	1,738,802	1,207,317	(531,485)	144.02	1,025,678	(51.82)
12/31/2002	1,599,881	972,267	(627,614)	164.55	949,778	(66.08)
12/31/2001	1,688,347	901,613	(786,734)	187.26	840,308	(93.62)
12/31/2000	1,515,537	725,667	(789,870)	208.85	766,592	(103.04)

Schedule of Employer Contributions

Actuarial Valuation Date	Annual Required Contributions	Percentage Contributed
12/31/2005	$ 65,182	100 %
12/31/2004	21,276	100
12/31/2003	10,052	100
12/31/2002	9,783	100
12/31/2001	8,655	100
12/31/2000	20,238	100

Township of Nunda, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General (Town) Fund
Year Ended March 31, 2006

	Original Budget	Final Budget As Amended	Actual	Variance
Revenues				
Property taxes	$ 815,000	$ 815,000	$ 815,016	$ 16
Replacement taxes	15,000	15,000	21,497	6,497
Interest - investments	10,000	30,000	34,838	4,838
Interest - County Treasurer	100	100	290	190
Town Hall rental	2,500	2,500	2,320	(180)
Insurance dividend	3,000	3,000	3,024	24
Other income	100	100	296	196
Total revenues	845,700	865,700	877,281	11,581
Expenditures				
Current:				
General government	954,325	954,325	889,509	64,816
Capital outlay	-	1,000,000	21,578	978,422
Total expenditures	954,325	1,954,325	911,087	1,043,238
Excess (deficiency) of revenues over expenditures before other financing sources	(108,625)	(1,088,625)	(33,806)	(1,054,819)
Other financing sources				
Debt issuance	-	1,000,000	1,000,000	-
Premium on debt issuance	-	13,016	13,016	-
Total other financing sources	-	1,013,016	1,013,016	-
Net change in fund balance	$ (108,625)	$ (75,609)	979,210	$ (1,054,819)
Fund balance				
Beginning of year			224,309	
End of year			$ 1,203,519	

Township of Nunda, Illinois

Detailed Schedule of Expenditures - Budget and Actual
General (Town) Fund
Year Ended March 31, 2006

	Original Budget	Final Budget As Amended	Actual	Variance
Expenditures				
General government				
Administration				
Salaries	$ 17,000	$ 17,000	$ 14,991	$ 2,009
Deputy clerk	200	200	-	200
Professional services	5,000	5,000	5,373	(373)
Accounting services	10,000	10,000	10,290	(290)
Legal services	5,000	5,000	6,090	(1,090)
Professional improvement	500	500	403	97
Building maintenance	5,000	5,000	7,260	(2,260)
Dues - Township officials	1,500	1,500	1,273	227
Travel	500	500	235	265
Publishing	1,000	1,000	516	484
Utilities	5,000	5,000	9,467	(4,467)
General insurance	4,000	4,000	4,086	(86)
Liability insurance	10,200	10,200	10,198	2
Workers compensation insurance	8,000	8,000	7,501	499
Unemployment compensation	500	500	131	369
Social security tax	1,200	1,200	1,147	53
Illinois Municipal Retirement	100	100	8	92
Equipment purchases	1,000	1,000	926	74
Total administration	75,700	75,700	79,895	(4,195)
Town officials				
Supervisor's salary	57,200	57,200	56,864	336
Town clerk's salary	11,600	11,600	11,545	55
Assessor's salary	63,000	63,000	59,590	3,410
Highway commissioner's salary	72,000	72,000	71,641	359

(Continued)

Township of Nunda, Illinois

Detailed Schedule of Expenditures - Budget and Actual
General (Town) Fund (continued)
Year Ended March 31, 2006

	Original Budget	Final Budget As Amended	Actual	Variance
General government (continued)				
Town officials (continued)				
Board of trustees	$ 9,000	$ 9,000	$ 8,100	$ 900
Road district treasurer	1,000	1,000	998	2
Cemetery trustees	1,500	1,500	1,500	-
Life insurance	350	350	413	(63)
Hospitalization insurance	44,000	44,000	44,125	(125)
Social security taxes	16,000	16,000	16,234	(234)
Illinois Municipal Retirement	11,500	11,500	8,680	2,820
Total town officials	287,150	287,150	279,690	7,460
Supervisor's office				
Clerical staff salaries	38,000	38,000	36,955	1,045
Professional improvement	500	500	(23)	523
Travel	500	500	300	200
Office supplies	4,000	4,000	4,724	(724)
Telephone	3,000	3,000	1,236	1,764
Life insurance	100	100	122	(22)
Hospitalization insurance	600	600	543	57
Unemployment compensation	1,000	1,000	286	714
Social security tax	3,200	3,200	3,319	(119)
Illinois Municipal Retirement	1,900	1,900	1,253	647
Miscellaneous	2,000	2,000	444	1,556
Total supervisor's office	54,800	54,800	49,159	5,641

(Continued)

Township of Nunda, Illinois

Detailed Schedule of Expenditures - Budget and Actual
General (Town) Fund (continued)
Year Ended March 31, 2006

	Original Budget	Final Budget As Amended	Actual	Variance
General government (continued)				
Assessor's office				
Clerical staff salaries	$ 300,000	$ 300,000	$ 281,452	$ 18,548
Professional services	5,200	5,200	4,450	750
Professional improvement	7,800	7,800	4,174	3,626
Computer	14,000	14,000	11,324	2,676
Automobile	7,600	7,600	7,771	(171)
Dues	850	850	595	255
Travel	2,000	2,000	893	1,107
Office supplies	3,500	3,500	3,748	(248)
Postage	500	500	472	28
Printing	1,600	1,600	907	693
Publications and subscriptions	5,100	5,100	4,864	236
Equipment maintenance	1,600	1,600	1,668	(68)
Telephone	5,500	5,500	4,119	1,381
Life insurance	825	825	902	(77)
Hospitalization insurance	80,000	80,000	84,119	(4,119)
Unemployment compensation	1,000	1,000	923	77
Social security tax	22,000	22,000	20,843	1,157
Illinois Municipal Retirement	17,800	17,800	13,165	4,635
Miscellaneous	3,000	3,000	2,710	290
Equipment	9,000	9,000	8,550	450
Total assessor's office	488,875	488,875	457,649	31,226
Township - park				
Grounds maintenance	4,500	4,500	4,500	-
Bay Road Park development	5,000	5,000	1,494	3,506
	9,500	9,500	5,994	3,506

(Continued)

Township of Nunda, Illinois

Detailed Schedule of Expenditures - Budget and Actual
General (Town) Fund (continued)
Year Ended March 31, 2006

	Original Budget	Final Budget As Amended	Actual	Variance
General government (continued)				
Other				
Contingencies	$ 10,000	$ 10,000	$ -	$ 10,000
McHenry Area Youth Commission	2,000	2,000	2,000	-
Planning commission	1,000	1,000	176	824
Northern Illinois Special Recreation	500	500	500	-
Recycling	6,000	6,000	5,896	104
Newsletter	5,000	5,000	-	5,000
Gypsy moth	5,000	5,000	-	5,000
Mosquito abatement	8,500	8,500	8,450	50
Ordinance	300	300	100	200
Total other	38,300	38,300	17,122	21,178
Total general government	954,325	954,325	889,509	64,816
Capital outlay				
Garage construction	-	1,000,000	21,578	978,422
Total expenditures	$ 954,325	$ 1,954,325	$ 911,087	$ 1,043,238

Township of Nunda, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Road and Bridge Fund
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 612,198	$ 611,412	$ (786)
Replacement taxes	20,000	25,962	5,962
Grants	45,000	-	(45,000)
Interest - investments	100	7,732	7,632
Interest - County Treasurer	-	218	218
Fines - traffic	22,000	24,030	2,030
Fees - Culvert administration fee	3,500	1,675	(1,825)
Other			
Material and equipment sales	40,000	51,855	11,855
Miscellaneous	27,800	32,705	4,905
Total revenues	770,598	755,589	(15,009)
Expenditures			
Current			
Highways and streets:			
Administration	53,600	47,404	6,196
Road division	28,500	65,219	(36,719)
Bridge division	2,750	-	2,750
Building division	86,500	35,688	50,812
Equipment division	67,500	63,190	4,310
Debt service	-	149,942	(149,942)
Capital outlay	663,000	345,681	317,319
Total expenditures	901,850	707,124	194,726
Excess (deficiency) of revenues over expenditures before other financing sources	(131,252)	48,465	179,717
Other financing sources			
Capital lease issuance	-	112,435	112,435
Net change in fund balance	$ (131,252)	160,900	$ 292,152
Fund balance			
Beginning of year		215,040	
End of year		$ 375,940	

Township of Nunda, Illinois

Road and Bridge Fund
Detailed Schedule of Expenditures - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Highways and streets			
Administration			
Staff salaries	$ 3,500	$ 2,688	$ 812
Accounting services	2,000	2,310	(310)
Professional improvement	1,000	675	325
Dues	500	150	350
Office supplies	2,200	2,133	67
Postage	800	579	221
Printing	1,000	531	469
Publications and subscriptions	200	130	70
Publishing	1,000	1,061	(61)
Equipment maintenance	1,400	289	1,111
Telephone	14,000	14,561	(561)
Insurance			
General	-	19,186	(19,186)
Hospitalization	500	476	24
Life	50	10	40
Employee physicals	200	40	160
Risk management contributions	25,000	-	25,000
Miscellaneous	250	2,585	(2,335)
Total administration	53,600	47,404	6,196
Road division			
Maintenance/operating supplies	-	38,471	(38,471)
Uniforms	6,500	5,931	569
Street lighting	22,000	20,817	1,183
Total road division	28,500	65,219	(36,719)
Bridge division			
Engineering services	500	-	500
Rental	250	-	250
Maintenance/operating supplies	2,000	-	2,000
Total bridge division	2,750	-	2,750
Building division			
Professional services	45,000	-	45,000
Building maintenance	-	13,217	(13,217)
Alarm maintenance	2,500	2,568	(68)
Ground maintenance supplies	-	4,484	(4,484)
Maintenance/operating supplies	25,000	3,881	21,119
Hazardous waste removal	2,000	2,105	(105)
Utilities	12,000	9,433	2,567
Total building division	86,500	35,688	50,812

(Continued)

Township of Nunda, Illinois

Road and Bridge Fund
Detailed Schedule of Expenditures - Budget and Actual (Budgetary Basis) (Continued)
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Highways and streets - Continued			
Equipment division			
Rental	$ 2,500	$ 226	$ 2,274
Vehicle maintenance	28,000	26,895	1,105
Maintenance/operating supplies	7,000	6,055	945
Equipment maintenance	30,000	30,014	(14)
Total equipment division	67,500	63,190	4,310
Total highways and streets	238,850	211,501	27,349
Debt service - equipment division			
Principal	-	143,299	(143,299)
Interest	-	6,643	(6,643)
Total debt service	-	149,942	(149,942)
Capital outlay			
Administration			
Office equipment	15,000	12,432	2,568
Road division			
Road improvements/plat nondedicated	35,000	13,048	21,952
Bridge division			
Bridge repair	50,000	51,248	(1,248)
Building division			
Buildings	250,000	4,616	245,384
Equipment division			
Equipment purchases	313,000	264,337	48,663
Total capital outlay	663,000	345,681	317,319
Total expenditures	$ 901,850	$ 707,124	$ 194,726

Note 1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

Supplementary Information

Nonmajor Governmental Funds

Township of Nunda, Illinois

Combining Balance Sheet
Nonmajor Special Revenue Funds
March 31, 2006

	General Assistance Fund	Road District Insurance Fund	Road District Social Security Fund	Road District IMRF Fund	Cemetery Fund	Total
Assets						
Cash and cash equivalents	$ 58,962	$ 12,677	$ 8,171	$ 23,465	$ 129,183	$ 232,458
Property taxes receivable	31,185	46,778	53,974	28,790	15,591	176,318
Total assets	$ 90,147	$ 59,455	$ 62,145	$ 52,255	$ 144,774	$ 408,776
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 66	$ -	$ -	$ -	$ -	$ 66
Accrued expenses	544	77	606	494	-	1,721
Deferred property taxes	31,185	46,778	53,974	28,790	15,591	176,318
Total liabilities	31,795	46,855	54,580	29,284	15,591	178,105
Fund balances						
Reserved for perpetual care	-	-	-	-	5,195	5,195
Unreserved						
Designated for land acquisition	-	-	-	-	100,000	100,000
Undesignated	58,352	12,600	7,565	22,971	23,988	125,476
Total fund balances	58,352	12,600	7,565	22,971	129,183	230,671
Total liabilities and fund balances	$ 90,147	$ 59,455	$ 62,145	$ 52,255	$ 144,774	$ 408,776

Township of Nunda, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended March 31, 2006

	General Assistance Fund	Road District Insurance Fund	Road District Social Security Fund	Road District IMRF Fund	Cemetery Fund	Total
Revenues						
Property taxes	$ 28,598	$ 43,996	$ 50,598	$ 26,392	$ 14,298	$ 163,882
Replacement taxes	3,581	-	-	-	408	3,989
Interest - investments	2,433	1,206	478	2,114	2,122	8,353
Interest - County Treasurer	10	15	18	9	-	52
Insurance dividend	-	5,559	-	-	-	5,559
Other	-	-	-	-	3,527	3,527
Total revenues	34,622	50,776	51,094	28,515	20,355	185,362
Expenditures						
Current						
Highways and streets	-	46,712	45,304	25,495	-	117,511
Health and welfare	41,343	-	-	-	-	41,343
Cemeteries	-	-	-	-	19,665	19,665
Total expenditures	41,343	46,712	45,304	25,495	19,665	178,519
Net change in fund balances	(6,721)	4,064	5,790	3,020	690	6,843
Fund balances						
Beginning of year	65,073	8,536	1,775	19,951	128,493	223,828
End of year	$ 58,352	$ 12,600	$ 7,565	$ 22,971	$ 129,183	$ 230,671

Township of Nunda, Illinois

General Assistance Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 27,500	$ 28,598	$ 1,098
Replacement taxes	2,500	3,581	1,081
Interest - investments	500	2,433	1,933
Interest - County Treasurer	50	10	(40)
Other	50	-	(50)
Total revenues	30,600	34,622	4,022
Expenditures			
Health and welfare			
Home relief	42,500	7,627	34,873
Administration	38,650	33,716	4,934
Other	10,000	-	10,000
Total expenditures	91,150	41,343	49,807
Net change in fund balance	$ (60,550)	(6,721)	$ 53,829
Fund balance			
Beginning of year		65,073	
End of year		$ 58,352	

Township of Nunda, Illinois

Road District Insurance Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 43,996	$ 43,996	$ -
Interest - investments	100	1,206	1,106
Interest - County Treasurer	-	15	15
Insurance dividend	5,000	5,559	559
Total revenues	49,096	50,776	1,680
Expenditures			
Highways and streets:			
Accounting services	500	495	5
Liability insurance	12,000	10,199	1,801
Workers compensation insurance	32,000	30,003	1,997
Unemployment compensation	5,000	6,015	(1,015)
Total expenditures	49,500	46,712	2,788
Net change in fund balance	$ (404)	4,064	$ 4,468
Fund balance			
Beginning of year		8,536	
End of year		$ 12,600	

Township of Nunda, Illinois

Road District Social Security Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 50,595	$ 50,598	$ 3
Interest - investments	100	478	378
Interest - County Treasurer	-	18	18
Total revenues	50,695	51,094	399
Expenditures			
Highways and streets:			
Accounting services	500	495	5
Social security tax	50,000	44,809	5,191
Total expenditures	50,500	45,304	5,196
Net change in fund balance	$ 195	5,790	$ 5,595
Fund balance			
Beginning of year		1,775	
End of year		$ 7,565	

Township of Nunda, Illinois

Road District IMRF Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 26,400	$ 26,392	$ (8)
Interest - investments	100	2,114	2,014
Interest - County Treasurer	-	9	9
Total revenues	26,500	28,515	2,015
Expenditures			
Highways and streets			
Accounting services	500	495	5
Illinois Municipal Retirement	41,000	25,000	16,000
Total expenditures	41,500	25,495	16,005
Net change in fund balance	$ (15,000)	3,020	$ (13,990)
Fund balance			
Beginning of year		19,951	
End of year		$ 22,971	

Township of Nunda, Illinois

Cemetery Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 13,848	$ 14,298	$ 450
Replacement taxes	300	408	108
Interest - investments	2,000	2,122	122
Other			
Sale of lots	1,000	3,000	2,000
Burial permits	150	135	(15)
Monument permits	100	105	5
Perpetual care revenue	200	205	5
Miscellaneous	100	82	(18)
Total revenues	17,698	20,355	2,657
Expenditures			
Cemeteries			
General administration	16,900	8,931	7,969
Maintenance	11,000	9,960	1,040
Improvements	10,000	774	9,226
Purchase of graves	1,000	-	1,000
Contingencies	10,000	-	10,000
Total expenditures	48,900	19,665	29,235
Net change in fund balance	$ (31,202)	690	$ 31,892
Fund balance			
Beginning of year		128,493	
End of year		$ 129,183	

Major Capital Projects Fund

Township of Nunda, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Permanent Hard Road Fund
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Revenues			
Property taxes	$ 1,502,470	$ 1,502,431	$ (39)
Replacement taxes	25,000	33,814	8,814
Interest - investments	12,000	50,051	38,051
Interest - County Treasurer	-	535	535
Other	100	-	(100)
Total revenues	1,539,570	1,586,831	47,261
Expenditures			
Current - highways and streets			
Administration	205,000	141,833	63,167
Road division	1,185,000	952,252	232,748
Capital outlay	815,000	324,834	490,166
Total expenditures	2,205,000	1,418,919	786,081
Net change in fund balance	$ (665,430)	167,912	$ 833,342
Fund balance			
Beginning of year		1,079,825	
End of year		$ 1,247,737	

Township of Nunda, Illinois

Permanent Hard Road Fund
Detailed Schedule of Expenditures - Budget and Actual
Year Ended March 31, 2006

	Original and Final Budget	Actual	Variance
Highways and streets			
Administration			
Accounting services	$ 6,000	$ 6,105	$ (105)
Legal services	30,000	13,948	16,052
Life insurance	2,300	1,466	834
Hospitalization insurance	160,000	116,218	43,782
Travel	5,500	3,332	2,168
Employee physicals	1,200	764	436
Total administration	205,000	141,833	63,167
Road division			
Salaries	700,000	595,740	104,260
Engineering services	62,500	43,334	19,166
Rental	2,000	202	1,798
Road maintenance	60,000	43,900	16,100
Maintenance/operating supplies	280,000	189,040	90,960
Road striping	12,000	11,070	930
Safety program	7,000	6,691	309
Gasoline and oil	60,000	61,793	(1,793)
Monitoring system - gas tanks	1,500	482	1,018
Total road division	1,185,000	952,252	232,748
Capital outlay			
Signs and posts	15,000	7,310	7,690
Road improvements	800,000	317,524	482,476
	815,000	324,834	490,166
Total expenditures	$ 2,205,000	$ 1,418,919	$ 786,081

Statistical Section (Unaudited)

Township of Nunda, Illinois

Assessed Valuations and Property Tax Extensions, Rates and Collections
Last Seven Levy Years

	2005		2004		2003		2002		2001		2000		1999	
Assessed Valuations	$1,211,545,304		$1,099,905,237		$1,014,574,420		$915,054,323		$837,719,464		$768,626,778		$719,168,250	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Property tax extensions and rates:														
Town	$ 867,467	.071	$ 815,032	.074	$ 773,107	.076	$ 730,217	.080	$ 695,310	.083	$ 650,259	.085	$ 652,287	.091
General assistance	31,500	.002	28,597	.003	26,379	.003	24,706	.003	24,293	.003	22,290	.003	31,643	.004
Road and bridge	650,447	.054	611,061	.060	581,293	.057	551,658	.060	636,728	.076	598,514	.077	475,458	.099
Permanent hard road	1,599,240	.132	1,502,471	.137	1,424,462	.140	1,345,129	.147	1,122,544	.134	1,043,795	.136	1,049,986	.151
Cemetery	15,748	.001	14,298	.001	13,189	.001	12,810	.001	12,565	.001	12,531	.002	12,225	.002
Insurance fund	47,250	.003	43,996	.004	41,597	.004	38,432	.004	32,671	.004	30,745	.004	95,649	.014
Social security	54,520	.004	50,596	.005	47,685	.005	44,837	.005	42,723	.005	39,200	.005	35,239	.005
IMRF	29,081	.002	26,401	.002	24,353	.002	22,879	.003	25,971	.003	23,828	.003	19,422	.003
	$ 3,295,253	.269	$ 3,092,452	.286	$ 2,932,065	.289	$ 2,770,668	.303	$ 2,592,805	.310	$ 2,421,162	.315	$ 2,371,909	.369
Property tax collections:														
Town	$ -		$ 815,016		$ 772,362		$ 728,368		$ 693,397		$ 648,900		$ 650,442	
General assistance	-		28,598		26,352		24,647		24,225		22,243		31,556	
Road and bridge	-		611,412		580,799		550,143		634,809		596,911		483,627	
Permanent hard road	-		1,502,431		1,423,086		1,341,857		1,119,384		1,041,582		1,046,867	
Cemetery	-		14,298		13,176		12,778		12,531		12,272		12,190	
Insurance fund	-		43,996		41,556		38,343		32,571		30,676		95,366	
Social security	-		50,598		47,638		44,727		42,605		39,114		35,134	
IMRF	-		26,392		24,329		22,820		25,901		23,784		19,367	
	$ -		$ 3,092,741		$ 2,929,298		$ 2,763,683		$ 2,585,423		$ 2,415,482		$ 2,374,549	
Percentage of extensions collected	0.00%		100.01%		99.91%		99.75%		99.72%		99.77%		100.11%	

The Town does not receive all taxes extended for road and bridge purposes. A portion of the township road and bridge levy is turned over to each municipality within the township, by the County, as provided in the Illinois Revised Statutes, Chapter 24, Section 11-81-2. The property tax rates and extensions above have been adjusted to allow for this fact.