

**Sugar Grove Township
Sugar Grove, Illinois
Annual Financial Report
For the Year Ended March 31, 2017**

Sugar Grove Township
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For the Year Ended March 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Sugar Grove Township
Sugar Grove, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sugar Grove Township as of and for the year ended March 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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 Sugar Grove Township, as of March 31, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain pension disclosures be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The management's discussion and analysis (MD&A) is not a required part of the financial statements but is required supplementary information required by the Governmental Accounting Standards Board. The management of the Sugar Grove Township has not prepared the MD&A for the year ending March 31, 2017, but will be prepared to include the document at a future date.

The major fund budgetary comparison schedules listed on the table of contents are not a required part of the basic financial statements but are required supplementary information required by the Governmental Accounting Standards Board. This required supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ending March 31, 2017 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kuntle & Associates, P.C.

**Sugar Grove Township
Statement of Net Position
March 31, 2017**

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash | \$ 3,401,499 |
| Cash - Restricted | 21,169 |
| Property Tax Receivable | 1,701,435 |
| Accounts Receivable | 1,400 |
| Prepaid Expenses | 16,814 |
| Capital Assets | |
| Capital Assets Not Subject to Depreciation | 349,000 |
| Other Capital Assets, Net of Depreciation | 2,612,295 |
| Total Capital Assets | 2,961,295 |
| TOTAL ASSETS | 8,103,612 |
| DEFERRED OUTFLOWS | |
| IMRF Plan Year Adjustments | 10,391 |
| IMRF Deferred Outflows | 94,794 |
| TOTAL DEFERRED OUTFLOWS | 105,185 |
| LIABILITIES | |
| Due Within One Year | |
| Accounts Payable | 15,420 |
| Accrued Wages | 11,661 |
| Accrued Vacation | 14,082 |
| Due in More Than One Year | |
| Net Pension Liability | 102,126 |
| TOTAL LIABILITIES | 143,289 |
| DEFERRED INFLOWS | |
| IMRF Deferred Inflows | 82,769 |
| TOTAL DEFERRED INFLOWS | 82,769 |
| NET POSITION | |
| Investment in Capital Assets | 2,961,295 |
| Restricted Amounts | |
| Road and Bridge | 1,987,634 |
| Community Building | 402,431 |
| General Assistance | 158,037 |
| Unrestricted Amounts | 2,473,342 |
| TOTAL NET POSITION | \$ 7,982,739 |

See Accompanying Notes to the Financial Statements

Sugar Grove Township
Statement of Activities
For the Year Ended March 31, 2017

| | Expenses | Program Revenues | | Net (Expenses) |
|--------------------------------------|---------------------|-------------------------------|--|-------------------------------------|
| | | Fees and Charges for Services | Operating Grants and Capital Contributions | Revenues and Change in Net Position |
| | | | | Governmental Activities |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental Activities | | | | |
| General Government | \$ 399,433 | \$ 0 | \$ 0 | \$ (399,433) |
| Road and Bridge | 839,174 | 0 | 0 | (839,174) |
| Community Building | 124,163 | 0 | 0 | (124,163) |
| General Assistance | 748 | 0 | 0 | (748) |
| Mental Health | 108,711 | 0 | 0 | (108,711) |
| Total Governmental Activities | \$ 1,472,229 | \$ 0 | \$ 0 | (1,472,229) |
| GENERAL REVENUES | | | | |
| Taxes | | | | |
| Property Taxes | | | | 1,635,978 |
| Replacement Taxes | | | | 32,178 |
| Motor Fuel Tax | | | | 33,474 |
| Interest Income | | | | 9,517 |
| Rental Income | | | | 37,565 |
| Miscellaneous | | | | 58,625 |
| TOTAL GENERAL REVENUES | | | | 1,807,337 |
| CHANGE IN NET POSITION | | | | |
| NET POSITION, | | | | |
| BEGINNING OF YEAR | | | | |
| | | | | 7,647,631 |
| END OF YEAR | | | | |
| | | | | \$ 7,982,739 |

See Accompanying Notes to the Financial Statements

**Sugar Grove Township
Governmental Funds
Balance Sheet
March 31, 2017**

| | <u>Town</u> | <u>Road and Bridge</u> | <u>Community Building</u> | <u>General Assistance</u> | <u>Total</u> |
|--|---------------------|------------------------|---------------------------|---------------------------|---------------------|
| ASSETS | | | | | |
| Cash | \$ 859,959 | \$ 1,977,880 | \$ 405,555 | \$ 158,105 | \$ 3,401,499 |
| Cash - Restricted | 0 | 21,169 | 0 | 0 | 21,169 |
| Property Tax Receivable | 603,402 | 922,740 | 163,009 | 12,284 | 1,701,435 |
| Accounts Receivable | 1,400 | 0 | 0 | 0 | 1,400 |
| Prepaid Expenditures | 5,050 | 5,964 | 5,800 | 0 | 16,814 |
| TOTAL ASSETS | <u>1,469,811</u> | <u>2,927,753</u> | <u>574,364</u> | <u>170,389</u> | <u>5,142,317</u> |
| TOTAL DEFERRED OUTFLOWS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>1,469,811</u> | <u>2,927,753</u> | <u>574,364</u> | <u>170,389</u> | <u>5,142,317</u> |
| LIABILITIES | | | | | |
| Accounts Payable | 7,292 | 6,418 | 1,642 | 68 | 15,420 |
| Accrued Wages | 5,182 | 4,997 | 1,482 | 0 | 11,661 |
| TOTAL LIABILITIES | <u>12,474</u> | <u>11,415</u> | <u>3,124</u> | <u>68</u> | <u>27,081</u> |
| DEFERRED INFLOWS | | | | | |
| Deferred Property Taxes | 603,402 | 922,740 | 163,009 | 12,284 | 1,701,435 |
| TOTAL DEFERRED INFLOWS | <u>603,402</u> | <u>922,740</u> | <u>163,009</u> | <u>12,284</u> | <u>1,701,435</u> |
| FUND BALANCES | | | | | |
| Non-spendable | 5,050 | 5,964 | 5,800 | 0 | 16,814 |
| Restricted | 0 | 1,987,634 | 402,431 | 158,037 | 2,548,102 |
| Unassigned | 848,885 | 0 | 0 | 0 | 848,885 |
| TOTAL FUND BALANCES | <u>853,935</u> | <u>1,993,598</u> | <u>408,231</u> | <u>158,037</u> | <u>3,413,801</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 1,469,811</u> | <u>\$ 2,927,753</u> | <u>\$ 574,364</u> | <u>\$ 170,389</u> | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | | |
| Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. | | | | | 2,961,295 |
| Deferred Property Taxes are not reported in the government-wide statements. | | | | | 1,701,435 |
| Accrued Vacation is not recorded in the fund financial statements. | | | | | (14,082) |
| Net Pension Liability, IMRF Plan Year Adjustments, Deferred Outflows & Inflows are not reported in the fund financial statements | | | | | (79,710) |
| NET POSITION OF GOVERNMENTAL FUNDS | | | | | <u>\$ 7,982,739</u> |

See Accompanying Notes to the Financial Statements

**Sugar Grove Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2017**

| | Town | Road and Bridge | Community Building | General Assistance | Total |
|---|-------------------|----------------------------|-------------------------------|-------------------------------|---------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 585,076 | \$ 836,290 | \$ 162,860 | \$ 12,276 | \$ 1,596,502 |
| Replacement Taxes | 12,354 | 19,824 | 0 | 0 | 32,178 |
| Motor Fuel Tax | 0 | 33,474 | 0 | 0 | 33,474 |
| Interest | 1,047 | 6,101 | 2,290 | 79 | 9,517 |
| Rental | 26,760 | 0 | 10,805 | 0 | 37,565 |
| Miscellaneous | 7,254 | 20,868 | 503 | 0 | 28,625 |
| TOTAL REVENUES | 632,491 | 916,557 | 176,458 | 12,355 | 1,737,861 |
| EXPENDITURES | | | | | |
| Administrative | 223,892 | 54,149 | 124,163 | 748 | 402,952 |
| Assessor | 204,380 | 0 | 0 | 0 | 204,380 |
| Mental Health Services | 108,711 | 0 | 0 | 0 | 108,711 |
| Maintenance | 0 | 798,916 | 0 | 0 | 798,916 |
| TOTAL EXPENDITURES | 536,983 | 853,065 | 124,163 | 748 | 1,514,959 |
| NET CHANGE IN FUND BALANCES | | | | | |
| | 95,508 | 63,492 | 52,295 | 11,607 | 222,902 |
| FUND BALANCES, BEGINNING OF YEAR | | | | | |
| | 758,427 | 1,930,106 | 355,936 | 146,430 | 3,190,899 |
| END OF YEAR | | | | | |
| | \$ 853,935 | \$ 1,993,598 | \$ 408,231 | \$ 158,037 | \$ 3,413,801 |

See Accompanying Notes to the Financial Statements

Sugar Grove Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2017

| | |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balances) | \$ 222,902 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Depreciation of capital assets is not considered an expenditure in the fund financial statements. | (303,316) |
| Purchases of capital assets are treated as an expenditure in the fund financial statements. | 347,207 |
| Property tax revenues in the Statement of Activities that do not provide current financial resources are reported as deferred property tax revenue in the fund financial statements. | 39,476 |
| The change in the net pension liability is not considered an expenditure in the fund financial statements. | 101,474 |
| Adjustments for the IMRF plan year are not considered an expenditure in the fund financial statements. | (59,823) |
| The change in accrued vacation is not recorded in the fund financial statements. | <u>(12,812)</u> |
| Change in Net Position of Governmental Activities (Statement of Activities) | <u><u>\$ 335,108</u></u> |

See Accompanying Notes to the Financial Statements

Sugar Grove Township
Notes to the Financial Statements
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sugar Grove Township (the "Township") was incorporated under the laws of the State of Illinois and is located in Sugar Grove, Illinois. The Township operates under a Board-Manager form of government, providing general governmental services as well as emergency assistance to individuals and maintenance of roads and bridges within the Township's jurisdictions.

A. Reporting Entity

The Township follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Township has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Township is not required to be included as a component unit of any other entity.

B. Basis of Presentation

GOVERNMENT -WIDE FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Township does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Township does not have any funds that are proprietary in nature.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities and deferred inflows, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

As of March 31, 2017, the General Assistance Fund does not meet the criteria of a major fund, but has been classified as a major fund on the financial statements as this fund may be a major fund in future years.

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the Township are financed. The Township's expendable financial resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the Township's governmental funds follows:

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Governmental Activities) (Continued)

Town Fund

The Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund. The Town Fund revenues include special revenues for mental health levies. The expenditures for these special purposes are included as Town Fund expenditures.

Special Revenue Funds

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

Funds included in this fund category are:

Road and Bridge
Community Building
General Assistance

MAJOR FUNDS

The Township reports the following major governmental funds:

- The Town Fund, which accounts for the township's primary operating activities.
- The Road and Bridge Fund, which accounts for road and bridge maintenance operations.
- The Community Building Fund, which accounts for operations from the Community Building. The Community Building is a recreational building which is rented out for use by residents of the Township. The Community Building has a gym, stage, kitchen, and meeting rooms available to the public. The major expenditures of the Community Building Fund include repairs and maintenance expenditures.
- The General Assistance Fund, which is used to account for assistance provided to low income residents within the Township's jurisdiction.

The Township does not report any non-major funds as of March 31, 2017.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

Property taxes, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. The Township considers property taxes available if they are due and collected by year end. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

D. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the flow of economic resources measurement focus, which means all assets, deferred outflows, liabilities (whether current or non-current), and deferred inflows are included on the Statement of Net Position and the operating statements present increases and decreases in net position.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements, but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Budgetary Data

The Board of Commissioners followed these procedures in establishing the budgetary data reflected in the financial statements. Prior to March 31 the Director submits to the Board of Commissioners a proposed operating budget for the upcoming fiscal year commencing April 1. The operating budget includes proposed expenditures and the means for financing. The budgetary operations of the Township are governed by appropriation laws detailed in the Illinois Township Code. Notice is given, and public meetings are conducted to obtain taxpayer comments. The Board may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to the end of the first quarter of each fiscal year, the budget is legally enacted through the passage of an annual combined budget and appropriation ordinance.

Budgets for the Governmental Funds of the Township are legally adopted on a basis consistent with the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund level. Any expenditures in excess of the legally adopted appropriation must be approved by the Township Board through a supplemental appropriation. No supplemental appropriations were required during fiscal year 2017.

After the first six months of any fiscal year, the Township Board may, by a two-thirds vote, amend the initially approved appropriation ordinance. Unused appropriations lapse at the end of the fiscal year. Expenditures legally may not exceed the total of appropriations and beginning fund balance at the fund level. Management can make transfers between individual expenditure categories of a fund (i.e., services, utilities, etc.) for up to 10% of the budgeted amount. However, Board of Commissioners approval is required in order for management to make transfers between different funds.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budget Basis of Accounting

Budgetary information for individual funds is prepared on the same basis as the general purpose financial statements. The budget is prepared in accordance with the Illinois Township Code and is derived from the combined annual budget and appropriation ordinance of the Township.

H. Cash and Cash Equivalents

The Township considers all highly liquid investments with an initial maturity date within three months of the date acquired by the Township and investment pools to be cash equivalents.

I. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements. The Township has adopted a capitalization threshold of \$2,500 for individual equipment, \$10,000 for building and improvements, and \$50,000 for infrastructure (e.g. roads, bridges, culverts, curbs, sidewalks, lighting systems, gutters and drainage systems).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to January 1, 2003, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|----------------------------|---------------|
| Buildings and Improvements | 7 - 40 Years |
| Road Improvements | 10 - 15 Years |
| Vehicles and Equipment | 5 - 7 Years |

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

FUND FINANCIAL STATEMENTS

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) capital assets consisting of roads, bridges, culverts, curbs, sidewalks, lighting systems, gutters and drainage systems are not capitalized in the fund financial statements.

J. Accrued Vacation

The Township has an Accrued Vacation Liability at March 31, 2017. Therefore, a \$14,082 Accrued Vacation Liability has been recorded in the Governmental-Wide Financial Statements, along with a \$12,812 increase in Accrued Vacation.

K. Prepaid Expenses/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items using the consumption method. Such amounts are offset by fund balance reserved for prepaid items in the fund financial statements. Prepaid expenses/expenditures amount to \$16,814.

L. Long-Term Liabilities

In the government-wide financial statements, debt principal payments of governmental activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

M. Property Taxes

The Township's property taxes are levied each calendar year on all taxable real property located in the Township. The County Assessor is responsible for assessment of all taxable real property within Kane County (County) except for certain railroad property which is assessed directly by the state. Some portion of the County is reassessed each year on a repeating schedule established by the County Assessor. The County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the County Collector as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in one calendar year become due and payable in two installments on June 1 and September 1 during the following calendar year. The first installment is an estimated bill, and is one-half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the levy year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. Uncollected amounts of the 2016 levy have been recorded as a receivable at March 31, 2017.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Equity is classified as net position and displayed in three components:

- Investment in Capital Assets – consists of capital assets, net of accumulated depreciation.
- Restricted Amounts – consists of amounts with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Amounts – consists of all other amounts that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.
- Restricted – consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either; a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed – consists of resources constrained (issuance of an ordinance) to specific purposes by a government itself, using its highest level of decision-making authority, the Board of Commissioners ; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned – amounts that are constrained by the Board of Commissioners' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners itself or (b) a body or official to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. The Township's highest level of decision-making authority is the Board of Commissioners , who is authorized to assign amounts to a specific purpose.
- Unassigned – consists of the residual net resources of a fund that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

The Township's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the Township considers committed funds to be expended first followed by assigned and, lastly, unassigned funds.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

| Fund | Town | Road and Bridge | Community Building | General Assistance | Total |
|--------------------|-------------------|---------------------|--------------------|--------------------|---------------------|
| Non-spendable | | | | | |
| Prepaid Items | \$ 5,050 | \$ 5,964 | \$ 5,800 | \$ 0 | \$ 16,814 |
| Restricted | | | | | |
| Road and Bridge | 0 | 1,987,634 | 0 | 0 | 1,987,634 |
| Community Building | 0 | 0 | 402,431 | 0 | 402,431 |
| General Assistance | 0 | 0 | 0 | 158,037 | 158,037 |
| Committed | 0 | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | 848,885 | 0 | 0 | 0 | 848,885 |
| | <u>\$ 853,935</u> | <u>\$ 1,993,598</u> | <u>\$ 408,231</u> | <u>\$ 158,037</u> | <u>\$ 3,413,801</u> |

O. GASB Pronouncements

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. The requirements of this Statement are effective in three phases based on a government's total revenues in the first year ending after June 15, 1999. The Township has adopted this Statement for the period beginning January 1, 2004. Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity", is an amendment of GASB Statements No. 14 and No. 39, which does not have impact on the current year financial statements.

As of April 1, 2012, the Township has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. As of April 1, 2012, the Township has also implemented GASB Statement No. 65 "Items previously reported as Assets and Liabilities". The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

As of April 1, 2015, the Township has implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which is an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Upon implementation of GASB 68, the District has also implemented GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 2 - DEPOSITS

Bank Deposits and Investments

At March 31, 2017, the carrying amount of the Township's deposits and investments was \$3,422,668 and the bank balance was \$3,235,679. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

The following table categorizes the Township's cash and cash equivalents according to levels of custodial credit risk.

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-------------|------------------------|---------------------|
| Category #1 | \$ 3,422,668 | \$ 3,235,679 |
| Category #2 | 0 | 0 |
| Category #3 | 0 | 0 |
| | <u>\$ 3,422,668</u> | <u>\$ 3,235,679</u> |

Category 1 includes deposits covered by depository insurance or collateralized, with securities held by the Township or by its agent in the Township's name.

Category 2 includes deposits which are collateralized, with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 includes deposits which are uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.

Restricted Cash

As of March 31, 2017, the Township has \$21,169 of Restricted Cash which relates to an allotment of Motor Fuel Tax Funds received from the State of Illinois. The allotment is paid directly to the Kane County Treasurer. The Treasurer holds the funds and makes payments on approved road projects. The following is a summary of the activity of the Township's motor fuel tax allotment for the year ended March 31, 2017:

| | |
|--|------------------|
| Balance as of March 31, 2016 | \$ 58,447 |
| Plus: Allotments and Interest Received | 34,096 |
| Less: Disbursements | <u>(71,374)</u> |
| Balance as of March 31, 2017 | <u>\$ 21,169</u> |

Policies for Investments

It is the policy of the Township to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Township and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield. Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Township's deposits may not be returned to it. The Township's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the Township's name.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 2 – DEPOSITS (CONTINUED)

Policies for Investments (Continued)

The Township limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

The Township is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6 and Chapter 105 Section 5/8-7. The Township has no investments as of March 31, 2017.

NOTE 3 - CAPITAL ASSETS

A summary of the changes in capital assets for the year follows for the governmental activities. Total depreciation expense for the year charged for governmental activities was \$303,316.

| | Balance March 31, 2016 | Additions | Dispositions | Balance March 31, 2017 |
|--|------------------------------|------------------|------------------|------------------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Subject to Depreciation | | | | |
| Land | \$ 349,000 | \$ 0 | \$ 0 | \$ 349,000 |
| Capital Assets Subject to Depreciation | | | | |
| Buildings and Improvements | 1,391,367 | 0 | 0 | 1,391,367 |
| Road Improvements | 2,110,708 | 153,485 | 0 | 2,264,193 |
| Vehicles and Equipment | 1,917,121 | 193,722 | (119,067) | 1,991,776 |
| Total Assets Subject to Depreciation | <u>5,419,196</u> | <u>347,207</u> | <u>(119,067)</u> | <u>5,647,336</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 480,006 | 34,105 | 0 | 514,111 |
| Road Improvements | 797,120 | 173,598 | 0 | 970,718 |
| Vehicles and Equipment | 1,573,666 | 95,613 | (119,067) | 1,550,212 |
| Total Accumulated Depreciation | <u>2,850,792</u> | <u>303,316</u> | <u>(119,067)</u> | <u>3,035,041</u> |
| Net Capital Assets Subject to Depreciation | <u>2,568,404</u> | <u>43,891</u> | <u>0</u> | <u>2,612,295</u> |
| Net Capital Assets - Governmental Activities | <u>\$ 2,917,404</u> | <u>\$ 43,891</u> | <u>\$ 0</u> | <u>\$ 2,961,295</u> |

NOTE 4 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

For the year ended March 31, 2017, none of the Township's funds had actual expenditures in excess of budgeted expenditures.

NOTE 5 - DEFICIT FUND BALANCES

None of the Township's funds had a deficit fund balance at March 31, 2017.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after March 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 16, 2017, the date the financial statements were available to be issued.

NOTE 7 - RISK MANAGEMENT

Sugar Grove 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; natural disasters; and net income losses.

The Township has an insurance policy with Township Officials of Illinois Risk Management Association (TOIRMA) as of March 31, 2017. Significant losses are covered by the insurance policy for all major programs. There have been no significant reductions in insurance coverage as of March 31, 2017. Settlement amounts have not exceeded insurance coverage amounts in the current or prior years.

NOTE 8 - PENSION COMMITMENT

Plan Description. The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2016 was 11.13 percent.

The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2016 was \$42,506.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 8 - PENSION COMMITMENT (CONTINUED)

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27," the following information is provided:

| | |
|---|-------------------|
| Actuarial Valuation Date | December 31, 2016 |
| Measurement Date of the Net Pension Liability | December 31, 2016 |
| Fiscal Year End | March 31, 2017 |

Membership

| | |
|---------------------------------|-----------|
| Number of | |
| - Retirees and Beneficiaries | 7 |
| - Inactive, Non-Retired Members | 5 |
| - Active Members | 7 |
| - Total | <u>19</u> |

| | |
|---------------------------|-------------------|
| Covered Valuation Payroll | <u>\$ 381,903</u> |
|---------------------------|-------------------|

Net Pension Liability

| | |
|--|-------------------|
| Total Pension Liability/(Asset) | \$ 2,294,737 |
| Plan Fiduciary Net Position | <u>2,192,611</u> |
| Net Pension Liability/(Asset) | <u>\$ 102,126</u> |
| Plan Fiduciary Net Position as a Percentage of total Pension liability | 95.55% |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 26.74% |

Development of the Single Discount Rate as of December 31, 2016

| | |
|---|-------|
| Long-Term Expected Rate of Investment Return | 7.50% |
| Long-Term Municipal Bond Rate | 3.57% |
| Last year December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded | 2116 |
| Resulting Single Discount Rate based on the above development | 7.50% |
| Single Discount Rate Calculated using December 31, 2015 Measurement Date | 7.49% |

| | |
|--------------------------------|-----------------|
| Total Pension Expense/(Income) | <u>\$ (831)</u> |
|--------------------------------|-----------------|

Deferred Outflows and Deferred Inflows of Resources by Source
(to be recognized in Future Pension Expenses)

| | Outflows of Resources | Inflows of Resources |
|---|--------------------------|-------------------------|
| 1. Difference between expected and actual experience | \$ 0 | \$ 80,998 |
| 2. Assumption Changes | 0 | 1,771 |
| 3. Net Difference between projected and actual earnings on pension plan investments | <u>94,794</u> | <u>0</u> |
| 4. Total | <u>\$ 94,794</u> | <u>\$ 82,769</u> |

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 8 - PENSION COMMITMENT (CONTINUED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
Calendar Year Ended December 31, 2016

| | | |
|---|----|------------------|
| A. Total pension liability | | |
| 1. Service cost | \$ | 47,763 |
| 2. Interest on the total pension liability | | 167,637 |
| 3. Changes of benefit terms | | 0 |
| 4. Difference between expected and actual experience of the total pension liability | | (77,540) |
| 5. Changes of assumptions | | (2,496) |
| 6. Benefit payments, including refunds of employee contributions | | (109,770) |
| 7. Net change in total pension liability | | 25,594 |
| 8. Total pension liability – beginning | | 2,269,143 |
| 9. Total pension liability – ending | \$ | <u>2,294,737</u> |
| | | |
| B. Plan fiduciary net position | | |
| 1. Contributions – employer | \$ | 42,507 |
| 2. Contributions – employee | | 17,186 |
| 3. Net investment income | | 144,330 |
| 4. Benefit payments, including refunds of employee contributions | | (109,770) |
| 5. Other (net transfer) | | 32,815 |
| 6. Net change in plan fiduciary net position | | 127,068 |
| 7. Plan fiduciary net position – beginning | | 2,065,543 |
| 8. Plan fiduciary net position – ending | \$ | <u>2,192,611</u> |
| | | |
| C. Net pension liability/(asset) | \$ | <u>102,126</u> |
| | | |
| D. Plan fiduciary net position as a percentage of the total pension liability | | 95.55% |
| | | |
| E. Covered Valuation Payroll | \$ | 381,903 |
| | | |
| F. Net pension liability as a percentage of covered valuation payroll | | 26.74% |

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 8 - PENSION COMMITMENT (CONTINUED)

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES
 BY YEAR TO BE RECOGNIZED IN FUTURE PENSION EXPENSES

| Plan Year Ending December 31 | Net Deferred Outflows of Resources |
|---------------------------------|---------------------------------------|
| 2017 | \$ (11,962) |
| 2018 | 1,345 |
| 2019 | 20,656 |
| 2020 | 1,986 |
| 2021 | 0 |
| Thereafter | 0 |
| Total | <u>\$ 12,025</u> |

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
 USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry-Age Normal |
| Asset Valuation Method | Market Value of Assets |
| Price Inflation | 2.75% |
| Salary Increases | 3.75% to 14.5% |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013. |

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). the IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). the IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

Sugar Grove Township
Notes to the Financial Statements (Continued)
For the Year Ended March 31, 2017

NOTE 8 - PENSION COMMITMENT (CONTINUED)

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE
 SINGLE DISCOUNT RATE ASSUMPTION

| | 1% Decrease 6.50% | Current Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-------------------------------|----------------------|---|----------------------|
| Total Pension Liability | \$ 2,562,231 | \$ 2,294,737 | \$ 2,071,089 |
| Plan Fiduciary Net Position | 2,192,611 | 2,192,611 | 2,192,611 |
| Net Pension Liability/(Asset) | <u>\$ 369,620</u> | <u>\$ 102,126</u> | <u>\$ (121,522)</u> |

**Sugar Grove Township
IMRF Pension Disclosures
For the Year Ended March 31, 2017**

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statements No. 27", the financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll, and
- Comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Last 10 Plan Years (When Available)

| <u>Plan Year Ending December 31</u> | <u>Actuarially Determined Contribution</u> | <u>Actual Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Valuation Payroll</u> | <u>Actual Contribution as a % of Covered Valuation Payroll</u> |
|---|--|--------------------------------|---|--|--|
| 2015 | \$ 51,548 * | \$ 51,548 | \$ 0 | \$ 418,753 | 12.31% |
| 2016 | 42,506 * | 42,507 | (1) | 381,903 | 11.13% |

* Estimated based on contribution rate of 11.13% and covered valuation payroll of \$381,903.

**Sugar Grove Township
IMRF Pension Disclosures (Continued)
For the Year Ended March 31, 2017**

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Aggregate Entry-Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | Non-Taxing bodies : 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. |

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

| | |
|---------------------------|--|
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage Growth | 3.50% |
| Price Inflation | 2.75% - approximate; No explicit price inflation assumption is used in this valuation. |
| Salary Increases | 3.75% to 14.50% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013. |

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

Required Supplementary Information

**Sugar Grove Township
IMRF Pension Disclosures (Continued)
For the Year Ended March 31, 2017**

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Plan Years (When Available)

| Plan Year Ending December 31, | 2016 | 2015 |
|--|---------------------|---------------------|
| Total pension liability | | |
| Service cost | 47,763 | 48,412 |
| Interest on the total pension liability | 167,637 | 164,420 |
| Changes of benefit terms | 0 | 0 |
| Difference between expected and actual experience of the total pension liability | (77,540) | (65,277) |
| Changes of assumptions | (2,496) | 0 |
| Benefit payments, including refunds of employee contributions | <u>(109,770)</u> | <u>(98,796)</u> |
| Net change in total pension liability | 25,594 | 48,759 |
| Total pension liability— beginning | <u>2,269,143</u> | <u>2,220,384</u> |
| Total pension liability – ending | <u>\$ 2,294,737</u> | <u>\$ 2,269,143</u> |
| Plan fiduciary net position | | |
| Contributions – employer | \$ 42,507 | \$ 51,548 |
| Contributions – employee | 17,186 | 18,844 |
| Net investment income | 144,330 | 10,329 |
| Benefit payments, including refunds of employee contributions | (109,770) | (98,796) |
| Other (net transfer) | <u>32,815</u> | <u>3,659</u> |
| Net change in plan fiduciary net position | 127,068 | (14,416) |
| Plan fiduciary net position Beginning | <u>2,065,543</u> | <u>2,079,959</u> |
| Ending | <u>\$ 2,192,611</u> | <u>\$ 2,065,543</u> |
| Net pension liability / (asset) | <u>\$ 102,126</u> | <u>\$ 203,600</u> |
| Plan fiduciary net position as a percent of the total pension liability | 95.55% | 91.03% |
| Covered Valuation Payroll | \$ 381,903 | \$ 418,753 |
| Net pension liability as a percent of covered valuation payroll | 26.74% | 48.62% |

Required Supplementary Information

**Sugar Grove Township
Town Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2017**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 586,000 | \$ 586,000 | \$ 585,076 | \$ (924) |
| Replacement Taxes | 13,000 | 13,000 | 12,354 | (646) |
| Interest | 450 | 450 | 1,047 | 597 |
| Rental | 29,160 | 29,160 | 26,760 | (2,400) |
| Miscellaneous | 49 | 49 | 7,254 | 7,205 |
| TOTAL REVENUES | 628,659 | 628,659 | 632,491 | 3,832 |
| EXPENDITURES | | | | |
| Administrative | | | | |
| Personnel | 118,362 | 118,362 | 112,634 | 5,728 |
| Contractual Services | 72,500 | 72,500 | 79,339 | (6,839) |
| Commodities | 2,540 | 2,540 | 1,842 | 698 |
| Senior Center | 18,000 | 18,000 | 12,107 | 5,893 |
| Bus Barn | 225 | 225 | 203 | 22 |
| Bliss House | 10,440 | 10,440 | 8,825 | 1,615 |
| Capital Outlay | 30,000 | 30,000 | 7,221 | 22,779 |
| Other | 17,647 | 17,647 | 1,721 | 15,926 |
| | 269,714 | 269,714 | 223,892 | 45,822 |
| Assessor | | | | |
| Personnel | 214,490 | 214,490 | 180,100 | 34,390 |
| Contractual Services | 30,805 | 30,805 | 21,216 | 9,589 |
| Commodities | 3,200 | 3,200 | 1,790 | 1,410 |
| Capital Outlay | 1,500 | 1,500 | 1,210 | 290 |
| Other | 150 | 150 | 64 | 86 |
| | 250,145 | 250,145 | 204,380 | 45,765 |
| Mental Health | | | | |
| Purchased Services and Administrative | 108,800 | 108,800 | 108,711 | 89 |
| | 108,800 | 108,800 | 108,711 | 89 |
| TOTAL EXPENDITURES | 628,659 | 628,659 | 536,983 | 91,676 |
| NET CHANGE IN FUND BALANCE | \$ 0 | \$ 0 | 95,508 | \$ 95,508 |
| FUND BALANCE, BEGINNING OF YEAR | | | 758,427 | |
| END OF YEAR | | | \$ 853,935 | |

**Sugar Grove Township
Road and Bridge Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2017**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 787,000 | \$ 787,000 | \$ 836,290 | \$ 49,290 |
| Replacement Taxes | 21,000 | 21,000 | 19,824 | (1,176) |
| Motor Fuel Tax | 30,000 | 30,000 | 33,474 | 3,474 |
| Interest | 4,300 | 4,300 | 6,101 | 1,801 |
| Miscellaneous | 1,000 | 1,000 | 20,868 | 19,868 |
| TOTAL REVENUES | 843,300 | 843,300 | 916,557 | 73,257 |
| EXPENDITURES | | | | |
| Administrative | | | | |
| Personnel | 49,249 | 49,249 | 49,249 | 0 |
| Contractual Services | 4,900 | 4,900 | 4,900 | 0 |
| Other | 3,700 | 3,700 | 0 | 3,700 |
| | <u>57,849</u> | <u>57,849</u> | <u>54,149</u> | <u>3,700</u> |
| Maintenance | | | | |
| Personnel | 347,522 | 347,522 | 326,940 | 20,582 |
| Contractual Services | 434,900 | 434,900 | 301,629 | 133,271 |
| Commodities | 48,700 | 48,700 | 26,435 | 22,265 |
| Capital Outlay | 195,000 | 195,000 | 143,597 | 51,403 |
| Other | 12,000 | 12,000 | 315 | 11,685 |
| | <u>1,038,122</u> | <u>1,038,122</u> | <u>798,916</u> | <u>239,206</u> |
| TOTAL EXPENDITURES | 1,095,971 | 1,095,971 | 853,065 | 242,906 |
| NET CHANGE IN FUND BALANCE | \$ (252,671) | \$ (252,671) | 63,492 | \$ 316,163 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,930,106</u> | |
| END OF YEAR | | | <u>\$ 1,993,598</u> | |

**Sugar Grove Township
Community Building Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2017**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|--------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 162,000 | \$ 162,000 | \$ 162,860 | \$ 860 |
| Interest | 1,700 | 1,700 | 2,290 | 590 |
| Rental | 10,000 | 10,000 | 10,805 | 805 |
| Miscellaneous | 300 | 300 | 503 | 203 |
| TOTAL REVENUES | <u>174,000</u> | <u>174,000</u> | <u>176,458</u> | <u>2,458</u> |
| EXPENDITURES | | | | |
| Administrative | | | | |
| Personnel | 38,500 | 38,500 | 34,977 | 3,523 |
| Contractual Services | 79,534 | 79,534 | 44,386 | 35,148 |
| Commodities | 27,950 | 27,950 | 25,141 | 2,809 |
| Capital Outlay | 55,000 | 55,000 | 19,659 | 35,341 |
| TOTAL EXPENDITURES | <u>200,984</u> | <u>200,984</u> | <u>124,163</u> | <u>76,821</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (26,984)</u> | <u>\$ (26,984)</u> | 52,295 | <u>\$ 79,279</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>355,936</u> | |
| END OF YEAR | | | <u>\$ 408,231</u> | |

**Sugar Grove Township
General Assistance Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2017**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 12,217 | \$ 12,217 | \$ 12,276 | \$ 59 |
| Interest | 66 | 66 | 79 | 13 |
| TOTAL REVENUES | <u>12,283</u> | <u>12,283</u> | <u>12,355</u> | <u>72</u> |
| EXPENDITURES | | | | |
| Administrative | | | | |
| Personnel | 2,224 | 2,224 | 644 | 1,580 |
| Contractual Services | 0 | 0 | 88 | (88) |
| Other | 3,459 | 3,459 | 16 | 3,443 |
| | <u>5,683</u> | <u>5,683</u> | <u>748</u> | <u>4,935</u> |
| Home Relief | | | | |
| Contractual Services | 5,500 | 5,500 | 0 | 5,500 |
| Commodities | 1,100 | 1,100 | 0 | 1,100 |
| | <u>6,600</u> | <u>6,600</u> | <u>0</u> | <u>6,600</u> |
| TOTAL EXPENDITURES | <u>12,283</u> | <u>12,283</u> | <u>748</u> | <u>11,535</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 0</u> | <u>\$ 0</u> | 11,607 | <u>\$ 11,607</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>146,430</u> | |
| END OF YEAR | | | <u>\$ 158,037</u> | |