

TOWNSHIP OF SUGAR GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
MARCH 31, 2025

54 Snow St.
Sugar Grove, Illinois 60554
Phone: 630.466.4283
Fax: 630.409.3150
www.townshipofsugargrove.com

TOWNSHIP OF SUGAR GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2025**

TOWNSHIP OF SUGAR GROVE, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Township of Sugar Grove including the Principal Officials.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Principal Officials

March 31, 2025

Township Officials

Supervisor

Thomas Rowe, to May, 2029

Clerk

Marion Bond, to May, 2029

Assessor

Curt Karas, to Dec. 31, 2029

Highway Commissioner

Doug Musser, to May, 2029

Trustees

Jon Bobbe, to May, 2029

Lewis Medina, to May, 2029

Jerry Elliott, to May, 2029

Rick Montalto, to May, 2029

FINANCIAL SECTION

This section includes:

- Independent Auditor's Report
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information

INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the Township's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

November 20, 2025

Members of the Board of Trustees
Township of Sugar Grove
Sugar Grove, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Sugar Grove (the Township), Illinois as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Sugar Grove, Illinois, as of March 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted a Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Statement of Net Position

March 31, 2025

See Following Page

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Statement of Net Position

March 31, 2025

	Governmental Activities	Component Unit <u>Community Building</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 2,033,622	738,425
Receivables - Net of Allowances	1,985,804	163,474
Prepays	1,959	3,908
Total Current Assets	<u>4,021,385</u>	<u>905,807</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable	274,000	75,000
Depreciable	7,083,154	571,797
Accumulated Depreciation	<u>(4,836,155)</u>	<u>(438,412)</u>
Total Capital Assets	2,520,999	208,385
Other Assets		
Net Pension Asset - IMRF	<u>14,246</u>	—
Total Noncurrent Assets	<u>2,535,245</u>	<u>208,385</u>
Total Assets	<u>6,556,630</u>	<u>1,114,192</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	<u>94,413</u>	—
Total Assets and Deferred Outflows of Resources	<u>6,651,043</u>	<u>1,114,192</u>

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

	Governmental Activities	Component Unit Community Building
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 3,537	—
Accrued Payroll	21,333	474
Deposits Payable	825	500
Compensated Absences Payable	517	—
Total Current Liabilities	26,212	974
Noncurrent Liabilities		
Compensated Absences Payable	2,067	—
Total Liabilities	28,279	974
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	85,422	—
Property Taxes	1,915,492	163,474
Leases	73,705	—
Total Deferred Inflows of Resources	2,074,619	163,474
Total Liabilities and Deferred Inflows of Resources	2,102,898	164,448
NET POSITION		
Investment in Capital Assets	2,520,999	208,385
Restricted		
General Assistance	1,381,547	—
Retirement	14,246	—
Unrestricted	631,353	741,359
Total Net Position	4,548,145	949,744

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended March 31, 2025

	Program Revenues				Net (Expenses)/Revenues	
	Expenses	Charges	Operating	Capital		Component
		for	Grants/	Grants/		Unit
	Services	Contributions	Contributions		Community	Building
Governmental Activities						
General Government	\$ 872,117	25,238	—	—	(846,879)	—
Highway and Streets	1,440,731	—	—	—	(1,440,731)	—
Health and Welfare	150,781	—	—	—	(150,781)	—
Total Governmental Activities	2,463,629	25,238	—	—	(2,438,391)	—
Component Unit						
Community Building	126,923	8,070	—	—	—	(118,853)
General Revenues						
Taxes						
Property Taxes					1,841,104	163,307
Intergovernmental - Unrestricted						
Replacement Taxes					50,394	—
Investment Income					34,423	20,022
Miscellaneous					115,790	312
					<u>2,041,711</u>	<u>183,641</u>
Change in Net Position					(396,680)	64,788
Net Position - Beginning					<u>4,944,825</u>	<u>884,956</u>
Net Position - Ending					<u>4,548,145</u>	<u>949,744</u>

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Balance Sheet - Governmental Funds

March 31, 2025

	General (Town)	Special Revenue		Totals
		General Assistance	Road and Bridge	
ASSETS				
Cash and Investments	\$ 651,134	120,972	1,261,516	2,033,622
Receivables - Net of Allowances				
Taxes	634,578	5,007	1,272,486	1,912,071
Leases	73,733	—	—	73,733
Prepays	846	—	1,113	1,959
Total Assets	<u>1,360,291</u>	<u>125,979</u>	<u>2,535,115</u>	<u>4,021,385</u>
LIABILITIES				
Accounts Payable	3,537	—	—	3,537
Accrued Payroll	20,393	—	940	21,333
Deposits Payable	825	—	—	825
Total Liabilities	<u>24,755</u>	<u>—</u>	<u>940</u>	<u>25,695</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	637,998	5,007	1,272,487	1,915,492
Leases	73,705	—	—	73,705
Total Deferred Inflows of Resources	<u>711,703</u>	<u>5,007</u>	<u>1,272,487</u>	<u>1,989,197</u>
Total Liabilities and Deferred Inflows of Resources	<u>736,458</u>	<u>5,007</u>	<u>1,273,427</u>	<u>2,014,892</u>
FUND BALANCES				
Nonspendable	846	—	1,113	1,959
Restricted	—	120,972	1,260,575	1,381,547
Unassigned	622,987	—	—	622,987
Total Fund Balances	<u>623,833</u>	<u>120,972</u>	<u>1,261,688</u>	<u>2,006,493</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>1,360,291</u>	<u>125,979</u>	<u>2,535,115</u>	<u>4,021,385</u>

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governemtnal Activities

March 31, 2025

Total Governmental Fund Balances	\$ 2,006,493
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	2,520,999
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	14,246
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	8,991
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable	<u>(2,584)</u>
Net Position of Governmental Activities	<u><u>4,548,145</u></u>

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended March 31, 2025**

	General (Town)	Special Revenue		Totals
		General Assistance	Road and Bridge	
Revenues				
Taxes	\$ 637,670	3,273	1,200,161	1,841,104
Intergovernmental	19,348	—	31,046	50,394
Charges for Services	25,238	—	—	25,238
Investment Income	10,131	1,872	22,420	34,423
Miscellaneous	99,992	833	14,965	115,790
Total Revenues	792,379	5,978	1,268,592	2,066,949
Expenditures				
General Government	757,501	—	—	757,501
Health and Welfare	143,380	7,401	—	150,781
Highway and Streets	—	—	1,043,171	1,043,171
Capital Outlay	7,275	50,000	256,253	313,528
Total Expenditures	908,156	57,401	1,299,424	2,264,981
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,777)	(51,423)	(30,832)	(198,032)
Other Financing Sources				
Disposal of Capital Assets	—	—	58,000	58,000
Net Change in Fund Balances	(115,777)	(51,423)	27,168	(140,032)
Fund Balance - Beginning	739,610	172,395	1,234,520	2,146,525
Fund Balances - Ending	623,833	120,972	1,261,688	2,006,493

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
For the Fiscal Year Ended March 31, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (140,032)

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	299,582
Depreciation Expense	(427,765)
Disposals - Cost	(78,950)
Disposals - Accumulated Depreciation	78,950

An addition to a net pension asset is not considered to be an increase in a
financial asset in the government funds.

Change in Net Pension (Asset) - IMRF	6,597
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The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(151,015)
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The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences	<u>15,953</u>
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Changes in Net Position of Governmental Activities (396,680)

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Sugar Grove (the Township) is a municipal corporation of the State of Illinois headquartered in the County of Kane and duly chartered pursuant to Illinois statute. The Township is governed by an elected supervisor and a four-member board of trustees.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Township's accounting policies established in GAAP and used by the Township are described below.

REPORTING ENTITY

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the Township as pension trust funds and there is one discretely component unit to include in the reporting entity.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 but do not meet the criteria for blending.

The Sugar Grove Township Community Building (the Community Building) is a legally separate entity with an independently elected board of trustees that owns and maintains a building for the use of the residents of Sugar Grove Township. The building has meeting rooms, a kitchen, and a gym. It can be used by residents for regular meetings or special events. The Community Building has the same March 31st fiscal year end as the Township. The Community Building does not separately issue financial statements from the Township.

BASIS OF PRESENTATION

Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's highway and streets, health and welfare, and general administrative services are classified as governmental activities. The Township's does not have any business-type activities.

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (general government and senior services, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, certain intergovernmental revenues, investment income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property and replacement taxes, investment income, etc.).

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

Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Township:

Governmental Funds

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

General (Town) Fund is the general operating fund of the Township. It accounts for all revenues and expenditures of the Township which are not accounted for in other funds. The General (Town) Fund is a major fund.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditures for specified purposes. The Township maintains two major special revenue funds. The General Assistance Fund is used to account for revenues derived from property taxes for general assistance and expenditures for general assistance of township residents. The Road and Bridge Fund is used to account for revenues derived from taxes for road and bridge projects and expenditures for highway, bridge, and street construction and maintenance.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The Township recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, intergovernmental, and charges for services revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION**

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has no investments at year-end.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and replacement taxes.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 (except for road improvements and buildings which are \$50,000, and \$10,000 for vehicles) or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/
NET POSITION - Continued**

Capital Assets - Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Township as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 40 Years
Road Improvements	10 Years
Vehicles and Equipment	5 - 10 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

Vacation time is earned for services performed by permanent full-time employees. The rate of vacation pay shall be the employees regular straight-time hourly rate of pay. Every full time covered employee shall be eligible to take paid vacation during the vacation period (April 15 to November 15) after completion of 12 months of continuous service. The vacation period for an eligible employee will be computed as of his/her anniversary date. A maximum of 5 vacation days not used during the vacation year may be accumulated for use during the succeeding year.

Every full time covered employee who has completed 12 months of continuous service shall be credited with 6 days (48 hours) of sick leave. Every full time covered employee who has completed less than 12 months of continuous service, shall accrue sick leave at the rate of 4 hours for each completed month of service, with a maximum of 48 hours during any sick leave year. Sick leave year is defined as a calendar year.

Covered employees may accumulate a yearly total (maximum) of 6 days/48 hours of sick leave credit, to a maximum amount of 120 days/960 hours. The rate of sick leave pay shall be regular straight time hourly rate. All annual earned but unused sick leave must be paid or accumulated.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted - All other net position balances that do not meet the definition of "restricted" or "investment in capital assets."

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Township prepares an appropriation ordinance, which includes all funds, and is prepared on a basis consistent with the modified accrual basis of accounting. The appropriation ordinance represents the legal spending limits for the Township. The appropriations lapse at the end of each fiscal year. The Township does not utilize an encumbrance system.

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

- Prior to March 31, the proposed appropriations for the year commencing April 1 are submitted by the Director to the Board of Trustees.
- A public hearing is conducted to obtain comments on the proposed appropriations, prior to adoption.
- Prior to July 1, the appropriations are legally enacted through passage of an ordinance.
- The Board of Trustees may make transfers between the various items in a fund not exceeding in the aggregate 10% of the total of such fund as set forth in the appropriations.
- The Township may amend its appropriations in accordance with Illinois statute.

Township budgets are prepared on a basis of accounting consistent with GAAP.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Township

The Township maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments may be separately held by several of the Township's funds.

Permitted Deposits and Investments - Statutes authorize the Township to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, 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.

Deposits. At year-end, the carrying amount of the Township's deposits totaled \$2,033,622 and the bank balances totaled \$2,025,144.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Safety of principal is the foremost objective of the investment program. Investments of the Township shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township limits its exposure to credit risk 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.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township's investment policy does not specifically address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investment policy does not address custodial credit risk for investments.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township does not have an investment policy that addresses concentration risk. At year-end, the Township does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Community Building

Deposits. At year-end, the carrying amount of the Community Building's deposits totaled \$738,425 and the bank balances totaled \$765,563.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Community Building's deposits may not be returned or the Community Building will not be able to recover the collateral securities in the possession of an outside party. The Community Building does not have an investment policy which specifically addresses custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

LEASE RECEIVABLE

The Township is a lessor on the following lease at year end:

<u>Lease</u>	<u>Term Length</u>	<u>Start Date</u>	<u>Payments</u>	<u>Interest Rate</u>
Mental Health Alliance	November 1, 2024	October 1, 2029	\$1,350 monthly	0.30%

During the fiscal year, the Township has recognized \$6,600 of lease revenue. There were no variable or other payments not previously included in the measurement of the lease receivable recognized in the current year. The future principal and interest lease payments as of the year-end were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 16,001	199
2027	16,049	151
2028	16,097	103
2029	16,145	55
2030	9,441	9
	<u>73,733</u>	<u>517</u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Township

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 274,000	—	—	274,000
Depreciable Capital Assets				
Buildings and Improvements	1,132,842	50,000	—	1,182,842
Road Improvements	3,550,716	—	—	3,550,716
Vehicles and Equipment	2,178,964	249,582	78,950	2,349,596
	<u>6,862,522</u>	<u>299,582</u>	<u>78,950</u>	<u>7,083,154</u>
Less Accumulated Depreciation				
Buildings and Improvements	402,525	39,109	—	441,634
Road Improvements	2,466,772	239,300	—	2,706,072
Vehicles and Equipment	1,618,043	149,356	78,950	1,688,449
	<u>4,487,340</u>	<u>427,765</u>	<u>78,950</u>	<u>4,836,155</u>
Total Net Depreciable Capital Assets	<u>2,375,182</u>	<u>(128,183)</u>	<u>—</u>	<u>2,246,999</u>
Total Net Capital Assets	<u>2,649,182</u>	<u>(128,183)</u>	<u>—</u>	<u>2,520,999</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 30,205
Highway and Streets	<u>397,560</u>
	<u>427,765</u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Community Building

Component unit capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 75,000	—	—	75,000
Depreciable Capital Assets				
Buildings and Improvements	510,989	—	—	510,989
Vehicles and Equipment	60,808	—	—	60,808
	<u>571,797</u>	<u>—</u>	<u>—</u>	<u>571,797</u>
Less Accumulated Depreciation				
Buildings and Improvements	376,891	10,783	—	387,674
Vehicles and Equipment	48,541	2,197	—	50,738
	<u>425,432</u>	<u>12,980</u>	<u>—</u>	<u>438,412</u>
Total Net Depreciable Capital Assets	<u>146,365</u>	<u>(12,980)</u>	<u>—</u>	<u>133,385</u>
Total Net Capital Assets	<u>221,365</u>	<u>(12,980)</u>	<u>—</u>	<u>208,385</u>

Depreciation expense of \$12,980 was charged to community building.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Kane County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically.

LONG-TERM DEBT

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 18,537	—	15,953	2,584	517

Legal Debt Margin

Chapter 50, Section 405/1 of the Illinois Compiled Statutes provides "...no county having a population of less than 500,000 and no township, school district or other municipal corporation having a population of less than 300,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 2.875% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the governmental unit's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2024	<u>\$ 953,759,488</u>
Legal Debt Limit - 2.875% of Equalized Assessed Value	27,420,585
Amount of Debt Applicable to Limit	
None	—
Legal Debt Margin	<u>27,420,585</u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Township considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Township first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. 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 Fund Balance. 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 Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; 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 Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees 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 Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of 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.

Minimum Fund Balance Policy. The Township's policy manual states that the General (Town) Fund should maintain a minimum fund balance equal to 25% of budgeted operating expenditures less capital outlay.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	<u>Special Revenue</u>		Totals
	General	Road and Assistance Bridge	
Fund Balances			
Nonspendable			
Prepays	\$ 846	—	1,113
			<u>1,959</u>
Restricted			
General Assistance	—	120,972	1,260,575
			<u>1,381,547</u>
Unassigned	622,987	—	—
			<u>622,987</u>
Total Fund Balances	<u>623,833</u>	<u>120,972</u>	<u>1,261,688</u>
			<u>2,006,493</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of March 31, 2025:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,520,999
Less Capital Related Debt:	
None	<u>—</u>
Net Investment in Capital Assets	<u>2,520,999</u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION

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; natural disasters; and injuries to the Township's employees. The Township has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

From time to time, the Township is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Township attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Township's financial position or results of operations.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Township contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members Entitled to but not yet Receiving Benefits	7
Active Plan Members	<u>8</u>
Total	<u><u>22</u></u>

Contributions. As set by statute, the Township's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the fiscal year-ended March 31, 2025, the Township's contribution was 5.03% of covered payroll.

Net Pension (Asset). The Township's net pension (asset) was measured as of December 31, 2024. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	24.50%	5.20%
Domestic Equities	33.50%	4.35%
International Equities	18.00%	5.40%
Real Estate	10.50%	6.40%
Blended	12.50%	4.85% - 6.25%
Cash and Cash Equivalents	1.00%	3.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Township calculated using the discount rate as well as what the Township's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 314,070	(14,246)	(280,612)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2023	\$ 3,129,019	3,136,668	(7,649)
Changes for the year:			
Service Cost	49,554	—	49,554
Interest on the Total Pension Liability	222,997	—	222,997
Difference Between Expected and Actual Experience of the Total Pension Liability	(132,652)	—	(132,652)
Change of Assumptions	—	—	—
Contributions - Employer	—	27,993	(27,993)
Contributions - Employees	—	24,846	(24,846)
Net Investment Income	—	312,437	(312,437)
Benefit Payments, Including Refunds of Member Contributions	(155,954)	(155,954)	—
Other (Net Transfer)	—	(218,780)	218,780
Net Changes	(16,055)	(9,458)	(6,597)
Balances at December 31, 2024	3,112,964	3,127,210	(14,246)

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended March 31, 2025, the Township recognized pension expense of \$172,229. At March 31, 2025, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 10,294	(83,443)	(73,149)
Change in Assumptions	—	(1,979)	(1,979)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	77,291	—	77,291
Total Pension Expense to be Recognized in Future Periods	87,585	(85,422)	2,163
Pension Contributions Made Subsequent to the Measurement Date	6,828	—	6,828
Total Deferred Amounts Related to IMRF	94,413	(85,422)	8,991

\$6,828 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended March 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	\$ (3,226)
2027	66,513
2028	(41,783)
2029	(19,341)
2030	—
Thereafter	—
Totals	2,163

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Notes to the Financial Statements

March 31, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The Township has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Township are required to pay 100% of the current premium. However, there is minimal participation. As the Township provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits Other Than Pensions*. Therefore, the Township has not recorded a liability as of March 31, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions - Last Ten Fiscal Years
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Calendar Years
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General (Town) Fund
General Assistance - Special Revenue Fund
Community Mental Health - Special Revenue Fund

Notes to the Required Supplementary Information

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

TOWNSHIP OF SUGAR GROVE, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
March 31, 2025**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 51,548	\$ 51,548	\$ —	\$ 418,753	12.31%
2017	42,506	42,506	—	381,903	11.13%
2018	37,399	37,399	—	373,616	10.01%
2019	40,405	40,405	—	450,449	8.97%
2020	23,330	23,330	—	475,158	4.91%
2021	24,921	24,916	(5)	475,589	5.24%
2022	43,752	43,752	—	492,150	8.89%
2023	36,122	36,122	—	506,614	7.13%
2024	24,845	24,845	—	521,951	4.76%
2025	27,811	27,811	—	552,368	5.03%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Illinois Municipal Retirement Fund - Regular

Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Calendar Years

March 31, 2025

	12/31/2015	12/31/2016	12/31/2017
Total Pension Liability			
Service Cost	\$ 48,412	47,763	41,814
Interest	164,420	167,637	169,978
Differences Between Expected and Actual Experience	(65,277)	(77,540)	(51,555)
Change of Assumptions	—	(2,496)	(74,266)
Benefit Payments, Including Refunds of Member Contributions	(98,796)	(109,770)	(98,551)
Net Change in Total Pension Liability	48,759	25,594	(12,580)
Total Pension Liability - Beginning	2,220,384	2,269,143	2,294,737
Total Pension Liability - Ending	2,269,143	2,294,737	2,282,157
Plan Fiduciary Net Position			
Contributions - Employer	\$ 51,548	42,507	37,398
Contributions - Members	18,844	17,186	16,813
Net Investment Income	10,329	144,330	377,974
Benefit Payments, Including Refunds of Member Contributions	(98,796)	(109,770)	(98,551)
Other (Net Transfer)	3,659	32,815	(18,975)
Net Change in Plan Fiduciary Net Position	(14,416)	127,068	314,659
Plan Net Position - Beginning	2,079,959	2,065,543	2,192,611
Plan Net Position - Ending	2,065,543	2,192,611	2,507,270
Employer's Net Pension Liability/(Asset)	\$ 203,600	102,126	(225,113)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.03%	95.55%	109.86%
Covered Payroll	\$ 418,753	381,903	373,616
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	48.62%	26.74%	(60.25%)

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
39,885	48,521	49,095	46,623	48,716	50,197	49,554
168,889	171,824	199,414	205,516	215,624	213,923	222,997
(29,651)	335,217	45,242	68,667	(113,312)	31,818	(132,652)
59,752	—	(14,318)	—	—	(6,119)	—
(100,481)	(149,650)	(200,944)	(187,124)	(177,729)	(172,733)	(155,954)
138,394	405,912	78,489	133,682	(26,701)	117,086	(16,055)
2,282,157	2,420,551	2,826,463	2,904,952	3,038,634	3,011,933	3,129,019
2,420,551	2,826,463	2,904,952	3,038,634	3,011,933	3,129,019	3,112,964
40,405	23,330	24,916	43,752	36,121	24,844	27,993
20,270	21,382	21,398	22,147	22,798	23,488	24,846
(115,379)	411,225	404,150	536,344	(464,141)	317,422	312,437
(100,481)	(149,650)	(200,944)	(187,124)	(177,729)	(172,733)	(155,954)
45,634	105,597	22,133	53,634	(125,662)	102,251	(218,780)
(109,551)	411,884	271,653	468,753	(708,613)	295,272	(9,458)
2,507,270	2,397,719	2,809,603	3,081,256	3,550,009	2,841,396	3,136,668
2,397,719	2,809,603	3,081,256	3,550,009	2,841,396	3,136,668	3,127,210
22,832	16,860	(176,304)	(511,375)	170,537	(7,649)	(14,246)
99.06%	99.40%	106.07%	116.83%	94.34%	100.24%	100.46%
450,449	475,158	475,589	492,150	506,614	521,951	552,130
5.07%	3.55%	(37.07%)	(103.91%)	33.66%	(1.47%)	(2.58%)

TOWNSHIP OF SUGAR GROVE, ILLINOIS

General (Town) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended March 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 637,653	637,653	637,670	17
Intergovernmental				
Replacement Taxes	45,000	45,000	19,348	(25,652)
Charges For Services				
Rent	56,370	56,370	25,238	(31,132)
Investment Income	15,425	15,425	10,131	(5,294)
Miscellaneous	12,480	12,480	99,992	87,512
Total Revenues	<u>766,928</u>	<u>766,928</u>	<u>792,379</u>	<u>25,451</u>
Expenditures				
General Government	720,720	720,720	757,501	(36,781)
Health and Welfare	145,505	145,505	143,380	2,125
Capital Outlay	113,700	113,700	7,275	106,425
Total Expenditures	<u>979,925</u>	<u>979,925</u>	<u>908,156</u>	<u>71,769</u>
Net Change in Fund Balance	<u>(212,997)</u>	<u>(212,997)</u>	<u>(115,777)</u>	<u>97,220</u>
Fund Balance - Beginning			<u>739,610</u>	
Fund Balance - Ending			<u><u>623,833</u></u>	

TOWNSHIP OF SUGAR GROVE, ILLINOIS

General Assistance Fund - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended March 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property Tax	\$ 5,000	5,000	3,273	(1,727)
Investment Income	1,600	1,600	1,872	272
Miscellaneous	—	—	833	833
Total Revenues	<u>6,600</u>	<u>6,600</u>	<u>5,978</u>	<u>(622)</u>
Expenditures				
Health and Welfare				
Administration				
Contractual Services	7,550	7,550	7,386	164
Home Relief				
Other	100	100	15	85
Capital Outlay	50,000	50,000	50,000	—
Total Expenditures	<u>57,650</u>	<u>57,650</u>	<u>57,401</u>	<u>249</u>
Net Change in Fund Balance	<u>(51,050)</u>	<u>(51,050)</u>	(51,423)	<u>(373)</u>
Fund Balance - Beginning			<u>172,395</u>	
Fund Balance - Ending			<u>120,972</u>	

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Road and Bridge Fund - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended March 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property Tax	\$ 1,152,878	1,152,878	1,200,161	47,283
Intergovernmental				
Replacement Taxes	60,000	60,000	31,046	(28,954)
Investment Income	21,000	21,000	22,420	1,420
Miscellaneous	5,700	5,700	14,965	9,265
Total Revenues	<u>1,239,578</u>	<u>1,239,578</u>	<u>1,268,592</u>	<u>29,014</u>
Expenditures				
Highways and Streets	1,206,510	1,206,510	1,043,171	163,339
Capital Outlay	489,000	489,000	256,253	232,747
Total Expenditures	<u>1,695,510</u>	<u>1,695,510</u>	<u>1,299,424</u>	<u>396,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(455,932)	(455,932)	(30,832)	425,100
Other Financing Sources				
Disposal of Capital Assets	58,000	58,000	58,000	—
Net Change in Fund Balance	<u>(397,932)</u>	<u>(397,932)</u>	27,168	<u>425,100</u>
Fund Balance - Beginning			<u>1,234,520</u>	
Fund Balance - Ending			<u>1,261,688</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule - Major Governmental Fund
- Budgetary Comparison Schedule - Component Unit

INDIVIDUAL DESCRIPTIONS

GENERAL (TOWN) FUND

The General (Town) Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

General Assistance Fund

The General Assistance Fund is used to account for revenues derived from property taxes for general assistance and expenditures for general assistance of township residents.

Road and Bridge

The Road and Bridge Fund is used to account for revenues derived from taxes for road and bridge projects and expenditures for highway, bridge, and street construction and maintenance.

TOWNSHIP OF SUGAR GROVE, ILLINOIS

General (Town) Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended March 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
General Government				
Administration				
Personnel Services	\$ 160,360	160,360	169,654	(9,294)
Contractual Services	81,591	81,591	137,273	(55,682)
Supplies and Commodities	2,816	2,816	2,271	545
Senior Center	89,300	89,300	62,687	26,613
Bus Barn	160	160	763	(603)
Bliss House	42,600	42,600	42,380	220
Other	39,400	39,400	33,242	6,158
	<u>416,227</u>	<u>416,227</u>	<u>448,270</u>	<u>(32,043)</u>
Assessor				
Personnel Services	270,658	270,658	288,870	(18,212)
Contractual Services	30,635	30,635	18,744	11,891
Supplies and Commodities	2,200	2,200	1,617	583
Other	1,000	1,000	—	1,000
	<u>304,493</u>	<u>304,493</u>	<u>309,231</u>	<u>(4,738)</u>
Total General Government	<u>720,720</u>	<u>720,720</u>	<u>757,501</u>	<u>(36,781)</u>
Health and Welfare				
Mental Health	<u>145,505</u>	<u>145,505</u>	<u>143,380</u>	<u>2,125</u>
Capital Outlay	<u>113,700</u>	<u>113,700</u>	<u>7,275</u>	<u>106,425</u>
Total Expenditures	<u><u>979,925</u></u>	<u><u>979,925</u></u>	<u><u>908,156</u></u>	<u><u>71,769</u></u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

**Community Building - Component Unit
Statement of Net Position and Balance Sheet - Governmental Fund
March 31, 2025**

	Community Building	Adjustments	Statement of Net Position
ASSETS			
Current Assets			
Cash and Investments	\$ 738,425	—	738,425
Receivables - Net of Allowances			
Taxes	163,474	—	163,474
Prepays	3,908	—	3,908
Total Current Assets	<u>905,807</u>	<u>—</u>	<u>905,807</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	—	75,000	75,000
Depreciable	—	571,797	571,797
Accumulated Depreciation	—	(438,412)	(438,412)
Total Noncurrent Assets	<u>—</u>	<u>208,385</u>	<u>208,385</u>
Total Assets	<u>905,807</u>	<u>208,385</u>	<u>1,114,192</u>
LIABILITIES			
Current Liabilities			
Accrued Payroll	474	—	474
Deposits Payable	500	—	500
Total Liabilities	<u>974</u>	<u>—</u>	<u>974</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	163,474	—	163,474
Total Liabilities and Deferred Inflows of Resources	<u>164,448</u>	<u>—</u>	<u>164,448</u>
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	208,385	208,385
Unassigned	741,359	(741,359)	—
Unrestricted	—	741,359	741,359
Total Fund Balances/Net Position	<u>741,359</u>	<u>208,385</u>	<u>949,744</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>905,807</u>	<u>208,385</u>	<u>1,114,192</u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Community Building - Component Unit

**Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund**

For the Fiscal Year Ended March 31, 2025

	Community Building	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 163,307	—	163,307
Charges for Services	8,070	—	8,070
Investment Income	20,022	—	20,022
Miscellaneous	312	—	312
Total Revenues	<u>191,711</u>	<u>—</u>	<u>191,711</u>
Expenditures			
Community Building	98,093	28,830	126,923
Capital Outlay	15,850	(15,850)	—
Total Expenditures	<u>113,943</u>	<u>12,980</u>	<u>126,923</u>
Net Change in Fund Balances/Net Position	77,768	(12,980)	64,788
Fund Balances/Net Position - Beginning	<u>663,591</u>	<u>221,365</u>	<u>884,956</u>
Fund Balances/Net Position - Ending	<u><u>741,359</u></u>	<u><u>208,385</u></u>	<u><u>949,744</u></u>

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Community Building Fund - Component Unit

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended March 31, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property Tax	\$ 163,500	163,500	163,307	(193)
Charges for Services				
Rent	4,000	4,000	8,070	4,070
Investment Income	10,000	10,000	20,022	10,022
Miscellaneous	400	400	312	(88)
Total Revenues	<u>177,900</u>	<u>177,900</u>	<u>191,711</u>	<u>13,811</u>
Expenditures				
Community Building				
Administration	39,300	39,300	28,936	10,364
Personnel Services	140,350	140,350	67,188	73,162
Contractual Services	5,100	5,100	1,969	3,131
Other				
Capital Outlay	195,000	195,000	15,850	179,150
Total Expenditures	<u>379,750</u>	<u>379,750</u>	<u>113,943</u>	<u>265,807</u>
Net Change in Fund Balance	<u>(201,850)</u>	<u>(201,850)</u>	77,768	<u>279,618</u>
Fund Balance - Beginning			<u>663,591</u>	
Fund Balance - Ending			<u>741,359</u>	