TOWNSHIP OF SUGAR GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
MARCH 31, 2026

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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.

Principal Officials
March 31, 2026

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.

Lauterbach & Amen
668 N. River Road
Naperville, IL 60563
630.393.1483
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INDEPENDENT AUDITOR'S REPORT

July 14, 2026

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, and each major fund of the Township of Sugar Grove (the Township), Illinois as of and for the year ended March 31, 2026, 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, and each major fund of the Township of Sugar Grove, Illinois, as of March 31, 2026, 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 management's discussion and analysis, the budgetary comparison schedules, and supplementary pension, 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.

Statement of Net Position
March 31, 2026

See Following Page

Statement of Net Position
March 31, 2026

		Component Unit
	Governmental Activities	Community Building
ASSETS		
Current Assets		
Cash and Investments	$ 1,944,662	765,382
Receivables - Net of Allowances	2,042,729	163,708
Total Current Assets	3,987,391	929,090
Noncurrent Assets		
Capital Assets		
Nondepreciable	274,000	75,000
Depreciable	7,133,155	580,751
Accumulated Depreciation	(5,032,424)	(442,497)
Total Capital Assets	2,374,731	213,254
Other Assets		
Net Pension Asset - IMRF	287,731	—
Total Noncurrent Assets	2,662,462	213,254
Total Assets	6,649,853	1,142,344
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	7,958	—
Total Assets and Deferred Outflows of Resources	6,657,811	1,142,344

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

	Governmental Activities	Component Unit Community Building
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 6,534	685
Accrued Payroll	25,930	1,481
Deposits Payable	825	500
Compensated Absences Payable	527	—
Total Current Liabilities	33,816	2,666
Noncurrent Liabilities		
Compensated Absences Payable	2,109	—
Total Liabilities	35,925	2,666
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	197,607	—
Property Taxes	1,984,997	163,708
Leases	57,624	—
Total Deferred Inflows of Resources	2,240,228	163,708
Total Liabilities and Deferred Inflows of Resources	2,276,153	166,374
NET POSITION		
Investment in Capital Assets	2,374,731	213,254
Restricted		
General Assistance	1,477,110	—
Retirement	287,731	—
Unrestricted	242,086	762,716
Total Net Position	4,381,658	975,970

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

Statement of Activities
For the Fiscal Year Ended March 31, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Program Revenues: Capital Grants/ Contributions	Net (Expenses)/Revenues and Changes in Net Position: Primary Government Governmental Activities	Net (Expenses)/Revenues and Changes in Net Position: Component Unit Sugar Grove Township Community Building
Governmental Activities						
General Government	$ 677,285	11,875	—	—	(665,410)	—
Highway and Streets	1,421,902	—	—	—	(1,421,902)	—
Health and Welfare	148,778	—	—	—	(148,778)	—
Total Governmental Activities	2,247,965	11,875	—	—	(2,236,090)	—
Component Unit						
Community Building	171,775	8,725	—	—	—	(163,050)

	Primary Government Governmental Activities	Component Unit Sugar Grove Township Community Building
General Revenues		
Taxes		
Property Taxes	1,900,569	163,317
Intergovernmental - Unrestricted		
Replacement Taxes	44,904	—
Investment Income	74,976	24,712
Miscellaneous	49,154	1,247
	2,069,603	189,276
Change in Net Position	(166,487)	26,226
Net Position - Beginning	4,548,145	949,744
Net Position - Ending	4,381,658	975,970

Balance Sheet - Governmental Funds
March 31, 2026

		Special Revenue		
	General (Town)	General Assistance	Road and Bridge	Totals
ASSETS				
Cash and Investments	$ 449,668	125,513	1,369,481	1,944,662
Receivables - Net of Allowances				
Taxes	658,130	5,004	1,321,863	1,984,997
Leases	57,732	—	—	57,732
Total Assets	1,165,530	130,517	2,691,344	3,987,391
LIABILITIES				
Accounts Payable	69	—	6,465	6,534
Accrued Payroll	14,511	—	11,419	25,930
Deposits Payable	825	—	—	825
Total Liabilities	15,405	—	17,884	33,289
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	658,130	5,004	1,321,863	1,984,997
Leases	57,624	—	—	57,624
Total Deferred Inflows of Resources	715,754	5,004	1,321,863	2,042,621
Total Liabilities and Deferred Inflows of Resources	731,159	5,004	1,339,747	2,075,910
FUND BALANCES				
Restricted	—	125,513	1,351,597	1,477,110
Unassigned	434,371	—	—	434,371
Total Fund Balances	434,371	125,513	1,351,597	1,911,481
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,165,530	130,517	2,691,344	3,987,391

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

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governemtnal Activities
March 31, 2026

Total Governmental Fund Balances	$	1,911,481
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.		2,374,731
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.		
Net Pension Asset - IMRF		287,731
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.		
Deferred Items - IMRF		(189,649)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable		(2,636)
Net Position of Governmental Activities		4,381,658

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended March 31, 2026

		Special Revenue		
	General (Town)	General Assistance	Road and Bridge	Totals
Revenues				
Taxes	$ 634,782	5,780	1,260,007	1,900,569
Intergovernmental	17,241	—	27,663	44,904
Charges for Services	11,875	—	—	11,875
Investment Income	20,837	2,893	51,246	74,976
Miscellaneous	21,460	—	27,694	49,154
Total Revenues	706,195	8,673	1,366,610	2,081,478
Expenditures				
General Government	696,548	—	—	696,548
Health and Welfare	145,246	3,532	—	148,778
Highway and Streets	—	—	1,033,992	1,033,992
Capital Outlay	35,666	600	325,906	362,172
Total Expenditures	877,460	4,132	1,359,898	2,241,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(171,265)	4,541	6,712	(160,012)
Other Financing Sources (Uses)				
Disposal of Capital Assets	—	—	65,000	65,000
Transfers In	—	—	18,197	18,197
Transfers Out	(18,197)	—	—	(18,197)
	(18,197)	—	83,197	65,000
Net Change in Fund Balances	(189,462)	4,541	89,909	(95,012)
Fund Balances - Beginning	623,833	120,972	1,261,688	2,006,493
Fund Balances - Ending	434,371	125,513	1,351,597	1,911,481

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

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, 2026

Net Change in Fund Balances - Total Governmental Funds	$ (95,012)
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	281,094
Depreciation Expense	(417,382)
Disposals - Cost	(231,093)
Disposals - Accumulated Depreciation	221,113
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	273,485
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(198,640)
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	(52)
Changes in Net Position of Governmental Activities	(166,487)

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 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.

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.

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.

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.

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.

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.

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.

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 $1,944,662 and the bank balances totaled $2,021,745.

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, $3,560 of the bank balance of deposits was not 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).

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 $765,382 and the bank balances totaled $772,092.

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:

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

During the fiscal year, the Township has recognized $14,666 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:

Fiscal Year		Principal	Interest
2027	$	16,049	151
2028		16,097	103
2029		16,145	55
2030		9,441	9
		57,732	318

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Road and Bridge	General	$ 18,197

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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	1,182,842	12,945	1,552	1,194,235
Road Improvements	3,550,716	—	12,000	3,538,716
Vehicles and Equipment	2,349,596	268,149	217,541	2,400,204
	7,083,154	281,094	231,093	7,133,155
Less Accumulated Depreciation				
Buildings and Improvements	441,634	39,972	602	481,004
Road Improvements	2,706,072	196,376	5,100	2,897,348
Vehicles and Equipment	1,688,449	181,034	215,411	1,654,072
	4,836,155	417,382	221,113	5,032,424
Total Net Depreciable Capital Assets	2,246,999	(136,288)	9,980	2,100,731
Total Net Capital Assets	2,520,999	(136,288)	9,980	2,374,731

Depreciation expense was charged to governmental activities as follows:

General Government	$ 29,472
Highway and Streets	387,910
	417,382

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - 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	10,766	—	521,755
Vehicles and Equipment	60,808	8,263	10,075	58,996
	571,797	19,029	10,075	580,751
Less Accumulated Depreciation				
Buildings and Improvements	387,674	10,783	—	398,457
Vehicles and Equipment	50,738	3,377	10,075	44,040
	438,412	14,160	10,075	442,497
Total Net Depreciable Capital Assets	133,385	4,869	—	138,254
Total Net Capital Assets	208,385	4,869	—	213,254

Depreciation expense of $14,160 was charged to community building.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2024 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 OBLIGATIONS

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	$ 2,584	52	—	2,636	527

Compensated absences are reported as the net change amount for the fiscal year.

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 - 2025	$ 1,033,900,636
Legal Debt Limit - 2.875% of Equalized Assessed Value	29,724,643
Amount of Debt Applicable to Limit	
None	—
Legal Debt Margin	29,724,643

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.

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

		Special Revenue		
	General	General Assistance	Road and Bridge	Totals
Fund Balances				
Restricted				
General Assistance	$ —	125,513	1,351,597	1,477,110
Unassigned	434,371	—	—	434,371
Total Fund Balances	434,371	125,513	1,351,597	1,911,481

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Investment in capital assets was comprised of the following as of March 31, 2026:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	$ 2,374,731
Less Capital Related Debt:	
None	—
Investment in Capital Assets	2,374,731

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.

NOTE 4 - OTHER INFORMATION - Continued

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.

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.

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, 2025, 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	9
Total	23

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, 2026, the Township's contribution was 5.07% of covered payroll.

Net Pension (Asset). The Township's net pension (asset) was measured as of December 31, 2025. 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, 2025, 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%

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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.00%	4.75%
Domestic Equities	32.50%	7.35%
International Equities	18.00%	7.45%
Real Estate	10.50%	6.25%
Blended	14.00%	3.90% - 8.50%
Cash and Cash Equivalents	1.00%	3.00%

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.

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 (asset) to changes in the discount rate. The table below presents the net pension (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)	$ 52,946	(287,731)	(562,893)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2024	$ 3,112,964	3,127,210	(14,246)
Changes for the year:			
Service Cost	51,413	—	51,413
Interest on the Total Pension Liability	223,150	—	223,150
Difference Between Expected and Actual Experience of the Total Pension Liability	1,513	—	1,513
Change of Assumptions	—	—	—
Contributions - Employer	—	30,364	(30,364)
Contributions - Employees	—	27,715	(27,715)
Net Investment Income	—	478,635	(478,635)
Benefit Payments, Including Refunds of Member Contributions	(121,478)	(121,478)	—
Other (Net Transfer)	—	12,847	(12,847)
Net Changes	154,598	428,083	(273,485)
Balances at December 31, 2025	3,267,562	3,555,293	(287,731)

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, 2026, the Township recognized pension revenue of $44,717. At March 31, 2026, 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	$ 967	(34,234)	(33,267)
Change in Assumptions	—	—	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(163,373)	(163,373)
Total Pension Expense to be Recognized in Future Periods	967	(197,607)	(196,640)
Pension Contributions Made Subsequent to the Measurement Date	6,991	—	6,991
Total Deferred Amounts Related to IMRF	7,958	(197,607)	(189,649)

$6,991 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, 2027. 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
2027	$ 16,310
2028	(92,111)
2029	(70,090)
2030	(50,749)
2031	—
Thereafter	—
Totals	(196,640)

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, 2026.

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 Measurement Years
  Illinois Municipal Retirement Fund

- Budgetary Comparison Schedules
  General (Town) Fund
  General Assistance - Special Revenue Fund
  Road and Bridge - Special Revenue Fund

Notes to the Required Supplementary Information

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

Illinois Municipal Retirement Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
March 31, 2026

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
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%
2026	30,128	30,128	—	594,796	5.07%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	18 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
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 2023 valuation pursuant to an experience study of the period 2020-2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) 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.

Illinois Municipal Retirement Fund - Regular
Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Measurement Years
March 31, 2026

		12/31/2016	12/31/2017	12/31/2018
Total Pension Liability				
Service Cost	$	47,763	41,814	39,885
Interest		167,637	169,978	168,889
Differences Between Expected and Actual Experience		(77,540)	(51,555)	(29,651)
Change of Assumptions		(2,496)	(74,266)	59,752
Benefit Payments, Including Refunds of Member Contributions		(109,770)	(98,551)	(100,481)
Net Change in Total Pension Liability		25,594	(12,580)	138,394
Total Pension Liability - Beginning		2,269,143	2,294,737	2,282,157
Total Pension Liability - Ending		2,294,737	2,282,157	2,420,551
Plan Fiduciary Net Position				
Contributions - Employer	$	42,507	37,398	40,405
Contributions - Members		17,186	16,813	20,270
Net Investment Income		144,330	377,974	(115,379)
Benefit Payments, Including Refunds of Member Contributions		(109,770)	(98,551)	(100,481)
Other (Net Transfer)		32,815	(18,975)	45,634
Net Change in Plan Fiduciary Net Position		127,068	314,659	(109,551)
Plan Net Position - Beginning		2,065,543	2,192,611	2,507,270
Plan Net Position - Ending		2,192,611	2,507,270	2,397,719
Employer's Net Pension Liability/(Asset)	$	102,126	(225,113)	22,832
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		95.55%	109.86%	99.06%
Covered Payroll	$	381,903	373,616	450,449
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		26.74%	(60.25%)	5.07%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2016 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
	48,521	49,095	46,623	48,716	50,197	49,554	51,413
	171,824	199,414	205,516	215,624	213,923	222,997	223,150
	335,217	45,242	68,667	(113,312)	31,818	(132,652)	1,513
	—	(14,318)	—	—	(6,119)	—	—
	(149,650)	(200,944)	(187,124)	(177,729)	(172,733)	(155,954)	(121,478)
	405,912	78,489	133,682	(26,701)	117,086	(16,055)	154,598
	2,420,551	2,826,463	2,904,952	3,038,634	3,011,933	3,129,019	3,112,964
	2,826,463	2,904,952	3,038,634	3,011,933	3,129,019	3,112,964	3,267,562
	23,330	24,916	43,752	36,121	24,844	27,993	30,364
	21,382	21,398	22,147	22,798	23,488	24,846	27,715
	411,225	404,150	536,344	(464,141)	317,422	312,437	478,635
	(149,650)	(200,944)	(187,124)	(177,729)	(172,733)	(155,954)	(121,478)
	105,597	22,133	53,634	(125,662)	102,251	(218,780)	12,847
	411,884	271,653	468,753	(708,613)	295,272	(9,458)	428,083
	2,397,719	2,809,603	3,081,256	3,550,009	2,841,396	3,136,668	3,127,210
	2,809,603	3,081,256	3,550,009	2,841,396	3,136,668	3,127,210	3,555,293
	16,860	(176,304)	(511,375)	170,537	(7,649)	(14,246)	(287,731)
	99.40%	106.07%	116.83%	94.34%	100.24%	100.46%	108.81%
	475,158	475,589	492,150	506,614	521,951	552,130	615,901
	3.55%	(37.07%)	(103.91%)	33.66%	(1.47%)	(2.58%)	(46.72%)

General (Town) Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended March 31, 2026

	Budget			Variance
	Original	Final	Actual	with Final Budget
Revenues				
Taxes				
Property Taxes	$ 637,715	637,715	634,782	(2,933)
Intergovernmental				
Replacement Taxes	45,000	45,000	17,241	(27,759)
Charges For Services				
Rent	28,185	28,185	11,875	(16,310)
Investment Income	15,425	15,425	20,837	5,412
Miscellaneous	20,280	20,280	21,460	1,180
Total Revenues	746,605	746,605	706,195	(40,410)
Expenditures				
General Government	764,452	764,452	696,548	67,904
Health and Welfare	145,600	145,600	145,246	354
Capital Outlay	115,700	115,700	35,666	80,034
Total Expenditures	1,025,752	1,025,752	877,460	148,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	(279,147)	(279,147)	(171,265)	107,882
Other Financing (Uses)				
Transfers Out	—	—	(18,197)	(18,197)
Net Change in Fund Balance	(279,147)	(279,147)	(189,462)	89,685
Fund Balance - Beginning			623,833	
Fund Balance - Ending			434,371	

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, 2026

	Budget			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes				
Property Tax	$ 5,007	5,007	5,780	773
Investment Income	1,600	1,600	2,893	1,293
Total Revenues	6,607	6,607	8,673	2,066
Expenditures				
Health and Welfare				
Administration				
Contractual Services	10,450	10,450	3,532	6,918
Capital Outlay	5,000	5,000	600	4,400
Total Expenditures	15,450	15,450	4,132	11,318
Net Change in Fund Balance	(8,843)	(8,843)	4,541	13,384
Fund Balance - Beginning			120,972	
Fund Balance - Ending			125,513	

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, 2026

	Budget			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Taxes				
Property Tax	$ 1,274,860	1,274,860	1,260,007	(14,853)
Intergovernmental				
Replacement Taxes	7,902	7,902	27,663	19,761
Investment Income	6,292	6,292	51,246	44,954
Miscellaneous	14,570	14,570	27,694	13,124
Total Revenues	1,303,624	1,303,624	1,366,610	62,986
Expenditures				
Highways and Streets	1,189,975	1,189,975	1,033,992	155,983
Capital Outlay	500,000	500,000	325,906	174,094
Total Expenditures	1,689,975	1,689,975	1,359,898	330,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(386,351)	(386,351)	6,712	393,063
Other Financing Sources				
Disposal of Capital Assets	65,000	65,000	65,000	—
Transfers In	—	—	18,197	18,197
	65,000	65,000	83,197	18,197
Net Change in Fund Balance	(321,351)	(321,351)	89,909	411,260
Fund Balance - Beginning			1,261,688	
Fund Balance - Ending			1,351,597	

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
- Statement of Net Position and Balance Sheet - Component Unit
- Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance - Component Unit
- 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.

General (Town) Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended March 31, 2026

	Budget			Variance
	Original	Final	Actual	with Final Budget
General Government				
Administration				
Personnel Services	$ 167,860	167,860	184,931	(17,071)
Contractual Services	97,795	97,795	89,642	8,153
Supplies and Commodities	7,800	7,800	2,823	4,977
Senior Center	80,300	80,300	63,116	17,184
Bus Barn	700	700	811	(111)
Bliss House	48,700	48,700	32,769	15,931
Other	39,700	39,700	30,715	8,985
	442,855	442,855	404,807	38,048
Assessor				
Personnel Services	287,074	287,074	262,608	24,466
Contractual Services	31,323	31,323	26,916	4,407
Supplies and Commodities	2,200	2,200	1,292	908
Other	1,000	1,000	925	75
	321,597	321,597	291,741	29,856
Total General Government	764,452	764,452	696,548	67,904
Health and Welfare				
Mental Health	145,600	145,600	145,246	354
Capital Outlay	115,700	115,700	35,666	80,034
Total Expenditures	1,025,752	1,025,752	877,460	148,292

TOWNSHIP OF SUGAR GROVE, ILLINOIS

Community Building - Component Unit
Statement of Net Position and Balance Sheet - Governmental Fund
March 31, 2026

	Community Building	Adjustments	Statement of Net Position
ASSETS			
Current Assets			
Cash and Investments	$ 765,382	—	765,382
Receivables - Net of Allowances			
Taxes	163,708	—	163,708
Total Current Assets	929,090	—	929,090
Noncurrent Assets			
Capital Assets			
Nondepreciable	—	75,000	75,000
Depreciable	—	580,751	580,751
Accumulated Depreciation	—	(442,497)	(442,497)
Total Noncurrent Assets	—	213,254	213,254
Total Assets	929,090	213,254	1,142,344
LIABILITIES			
Current Liabilities			
Accounts Payable	685	—	685
Accrued Payroll	1,481	—	1,481
Deposits Payable	500	—	500
Total Liabilities	2,666	—	2,666
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	163,708	—	163,708
Total Liabilities and Deferred Inflows of Resources	166,374	—	166,374
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	213,254	213,254
Unassigned	762,716	(762,716)	—
Unrestricted	—	762,716	762,716
Total Fund Balances/Net Position	762,716	213,254	975,970
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	929,090	213,254	1,142,344

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, 2026

	Community Building	Adjustments	Statement of Activities
Revenues			
Taxes	$ 163,317	—	163,317
Charges for Services	8,725	—	8,725
Investment Income	24,712	—	24,712
Miscellaneous	1,247	—	1,247
Total Revenues	198,001	—	198,001
Expenditures			
Community Building	131,868	39,907	171,775
Capital Outlay	44,776	(44,776)	—
Total Expenditures	176,644	(4,869)	171,775
Net Change in Fund Balances/Net Position	21,357	4,869	26,226
Fund Balances/Net Position - Beginning	741,359	208,385	949,744
Fund Balances/Net Position - Ending	762,716	213,254	975,970

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, 2026

	Budget			Variance
	Original	Final	Actual	with Final Budget
Revenues				
Taxes				
Property Tax	$ 163,500	163,500	163,317	(183)
Charges for Services				
Rent	5,000	5,000	8,725	3,725
Investment Income	8,000	8,000	24,712	16,712
Miscellaneous	200	200	1,247	1,047
Total Revenues	176,700	176,700	198,001	21,301
Expenditures				
Community Building				
Administration	39,300	39,300	33,106	6,194
Personnel Services	144,800	144,800	97,966	46,834
Contractual Services	5,100	5,100	796	4,304
Other				
Capital Outlay	190,500	190,500	44,776	145,724
Total Expenditures	379,700	379,700	176,644	203,056
Net Change in Fund Balance	(203,000)	(203,000)	21,357	224,357
Fund Balance - Beginning			741,359	
Fund Balance - Ending			762,716	