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***LIBERTYVILLE TOWNSHIP, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***FEBRUARY 28, 2018***

**eder, casella & co.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
 Libertyville Township  
 Libertyville, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of

LIBERTYVILLE TOWNSHIP

as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise Libertyville Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Libertyville Township as of February 28, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contribution, and budgetary comparison information on pages 3 through 8 and 30 through 40 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
August 17, 2018

REQUIRED SUPPLEMENTARY INFORMATION



## **LIBERTYVILLE TOWNSHIP** **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Libertyville Township (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended February 28, 2018.

### **FINANCIAL HIGHLIGHTS**

- At February 28, 2018, the assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources by \$34,123,444 (net position). Of this amount, \$417,629 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The total net position for the Township increased by \$151,328 which includes a net position adjustment of \$62,125.
- At February 28, 2018, the Township's governmental funds reported combined ending fund balances of \$3,229,879, an increase of \$227,749 in comparison with the prior year. Of this amount, \$11,908 is nonspendable, \$2,525,762 is restricted, \$167,184 is assigned for different funds and projects, and \$525,025 is available for spending at the Township's discretion (unassigned fund balance).
- At February 28, 2018, the fund balance for the General Fund was \$525,025 of which all was unassigned. Unassigned fund balance represents 30 percent of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Township's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and other governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include



general government, directly funded community services, community assistance and services, parks and recreation, assessor, and highways and roads. The Township does not conduct any business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains twelve individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, General Assistance Fund, Road and Bridge Fund, Open Space Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other seven funds include Town IMRF, Town Social Security, Town Insurance, Road and Bridge IMRF, Road and Bridge Social Security, Road and Bridge Insurance, and Road and Bridge Repairs.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

The basic fiduciary fund financial can be found on page 15 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 29 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in meeting its obligation to provide as fully adequate as possible services to all of its residents.

The Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this appropriation.

Required supplementary information can be found on pages 30 through 40 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,123,444 at February 28, 2018.

A portion of the Township's net position (91 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, office equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Libertyville Township's Net Position at Year-End

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | FY 2018                 | FY 2017              |
| <b>ASSETS</b>                               |                         |                      |
| Current and Other Assets                    | \$ 6,110,879            | \$ 5,795,683         |
| Capital Assets                              | 31,180,053              | 31,275,339           |
| Net Pension Asset                           | 131,732                 | -                    |
| <b>Total Assets</b>                         | <b>\$ 37,422,664</b>    | <b>\$ 37,071,022</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                         |                      |
| Deferred Pension Expense - IMRF             | \$ 174,203              | \$ 251,917           |
| Deferred Employer Pension Contribution      | 18,585                  | 17,853               |
| <b>Total Deferred Outflows of Resources</b> | <b>\$ 192,788</b>       | <b>\$ 269,770</b>    |
| <b>LIABILITIES</b>                          |                         |                      |
| Long-Term Liabilities Outstanding           | \$ 24,502               | \$ 567,852           |
| Other Liabilities                           | 85,652                  | 55,983               |
| <b>Total Liabilities</b>                    | <b>\$ 110,154</b>       | <b>\$ 623,835</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                         |                      |
| Deferred Pension Revenue                    | \$ 586,506              | \$ 7,271             |
| Unavailable Revenue - Property Taxes        | 2,795,348               | 2,737,570            |
| <b>Total Deferred Inflows of Resources</b>  | <b>\$ 3,381,854</b>     | <b>\$ 2,744,841</b>  |
| <b>NET POSITION</b>                         |                         |                      |
| Net Investment in Capital Assets            | \$ 31,180,053           | \$ 31,275,339        |
| Restricted                                  | 2,525,762               | 2,313,197            |
| Unrestricted                                | 417,629                 | 383,580              |
| <b>Total Net Position</b>                   | <b>\$ 34,123,444</b>    | <b>\$ 33,972,116</b> |

An additional portion of the Township's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$417,629, may be used to meet the Township's ongoing obligations to citizens and creditors.

At February 28, 2018, the Township is able to report positive balances in all three categories of net position.

The Township's net position increased by \$151,328, which includes a net position adjustment of \$62,125, during the year ended February 28, 2018.

**Governmental activities** - Governmental activities increased the Township's net position by \$89,203. Key elements of this decrease are as follows:

Libertyville Township's Change in Net Position

|                                       | Governmental Activities |                      |
|---------------------------------------|-------------------------|----------------------|
|                                       | FY 2018                 | FY 2017              |
| Revenues:                             |                         |                      |
| Program Revenues                      |                         |                      |
| Charges for Services                  | \$ 57,664               | \$ 192,798           |
| Operating Grants and Contributions    | 74,823                  | 13,000               |
| General Revenues:                     |                         |                      |
| Property Taxes                        | 2,747,283               | 2,734,460            |
| Other Taxes                           | 169,170                 | 145,381              |
| TIF Income                            | 32,634                  | 1,979                |
| Unrestricted Investment Earnings      | 5,223                   | 2,349                |
| Gain/(Loss) on Sale of Capital Assets | 21,281                  | -                    |
| Other Income                          | 83,528                  | 149,995              |
| Total Revenues                        | <u>\$ 3,191,606</u>     | <u>\$ 3,239,962</u>  |
| Expenses:                             |                         |                      |
| Administration                        | \$ 522,163              | \$ 923,927           |
| Assessment of Property                | 605,540                 | 597,133              |
| Road and Bridge Maintenance           | 867,743                 | 1,456,830            |
| Open Space Maintenance                | 485,693                 | 373,298              |
| Public Transportation                 | 10,475                  | 1,093                |
| Social Services                       | 317,199                 | 126,886              |
| Parks                                 | 158,769                 | 82,163               |
| Community Service                     | 134,821                 | 132,644              |
| Total Expenses                        | <u>\$ 3,102,403</u>     | <u>\$ 3,693,974</u>  |
| Change in Net Position                | \$ 89,203               | \$ (454,012)         |
| Net Position - Beginning              | 33,972,116              | 34,426,128           |
| Net Position Adjustment               | 62,125                  | -                    |
| Net Position - Ending                 | <u>\$ 34,123,444</u>    | <u>\$ 33,972,116</u> |

The most significant change was the decrease in Administration and Road and Bridge expenses. Administrative expense decrease was due to decrease in capital outlay and professional services/land management. Road and Bridge expense decreased due to decrease in maintenance service – road and engineering services.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

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

**Governmental funds** - The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township's net resources available for spending.

At February 28, 2018, the Township's governmental funds reported combined ending fund balances of \$3,229,879, an increase of \$165,624 in comparison with the prior year. Of this amount, \$525,025 constitutes unassigned fund balance, which is available for spending at the Township's discretion.

The General Fund is the chief operating fund of the Township. At February 28, 2018, fund balance in the General Fund was \$525,025, a decrease of \$163,908 in comparison with the prior year. This decrease was due to an increase in salaries and computer programs/consulting expenditures.

The General Assistance Fund is used to account for revenues restricted for general assistance expenditures. At February 28, 2018, fund balance in the General Assistance Fund was \$54,670, a decrease of \$896 in comparison with the prior year.

The Road and Bridge Fund is used to account for revenues restricted for road and bridge district expenditures. At February 28, 2018, fund balance in the Road and Bridge Fund was \$737,996, an increase of \$469,024, which includes a fund balance adjustment of \$62,125, in comparison with the prior year. This increase was due to an increase in property tax revenue and a decrease in maintenance service – road and engineering services expenditures.

The Open Space Fund is used to account for used to account for revenues restricted for open space and the acquisition of open space and its improvement and maintenance. At February 28, 2018, fund balance in the Open Space Fund was \$1,379,171, a decrease of \$83,271 in comparison with the prior year. The decrease was caused a decrease in rental and other revenue and a decrease in professional services/land management and capital outlay expenditures.

The Capital Projects Fund is used to account for revenues restricted for capital projects and used to account for financial resources to be used for the acquisition or construction of major capital facilities expenditures. At February 28, 2018, fund balance in the Capital Projects Fund was \$160,689, an increase of \$269 in comparison with the prior year.

Other governmental funds had at February 28, 2018 a fund balance of \$372,328, an increase of \$6,531 in comparison with the prior year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Significant differences between the budgeted amounts and actual amounts are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$34,865 (favorable) and was primarily due to more than expected replacement taxes.
- The difference between the estimated expenditures and the actual expenditures was \$252,681 (favorable) and was primarily due to less than anticipated health insurance, utilities, professional services, pace contract, and capital outlay.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets** - The Township's investment in capital assets for its governmental activities as of February 28, 2018 amounts to \$31,180,053 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, office equipment and infrastructure. Major capital asset events during the year ended February 28, 2018 included the following:

- Purchase of a Skid Steer for \$123,247
- Purchase of a Dump Truck for \$62,436
- Purchase of HVAC for \$43,916

Libertyville Township's Capital Assets at Year-End  
(net of depreciation)

|                         | Governmental Activities |               |
|-------------------------|-------------------------|---------------|
|                         | 2018                    | 2017          |
| Land                    | \$ 26,039,057           | \$ 26,039,057 |
| Buildings               | 1,611,994               | 1,620,860     |
| Land Improvements       | 2,654,868               | 2,832,296     |
| Furniture and Equipment | 21,674                  | 25,087        |
| Equipment and Vehicles  | 263,459                 | 121,829       |
| Infrastructure          | 589,001                 | 636,210       |
| Total                   | \$ 31,180,053           | \$ 31,275,339 |

Additional information on the Township's capital assets can be found in note 4 on pages 22 and 23 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Because Libertyville Township depends heavily on property tax revenues, economic factors have not materially affected its revenues. However, long-term financial health of the Township may be at risk as the "tax cap" continues to restrict property tax revenues to a growth rate which is less than the cost increases for salaries, health care, utilities, and equipment.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Office of the Supervisor, Libertyville Township, 359 Merrill Court, Libertyville, Illinois 60048.

BASIC FINANCIAL STATEMENTS



LIBERTYVILLE TOWNSHIP  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 FEBRUARY 28, 2018

|   | <u>Primary<br/>Government<br/>Governmental<br/>Activities</u> |
|---|---|
| <b>ASSETS</b>   |   |
| Current Assets  |   |
| Cash and Cash Equivalents                               | \$ 3,135,489  |
| Restricted Cash and Cash Equivalents                    | 83,034  |
| Receivables   |   |
| Property Taxes Receivable, net of allowance of \$14,045 | 2,795,348   |
| Other   | 18,608  |
| Due from Other Governments                              | 66,492  |
| Prepaid Expenses  | 11,908  |
| Net Pension Asset                                       | 131,732   |
| Capital Assets (Net)                                    |   |
| Land and Other Non-Depreciable Assets                   | 26,039,057  |
| Other Capital Assets, Net of Depreciation               | 5,140,996   |
| <b>Total Assets</b>                                     | <u>\$ 37,422,664</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |   |
| Deferred Pension Expenses                               | \$ 174,203  |
| Deferred Employer Pension Contributions                 | 18,585  |
| <b>Total Deferred Outflows of Resources</b>             | <u>\$ 192,788</u>   |
| <b>LIABILITIES</b>                                      |   |
| Accounts Payable  | \$ 85,326   |
| Payroll Liabilities                                     | 102   |
| Due to Trust and Agency Funds                           | 224   |
| Non-Current Liabilities                                 |   |
| Due in More Than One Year                               | 24,502  |
| <b>Total Liabilities</b>                                | <u>\$ 110,154</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |   |
| Deferred Pension Revenue                                | \$ 586,506  |
| Unavailable Revenue - Property Taxes                    | 2,795,348   |
| <b>Total Deferred Inflows of Resources</b>              | <u>\$ 3,381,854</u>   |
| <b>NET POSITION</b>                                     |   |
| Net Investment in Capital Assets                        | \$ 31,180,053   |
| Restricted for:   |   |
| Road and Bridge   | 733,640   |
| Wetlands  | 83,034  |
| Open Space  | 1,294,056   |
| Social Services   | 53,729  |
| Retirement Benefits                                     | 110,787   |
| Insurance   | 21,871  |
| Repairs   | 228,645   |
| Unrestricted/(Deficit)                                  | 417,629   |
| <b>Total Net Position</b>                               | <u>\$ 34,123,444</u>  |

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



LIBERTYVILLE TOWNSHIP  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED FEBRUARY 28, 2018

| Functions/Programs                   | Program Revenues    |                         |  | Net (Expense)                             |
|--------------------------------------|---------------------|-------------------------|--|---|
|                                      | Expenses            | Charges For<br>Services | Operating<br>Grants and<br>Contributions | Revenue and<br>Changes in<br>Net Position |
|                                      |                     |                         |  | Governmental<br>Activities                |
| Primary Government                   |                     |                         |  |   |
| Governmental Activities              |                     |                         |  |   |
| Administration                       | \$ 522,163          | \$ 695                  | \$ -                                     | \$ (521,468)                              |
| Assessment of Property               | 605,540             | -                       | -  | (605,540)                                 |
| Road and Bridge Maintenance          | 867,743             | 3,620                   | 74,823                                   | (789,300)                                 |
| Open Space Maintenance               | 485,693             | 53,349                  | -  | (432,344)                                 |
| Public Transportation                | 10,475              | -                       | -  | (10,475)                                  |
| Social Services                      | 317,199             | -                       | -  | (317,199)                                 |
| Parks                                | 158,769             | -                       | -  | (158,769)                                 |
| Community Service                    | 134,821             | -                       | -  | (134,821)                                 |
| <b>Total Governmental Activities</b> | <b>\$ 3,102,403</b> | <b>\$ 57,664</b>        | <b>\$ 74,823</b>                         | <b>\$ (2,969,916)</b>                     |

General Revenues

|                                       |                      |
|---------------------------------------|----------------------|
| Taxes                                 |                      |
| Property Taxes                        | \$ 2,747,283         |
| Replacement Tax                       | 135,038              |
| Motor Fuel Tax                        | 34,132               |
| TIF Income                            | 32,634               |
| Unrestricted Investment Earnings      | 5,223                |
| Gain/(Loss) on Sale of Capital Assets | 21,281               |
| Other Income                          | 83,528               |
| <b>Total General Revenues</b>         | <b>\$ 3,059,119</b>  |
| Change in Net Position                | \$ 89,203            |
| Net Position - Beginning of Year      | 33,972,116           |
| Net Position Adjustment ( Note 16)    | 62,125               |
| <b>Net Position - End of Year</b>     | <b>\$ 34,123,444</b> |

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

LIBERTYVILLE TOWNSHIP  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FEBRUARY 28, 2018

|  | General Fund        | General Assistance | Road and Bridge Fund | Open Space Fund     | Capital Projects  | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|----------------------|---------------------|-------------------|------------------------------|--------------------------|
| <b>ASSETS</b>  |                     |                    |                      |                     |                   |                              |                          |
| Cash and Cash Equivalents  | \$ 590,309          | \$ 54,011          | \$ 696,839           | \$ 1,298,930        | \$ 160,689        | \$ 334,711                   | \$ 3,135,489             |
| Restricted Cash  | -                   | -                  | -                    | 83,034              | -                 | -                            | 83,034                   |
| Receivables  |                     |                    |                      |                     |                   |                              |                          |
| Property Taxes (Net)   | 1,663,982           | 49,765             | 954,130              | -                   | -                 | 127,471                      | 2,795,348                |
| Other  | 9,956               | -                  | 8,652                | -                   | -                 | -                            | 18,608                   |
| Due From Other Funds   | 860                 | -                  | -                    | -                   | -                 | 26,592                       | 27,452                   |
| Due from Other Governments   | 0                   | -                  | 66,492               | -                   | -                 | -                            | 66,492                   |
| Prepaid Expenses   | -                   | 883                | -                    | -                   | -                 | 11,025                       | 11,908                   |
| <b>Total Assets</b>  | <b>\$ 2,265,107</b> | <b>\$ 104,659</b>  | <b>\$ 1,726,113</b>  | <b>\$ 1,381,964</b> | <b>\$ 160,689</b> | <b>\$ 499,799</b>            | <b>\$ 6,138,331</b>      |
| <b>LIABILITIES</b>   |                     |                    |                      |                     |                   |                              |                          |
| Accounts Payable   | \$ 51,880           | \$ -               | \$ 30,653            | \$ 2,793            | \$ -              | \$ -                         | \$ 85,326                |
| Payroll Liabilities  | -                   | -                  | 102                  | -                   | -                 | -                            | 102                      |
| Due to Other Funds   | 24,220              | -                  | 3,232                | -                   | -                 | -                            | 27,452                   |
| Due to Trust and Agency Funds  | -                   | 224                | -                    | -                   | -                 | -                            | 224                      |
| <b>Total Liabilities</b>   | <b>\$ 76,100</b>    | <b>\$ 224</b>      | <b>\$ 33,987</b>     | <b>\$ 2,793</b>     | <b>\$ -</b>       | <b>\$ -</b>                  | <b>\$ 113,104</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                     |                    |                      |                     |                   |                              |                          |
| Unavailable Revenue - Property Taxes                                       | \$ 1,663,982        | \$ 49,765          | \$ 954,130           | \$ -                | \$ -              | \$ 127,471                   | \$ 2,795,348             |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>\$ 1,663,982</b> | <b>\$ 49,765</b>   | <b>\$ 954,130</b>    | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ 127,471</b>            | <b>\$ 2,795,348</b>      |
| <b>FUND BALANCES</b>   |                     |                    |                      |                     |                   |                              |                          |
| <b>Nonspendable</b>  |                     |                    |                      |                     |                   |                              |                          |
| Prepaid Expenses   | \$ -                | \$ 883             | \$ -                 | \$ -                | \$ -              | \$ 11,025                    | \$ 11,908                |
| <b>Restricted</b>  |                     |                    |                      |                     |                   |                              |                          |
| Road and Bridge  | -                   | -                  | 733,640              | -                   | -                 | -                            | 733,640                  |
| Wetlands   | -                   | -                  | -                    | 83,034              | -                 | -                            | 83,034                   |
| Open Space   | -                   | -                  | -                    | 1,294,056           | -                 | -                            | 1,294,056                |
| Social Services  | -                   | 53,729             | -                    | -                   | -                 | -                            | 53,729                   |
| Retirement Benefits  | -                   | -                  | -                    | -                   | -                 | 110,787                      | 110,787                  |
| Insurance  | -                   | -                  | -                    | -                   | -                 | 21,871                       | 21,871                   |
| Repairs  | -                   | -                  | -                    | -                   | -                 | 228,645                      | 228,645                  |
| <b>Assigned</b>  |                     |                    |                      |                     |                   |                              |                          |
| Road and Bridge  | -                   | -                  | 4,356                | -                   | -                 | -                            | 4,356                    |
| Open Space   | -                   | -                  | -                    | 2,081               | -                 | -                            | 2,081                    |
| Capital Projects   | -                   | -                  | -                    | -                   | 160,689           | -                            | 160,689                  |
| Social Services  | -                   | 58                 | -                    | -                   | -                 | -                            | 58                       |
| Unassigned   | 525,025             | -                  | -                    | -                   | -                 | -                            | 525,025                  |
| <b>Total Fund Balances</b>   | <b>\$ 525,025</b>   | <b>\$ 54,670</b>   | <b>\$ 737,996</b>    | <b>\$ 1,379,171</b> | <b>\$ 160,689</b> | <b>\$ 372,328</b>            | <b>\$ 3,229,879</b>      |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 2,265,107</b> | <b>\$ 104,659</b>  | <b>\$ 1,726,113</b>  | <b>\$ 1,381,964</b> | <b>\$ 160,689</b> | <b>\$ 499,799</b>            | <b>\$ 6,138,331</b>      |

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

LIBERTYVILLE TOWNSHIP  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 FEBRUARY 28, 2018

Fund Balances - Total Governmental Funds \$ 3,229,879

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.

|                                |                    |            |
|--------------------------------|--------------------|------------|
| Capital Assets                 | \$ 37,825,002      |            |
| Less: Accumulated Depreciation | <u>(6,644,949)</u> | 31,180,053 |

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

|                               |                |         |
|-------------------------------|----------------|---------|
| Compensated Absences          | \$ (24,502)    |         |
| Net Pension (Liability)/Asset | <u>131,732</u> | 107,230 |

Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.

|  |               |                  |
|--|---------------|------------------|
| Deferred Pension Costs                     | \$ (412,303)  |                  |
| Deferred Employer Contributions to Pension | <u>18,585</u> | <u>(393,718)</u> |

Net Position of Governmental Activities \$ 34,123,444

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

LIBERTYVILLE TOWNSHIP  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - GOVERNMENTAL FUNDS  
 YEAR ENDED FEBRUARY 28, 2018

|   | General Fund        | General Assistance  | Road and Bridge Fund | Open Space Fund     | Capital Projects  | Non-Major Governmental Fund | Total Governmental Funds |
|---|---------------------|---------------------|----------------------|---------------------|-------------------|-----------------------------|--------------------------|
| <b>REVENUES</b>   |                     |                     |                      |                     |                   |                             |                          |
| Property Taxes  | \$ 1,637,680        | \$ 48,172           | \$ 940,652           | \$ -                | \$ -              | \$ 120,779                  | \$ 2,747,283             |
| Replacement Tax   | 82,680              | -                   | 52,358               | -                   | -                 | -                           | 135,038                  |
| Motor Fuel Tax  | -                   | -                   | 34,132               | -                   | -                 | -                           | 34,132                   |
| TIF Income  | 21,532              | -                   | 11,102               | -                   | -                 | -                           | 32,634                   |
| Interest Income   | 1,532               | 58                  | 786                  | 2,081               | 269               | 497                         | 5,223                    |
| Other   |                     |                     |                      |                     |                   |                             |                          |
| Intergovernmental Agreements                                | -                   | -                   | 3,620                | -                   | -                 | -                           | 3,620                    |
| Rental Income   | -                   | -                   | -                    | 53,349              | -                 | -                           | 53,349                   |
| Traffic Income  | -                   | -                   | 2,218                | -                   | -                 | -                           | 2,218                    |
| Reimbursements  | -                   | -                   | 74,823               | -                   | -                 | -                           | 74,823                   |
| Administrative Fees   | 695                 | -                   | -                    | -                   | -                 | -                           | 695                      |
| Other Sources   | 8,870               | 8,000               | 3,570                | 60,835              | -                 | -                           | 81,275                   |
|   | <u>\$ 1,752,989</u> | <u>\$ 56,230</u>    | <u>\$ 1,123,261</u>  | <u>\$ 116,265</u>   | <u>\$ 269</u>     | <u>\$ 121,276</u>           | <u>\$ 3,170,290</u>      |
| <b>EXPENDITURES</b>   |                     |                     |                      |                     |                   |                             |                          |
| Current   |                     |                     |                      |                     |                   |                             |                          |
| Administrative  | \$ 1,052,697        | \$ 126,021          | \$ 35,398            | \$ 62,277           | \$ -              | \$ 47,617                   | \$ 1,324,010             |
| Assessment of Property                                      | 467,873             | -                   | -                    | -                   | -                 | -                           | 467,873                  |
| Road and Bridge Maintenance                                 | -                   | -                   | 636,223              | -                   | -                 | -                           | 636,223                  |
| Open Space Maintenance                                      | -                   | -                   | -                    | 13,293              | -                 | -                           | 13,293                   |
| Public Transportation                                       | 776                 | -                   | -                    | -                   | -                 | -                           | 776                      |
| Social Services   | 101,625             | 31,105              | -                    | -                   | -                 | -                           | 132,730                  |
| Retirement Contributions                                    | -                   | -                   | -                    | -                   | -                 | 190,128                     | 190,128                  |
| Capital Outlay  | 135,242             | -                   | 1,741                | 123,966             | -                 | -                           | 260,949                  |
|   | <u>\$ 1,758,213</u> | <u>\$ 157,126</u>   | <u>\$ 673,362</u>    | <u>\$ 199,536</u>   | <u>\$ -</u>       | <u>\$ 237,745</u>           | <u>\$ 3,025,982</u>      |
| <b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <u>\$ (5,224)</u>   | <u>\$ (100,896)</u> | <u>\$ 449,899</u>    | <u>\$ (83,271)</u>  | <u>\$ 269</u>     | <u>\$ (116,469)</u>         | <u>\$ 144,308</u>        |
| <b>OTHER FINANCING SOURCES/(USES)</b>                       |                     |                     |                      |                     |                   |                             |                          |
| Proceeds from Sale of Fixed Assets                          | \$ 21,316           | \$ -                | \$ -                 | \$ -                | \$ -              | \$ -                        | \$ 21,316                |
| Transfers   | (180,000)           | 100,000             | (43,000)             | -                   | -                 | 123,000                     | -                        |
|   | <u>\$ (158,684)</u> | <u>\$ 100,000</u>   | <u>\$ (43,000)</u>   | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ 123,000</u>           | <u>\$ 21,316</u>         |
| <b>NET CHANGE IN FUND BALANCES</b>                          | <u>\$ (163,908)</u> | <u>\$ (896)</u>     | <u>\$ 406,899</u>    | <u>\$ (83,271)</u>  | <u>\$ 269</u>     | <u>\$ 6,531</u>             | <u>\$ 165,624</u>        |
| <b>FUND BALANCES - MARCH 1, 2017</b>                        | 688,933             | 55,566              | 268,972              | 1,462,442           | 160,420           | 365,797                     | 3,002,130                |
| <b>FUND BALANCE ADJUSTMENT (NOTE 16)</b>                    | -                   | -                   | 62,125               | -                   | -                 | -                           | 62,125                   |
| <b>FUND BALANCES - FEBRUARY 28, 2018</b>                    | <u>\$ 525,025</u>   | <u>\$ 54,670</u>    | <u>\$ 737,996</u>    | <u>\$ 1,379,171</u> | <u>\$ 160,689</u> | <u>\$ 372,328</u>           | <u>\$ 3,229,879</u>      |

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

LIBERTYVILLE TOWNSHIP  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED FEBRUARY 28, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 165,624

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 these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

|                      |                  |          |
|----------------------|------------------|----------|
| Capital Outlays      | \$ 246,878       |          |
| Depreciation Expense | <u>(342,164)</u> | (95,286) |

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

|                                     |               |   |
|-------------------------------------|---------------|---|
| Proceeds from Sale of Fixed Assets  | \$ (21,281)   |   |
| Gain/(Loss) on Sale of Fixed Assets | <u>21,281</u> | - |

Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

|                      |                 |          |
|----------------------|-----------------|----------|
| Compensated Absences | \$ (24,502)     |          |
| Pension Expense      | <u>(66,707)</u> | (91,209) |

Employer Pension Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

110,074

|   |  |                         |
|---|--|-------------------------|
| Change in Net Position of Governmental Activities |  | <u><u>\$ 89,203</u></u> |
|---|--|-------------------------|

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

LIBERTYVILLE TOWNSHIP  
FIDUCIARY FUND  
STATEMENT OF NET POSITION  
FEBRUARY 28, 2018

|                            |                   |
|----------------------------|-------------------|
| ASSETS                     |                   |
| Cash and Cash Equivalents  | \$ 153,246        |
| Accounts Receivable        | <u>466</u>        |
| Total Assets               | <u>\$ 153,712</u> |
| LIABILITIES                |                   |
| Deposits Payable           | \$ 64,995         |
| Held for Indigent Benefits | 88,251            |
| Unallocated Revenue        | <u>466</u>        |
| Total Liabilities          | <u>\$ 153,712</u> |

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

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LIBERTYVILLE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Libertyville Township is an Illinois Township organized and operating principally under the authority of Chapter 60 of the Illinois Compiled Statutes and certain other provisions of Illinois law. Located in the southeast central portion of Lake County, Illinois, the Township consists of 36 square miles and includes all or portions of the Village of Green Oaks, Libertyville, Mettawa, Mundelein, Vernon Hills and the cities of Lake Forest, North Chicago, and Waukegan, as well as significant unincorporated areas.

Services provided include general administration; assessment of property; aid to the poor and indigent; maintenance, improvement, and construction of roads, bridges, ditches, curbs, and gutters; and maintenance and improvements of parks and open space. In addition, the Township administers in a fiduciary capacity a pantry for residents needing assistance in obtaining food, clothing and shelter using funds provided by a variety of donors. Further, Libertyville Township supports various social service agencies which provide services to Township residents.

Libertyville Township's (Township) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting polices established in GAAP and used by the Township are discussed below.

*A. Reporting Entity*

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

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

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund (reporting the Township's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the Township as governmental activities. The Township does not have any business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, replacement tax, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.



Program revenues must be directly associated with the function (general government, directly funded community services, community assistance and services, parks and recreation, assessor, highways and roads). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Township had no capital grants for the year ended February 28, 2018.

The net costs (by function) are normally covered by general revenue (property taxes, replacement tax, unrestricted investment earnings, etc.).

The Township does not allocate indirect costs.

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.

### *C. Basic Financial Statements – 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 comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

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

The following fund types are used by the Township:

#### 1. 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 Township reports these major governmental funds:

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

General Assistance Fund - The General Assistance Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for various services provided to lower income residents.

Road and Bridge Fund - The Road and Bridge Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintenance of the Township's roads.

Open Space Fund – The Open Space Fund is used to account for the acquisition of open space and its improvement and maintenance. Originally funded with the proceeds of a bond issue, the fund now relies on interest, rents, and land and water resource fees for revenue.

Capital Projects – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position and is reported using generally accepted accounting principles.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (community emergency, pantry, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

D. *Basis of Accounting*

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

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Township reports unavailable revenue on its governmental funds Balance Sheet. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At February 28, 2018, the Township had \$2,795,348 of unavailable revenue from property taxes.

E. *Cash and Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Separate bank accounts are not maintained for all of the Township's funds. Instead, the funds maintain their uninvested cash balance in common checking accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in an account. Such overdrafts in effect constitute cash borrowed from other Township funds and are, therefore, interfund loans that have not been authorized by Township Board action.

No Township fund had a cash overdraft at February 28, 2018.

NOTES TO FINANCIAL STATEMENTS (Continued)

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, Certificates of Deposit, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool known as The Illinois Funds.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Expenses*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

H. *Inventories*

No inventory accounts are maintained to reflect the value of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Township's inventories is not deemed to be material.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$500 or more for Town funds and \$5,000 or more for Road and Bridge funds are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                         |               |
|-------------------------|---------------|
| Buildings               | 40 - 50 years |
| Land Improvements       | 5 - 40 years  |
| Furniture and Equipment | 5 - 20 years  |
| Equipment and Vehicles  | 5 - 20 years  |
| Infrastructure          | 50 years      |

GASB Statement No. 34 requires the Township to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

*K. Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and thereafter will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

*L. Compensated Absences*

The Township accrues accumulated unpaid vacation and personal leave time when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide Statement of Net Position and is reported as a reconciling item between the fund and government-wide presentations.

*M. Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*N. Government-Wide Net Position*

Government-wide net position is divided into three components:

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

*O. Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Township has not delegated this authority to an appointed body or official.

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

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in the Road and Bridge Fund, Permanent Road Fund and General Assistance Fund.

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

### *P. Property Tax Calendar and Revenues*

The Township's property tax is levied each calendar year on all taxable real property located in the Township on or before the last Tuesday in December. The 2017 levies were passed by the Board on November 16, 2017. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in June and early in September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

### *Q. Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

Deposits with financial institutions are fully insured and collateralized by securities held in the Township's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

*Interest Rate Risk.* The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to specific types of investment instruments. See Note 1E for types allowable under state law.

*Concentration of Credit Risk.* The Township places no limit on the amount the Township may invest in any one investment instrument.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's custodial credit risk policy requires collateral for any deposits in excess of insured amounts. February 28, 2018, none of the Township's bank balances were exposed to custodial credit risk.

**NOTE 3 - RESTRICTED CASH AND CASH EQUIVALENTS**

The Open Space Fund reflects a restricted cash and cash equivalents balance in the amount of \$83,034 representing the amount of Fort Atkinson Wetland funds available at February 28, 2018. This amount is to be expended on Fort Atkinson Wetland.

**NOTE 4 - CAPITAL ASSETS**

Upon adoption of GASB 34 financial reporting, the Township elected to use the prospective method of reporting its infrastructure assets. Under the prospective method, no value was assigned to the existing roads, bridges and other infrastructure. Only the rights of way were recorded. Subsequent to the adoption of GASB 34, the cost of new roads, bridges and major improvements thereto are to be capitalized.

Capital asset activity for the year ended February 28, 2018 was as follows:

|   | Balance<br>March 1, 2017 | Increases   | Decreases | Balance<br>February 28, 2018 |
|---|--------------------------|-------------|-----------|------------------------------|
| <b>Governmental Activities</b>                |                          |             |           |                              |
| Capital Assets not being depreciated          |                          |             |           |                              |
| Land  | \$ 26,039,057            | \$ -        | \$ -      | \$ 26,039,057                |
| Total Capital Assets not being depreciated    | \$ 26,039,057            | \$ -        | \$ -      | \$ 26,039,057                |
| Other Capital Assets                          |                          |             |           |                              |
| Buildings                                     | \$ 2,378,631             | \$ 43,916   | \$ -      | \$ 2,422,547                 |
| Land Improvements                             | 5,862,043                | 13,975      | -         | 5,876,018                    |
| Furniture and Equipment                       | 203,473                  | 2,585       | -         | 206,058                      |
| Equipment and Vehicles                        | 809,018                  | 186,402     | 74,552    | 920,868                      |
| Infrastructure                                | 2,360,454                | -           | -         | 2,360,454                    |
| Total Other Capital Assets at historical cost | \$ 11,613,619            | \$ 246,878  | \$ 74,552 | \$ 11,785,945                |
| Less Accumulated Depreciation for             |                          |             |           |                              |
| Buildings                                     | \$ 757,771               | \$ 52,782   | \$ -      | \$ 810,553                   |
| Land Improvements                             | 3,029,747                | 191,403     | -         | 3,221,150                    |
| Furniture and Equipment                       | 178,386                  | 5,998       | -         | 184,384                      |
| Equipment and Vehicles                        | 687,189                  | 44,772      | 74,552    | 657,409                      |
| Infrastructure                                | 1,724,244                | 47,209      | -         | 1,771,453                    |
| Total Accumulated Depreciation                | \$ 6,377,337             | \$ 342,164  | \$ 74,552 | \$ 6,644,949                 |
| Other Capital Assets, Net                     | \$ 5,236,282             | \$ (95,286) | \$ -      | \$ 5,140,996                 |
| Governmental Activities Capital Assets, Net   | \$ 31,275,339            | \$ (95,286) | \$ -      | \$ 31,180,053                |

NOTES TO FINANCIAL STATEMENTS (Continued)

Depreciation expense was charged to functions as follows:

|  |           |                |
|--|-----------|----------------|
| <b>Governmental Activities</b>                     |           |                |
| Administration                                     | \$        | 31,413         |
| Assessment of Property                             |           | 3,180          |
| Road and Bridge                                    |           | 72,483         |
| Open Space   |           | 198,098        |
| Social Services                                    |           | 9,699          |
| Parks  |           | 27,291         |
| Total Governmental Activities Depreciation Expense | <u>\$</u> | <u>342,164</u> |

**NOTE 5 - LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity for the year ended February 28, 2018 was as follows:

|                                 | Balance<br>March 1, 2017 | Additions        | Retirements | Balance<br>February 28, 2018 | Amounts<br>Due Within<br>One Year |
|---------------------------------|--------------------------|------------------|-------------|------------------------------|-----------------------------------|
| <b>Governmental Activities:</b> |                          |                  |             |                              |                                   |
| Other Long-Term Obligations     |                          |                  |             |                              |                                   |
| Compensated Absences            | \$ -                     | \$ 24,502        | \$ -        | \$ 24,502                    | \$ -                              |
| Total Long-Term Obligations     | <u>\$ -</u>              | <u>\$ 24,502</u> | <u>\$ -</u> | <u>\$ 24,502</u>             | <u>\$ -</u>                       |

**NOTE 6 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances at February 28, 2018 consisted of the following:

| Due from             | Due to                       | Amount    |
|----------------------|------------------------------|-----------|
| General Fund         | Non-Major Governmental Funds | \$ 24,220 |
| Road and Bridge Fund | General Fund                 | 860       |
| Road and Bridge Fund | Non-Major Governmental Funds | 2,372     |
| General Assistance   | Trust and Agency Funds       | 224       |

Interfund loans are due Non-Major Government Funds is related to reimbursement to move expenditures to the appropriate fund and allocate revenues to the appropriate fund.

Transfers made for the year ended February 28, 2018 were as follows:

| Transfer from        | Transfer to                  | Amount     |
|----------------------|------------------------------|------------|
| General Fund         | General Assistance           | \$ 100,000 |
| General Fund         | Non-Major Governmental Funds | 80,000     |
| Road and Bridge Fund | Non-Major Governmental Funds | 43,000     |

The transfers were made to cover operating expenses.

**NOTE 7 - DEFICIT FUND BALANCE**

There were no funds which reflected a deficit fund balance as of February 28, 2018.

**NOTE 8 - PROPERTY TAXES**

Property taxes recorded in these financial statements are from the 2016 tax levies. A summary of the assessed valuations, rates, and extensions for the years 2017, 2016, and 2015 follows:



NOTES TO FINANCIAL STATEMENTS (Continued)

| TAX YEAR                   | 2017            |                     | 2016            |                     | 2015            |                     |
|----------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| ASSESSED VALUATION         | \$2,926,800,386 |                     | \$2,806,671,977 |                     | \$2,647,615,465 |                     |
|                            | Rate            | Extension           | Rate            | Extension           | Rate            | Extension           |
| Corporate                  | 0.057139        | \$ 1,672,344        | 0.058227        | \$ 1,634,241        | 0.061697        | \$ 1,633,499        |
| General Assistance         | 0.001709        | 50,019              | 0.001782        | 50,015              | 0.001888        | 49,987              |
| Municipal Retirement       | 0.001709        | 50,019              | 0.001782        | 50,015              | 0.001888        | 49,987              |
| Social Security            | 0.001709        | 50,019              | 0.001782        | 50,015              | 0.001888        | 49,987              |
| Tort & Liability Insurance | 0.000855        | 25,024              | 0.000891        | 25,007              | 0.000945        | 25,020              |
| Road and Bridge *          | 0.058510        | 958,925             | 0.033564        | 942,033             | 0.035107        | 929,490             |
| Road and Bridge -          |                 |                     |                 |                     |                 |                     |
| Municipal Retirement       | 0.000035        | 1,024               | -               | -                   | 0.000037        | 980                 |
| Road and Bridge -          |                 |                     |                 |                     |                 |                     |
| Social Security            | 0.000035        | 1,024               | -               | -                   | 0.000037        | 980                 |
| Road and Bridge -          |                 |                     |                 |                     |                 |                     |
| Tort & Liability Insurance | 0.000035        | 1,024               | -               | -                   | 0.000037        | 980                 |
|                            | <u>0.121631</u> | <u>\$ 2,806,350</u> | <u>0.098028</u> | <u>\$ 2,751,326</u> | <u>0.103413</u> | <u>\$ 2,737,970</u> |

\*Extensions for Road and Bridge are shown net, after deducting the portion of the taxes extended which are allocable to the underlying cities and villages.

**NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended February 28, 2018, no fund had expenditures that exceeded the budget.

**NOTE 10 - OPERATING LEASES, AS LESSEE**

The Township leases copiers, vehicle, and radio under operating leases.

Annual requirements to cover outstanding lease agreements at February 28, 2018 are:

| Year Ending March 31 | Amount           |
|----------------------|------------------|
| 2019                 | \$ 8,659         |
| 2020                 | 7,174            |
| 2021                 | 5,463            |
| 2022                 | 5,463            |
| 2023                 | 3,188            |
|                      | <u>\$ 29,947</u> |

Rental expense under these leases for the year ended February 28, 2018 was \$9,536.

**NOTE 11 - RETIREMENT FUND COMMITMENTS**

*A. Illinois Municipal Retirement Fund*

Plan Description

The Township's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefit Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. That report is available for download at [www.imrf.org](http://www.imrf.org).



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).

All three IMRF benefit plans have two tiers. 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 ten 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 ten 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.

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2017, the measurement date, the Township's membership consisted of:

|  |           |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits          | 31        |
| Inactive plan members entitled to but not yet receiving benefits | 14        |
| Active plan members  | 16        |
| Total  | <u>61</u> |

Contributions

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township's annual contribution rate for calendar year 2017 was 10.87%. For the fiscal year ended February 28, 2018, the Township contributed \$110,074 to the Plan. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2017 calculated in accordance with GASB Statement No. 68, were as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

|   |              |
|---|--------------|
| Total Pension Liability   | \$ 6,054,916 |
| IMRF Fiduciary Net Position   | 6,186,649    |
| Township's Net Pension Liability (Asset)                                      | (131,733)    |
| IMRF Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | 102.18%      |

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the Plan.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions.

|                          |                                    |
|--------------------------|------------------------------------|
| Assumptions              |                                    |
| Inflation                | 2.50%                              |
| Salary Increases         | 3.39% - 14.25% including inflation |
| Interest Rate            | 7.50%                              |
| Asset Valuation Method   | Market Value of Assets             |
| Projected Retirement Age |                                    |

Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

### Long-Term Expected Rate of Return

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<br>Allocation | Projected<br>Return |
|------------------------|----------------------|---------------------|
| Equities               | 37.0%                | 6.85%               |
| International Equities | 18.0%                | 6.75%               |
| Fixed Income           | 28.0%                | 3.00%               |
| Real Estate            | 9.0%                 | 5.75%               |
| Alternatives           | 7.0%                 |                     |
| Private Equity         |                      | 7.35%               |
| Hedge Funds            |                      | 5.05%               |
| Commodities            |                      | 2.65%               |
| Cash                   | 1.0%                 | 2.25%               |
|                        | <u>100.0%</u>        |                     |

NOTES TO FINANCIAL STATEMENTS (Continued)

Single Discount Rate

The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

|  | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A)-(B) |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| Balances at December 31, 2016  | \$ 6,027,679                      | \$ 5,459,827                          | \$ 567,852                          |
| Changes for the year:  |                                   |                                       |                                     |
| Service Cost   | \$ 109,736                        | \$ -                                  | \$ 109,736                          |
| Interest on the Total Pension Liability  | 443,618                           | -                                     | 443,618                             |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | 20,471                            | -                                     | 20,471                              |
| Changes of Assumptions   | (211,303)                         | -                                     | (211,303)                           |
| Contributions - Employer   | (335,285)                         | 109,342                               | (444,627)                           |
| Contributions - Employee   | -                                 | 45,266                                | (45,266)                            |
| Net Investment Income  | -                                 | 978,994                               | (978,994)                           |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | -                                 | (335,285)                             | 335,285                             |
| Other (Net Transfer)   | -                                 | (71,495)                              | 71,495                              |
| Net Changes  | \$ 27,237                         | \$ 726,822                            | \$ (699,585)                        |
| Balances at December 31, 2017  | \$ 6,054,916                      | \$ 6,186,649                          | \$ (131,733)                        |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

|                               | 1% Decrease<br>6.50% | Current<br>Discount Rate<br>7.50% | 1% Increase<br>8.50% |
|-------------------------------|----------------------|-----------------------------------|----------------------|
| Net Pension Liability/(Asset) | \$ 512,722           | \$ (131,733)                      | \$ (668,570)         |

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended February 28, 2018, the Township recognized pension expense of \$66,707. At February 28, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

| Expense in Future Periods  | Outflows<br>of Resources | Inflows<br>of Resources | Net Outflows<br>of Resources |
|--|--------------------------|-------------------------|------------------------------|
| Differences between expected and actual experience                           | \$ 12,678                | \$ -                    | \$ 12,678                    |
| Assumption changes   | -                        | 123,336                 | (123,336)                    |
| Net difference between projected and actual earnings on pension investments  | 161,525                  | 463,170                 | (301,645)                    |
| Total deferred amounts to be recognized in pension expense in future periods | \$ 174,203               | \$ 586,506              | \$ (412,303)                 |
| Pension contributions made subsequent to the measurement date                | 18,585                   | -                       | 18,585                       |
| Total deferred amounts related to pensions                                   | <u>\$ 192,788</u>        | <u>\$ 586,506</u>       | <u>\$ (393,718)</u>          |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>December 31 | Net Deferred Outflows<br>of Resources |
|----------------------------|---------------------------------------|
| 2018                       | \$ (119,924)                          |
| 2019                       | (66,128)                              |
| 2020                       | (110,460)                             |
| 2021                       | (115,791)                             |
| 2022                       | -                                     |
| Thereafter                 | -                                     |
| Total                      | <u>\$ (412,303)</u>                   |

**B. Social Security**

All employees are covered under Social Security. The Township paid the total required contribution for the current fiscal year.

**NOTE 12 - RISK MANAGEMENT**

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

The Township is a member of the Township Officials of Illinois Risk Management Association (TOIRMA), a joint risk management pool of townships through which property, general liability, automobile liability, uninsured motorists, underinsured motorists, public officials and employee's liability, employee benefits liability, and workers' compensation and employers' liability coverage are provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Township and TOIRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions for TOIRMA, to report claims on a timely basis, cooperate with TOIRMA, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by TOIRMA. Members have a contractual obligation to fund any deficit of TOIRMA attributable to a membership year during which they were a member.

TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. TOIRMA also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

NOTES TO FINANCIAL STATEMENTS (Continued)

For each of the past three years, the Township has had no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three fiscal years. The Township is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended February 28, 2018, there were no significant adjustments in premiums based on actual experience.

**NOTE 13 - LEGAL DEBT LIMITATION**

The State of Illinois limits the amount of indebtedness to 2.875% of the most recent available equalized assessed valuation (EAV) of the Township. The Township's legal debt limitation is as follows:

|                       |    |               |
|-----------------------|----|---------------|
| 2017 EAV              | \$ | 2,926,800,386 |
| Rate                  |    | 2.875%        |
| Debt Margin           | \$ | 84,145,511    |
| Current Debt          |    | -             |
| Remaining Debt Margin | \$ | 84,145,511    |

**NOTE 14 - CONTINGENCIES**

The Township is not aware of any litigation which might have a material adverse effect on the Township's financial position.

**NOTE 15 - SUBSEQUENT EVENT**

In May 2018, the Open Space Fund received \$991,198 for purchase of wetland credits related to new development in the Township.

**NOTE 16 - FUND BALANCE/NET POSITION ADJUSTMENT**

The governmental fund balances and net position were restated as of the beginning of the fiscal year due to the recording of Motor Fuel Tax funds in the Road and Bridge Fund. This resulted in an increase in the fund balance/net position of \$62,125.

REQUIRED SUPPLEMENTARY INFORMATION



LIBERTYVILLE TOWNSHIP  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
FEBRUARY 28, 2018

|  | <u>2/28/2018 *</u>  | <u>2/28/2017 *</u>  | <u>2/28/2016 *</u>  |
|--|---------------------|---------------------|---------------------|
| TOTAL PENSION LIABILITY  |                     |                     |                     |
| Service Cost   | \$ 109,736          | \$ 108,197          | \$ 101,112          |
| Interest   | 443,618             | 427,335             | 406,947             |
| Differences Between Expected and Actual Experience                           | 20,471              | 5,942               | 66,431              |
| Changes in Assumptions   | (211,303)           | (12,597)            | 6,106               |
| Benefit Payments, Including Refunds of Member Contributions                  | (335,285)           | (320,271)           | (288,332)           |
| Net Change in Total Pension Liability  | <u>\$ 27,237</u>    | <u>\$ 208,606</u>   | <u>\$ 292,264</u>   |
| Total Pension Liability - Beginning  | <u>6,027,679</u>    | <u>5,819,073</u>    | <u>5,526,809</u>    |
| Total Pension Liability - Ending   | <u>\$ 6,054,916</u> | <u>\$ 6,027,679</u> | <u>\$ 5,819,073</u> |
| PLAN FIDUCIARY NET POSITION  |                     |                     |                     |
| Contributions - Employer   | \$ 109,342          | \$ 115,732          | \$ 111,920          |
| Contributions - Member   | 45,266              | 43,508              | 42,252              |
| Net Investment Income  | 978,994             | 359,441             | 25,761              |
| Benefit Payments, Including Refunds of Member Contributions                  | (335,285)           | (320,271)           | (288,332)           |
| Other  | (71,495)            | 65,854              | 84,723              |
| Net Change in Plan Fiduciary Net Position                                    | <u>\$ 726,822</u>   | <u>\$ 264,264</u>   | <u>\$ (23,676)</u>  |
| Plan Net Position - Beginning  | <u>5,459,827</u>    | <u>5,195,563</u>    | <u>5,219,239</u>    |
| Plan Net Position - Ending   | <u>\$ 6,186,649</u> | <u>\$ 5,459,827</u> | <u>\$ 5,195,563</u> |
| Township's Net Pension Liability (Asset)                                     | <u>\$ (131,733)</u> | <u>\$ 567,852</u>   | <u>\$ 623,510</u>   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 102.18%             | 90.58%              | 89.29%              |
| Covered-Employee Payroll   | \$ 1,005,903        | \$ 966,846          | \$ 938,934          |
| Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll | -13.10%             | 58.73%              | 66.41%              |

\* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report



LIBERTYVILLE TOWNSHIP  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTION  
FEBRUARY 28, 2018

|  | 2/28/2018 *  | 2/28/2017 * | 2/29/2016  |
|--|--------------|-------------|------------|
| Actuarially Determined Contribution                              | \$ 109,342   | \$ 115,731  | \$ 111,921 |
| Contributions in Relation to Actuarially Determined Contribution | 109,342      | 115,732     | 111,920    |
| Contribution Deficiency/(Excess)                                 | \$ -         | \$ (1)      | \$ 1       |
| Covered-Employee Payroll   | \$ 1,005,903 | \$ 966,846  | \$ 938,934 |
| Contributions as a Percentage of Covered-Employee Payroll        | 10.87%       | 11.97%      | 11.92%     |

**Notes to Schedule:**

**Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate \***

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

**Actuarial Cost Method:** Aggregate entry age = normal

**Amortization Method:** Level percentage of payroll, closed

**Remaining Amortization Period:** 26-year closed period

**Asset Valuation Method:** 5-year smoothed market; 20% corridor

**Wage Growth:** 3.5%

**Price Inflation:** 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

**Salary Increases:** 3.75% to 14.50%, including inflation

**Investment Rate of Return:** 7.50%

**Retirement Age:** Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

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

\*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED FEBRUARY 28, 2018

|                                      | BUDGETED<br>AMOUNTS   |                     |
|--------------------------------------|-----------------------|---------------------|
|                                      | ORIGINAL<br>AND FINAL | ACTUAL              |
| <b>REVENUES</b>                      |                       |                     |
| Property Taxes                       | \$ 1,634,240          | \$ 1,637,680        |
| Replacement Taxes                    | 31,435                | 82,680              |
| Administrative Fees                  | 200                   | 695                 |
| TIF Surplus                          | 45,234                | 21,532              |
| Interest Income                      | 200                   | 1,532               |
| Other Income                         | 6,815                 | 8,870               |
| <b>Total Revenues</b>                | <b>\$ 1,718,124</b>   | <b>\$ 1,752,989</b> |
| <b>EXPENDITURES</b>                  |                       |                     |
| Current                              |                       |                     |
| Administration                       |                       |                     |
| Salaries                             | \$ 646,394            | \$ 640,730          |
| Employee Benefits - Health Insurance | 199,500               | 164,713             |
| Supplies                             |                       |                     |
| Grounds                              | 5,000                 | 1,588               |
| Vehicles                             | 15,000                | 7,150               |
| Equipment                            | 14,000                | 11,238              |
| Building                             | 8,500                 | 4,633               |
| Office Supplies                      | 9,000                 | 6,975               |
| Uniforms                             | 6,000                 | 2,423               |
| Equipment Rental                     | 3,500                 | 327                 |
| Utilities                            | 20,000                | 14,728              |
| Travel/Training                      | 3,500                 | 2,605               |
| Postage                              | 3,100                 | 1,281               |
| Printing                             | 4,000                 | 1,739               |
| Publishing/Public Notes              | 1,500                 | 658                 |
| Audit                                | 17,700                | 14,915              |
| Dues and Subscriptions               | 3,000                 | 2,909               |
| Telephone                            | 20,000                | 17,234              |
| Services                             |                       |                     |
| Building                             | 12,000                | 6,783               |
| Legal                                | 40,000                | 6,509               |
| Data                                 | 15,000                | 12,073              |
| Environment                          | 32,000                | 32,420              |
| Stormwater Management                | 22,000                | 22,519              |
| Professional Services                | 100,000               | 71,863              |
| Miscellaneous                        | 2,500                 | 2,824               |
| Website/Media Publications           | 8,000                 | 1,860               |
| <b>Total Administration</b>          | <b>\$ 1,211,194</b>   | <b>\$ 1,052,697</b> |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS   |    | ACTUAL    |
|---|-----------------------|----|-----------|
|   | ORIGINAL<br>AND FINAL |    |           |
| EXPENDITURES (Continued)                                |                       |    |           |
| Assessor's Division                                     |                       |    |           |
| Salaries  | \$ 284,000            | \$ | 260,111   |
| Employee Benefits - Health Insurance                    | 145,000               |    | 136,397   |
| Services  |                       |    |           |
| Equipment   | 5,000                 |    | 1,878     |
| Legal   | 12,000                |    | 8,186     |
| Terminals   | 14,000                |    | 10,965    |
| Computer Programs/Consulting                            | 22,000                |    | 26,027    |
| Travel  | 1,500                 |    | 1,171     |
| Training and Association Fees                           | 8,000                 |    | 4,499     |
| Postage   | 200                   |    | -         |
| Printing and Publishing                                 | 1,000                 |    | -         |
| Professional Services                                   | 10,000                |    | 9,490     |
| Dues and Subscriptions                                  | 1,000                 |    | 710       |
| Telephone   | 2,400                 |    | 1,949     |
| Vehicle Contract Payments                               | 3,400                 |    | 3,414     |
| Office Supplies   | 5,500                 |    | 2,449     |
| Vehicle Supplies  | 700                   |    | -         |
| Miscellaneous   | 1,000                 |    | 627       |
| Total Assessor's Division                               | \$ 516,700            | \$ | 467,873   |
| <br>  |                       |    |           |
| Public Transportation                                   |                       |    |           |
| Pace Contract   | \$ 10,000             | \$ | 776       |
| <br>  |                       |    |           |
| Social Services   | \$ 100,000            | \$ | 101,625   |
| <br>  |                       |    |           |
| Capital Outlay  |                       |    |           |
| Administration  |                       |    |           |
| Equipment   | \$ 75,000             | \$ | 63,281    |
| Grounds   | 62,000                |    | 68,714    |
| Assessor  |                       |    |           |
| Equipment   | 10,000                |    | 3,247     |
| Total Capital Outlay                                    | \$ 147,000            | \$ | 135,242   |
| <br>  |                       |    |           |
| Contingencies   |                       |    |           |
| Administration  | \$ 25,000             | \$ | -         |
| Assessor  | 1,000                 |    | -         |
| Total Contingencies                                     | \$ 26,000             | \$ | -         |
| <br>  |                       |    |           |
| Total Expenditures                                      | \$ 2,010,894          | \$ | 1,758,213 |
| <br>  |                       |    |           |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (292,770)          | \$ | (5,224)   |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED FEBRUARY 28, 2018

|                                    | BUDGETED<br>AMOUNTS<br>ORIGINAL<br>AND FINAL | ACTUAL           |
|------------------------------------|--|------------------|
| OTHER FINANCING SOURCES/(USES)     |  |                  |
| Proceeds from Sale of Fixed Assets | \$ -   | \$ 21,316        |
| Transfers                          | (195,000)                                    | (180,000)        |
|                                    | \$ (195,000)                                 | \$ (158,684)     |
| <br>NET CHANGE IN FUND BALANCE     | <br>\$ (487,770)                             | <br>\$ (163,908) |
| FUND BALANCE - MARCH 1, 2017       | 671,911                                      | 688,933          |
| FUND BALANCE - FEBRUARY 28, 2018   | \$ 184,141                                   | \$ 525,025       |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 GENERAL ASSISTANCE FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS   |  | ACTUAL       |
|---|-----------------------|--|--------------|
|   | ORIGINAL<br>AND FINAL |  |              |
| REVENUES  |                       |  |              |
| Property Taxes  | \$ 50,014             |  | \$ 48,172    |
| Interest Income   | 30                    |  | 58           |
| Miscellaneous Income                                    | 1                     |  | 8,000        |
| Total Revenues  | \$ 50,045             |  | \$ 56,230    |
| EXPENDITURES  |                       |  |              |
| Current   |                       |  |              |
| Administration  |                       |  |              |
| Personnel   |                       |  |              |
| Salaries  | \$ 100,000            |  | \$ 96,855    |
| Health Insurance  | 30,000                |  | 24,866       |
| Catastrophic Insurance                                  | 3,500                 |  | 2,650        |
| Travel  | 1,000                 |  | 400          |
| Audit   | 1,500                 |  | 1,100        |
| Miscellaneous   | 500                   |  | 150          |
| Total Administration                                    | \$ 136,500            |  | \$ 126,021   |
| Home Relief   | 60,000                |  | 31,105       |
| Total Expenditures                                      | \$ 196,500            |  | \$ 157,126   |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (146,455)          |  | \$ (100,896) |
| OTHER FINANCING SOURCES/(USES)                          |                       |  |              |
| Transfers   | 100,000               |  | 100,000      |
| NET CHANGE IN FUND BALANCE                              | \$ (46,455)           |  | \$ (896)     |
| FUND BALANCE - MARCH 1, 2017                            | 55,790                |  | 55,566       |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 9,335              |  | \$ 54,670    |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
ROAD AND BRIDGE FUND  
YEAR ENDED FEBRUARY 28, 2018

|                                     | <u>BUDGETED<br/>AMOUNTS<br/>ORIGINAL<br/>AND FINAL</u> | <u>ACTUAL</u>       |
|-------------------------------------|--|---------------------|
| <b>REVENUES</b>                     |  |                     |
| Property Taxes                      | \$ 942,844   | \$ 940,652          |
| Replacement Taxes                   | 14,295   | 52,358              |
| Motor Fuel Tax                      | -  | 34,132              |
| Interest Income                     | 200  | 786                 |
| Intergovernmental Agreements        | 1,500  | 3,620               |
| TIF Income                          | 11,101   | 11,102              |
| Traffic Income                      | -  | 2,218               |
| Other Income                        | 800  | 3,570               |
| Reimbursements                      | 53,122   | 74,823              |
| Total Revenues                      | <u>\$ 1,023,862</u>                                    | <u>\$ 1,123,261</u> |
| <b>EXPENDITURES</b>                 |  |                     |
| Current                             |  |                     |
| Administration                      |  |                     |
| Auditing                            | \$ 2,300   | \$ 2,160            |
| Legal                               | 8,000  | 3,556               |
| Telephone                           | 6,500  | 6,079               |
| Dues and Subscriptions              | 750  | 385                 |
| Municipal Replacement Tax           | 49,000   | 23,218              |
| Total Administration                | <u>\$ 66,550</u>                                       | <u>\$ 35,398</u>    |
| Road and Bridge Maintenance         |  |                     |
| Salaries                            | \$ 178,000   | \$ 86,001           |
| Health Insurance                    | 23,000   | 10,282              |
| Traffic Enforcement                 | 10,000   | 9,072               |
| Uniform Rental                      | 1,000  | 788                 |
| Maintenance Service - Equipment     | 20,000   | -                   |
| Maintenance Service - Road          | 350,000  | 322,907             |
| Technology Support                  | 2,000  | -                   |
| Engineering Service                 | 320,000  | 145,780             |
| Utilities                           | 16,000   | 11,528              |
| Office Supplies                     | 1,000  | 1,121               |
| Building Supplies                   | 1,000  | 631                 |
| Training/Development                | 1,500  | 863                 |
| J.U.L.I.E.                          | 2,000  | 482                 |
| Vehicle Supplies                    | 25,000   | 24,511              |
| Operating Supplies                  | 1,000  | 417                 |
| Maintenance Supplies - Equipment    | 1,000  | 691                 |
| Maintenance Supplies - Snow Removal | 81,000   | 21,149              |
| Miscellaneous Charges               | 1,000  | -                   |
| Total Road and Bridge Maintenance   | <u>\$ 1,034,500</u>                                    | <u>\$ 636,223</u>   |
| Total Current                       | <u>\$ 1,101,050</u>                                    | <u>\$ 671,621</u>   |
| Capital Outlay                      |  |                     |
| Equipment                           | \$ 15,000  | \$ 1,741            |
|                                     | <u>\$ 15,000</u>                                       | <u>\$ 1,741</u>     |
| Total Expenditures                  | <u>\$ 1,116,050</u>                                    | <u>\$ 673,362</u>   |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 ROAD AND BRIDGE FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS   |  | ACTUAL      |
|---|-----------------------|--|-------------|
|   | ORIGINAL<br>AND FINAL |  |             |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (92,188)           |  | \$ 449,899  |
| OTHER FINANCING SOURCES/(USES)                          |                       |  |             |
| Proceeds from Sale of Fixed Assets                      | \$ 1                  |  | \$ -        |
| Transfers   | 157,000               |  | (43,000)    |
|   | \$ 157,001            |  | \$ (43,000) |
| NET CHANGE IN FUND BALANCE                              | \$ 64,813             |  | \$ 406,899  |
| FUND BALANCE - MARCH 1, 2017                            | 117,180               |  | 268,972     |
| FUND BALANCE ADJUSTMENT (NOTE 16)                       | -                     |  | 62,125      |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 181,993            |  | \$ 737,996  |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 OPEN SPACE FUND  
 YEAR ENDED FEBRUARY 28, 2018

|                                       | BUDGETED<br>AMOUNTS   |  | ACTUAL       |
|---------------------------------------|-----------------------|--|--------------|
|                                       | ORIGINAL<br>AND FINAL |  |              |
| REVENUES                              |                       |  |              |
| Interest Income                       | \$ 700                |  | \$ 2,081     |
| Other Revenue                         |                       |  |              |
| Rental Income                         | 30,000                |  | 53,349       |
| Other Income                          | 5,000                 |  | 60,825       |
| Soccer Complex                        | 10                    |  | 10           |
| Total Revenues                        | \$ 35,710             |  | \$ 116,265   |
| EXPENDITURES                          |                       |  |              |
| Current                               |                       |  |              |
| Administration                        |                       |  |              |
| Office Supplies                       | \$ 1,500              |  | \$ 370       |
| Volunteer Support                     | 1,500                 |  | 718          |
| Publications and Printing             | 2,800                 |  | 1,175        |
| Professional Services/Land Management | 300,000               |  | 55,916       |
| Real Estate Tax Payments              | 15,000                |  | 2,200        |
| Drainage Tax Payments                 | 3,000                 |  | 1,898        |
| Miscellaneous Expense                 | 5,000                 |  | -            |
| Total Administration                  | \$ 328,800            |  | \$ 62,277    |
| Maintenance                           |                       |  |              |
| Supplies                              |                       |  |              |
| Trails                                | \$ 26,500             |  | \$ 3,943     |
| Landscape                             | 15,500                |  | 1,566        |
| Signage                               | 7,000                 |  | 2,307        |
| Equipment                             | 16,000                |  | 2,359        |
| Herbicide                             | 6,700                 |  | 3,096        |
| Vehicles                              | 5,000                 |  | 22           |
| Total Maintenance                     | \$ 76,700             |  | \$ 13,293    |
| Total Current                         | \$ 405,500            |  | \$ 75,570    |
| Capital Outlay                        |                       |  |              |
| Building, Land and Equipment          | \$ 150,500            |  | \$ 123,966   |
| Total Capital Outlay                  | \$ 150,500            |  | \$ 123,966   |
| Contingencies                         | \$ 9,000              |  | -            |
| Total Expenditures                    | \$ 565,000            |  | \$ 199,536   |
| NET CHANGE IN FUND BALANCE            | \$ (529,290)          |  | \$ (83,271)  |
| FUND BALANCE - MARCH 1, 2017          | 1,463,348             |  | 1,462,442    |
| FUND BALANCE - FEBRUARY 28, 2018      | \$ 934,058            |  | \$ 1,379,171 |

See Accompanying Independent Auditor's Report



LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 CAPITAL PROJECTS FUND  
 YEAR ENDED FEBRUARY 28, 2018

|                                  | BUDGETED<br>AMOUNTS   |  | ACTUAL     |
|----------------------------------|-----------------------|--|------------|
|                                  | ORIGINAL<br>AND FINAL |  |            |
| REVENUES                         |                       |  |            |
| Interest Income                  | \$ -                  |  | \$ 269     |
| EXPENDITURES                     |                       |  |            |
| Total Expenditures               | \$ -                  |  | \$ -       |
| NET CHANGE IN FUND BALANCE       | \$ -                  |  | \$ 269     |
| FUND BALANCE - MARCH 1, 2017     | 210,420               |  | 160,420    |
| FUND BALANCE - FEBRUARY 28, 2018 | \$ 210,420            |  | \$ 160,689 |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
MARCH 31, 2018

**NOTE 1 - BUDGETARY PROCESS**

The Township Board of Trustees adopts the budgets for all governmental type funds; however, two separate budgets are prepared. The Township and the Road District budgets were passed on May 11, 2017.

*Town Funds (General, General Assistance, etc.)*

1. The tentative budget is prepared by the Township Supervisor and filed with the Town Clerk.
2. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least 30 days prior to final action.
3. At least 30 days prior, notice of the public hearing is published in a newspaper published in the town.
4. The tentative budget is adopted by the Town Board of Trustees prior to May 31.

*Road Fund (Road and Bridge, etc.)*

1. The tentative budget is prepared by the Highway Commissioner and filed with the Town Clerk.
2. The Town Clerk makes the tentative budget conveniently available for public inspection for a period of at least 30 days prior to final action.
3. At least 30 days prior, notice of the public hearing is published in a newspaper published in the town.
4. The tentative budget is adopted by the Town Board of Trustees prior to May 31.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budgets are adopted using the modified accrual basis of accounting.

**NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended February 28, 2018, no fund had expenditures that exceeded the budget.

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SUPPLEMENTARY INFORMATION



LIBERTYVILLE TOWNSHIP  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FEBRUARY 28, 2018

|  | Town Funds |                 |           | Road and Bridge Funds |                 |           |            |
|--|------------|-----------------|-----------|-----------------------|-----------------|-----------|------------|
|  | IMRF       | Social Security | Insurance | IMRF                  | Social Security | Insurance | Repairs    |
| <b>ASSETS</b>  |            |                 |           |                       |                 |           |            |
| Cash and Cash Equivalents  | \$ 32,653  | \$ 27,900       | \$ 13,706 | \$ 9,146              | \$ 16,868       | \$ 5,793  | \$ 228,645 |
| Receivables - Property Taxes (Net)                                 | 49,765     | 49,765          | 24,882    | 1,019                 | 1,019           | 1,021     | -          |
| Due From Other Funds   | 12,110     | 12,110          | -         | -                     | -               | 2,372     | -          |
| Prepaid Expenses   | -          | -               | 6,705     | -                     | -               | 4,320     | -          |
| Total Assets   | \$ 94,528  | \$ 89,775       | \$ 45,293 | \$ 10,165             | \$ 17,887       | \$ 13,506 | \$ 228,645 |
| <b>LIABILITIES</b>   |            |                 |           |                       |                 |           |            |
| Total Liabilities  | \$ -       | \$ -            | \$ -      | \$ -                  | \$ -            | \$ -      | \$ -       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |            |                 |           |                       |                 |           |            |
| Property Taxes - Subsequent Year                                   | \$ 49,765  | \$ 49,765       | \$ 24,882 | \$ 1,019              | \$ 1,019        | \$ 1,021  | \$ -       |
| Total Deferred Inflows of Resources                                | \$ 49,765  | \$ 49,765       | \$ 24,882 | \$ 1,019              | \$ 1,019        | \$ 1,021  | \$ -       |
| <b>FUND BALANCE</b>  |            |                 |           |                       |                 |           |            |
| Nonspendable   | \$ -       | \$ -            | \$ 6,705  | \$ -                  | \$ -            | \$ 4,320  | \$ -       |
| Prepaid Expenses Restricted  | 44,763     | 40,010          | -         | 9,146                 | 16,868          | -         | -          |
| Retirement Benefits Insurance                                      | -          | -               | 13,706    | -                     | -               | 8,165     | -          |
| Repairs  | -          | -               | -         | -                     | -               | -         | 228,645    |
| Total Fund Balance   | \$ 44,763  | \$ 40,010       | \$ 20,411 | \$ 9,146              | \$ 16,868       | \$ 12,485 | \$ 228,645 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 94,528  | \$ 89,775       | \$ 45,293 | \$ 10,165             | \$ 17,887       | \$ 13,506 | \$ 228,645 |

See Accompanying Independent Auditor's Report

LIBERTYVILLE TOWNSHIP  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED FEBRUARY 28, 2018

|   | Town Funds        |                    |                  | Road and Bridge Funds |                    |                  |                   | Total<br>Non-Major<br>Funds |
|---|-------------------|--------------------|------------------|-----------------------|--------------------|------------------|-------------------|-----------------------------|
|   | IMRF              | Social<br>Security | Insurance        | IMRF                  | Social<br>Security | Insurance        | Repairs           |                             |
| <b>REVENUES</b>   |                   |                    |                  |                       |                    |                  |                   |                             |
| Property Taxes  | \$ 48,172         | \$ 48,172          | \$ 24,435        | \$ -                  | \$ -               | \$ -             | \$ -              | \$ 120,779                  |
| Interest Income   | -                 | -                  | -                | -                     | 15                 | -                | 482               | 497                         |
|   | <u>\$ 48,172</u>  | <u>\$ 48,172</u>   | <u>\$ 24,435</u> | <u>\$ -</u>           | <u>\$ 15</u>       | <u>\$ -</u>      | <u>\$ 482</u>     | <u>\$ 121,276</u>           |
| <b>EXPENDITURES</b>   |                   |                    |                  |                       |                    |                  |                   |                             |
| Current   |                   |                    |                  |                       |                    |                  |                   |                             |
| Administration  | \$ -              | \$ -               | \$ 29,631        | \$ -                  | \$ -               | \$ 17,986        | \$ -              | \$ 47,617                   |
| Retirement Contributions  | 100,842           | 73,420             | -                | 9,287                 | 6,579              | -                | -                 | 190,128                     |
|   | <u>\$ 100,842</u> | <u>\$ 73,420</u>   | <u>\$ 29,631</u> | <u>\$ 9,287</u>       | <u>\$ 6,579</u>    | <u>\$ 17,986</u> | <u>\$ -</u>       | <u>\$ 237,745</u>           |
| <b>EXCESS OR (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | \$ (52,670)       | \$ (25,248)        | \$ (5,196)       | \$ (9,287)            | \$ (6,564)         | \$ (17,986)      | \$ 482            | \$ (116,469)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                           |                   |                    |                  |                       |                    |                  |                   |                             |
| Transfers In/Out  | 50,000            | 25,000             | 5,000            | 13,000                | -                  | 30,000           | -                 | 123,000                     |
| <b>NET CHANGE IN FUND BALANCES</b>                              | \$ (2,670)        | \$ (248)           | \$ (196)         | \$ 3,713              | \$ (6,564)         | \$ 12,014        | \$ 482            | \$ 6,531                    |
| <b>FUND BALANCE - MARCH 1, 2017</b>                             | 47,433            | 40,258             | 20,607           | 5,433                 | 23,432             | 471              | 228,163           | 365,797                     |
| <b>FUND BALANCE - FEBRUARY 28, 2018</b>                         | <u>\$ 44,763</u>  | <u>\$ 40,010</u>   | <u>\$ 20,411</u> | <u>\$ 9,146</u>       | <u>\$ 16,868</u>   | <u>\$ 12,485</u> | <u>\$ 228,645</u> | <u>\$ 372,328</u>           |

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LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 TOWN FUNDS - ILLINOIS MUNICIPAL RETIREMENT FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS<br>ORIGINAL<br>AND FINAL | ACTUAL      |
|---|--|-------------|
| REVENUES  |  |             |
| Property Taxes  | \$ 50,014                                    | \$ 48,172   |
| Replacement Tax   | 100  | -           |
| Total Revenues  | \$ 50,114                                    | \$ 48,172   |
| EXPENDITURES  |  |             |
| Retirement Contributions                                |  |             |
| Illinois Municipal Retirement Fund                      | \$ 135,000                                   | \$ 100,842  |
|   | \$ 135,000                                   | \$ 100,842  |
| Contingencies   | \$ 2,000                                     | \$ -        |
| Total Expenditures                                      | \$ 137,000                                   | \$ 100,842  |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (86,886)                                  | \$ (52,670) |
| OTHER FINANCING SOURCES/(USES)                          |  |             |
| Transfers   | 60,000                                       | 50,000      |
| NET CHANGE IN FUND BALANCE                              | \$ (26,886)                                  | \$ (2,670)  |
| FUND BALANCE - MARCH 1, 2017                            | 43,720                                       | 47,433      |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 16,834                                    | \$ 44,763   |

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LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 TOWN FUNDS - SOCIAL SECURITY  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS   |    | ACTUAL   |
|---|-----------------------|----|----------|
|   | ORIGINAL<br>AND FINAL |    |          |
| REVENUES  |                       |    |          |
| Property Taxes  | \$ 50,014             | \$ | 48,172   |
| Replacement Tax   | 100                   |    | -        |
| Total Revenues  | \$ 50,114             | \$ | 48,172   |
| EXPENDITURES  |                       |    |          |
| Retirement Contributions                                | \$ 90,000             | \$ | 73,420   |
| Social Security/Medicare                                | \$ 90,000             | \$ | 73,420   |
| Contingencies   | \$ 2,000              | \$ | -        |
| Total Expenditures                                      | \$ 92,000             | \$ | 73,420   |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (41,886)           | \$ | (25,248) |
| OTHER FINANCING SOURCES/(USES)                          |                       |    |          |
| Transfers   | 30,000                |    | 25,000   |
| NET CHANGE IN FUND BALANCE                              | \$ (11,886)           | \$ | (248)    |
| FUND BALANCE - MARCH 1, 2017                            | 40,211                |    | 40,258   |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 28,325             | \$ | 40,010   |

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LIBERTYVILLE TOWNSHIP  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
TOWN FUNDS - INSURANCE FUND  
YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS<br>ORIGINAL<br>AND FINAL | ACTUAL     |
|---|--|------------|
| <b>REVENUES</b>   |  |            |
| Property Taxes  | \$ 25,007                                    | \$ 24,435  |
| Replacement Tax   | 1  | -          |
| Interest Income   | 1  | -          |
| Total Revenues  | \$ 25,009                                    | \$ 24,435  |
| <b>EXPENDITURES</b>   |  |            |
| Administration  |  |            |
| Unemployment Insurance  | \$ 3,000                                     | \$ 1,015   |
| General Insurance   | 30,000                                       | 26,300     |
| Auditing  | 2,200  | 2,000      |
| Legal   | 1,000  | -          |
| Miscellaneous   | 1,000  | 316        |
| Total Administration  | \$ 37,200                                    | \$ 29,631  |
| Contingencies   | \$ 1,000                                     | \$ -       |
| Total Expenditures  | \$ 38,200                                    | \$ 29,631  |
| <b>EXCESS OR (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | \$ (13,191)                                  | \$ (5,196) |
| <b>OTHER FINANCING SOURCES/(USES)</b>                           |  |            |
| Transfers   | 5,000  | 5,000      |
| <b>NET CHANGE IN FUND BALANCE</b>                               | \$ (8,191)                                   | \$ (196)   |
| FUND BALANCE - MARCH 1, 2017                                    | 20,846                                       | 20,607     |
| FUND BALANCE - FEBRUARY 28, 2018                                | \$ 12,655                                    | \$ 20,411  |

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LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 ROAD AND BRIDGE FUNDS - ILLINOIS MUNICIPAL RETIREMENT FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS<br>ORIGINAL<br>AND FINAL | ACTUAL     |
|---|--|------------|
| REVENUES  | \$ -   | \$ -       |
| EXPENDITURES  |  |            |
| Retirement Contributions                                |  |            |
| Illinois Municipal Retirement Fund                      | \$ 14,000                                    | \$ 9,271   |
| Miscellaneous Expense                                   | 500  | 16         |
| Total Expenditures                                      | \$ 14,500                                    | \$ 9,287   |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (14,500)                                  | \$ (9,287) |
| OTHER FINANCING SOURCES/(USES)                          |  |            |
| Transfers   | 13,000                                       | 13,000     |
| NET CHANGE IN FUND BALANCE                              | \$ (1,500)                                   | \$ 3,713   |
| FUND BALANCE - MARCH 1, 2017                            | 4,985  | 5,433      |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 3,485                                     | \$ 9,146   |

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LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 ROAD AND BRIDGE FUNDS - SOCIAL SECURITY FUND  
 YEAR ENDED FEBRUARY 28, 2018

|                                  | BUDGETED<br>AMOUNTS   |  | ACTUAL     |
|----------------------------------|-----------------------|--|------------|
|                                  | ORIGINAL<br>AND FINAL |  | ACTUAL     |
| REVENUES                         |                       |  |            |
| Interest Income                  | \$ 1                  |  | \$ 15      |
| Total Revenues                   | \$ 1                  |  | \$ 15      |
| EXPENDITURES                     |                       |  |            |
| Retirement Contributions         |                       |  |            |
| Social Security/Medicare         | \$ 15,000             |  | \$ 6,579   |
| Miscellaneous Expense            | 500                   |  | -          |
|                                  | \$ 15,500             |  | \$ 6,579   |
| Total Expenditures               | \$ 15,500             |  | \$ 6,579   |
| NET CHANGE IN FUND BALANCE       | \$ (15,499)           |  | \$ (6,564) |
| FUND BALANCE - MARCH 1, 2017     | 22,983                |  | 23,432     |
| FUND BALANCE - FEBRUARY 28, 2018 | \$ 7,484              |  | \$ 16,868  |

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LIBERTYVILLE TOWNSHIP  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL  
 ROAD AND BRIDGE FUNDS - INSURANCE FUND  
 YEAR ENDED FEBRUARY 28, 2018

|   | BUDGETED<br>AMOUNTS   |  | ACTUAL      |
|---|-----------------------|--|-------------|
|   | ORIGINAL<br>AND FINAL |  |             |
| REVENUES  |                       |  |             |
| Interest Income   | \$ 1                  |  | \$ -        |
| Total Revenues  | \$ 1                  |  | \$ -        |
| EXPENDITURES  |                       |  |             |
| Administration  |                       |  |             |
| Unemployment Insurance                                  | \$ 2,000              |  | \$ 107      |
| General Insurance                                       | 25,000                |  | 17,802      |
| Miscellaneous Expense                                   | 500                   |  | 77          |
| Total Expenditures                                      | \$ 27,500             |  | \$ 17,986   |
| EXCESS OR (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ (27,499)           |  | \$ (17,986) |
| OTHER FINANCING SOURCES/(USES)                          |                       |  |             |
| Transfers   | 30,000                |  | 30,000      |
| NET CHANGE IN FUND BALANCE                              | \$ 2,501              |  | \$ 12,014   |
| FUND BALANCE - MARCH 1, 2017                            | 104                   |  | 471         |
| FUND BALANCE - FEBRUARY 28, 2018                        | \$ 2,605              |  | \$ 12,485   |

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LIBERTYVILLE TOWNSHIP  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
ROAD AND BRIDGE FUNDS - REPAIRS FUND  
YEAR ENDED FEBRUARY 28, 2018

|   | <u>BUDGETED<br/>AMOUNTS<br/>ORIGINAL<br/>AND FINAL</u> | <u>ACTUAL</u>            |
|---|--|--------------------------|
| <b>REVENUES</b>   |  |                          |
| Interest Income   | \$ 10  | \$ 482                   |
| Total Revenues  | <u>\$ 10</u>   | <u>\$ 482</u>            |
| <b>EXPENDITURES</b>   |  |                          |
| Repairs   | \$ 10  | \$ -                     |
| Bridge Expenses   | 20,000   | -                        |
| Total Expenditures  | <u>\$ 20,010</u>                                       | <u>\$ -</u>              |
| <b>EXCESS OR (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>\$ (20,000)</b>                                     | <b>\$ 482</b>            |
| <b>OTHER FINANCING SOURCES/(USES)</b>                           |  |                          |
| Transfers   | <u>(200,000)</u>                                       | <u>-</u>                 |
| <b>NET CHANGE IN FUND BALANCE</b>                               | <b>\$ (220,000)</b>                                    | <b>\$ 482</b>            |
| <b>FUND BALANCE - MARCH 1, 2017</b>                             | <u>226,079</u>   | <u>228,163</u>           |
| <b>FUND BALANCE - FEBRUARY 28, 2018</b>                         | <u><u>\$ 6,079</u></u>                                 | <u><u>\$ 228,645</u></u> |

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LIBERTYVILLE TOWNSHIP  
STATEMENT OF NET POSITION  
TRUST AND AGENCY FUND  
FEBRUARY 28, 2018

|                            |                   |
|----------------------------|-------------------|
| ASSETS                     |                   |
| Cash and Cash Equivalents  | \$ 153,246        |
| Investments, at fair value |                   |
| Accounts Receivable        | 466               |
| Total Assets               | <u>\$ 153,712</u> |
| LIABILITIES                |                   |
| Deposits Payable           | \$ 64,995         |
| Held for Indigent Benefits | 88,251            |
| Unallocated Revenue        | 466               |
| Total Liabilities          | <u>\$ 153,712</u> |

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LIBERTYVILLE TOWNSHIP  
 STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES  
 TRUST AND AGENCY FUND  
 FEBRUARY 28, 2018

|                                    | Balance<br>March 1,<br>2017 | Additions        | Deductions       | Balance<br>February 28,<br>2018 |
|------------------------------------|-----------------------------|------------------|------------------|---------------------------------|
| Construction Deposits and Interest | \$ 63,381                   | \$ 1,614         | \$ -             | \$ 64,995                       |
| Funds Held for Designated Purposed |                             |                  |                  |                                 |
| Community Emergency                | \$ 9,109                    | \$ 8,423         | \$ 7,954         | \$ 9,578                        |
| Open Space                         | 2,614                       | 1,510            | 687              | 3,437                           |
| Pantry Account                     | 61,488                      | 32,649           | 18,901           | 75,236                          |
|                                    | <u>\$ 73,211</u>            | <u>\$ 42,582</u> | <u>\$ 27,542</u> | <u>\$ 88,251</u>                |
| Unallocated Revenue                | \$ 466                      | \$ -             | \$ -             | \$ 466                          |
| Total - All Accounts               | <u>\$ 137,058</u>           | <u>\$ 44,196</u> | <u>\$ 27,542</u> | <u>\$ 153,712</u>               |

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