



STATE OF ILLINOIS
COUNTY OF KENDALL
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OSWEGO TOWNSHIP
KENDALL COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2017



CERTIFIED PUBLIC ACCOUNTANTS

Prepared by:

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OSWEGO TOWNSHIP, ILLINOIS

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Trustees
Oswego Township
Kendall County, Illinois

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Oswego Township, Illinois, as of March 31, 2017, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oswego Township, Illinois' basic financial statements. The budgetary comparison and other information on pages 28-38, IMRF pension schedules on pages 39-40, notes to other information on pages 41-42, and the assessed valuations, tax rates, tax extensions and tax collections on page 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison and other information, IMRF pension schedules, notes to other information, and the assessed valuations, tax rates, tax extensions and tax collections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Comparative Information

The March 31, 2016 financials were audited previously and the summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived. Such information is presented for comparison purposes only.


Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
June 13, 2017

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position
Modified Cash Basis
March 31, 2017

	Governmental Activities	
	2017	2016
<u>Assets</u>		
Cash in bank	\$ 3,615,679	3,190,552
Investments	116,340	108,822
Cash-restricted	95,776	71,748
Capital assets		
Equipment	1,676,593	1,707,309
Buildings	1,964,320	1,911,715
Land	238,905	238,905
Accumulated depreciation	(1,627,922)	(1,580,823)
Total assets	<u>\$ 6,079,691</u>	<u>5,648,228</u>
<u>Liabilities</u>		
Security deposit	\$ 5,000	5,000
Long-term liabilities:		
Due within one year	8,688	97,069
Due in more than one year	-	8,688
Total liabilities	<u>13,688</u>	<u>110,757</u>
<u>Net Position</u>		
Net investment in capital assets	2,243,208	2,171,349
Unrestricted net position	1,898,460	1,694,836
Restricted net position	1,924,335	1,671,286
Total net position	<u>\$ 6,066,003</u>	<u>5,537,471</u>

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

Government-wide Financial Statement
Statement of Activities
Modified Cash Basis
For the Year Ended March 31, 2017

Program Activities	Expenditures	Program Revenues Fees and Charges for Services	Net (Expenditures) Revenues And Changes in Net Position	
			Governmental Activities	
			2017	2016
Governmental activities:				
Administration	\$ 1,006,522	-	(1,006,522)	(1,036,395)
Cemetery Maintenance	63,834	-	(63,834)	(36,347)
Road & Bridge	2,194,715	11,071	(2,183,644)	(2,059,908)
Unallocated Interest Expense	3,224	-	(3,224)	(9,618)
Total governmental activities	3,268,295	11,071	(3,257,224)	(3,142,268)
Total government	\$ 3,268,295	11,071	(3,257,224)	(3,142,268)
General revenues:				
Taxes:				
Property taxes			\$ 3,373,332	3,371,706
Motor fuel tax			95,413	89,217
Illinois replacement taxes			200,568	213,400
Rental income			66,631	70,936
Reimbursements			15,896	6,096
Interest on investments			32,395	18,424
Miscellaneous			1,521	778
Total general revenues			3,785,756	3,770,557
Change in net position			528,532	628,289
Net position at beginning of year			5,537,471	4,909,182
Net position at end of year			\$ 6,066,003	5,537,471

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

OSWEGO TOWNSHIP, ILLINOIS

Statement of Assets, Liabilities, and Fund Balances

Modified Cash Basis

Governmental Funds

March 31, 2017

Statement C

	Major Funds						Total Governmental Funds	
	Town Fund	Road and Bridge Fund	Hard Road Fund	Cemetery Fund	General Assistance Fund	Building and Equip Fund	2017	2016
<u>Assets</u>								
Cash in bank	\$ 1,417,819	485,641	1,223,883	185,069	230,427	72,840	3,615,679	3,190,552
Investments	-	-	-	116,340	-	-	116,340	108,822
Motor fuel tax cash-restricted	-	95,776	-	-	-	-	95,776	71,748
Total Assets	\$ 1,417,819	581,417	1,223,883	301,409	230,427	72,840	3,827,795	3,371,122
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Security deposit	\$ 5,000	-	-	-	-	-	5,000	5,000
Total liabilities	5,000	-	-	-	-	-	5,000	5,000
Fund Balances:								
Unassigned	1,412,819	-	-	-	-	-	1,412,819	1,265,485
Assigned	-	485,641	-	-	-	-	485,641	429,351
Restricted	-	95,776	1,223,883	301,409	230,427	72,840	1,924,335	1,671,286
Total Fund Balances	1,412,819	581,417	1,223,883	301,409	230,427	72,840	3,822,795	3,366,122
Total Liabilities and Fund Balances	\$ 1,417,819	581,417	1,223,883	301,409	230,427	72,840	3,827,795	3,371,122
<u>Reconciliation to Statement of Net Position:</u>								
Amounts reported for governmental activities in the Statement of Net Position are different because:								
Capital assets used in governmental activities of \$3,879,818 (net of accumulated depreciation of \$1,627,922), are not financial resources and, therefore, are not reported in the funds.								
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.								
Net position of governmental activities							\$ 2,251,896	2,277,106
							(8,688)	(105,757)
							\$ 6,066,003	5,537,471

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

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2017

	Town Fund	Major Funds				Total		
		Road and Bridge Fund	Hard Road Fund	Cemetery Fund	General Assistance Fund	Building and Equip Fund	Governmental Funds	
							2017	2016
<u>Revenues Received</u>								
Property taxes	\$ 1,045,448	169,100	2,046,691	14,502	14,502	83,089	3,373,332	3,371,706
Illinois replacement taxes	32,205	63,468	93,532	1,342	-	10,021	200,568	213,400
Motor fuel revenue	-	95,413	-	-	-	-	95,413	89,217
Fees and charges for services	-	11,071	-	-	-	-	11,071	20,416
Investment income	1,135	468	873	29,622	264	33	32,395	18,424
Rental income	51,873	-	-	-	-	14,758	66,631	70,936
Reimbursements	-	-	15,896	-	-	-	15,896	6,096
Miscellaneous	1,413	108	-	-	-	-	1,521	778
Total Revenues Received	1,132,074	339,628	2,156,992	45,466	14,766	107,901	3,796,827	3,790,973
<u>Expenditures Disbursed</u>								
Current:								
General and administrative	678,030	61,942	-	-	2,360	-	742,332	691,159
Assessor	285,827	-	-	-	-	-	285,827	292,917
Cemetery maintenance	-	-	-	63,834	-	-	63,834	33,995
Home relief	-	-	-	-	170	-	170	2,352
Road and bridge maintenance	-	196,898	1,858,530	-	-	-	2,055,428	1,906,279
Capital outlay	20,883	470	6,645	28,590	-	35,682	92,270	460,188
Debt service - principal	-	-	65,284	-	-	31,785	97,069	131,531
Debt service - interest	-	-	1,954	-	-	1,270	3,224	9,618
Total Expenditures Disbursed	984,740	259,310	1,932,413	92,424	2,530	68,737	3,340,154	3,528,039
Excess (deficiency) of revenues received over (under) expenditures disbursed	147,334	80,318	224,579	(46,958)	12,236	39,164	456,673	262,934
Fund balances - beginning	1,265,485	501,099	999,304	348,367	218,191	33,676	3,366,122	3,103,188
Fund balances - ending	\$ 1,412,819	581,417	1,223,883	301,409	230,427	72,840	3,822,795	3,366,122

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

OSWEGO TOWNSHIP, ILLINOIS
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2017

	Total Governmental Funds	
	2017	2016
Reconciliation to the Statement of Activities:		
Net change in fund balances - total governmental funds	\$ 456,673	262,934
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Payment of debt	97,069	131,531
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.		
Capital asset purchases	112,689	555,060
Capital asset disposal, net	(7,590)	(193,951)
Depreciation	(130,309)	(127,285)
Change in net position of governmental activities (Statement B)	\$ 528,532	628,289

NOTES TO BASIC FINANCIAL STATEMENTS

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oswego Township, Illinois, is an Illinois unit of local government. The Township provides general government services, emergency assistance to individuals, and maintenance of roads and bridges within the Township.

These financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

A. The Reporting Entity

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

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

The Township, for financial purposes, includes all funds relevant to the operations of the Township. The accompanying financial statements present the Township's primary government over which the Township exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Township.

The Township has determined that the Township Road District fits the definition of a component unit. Although legally separate from the Township, the Road District's purpose is to construct and maintain roads solely within the Township. The Road District's funds have been blended with the Township on the accompanying financial statements.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into one major category: governmental. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Township does not report any proprietary or fiduciary funds.

A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. at least 10 percent of the corresponding total for all funds of total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at that category or type, and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The funds of the financial reporting entity are described below:

Governmental Fund Types - the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the governmental funds of the Township:

General Fund - The Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The expenditures for these special purposes are included as Town Fund expenditures.

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

1. The Road and Bridge Fund – used to account for road and bridge maintenance expenditures and is funded mainly by property, replacement, and motor fuel taxes.
2. Hard Road Fund – used to account for hard road project expenditures and is mainly funded by property taxes.
3. Cemetery Fund – used to account for township cemetery expenditures and is funded by fees and property taxes.
4. General Assistance Fund – used to account for approved general assistance disbursements such as rent and utilities and is funded mainly by property taxes.
5. Building and Equipment Fund – used to account for building and equipment purchases and maintenance and is funded mainly by rental fees, and property and replacement taxes.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the governmental activities are presented using the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting.

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

Basis of Accounting

In the government-wide Statement of Net Position, Statement of Activities and fund financial statements the governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis. All government-wide financial statements would be presented using the accrual basis of accounting.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Net Position

Deposits and Investments

Deposits – The Township considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments.

Investments – Statutes authorize the Township to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agency, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

As of April 1, 2016, the Township prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures to all fair value measurements. Investments are valued at fair value, and include stock certificates held by the Township Cemetery.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. All capital assets are reported at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to April 1, 2004. Donated capital assets are reported at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements, other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Net Position - (Continued)

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Equity Classification

Government-wide Statements

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

- a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. At March 31, 2017, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 3,879,818
Less: Accumulated depreciation	(1,627,922)
Less: Capital lease obligations	<u>(8,688)</u>
Net investment in capital assets	<u>\$ 2,243,208</u>

- b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—All other net position that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 2: PROPERTY TAXES

Property taxes are levied and attach as an enforceable lien on property on March 1 and are payable in two installments on June 1 and September 1 subsequent to the year of levy. The 2015 property tax levy in the amount of \$3,484,363 (adjusted to \$3,484, 840) was passed on December 8, 2015 and was received by the Township during the current fiscal year. The 2016 property tax levy in the amount of \$3,485,169 (adjusted to \$3,485,635) was passed on December 13, 2016 and will be received by the Township in the subsequent fiscal year.

Under current procedures, the County Treasurer distributes all property taxes received to the Township including amounts paid by taxpayers that have filed tax objections in the circuit court that such taxes are illegal and excessive. Any tax objections that are sustained in the subsequent legal proceedings are deducted from future property tax distributions that are due the Township.

NOTE 3: PERSONAL PROPERTY REPLACEMENT TAXES

The Township receives Personal Property Replacement Tax, which represents an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and Subchapter S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

Revenues are collected by the State of Illinois under the replacement tax and are allocated and paid by the State eight times a year. The replacement tax law provides that monies received should be first applied toward payment of the proportionate share of the pension or retirement obligation which were previously levied on personal property. Remaining allocation is made at the discretion of the Board of Trustees.

NOTE 4: CASH AND INVESTMENTS

Deposits

Illinois statute authorizes the Township to invest in obligations of the U.S. Treasury, U.S. Agencies and banks and savings and loan associations covered by the federal depository insurance. The Township may also invest in commercial paper of U.S. corporations with assets exceeding \$500,000,000 provided that (a) the obligations are rated with the 3 highest classifications by at least 2 standards rating services and they mature within 180 days from the date of purchase, and (b) no more than 25% of any fund is invested in such obligation at any one time and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit.

Custodial Credit Risk - the risk that in the event of bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 4: CASH AND INVESTMENTS – (Continued)

The Township's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the Township's deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. As of year-end, the carrying amount of the Township's deposits was \$3,711,455 and the bank balance was \$3,730,094. As of March 31, 2017, the Township's deposits were fully collateralized or covered by the Federal Deposit Insurance Corporation.

Investments

The Township's investments consist of stocks which were received as donated inheritance from a former resident of the Township.

The Township is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6 and Chapter 105 Section 5/8-7. As of March 31, 2017, the Township's diversified its investments held by the Cemetery as follows:

Corporation	Shares	Fair Value
Exelon Corporation	210	\$ 7,556
Consolidated Edison, Inc.	652	50,634
Westar Energy, Inc.	130	7,055
South Jersey Industries, Inc.	96	3,422
Public Service Enterprise Group Inc.	146	6,475
Marathon Oil Corporation	540	8,532
Unites States Steel Corp.	27	913
Sentinel Common Stock Fund	739.641	31,753
Total Investments		<u>\$ 116,340</u>

Fair value has been determined on the basis of quoted market prices for each stock holding as of March 31, 2017. The shares are not rated as of March 31, 2017.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. At March 31, 2017, the Township's investments are only approximately 3% of the total cash balance.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 5: CAPITAL ASSETS

A summary of changes in capital assets follows:

Capital Assets	April 1, 2016	Additions	Deletions	March 31, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 238,905	-	-	238,905
Total Capital Assets Not Being Depreciated	238,905	-	-	238,905
Capital assets being depreciated:				
Equipment	1,707,309	60,084	(90,800)	1,676,593
Building	1,911,715	52,605	-	1,964,320
Total Capital Assets Being Depreciated	3,619,024	112,689	(90,800)	3,640,913
Total Capital Assets	3,857,929	112,689	(90,800)	3,879,818
Accumulated Depreciation				
Equipment	1,246,573	79,410	(83,210)	1,242,773
Building	334,250	50,899	-	385,149
Total Accumulated Depreciation	1,580,823	130,309	(83,210)	1,627,922
Capital Assets Net Accumulated Depreciation	\$ 2,277,106	(17,620)	(7,590)	2,251,896

At March 31, 2017, capital assets include \$223,059 of equipment acquired under a capital lease. Accumulated depreciation on these assets is \$89,224 as of March 31, 2017.

Significant purchases for the year included the following:

Building Renovations	\$ 52,605
2016 Ford T616	37,721
Signature Series Mower	10,165

For the year ended March 31, 2017, depreciation expense of \$82,349 was charged to road & bridge, while the remaining depreciation expense of \$47,960 was allocated to administrative expenses on the Statement of Activities.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 6: RISK MANAGEMENT

Oswego Township is exposed to various risks of loss related to torts, theft or damage to or destruction of assets, errors and omissions, injuries to employees, natural disasters, and net income losses.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage of the current year on the three prior years.

NOTE 7: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

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 "Benefits 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. The report is available for download at 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 of the Township's employees participate in the regular plan.

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 in the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 7: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) – (Continued)

Benefits Provided – (Continued)

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 services, credit plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms – As of December 31, 2016, the following Township employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Members entitled to but not yet receiving benefits	8
Active Plan Members	<u>14</u>
Total	<u><u>36</u></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 and actual Township contributions for calendar year 2016 and the fiscal year ended March 31, 2017 are summarized in the table on page 19. 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.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2017

NOTE 7: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) – (Continued)

Contributions – (Continued)

Plan member required contribution rate		4.50%
Township required contribution rate for 2016		15.37%
Township required contribution rate for 2017		15.43%
Township actual contributions for 2016	\$	142,907
Township actual contributions for fiscal year 2017	\$	150,311

Net Pension Liability – The Township's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At December 31, 2016, the Township had a net pension liability for the plan, determined as follows:

Total Pension Liability	\$	5,438,401
Plan Fiduciary Net Position		<u>4,473,970</u>
Net Pension Liability	\$	<u>964,431</u>

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 7: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) – (Continued)

Actuarial Assumptions – The following are the methods and assumptions used to determine total pension liability as of December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same 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.
- 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 as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.77%
International Equity	17%	3.54%
Fixed Income	27%	4.85%
Real Estate	8%	8.97%
Alternative Investments	9%	N/A
Cash Equivalents	1%	N/A
Total	100%	

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2017

NOTE 7: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) – (Continued)

Single Discount Rate – A Single Discount Rate of 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at 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:

- The long-term expected rate of return on pension plan investments (during the period which the fiduciary net position is projected to be sufficient to pay benefits), and
- 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 the most recent valuation, the expected rate of return on plan investments is 7.5%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.5%.

Changes in the Net Pension Liability – The schedule of changes in net pension liability for the calendar year ending December 31, 2016 is included as Other Information on page 29 of this report.

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 7.5%, 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 (6.5%)	Current Single Discount Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	\$ 6,185,856	5,438,401	4,829,206
Plan Fiduciary Net Position	4,473,970	4,473,970	4,473,970
Net Pension Liability	\$ 1,711,886	964,431	355,236

NOTE 8: CONTINGENCIES

The Township is not a defendant in any current litigation. With regards to other pending matters, the eventual outcome and the related liability, if any, is not determinable at this time.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2017

NOTE 9: MOTOR FUEL TAX FUND

The Township receives allotments of Motor Fuel Tax Funds from the State of Illinois. The allotments are paid directly to the Kendall County Treasurer. The Treasurer holds the funds and makes payments on approved road projects. The following is a summary of the activity of the Township's motor fuel tax allotment for the year ended March 31, 2017:

Balance: March 31, 2016	\$ 71,748
Allotments received	95,413
Interest earned	29
Less: Disbursements	(71,414)
Balance: March 31, 2017	<u>\$ 95,776</u>

NOTE 10: LONG TERM DEBT

The following is a summary of changes in long-term debt for the year ended March 31, 2017:

	Principal Outstanding 4/1/2016	Additions	Reductions	Principal Outstanding 3/31/2017	Amount Due in One Year
Oswego Community Bank	\$ 39,808	-	39,808	-	-
Cat Finance	34,164	-	25,476	8,688	8,688
Paccar Financial	<u>31,785</u>	<u>-</u>	<u>31,785</u>	<u>-</u>	<u>-</u>
Total Notes Payable	<u>\$ 105,757</u>	<u>-</u>	<u>97,069</u>	<u>8,688</u>	<u>8,688</u>

Principal and interest payments on the outstanding debt above are made from the Hard Road Fund.

In June 2006, Oswego Township entered into a loan agreement with Oswego Community Bank. The \$620,000 loan was for financing the new Highway building. The \$620,000 loan is a ten-year loan at 5.6% per annum. The loan was paid in full during the 2017 fiscal year.

On July 26, 2013, Oswego Township entered into a capital lease agreement with Caterpillar. The capital lease of \$98,250 was used for the purchase of a Backhoe. The capital lease has an interest rate of 8.2% and matures on July 26, 2017. The lease payment is \$2,190 per month until July 26, 2017.

Fiscal Year Paid	Principal	Interest	Total
2018	<u>\$ 8,688</u>	<u>52</u>	<u>8,740</u>

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 10: LONG TERM DEBT – (Continued)

On November 1, 2013, the Oswego Township entered into a capital lease agreement with Paccar Financial. The capital lease of \$124,554 was used to purchase a Peterbilt truck with scraper. The capital lease has an interest rate of 5.8%. The capital lease was paid in full during the 2017 fiscal year.

NOTE 11: LEGAL DEBT MARGIN

Legal debt margin is the percent of the Township's assessed valuation which is subject to debt limitation. The statutory debt limitation for the Township is 8.625%. The Township's legal debt margin limitation is as follows for the fiscal year ended March 31, 2017.

Assessed valuation (2016)	<u>\$ 1,257,217,152</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 108,434,979
Amount of debt applicable to debt limitation	<u>8,688</u>
Legal Debt Margin	<u>\$ 108,426,291</u>

NOTE 12: LEASE CONTRACTS

The Township entered into a lease contract with Chicago SMSA LP, d/b/a Verizon Wireless by Cellco Partnership for the period May 1, 2014 through April 30, 2019. Verizon Wireless will pay the Township in total \$13,116 per year, which will be paid in monthly installments of \$1,093. The lease is for the use of the Township's real estate for a cell phone tower.

The Township also rents a portion of its office building to Apple-A-Day Pediatrics. The rate is set on a month-to-month basis with the current amount being \$4,717/month.

The Township recognized total rental income of \$66,631 in fiscal year 2017.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 13: FUND BALANCE – GASB 54 PRESENTATION

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of how these balances are reported.

A. Non-spendable Fund Balance

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has different funds that also fall into this category.

1. Motor Fuel Tax. Cash receipts and the related cash disbursements of these restricted funds are accounted for in the Road & Bridge Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$95,776. See Note 9 for additional details.
2. Hard Road Levy. Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Hard Road Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$1,223,883.
3. Cemetery Levy. Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Cemetery Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$301,409.
4. General Assistance Levy. Proceeds from federal grants and the related expenditures have been included in the General Assistance Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$230,427.
5. Building and Equipment Levy. Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Building and Equipment Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$72,840.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2017

NOTE 13: FUND BALANCE – GASB 54 PRESENTATION – (Continued)

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the Board itself or (b) by the Treasurer/Administrator when the Board has delegated the authority to assign amounts to be used for specific purposes.

Unexpended funds in the Road & Bridge Fund are to be held for the purpose of paying road maintenance salaries and other expenditures related to road repairs and maintenance. Under the assigned fund balance definition, \$485,641 of the Road and Bridge Fund Balance is assigned fund balance for this purpose.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. As of March 31, 2017, the unassigned fund balance of the Town Fund was \$1,412,819.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Notes to Basic Financial Statements
For the Year Ended March 31, 2017

NOTE 14: ACCOUNTING CHANGES

Current Changes

During the year ended March 31, 2017, the Township adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The provisions in Statement No. 73 were effective for the fiscal year ending March 31, 2017 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which will be effective for the fiscal year ending March 31, 2017. The provisions of this statement did not have an impact on the Township's financial statements for the year ended March 31, 2017, as it does not participate in any such pension plans. The provisions of this statement are also not anticipated to have an impact on the Township's financial statements for the year ending March 31, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this statement were effective for the Township's fiscal year ending March 31, 2017. The provisions of this statement did not have an impact on the Township's financial statements for the year ended March 31, 2017, as the Townships have no abatements to disclose. The provisions of this statement are also not anticipated to have an impact on the Township's financial statements for the year ending March 31, 2018.

Notes to Basic Financial Statements
For the Year Ended March 31, 2017

NOTE 14: ACCOUNTING CHANGES – (Continued)

Future Accounting Pronouncements

GASB Statement No. 74, Financial Reporting for *Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year Other Information schedules. The provisions of Statement No. 74 are effective for the Township's fiscal year ending March 31, 2017, but are not anticipated to have a significant impact on the Township's financial statements.

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, establishes requirements for pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local government employers, and (3) has no predominate state or local government employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Township's fiscal year ending March 31, 2018, but are not anticipated to have a significant impact on the Township's financial statements, as it does not participate in any such pension plans.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this statement are effective for the Township's fiscal year ending March 31, 2018, but are not anticipated to have a significant impact on the Township's financial statements.

NOTE 15: SUBSEQUENT EVENTS

Management evaluated subsequent events through June 13, 2017, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of March 31, 2017, as a result of events occurring between April 1, 2017 and June 13, 2017.

OTHER INFORMATION

OSWEGO TOWNSHIP, ILLINOIS
TOWN FUND

SCHEDULE A-1

Statement of Assets, Liabilities,
and Fund Balance - Arising from Cash Transactions
March 31, 2017

Assets

Cash in bank	\$ 1,417,819
Total assets	<u>\$ 1,417,819</u>

Liabilities & Fund Balance

Liabilities:	
Security deposit	\$ 5,000
Fund balance - unassigned	<u>1,412,819</u>
Total liabilities & fund balance	<u>\$ 1,417,819</u>

OSWEGO TOWNSHIP, ILLINOIS
TOWN FUND

SCHEDULE A-2

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

	Original and Final Budget	Year Ended March 31,	
		2017	2016
Revenues Received:			
Property taxes	\$ 1,045,000	1,045,448	1,045,233
Replacement taxes	29,000	32,205	34,265
Interest income	2,000	1,135	1,158
Rental income	65,000	51,873	56,607
Miscellaneous revenues	2,000	1,413	712
Total revenues received	1,143,000	1,132,074	1,137,975
Expenditures Disbursed:			
Administrative:			
Personnel:			
Salaries	280,000	308,496	268,265
Health insurance	140,000	118,554	123,359
Social Security contribution and Medicare	45,000	43,808	41,301
Retirement contribution	95,000	85,677	73,541
Contractual services:			
Maintenance service - building	45,000	23,599	21,867
Accounting service	4,600	4,475	4,275
Legal service	14,000	12,534	11,400
Telephone	5,000	2,718	3,293
Publishing	1,000	441	377
Printing	2,000	1,222	842
Dues	5,000	2,131	1,709
Travel expenses	500	1,426	193
Training	1,000	330	786
Utilities	25,000	15,138	16,678
General insurance	35,000	24,700	26,444
Mosquito management	15,000	14,948	14,655
Plan commission expense	500	-	-
Miscellaneous expense	7,000	-	-
Commodities:			
Supplies	1,500	5,503	6,116
Capital outlay:			
Building	100,000	13,900	202,508
Equipment	20,000	6,583	63,643
Other expenditures:			
Real estate taxes	5,000	2,330	2,522
Senior services	10,000	10,000	10,000
PADS	500	-	500

OSWEGO TOWNSHIP, ILLINOIS
TOWN FUND

SCHEDULE A-2
(CONTINUED)

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

	Original and Final Budget	Year Ended March 31, 2017	2016
Expenditures Disbursed - (Continued):			
Assessor:			
Personnel:			
Salaries	\$ 294,000	277,925	285,002
Contractual services:			
Maintenance service - equipment	2,000	77	102
Maintenance service - vehicle	2,000	174	205
Postage	500	96	-
Dues	300	-	-
Travel expenses	200	-	-
Training	2,000	-	340
Software license maintenance	7,000	5,675	5,820
Website maintenance	4,000	1,243	1,262
Commodities:			
Office supplies	2,000	562	186
Capital outlay:			
Software and website	6,000	400	1,718
Plat maps	1,000	-	2,351
Other expenditures:			
MLS fees	2,000	-	-
Professional services	-	75	-
Total expenditures disbursed	1,180,600	984,740	1,191,260
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (37,600)	147,334	(53,285)
Fund balance, beginning of year		1,265,485	1,318,770
Fund balance, end of year		\$ 1,412,819	1,265,485

OSWEGO TOWNSHIP, ILLINOIS
ROAD AND BRIDGE FUND

SCHEDULE B-1

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2017

<u>Assets</u>	
Cash in bank	\$ 485,641
Cash Restricted (MFT)	<u>95,776</u>
Total assets	<u>\$ 581,417</u>
 <u>Fund Balance</u>	
Assigned	\$ 485,641
Restricted	<u>95,776</u>
Total fund balance	<u>\$ 581,417</u>

OSWEGO TOWNSHIP, ILLINOIS
ROAD AND BRIDGE FUND

SCHEDULE B-2

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

	Original and Final Budget	Year Ended March 31,	
		2017	2016
Revenues Received:			
Property taxes	\$ 170,000	169,100	169,376
Illinois replacement taxes	44,000	63,468	67,528
Motor fuel tax	-	95,413	89,217
Traffic fines	22,000	11,071	20,416
Interest income	1,000	468	550
Miscellaneous	6,700	108	66
Total revenues received	243,700	339,628	347,153
Expenditures Disbursed:			
Administrative:			
Contractual services:			
Legal service	32,000	2,870	1,630
Postage	6,000	734	1,169
Telephone	20,000	13,030	12,941
Publishing	7,000	1,212	1,049
Travel expenses	6,000	-	-
Training	4,000	2,900	-
General insurance	60,000	37,373	37,025
Commodities:			
Office supplies	9,000	2,619	736
Other expenditures:			
Municipal replacement tax	2,000	-	512
Website	10,000	1,204	5,614
Maintenance:			
Contractual services:			
Maintenance service - equipment	124,079	51,615	62,299
Maintenance service - snow removal	50,000	4,635	900
Utilities	50,000	18,799	18,455
Intersection lights	81,000	23,149	19,694
Commodities:			
Operating supplies	80,000	20,765	24,127
Gas & oil	50,000	6,521	2,865
Capital outlay:			
Equipment	10,000	-	-
Building	71,972	470	19,102
Motor fuel tax expenditures	-	71,414	117,821
Total expenditures disbursed	673,051	259,310	325,939
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (429,351)	80,318	21,214
Fund balance, beginning of year		501,099	479,885
Fund balance, end of year		\$ 581,417	501,099

OSWEGO TOWNSHIP, ILLINOIS
CEMETERY FUND

SCHEDULE B-3

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2017

<u>Assets</u>		
Cash in bank	\$	185,069
Investments		<u>116,340</u>
Total assets	\$	<u>301,409</u>
<u>Fund Balance</u>		
Restricted fund balance	\$	<u>301,409</u>

OSWEGO TOWNSHIP, ILLINOIS
CEMETERY FUND

SCHEDULE B-4

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

	Original and Final Budget	Year Ended March 31, 2017	2016
Revenues Received:			
Property taxes	\$ 14,500	14,502	14,400
Illinois replacement taxes	-	1,342	1,428
Interest income	500	505	484
Dividend income	-	3,411	3,573
Market value increase (decrease) on investments	-	7,518	7,403
Burials and lot fees	-	18,188	4,003
Miscellaneous	25,000	-	-
Total revenues received	40,000	45,466	31,291
Expenditures Disbursed:			
Personnel:			
Salaries	30,000	20,988	18,967
Social Security contribution and Medicare	2,300	1,606	1,393
Retirement contribution	200	62	145
Contractual services:			
Maintenance service - building	5,000	2,690	9
Maintenance service - equipment	8,000	1,063	1,039
Maintenance service - grounds	60,000	32,069	6,429
Other professional services - grave opening	10,000	4,169	4,843
Insurance	-	-	-
Utilities	300	333	243
Commodities:			
Maintenance supplies - grounds	10,000	171	477
Operating supplies	400	-	-
Miscellaneous expense	2,300	683	450
Capital outlay:			
Land	100,000	-	-
Equipment	11,000	10,165	922
Cremation vaults	45,000	18,425	-
Total expenditures disbursed	284,500	92,424	34,917
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (244,500)	(46,958)	(3,626)
Fund balance, beginning of year		348,367	351,993
Fund balance, end of year		\$ 301,409	348,367

OSWEGO TOWNSHIP, ILLINOIS
HARD ROAD FUND

SCHEDULE B-5

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2017

<u>Assets</u>	
Cash in bank	<u>\$ 1,223,883</u>
<u>Fund Balance</u>	
Restricted fund balance	<u>\$ 1,223,883</u>

OSWEGO TOWNSHIP, ILLINOIS
HARD ROAD FUND

SCHEDULE B-6

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

	Original and Final Budget	Year Ended March 31, 2017	2016
Revenues Received:			
Property taxes	\$ 2,048,000	2,046,691	2,045,315
Illinois replacement taxes	100,000	93,532	99,516
Interest income	1,500	873	890
Miscellaneous	-	15,896	6,096
Total revenues received	2,149,500	2,156,992	2,151,817
Expenditures Disbursed:			
Maintenance:			
Personnel:			
Salaries	700,000	435,954	427,127
Health insurance	50,000	32,989	32,465
Social Security contribution and Medicare	140,000	101,197	94,707
Retirement contribution	130,000	63,313	57,741
Workers compensation	70,000	63,075	54,329
Contractual services:			
Maintenance service - road	1,495,322	969,233	870,681
Engineering service	82,000	25,026	10,117
Rentals	45,000	4,220	5,086
Commodities:			
Operating supplies	36,482	26,895	23,325
Fuel & oil	70,000	13,561	16,889
Salt	220,000	123,067	67,651
Capital outlay:			
Equipment	-	6,645	6,645
Other expenditures:			
Interest expense	40,000	1,954	7,124
Principal payment	70,000	65,284	100,970
Total expenditures disbursed	3,148,804	1,932,413	1,774,857
Excess (deficiency) of revenues received over (under) expenditures disbursed	(999,304)	224,579	376,960
Other financing sources (uses)			
Transfer to Building and Equipment Fund	-	-	(50,000)
Net change in fund balance	\$ (999,304)	224,579	326,960
Fund balance, beginning of year		999,304	672,344
Fund balance, end of year		\$ 1,223,883	999,304

OSWEGO TOWNSHIP, ILLINOIS
GENERAL ASSISTANCE FUND

SCHEDULE B-7

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2017

<u>Assets</u>	
Cash in bank	\$ 230,427
<u>Fund Balance</u>	
Restricted fund balance	\$ 230,427

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

SCHEDULE B-8

	Original and Final Budget	Year Ended March 31,	
		2017	2016
Revenues Received:			
Property taxes	\$ 14,409	14,502	14,400
Interest income	400	264	314
Total revenues received	14,809	14,766	14,714
Expenditures Disbursed:			
Administrative:			
Salaries	1,000	-	-
Professional services	500	2,360	2,360
Operating supplies	200	-	-
Miscellaneous expense	2,700	-	-
Home relief:			
Contractual services:			
Physician service	5,000	-	-
Hospital service - in patient	5,000	-	-
Hospital service - out patient	5,000	-	-
Dental service	1,000	-	-
Other medical services	5,000	-	-
Funeral & burial service	1,000	-	-
Shelter	15,000	-	822
Utility payment	6,000	170	1,530
Daycare	1,000	-	-
Other professional services	5,000	-	-
Commodities:			
Food	1,500	-	-
Personal incidentals	6,000	-	-
Prescriptions	20,000	-	-
Total expenditures disbursed	80,900	2,530	4,712
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (66,091)	12,236	10,002
Fund balance, beginning of year		218,191	208,189
Fund balance, end of year		\$ 230,427	218,191

OSWEGO TOWNSHIP, ILLINOIS
BUILDING AND EQUIPMENT FUND

SCHEDULE B-9

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2017

<u>Assets</u>	
Cash in bank	\$ 72,840
<u>Fund Balance</u>	
Restricted fund balance	\$ 72,840

Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance-Budget and Actual
For the Year Ended March 31, 2017

SCHEDULE B-10

	Original and Final Budget	Year Ended March 31, 2017	2016
Revenues Received:			
Property taxes	\$ 84,000	83,089	82,982
Illinois replacement taxes	13,000	10,021	10,663
Interest income	100	33	49
Rental income	14,000	14,758	14,329
Total revenues received	111,100	107,901	108,023
Expenditures Disbursed:			
Capital outlay:			
Equipment	139,776	35,682	158,305
Building	5,000	-	4,994
Debt service:			
Principal	-	31,785	30,561
Interest	-	1,270	2,494
Total expenditures disbursed	144,776	68,737	196,354
Excess (deficiency) of revenues received over (under) expenditures disbursed	(33,676)	39,164	(88,331)
Other financing sources (uses)			
Transfer from Hard Road Fund	-	-	50,000
Net change in fund balance	\$ (33,676)	39,164	(38,331)
Fund balance, beginning of year		33,676	72,007
Fund balance, end of year		\$ 72,840	33,676

Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios

Calendar Year Ending December 31,	2016	2015
Total Pension Liability		
Service Cost	\$ 107,074	101,465
Interest on the Total Pension Liability	401,927	373,591
Benefit Changes	-	-
Difference between Expected and Actual Experience	(294,165)	55,841
Assumption Changes	(13,789)	7,351
Benefit Payments and Refunds	(164,939)	(146,185)
Net Change in Total Pension Liability	36,108	392,063
Total Pension Liability - Beginning	5,402,293	5,010,230
Total Pension Liability - Ending	\$ 5,438,401	5,402,293
Plan Fiduciary Net Position		
Contributions - Employer	\$ 142,908	128,349
Contributions - Employee	41,840	42,406
Net Investment Income	289,584	21,979
Benefit Payments and Refunds	(164,939)	(146,185)
Other	(185,741)	(79,814)
Net Change in Plan Fiduciary Net Position	123,652	(33,265)
Plan Fiduciary Net Position - Beginning	4,350,318	4,383,583
Plan Fiduciary Net Position - Ending	\$ 4,473,970	4,350,318
Net Pension Liability (Asset)	\$ 964,431	1,051,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.27%	80.53%
Covered Valuation Payroll	\$ 929,780	942,354
Net Pension Liability as a Percentage of the Covered Valuation Payroll	103.73%	111.63%

Notes to Schedule:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

Illinois Municipal Retirement Fund
Schedule of Employer Contributions

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/16	\$ 142,907	142,908	1	929,780	15.37%
12/31/15	128,349	128,349	-	942,354	13.62%

Notes to Schedule

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

Methods and Assumptions Used to Determine 2016 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Taxing bodies (Regular, SLEP, and ECO Groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).
Remaining Amortization Period	Early Retirement Incentive Plan liabilities: A period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study for the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

NOTES TO OTHER INFORMATION

NOTE 1: BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedule for the major funds present comparison of the budget with actual data on a modified cash basis this is consistent with the modified cash basis of accounting used to prepare the schedules of revenues, expenditures, and changes in fund balance for that fund.

NOTE 2: BUDGETARY PROCEDURES

Budgets and Budgetary Accounting

The Township adheres to the following procedures in establishing the budgetary data included in the financial statements:

1. Within the first three months of its fiscal year, the Township Board prepares the proposed combined annual budget and appropriation ordinance for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the annual budget and appropriations ordinance is legally adopted through passage of an ordinance.
4. The Township Board may transfer up to 10% of the total appropriation between various items within any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds.
6. The budget and appropriation ordinance, formulated on the cash basis of accounting, was adopted by the Board on June 14, 2016 and was not amended.

OSWEGO TOWNSHIP, ILLINOIS

Notes to Other Information For the Year Ended March 31, 2017

NOTE 3: BUDGETARY COMPARISONS

The following is an analysis of budget versus actual expenditures for each major fund for the year ended March 31, 2017.

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>(Over)/Under Budget</u>
Town Fund	\$ 1,180,600	984,740	195,860
Road and Bridge	673,051	259,310	413,741
Cemetery	284,500	92,424	192,076
Hard Road	3,148,804	1,932,413	1,216,391
General Assistance	80,900	2,530	78,370
Building and Equipment	144,776	68,737	76,039

At March 31, 2017, the Township did not have any funds exceeding appropriations.

SUPPLEMENTARY INFORMATION

Assessed Valuations, Tax Rates, Tax Extensions,
and Tax Collections

	Tax Year				
	2012	2013	2014	2015	2016
Assessed valuations	<u>\$1,192,202,489</u>	<u>1,136,780,891</u>	<u>1,134,582,520</u>	<u>1,188,878,214</u>	<u>1,257,217,151</u>
Tax rates:					
Town	0.0821	0.0896	0.0924	0.0880	0.0832
Road and Bridge	0.0235	0.0246	0.0247	0.0236	0.0223
Hard Road	0.1661	0.1742	0.1804	0.1722	0.1628
Equipment & Building	0.0067	0.0070	0.0073	0.0070	0.0066
General Assistance	0.0012	0.0012	0.0013	0.0012	0.0012
Cemetery	0.0012	0.0012	0.0013	0.0012	0.0012
Totals	<u>0.2808</u>	<u>0.2978</u>	<u>0.3074</u>	<u>0.2931</u>	<u>0.2773</u>
Tax extensions:					
Town	\$ 979,156	1,018,328	1,045,972	1,045,618	1,045,628
Road and Bridge	280,048	280,103	280,015	280,100	280,108
Hard Road	1,980,010	1,980,045	2,047,014	2,047,011	2,047,001
Equipment & Building	80,116	80,029	83,051	83,103	83,102
General Assistance	14,068	13,982	14,409	14,504	14,458
Cemetery	14,068	13,982	14,409	14,504	15,338
Total tax extension	<u>\$ 3,347,466</u>	<u>3,386,469</u>	<u>3,484,870</u>	<u>3,484,840</u>	<u>3,485,635</u>
Total collections	\$ 3,343,674	3,383,448	3,482,112	3,484,289	-
Road and Bridge Distribution	(108,534)	(109,409)	(110,406)	(110,957)	-
Net Tax collections	<u>\$ 3,235,140</u>	<u>3,274,039</u>	<u>3,371,706</u>	<u>3,373,332</u>	<u>-</u>