

TOWNSHIP OF ST. CLAIR, ILLINOIS

UNIT CODE 088/170/01

REPORT AND FINANCIAL REPORT

MARCH 31, 2016

INTRODUCTORY SECTION

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FINANCIAL SECTION



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

INDEPENDENT AUDITOR'S REPORT

September 1, 2016

To the Supervisor and the Members
of the Board of Trustees
Township of St. Clair, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of St. Clair, Illinois as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Supervisor and the Members
of the Board of Trustees
Township of St. Clair, Illinois
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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, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of St. Clair, Illinois as of March 31, 2016, and the respective changes in financial position and cash flows as applicable thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 35-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Schellert Boyle

Belleville, Illinois

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,289,797	\$ 3,891,510	\$ 5,181,307
Certificates of Deposit		1,001,470	1,001,470
Receivables (Net of Allowance for Doubtful Accounts)			
Taxes	1,583,875	-	1,583,875
Accounts	-	435,296	435,296
Due from St. Clair County	90,985	-	90,985
Inventory	18,708	-	18,708
Total Current Assets	<u>\$ 2,983,365</u>	<u>\$ 5,328,276</u>	<u>\$ 8,311,641</u>
NONCURRENT ASSETS:			
Capital Assets			
Land	\$ 40,146	\$ 98,550	\$ 138,696
Other Capital Assets, Net of Accumulated Depreciation	2,342,831	7,977,628	10,320,459
Total Noncurrent Assets	<u>\$ 2,382,977</u>	<u>\$ 8,076,178</u>	<u>\$ 10,459,155</u>
Total Assets	<u>\$ 5,366,342</u>	<u>\$ 13,404,454</u>	<u>\$ 18,770,796</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Pension Contributions	\$ 108,524	\$ 92,447	\$ 200,971
Total Assets and Deferred Outflows of Resources	<u>\$ 5,474,866</u>	<u>\$ 13,496,901</u>	<u>\$ 18,971,767</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	\$ 14,671	\$ 123,966	\$ 138,637
Accrued Interest Payable	-	656	656
Notes Payable, Current	-	14,411	14,411
Other Liabilities	1,034	-	1,034
Total Current Liabilities	<u>\$ 15,705</u>	<u>\$ 139,033</u>	<u>\$ 154,738</u>
NONCURRENT LIABILITIES:			
Notes Payable, Noncurrent	\$ -	\$ 256,753	\$ 256,753
Compensated Absences	13,920	17,769	31,689
Other Post Employment Benefit Obligation	64,504	175,276	239,780
Net Pension Liability	435,614	371,078	806,692
Total Noncurrent Liabilities	<u>\$ 514,038</u>	<u>\$ 820,876</u>	<u>\$ 1,334,914</u>
Total Liabilities	<u>\$ 529,743</u>	<u>\$ 959,909</u>	<u>\$ 1,489,652</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 1,568,381	\$ -	\$ 1,568,381
Pension Related to Deferred Inflows	69,318	59,049	128,367
Total Deferred Inflows of Resources	<u>\$ 1,637,699</u>	<u>\$ 59,049</u>	<u>\$ 1,696,748</u>
NET POSITION			
Net Investment in Capital Assets	\$ 2,382,977	\$ 7,805,014	\$ 10,187,991
Restricted Net Position	954,540	-	954,540
Unrestricted Net Position	(30,093)	4,672,929	4,642,836
Total Net Position	<u>\$ 3,307,424</u>	<u>\$ 12,477,943</u>	<u>\$ 15,785,367</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUES, (EXPENSES), AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING		GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
			GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS			
Governmental Activities:							
General Government	\$ 132,984	\$ -	\$ -	\$ -	\$ (132,984)	\$ -	\$ (132,984)
Highways and Streets	2,056,615	-	-	-	(2,056,615)	-	(2,056,615)
Development Services	11,750	-	-	-	(11,750)	-	(11,750)
General Assistance	33,988	-	-	-	(33,988)	-	(33,988)
Culture and Recreation	72,582	-	-	-	(72,582)	-	(72,582)
Total Governmental Activities	\$ 2,307,919	\$ -	\$ -	\$ -	\$ (2,307,919)	\$ -	\$ (2,307,919)
Business-Type Activities							
Sewer	\$ 2,369,684	\$ 1,936,486	\$ -	\$ -	\$ -	\$ (433,198)	\$ (433,198)
Total Business-Type Activities	\$ 2,369,684	\$ 1,936,486	\$ -	\$ -	\$ -	\$ (433,198)	\$ (433,198)
Total	\$ 4,677,603	\$ 1,936,486	\$ -	\$ -	\$ (2,307,919)	\$ (433,198)	\$ (2,741,117)
General Revenues:							
Taxes							
Real Estate		\$ 1,573,463			\$ 1,573,463		\$ 1,573,463
Personal Property Replacement		79,506			79,506		79,506
Motor Fuel		71,619			71,619		71,619
Miscellaneous		2,269			2,269		2,269
Interest Income		3,245		11,772	15,017		15,017
Gain on Sale of Assets		-		7,000	7,000		7,000
Employee Sharing Revenue		7,261		62,408	69,669		69,669
Total General Revenues		\$ 1,737,363		\$ 81,180	\$ 1,818,543		\$ 1,818,543
Change in Net Position		\$ (570,556)		\$ (352,018)	\$ (922,574)		\$ (922,574)
Net Position, Beginning of Year, as Previously Reported		\$ 4,266,570		\$ 13,160,982	\$ 17,427,552		\$ 17,427,552
Cumulative Change in Accounting Principle - GASB 68		(388,590)		(331,021)	(719,611)		(719,611)
Net Position, Beginning of Year		\$ 3,877,980		\$ 12,829,961	\$ 16,707,941		\$ 16,707,941
Net Position, End of Year		\$ 3,307,424		\$ 12,477,943	\$ 15,785,367		\$ 15,785,367

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2016

ASSETS	OTHER GOVERNMENTAL				TOTALS
	GENERAL	ROAD AND BRIDGE	PERMANENT ROAD	FUNDS	
Cash and Cash Equivalents	\$ 443,189	\$ 336,949	\$ 272,075	\$ 237,584	\$ 1,289,797
Taxes Receivable	152,999	319,197	961,919	149,760	1,583,875
Due From Other Governments	-	90,985	-	-	90,985
Inventory	-	18,708	-	-	18,708
Total Assets	<u>\$ 596,188</u>	<u>\$ 765,839</u>	<u>\$ 1,233,994</u>	<u>\$ 387,344</u>	<u>\$ 2,983,365</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ 2,383	\$ 6,465	\$ 3,282	\$ 2,541	\$ 14,671
Other Liabilities	1,034	-	-	-	1,034
Total Liabilities	<u>\$ 3,417</u>	<u>\$ 6,465</u>	<u>\$ 3,282</u>	<u>\$ 2,541</u>	<u>\$ 15,705</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	<u>\$ 148,032</u>	<u>\$ 308,670</u>	<u>\$ 961,919</u>	<u>\$ 149,760</u>	<u>\$ 1,568,381</u>
Total Deferred Inflows of Resources	<u>\$ 148,032</u>	<u>\$ 308,670</u>	<u>\$ 961,919</u>	<u>\$ 149,760</u>	<u>\$ 1,568,381</u>
FUND BALANCES:					
Nonspendable Inventories	\$ -	\$ 18,708	\$ -	\$ -	\$ 18,708
Restricted Special Revenue Funds	-	431,996	268,793	235,043	935,832
Unassigned General Fund	<u>444,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>444,739</u>
Total Fund Balances	<u>\$ 444,739</u>	<u>\$ 450,704</u>	<u>\$ 268,793</u>	<u>\$ 235,043</u>	<u>\$ 1,399,279</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 596,188</u>	<u>\$ 765,839</u>	<u>\$ 1,233,994</u>	<u>\$ 387,344</u>	<u>\$ 2,983,365</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MARCH 31, 2016

Total fund balance - total governmental funds	\$ 1,399,279
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets \$4,887,528, net of accumulated depreciation of \$2,504,551 are not financial resources and, therefore are not reported in the funds.	2,382,977
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:	
Deferred outflows of resources (related to pensions)	108,524
Deferred inflows of resources (related to pensions)	(69,318)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(13,920)
Other post employment benefit obligation	(64,504)
Net Pension Liability	<u>(435,614)</u>
Net position of governmental activities	<u>\$ 3,307,424</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2016

	GENERAL	ROAD AND BRIDGE	PERMANENT ROAD	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES:					
Taxes					
Property	\$ 180,776	\$ 308,514	\$ 967,712	\$ 116,461	\$ 1,573,463
Personal Property Replacement	25,486	54,020	-	-	79,506
Motor Fuel	-	71,619	-	-	71,619
Employee Sharing Revenue	7,261	-	-	-	7,261
Interest	782	995	1,043	425	3,245
Miscellaneous	1,440	638	191	-	2,269
Total Revenues	<u>\$ 215,745</u>	<u>\$ 435,786</u>	<u>\$ 968,946</u>	<u>\$ 116,886</u>	<u>\$ 1,737,363</u>
EXPENDITURES:					
Current					
General Government	\$ 132,709	\$ -	\$ -	\$ -	\$ 132,709
Highways and Streets	48,406	286,307	1,281,620	-	1,616,333
Development Services	11,750	-	-	-	11,750
General Assistance	-	-	-	33,988	33,988
Culture and Recreation	-	-	-	64,140	64,140
Capital Outlay	-	190,493	-	-	190,493
Total Expenditures	<u>\$ 192,865</u>	<u>\$ 476,800</u>	<u>\$ 1,281,620</u>	<u>\$ 98,128</u>	<u>\$ 2,049,413</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,880</u>	<u>\$ (41,014)</u>	<u>\$ (312,674)</u>	<u>\$ 18,758</u>	<u>\$ (312,050)</u>
Fund Balances, Beginning of Year	<u>421,859</u>	<u>491,718</u>	<u>581,467</u>	<u>216,285</u>	<u>1,711,329</u>
Fund Balances, End of Year	<u>\$ 444,739</u>	<u>\$ 450,704</u>	<u>\$ 268,793</u>	<u>\$ 235,043</u>	<u>\$ 1,399,279</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2016

Net change in fund balances - total governmental funds \$ (312,050)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 187,643
Depreciation expense	(414,668)
	\$ (227,025)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	\$ (1,691)
Other post employment benefit obligation	(21,972)
Pension Expense	(7,818)
	(31,481)

Change in net position of governmental activities \$ (570,556)

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2016

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 3,891,510
Certificates of Deposit	1,001,470
Receivables (Net of Allowance for Doubtful Accounts)	
Accounts	435,296
Total Current Assets	<u>\$ 5,328,276</u>
NONCURRENT ASSETS:	
Capital Assets	
Property, Plant and Equipment, (Net)	8,076,178
Total Noncurrent Assets	<u>\$ 8,076,178</u>
 Total Assets	 <u>\$ 13,404,454</u>
 Deferred Outflows of Resources	
Deferred Outflows of Resources	<u>\$ 92,447</u>
 Total Assets and Deferred Outflows	 <u>\$ 13,496,901</u>
 LIABILITIES	
Current liabilities	
Accounts Payable	\$ 123,966
Notes Payable, Current	14,411
Accrued Interest Payable	656
Total Current Liabilities	<u>\$ 139,033</u>
Non-Current Liabilities	
Notes Payable, Non-Current	\$ 256,753
Compensated Absences	17,769
Other Post Employment Benefit Obligation	175,276
Net Pension Liability	371,078
Total Non-Current Liabilities	<u>\$ 820,876</u>
 Total Liabilities	 <u>\$ 959,909</u>
 Deferred Inflows of Resources	
Pensions	<u>\$ 59,049</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 7,805,014
Unrestricted Net Position	4,672,929
Total Net Position	<u>\$ 12,477,943</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
MARCH 31, 2016

	<u>SEWERAGE ENTERPRISE FUND</u>
OPERATING REVENUES:	
Sewer Fees	\$ 1,936,486
Employee Sharing Revenue	62,408
Total Operating Revenue	<u>\$ 1,998,894</u>
OPERATING EXPENSES:	
Salaries and Wages	\$ 374,554
Bad Debt Expense	4,436
Depreciation	457,013
Employee Sharing Expense	7,261
Engineering	54,947
Equipment Rental	135
IMRF	57,266
Insurance	95,753
Legal and Accounting	46,995
Maintenance Supplies	42,058
Office Expense	21,548
Other Post Employment Benefits	29,047
Payroll Taxes	30,965
Pension	6,659
Postage	11,737
Property Damage	250
Repairs and Maintenance	445,141
Sanitation Service	510,785
Uniform Rental	7,022
Utilities	162,623
Total Operating Expenses	<u>\$ 2,366,195</u>
Operating (Loss)	<u>\$ (367,301)</u>
NON-OPERATING REVENUES AND EXPENSES:	
Interest Income	\$ 11,772
Interest Expense	(3,489)
Gain on Sales of Assets	7,000
Total Non-Operating Revenues and Expenses	<u>\$ 15,283</u>
Change in Net Position	<u>\$ (352,018)</u>
Net Position, Beginning of Year - As Previously Reported	\$ 13,160,982
Cumulative Change in Accounting Principle	<u>(331,021)</u>
Net Position, Beginning of Year- As Restated	<u>\$ 12,829,961</u>
Net Position, End of Year	<u>\$ 12,477,943</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
MARCH 31, 2016

	<u>SEWERAGE ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts From Customers	\$ 2,005,779
Receipts From Interfund Services Provided	62,408
Payments to Suppliers	(1,508,372)
Payments to Employees	(340,540)
Payments for Interfund Services Used	(7,261)
Net Cash Provided by Operating Activities	<u>\$ 212,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal Paid on IDOT Note Payable	\$ (100,000)
Principal Paid on IEPA Note Payable	(14,232)
Interest Paid on IEPA Note Payable	(3,523)
Proceeds From Sale of Fixed Assets	7,000
Purchases of Capital Assets	(77,141)
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (187,896)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Certificates of Deposit	\$ (1,001,470)
Interest on Demand Deposits	11,772
Net Cash (Used) by Investing Activities	<u>\$ (989,698)</u>
 Net (Decrease) in Cash and Cash Equivalents	 <u>\$ (965,580)</u>
Balances - Beginning of the Year	<u>4,857,090</u>
 Balances - End of the Year	 <u>\$ 3,891,510</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (Loss)	\$ (367,301)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	457,013
Changes in Assets and Liabilities	
Decrease in Accounts Receivable	69,293
(Decrease) in Deferred Outflows	(92,447)
Increase in Accounts Payable	18,995
(Decrease) in Liability for Compensated Absences	(1,692)
Increase in Liability for Utility Deposits	-
Increase in Other Post Employment Benefit Obligation	29,047
Increase in Net Pension Liability	40,057
Increase in Deferred Inflows	59,049
Net Cash Provided by Operating Activities	<u>\$ 212,014</u>

Non-Cash Investing Capital and Financial Activities:

During this past year, the Sewerage fund received no non-cash capital contributions from developers consisting of sewer infrastructure.

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Township of St. Clair, Illinois (the "Township") provides the following services: general government, general assistance, recreation, road maintenance and sewerage.

The accounting and reporting policies of the Township relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Township are described below.

B. Financial Reporting Entity

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations as component units within the Township reporting entity, as set forth in Section 2100 of GASB's – Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Township holds the corporate powers of the organization
- the Township appoints a voting majority of the organization's board
- the Township is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Township
- there is fiscal dependency by the organization on the Township

Based on the aforementioned criteria, the St. Clair Road District is a blended component unit. The St. Clair Road District is responsible for the maintenance and construction of all the roads within the Township.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are reported only when payment is due.

Replacement taxes, other taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Township reports the following major governmental funds:

General Fund

General fund is the main operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General fund.

Road and Bridge Fund

Road and bridge fund is used to account for funds received and expended for the payment of road maintenance, supplies, and improvements.

Permanent Road Fund

Permanent road fund is used to account for funds received and expended for the construction, renovation, expansion and major improvement of various roads and bridges.

The Township reports the following proprietary funds:

Sewerage Fund

Sewerage fund is used to account for the provision of sewer service to the residents of the Township. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds and

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Cash and Cash Equivalents

The Township considers all investment instruments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

The Township pools cash resources to improve cash management. A cash pool is maintained for the Township governmental funds and a cash pool is maintained for the Road District governmental funds. Each pool consists of a checking account and an interest bearing sweep account. Individual fund integrity is maintained through the accounting records. Interest earned from the pooled cash is allocated monthly to each fund based on the ending cash balance.

F. Allowance for Doubtful Accounts

At March 31, 2016, the allowance for doubtful accounts was \$100,000 for the Sewerage enterprise fund accounts receivable.

G. Inventories

Inventory is valued at cost using the first-in/first-out (FIFO) method.

Inventory in governmental funds consist of expendable supplies held for future consumption. The cost is recorded as an expense as inventory items are consumed (consumption method). Inventory for the Proprietary fund is considered immaterial and is therefore expensed when purchased.

H. Capital Assets and Depreciation

The Township's property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired after April 1, 2004), with useful lives of more than one year are reported in the government-wide financial statements. Purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is included in net income.

The estimated useful lives and capitalization threshold for depreciable assets are as follows:

	<u>USEFUL LIFE</u> <u>(YEARS)</u>	<u>CAPITALIZATION</u> <u>THRESHOLD</u>
Land Improvements	15-20	\$ 10,000
Buildings and Improvements	20-40	10,000
Furniture, Fixtures, and Equipment	5-10	2,500
Infrastructure	10	50,000
Sewerage System	25-50	50,000

I. Capitalized Interest

Interest costs are capitalized when incurred by Proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized for financed construction activities during the year ended March 31, 2016.

J. Long-Term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide and business-type activities proprietary funds, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental funds financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

K. Compensated Absences

The Township's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the statement of net position.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. A refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The Township also recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. A refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The Township also recognizes deferred outflows of resources related to pensions.

M. Fund Equity

Beginning with fiscal year 2012, the Township implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purpose by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e., Board of Trustees), to be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund. Negative unassigned fund balances may be reported in all funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assigned actions.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide and proprietary fund financial statements. Net positions are classified in the following categories:

1. Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
2. Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
3. Unrestricted net position - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The Township applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net assets and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government - Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental activities columns of the statement of net position, except for the residual amounts due between governmental activities, which are reported as internal balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

NOTE 2. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

Illinois law states that investments of cash funds may be made in bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest. The Township may also invest in interest bearing savings accounts, certificates of deposit or time deposits which are insured by federal insurance. Also, the Township may invest with Public Treasurer's Investment Pool administered by the Illinois State Treasurer.

The Township has adopted a formal written investment policy in accordance with the Public Funds Investment Act of the State of Illinois.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 2. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT (CONT'D)

The Township's cash and cash equivalents at March 31, 2016 consist of the following:

	CARRYING AMOUNT	BANK VALUE
Cash on Hand	\$ 200	\$ 200
Demand Deposits With Local Bank:		
Bank of Edwardsville	5,131,622	5,155,520
IL National Bank	1,404	1,000
Bank of Springfield	3,572	3,572
Sub-Total - Deposits With Banks	5,136,798	5,160,292
External Investment Pool:		
The Illinois Funds - Money Market Fund	44,509	44,509
	<u>\$ 5,181,307</u>	<u>\$ 5,204,801</u>

As of March 31, 2016, the Township had the following certificates of deposit:

<u>CERTIFICATES OF DEPOSIT</u>	<u>MATURITY</u>	<u>VALUE</u>
Bank of Springfield	12/30/2016	\$ 251,470
American Express	6/19/2017	250,000
Capital One Bank	6/19/2017	250,000
Goldman Sachs Bank	12/19/2016	250,000
		<u>\$ 1,001,470</u>

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. U.S. Bank, N.A. serves as custodian for The Illinois Funds. The fair value of the Township's investment in The Illinois Funds is the same as the value of the pool shares. Although not subject to direct regulatory oversight, The Illinois Funds is administered in accordance with the provisions of Illinois statute 30 ILCS 235 "Public Funds Investment Act".

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy requires deposits with banks that exceed the amount insured by FDIC insurance protection be collateralized. Also, investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. The Illinois Funds - Money Market Fund is rated AAA by Standard & Poor's. The rating signifies an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 2. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT (CONT'D)

Custodial Credit Risk (Deposits with Banks) - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. At March 31, 2016, the reported amount on the Township's deposits was \$6,182,777 and the bank balance was \$6,206,271. Of the bank balance, \$1,549,081 was covered by federal depository insurance, \$4,655,520 was covered by collateral held by the pledging financial institution, and \$1,470 was exposed to custodial credit risk as uninsured and uncollateralized.

Custodial Credit Risk (Other Investments) - Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, the Township will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy places no limit on the amount they may invest in any one issuer.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2016, was as follows:

	BALANCE AT BEGINNING OF FISCAL YEAR			ADDITIONS	RETIREMENTS	BALANCE AT END OF FISCAL YEAR	
GOVERNMENTAL ACTIVITIES:							
Capital Assets Not Being Depreciated							
Land	\$ 40,146	\$ -	\$ -	\$ -	\$ -	\$ 40,146	
Construction in Progress	2,850	-	(2,850)	-	-	-	
Total Capital Assets Not Being Depreciated	<u>\$ 42,996</u>	<u>\$ -</u>	<u>\$ (2,850)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,146</u>	
Capital Assets, Being Depreciated							
Land Improvements	\$ 95,913	\$ -	\$ -	\$ -	\$ -	\$ 95,913	
Buildings and Improvements	120,302	-	-	-	-	120,302	
Equipment	1,011,816	190,493	-	-	-	1,202,309	
Infrastructure	3,428,858	-	-	-	-	3,428,858	
Total Capital Assets Being Depreciated (Carried Forward)	<u>\$ 4,656,889</u>	<u>\$ 190,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,847,382</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 3. CAPITAL ASSETS (CONT'D)

	BALANCE AT BEGINNING OF FISCAL YEAR	ADDITIONS	RETIREMENTS	BALANCE AT END OF FISCAL YEAR
Total Capital Assets Being Depreciated (Carried Forward)	\$ 4,656,889	\$ 190,493	\$ -	\$ 4,847,382
Less Accumulated Depreciation for:				
Land Improvements	\$ (43,804)	\$ (4,796)	\$ -	\$ (48,600)
Buildings and Improvements	(8,857)	(3,508)	-	(12,365)
Equipment	(766,385)	(83,040)	-	(849,425)
Infrastructure	(1,270,837)	(323,324)	-	(1,594,161)
Total Accumulated Depreciation	\$ (2,089,883)	\$ (414,668)	\$ -	\$ (2,504,551)
Total Capital Assets, Being Depreciated, Net	\$ 2,567,006	\$ (224,175)	\$ -	\$ 2,342,831
Governmental Activities Capital Assets, Net	\$ 2,610,002	\$ (224,175)	\$ (2,850)	\$ 2,382,977
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 98,550	\$ -	\$ -	\$ 98,550
Construction in Progress	24,234	-	(24,234)	-
Total Capital Assets Not Being Depreciated	\$ 122,784	\$ -	\$ (24,234)	\$ 98,550
Capital Assets Being Depreciated				
Land Improvements	\$ 79,086	\$ -	\$ -	\$ 79,086
Buildings and Improvements	1,262,337	-	-	1,262,337
Equipment	1,127,476	77,141	(64,626)	1,139,991
Sewerage System	16,888,986	24,234	-	16,913,220
Total Capital Assets Being Depreciated	\$ 19,357,885	\$ 101,375	\$ (64,626)	\$ 19,394,634
Less Accumulated Depreciation for:				
Land and Improvements	\$ (58,436)	\$ (5,272)	\$ -	\$ (63,708)
Buildings and Improvements	(402,932)	(44,120)	-	(447,052)
Equipment	(867,539)	(65,227)	64,626	(868,140)
Sewerage System	(9,695,712)	(342,394)	-	(10,038,106)
Total Accumulated Depreciation	\$ (11,024,619)	\$ (457,013)	\$ 64,626	\$ (11,417,006)
Total Capital Assets Being Depreciated, Net	\$ 8,333,266	\$ (355,638)	\$ -	\$ 7,977,628
Business-Type Activities Capital Assets, Net	\$ 8,456,050	\$ (355,638)	\$ (24,234)	\$ 8,076,178

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 3. CAPITAL ASSETS (CONT'D)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:

General Government and Administration	\$ 275
Highways and Streets	405,951
Culture and Recreation	8,442
Total Depreciation Expense - Governmental Activities	<u>\$ 414,668</u>

BUSINESS-TYPE ACTIVITIES:

Sewer	<u>\$ 457,013</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 457,013</u>

NOTE 4. LONG-TERM DEBT

The following is a summary of the change in long-term debt for the year ended March 31, 2016:

	<u>BALANCE AT</u> <u>BEGINNING OF</u> <u>FISCAL YEAR</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE AT</u> <u>END OF</u> <u>FISCAL YEAR</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>					
OPEB Obligation	\$ 42,532	\$ 21,972	\$ -	\$ 64,504	\$ -
Compensated Absences	12,229	4,675	2,984	13,920	-
<u>Business-Type Activities</u>					
OPEB Obligation	146,229	29,047	-	175,276	-
Compensated Absences	19,461	6,925	8,617	17,769	-
Note Payable - IEPA	285,396	-	14,232	271,164	14,411
Note Payable - IDOT	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 605,847</u>	<u>\$ 62,619</u>	<u>\$ 125,833</u>	<u>\$ 542,633</u>	<u>\$ 14,411</u>

The Township has debt service requirements at March 31, 2016, on notes payable as follows:

State of Illinois Loan Pursuant to the Environmental Protection Act

On June 28, 2011, the Township entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) for the construction of an ultraviolet disinfection system. The loan agreement provided for a maximum loan of \$410,079, at an interest rate of 1.25 percent. The final loan amount was \$306,415. The loan agreement requires semi-annual principal and interest payments due on January 20th and July 20th. The note matures on January 20, 2033. The debt is repaid by the Sewerage Enterprise fund.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 4. LONG-TERM DEBT (CONT'D)

The following is a schedule of maturities on this loan as of March 31, 2016:

<u>PAYABLE DURING THE</u> <u>YEAR ENDED</u>	<u>NOTE PAYABLE - IEPA</u>		
	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
March 31, 2017	\$ 17,755	\$ 14,411	\$ 3,344
March 31, 2018	17,755	14,591	3,164
March 31, 2019	17,755	14,774	2,981
March 31, 2020	17,755	14,959	2,796
March 31, 2021	17,755	15,147	2,608
March 31, 2022 - March 31, 2026	88,777	78,632	10,145
March 31, 2027 - March 31, 2031	88,776	83,687	5,089
March 31, 2032 - March 31, 2033	<u>35,511</u>	<u>34,963</u>	<u>548</u>
	<u>\$ 301,839</u>	<u>\$ 271,164</u>	<u>\$ 30,675</u>

NOTE 5. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. The Township and the Road district levied for 2014 property taxes on November 18, 2014. Billing and collection of property taxes is performed by the St. Clair County government. Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Property tax revenue is recorded when it is collected. This includes property taxes collected within 60 days after year end. No allowance for delinquent taxes has been provided as property taxes recognized are considered to be fully collectible. 2014 property taxes were payable in two installments; July 1, 2015 and September 1, 2015.

NOTE 6. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

General Information about the Pension Plan

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (CONT'D)

Benefits Provided - 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 service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent 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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96.

Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms - As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	<u>13</u>
Total	<u><u>30</u></u>

Contributions - As set by statute, the Township's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township's annual contribution rate for calendar year 2016 and 2015 was 16.25 percent and 15.15 percent, respectively. For the fiscal year ended March 31, 2016, the Township contributed \$108,536 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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (CONT'D)

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

The Township's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the Township's net pension liability for the year-ended December 31, 2015 were as follows:

	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET POSITION LIABILITY/ (ASSET) (A) - (B)
Balances at December 31, 2014	\$ 3,873,587	\$ 3,127,789	\$ 745,798
Changes for the Year:			
Service Cost	79,292	-	79,292
Interest on the Total Pension Liability	283,082	-	283,082
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(175,621)	-	(175,621)
Changes of Assumptions	-	-	-
Contributions - Employer	-	105,604	(105,604)
Contributions - Employees	-	31,715	(31,715)
Net Investment Income	-	15,415	(15,415)
Benefit Payments, Including Refunds of Employee Contributions	(226,956)	(226,956)	-
Other (Net Transfer)	-	(26,875)	26,875
Net Changes	<u>\$ (40,203)</u>	<u>\$ (101,097)</u>	<u>\$ 60,894</u>
Balances at December 31, 2015	<u>\$ 3,833,384</u>	<u>\$ 3,026,692</u>	<u>\$ 806,692</u>

For the year ended March 31, 2016, the Township realized pension expense of \$123,025. At March 31, 2016 the Township realized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (CONT'D)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences Between Expected and Actual Experience	\$ -	\$ 128,367
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	171,840	-
Total Deferred Amounts to be Realized in Pension Expense in Future Periods	\$ 171,840	\$ 128,367
Township Contributions Made Subsequent to the Measurement Date	29,131	-
Total Deferred Amounts Related to Pensions	\$ 200,971	\$ 128,367

Amounts realized as deferred outflows of resources and deferred inflows of resources related to pensions will be realized in pension expense in future periods as follows:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	NET DEFERRED OUTFLOWS
2016	\$ (4,294)
2017	(4,294)
2018	9,101
2019	42,960
Thereafter	-
Total	\$ 43,473

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- 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 3.0 percent.
- *Salary Increases* were expected to be 4.40 percent to 16.00 percent, including inflation.
- The *Investment Rate of Return* was assumed to be 7.50 percent.
- *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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (CONT'D)

- For *Disabled Retirees*, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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 2014). 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:

<u>ASSET CLASS</u>	TARGET ALLOCATION	RETURN 12/31/2015	<u>PROJECTED RETURNS/RISK</u>	
			ONE YEAR ARITHMETRIC	TEN YEAR GEOMETRIC
Equities	38.00 %	0.02 %	8.85 %	7.39 %
International Equities	17.00	(1.90)	9.55	7.59
Fixed Income	27.00	(0.09)	3.05	3.00
Real Estate	8.00	11.99	7.20	6.00
Alternatives	9.00			
Private Equity		N/A	13.15	8.15
Hedge Funds		N/A	5.55	5.25
Commodities		N/A	4.40	2.75
Cash Equivalents	1.00	N/A	2.25	2.25
Total	<u>100.00 %</u>			

Single Discount Rate - A Single Discount Rate of 7.50 percent 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 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).

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (CONT'D)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.56 percent, and the resulting single discount rate is 7.45 percent.

Sensitivity of the District's 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 7.45 percent as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	1% DECREASE (6.45%)	CURRENT DISCOUNT RATE (7.45%)	1% INCREASE (8.45%)
Total Pension Liability	\$4,300,509	\$3,833,384	\$3,453,468
Plan Fiduciary Net Position	<u>(3,026,692)</u>	<u>(3,026,692)</u>	<u>(3,026,692)</u>
Net Position Liability/(Asset)	<u>\$1,273,817</u>	<u>\$ 806,692</u>	<u>\$ 426,776</u>

Other Postemployment Benefits

Plan Description. In September 2005, the Board of Trustees for the Township approved a resolution establishing a post employment benefit plan (the Plan). The Plan is a single-employer defined benefit healthcare plan administered by the Township which provides medical insurance benefits to eligible retirees. The Plan has also been included in the general insurance provisions of the collective bargaining agreements with the Township employees. The Plan does not issue a publicly available financial report.

Funding Policy. The Plan makes available to all employees who retire after at least eight (8) years of employment with the Township, medical insurance benefits through its group medical insurance carrier. The Township will pay for one (1) year of said medical insurance benefit for each four (4) years of employment, not to exceed a total of five (5) years of medical insurance benefits. The benefit shall cease to be available on the date the employee becomes eligible for Medicare. The Township pays 100 percent of the applicable premium for the employee on a pay-as-you-go basis. Total contributions were \$0 for the year ended March 31, 2016.

As of March 31, 2016, the Plan has no retirees receiving benefits and eleven active participants, of which three are not yet eligible to receive benefits.

Annual OPEB Cost and Net OPEB Obligation. The Township's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding, that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 7. OTHER POST EMPLOYMENT BENEFIT PLAN (CONT'D)

the components of the Township's annual OPEB cost for the year ended March 31, 2016, the actual amount contributed to the Plan, and changes in the Township's net OPEB obligation to the Plan:

Annual Required Contribution	\$ 58,024
Interest on OPEB Obligation	476
Adjustment to Annual Required Contribution	<u>(7,480)</u>
Annual OPEB Cost (Expense)	<u>\$ 51,020</u>
Contributions Made	-
Increase in Net OPEB Obligation	<u>\$ 51,020</u>
Net OPEB Obligation - 04/01/2015	<u>188,760</u>
Net OPEB Obligation - 03/31/2016	<u><u>\$ 239,780</u></u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended March 31, 2016 and the two preceding years are as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATED
03/31/16	\$ 51,020	0.00 %	\$ 239,780
03/31/15	37,498	7.30	188,762
03/31/14	52,042	29.79	154,000

Funded Status and Funding Progress. The funded status of the Plan based on the most recent actuarial valuation of March 31, 2016 is as follows:

Actuarial Accrued Liability (AAL)	\$ 385,743
Actuarial value of plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 385,743</u></u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0%
Covered Payroll (Active Plan Members)	<u>\$ 573,541</u>
UAAL as a Percentage of Covered Payroll	67.26%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the Township are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 7. OTHER POST EMPLOYMENT BENEFIT PLAN (CONT'D)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the Township and employees) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs to the Township to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Active tier one plan members were assumed to retire at age 60 if the employee has earned 5 years of benefits. Active tier two plan members were assumed to retire at age 62 if the employee has earned 3 years of benefits. If an employee would not yet qualify for 5 or 3 years of benefits, then the employee is assumed to work until he/she has accumulated enough years of vested service to obtain benefits until they reach Medicare eligibility (age 65).

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2011 United States Life Tables for Males and Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services for the years 2008-2024. Varying rates of 5.1 percent to 5.9 percent were used.

Health insurance premiums - Health insurance premiums for retirees for the year ended March 31, 2016 were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the Township's short-term investment portfolio, a discount rate of .23 percent was used. In addition, a simplified version of the unit credit cost method was used. The unfunded actuarial accrued liability (UAAL) is being amortized over 25 years for Road fund and 30 years for Sewer fund as a level dollar amount.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 8. COLLECTIVE BARGAINING AGREEMENTS

The Township's clerical and sewer department employees are covered under collective bargaining agreements with the International Union of Operating Engineers Local No. 148. This agreement is effective to December 31, 2016.

The Township's road employees are covered under collective bargaining agreements with the Laborer's International Union of North America Local No. 459. This agreement is effective to March 31, 2017.

NOTE 9. COMMITMENTS

Wastewater treatment contracts

Village of Swansea

On June 23, 2014 the Township entered into an agreement with the Village of Swansea in which the Village agrees to accept residential and commercial sewage from Township residents that utilize the Village system.

Effective March 1, 2015 the Village will bill these Township residents for this service at a rate of 1.3 times the Swansea resident rate. In addition, Swansea will bill the affected residents an additional \$7.34 which will be paid to the Township for upkeep of their sewer lines.

The term of the agreement is for 25 years commencing on March 1, 2015. In fiscal year ending March 31, 2016, the Township received \$251,722 and had an outstanding receivable of \$45,967 from the Village of Swansea for transport fees.

City of Belleville

The Township and the City of Belleville entered into a sewerage contract on November 19, 1973. The contract is for forty years and shall continue for successive ten-year periods, unless either party serves the other with written notice five years prior to their intended termination. The residential and commercial rates established by the contract to be paid by the Township to the City of Belleville are subject to modification at the end of each three-year period from the effective date of the contract. The current residential monthly rate in effect is \$14.72 per single family living unit. The current commercial monthly rate in effect is \$2.18 per 1,000 gallons of water as metered through the commercial establishment's water meter. The Township's annual expense for the year ended March 31, 2016 was \$369,685. Currently, the Township and City of Belleville are negotiating on changing the terms of the contract for future years.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 9. COMMITMENTS (CONT'D)

Construction and Related Contracts

Subsequent to March 31, 2016, the Township entered into additional construction related contracts for road improvements of approximately \$175,000 and for sewer system improvements of approximately \$79,000.

NOTE 10. 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 participates in the Illinois Counties Risk Management Trust and Illinois Public Risk Fund, public entity risk pools, currently operating as a common risk management and insurance program. Whenever the funds determine that the assets of the funds are less than the reserves which would be required to be maintained by the funds, then the funds shall assess each public agency member the amount necessary to correct the deficiency. Each assessment will be prorated based upon the agency's annual contributions, provided that, in no event shall the annual total of any assessment exceed 10 percent of the gross annual premium or contributions to the funds during the most recent fiscal year. The Township's gross annual premium for March 31, 2016 was \$122,737. In the opinion of Township officials, no additional liability will be incurred.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

NOTE 11. CONTINGENCIES

Grants

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although this is a possibility, the Township deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Township to the provision of the grant.

NOTE 12. PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the Township adopted Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires the Township to change the accounting for the pension costs related to the Township's participation in the Illinois Municipal Retirement Fund (IMRF). For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial value, and attribute the present value to periods of employee service. The statement also requires enhanced note disclosures and schedules of required

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

NOTE 12. PRIOR PERIOD ADJUSTMENT (CONT'D)

supplementary information that will be presented by the pension plans that are within the scope. In addition, the Township will also be recognizing a net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to the Township's proportionate share of the collective amounts in IMRF. In the Government Wide Financial Statements, a prior period adjustment of \$388,590 was necessary for the Governmental Activities. The Beginning Net Position changed from \$4,266,570 to \$3,877,980. In the Proprietary Fund, a prior period adjustment of \$331,021 was necessary. The Beginning Net Position changed from \$13,160,982 to \$12,829,961.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF ST. CLAIR, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

OTHER POST EMPLOYMENT BENEFIT PLAN						
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
3/31/2016	\$ -	\$ 385,743	\$ 385,743	- %	\$ 273,541	67.26 %
3/13/2015	-	290,317	290,317	-	560,240	51.82
3/31/2014	-	343,875	343,875	-	548,784	62.66
3/31/2013	-	352,709	352,709	-	508,363	69.38
3/31/2012	-	377,913	377,913	-	486,015	77.76
3/31/2011	-	349,108	349,108	-	547,855	63.72

TOWNSHIP OF ST. CLAIR, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property Taxes	\$ 180,600	\$ 180,600	\$ 180,205	\$ (395)
Personal Property Replacement Taxes	24,000	24,000	26,938	2,938
Property Tax Increment Financing	-	-	168	168
Mobile Home Tax	400	400	402	2
Newsletter Revenue	-	-	-	-
Sale of Assets	-	-	-	-
Reimbursement (Election Etc.)	1,300	1,300	1,440	140
Employee Sharing Revenue	9,000	9,000	7,261	(1,739)
Interest	600	600	782	182
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 215,900</u>	<u>\$ 215,900</u>	<u>\$ 217,196</u>	<u>\$ 1,296</u>
EXPENDITURES - GENERAL GOVERNMENT:				
Administration				
Personnel	\$ 161,000	\$ 163,000	\$ 152,245	\$ 10,755
Contractual Services	32,625	34,025	27,017	7,008
Commodities	1,500	2,500	1,865	635
Other Services and Charges	1,500	3,500	1,159	2,341
Capital Outlay	2,000	500	-	500
Total Administration	<u>\$ 198,625</u>	<u>\$ 203,525</u>	<u>\$ 182,286</u>	<u>\$ 21,239</u>
Senior Citizens				
Contractual Services	\$ 11,750	\$ 11,750	\$ 11,750	\$ -
Contingencies	<u>\$ 6,000</u>	<u>\$ 1,100</u>	<u>\$ -</u>	<u>\$ 1,100</u>
Total Expenditures	<u>\$ 216,375</u>	<u>\$ 216,375</u>	<u>\$ 194,036</u>	<u>\$ 22,339</u>
Sub-Total (Carried Forward)	<u>\$ (475)</u>	<u>\$ (475)</u>	<u>\$ 23,160</u>	<u>\$ 23,635</u>

TOWNSHIP OF ST. CLAIR, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>BUDGET</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BASIS</u>	<u>WITH FINAL</u>
				<u>BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Sub-Total (Brought Forward)	\$ (475)	\$ (475)	\$ 23,160	\$ 23,635
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures - Budgetary Basis	<u>\$ (475)</u>	<u>\$ (475)</u>	<u>\$ 23,160</u>	<u>\$ 23,635</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/15			\$ 3,506	
Less: Replacement Taxes Receivable at 4/1/15			(6,418)	
End of Year Accruals				
Add: Replacement Taxes Receivable 3/31/16			\$ 4,967	
Other Liabilities Adjustment at 3/31/16			48	
Less: Accounts Payable at 3/31/16			<u>(2,383)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures - Modified Accrual Basis			<u>\$ 22,880</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2016

	BUDGETED AMOUNTS		BUDGET	VARIANCE
	ORIGINAL	FINAL	BASIS	WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property Taxes	\$ 309,010	\$ 309,010	\$ 307,065	\$ (1,945)
Personal Property Replacement Taxes	52,000	52,000	57,096	5,096
Property Tax Increment Financing	500	500	433	(67)
Mobile Home Tax	1,100	1,100	1,016	(84)
Motor Fuel Tax	80,000	80,000	71,621	(8,379)
Interest	900	900	995	95
Miscellaneous	400	400	638	238
Grant	13,000	13,000	-	(13,000)
Total Revenues	\$ 456,910	\$ 456,910	\$ 438,864	\$ (18,046)
 EXPENDITURES - HIGHWAYS AND STREETS:				
Personnel	\$ 184,000	\$ 184,000	\$ 142,360	\$ 41,640
Contractual Services	167,900	172,320	95,961	76,359
Commodities	110,100	112,450	39,397	73,053
Other Services and Charges	9,500	2,730	1,437	1,293
Capital Outlay	221,000	221,000	190,493	30,507
Total Expenditures	\$ 692,500	\$ 692,500	\$ 469,648	\$ 222,852
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	\$ (235,590)	\$ (235,590)	\$ (30,784)	\$ 204,806
 Beginning of Year Accruals				
Add: Accounts Payable at 4/1/15			\$ 9,707	
Less: Inventory 4/1/15			(29,103)	
Replacement Taxes Receivable 4/1/15			(13,604)	
 End of Year Accruals				
Add: Replacement Taxes Receivable at 3/31/16			\$ 10,527	
Inventory at 3/31/16			18,708	
Less: Accounts Payable at 3/31/16			(6,465)	
(Deficiency) of Revenues Over Expenditures - Modified Accrual Basis			\$ (41,014)	

TOWNSHIP OF ST. CLAIR, ILLINOIS
PERMANENT ROAD FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property Taxes	\$ 965,100	\$ 965,100	\$ 964,651	\$ (449)
Property Tax Increment Financing	1,000	1,000	901	(99)
Mobile Home Tax	2,500	2,500	2,160	(340)
Interest	1,500	1,500	1,043	(457)
Miscellaneous Income	100	100	192	92
Grant	-	-	-	-
Total Revenues	<u>\$ 970,200</u>	<u>\$ 970,200</u>	<u>\$ 968,947</u>	<u>\$ (1,253)</u>
EXPENDITURES - HIGHWAYS AND STREETS:				
Personnel	\$ 352,050	\$ 352,050	\$ 378,148	\$ (26,098)
Contractual Services	232,000	267,500	210,950	56,550
Commodities	50,000	60,000	44,873	15,127
Other Services and Charges	11,000	11,000	107	10,893
Road Improvements	<u>858,500</u>	<u>813,000</u>	<u>701,071</u>	<u>111,929</u>
Total Expenditures	<u>\$1,503,550</u>	<u>\$1,503,550</u>	<u>\$1,335,149</u>	<u>\$ 168,401</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (533,350)</u>	<u>\$ (533,350)</u>	<u>\$ (366,202)</u>	<u>\$ 167,148</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/15			\$ 56,810	
End of Year Accruals				
Less: Accounts Payable at 3/31/16			<u>(3,282)</u>	
(Deficiency) of Revenues Over Expenditures - Modified Accrual Basis			<u>\$ (312,674)</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2016

NOTE 1. BUDGETARY CONTROL

The Board of Trustees is required to adopt an annual budget and appropriation ordinance for the Township and Road District. The budgets are prepared utilizing the cash basis of accounting. The Township follows these procedures in establishing budgetary data reflected in the financial statements:

- a. The Township Supervisor prepares a tentative budget and appropriation ordinance for the Township and the Highway Commissioner prepares a tentative budget and appropriation ordinance for the Township Road District.
- b. A public notice of the tentative budget and appropriation ordinances is given at least 30 days prior to the public hearing and final action.
- c. A public hearing is held to receive taxpayer comments.
- d. The budget and appropriation ordinances are legally adopted by the Board of Trustees.
- e. The budget is incorporated into the accounting records of the Township.

The Board of Trustees is allowed to make transfers between the various expenditure items up to ten percent (10 percent) of the total amount appropriated. The annual appropriations lapse at the end of the fiscal year.

The Township budget and the Road District budget were adopted on April 6, 2015.

The Board of Trustees did amend the Township and Road District budgets by approving transfers between expenditure items for the year ended March 31, 2016, on December 15, 2015 and March 11, 2016.

ST. CLAIR TOWNSHIP
MULTIYEAR SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
LAST 10 CALENDAR YEARS
FOR THE YEAR ENDED MARCH 31, 2016

Calendar year ending December 31,	<u>2015</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 79,292
Interest on the Total Pension Liability	283,082
Benefit Changes	-
Difference between Expected and Actual Experience	(175,621)
Assumption Changes	-
Benefit Payments and Refunds	<u>(226,956)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	\$ (40,203)
Total Pension Liability - Beginning	<u>3,873,587</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>\$ 3,833,384</u>
PLAN FIDUCIARY NET POSITION	
Employer Contributions	\$ 105,604
Employee Contributions	31,715
Pension Plan Net Investment Income	15,415
Benefit Payments and Refunds	(226,956)
Other	<u>(26,875)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	\$ (101,097)
Plan Fiduciary Net Position - Beginning	<u>3,127,789</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>\$ 3,026,692</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	\$ 806,692
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.96%
Covered Valuation Payroll	\$ 697,059
Net Pension Liability as a Percentage of Covered Valuation Payroll	115.73%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to financial statements and independent auditor's report.

ST. CLAIR TOWNSHIP
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
LAST 10 CALENDAR YEARS
FOR THE YEAR ENDED MARCH 31, 2016

<u>CALENDAR YEAR ENDING DECEMBER 31,</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>COVERED PAYROLL VALUATION</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL</u>
2015	\$ 105,604	\$ 105,604	\$ -	\$ 697,059	15.15 %

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See notes to financial statements and independent auditor's report.

ST. CLAIR TOWNSHIP
NOTES TO SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE
FOR THE YEAR ENDED MARCH 31, 2016

VALUATION DATE:

Notes Actuarially 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 2015 CONTRIBUTION RATES:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public ACT 94-712 were financed over 23 years for most employees (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of legibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

See notes to financial statements and independent auditor's report.