

TOWNSHIP OF ST. CLAIR, ILLINOIS

UNIT CODE 088/170/01

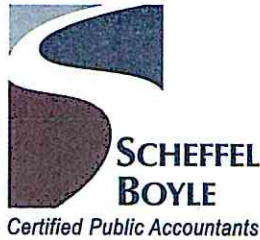
REPORT AND FINANCIAL REPORT

MARCH 31, 2018

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

INDEPENDENT AUDITOR'S REPORT

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, and each major fund, of the Township of St. Clair, Illinois as of and for the year ended March 31, 2018, 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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Basis for Qualified Opinions on the Governmental Activities, Business-Type Activities and Proprietary Fund Financial Statements

The Township has not recognized the other post-employment benefit (OPEB) expense or obligation which is required in accordance with accounting principles generally accepted in the United States of America and under Government Accounting Standards Board (GASB) Statement No. 45, to be recorded in the governmental activities, business-type activities and proprietary fund financial statements. The effects of that departure on the financial statements are not reasonably determinable. The Township has also not disclosed the descriptive information about the other post-employment benefits required by standards.

Qualified Opinion on the Governmental Activities, Business-Type Activities and Proprietary Fund Financial Statements

In our opinion, except for the missing recognition matter and disclosure matter described in the "Basis for Qualified Opinions on the Governmental Activities, Business-Type Activities and Proprietary Fund Financial Statements" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major proprietary fund of the Township of St. Clair, Illinois, as of March 31, 2018, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Township of St. Clair, Illinois, as of March 31, 2018, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 34-44 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.

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

Scheffel Boyle

Belleville, Illinois

August 1, 2018

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2018

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,635,130	\$ 3,270,048	\$ 4,905,178
Brokered Certificates of Deposit	-	1,749,554	1,749,554
Certificate of Deposit	-	250,000	250,000
Receivables (Net of Allowance for Doubtful Accounts)			
Taxes	1,600,799	-	1,600,799
Accounts	-	379,865	379,865
Due from St. Clair County	204,206	-	204,206
Inventory	18,648	-	18,648
Total Current Assets	<u>3,458,783</u>	<u>5,649,467</u>	<u>9,108,250</u>
NONCURRENT ASSETS:			
Capital Assets			
Land	40,146	98,550	138,696
Other Capital Assets, Net of Accumulated Depreciation	1,679,291	7,176,730	8,856,021
Total Noncurrent Assets	<u>1,719,437</u>	<u>7,275,280</u>	<u>8,994,717</u>
Total Assets	5,178,220	12,924,747	18,102,967
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows from Pension Contributions	65,361	56,195	121,556
Total Assets and Deferred Outflows of Resources	<u>5,243,581</u>	<u>12,980,942</u>	<u>18,224,523</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	38,933	213,774	252,707
Accrued Interest Payable	-	878	878
Notes Payable, Current	-	14,774	14,774
Other Liabilities	497	-	497
Total Current Liabilities	<u>39,430</u>	<u>229,426</u>	<u>268,856</u>
NONCURRENT LIABILITIES:			
Notes Payable, Noncurrent	-	227,388	227,388
Compensated Absences	21,338	19,650	40,988
Other Post Employment Benefit Obligation	85,874	201,807	287,681
Net Pension Liability	248,565	218,528	467,093
Total Noncurrent Liabilities	<u>355,777</u>	<u>667,373</u>	<u>1,023,150</u>
Total Liabilities	<u>395,207</u>	<u>896,799</u>	<u>1,292,006</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,586,057	-	1,586,057
Pension Related to Deferred Inflows	233,716	190,751	424,467
Total Deferred Inflows of Resources	<u>1,819,773</u>	<u>190,751</u>	<u>2,010,524</u>
NET POSITION			
Net Investment in Capital Assets	1,719,437	7,033,118	8,752,555
Restricted Net Position	1,443,316	-	1,443,316
Unrestricted Net Position	(134,152)	4,860,274	4,726,122
Total Net Position	<u>\$ 3,028,601</u>	<u>\$ 11,893,392</u>	<u>\$ 14,921,993</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET REVENUES, (EXPENSES), AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	BUSINESS-TYPE ACTIVITIES		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
General Government	\$ 164,374	\$ -	\$ -	\$ -	\$ (164,374)	\$ -	\$ (164,374)
Highways and Streets	1,771,140	-	-	1,059	(1,770,081)	-	(1,770,081)
Development Services	12,337	-	-	-	(12,337)	-	(12,337)
General Assistance	25,211	-	-	-	(25,211)	-	(25,211)
Culture and Recreation	65,369	-	-	39,327	(26,042)	-	(26,042)
Total Governmental Activities	2,038,431	-	-	40,386	(1,998,045)	-	(1,998,045)
Business-Type Activities							
Sewer	2,221,530	1,784,996	-	1,059	-	(435,475)	(435,475)
Total Business-Type Activities	2,221,530	1,784,996	-	1,059	-	(435,475)	(435,475)
Total	\$ 4,259,961	\$ 1,784,996	\$ -	\$ 41,445	(1,998,045)	(435,475)	(2,433,520)
General Revenues:							
Taxes							
Real Estate					1,582,590	-	1,582,590
Personal Property Replacement					68,075	-	68,075
Motor Fuel					73,792	-	73,792
Miscellaneous					6,671	1,314	7,985
Interest Income					17,277	42,794	60,071
Gain on Sale of Assets					-	2,298	2,298
Total General Revenues					1,748,405	46,406	1,794,811
Change in Net Position					(249,640)	(389,069)	(638,709)
Net Position, Beginning of Year					3,278,241	12,282,461	15,560,702
Net Position, End of Year					\$ 3,028,601	\$ 11,893,392	\$ 14,921,993

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2018

ASSETS	GENERAL	GENERAL ASSISTANCE	PARKS MAINTENANCE	ROAD & BRIDGE	PERMANENT ROAD	TOTALS
Cash and Cash Equivalents	\$ 389,197	\$ 91,437	\$ 178,126	\$ 575,070	\$ 401,300	\$ 1,635,130
Taxes Receivable	136,415	48,208	117,579	316,810	981,787	1,600,799
Due From Other Governments	-	-	-	204,206	-	204,206
Inventory	-	-	-	18,648	-	18,648
Total Assets	<u>\$ 525,612</u>	<u>\$ 139,645</u>	<u>\$ 295,705</u>	<u>\$ 1,114,734</u>	<u>\$ 1,383,087</u>	<u>\$ 3,458,783</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 3,446	\$ -	\$ 340	\$ 28,690	\$ 6,457	\$ 38,933
Other Liabilities	497	-	-	-	-	497
Total Liabilities	<u>3,943</u>	<u>-</u>	<u>340</u>	<u>28,690</u>	<u>6,457</u>	<u>39,430</u>
Deferred Inflows of Resources						
Unavailable Revenue -						
Property Taxes	<u>131,689</u>	<u>48,208</u>	<u>117,579</u>	<u>306,794</u>	<u>981,787</u>	<u>1,586,057</u>
Total Deferred Inflows of Resources	<u>131,689</u>	<u>48,208</u>	<u>117,579</u>	<u>306,794</u>	<u>981,787</u>	<u>1,586,057</u>
FUND BALANCES:						
Nonspendable						
Inventories	-	-	-	18,648	-	18,648
Restricted						
Special Revenue Funds	-	91,437	177,786	760,602	394,843	1,424,668
Unassigned						
General Fund	<u>389,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,980</u>
Total Fund Balances	<u>389,980</u>	<u>91,437</u>	<u>177,786</u>	<u>779,250</u>	<u>394,843</u>	<u>1,833,296</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 525,612</u>	<u>\$ 139,645</u>	<u>\$ 295,705</u>	<u>\$ 1,114,734</u>	<u>\$ 1,383,087</u>	<u>\$ 3,458,783</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, 2018

Total fund balance - total governmental funds	\$ 1,833,296
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets \$4,909,197, net of accumulated depreciation of \$3,189,760 are not financial resources and, therefore are not reported in the funds.	1,719,437
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)	65,361
Deferred inflows of resources (related to pensions)	(233,716)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(21,338)
Other post employment benefit obligation	(85,874)
Net pension liability	(248,565)
Net position of governmental activities	\$ 3,028,601

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, 2018

	GENERAL	GENERAL ASSISTANCE	PARKS MAINTENANCE	ROAD & BRIDGE	PERMANENT ROAD	TOTALS
REVENUES:						
Taxes						
Property	\$ 151,618	\$ 37,467	\$ 108,297	\$ 307,603	\$ 977,605	\$ 1,582,590
Personal Property Replacement	21,822	-	-	46,253	-	68,075
Motor Fuel	-	-	-	73,792	-	73,792
Interest	3,485	792	1,539	6,649	4,812	17,277
Grants	-	-	39,327	1,059	-	40,386
Miscellaneous	1,240	-	-	-	5,431	6,671
Total Revenues	<u>178,165</u>	<u>38,259</u>	<u>149,163</u>	<u>435,356</u>	<u>987,848</u>	<u>1,788,791</u>
EXPENDITURES:						
Current						
General Government	153,303	-	-	-	-	153,303
Highways and Streets	5,020	-	-	287,436	1,087,916	1,380,372
Development Services	12,337	-	-	-	-	12,337
General Assistance	-	25,210	-	-	-	25,210
Culture and Recreation	-	-	51,928	-	-	51,928
Capital Outlay	-	-	52,160	-	-	52,160
Total Expenditures	<u>170,660</u>	<u>25,210</u>	<u>104,088</u>	<u>287,436</u>	<u>1,087,916</u>	<u>1,675,310</u>
Excess (Deficiency) of Revenues Over Expenditures	7,505	13,049	45,075	147,920	(100,068)	113,481
Fund Balances, Beginning of Year	<u>382,475</u>	<u>78,388</u>	<u>132,711</u>	<u>631,330</u>	<u>494,911</u>	<u>1,719,815</u>
Fund Balances, End of Year	<u>\$ 389,980</u>	<u>\$ 91,437</u>	<u>\$ 177,786</u>	<u>\$ 779,250</u>	<u>\$ 394,843</u>	<u>\$ 1,833,296</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, 2018

Net change in fund balances - total governmental funds	\$ 113,481
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	52,160
Depreciation expense	(378,214)
Some income/expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as income/expenditures in governmental funds:	
Accrued compensated absences	(2,173)
Pension expense	<u>(34,894)</u>
Change in net position of governmental activities	<u>\$ (249,640)</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2018

ASSETS	<u>SEWERAGE ENTERPRISE FUND</u>
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 3,270,048
Brokered Certificates of Deposit	1,749,554
Certificates of Deposit	250,000
Receivables (Net of Allowance for Doubtful Accounts)	<u>379,865</u>
Total Current Assets	<u>5,649,467</u>
NONCURRENT ASSETS:	
Capital Assets	
Property, Plant and Equipment, (Net)	<u>7,275,280</u>
Total Assets	<u>12,924,747</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions	<u>56,195</u>
Total Assets and Deferred Outflows	<u>12,980,942</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	213,774
Notes Payable, Current	14,774
Accrued Interest Payable	<u>878</u>
Total Current Liabilities	<u>229,426</u>
NONCURRENT LIABILITIES:	
Notes Payable, Non-Current	227,388
Compensated Absences	19,650
Other Post Employment Benefit Obligation	201,807
Net Pension Liability	<u>218,528</u>
Total Non-Current Liabilities	<u>667,373</u>
Total Liabilities	<u>896,799</u>
DEFERRED INFLOWS OF RESOURCES:	
Pensions	<u>190,751</u>
NET POSITION	
Net Investment in Capital Assets	7,033,118
Unrestricted Net Position	<u>4,860,274</u>
Total Net Position	<u>\$ 11,893,392</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
YEAR ENDED MARCH 31, 2018

	<u>SEWERAGE ENTERPRISE FUND</u>
OPERATING REVENUES:	
Sewer Fees	\$ 1,784,996
Total Operating Revenue	<u>1,784,996</u>
OPERATING EXPENSES:	
Salaries and Wages	365,662
Bad Debt Expense	27,479
Depreciation	458,969
Engineering	41,258
Equipment Rental	854
IMRF	48,664
Insurance	68,196
Legal and Accounting	36,705
Maintenance Supplies	37,792
Office Expense	22,794
Payroll Taxes	31,091
Pension	28,046
Postage	9,797
Repairs and Maintenance	202,996
Sanitation Service	630,100
Uniform Rental	6,490
Utilities	201,526
Total Operating Expenses	<u>2,218,419</u>
Operating (Loss)	<u>(433,423)</u>
NON-OPERATING REVENUES AND EXPENSES:	
Interest Income	42,794
Interest Expense	(3,111)
Grant Revenue	1,059
Miscellaneous Revenue	1,314
Gain on Sale of Assets	2,298
Total Non-Operating Revenues and Expenses	<u>44,354</u>
Change in Net Position	(389,069)
Net Position, Beginning of Year	<u>12,282,461</u>
Net Position, End of Year	<u>\$ 11,893,392</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF ST. CLAIR, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2018

	<u>SEWERAGE ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts From Customers	\$ 1,776,767
Payments to Suppliers	(1,263,208)
Payments to Employees	(335,519)
Net Cash Provided by Operating Activities	<u>178,040</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal Paid on IEPA Note Payable	(14,591)
Interest Paid on IEPA Note Payable	(3,164)
Grant Revenue	1,059
Proceeds from Sale of Assets	9,450
Purchases of Capital Assets	(115,322)
Net Cash (Used) by Capital and Related Financing Activities	<u>(122,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Certificates of Deposit	(1,999,554)
Redemptions of Certificates of Deposit	1,000,921
Miscellaneous Receipts	1,314
Interest on Demand Deposits	42,794
Net Cash (Used) by Investing Activities	<u>(954,525)</u>
Net (Decrease) in Cash and Cash Equivalents	(899,053)
Balances - Beginning of the Year	<u>4,169,101</u>
Balances - End of the Year	<u>\$ 3,270,048</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (Loss)	\$ (433,423)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	458,969
Changes in Assets and Liabilities	
(Increase) in Accounts Receivable	(8,229)
Decrease in Deferred Outflows	18,021
Increase in Accounts Payable	130,580
Increase in Liability for Compensated Absences	2,098
(Decrease) in Net Pension Liability	(126,740)
Increase in Deferred Inflows	136,764
Net Cash Provided by Operating Activities	<u>\$ 178,040</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, 2018

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, 2018

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, 2018

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.

General Assistance Fund

General Assistance fund is used to account for the funds received and expended for the payment of assistance to various individuals.

Parks Maintenance Fund

Parks Maintenance fund is used to account for funds received and expended for maintenance and improvements to parks throughout the Township.

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 fund:

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 fund.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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 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, 2018, the allowance for doubtful accounts was \$40,000 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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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-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, 2018.

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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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.

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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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.

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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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.

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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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

The Township's cash and cash equivalents at March 31, 2018 consist of the following:

	CARRYING AMOUNT	BANK VALUE
Cash on Hand	\$ 200	\$ 200
Demand Deposits With Banks:		
Bank of Edwardsville	2,338,001	2,462,847
IL National Bank	1,436	1,000
Bank of Springfield	2,519,987	2,519,987
Barclays Bank	387	387
Sub-Total - Deposits With Banks	<u>4,860,011</u>	<u>4,984,421</u>
External Investment Pool:		
The Illinois Funds - Money Market Fund	45,167	45,168
	<u>\$ 4,905,178</u>	<u>\$ 5,029,589</u>

As of March 31, 2018, the Township had the following certificates of deposit:

<u>CERTIFICATES OF DEPOSIT</u>	Maturity	Value
Compass Bank	12/28/2018	\$ 250,000
KeyBank	6/28/2018	250,000
Mercantile Bank	7/6/2018	250,000
Wells Fargo	3/28/2019	249,649
Bank of Baroda	9/11/2018	249,638
City National Bank of Florida	10/5/2018	249,740
Bank of America	8/16/2018	246,519
Bank of China	8/16/2018	4,008
Sub-Total - Brokered Certificates of Deposit		<u>1,749,554</u>
Providence Bank	9/30/2018	250,000
Sub-Total - Bank-Held Certificates of Deposit		<u>250,000</u>
		<u>\$ 1,999,554</u>

The Illinois Funds is an external investment pool administered by the Illinois State Treasurer. Illinois National Bank 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".

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

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

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.

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, 2018, the reported amount on the Township's deposits was \$6,904,533 and the bank balance was \$7,028,943. Of the bank balance, \$2,796,109 was covered by federal depository insurance, \$1,962,847 was covered by collateral held by the pledging financial institution, and \$2,269,987 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. FAIR VALUE MEASUREMENT

Certificates of Deposit that are participating interest-earning investment contracts are subject to GASB 72, Fair Value Measurement and Application. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for the balances of the investments of the Township measure at fair value on a recurring basis as of March 31, 2018:

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 3. FAIR VALUE MEASUREMENT (CONT'D)

INVESTMENT BY FAIR VALUE	AMOUNT	FAIR VALUE MEASUREMENT USING:		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Brokered Certificate of Deposit	\$ 1,749,554	\$ -	\$ 1,749,554	\$ -

Level 1 Fair Value Measurements

The fair value for investments in this category is based on quoted prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value of the brokered certificates of deposit are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

Level 3 Fair Value Measurements

The fair value for investments in this category is based on unobservable inputs.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2018, 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	51,123	43,160	(94,283)	-
Total Capital Assets Not Being Depreciated	91,269	43,160	(94,283)	40,146
Capital Assets, Being Depreciated				
Land Improvements	95,913	-	-	95,913
Buildings and Improvements	120,302	-	-	120,302
Equipment	1,120,695	103,283	-	1,223,978
Infrastructure	3,428,858	-	-	3,428,858
Total Capital Assets Being Depreciated (Carried Forward)	\$ 4,765,768	\$ 103,283	\$ -	\$ 4,869,051

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 4. CAPITAL ASSETS (CONT'D)

	BALANCE AT BEGINNING OF FISCAL YEAR	ADDITIONS	RETIREMENTS	BALANCE AT END OF FISCAL YEAR
Total Capital Assets Being Depreciated (Brought Forward)	\$ 4,765,768	\$ 103,283	\$ -	\$ 4,869,051
Less Accumulated Depreciation for:				
Land Improvements	(53,395)	(4,796)	-	(58,191)
Buildings and Improvements	(15,873)	(3,508)	-	(19,381)
Equipment	(839,661)	(71,679)	-	(911,340)
Infrastructure	(1,902,617)	(298,231)	-	(2,200,848)
Total Accumulated Depreciation	(2,811,546)	(378,214)	-	(3,189,760)
Capital Assets, Being Depreciated, Net	1,954,222	(274,931)	-	1,679,291
Governmental Activities Capital Assets, Net	<u>\$ 2,045,491</u>	<u>\$ (231,771)</u>	<u>\$ (94,283)</u>	<u>\$ 1,719,437</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 98,550	\$ -	\$ -	\$ 98,550
Total Capital Assets Not Being Depreciated	98,550	-	-	98,550
Capital Assets Being Depreciated				
Land Improvements	79,086	19,023	-	98,109
Buildings and Improvements	1,262,337	-	-	1,262,337
Equipment	1,148,826	96,299	(8,835)	1,236,290
Sewerage System	16,913,220	-	-	16,913,220
Total Capital Assets Being Depreciated	19,403,469	115,322	(8,835)	19,509,956
Less Accumulated Depreciation for:				
Land and Improvements	(68,980)	(5,801)	-	(74,781)
Buildings and Improvements	(491,172)	(44,119)	-	(535,291)
Equipment	(935,045)	(66,412)	1,683	(999,774)
Sewerage System	(10,380,743)	(342,637)	-	(10,723,380)
Total Accumulated Depreciation	(11,875,940)	(458,969)	1,683	(12,333,226)
Capital Assets Being Depreciated, Net	7,527,529	(343,647)	(7,152)	7,176,730
Business-Type Activities Capital Assets, Net	<u>\$ 7,626,079</u>	<u>\$ (343,647)</u>	<u>\$ (7,152)</u>	<u>\$ 7,275,280</u>

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 4. 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	364,497
Culture and Recreation	13,442
Total Depreciation Expense - Governmental Activities	<u>\$ 378,214</u>

BUSINESS-TYPE ACTIVITIES:

Sewer	\$ 458,969
Total Depreciation Expense - Business-Type Activities	<u>\$ 458,969</u>

NOTE 5. LONG-TERM DEBT

The following is a summary of the change in long-term debt for the year ended March 31, 2018:

	BALANCE AT BEGINNING OF FISCAL YEAR	INCREASE	DECREASE	BALANCE AT END OF FISCAL YEAR	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
Compensated Absences	\$ 19,165	\$ 2,173	\$ -	\$ 21,338	\$ -
<u>Business-Type Activities</u>					
OPEB Obligation	201,807	-	-	201,807	-
Compensated Absences	17,552	2,098	-	19,650	-
Note Payable - IEPA	256,753	-	14,591	242,162	14,774
Total Long-Term Debt	<u>\$ 495,277</u>	<u>\$ 4,271</u>	<u>\$ 14,591</u>	<u>\$ 484,957</u>	<u>\$ 14,774</u>

The Township has debt service requirements at March 31, 2018, 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, 2018

NOTE 5. LONG-TERM DEBT (CONT'D)

The following is a schedule of maturities on this loan as of March 31, 2018:

PAYABLE DURING THE YEAR ENDED	NOTE PAYABLE - IEPA		
	TOTAL	PRINCIPAL	INTEREST
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	17,755	15,337	2,418
March 31, 2023	17,755	15,529	2,226
March 31, 2024 - March 31, 2028	88,775	80,616	8,159
March 31, 2029 - March 31, 2033	88,776	85,800	2,976
	<u>\$ 266,326</u>	<u>\$ 242,162</u>	<u>\$ 24,164</u>

NOTE 6. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. The Township and the Road district levied for 2016 property taxes on November 15, 2016. 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. 2016 property taxes were payable in two installments; June 29, 2017 and August 29, 2017.

NOTE 7. 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 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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 7. RETIREMENT FUND COMMITMENTS (CONT'D)

Benefits Provided - 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, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	13
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2
Active Plan Members	13
Total	28

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 2017 and 2018 was 13.71 percent and 14.04 percent, respectively. For the fiscal year ended March 31, 2018, the Township contributed \$106,796 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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 7. RETIREMENT FUND COMMITMENTS (CONT'D)

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.

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, 2017. 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, 2017 were as follows:

	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY/ (ASSET) (A) - (B)
Balances at December 31, 2016	\$ 3,945,771	\$ 3,194,253	\$ 751,518
Changes for the Year:			
Service Cost	82,531	-	82,531
Interest on the Total Pension Liability	291,212	-	291,212
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(12,206)	-	(12,206)
Changes of Assumptions	(115,275)	-	(115,275)
Contributions - Employer	-	101,356	(101,356)
Contributions - Employees	-	43,921	(43,921)
Net Investment Income	-	569,792	(569,792)
Benefit Payments, Including Refunds of Employee Contributions	(208,413)	(208,413)	-
Other (Net Transfer)	-	(184,382)	184,382
Net Changes	<u>37,849</u>	<u>322,274</u>	<u>(284,425)</u>
Balances at December 31, 2017	<u>\$ 3,983,620</u>	<u>\$ 3,516,527</u>	<u>\$ 467,093</u>

For the year ended March 31, 2018, the Township realized pension expense of \$169,736. At March 31, 2018, 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, 2018

NOTE 7. RETIREMENT FUND COMMITMENTS (CONT'D)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences Between Expected and Actual Experience	\$ -	\$ 56,183
Changes of Assumptions	-	96,680
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	94,687	271,604
Total Deferred Amounts to be Realized in Pension Expense in Future Periods	94,687	424,467
Township Contributions Made Subsequent to the Measurement Date	26,869	-
Total Deferred Amounts Related to Pensions	\$ 121,556	\$ 424,467

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
2018	\$ (100,786)
2019	(66,105)
2020	(94,988)
2021	(67,901)
Thereafter	-
Total	\$ (329,780)

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- 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 2.50 percent.
- *Salary Increases* were expected to be 3.39 percent to 14.25 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 2017 valuation pursuant to an experience study of the period 2014-2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 7. RETIREMENT FUND COMMITMENTS (CONT'D)

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

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>PROJECTED RETURNS/RISK</u>	
		<u>ONE YEAR ARITHMETRIC</u>	<u>TEN YEAR GEOMETRIC</u>
Equities	37.00 %	8.30 %	6.85 %
International Equities	18.00	8.45	6.75
Fixed Income	28.00	3.05	3.00
Real Estate	9.00	6.90	5.75
Alternatives	7.00		
Private Equity		12.45	7.35
Hedge Funds		5.35	5.05
Commodities		4.25	2.65
Cash Equivalents	1.00	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, 2018

NOTE 7. 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 3.78 percent, and the resulting single discount rate is 7.50 percent.

Sensitivity of the Township'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 7.50 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 (6.50%)	CURRENT DISCOUNT RATE (7.50%)	1% INCREASE (8.50%)
Net Pension Liability/(Asset)	\$ 924,921	\$ 467,093	\$ 92,920

NOTE 9. 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 April 30, 2020.

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, 2022.

NOTE 10. 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 of Swansea will bill these Township residents for this service at a rate of 1.3 times the Swansea resident rate. In addition, the Village of Swansea will bill the affected residents an additional \$7.34 which will be paid to the Township for upkeep of their sewer lines.

On May 24, 2016, the Township amended the transport fee to \$4.00 per month, which was previously \$7.34 per month.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 10. COMMITMENTS (CONT'D)

The term of the agreement is for 25 years commencing on March 1, 2015. In fiscal year ending March 31, 2018, the Township received \$139,854 and had an outstanding receivable of \$24,141 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, 2018 was \$491,135. Currently, the Township and City of Belleville are negotiating on changing the terms of the contract for future years.

Construction and Related Contracts

Subsequent to March 31, 2018, the Township entered into additional construction related contracts for road improvements of approximately \$587,809 and for sewer system improvements of approximately \$74,118.

NOTE 11. 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, 2018 was \$135,446. 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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 12. 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.

Legal Claims

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Township's financial statements.

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		FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
		ACCRUED LIABILITY (AAL) ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b-a)			
3/31/2018	\$ -	\$ 396,879	\$ 396,879	- %	\$ 666,613	59.54 %
3/31/2017	-	396,879	396,879	-	593,274	66.90
3/31/2016	-	385,743	385,743	-	573,541	67.26
3/31/2015	-	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, 2018

	<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	\$ 147,000	\$ 147,000	\$ 151,154	\$ 4,154
Personal Property Replacement Taxes	24,000	24,000	23,517	(483)
Property Tax Increment Financing	-	-	160	160
Mobile Home Tax	300	300	304	4
Newsletter Revenue	-	-	-	-
Sale of Assets	-	-	-	-
Reimbursement (Election Etc.)	2,000	2,000	1,240	(760)
Employee Sharing Revenue	900	900	-	(900)
Interest	1,200	1,200	3,485	2,285
Miscellaneous	-	-	-	-
Total Revenues	<u>175,400</u>	<u>175,400</u>	<u>179,860</u>	<u>4,460</u>
EXPENDITURES - GENERAL GOVERNMENT:				
Administration				
Personnel	178,000	178,000	133,708	44,292
Contractual Services	39,700	39,700	22,655	17,045
Commodities	2,000	2,000	330	1,670
Other Services and Charges	4,500	4,500	1,749	2,751
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Administration	<u>225,200</u>	<u>225,200</u>	<u>158,442</u>	<u>66,758</u>
Senior Citizens				
Contractual Services	14,000	14,000	12,337	1,663
Contingencies				
	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>240,200</u>	<u>240,200</u>	<u>170,779</u>	<u>69,421</u>
Sub-Total (Carried Forward)	<u>\$ (64,800)</u>	<u>\$ (64,800)</u>	<u>\$ 9,081</u>	<u>\$ 73,881</u>

TOWNSHIP OF ST. CLAIR, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2018

	<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)	\$ (64,800)	\$ (64,800)	\$ 9,081	\$ 73,881
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures - Budgetary Basis	\$ (64,800)	\$ (64,800)	9,081	\$ 73,881
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/17			2,993	
Less: Replacement Taxes Receivable at 4/1/17			(6,421)	
End of Year Accruals				
Add: Replacement Taxes Receivable 3/31/18			4,726	
Other Liabilities Adjustment at 3/31/18			573	
Less: Accounts Payable at 3/31/18			(3,447)	
Excess of Revenues and Other Financing Sources Over Expenditures - Modified Accrual Basis			\$ 7,505	

TOWNSHIP OF ST. CLAIR, ILLINOIS
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2018

	<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>
REVENUES:				
Property Taxes	\$ 41,000	\$ 41,000	\$ 37,351	\$ (3,649)
Property Tax Increment Financing	-	-	41	41
Mobile Home Tax	-	-	75	75
Interest	-	-	792	792
Miscellaneous Income	-	-	-	-
SSI Refunds	<u>1,000</u>	<u>1,000</u>	<u>2,450</u>	<u>1,450</u>
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>40,709</u>	<u>(1,291)</u>
EXPENDITURES - GENERAL ASSISTANCE:				
Personnel	16,000	12,470	-	12,470
Contractual Services	26,500	32,030	23,180	8,850
Commodities	10,300	8,300	4,503	3,797
Other Services and Charges	2,500	2,500	-	2,500
Capital Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>55,300</u>	<u>55,300</u>	<u>27,683</u>	<u>27,617</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (13,300)</u>	<u>\$ (13,300)</u>	13,026	<u>\$ 26,326</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/17			23	
End of Year Accruals				
Less: Accounts Payable at 3/31/18			<u>-</u>	
Excess of Revenues Over Expenditures - Modified Accrual Basis			<u>\$ 13,049</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
PARKS MAINTENANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2018

	<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>
REVENUES:				
Property Taxes	\$ 108,000	\$ 108,000	\$ 107,967	\$ (33)
Property Tax Increment Financing	-	-	113	113
Mobile Home Tax	-	-	217	217
Interest	300	300	1,539	1,239
Grant	<u>8,000</u>	<u>8,000</u>	<u>39,327</u>	<u>31,327</u>
Total Revenues	<u>116,300</u>	<u>116,300</u>	<u>149,163</u>	<u>32,863</u>
EXPENDITURES - PARKS MAINTENANCE:				
Personnel	25,000	25,000	-	25,000
Contractual Services	98,950	99,950	46,710	53,240
Commodities	8,500	8,500	5,346	3,154
Other Services and Charges	3,500	5,500	591	4,909
Capital Improvements	<u>68,000</u>	<u>65,000</u>	<u>52,160</u>	<u>12,840</u>
Total Expenditures	<u>203,950</u>	<u>203,950</u>	<u>104,807</u>	<u>99,143</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (87,650)</u>	<u>\$ (87,650)</u>	44,356	<u>\$ 132,006</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/17			1,059	
End of Year Accruals				
Less: Accounts Payable at 3/31/18			<u>(340)</u>	
Excess of Revenues Over Expenditures - Modified Accrual Basis			<u>\$ 45,075</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2018

	<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	\$ 309,000	\$ 309,000	\$ 306,423	\$ (2,577)
Personal Property Replacement Taxes	60,000	60,000	49,846	(10,154)
Property Tax Increment Financing	500	500	488	(12)
Mobile Home Tax	1,200	1,200	692	(508)
Motor Fuel Tax	80,000	80,000	73,792	(6,208)
Interest	1,200	1,200	6,649	5,449
Miscellaneous	-	-	-	-
Grant	-	-	-	-
Total Revenues	<u>451,900</u>	<u>451,900</u>	<u>437,890</u>	<u>(14,010)</u>
EXPENDITURES - HIGHWAYS AND STREETS:				
Personnel	170,000	170,000	112,134	57,866
Contractual Services	166,500	157,825	99,673	58,152
Commodities	91,400	121,400	60,249	61,151
Other Services and Charges	10,000	1,000	659	341
Capital Outlay	70,000	57,675	-	57,675
Total Expenditures	<u>507,900</u>	<u>507,900</u>	<u>272,715</u>	<u>235,185</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (56,000)</u>	<u>\$ (56,000)</u>	165,175	<u>\$ 221,175</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/17			10,817	
Less: Inventory 4/1/17			(14,436)	
Replacement Taxes Receivable 4/1/17			(13,609)	
End of Year Accruals				
Add: Replacement Taxes Receivable at 3/31/18			10,016	
Inventory at 3/31/18			18,648	
Less: Accounts Payable at 3/31/18			<u>(28,691)</u>	
Excess of Revenues Over Expenditures - Modified Accrual Basis			<u>\$ 147,920</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
PERMANENT ROAD FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2018

	<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	\$ 965,000	\$ 965,000	\$ 974,366	\$ 9,366
Property Tax Increment Financing	970	970	1,037	67
Mobile Home Tax	2,200	2,200	2,201	1
Interest	1,200	1,200	4,812	3,612
Miscellaneous Income	500	500	-	(500)
Grant	-	-	-	-
Total Revenues	<u>969,870</u>	<u>969,870</u>	<u>982,416</u>	<u>12,546</u>
EXPENDITURES - HIGHWAYS AND STREETS:				
Personnel	430,300	430,300	417,632	12,668
Contractual Services	222,000	202,000	99,022	102,978
Commodities	55,000	81,000	71,291	9,709
Other Services and Charges	11,000	5,000	-	5,000
Road Improvements	<u>625,000</u>	<u>625,000</u>	<u>535,144</u>	<u>89,856</u>
Total Expenditures	<u>1,343,300</u>	<u>1,343,300</u>	<u>1,123,089</u>	<u>220,211</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (373,430)</u>	<u>\$ (373,430)</u>	(140,673)	<u>\$ 232,757</u>
Beginning of Year Accruals				
Add: Accounts Payable at 4/1/17			47,062	
End of Year Accruals				
Less: Accounts Payable at 3/31/18			<u>(6,457)</u>	
(Deficiency) of Revenues Over Expenditures - Modified Accrual Basis			<u>\$ (100,068)</u>	

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2018

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 June 20, 2017.

The Board of Trustees amended the Township and Road District budgets by approving transfers between expenditure items throughout the year ended March 31, 2018.

TOWNSHIP OF ST. CLAIR, ILLINOIS
MULTIYEAR SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
LAST 10 CALENDAR YEARS

Calendar year ending December 31,	2017	2016	2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 82,531	\$ 89,966	\$ 79,292
Interest on the Total Pension Liability	291,212	281,121	283,082
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	(12,206)	(26,911)	(175,621)
Assumption Changes	(115,275)	(21,939)	-
Benefit Payments and Refunds	(208,413)	(209,850)	(226,956)
NET CHANGE IN TOTAL PENSION LIABILITY	37,849	112,387	(40,203)
Total Pension Liability - Beginning	3,945,771	3,833,384	3,873,587
TOTAL PENSION LIABILITY - ENDING (A)	3,983,620	3,945,771	3,833,384
PLAN FIDUCIARY NET POSITION			
Employer Contributions	101,356	111,490	105,604
Employee Contributions	43,921	30,874	31,715
Pension Plan Net Investment Income	569,792	210,769	15,415
Benefit Payments and Refunds	(208,413)	(209,850)	(226,956)
Other	(184,382)	24,278	(26,875)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	322,274	167,561	(101,097)
Plan Fiduciary Net Position - Beginning	3,194,253	3,026,692	3,127,789
PLAN FIDUCIARY NET POSITION - ENDING (B)	3,516,527	3,194,253	3,026,692
 Net Pension Liability/(Asset) - Ending (a)-(b)	 \$ 467,093	 \$ 751,518	 \$ 806,692
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 88.27%	 80.95%	 78.96%
Covered Valuation Payroll	\$ 739,284	\$ 686,085	\$ 697,059
Net Pension Liability as a Percentage of Covered Valuation Payroll	63.18%	109.54%	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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
LAST 10 CALENDAR YEARS

<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 %
2016	111,489	111,490	(1)	686,085	16.25
2017	101,356	101,356	-	739,284	13.71

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.

TOWNSHIP OF ST. CLAIR, ILLINOIS
NOTES TO SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2017 CONTRIBUTION RATE
FOR THE YEAR ENDED MARCH 31, 2018

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 2016 CONTRIBUTION RATES:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26-year closed period
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
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 2014 valuation pursuant to an experience study of 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 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 MO-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.

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



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

August 1, 2018

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of St. Clair, Illinois for the year ended March 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Township of St. Clair, Illinois are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental and proprietary financial statements were:

Management's estimate of the allowance for bad debt is based on historical experience. We evaluated the key factors and assumptions used to develop the allowance for bad debt in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation reserve is based on prescribed useful lives using straight-line depreciation. We evaluated the key factors and assumptions used to develop the depreciation reserve in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Net Pension Liability was based upon recommendations from their actuary. We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Plan Fiduciary Net Position of the Illinois Municipal Retirement Fund (IMRF) in Note 7 to the financial statements is premised on various assumptions. These assumptions may include a higher investment rate of return than the IMRF is able to generate in the short term.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The attached Schedule B summarizes the corrected misstatements of the financial statements (i.e. adjusting journal entries).

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated August 1, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township of St. Clair's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Township of St. Clair's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) on pages 35-44 that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fund statements, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Township of St. Clair, Illinois
August 1, 2018
Page 3

Restriction on Use

This information is intended solely for the information and use of the Supervisor, Members of the Board of Trustees, and management of Township of St. Clair, Illinois and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



SCHEFFEL BOYLE
Belleville, Illinois

Opinion Unit: Governmental Activities

Description (Nature) of Audit Difference	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Financial Statements Effect—Amount of Over (Under) Statement of:					Change in Fund Balance/ Net Position	
				Total Assets	Total Liabilities and Deferred Outflows	Working Cap.	Fund Balance/N et Position	Revenues		Expen.
Prepaid Insurance	F	Expensed when paid	5510.1	(4,892)	-	(4,892)	(4,892)	-	4,892	(4,892)
Total				(4,892)	-	(4,892)	(4,892)	-	4,892	(4,892)
Less audit adjustments subsequently booked										
Net unadjusted audit differences—this year				(4,892)	-	(4,892)	(4,892)	-	4,892	(4,892)
Effect of unadjusted audit differences—prior years						9,796			(9,796)	9,796
Total audit differences				(4,892)	-	4,904	(4,892)	-	(4,904)	4,904
Financial statement caption totals				5,264,560	2,214,980	3,440,332	3,049,580	1,748,405	1,977,066	-228,661
Net audit differences as % of F/S captions				-0.09%	0.00%	0.14%	-0.16%	0.00%	-0.25%	-2.14%

Opinion Unit: Business-Type Activities

Description (Nature) of Audit Difference	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Financial Statements Effect—Amount of Over (Under) Statement of:					Change in Fund Balance/ Net Position	
				Total Assets	Total Liabilities and Deferred Outflows	Working Cap.	Fund Balance/N et Position	Revenues		Expen.
Prepaid Insurance	F	Expensed when paid	5510.1	(6,588)	-	(6,588)	(6,588)	-	6,588	(6,588)
Total				(6,588)	-	(6,588)	(6,588)	-	6,588	(6,588)
Less audit adjustments subsequently booked										
Net unadjusted audit differences—this year				(6,588)	-	(6,588)	(6,588)	-	6,588	(6,588)
Effect of unadjusted audit differences—prior years						8,831			(8,831)	8,831
Total audit differences				(6,588)	-	2,243	(6,588)	-	(2,243)	2,243
Financial statement caption totals				12,980,943	1,087,551	5,442,942	11,893,392	1,828,849	2,217,918	-389,069
Net audit differences as % of F/S captions				-0.05%	0.00%	0.04%	-0.06%	0.00%	-0.10%	-0.58%

St. Clair Township
 Summary of Corrected Misstatements (i.e. Adjusting Journal Entries)
 March 31, 2018

Schedule B

Financial Statements Effect - Additions To (Reductions From) Unadjusted Balances

<u>Fund No.</u>	<u>Fund Description</u>	<u>Assets</u>	<u>Liabilities & Deferred Inflows</u>	<u>Working Capital</u>	<u>Equity</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Change In Net Assets</u>
1	General Town Fund	(21,653)	(20,078)	(1,575)	(1,575)	(1,695)	(120)	(1,575)
2	General Assistance Fund	10,735	10,712	23	23	0	(23)	23
3	Park Maintenance	9,260	8,542	718	718	0	(718)	718
4	Road & Bridge Fund	21,267	17,497	3,724	3,770	(2,489)	(6,259)	3,770
6	Permanent Road Fund	3,986	(36,619)	40,605	40,605	5,431	(35,174)	40,605
Total Governmental Activities		<u>23,595</u>	<u>(19,946)</u>	<u>43,495</u>	<u>43,541</u>	<u>1,247</u>	<u>(42,294)</u>	<u>43,541</u>
8	Sanitary Sewer Fund	(473,548)	128,692	(233,420)	(602,240)	(74,315)	527,925	(602,240)
Total Business-Type Activities		<u>(473,548)</u>	<u>128,692</u>	<u>(233,420)</u>	<u>(602,240)</u>	<u>(74,315)</u>	<u>527,925</u>	<u>(602,240)</u>



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

Supervisor and Board of Trustees
Township of St. Clair, Illinois
Swansea, Illinois

In planning and performing our audit of the financial statements of St. Clair Township as of and for the year ended March 31, 2018, in accordance with standards generally accepted in the United States of America, we considered St. Clair Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 1, 2018, on the financial statements of St. Clair Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

SCHEFFEL BOYLE
Belleville, Illinois

August 1, 2018

Inventory

During the fiscal year ended March 31, 2018, a large adjustment was needed to bring the general ledger inventory amount to the estimated physical quantity. We recommend that production reports be prepared to monitor inventory purchased and used in order to generate an accurate amount of inventory on hand at year end.

Inventory Fixed Assets

The Township has a significant investment in equipment items, and we recommend that controls be strengthened in this area. We recommend that periodic physical counts of property, especially removable equipment items, be taken and compared to the detailed fixed asset report. Affixing identifying tags with numbers as assigned in the detailed fixed asset report will aid in making this comparison. The added controls will do the following:

- Assist in planning for capital expenditures.
- Help determine accurate amounts and values of insurable assets.
- Help detect the loss or unauthorized use of valuable Township or Road district equipment.

Personal Expense Policy

To avoid employee abuse and unnecessary expenses, and to more accurately reflect the Township's operations in the financial statements, we recommend that written procedures be adopted to identify personal expenditures when they are incurred and to charge them back to the employees. The Township's expense reports already provide for employees to identify personal charges on business hours. The Township should carefully review supporting documentation for personal items as part of its expense recording procedures.

Securities Pledged for Deposits

The Township has an account with Bank of Springfield with a balance of \$2,519,986.55. FDIC Insurance only covers non-interest and interest bearing accounts up to \$250,000.00. Therefore, \$2,269,986.55 was not insured or collateralized by securities held by the bank as of March 31, 2018. This issue was fixed after we contacted the bank regarding our confirmation. We recommend that the township contact banks after they open an account to insure that the accounts are being properly collateralized.

Other Post-Employment Benefits

Per GASB 75, the Township is required to disclose certain information regarding its post-employment benefit plan. This disclosure requires actuarial calculations. We recommend that the Township obtains an actuarial valuation from an outside actuary firm to facilitate accurate financial reporting.

Memorandum
Township of St. Clair, Illinois
August 1, 2018
Page Two

Excess Fund Balances

The Township is required to keep fund balances below 2.5 times the 3 year average annual expenditure in each Fund, as established by State statute. As of March 31, 2018, the General Assistance Fund was allowed a maximum fund balance of \$74,591 based on average annual expenditures of \$29,836 over the last 3 years. The fund balance was \$91,437, or \$16,846 over the threshold. We recommend utilizing excess funds for current expenditures, or reducing the levy into the General Assistance Fund.