

Township of Downers Grove
Downers Grove, Illinois

Annual Financial Report

For the year ended
February 29, 2016

TOWNSHIP OF DOWNERS GROVE

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BLOOMINGDALE TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Township of Downers Grove
Downers Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downers Grove Township (the Township), as of and for the year ended February 29, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Downers Grove, as of February 29, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, during the year ended February 29, 2016. Statement No. 68 expands disclosures related to pensions and requires the Township to report a net pension liability in the statement of net position. The adoption of this statement had no effect on any of the Township's fund balances but increased the Township's governmental activities net position by \$62,402 as of March 1, 2015 as disclosed in note 12. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Klein Hall CPAs
Aurora, Illinois
May 20, 2016

Township of Downers Grove Management's Discussion and Analysis For the Year Ended February 29, 2016

The Management's Discussion and Analysis ("MD&A") is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. In this area Township of Downers Grove (the Township) presents its discussion and analysis of the Township's financial performance and provides an overall review of the Township's financial activities for the fiscal year-end February 29, 2016. The management of the Township encourages readers to consider the information presented herein in conjunction with the basis financial statements to enhance their understanding of the Township's financial performance.

General Background

Township of Downers Grove is a local unit of government established in 1832 to serve its residents. Today Township of Downers Grove serves approximately 140,000 residents. From its beginning Township of Downers Grove has been a fractional Township. The Township covers 54 square miles. Included in its borders are the villages of Downers Grove, Westmont, Darien, Hinsdale, Clarendon Hills, Willowbrook, Burr Ridge, and part of Woodridge, Oak Brook and unincorporated Lemont.

The Town Fund, General Assistance Fund and Road and Bridge Fund are the three major funds of the Township. These funds provide distinct and separate services to Township's residents.

The Town Fund supports, but is not limited to:

- The delivery of services to Township residents via human services programs.
- Assessor's department which includes taxpayer record information, assistance with exemption and appeals, property characteristics and classification, tax identification numbers to name a few.
- Transportation assistance for senior citizens and those with physical disabilities.
- Pest Control Service.

The General Assistance Fund supports, but is not limited to:

- Financial support for residents who have limited resources or none.
- Financial support for residents who are unemployed or disabled without any other forms of income.
- Emergency aid and assistance.

The Road and Bridge Fund support, but is not limited to:

- Paving, sealcoating and crack filling
- Patching
- Sidewalks, curbs and gutters
- Storm sewer maintenance
- Brush pickup program
- Wood chips
- Tree trimming and removal
- Ditch grading
- Traffic control signs
- Street signs
- Culver maintenance
- Snow and ice removal

Township of Downers Grove Management's Discussion and Analysis For the Year Ended February 29, 2016

Financial Highlights

Township of Downers Grove continues to operate under the restrictions of the Property Tax Extension Limitation Law (PTELL). The "tax caps" limit the annual growth of the Township's primary revenue source to the annual CPI index factor. The Township Board routinely monitors the receipt of revenue and disbursements of expenditures in order to ensure a balanced budget.

Primary effects on fiscal 2016 operating results include the following:

- The Township's total net position as of fiscal year end February 29, 2016 was \$22,690,368.
- The fund balances at the end of the fiscal year were \$4,498,566, which was comprised of \$2,441,805 Town Fund, \$287,427 General Assistance Fund, \$1,236,321 Road and Bridge Fund and \$533,013 of Nonmajor Governmental Funds.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations and in more detail than the government-wide statements.

The fund financial statements have the following two primary components.

- The governmental funds statements tell how basic services were financed in the short term, as well as what remains for future spending.
- The fiduciary funds statements provide information about the financial relationships in which the Township acts solely as trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The reader should refer to these notes for a better understanding of the overall financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

**Township of Downers Grove
 Management's Discussion and Analysis
 For the Year Ended February 29, 2016**

Figure A-1 summarizes the organization of the Township's financial statements, including the portion of the township's activities they cover and the types of information contained.

*Figure A-1
 Organization of Township of Downers Grove Annual Financial Report*

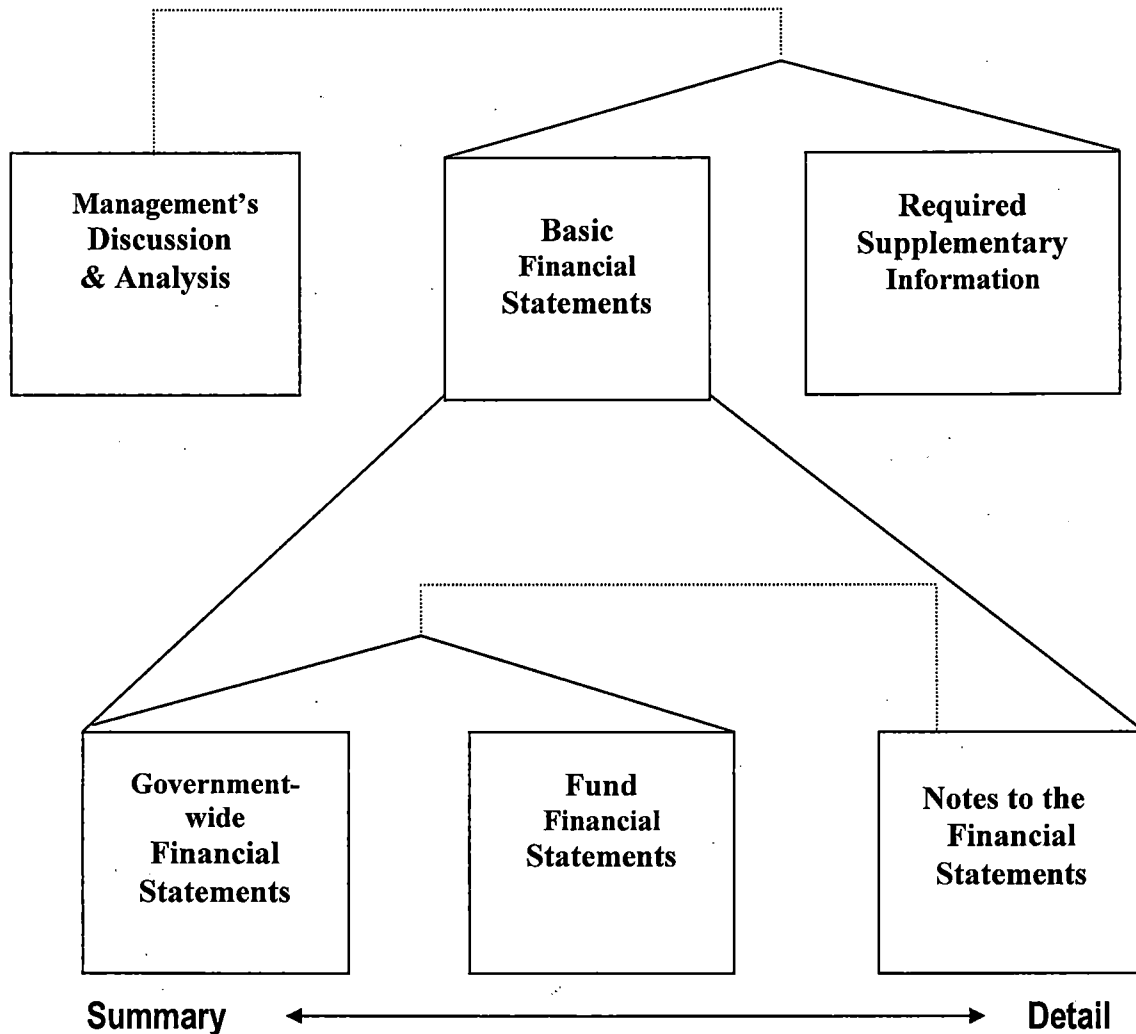


Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A and analysis highlights the structure and contents of each of the statements.

**Township of Downers Grove
Management's Discussion and Analysis
For the Year Ended February 29, 2016**

*Figure A-2
Major Features of the Government-wide and Fund Financial Statements*

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary, such as Town and General Assistance	Instances in which the Township administers resources on behalf of someone else, such as student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide financial statements

The Government-wide financial statements are designed to provide readers with a broad overview of the Township's financial position and operations as a whole, in a manner similar to a private-sector business.

The statement of net position presents information on the Township's current and non-current assets, liabilities and deferred inflows/outflows with the difference between them reported as net position, a concept similar to "equity" in enterprise financial statements.

The statement of activities presents information showing how the Township's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, on the accrual basis of accounting, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

Township of Downers Grove Management's Discussion and Analysis For the Year Ended February 29, 2016

Use of the Net Position concept is one way to measure the Township's financial health or position.

Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

- To assess the Township's overall financial health, consideration also needs to be given to other non-financial factors such as changes in the Township's property tax base, the condition of its facilities and other similar items.

In the Government-wide financial statements, the Township's activities are categorized as follows:

- *Governmental Activities* – Most of the Township's basic services such as transportation and administration are included. Property taxes and state grants finance most of these activities.

Fund-based Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This accounting presentation also provides information prepared on a consistent method with prior years to facilitate comparative analysis.

Governmental funds- These funds are used to account for essentially the same functions reported as governmental activities in the Township-wide financial statements. However, unlike the Township-wide financial statement, governmental fund financial statements focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out of Township operations and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term asset and debt focus of the Government-wide financial statement, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The financial content of the Government-wide financial statements differs from the financial content of the traditional fund based financial statements primarily due to:

- Use of the full accrual basis of accounting in the governmental-wide financial statements versus the modified accrual basis of accounting in the fund-based financial statements.
- Recognition in the government-wide financial statements of the cost and related current and accumulated depreciation of long-term assets.
- Recognition in the government-wide financial statements of the remaining liability for the principal payments due that are related to long-term debt obligations.

Governmental funds are further summarized by a Major funds category and a Non-Major funds category.

**Township of Downers Grove
Management's Discussion and Analysis
For the Year Ended February 29, 2016**

- The major funds of the Township include its General Town, General Assistance and Road and Bridge.

The major and non-major category determinations are made annually based on previously prescribed fund balance materiality criteria. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in the fund balances for the combined total governmental funds and for each summary category of funds.

The Township also adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate actual results compared with this budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund-based financial statements.

Other Information

In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary financial and statistical information concerning the Township's operations.

Government-Wide Financial Analysis

The following is a condensed summary of Net Position financial information as of February 29, 2016 and 2015.

Table 1 - Condensed Statement of Assets

	2016	2015
Current assets	\$ 9,189,018	\$ 8,267,879
Capital assets	18,651,443	18,921,736
Total assets	\$ 27,840,461	\$ 27,189,615
Deferred outflows	\$ 719,703	\$ -
Other liabilities	\$ 1,063,308	\$ 294,162
Deferred Inflows	\$ 4,806,488	\$ 4,606,329
Net position:		
Net investment in capital assets	\$ 18,651,443	\$ 18,921,736
Restricted	2,056,761	1,581,725
Unrestricted	1,982,164	1,785,663
Total net position	\$ 22,690,368	\$ 22,289,124

**Township of Downers Grove
Management's Discussion and Analysis
For the Year Ended February 29, 2016**

Net Position – The overall net position of the Township as of February 29, 2016 is \$22,690,368, with \$1,982,164 being unrestricted. The Township's current assets include \$4,145,231 of cash and cash equivalents.

Changes in Net Position – The following table provides a condensed government-wide summary of the changes in the net position of the Township for the 2016 and 2015 fiscal years. The fiscal year financial information is provided for total governmental activities.

Table 2 - Change in Net Position

	Governmental Activities 2016	Percentage of Total	Governmental Activities 2015	Percentage of Total
Revenues:				
Program revenue:				
Charges for Services	\$ 22,651	0.44%	\$ 23,038	0.46%
Grants & Contributions	115,393	2.23%	125,978	2.54%
General revenues:				
Property Taxes	4,615,806	89.28%	4,483,986	90.38%
Motor Fuel Taxes	104,640	2.02%	130,301	2.63%
Replacement Taxes	142,468	2.76%	128,812	2.60%
Investment Earnings	11,890	0.23%	9,293	0.19%
Other	157,006	3.04%	59,405	1.20%
Total Revenues	5,169,854	100.00%	4,960,813	100.00%
Expenses:				
General Government	2,110,915	43.70%	1,725,270	38.85%
Highways and Streets	2,236,704	46.30%	2,232,266	50.30%
Human Services	389,072	8.05%	395,876	8.92%
Health and Welfare (General Assistance)	73,406	1.52%	73,109	1.65%
Cemetery Maintenance	20,915	0.43%	11,800	0.28%
Total Expenses	4,831,012	100.00%	4,438,321	100.00%
Increase (decrease) in net position	338,842		522,492	
Net position, beginning of year	22,289,124		21,766,632	
Restatement	62,402		-	
Net position, end of year	\$ 22,690,368		\$ 22,289,124	

Revenues- The most substantial portion of Township revenues is derived from property taxes. This revenue source is limited by the State's "tax cap" methodology. In essence, the annual growth in Township property tax revenues is limited to the lower of 5% or the consumer price index. The

Township of Downers Grove Management's Discussion and Analysis For the Year Ended February 29, 2016

resulting total property tax revenues for fiscal year 2016 were \$4,615,806 or \$131,820 more than the previous year.

Total operating revenues for the 2016 fiscal year were \$5,169,854 or approximately 4.21% more than the prior year mainly due to increases in taxes and a gain on the sale of land.

Expenses- Total operating expenses for the 2016 fiscal year were \$4,831,012. Overall the Township maintained delivery of its desired and consistent level of quality programs in fiscal 2016. The increase in expenses for governmental activities is primarily due to the net pension expense.

Analysis of Major Funds

The General Town Fund balance as of February 29, 2016 was \$2,441,805, an increase of \$461,793 over the previous year.

The General Assistance and Road and Bridge Funds both experienced an improvement in fund balances for the year of \$85,814 and \$164,782, respectively.

General Town Fund Budgetary Highlights

Expenditures of the General Town Fund were \$423,219 less than budget. Revenues were \$3,076 less than budget, resulting in an overall positive variance of \$420,143 with budget before the effect of transfers and proceeds on the sale of capital assets.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following items that could significantly affect its future operations and related financial position:

- Increased cost to provide services, places an even greater pressure on the limited revenue sources available to the Township.
- Additional exploration of new supplemental revenues from grants and other funding sources will continue to be evaluated.
- In keeping with historic and continued sound fiscal management, the Township Board will continue to closely monitor and address budgetary expenditures in an attempt to minimize deficit spending and preserve the appropriate fund balance levels.

Request for Information

This financial report is designed to provide the Township's citizens, taxpayers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions regarding this report, or need additional financial information, contact the Township's Supervisor at (630) 719-6610.

TOWNSHIP OF DOWNERS GROVE

Statement of Net Position

February 29, 2016

Assets

Cash and Cash Equivalents	\$ 4,145,231
Receivables:	
Property Taxes	4,656,300
Replacement Taxes	7,377
Other	30,306
Due from Other Governments	349,804
Capital Assets not Being Depreciated	865,196
Capital Assets (Net of Depreciation)	<u>17,786,247</u>

Total Assets 27,840,461

Deferred Outflows

Deferred outflows related to pensions	<u>719,703</u>
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Liabilities

Accounts Payable	34,152
Compensated Absences Payable	152,684
Net Pension Liability	<u>876,472</u>

Total Liabilities 1,063,308

Deferred Inflows

Property taxes levied for subsequent year	4,656,300
Deferred inflows related to pensions	<u>150,188</u>

Total Deferred Inflows 4,806,488

Net Position

Net Investment in Capital Assets	18,651,443
Restricted	
General assistance programs	287,427
Road maintenance	1,400,867
Employee retirement	269,662
Risk management	98,805
Unrestricted	<u>1,982,164</u>

Total Net Position \$ 22,690,368

See Accompanying Notes to Financial Statements

TOWNSHIP OF DOWNERS GROVE

Statement of Activities

Year Ended February 29, 2016

Function/Program	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities					
General Government	\$ 2,110,915	\$ 15,051	\$ -	\$ -	\$ (2,095,864)
Highways and Streets	2,236,704	-	-	-	(2,236,704)
Human Services	389,072	-	115,393	-	(273,679)
Health and Welfare	73,406	-	-	-	(73,406)
Cemetery Maintenance	20,915	7,600	-	-	(13,315)
Total Governmental Activities	\$ 4,831,012	\$ 22,651	\$ 115,393	\$ -	(4,692,968)

General Revenues:

Property Taxes	4,615,806
Replacement Taxes	142,468
Motor Fuel Taxes	104,640
Investment Earnings	11,890
Other Sources	69,884
Gain on Sale of Assets	87,122

Total General Revenues 5,031,810

Change in Net Position 338,842

Net Position, Beginning of Year 22,289,124

Restatement 62,402

Net Position, Beginning of Year, Restated 22,351,526

Net Position, End of Year \$ 22,690,368

See Accompanying Notes to Financial Statements

TOWNSHIP OF DOWNERS GROVE

Balance Sheet

Governmental Funds

February 29, 2016

Assets	General (Town) Fund	General Assistance Fund
Cash and Cash Equivalents	\$ 2,419,873	\$ 287,427
Receivables		
Property Taxes	2,199,401	193,658
Replacement Taxes	3,673	-
Other	30,306	-
Due from Other Governments	-	-
Total Assets	\$ 4,653,253	\$ 481,085
Liabilities, Deferred Outflows of Resources, and Fund Balances		
Liabilities		
Accounts Payable	\$ 12,047	\$ -
Deferred Inflows of Resources		
Property taxes levied for subsequent year	2,199,401	193,658
Fund Balances		
Restricted		
General assistance programs	-	287,427
Road maintenance	-	-
Employee retirement	-	-
Risk management	-	-
Unassigned	2,441,805	-
Total Fund Balances	2,441,805	287,427
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,653,253	\$ 481,085

See Accompanying Notes to Financial Statements

Road and Bridge Fund	Nonmajor Governmental Funds	Total
\$ 1,254,722	\$ 183,209	\$ 4,145,231
2,111,081	152,160	4,656,300
3,704	-	7,377
-	-	30,306
-	349,804	349,804
<u>\$ 3,369,507</u>	<u>\$ 685,173</u>	<u>\$ 9,189,018</u>
\$ 22,105	\$ -	\$ 34,152
2,111,081	152,160	4,656,300
-	-	287,427
1,051,063	349,804	1,400,867
86,453	183,209	269,662
98,805	-	98,805
-	-	2,441,805
<u>1,236,321</u>	<u>533,013</u>	<u>4,498,566</u>
<u>\$ 3,369,507</u>	<u>\$ 685,173</u>	<u>\$ 9,189,018</u>

TOWNSHIP OF DOWNERS GROVE
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 Year Ended February 29, 2016

Total Fund Balance \$ 4,498,566

Amounts reported for governmental
 activities are different because:

Capital assets used in governmental activities are not financial resources,
 and therefore, are not reported in the funds. The cost of the assets is
 \$27,338,945 and the accumulated depreciation is \$8,687,502. 18,651,443

Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds.

Compensated absences	\$ (152,684)	
Net pension liability	<u>(876,472)</u>	(1,029,156)

Deferred inflows and outflows of resources related to pensions are
 not reported in the governmental funds.

Deferred outflows		719,703
Deferred inflows		<u>(150,188)</u>

Net Position of Governmental Activities \$ 22,690,368

TOWNSHIP OF DOWNERS GROVE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended February 29, 2016

	General (Town) Fund	General Assistance Fund
Revenues		
Property Taxes	\$ 2,148,726	\$ 158,698
Replacement Taxes	70,939	-
Motor Fuel Taxes	-	-
DHS Grant	115,393	-
Charges for Services	15,051	-
Interest	6,304	522
Other	1,246	-
Total Revenues	2,357,659	159,220
Expenditures		
Current Operating		
General Government	1,658,266	-
Highways and Streets	-	-
Human Services	392,190	-
Health and Welfare	-	73,406
Cemetery Maintenance	-	-
Total Expenditures	2,050,456	73,406
Excess (Deficiency) of Revenues over Expenditures	307,203	85,814
Other Financing Sources (Uses)		
Transfers in	8,968	-
Transfers out	-	-
Sale of capital assets	145,622	-
Total Other Financing Sources (Uses)	154,590	-
Net Change in Fund Balance	461,793	85,814
Fund Balance, Beginning of Year	1,980,012	201,613
Fund Balance, End of Year	\$ 2,441,805	\$ 287,427

See Accompanying Notes to Financial Statements

Road and Bridge Fund	Nonmajor Governmental Funds	Total
\$ 2,116,570	\$ 191,812	\$ 4,615,806
71,529	-	142,468
-	104,640	104,640
-	-	115,393
-	7,600	22,651
2,721	2,343	11,890
68,638	-	69,884
<u>2,259,458</u>	<u>306,395</u>	<u>5,082,732</u>
-	133,213	1,791,479
2,094,676	-	2,094,676
-	-	392,190
-	-	73,406
-	20,915	20,915
<u>2,094,676</u>	<u>154,128</u>	<u>4,372,666</u>
<u>164,782</u>	<u>152,267</u>	<u>710,066</u>
-	-	8,968
-	(8,968)	(8,968)
-	-	145,622
<u>-</u>	<u>(8,968)</u>	<u>145,622</u>
164,782	143,299	855,688
<u>1,071,539</u>	<u>389,714</u>	<u>3,642,878</u>
<u>\$ 1,236,321</u>	<u>\$ 533,013</u>	<u>\$ 4,498,566</u>

TOWNSHIP OF DOWNERS GROVE
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds to
 the Statement of Activities
 Year Ended February 29, 2016

Total Net Change in Fund Balance \$ 855,688

Amounts reported for governmental
 activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$ 63,783	
Depreciation Expense	<u>(275,576)</u>	(211,793)
Loss on disposal of capital assets		(58,500)

Some items reported on the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These activities consist of:

Change in compensated absences payable		59,709
Change in net pension liability		(842,572)
Change in deferred outflows/inflows related to pensions		<u>536,310</u>

Change in Net Position of Governmental Activities \$ 338,842

TOWNSHIP OF DOWNERS GROVE
Statement of Fiduciary Assets and Liabilities
Agency Fund
February 29, 2016

Assets	<u>Bond Escrow Fund</u>
Cash and Cash Equivalents	<u>\$ 409,304</u>
Total Assets	<u><u>\$ 409,304</u></u>
 Liabilities	
Due to Depositors	<u>\$ 409,304</u>
Total Liabilities	<u><u>\$ 409,304</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF DOWNERS GROVE

Notes to Financial Statements

February 29, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Downers Grove (the Township) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Principles Used to Determine the Scope of the Reporting Entity

The Township is located in DuPage County, Illinois. The Township is governed by an elected Board of Trustees. The Board of Trustees maintains final responsibility for all budgetary, taxing and debt matters.

The Township includes all funds of its governmental operations that are controlled by or dependent upon the Township as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the Township as there are no other organizations for which it has financial accountability.

Fund Accounting

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: Governmental and Fiduciary

Governmental funds are used to account for all or most of the Township's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities for the general government not accounted for in some other fund.

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals or private organizations. This fund accounts for assets held by the Township in a trustee capacity.

The following are the Township's governmental funds:

General Town Fund – The General Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those accounted for in another fund.

Special Revenue Funds

General Assistance Fund – The General Assistance Fund is used to account for revenues and expenditures for general and emergency assistance needs of Township residents.

General Road Fund – The General Road Fund is used to account for revenues and expenditures for the

TOWNSHIP OF DOWNERS GROVE

Notes to Financial Statements

February 29, 2016

maintenance and repair of Township roads.

IMRF Fund – The IMRF Fund is used to account for revenues and expenditures related to the retirement of Township employees.

Cemetery Fund – The Cemetery Fund is used to account for revenues and expenditures to maintain two Township cemeteries.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for revenues and expenditures for the repair of Township roads. The assets of this fund are held by DuPage County.

Fiduciary Fund – The Agency Funds (Bond Escrow and Expendable Trust) account for assets held by the Township in a Trustee capacity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the Township. The effect of material interfund activity has been eliminated from these statements. Governmental 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a fund liability is incurred.

TOWNSHIP OF DOWNERS GROVE

Notes to Financial Statements

February 29, 2016

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Capital Assets

Public domain property (Road & Bridges) and other capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than \$10,000. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>Useful Lives</u>
General Infrastructure	20 to 100 years
Buildings	50 years
Vehicles and Equipment	5 to 10 years

Depreciation is not provided on construction in progress until the project is completed and placed in service.

Compensated Absences

Employees are entitled to a portion of sick leave balances at termination. The estimated liabilities include salary-related payments. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

Use of Estimates

The presentation 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.

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

At February 29, 2016 the carrying amount of the Township’s deposits (excluding cash on hand of \$200), which included both cash and certificates of deposit, totaled \$4,554,335 and the bank balances totaled \$4,654,331. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may

TOWNSHIP OF DOWNERS GROVE

Notes to Financial Statements

February 29, 2016

not be returned to it. The government does not have a deposit policy for custodial credit risk. As of February 29, 2016, all bank deposits were either insured or collateralized.

NOTE 3. CAPITAL ASSETS

	Balance February 28, 2015	Additions	Deletions	Balance February 29, 2016
Capital assets, not being depreciated				
Land	\$ 923,696	\$ -	\$ 58,500	\$ 865,196
Total capital assets not being depreciated	923,696	-	58,500	865,196
Capital assets, being depreciated				
Buildings	650,828	-	-	650,828
Vehicles and equipment	1,365,582	55,783	49,795	1,371,570
General infrastructure	24,443,351	8,000	-	24,451,351
Total capital assets being depreciated	26,459,761	63,783	49,795	26,473,749
Accumulated depreciation for:				
Buildings	432,861	12,657	-	445,518
Vehicles and equipment	930,849	99,875	49,795	980,929
General infrastructure	7,098,011	163,044	-	7,261,055
Total accumulation depreciation	8,461,721	275,576	49,795	8,687,502
Total capital assets being depreciated, net	17,998,040	(211,793)	-	17,786,247
Total capital assets, net	\$ 18,921,736	\$ (211,793)	\$ 58,500	\$ 18,651,443

Depreciation expense of \$275,576 was charged to the Highways and Street function.

NOTE 4. RECEIVABLES –PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of Tax Levy Ordinance). The property tax levy was passed by the Board of Trustees on November 19, 2015. Tax bills are prepared by the County and issued on or about June 1 and September 1. The County collects such taxes and remits them periodically.

NOTE 5. 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; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.