



**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



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SUGAR GROVE, ILLINOIS
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SUGAR GROVE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Commissioners
Sugar Grove Park District
Sugar Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sugar Grove Park District, Sugar Grove, Illinois (the District), as of and for the year ended December 31, 2018 and the related notes to financial statements, which collectively comprise the District's basic financial statements.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 basic 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 the Sugar Grove Park District, Sugar Grove, Illinois as of December 31, 2018, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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 District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
April 1, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

SUGAR GROVE PARK DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

This discussion and analysis is intended to be an easily readable overview of the Sugar Grove Park District’s financial activities for the year ended December 31, 2018, based on currently-known facts, decisions and conditions. This analysis focuses on current year activities and operations and should be read in combination with the basic financial statements that follow this document.

The Management’s Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No.34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

The change in total net position of the District was an increase of \$269,948.

Total governmental funds reported an end-of-year fund balance of \$1,570,743, which represents an overall decrease of \$348,451. Expenditures exceeded revenues by \$14,130 in the general fund; and expenditures exceeded revenues by \$349,689 in the recreation fund.

USING THE ANNUAL REPORT/REPORT LAYOUT

Besides the MD&A, the report consists of government-wide statements, fund financial statement and notes to the financial statements.

The government-wide statements are highly condensed and present information about the Park District’s finances and operations as a whole, with a longer-term view. Within this view, all District operations are categorized and reported as governmental activities.

The fund financial statements tell how we financed our governmental activities in the short-term, as well as what remains for future spending. The fund financial statements also report the Park District’s operations in more detail than the government-wide financial statements by providing information about the Park District’s major funds.

REPORTING THE PARK DISTRICT AS A WHOLE

The analysis of the Park District as a whole begins on page 3. One of the most important questions asked about the Park District is, “Is the Park District better off or worse off financially as a result of the year’s activities?” The Statement of Net Position and The Statement of Activities provide the basis for answering this question. The statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all the current year’s revenues and expenses regardless of when cash is received or paid.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting net position of the Park District's governmental activities. Governmental activities reflect capital assets and long-term liabilities.

Net position, the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources, provide a measure of the District's financial strength, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or the condition of parks to accurately assess the overall health of the District.

Statement of Activities

The Statement of Activities presents expenses of major programs (functions) and matches direct program revenues with each. To the extent that direct charges and grants do not recover a program's cost, it is paid from general taxes and other resources. The statement simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

REPORTING THE PARK DISTRICT'S MOST SIGNIFICANT FUNDS

The analysis of the Park District's major funds begins on page 5. These statements reinforce information in the government-wide financial statements or provide additional information. The District's major funds are presented in a separate column in the fund financial statements and the remaining funds are combined into a column titled "Non-Major Governmental Funds." For each major special revenue fund, a Budgetary Comparison Statement is also presented. Users who want to obtain information on non-major funds can find it in the Combining and Individual Fund Financial Statements and Schedules section of the Annual Financial Report (AFR).

All of the Park District's activities are reported in governmental funds, which focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Park District's general government operations and the basis services it provides. Governmental activities include recreation and general governmental administration. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

THE PARK DISTRICT AS A WHOLE GOVERNMENT-WIDE FINANCIAL STATEMENT

A condensed version of the Statement of Net Position at December 31, 2018 with a comparison to 2017 follows:

Table 1
Net Position at December 31, 2018
(in thousands)

	<u>2017</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 2,881	\$ 2,584
Capital assets	<u>7,121</u>	<u>7,734</u>
Total Assets	10,002	10,318
Deferred Outflows of Resources:		
	<u>71</u>	<u>77</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 10,073</u>	<u>\$ 10,395</u>
Liabilities:		
Current and other liabilities	\$ 238	\$ 228
Total liabilities	<u>238</u>	<u>228</u>
Deferred Inflows of Resources:		
Unearned property tax revenue	<u>921</u>	<u>983</u>
Total Deferred Inflows of Resources	921	983
Total Liabilities and Deferred Inflows of Resource	<u>\$ 1,159</u>	<u>\$ 1,211</u>
Net Position:		
Net investment in capital assets	\$ 7,121	\$ 7,735
Restricted for specific purposes	142	157
Unrestricted	<u>1,651</u>	<u>1,292</u>
Total Net Position	<u>\$ 8,914</u>	<u>\$ 9,184</u>

The governmental activities end-of-year total net position of \$9.18 million reflects an increase of \$269,948 from the beginning year's net position. There are restrictions on \$157,470 of net position for governmental activities. These restrictions represent legal or contractual obligations on how the assets may be expended, specifically for audit, special recreation, IMRF, social security and liability insurance.

A summary of changes in net position with a comparison to 2017 follows:

Table 2
Governmental Activities
Changes in Net Position
For the fiscal year ending December 31, 2018

	<u>2017</u>	<u>2018</u>
Revenues		
Program Revenues:		
Charges for services	\$ 546,677	\$ 538,259
General Revenues:		
Taxes	852,118	877,126
Investment Income	1,041	5,184
Contributions – Land/Cash	12,540	38,563
Miscellaneous	<u> -</u>	<u> 1,901</u>
Total Revenues	<u>\$ 1,412,376</u>	<u>\$ 1,461,033</u>
Expenses		
Program Expenses:		
General Government	\$ 325,900	\$ 333,013
Recreation	<u>922,992</u>	<u>858,072</u>
Total Expenses	<u>\$ 1,248,892</u>	<u>\$ 1,191,085</u>
Change in Net Position	<u>\$ 163,484</u>	<u>\$ 269,948</u>

The cost of all governmental activities this year was \$1,191,085. Revenues to fund these activities included \$538,259 from those who directly benefited from or contributed to the programs, and \$877,126 financed through taxes. Revenue also included interest, other governmental revenue and miscellaneous income, which totaled \$45,648.

THE PARK DISTRICT'S FUNDS

As indicated earlier, the Park District's governmental funds are accounted for on the modified accrual basis of accounting. Governmental funds reported a combined total of \$1,461,033 of revenues and \$1,809,484 in expenditures. The resulting combined decrease in the fund balance of all governmental funds at December 31, 2018 was \$348,451. The combined fund balance of all governmental funds at December 31, 2018 was \$1,570,743. This decrease was the result of the purchase of the land at the Sugar Grove Sports Complex.

GENERAL FUND BUDGETING HIGHLIGHTS

Total revenue of \$383,959 was over budget by \$13,947. Expenditures were \$398,089; \$135,911 under budget. The General Fund had a net decrease in fund balance of \$14,130. This activity resulted in a December 31, 2018 fund balance of \$447,668.

RECREATION FUND BUDGETING HIGHLIGHTS

Total revenue of \$873,986 was over budget by \$137,858. Expenditures of \$1,223,675 were over budget by \$1,675.

The Recreation Fund had a net decrease in fund balance of \$349,689. This activity resulted in a December 31, 2018 fund balance of \$965,605. This decrease was the result of the purchase of the land at the Sugar Grove Sports Complex, as previously noted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the District has approximately \$7.7 million in capital assets (net of accumulated depreciation), as reflected in the following table. Additional capital asset information can be found in Note 4 to the financial statements.

Table 3
Capital Assets (net of depreciation)
at December 31, 2018
(in thousands)

	Governmental <u>Activities</u>
Land	\$ 6,095
Land and improvements	1,380
Buildings	979
Equipment	956
Vehicles	92
Accumulated depreciation	<u>(1,767)</u>
Net Capital Assets	<u>\$ 7,735</u>

NEXT YEAR'S BUDGET AND RATES

The 2019 fiscal year total budget is \$1,404,000. The 2017 tax rate was .199. The 2018 rate is projected to stay the same. The Park District's EAV is estimated to grow somewhat to \$465 million.

Included in the 2019 total budget are planned capital expenditures of \$223,500. The capital budget includes major projects such as:

- Turf improvement
- Baseball/softball infield and fencing improvements
- General parks improvements

DECISIONS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

Many trends and economic factors can affect the future operations of the Park District. These factors which are considered during budgeting and long-range planning include:

- A tax rate that is 1/3 to 1/4 of most park districts
- The continuing negative effect of the tax cap on property tax revenue
- Rising group health insurance costs
- Growth of the community
- Demand for parks and facilities

FINANCIAL CONTACT

The District's financial statements are designed to provide a general overview of the District's finance's and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Administrative Office at the Repede Center, 61 S. Main Street, Sugar Grove, IL 60554.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,651,590
Property taxes receivable (net, where applicable, of allowances for uncollectibles)	930,000
Other receivables	1,200
Interest receivable	871
Capital assets not being depreciated	6,095,444
Capital assets being depreciated (net of accumulated depreciation)	1,639,135
Total assets	10,318,240
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	76,871
Total deferred outflows of resources	76,871
Total assets and deferred outflows of resources	10,395,111
LIABILITIES	
Accounts payable and accrued liabilities	4,040
Accrued payroll	10,046
Unearned program revenue	68,832
Long-term liabilities	
Due in more than one year	145,490
Total liabilities	228,408
DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	930,000
Pension items - IMRF	52,638
Total deferred inflows of resources	982,638
Total liabilities and deferred inflows of resources	1,211,046
NET POSITION	
Net investment in capital assets	7,734,579
Restricted for	
Specific purposes	157,470
Unrestricted	1,292,016
TOTAL NET POSITION	\$ 9,184,065

See accompanying notes to financial statements.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General	Recreation	Special Recreation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
ASSETS					
Cash and investments	\$ 453,075	\$ 1,039,618	\$ 104,984	\$ 53,913	\$ 1,651,590
Property taxes receivable (net, where applicable, of allowances for uncollectibles)	363,000	360,000	90,000	117,000	930,000
Other receivables	-	1,200	-	-	1,200
Interest receivable	-	871	-	-	871
TOTAL ASSETS	\$ 816,075	\$ 1,401,689	\$ 194,984	\$ 170,913	\$ 2,583,661
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,993	\$ 2,047	\$ -	\$ -	\$ 4,040
Accrued payroll	3,414	5,205	-	1,427	10,046
Unearned program revenue	-	68,832	-	-	68,832
Total liabilities	5,407	76,084	-	1,427	82,918
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	363,000	360,000	90,000	117,000	930,000
Total deferred inflows of resources	363,000	360,000	90,000	117,000	930,000
Total liabilities and deferred inflows of resources	368,407	436,084	90,000	118,427	1,012,918
FUND BALANCES					
Restricted for specific purposes	-	-	104,984	52,486	157,470
Unrestricted					
Assigned for recreation purposes	-	965,605	-	-	965,605
Unassigned	447,668	-	-	-	447,668
Total fund balances	447,668	965,605	104,984	52,486	1,570,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 816,075	\$ 1,401,689	\$ 194,984	\$ 170,913	\$ 2,583,661

See accompanying notes to financial statements.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,570,743
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,734,579
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(145,490)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date are recognized as deferred outflows and inflows of resources on the statement of net position	
Illinois Municipal Retirement Fund	<u>24,233</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,184,065</u></u>

See accompanying notes to financial statements.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	General	Recreation	Special Recreation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 339,182	\$ 334,856	\$ 89,848	\$ 113,240	\$ 877,126
Charges for services	-	526,009	-	-	526,009
Rental income	-	12,250	-	-	12,250
Land cash	38,563	-	-	-	38,563
Investment income	4,313	871	-	-	5,184
Miscellaneous	1,901	-	-	-	1,901
Total revenues	383,959	873,986	89,848	113,240	1,461,033
EXPENDITURES					
Current					
General government	291,903	-	-	38,253	330,156
Recreation	-	588,021	80,727	68,740	737,488
Capital outlay	106,186	635,654	-	-	741,840
Total expenditures	398,089	1,223,675	80,727	106,993	1,809,484
NET CHANGE IN FUND BALANCES	(14,130)	(349,689)	9,121	6,247	(348,451)
FUND BALANCES, JANUARY 1	461,798	1,315,294	95,863	46,239	1,919,194
FUND BALANCES, DECEMBER 31	\$ 447,668	\$ 965,605	\$ 104,984	\$ 52,486	\$ 1,570,743

See accompanying notes to financial statements.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (348,451)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	737,717
Depreciation on capital assets is reported as an expense in the statement of activities	(124,382)
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	34,320
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	<u>(29,256)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 269,948</u></u>

See accompanying notes to financial statements.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sugar Grove Park District, Sugar Grove, Illinois (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 District's accounting policies are described below.

a. Financial Reporting Entity

The District is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The District is considered to be a primary government as defined by GASB Statement No. 14 and No. 61, since it is legally separate and fiscally independent. The District operates under the commissioner-director form of government (an elected board of five commissioners) and provides a variety of recreational facilities, programs and services. The District (primary government) includes all funds of its governmental operations and its component units based on financial accountability. Financial accountability includes appointment of the District's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no other organizations for which it has financial accountability.

b. Fund Accounting

The District uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District's funds are classified into the following category: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a district's general activities. The General (Corporate) Fund is the primary operating fund; accounting for all financial resources not accounted for in another fund. Special revenue funds account for revenue sources that are legally restricted or committed for specific purposes (except for capital projects funds). Debt service funds account for the servicing of

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

bonded general long-term debt using funds restricted, committed or assigned for debt service. Capital projects funds account for funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund.

The District has no proprietary or fiduciary funds.

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 of the activities of the District. 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 user fees and charges for support. The District does not report any business-type activities.

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 revenues 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 contributions 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. Contributions of land by developers under land/cash ordinances are reported as capital grants and contributions on the statement of activities.

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

The District reports the following major governmental funds:

The General Fund accounts for the resources traditionally associated with local government, except those accounted for in another fund. Included in these services are general administration and risk management.

The Recreation Fund accounts for the operations of the District's recreational programs and park maintenance. Financing is provided from an annual restricted property tax levy and fees charged for programs and activities.

The Special Recreation Fund accounts for the operations of the District's special recreational programs run through the Fox Valley Special Recreation District. Financing is provided from a restricted annual property tax levy.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 are recorded when earned and expenses 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The District recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related liability is incurred. Principal and interest on general long-term debt are recorded as expenditures become due.

Those revenues susceptible to accrual are property taxes, interest revenue and charges for services.

The District reports unavailable, deferred and unearned revenue on its financial statements. Unavailable and deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period for governmental funds or earned at the government-wide level. Unearned revenues arise when resources are received by the government before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the government has a legal claim to the resources by meeting all eligibility requirements, the liability or deferred inflows for unavailable, deferred or unearned revenue is removed from the financial statements and revenue is recognized.

e. Property Taxes

The District’s property taxes are required to be levied by ordinance. A certified copy of the levy ordinance must be filed with the county clerk no later than the last Tuesday in December of each year. Taxes are due and collectible one-half in June and one-half in September of the following year. Property taxes attach as an enforceable lien on property as of January 1.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit, if any, are reported at cost. The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District held no investments to measure at fair value at December 31, 2018.

g. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., bike trails, paths, roads, bridges and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings	20-50
Machinery and equipment	5-20
Vehicles	8

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Long-Term Obligations (Continued)

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

i. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave, since it is the District's policy to record the cost of sick leave only when used as it does not vest or accumulate, nor is it paid upon termination and/or retirement.

Vested or accumulated vacation and compensatory leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation and compensatory leave of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees. Unused vacation lapses at year end unless special permission is given by the District's director. No vacation was carried over at December 31, 2018 and, therefore, there is no liability for compensated absences at December 31, 2018.

j. Net Position/Fund Balance

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance results from enabling legislation adopted by the District. Committed fund balance is constrained by formal actions of the District's Board of Commissioners, which is considered the District's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Commissioners. Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the director by the District's Board of Commissioners. Any residual fund balance of the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Net Position/Fund Balance (Continued)

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the District considers committed funds to be expended first followed by assigned and then unassigned funds.

The District has not established fund balance reserve policies in its General Fund. The special revenue funds do not have established fund balance limits due to the nature of the transactions accounted for in these funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the District. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

k. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

l. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

m. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Deferred Outflows/Inflows of Resources (Continued)

future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

2. EQUITY

Restricted for Specific Purposes

Restrictions of fund balance on the fund financial statements and restrictions of net position on the government-wide financial statements for specific purposes are detailed below.

**RESTRICTED FUND BALANCE/RESTRICTED NET POSITION
FOR SPECIFIC PURPOSE**

Special recreation	\$ 104,984
Audit	5,399
Illinois Municipal Retirement Fund	17,235
Liability insurance	13,177
Social Security	<u>16,675</u>
TOTAL	<u>\$ 157,470</u>

3. CASH AND INVESTMENTS

The District maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments."

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CASH AND INVESTMENTS (Continued)

a. Permitted Deposits and Investments

ILCS and the District's investment policy authorize the District to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, municipal bonds, investment-grade corporate bonds and The Illinois Funds. Investments in derivative securities are not permitted.

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

b. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral, at least equal to 110% of the uninsured balance, held by an independent third party in the District's name.

c. Investments

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay it par value upon maturity, by primarily investing in certificates of deposit.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the District's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by the District or third party acting as the District's agent separate from where the investment was purchased.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 5,459,790	\$ 635,654	\$ -	\$ 6,095,444
Total capital assets not being depreciated	5,459,790	635,654	-	6,095,444
Capital assets being depreciated				
Land improvements	1,343,057	36,985	-	1,380,042
Buildings	978,514	-	-	978,514
Machinery and equipment	955,457	44,762	44,164	956,055
Vehicles	71,460	20,316	-	91,776
Total capital assets being depreciated	3,348,488	102,063	44,164	3,406,387
Less accumulated depreciation for				
Land improvements	\$ 462,859	\$ 59,825	\$ -	\$ 522,684
Buildings	384,549	20,961	-	405,510
Machinery and equipment	794,441	37,855	44,164	788,132
Vehicles	45,185	5,741	-	50,926
Total accumulated depreciation	1,687,034	124,382	44,164	1,767,252
Total capital assets being depreciated, net	1,661,454	(22,319)	-	1,639,135
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 7,121,244	\$ 613,335	-	\$ 7,734,579

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

GOVERNMENTAL ACTIVITIES	
Recreation	\$ 124,382
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 124,382

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT

The District is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health; injuries to employees and net income losses. Since 2003, the District has been a member of the Park District Risk Management Agency (PDRMA), a risk management pool of park and forest preserve districts, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. PDRMA provides various levels of insurance levels for the different policies provided. Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the District.

As a member of PDRMA, the District is represented on the Membership Assembly and is entitled to one vote. The relationship between the District and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the District's governing body. The District is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigation and settlement and to follow risk management procedures as outlined by PDRMA.

Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

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

Since 92% of PDRMA's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the member balances are adjusted annually as more recent loss information becomes available.

Since 2003, the District became a member of the PDRMA Health Program, a health insurance pool of park districts, special recreation associations and public service organizations through which medical, vision, dental, life and prescription drug coverages are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over \$250,000. Until January 1, 2001, the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

Members can choose to provide any combination of coverages available to their employees, and pay premiums accordingly.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

As a member of the PDRMA Health Program, the District is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote. The relationship between the member agency and the PDRMA Health Program is governed by a contract and by-laws that have been adopted by resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health Program upon dissolution of the pool. They will share in any surplus of the pool based on a decision of the Health Program Council.

Complete financial statements for PDRMA can be obtained from PDRMA's administration offices at 2033 Burlington Avenue, Lisle, Illinois 60189.

6. FOX VALLEY SPECIAL RECREATION ASSOCIATION

The District and five other park districts have entered into a joint agreement to provide cooperative recreational programs and other activities for handicapped and impaired individuals. Each agency shares equally in the Fox Valley Special Recreation Association (the Association) and generally provides funding based on up to \$.04 cents per \$100 of its equalized assessed valuation. The District contributed \$72,740 to the Association during the current fiscal year.

The District does not have a direct financial interest in the Association, a jointly governed organization and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Association, the assets, if any, shall be distributed to another joint agreement entity or may be divided between the members in accordance with an equitable formula, as determined by a unanimous vote of the Board of Directors of the Association.

Complete financial statements for the Association can be obtained from the Association's administrative offices at 2121 W. Indian Trail, Aurora, Illinois 60506.

7. EMPLOYEE RETIREMENT SYSTEMS

The District's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2017 (most recent available), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>6</u>
 TOTAL	 <u><u>10</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. 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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual covered salary to IMRF. The District is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended December 31, 2018 was 11.13% of covered payroll.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Aggregate entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2018 and 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 718,566	\$ 538,756	\$ 179,810
Changes for the period			
Service cost	28,686	-	28,686
Interest	54,650	-	54,650
Difference between expected and actual experience	29,046	-	29,046
Assumption changes	(21,176)	-	(21,176)
Employer contributions	-	30,893	(30,893)
Employee contributions	-	12,731	(12,731)
Net investment income	-	87,539	(87,539)
Benefit payments and refunds	(8,492)	(8,492)	-
Other (net transfer)	-	(5,637)	5,637
Net changes	82,714	117,034	(34,320)
BALANCES AT DECEMBER 31, 2017	\$ 801,280	\$ 655,790	\$ 145,490

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the District recognized pension expense of \$5,064. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,044	\$ 12,787
Changes in assumption	10,960	19,081
Net difference between projected and actual earnings on pension plan investments	-	20,770
Contributions subsequent to measurement date	39,867	-
	<hr/>	<hr/>
TOTAL	\$ 76,871	\$ 52,638

\$39,867 reported as deferred outflows of pensions result from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (44)
2020	(1,195)
2021	(7,634)
2022	(8,309)
2023	1,496
Thereafter	52
	<hr/>
TOTAL	\$ (15,634)

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the District calculated using the discount rate of 7.50% as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 263,836	\$ 145,490	\$ 47,273

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the District provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The District’s total OPEB liability as of December 31, 2018 is immaterial; and therefore, not recorded by the District.

The following are the summary results from the District’s actuarial valuation performed as of December 31, 2018.

Liabilities	\$ 23,436
Deferred inflows of resources	947
Deferred outflows of resources	-
Total OPEB expense	2,755

SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The District provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, the employee must qualify for retirement under the District's retirement plan. The retirees pay 100% of the average employer group cost.

c. Membership

At December 31, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>7</u>
TOTAL	<u><u>7</u></u>
Participating employers	<u><u>1</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2018

	Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes	\$	340,012	\$ 339,182
Land cash		13,000	38,563
Investment income		-	4,313
Miscellaneous		17,000	1,901
		370,012	383,959
EXPENDITURES			
Current			
General government	\$	471,000	443,000
Capital outlay		101,000	91,000
		572,000	534,000
Total expenditures	\$	572,000	534,000
		572,000	534,000
NET CHANGE IN FUND BALANCE	\$	(163,988)	(14,130)
FUND BALANCE, JANUARY 1			461,798
FUND BALANCE, DECEMBER 31	\$		447,668

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION FUND**

For the Year Ended December 31, 2018

	Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes		\$ 336,128	\$ 334,856
Charges for services			
Recreational programs		400,000	526,009
Rental		-	12,250
Investment income		-	871
Total revenues		736,128	873,986
EXPENDITURES			
Current			
Recreation			
Personnel services	\$ 350,000	330,000	442,170
Contractual services	143,000	132,000	81,507
Commodities and supplies	94,000	88,000	64,244
Miscellaneous	3,000	2,000	100
Capital outlay	695,000	670,000	635,654
Total expenditures	\$ 1,285,000	1,222,000	1,223,675
NET CHANGE IN FUND BALANCE		\$ (485,872)	(349,689)
FUND BALANCE, JANUARY 1			1,315,294
FUND BALANCE, DECEMBER 31			\$ 965,605

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL RECREATION FUND**

For the Year Ended December 31, 2018

	Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes	\$ 90,190	\$ 89,848	
Total revenues	90,190	89,848	
EXPENDITURES			
Current			
Recreation	\$ 90,000	90,000	80,727
Total expenditures	\$ 90,000	90,000	80,727
NET CHANGE IN FUND BALANCE	\$ 190		9,121
FUND BALANCE, JANUARY 1			95,863
FUND BALANCE, DECEMBER 31			\$ 104,984

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Last Four Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially determined contribution	\$ 29,722	\$ 31,551	\$ 31,012	\$ 39,867
Contributions in relation to the actuarially determined contribution	29,722	31,551	31,012	39,867
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 256,031	\$ 267,154	\$ 283,993	\$ 358,194
Contributions as a percentage of covered payroll	11.61%	11.81%	10.92%	11.13%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 4.40% to 16.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
PENSION LIABILITY AND RELATED RATIOS

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 30,746	\$ 29,481	\$ 30,069	\$ 28,686
Interest	39,721	45,480	49,210	54,650
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(5,792)	(17,179)	2,694	29,046
Changes of assumptions	21,576	-	(2,104)	(21,176)
Benefit payments, including refunds of member contributions	(7,701)	(8,120)	(8,309)	(8,492)
Net change in total pension liability	78,550	49,662	71,560	82,714
Total pension liability - beginning	518,794	597,344	647,006	718,566
TOTAL PENSION LIABILITY - ENDING	\$ 597,344	\$ 647,006	\$ 718,566	\$ 801,280
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 28,226	\$ 30,032	\$ 31,260	\$ 30,893
Contributions - member	11,251	11,521	11,911	12,731
Net investment income	25,147	2,347	33,266	87,539
Benefit payments, including refunds of member contributions	(7,701)	(8,120)	(8,309)	(8,492)
Other	(669)	(17,143)	(617)	(5,637)
Net change in plan fiduciary net position	56,254	18,637	67,511	117,034
Plan fiduciary net position - beginning	396,354	452,608	471,245	538,756
PLAN FIDUCIARY NET POSITION - ENDING	\$ 452,608	\$ 471,245	\$ 538,756	\$ 655,790
EMPLOYER'S NET PENSION LIABILITY	\$ 144,736	\$ 175,761	\$ 179,810	\$ 145,490
Plan fiduciary net position as a percentage of the total pension liability	75.80%	72.80%	75.00%	81.80%
Covered payroll	\$ 250,011	\$ 256,031	\$ 264,685	\$ 282,901
Employer's net pension liability as a percentage of covered payroll	57.90%	68.60%	67.90%	51.40%

Changes in assumptions for the 2014 year related to retirement age and mortality were made since the prior measurement date.

Changes in assumption for the 2017 year related to price inflation and salary increases made since the prior measurement date

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

BUDGETS AND BUDGETARY ACCOUNTING

- a. The Board of Commissioners follows these procedures in establishing the budgetary data reflected in the required supplementary information.
 - 1. At the October board meeting, the director submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
 - 2. Public workshops are held during December to obtain taxpayer comments.
 - 3. Prior to April 1 of the following fiscal year, the budget is legally enacted through the passage of a Budget and Appropriations Ordinance.
 - 4. The Board of Commissioners may amend the Budget and Appropriation Ordinance in the same manner as its original enactment.
 - 5. The legal level of budgetary control is the fund level.
 - 6. All appropriations are reappropriated to the same purpose in future years.
 - 7. The appropriations were not amended during the year by the Board of Commissioners.
- b. Annual budgets are adopted for the General Fund and Special Revenue Funds. The District adopts budgets consistent with GAAP.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Audit Fund - to account for the expenditures in connection with the District's annual financial and compliance audit, which is mandated by state statute. Financing is provided from a restricted annual property tax levy, the proceeds of which can only be used for this purpose.

Illinois Municipal Retirement Fund - to account for the activities resulting from the District's participation in the Illinois Municipal Retirement Fund. Financing is provided by a restricted annual property tax levy, which produces a sufficient amount to pay the District's contributions to the fund on behalf of the District's employees.

Insurance Fund - to account for the District's risk financing activities. Financing is provided by a restricted annual property tax levy, which produces a sufficient amount to pay the District's contributions to the Park District Risk Management Association.

Social Security Fund - to account for the District's obligation for social security and medicare taxes. Financing is provided by a restricted annual property tax levy, which produces a sufficient amount to pay the District's contribution.

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	Audit	Illinois Municipal Retirement	Insurance	Social Security	Total
ASSETS					
ASSETS					
Cash and investments	\$ 5,399	\$ 18,065	\$ 13,177	\$ 17,272	\$ 53,913
Receivables					
Property taxes	14,400	43,000	16,500	43,100	117,000
TOTAL ASSETS	\$ 19,799	\$ 61,065	\$ 29,677	\$ 60,372	\$ 170,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accrued payroll	\$ -	\$ 830	\$ -	\$ 597	\$ 1,427
Total liabilities	-	830	-	597	1,427
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	14,400	43,000	16,500	43,100	117,000
Total deferred inflows of resources	14,400	43,000	16,500	43,100	117,000
Total liabilities and deferred inflows of resources	14,400	43,830	16,500	43,697	118,427
FUND BALANCES					
Restricted for specific purposes	5,399	17,235	13,177	16,675	52,486
Total fund balances	5,399	17,235	13,177	16,675	52,486
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,799	\$ 61,065	\$ 29,677	\$ 60,372	\$ 170,913

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2018

	Audit	Illinois Municipal Retirement	Insurance	Social Security	Total
REVENUES					
Property taxes	\$ 13,938	\$ 41,621	\$ 15,968	\$ 41,713	\$ 113,240
Total revenues	13,938	41,621	15,968	41,713	113,240
EXPENDITURES					
Current					
General government	13,125	10,672	4,037	10,419	38,253
Recreation	-	29,195	11,044	28,501	68,740
Total expenditures	13,125	39,867	15,081	38,920	106,993
NET CHANGE IN FUND BALANCES	813	1,754	887	2,793	6,247
FUND BALANCES, JANUARY 1	4,586	15,481	12,290	13,882	46,239
FUND BALANCES, DECEMBER 31	\$ 5,399	\$ 17,235	\$ 13,177	\$ 16,675	\$ 52,486

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AUDIT FUND**

For the Year Ended December 31, 2018

	Appropriation	Final Budget	Actual
REVENUES			
Property taxes	\$ 13,991	\$ 13,938	
Total revenues	13,991	13,938	
EXPENDITURES			
Current			
General government			
Audit	\$ 15,000	14,000	13,125
Total expenditures	\$ 15,000	14,000	13,125
NET CHANGE IN FUND BALANCE	\$ (9)		813
FUND BALANCE, JANUARY 1			4,586
FUND BALANCE, DECEMBER 31			\$ 5,399

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended December 31, 2018

	Appropriation	Final Budget	Actual
REVENUES			
Property taxes	\$ 41,779	\$ 41,779	\$ 41,621
Total revenues		41,779	41,621
EXPENDITURES			
Current			
General government	\$ 11,779	11,243	10,672
Recreation	32,221	30,757	29,195
Total expenditures	\$ 44,000	42,000	39,867
NET CHANGE IN FUND BALANCE		\$ (221)	1,754
FUND BALANCE, JANUARY 1			15,481
FUND BALANCE, DECEMBER 31			\$ 17,235

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INSURANCE FUND**

For the Year Ended December 31, 2018

	Appropriation	Final Budget	Actual
REVENUES			
Property taxes		\$ 16,028	\$ 15,968
Total revenues		16,028	15,968
EXPENDITURES			
Current			
General government	\$ 4,819	4,283	4,037
Recreation	13,181	11,717	11,044
Total expenditures	\$ 18,000	16,000	15,081
NET CHANGE IN FUND BALANCE		\$ 28	887
FUND BALANCE, JANUARY 1			12,290
FUND BALANCE, DECEMBER 31			\$ 13,177

(See independent auditor's report.)

**SUGAR GROVE PARK DISTRICT
SUGAR GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SECURITY FUND**

For the Year Ended December 31, 2018

	Appropriation	Final Budget	Actual
REVENUES			
Property taxes	\$	41,872	\$ 41,713
Total revenues		41,872	41,713
EXPENDITURES			
Current			
General government	\$	11,779	11,243
Recreation		32,221	30,757
Total expenditures	\$	44,000	42,000
NET CHANGE IN FUND BALANCE	\$	(128)	2,793
FUND BALANCE, JANUARY 1			13,882
FUND BALANCE, DECEMBER 31			\$ 16,675

(See independent auditor's report.)