

**Township of Elgin
(Located within the State of Illinois)**

Annual Financial Report

Year Ended March 31, 2020

Elgin Township
Comprehensive Annual Financial Statements
March 31, 2020

Table of Contents

Introductory Section

Principal Officials	1
---------------------	---

Financial Section

Independent Auditor's Report	2-3
------------------------------	-----

Management's Discussion and Analysis	4-7
--------------------------------------	-----

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	8
---------------------------	---

Statement of Activities	9
-------------------------	---

Fund Financial Statements

Balance Sheet – Governmental Funds	10
------------------------------------	----

Reconciliation of Total Governmental Fund Balance Sheet to Statement of Net Position	11
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
--	----

Reconciliation of Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities	13
--	----

Notes to Financial Statements	14-28
-------------------------------	-------

Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund	29
--	----

Multiyear Schedule of Contributions – Illinois Municipal Retirement Fund	30
--	----

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

General Town Fund	31
-------------------	----

General Assistance – Special Revenue Fund	32
---	----

Road and Bridge – Special Revenue Fund	33
--	----

Supplementary Information

Schedule of Expenditures – Budget and Actual

General Town Fund	35-36
General Assistance – Special Revenue Fund	37
Road and Bridge – Special Revenue Fund	38

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Illinois Municipal Retirement – Special Revenue Fund	39
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Introductory Section

**Elgin Township
Principal Officers
March 31, 2020**

TOWNSHIP SUPERVISOR

Franklin Ramirez

BOARD OF TRUSTEES

Ed Guerra

Susan Van Weelden

Vern Tepe

Rick Poulton

VILLAGE CLERK

Karen Dowling

HIGHWAY COMMISSIONER

Rodney A. Seyller

ASSESSOR

Steven P. Surnicki

Financial Section

Independent Auditor's Report

Members of the Board of Trustees
Elgin Township, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elgin Township, Illinois, as of and for the year ended March 31, 2020, 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 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 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 the Elgin Township, Illinois, as of March 31, 2020, 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.

**Elgin Township
Management's Discussion and Analysis
Year Ended March 31, 2020**

As the Elgin Township, Illinois (the "Township") Board, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2020. The Management of the Township encourages the readers of this financial information presented in conjunction with the financial statements to obtain a better understanding of the Township's financial operations.

Financial Highlights

Total net position decreased \$22,418 which represents a .33 percent decrease from 2019. Government-wide revenues totaled \$3,641,108, while expenses totaled \$3,663,526. The Township's net position totaled \$6,680,018 on March 31, 2020, which includes \$4,235,697 net investment in capital assets, \$1,015,537 subject to external restrictions, and \$1,428,784 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information and additional information.

Government-Wide Financial Analysis

The government-wide financial statements are prepared using the full accrual basis of accounting and are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector businesses.

The statement of net position presents financial information on all of the Township's assets/deferred outflows and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a portion of the costs through user fees and charges.

**Elgin Township
Management's Discussion and Analysis
Year Ended March 31, 2020**

The governmental activities of the Township include general government, road projects, transportation for senior citizens and disabled individuals, social services assistance, and the funding of social service agencies that provide essential human care services to Township residents. The Township Board is responsible for the maintenance of the Township Cemeteries.

Fund Financial Statements

All of the funds of the Township are governmental funds. The fund financial statements are prepared using the modified accrual basis of accounting. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The fund financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's ten funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the changes in the Township's net pension liability and multiyear schedule of contributions. Additionally, required supplementary information regarding a schedule of revenues and expenditures - budget vs. actual for each major fund and a schedule of funding progress for the IMRF plan is presented in this section.

Financial Analysis

As noted earlier, increases or decreases in net position may serve over time as a useful indicator of a government's financial position. In the case of the Elgin Township, assets/deferred outflows exceeded liabilities/deferred inflows of resources by \$6,680,018. A portion of the Township's net position reflects its investment in capital assets, \$4,235,697. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is made up of \$2,444,321, of which \$1,015,537 is restricted and \$1,428,784 is unrestricted.

**Elgin Township
Management's Discussion and Analysis
Year Ended March 31, 2020**

Condensed Statement of Net Position

	For Years Ended	
	March 31, 2020	March 31, 2019
Current and other assets	\$ 6,095,698	\$ 5,819,834
Capital assets, net of accumulated depreciation	4,235,697	4,390,013
Total Assets	\$ 10,331,395	\$ 10,209,847
Deferred Outflows of Resources	\$ 925,391	\$ 638,688
Current liabilities	\$ 119,189	\$ 18,467
Non-current liabilities	199,111	741,294
Total Liabilities	\$ 318,300	\$ 759,761
Deferred Inflows of Resources	\$ 4,258,468	\$ 3,386,338
Net Position		
Net investment in capital assets	\$ 4,235,697	\$ 4,390,013
Restricted	1,015,537	649,944
Unrestricted	1,428,784	1,662,479
Total Net Position	\$ 6,680,018	\$ 6,702,436

Condensed Statement of Activities

	For Years Ended	
	March 31, 2020	March 31, 2019
Revenue		
Property taxes	\$ 3,222,914	\$ 3,149,817
Replacement taxes	206,784	153,111
Operating grants	-	40,350
Interest income	64,297	59,207
Miscellaneous	147,113	68,204
Total Revenues	3,641,108	3,470,689
Expenditures		
General government activities	2,591,072	2,011,078
Health and welfare	378,663	326,697
Highway, streets, and bridges	621,606	863,931
Capital Outlay	72,185	-
Total Expenditures	3,663,526	3,201,706
Changes in Net Position	(22,418)	268,983
Net Position, Beginning of Year	6,702,436	6,433,453
Net Position, End of Year	\$ 6,680,018	\$ 6,702,436

General government expenditures increased during the year as the Township continues to reach more citizens in its General Assistance program. The Township also paid out several grants to non-profit organizations to help with their operational needs.

**Elgin Township
Management's Discussion and Analysis
Year Ended March 31, 2020**

The following is a summary of changes in fund balances for the years ended March 31, 2020 and 2019:

Governmental Funds	Fund Balances March 31, 2019	Increase (Decrease)	Fund Balance March 31, 2020
General (Town)	\$ 1,914,404	\$ (161,129)	\$ 1,753,275
General Assistance	29,667	(117,151)	(87,484)
Road & Bridge	541,548	367,146	908,694
IMRF	80,570	23,511	104,081
	<u>\$ 2,566,189</u>	<u>\$ 112,377</u>	<u>\$ 2,678,566</u>

Budgetary Highlights

Total expenditures in the Town Fund were \$270,105 less than appropriations of \$2,713,190. During the year, the Township paid out a total of \$978,500 in grants to non-profit organizations. Revenue in the General Assistance Fund of \$182,712 was less than expenditures by \$197,151. Expenditures in the General Assistance Fund were \$14,487 less than the appropriations of \$394,350.

There were no budget line transfers made during the year.

Capital Assets

The following is a summary of capital assets, net of accumulated depreciation, for the years ended:

	For Years Ended (Net of Depreciation)	
	March 31, 2020	March 31, 2019
Land and buildings	\$ 150,080	\$ 150,080
Buildings and Improvements	815,279	883,028
Vehicles and equipment	228,107	276,034
Infrastructure	3,042,231	3,080,871
Net Capital Assets	<u>\$ 4,235,697</u>	<u>\$ 4,390,013</u>

There were no capital asset additions made during the year. Additional information regarding the Township's capital assets can be found in Note 5 on pages 20 and 21.

Long-Term Debt

The Township has no debt. Non-current liabilities are composed of Compensated Absences and the Net Pension Liability. These liabilities are discussed in Notes 6 and 13.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Supervisor, Elgin Township, 729 S. McLean Blvd, Suite 200, Elgin, Illinois 60123.

Elgin Township
Statement of Net Position
March 31, 2020

		Governmental Activities
Assets		
Current Assets:		
Cash and cash equivalents	\$	2,601,102
Property tax receivable		3,307,945
Due from Other Governments		180,705
Prepaid expenses		5,946
Total Current Assets		6,095,698
Non-Current Assets:		
Capital assets: at cost or estimated cost		
Land and buildings		150,080
Buildings and Improvements		2,709,943
Vehicles and equipment		1,113,320
Infrastructure		6,964,421
Less: accumulated depreciation		(6,702,067)
Total Capital Assets		4,235,697
Total Non-current Assets		4,235,697
Total Assets		10,331,395
Deferred Outflows of Resources:		
Deferred items related to pension (IMRF)		925,391
Total Assets and Deferred Outflow of Resources	\$	11,256,786

Liabilities and Deferred Inflows of Resources

Current Liabilities:		
Accounts payable	\$	28,213
Checks written in excess		80,974
Compensated absences		10,002
Total Current Liabilities		119,189
Non-Current Liabilities:		
Net pension liability		199,111
Total Non-current Liabilities		199,111
Total Liabilities		318,300
Deferred Inflows of Resources:		
Deferred property tax		3,307,945
Deferred items related to pension (IMRF)		950,523
Total Liabilities and Deferred Inflows of Resources	\$	4,576,768

Net Position

Net Position:		
Net investment in capital assets	\$	4,235,697
Restricted		1,015,537
Unrestricted		1,428,784
Total Net Position	\$	6,680,018

The accompanying notes are an integral part of the financial statements.

Elgin Township
Statement of Activities
For the Year Ended March 31, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue and Changes in Net Position
General government activities	\$ 2,591,072	\$ 3,816	\$ -	\$ -	\$ (2,587,256)
Health and welfare	378,663	-	-	-	(378,663)
Highway, streets, and bridges	621,606	-	-	-	(621,606)
Capital outlay	72,185	-	-	-	(72,185)
Total Primary Government	\$ 3,663,526	\$ 3,816	\$ -	\$ -	(3,659,710)
General Revenues:					
Property taxes					3,222,914
Replacement taxes					206,784
Interest income					64,297
Miscellaneous					143,297
Total General Revenues					3,637,292
Change in Net Position					(22,418)
Net Position - Beginning of Year					6,702,436
Net Position - End of Year					\$ 6,680,018

The accompanying notes are an integral part of the financial statements.

Elgin Township
Balance Sheet - Governmental Funds
March 31, 2020

Assets	<u>General</u>	<u>General Assistance</u>	<u>Road and Bridge</u>	<u>Non-Major Illinois Municipal Retirement</u>	<u>Total Governmental Funds</u>
Current Assets:					
Cash	\$ 1,754,281	\$ -	\$ 742,740	\$ 104,081	\$ 2,601,102
Property tax receivable	2,201,428	153,030	876,950	76,537	3,307,945
Due from Other Governments	-	-	180,705	-	180,705
Prepaid expenses	2,762	-	3,184	-	5,946
Replacement tax receivable	-	-	-	-	-
Total Current Assets	<u>3,958,471</u>	<u>153,030</u>	<u>1,803,579</u>	<u>180,618</u>	<u>6,095,698</u>
 Total Assets	 <u>\$ 3,958,471</u>	 <u>\$ 153,030</u>	 <u>\$ 1,803,579</u>	 <u>\$ 180,618</u>	 <u>\$ 6,095,698</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Checks written in excess	\$ -	\$ 80,974	\$ -	\$ -	\$ 80,974
Accounts payable	3,768	6,510	17,935	-	28,213
Total Liabilities	<u>3,768</u>	<u>87,484</u>	<u>17,935</u>	<u>-</u>	<u>109,187</u>
 Deferred Inflow of Resources:					
Deferred property tax	<u>2,201,428</u>	<u>153,030</u>	<u>876,950</u>	<u>76,537</u>	<u>3,307,945</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,205,196</u>	<u>240,514</u>	<u>894,885</u>	<u>76,537</u>	<u>3,417,132</u>
 Fund Balances:					
Nonspendable	2,762	-	3,184	-	5,946
Restricted	-	-	905,510	104,081	1,009,591
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>1,750,513</u>	<u>(87,484)</u>	<u>-</u>	<u>-</u>	<u>1,663,029</u>
Total Fund Balances	<u>1,753,275</u>	<u>(87,484)</u>	<u>908,694</u>	<u>104,081</u>	<u>2,678,566</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 3,958,471</u>	 <u>\$ 153,030</u>	 <u>\$ 1,803,579</u>	 <u>\$ 180,618</u>	 <u>\$ 6,095,698</u>

The accompanying notes are an integral part of the financial statements.

Elgin Township
Reconciliation of Total Governmental Fund Balance
to Statement of Net Position of Governmental Activities
March 31, 2020

Total Governmental Fund Balance	\$ 2,678,566
Amounts reported in 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 fund balance.	4,235,697
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(25,132)
Compensated absences are not recognized on the fund statements.	(10,002)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Net Pension Liability - IMRF	<u>(199,111)</u>
Net Position of Governmental Activities	<u><u>\$ 6,680,018</u></u>

The accompanying notes are an integral part of the financial statements.

Elgin Township
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended March 31, 2020

	General	General Assistance	Road and Bridge	Non-Major Illinois Municipal Retirement	Totals
Revenues Received:					
Taxes	\$ 2,291,442	\$ 149,338	\$ 914,237	\$ 74,681	\$ 3,429,698
Intergovernmental	-	-	82,517	-	82,517
Interest	48,030	75	14,229	1,963	64,297
Passport	3,816	-	-	-	3,816
Miscellaneous	18,668	33,299	8,813	-	60,780
Total Revenues Received	<u>2,361,956</u>	<u>182,712</u>	<u>1,019,796</u>	<u>76,644</u>	<u>3,641,108</u>
Expenditures Disbursed:					
Current					
General government	2,403,144	-	-	53,133	2,456,277
Highways and streets	-	-	621,606	-	621,606
Health and welfare	-	378,663	-	-	378,663
Capital outlay	39,941	1,200	31,044	-	72,185
Total Expenditures Disbursed	<u>2,443,085</u>	<u>379,863</u>	<u>652,650</u>	<u>53,133</u>	<u>3,528,731</u>
Other Financing Sources (Uses):					
Transfers in	-	80,000	-	-	80,000
Transfers out	(80,000)	-	-	-	(80,000)
Total other financing sources (uses)	<u>(80,000)</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(161,129)	(117,151)	367,146	23,511	112,377
Fund Balances - Beginning of Year	<u>1,914,404</u>	<u>29,667</u>	<u>541,548</u>	<u>80,570</u>	<u>2,566,189</u>
Fund Balances - End of Year	<u>\$ 1,753,275</u>	<u>\$ (87,484)</u>	<u>\$ 908,694</u>	<u>\$ 104,081</u>	<u>\$ 2,678,566</u>

The accompanying notes are an integral part of the financial statements.

Elgin Township
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2020

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

Net change in fund balances - total governmental funds	\$	112,377
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense (\$154,316). This is the amount by which capital outlays exceeded depreciation in the current period.		
		(154,316)
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.		17,842
Change in compensated absence balance		1,679
Change in Net Position of Governmental Activities	\$	<u><u>(22,418)</u></u>

The accompanying notes are an integral part of the financial statements.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies

The Township of Elgin, Illinois (the “Township”) was incorporated under the laws of the State of Illinois and operates under a Board of Trustees (the Board) and a supervisor form of government. The basic financial statements of the Township have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Township’s accounting policies are described below.

Reporting Entity:

In determining the financial reporting entity, the Township complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Township. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Government-Wide Statements:

The Township’s basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township’s major funds). The Township’s general assistance welfare programs, senior services, maintenance of highways and streets, public improvements, property assessing for tax purposes, and other programs are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis. The Township’s net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township’s functions (general government, highways and streets, etc.). These functions are supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes 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. The net costs (by function) are normally covered by general revenue (property tax, intergovernmental revenues, interest income, etc.). The Township does not allocate indirect costs. This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township’s net position resulting from the current year’s activities.

Fund Financial Statements:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. The Township’s funds are all reported as governmental funds. The emphasis in fund financial statements is on the major funds.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The Township electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Township or total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund type is used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Township maintains three special revenue funds. The General Assistance Fund accounts for the cost of providing general assistance for the Township's residents. Funding is provided by a specific annual tax levy. The Road and Bridge Fund accounts for the cost of maintaining the public roadways within the Township. Funding is provided by a specific annual tax levy and the Township's share of state replacement taxes. Both the General Assistance Fund and the Road and Bridge Fund are considered major funds. The Township maintains one nonmajor fund, the Illinois Municipal Retirement Fund.

Measurement Focus:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, governmental funds are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.”

Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Township recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, personal property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Program Revenue:

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

Cash and Investments:

For purpose of the Statement of Net Position, the Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. The Township has no investments at year-end.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets:

Capital assets purchased or acquired with an original cost of more than \$5,000 (\$25,000 for infrastructure assets), are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Township as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Building Improvements	40 Years
Vehicles and Equipment	10 Years
Infrastructure	40 Years

Deferred Outflows/Inflows of Resources:

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Net Position:

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Equity:

The Township follows GASB statement 54 "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Fund Equity - Continued:

- Non-spendable fund balance - amounts that are not in a spendable form (such as prepaid expense) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grants, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body or by an official or body to which the governing body delegates authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. An assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (but is neither restricted nor committed).

When expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, management applies restricted amounts first, unless a determination is made to use unrestricted fund balance. The Township's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Use of Estimates:

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

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Implementation of GASB 88 and 90:

For the year ended March 31, 2020, the Township implemented the provisions of GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and GASB No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. GASB Statement No. 88 improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. There has been no effect to current or prior periods with this implementation. GASB Statement No. 90 improves the consistency and comparability of reporting a governments' majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. There has been no effect to current or prior periods with this implementation.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information:

The Township's budget is prepared on the cash basis of accounting. As set forth in the Township charter, the Township board adopts an annual budget for all funds. All annual appropriations lapse at fiscal year-end. The budget amounts included in the financial statements are the final adopted budget, including any amendments.

Note 3 – Deposits and Investments

Deposits and Investments:

The Township maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Township's funds.

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

Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the Township's deposits excluding petty cash totaled \$2,519,929 and the bank balances totaled 2,740,123.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have an investment policy that addresses the interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township does not have an investment policy that addresses credit risk.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 3 – Deposits and Investments (continued)

Concentration Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer. The Township does not have an investment policy that addresses concentration risk. At year-end, the Township does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township does not have an investment policy that addresses custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Note 4 – Property Taxes

Property taxes for 2018 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 a Tax Levy Ordinance). Tax bills are prepared by Kane County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

The current property tax levy is recorded as a receivable. Property tax revenue is recognized to the extent of taxes due and collected within the current year, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year. Such time thereafter does not exceed 60 days. The current net tax levy receivable is recorded on the balance sheet along with a corresponding amount of deferred revenue. Deferred revenue represents the 2019 levy which is used to fund fiscal 2020 operations. All uncollected taxes receivable relating to prior year’s levies have been written off.

Note 5 – Capital Assets

Governmental capital asset activity for the year was as follows:

	March 31, 2019	Additions	Deletions/ Retirement	March 31, 2020
Non-Depreciable Capital Assets				
Land	\$ 150,080	\$ -	\$ -	\$ 150,080
Total non-depreciable capital assets	<u>150,080</u>	<u>-</u>	<u>-</u>	<u>150,080</u>
Depreciable Capital Assets				
Building and improvements	2,709,943	-	-	2,709,943
Vehicles and equipment	1,113,320	-	-	1,113,320
Infrastructure	6,964,421	-	-	6,964,421
Total depreciable capital assets	<u>10,787,684</u>	<u>-</u>	<u>-</u>	<u>10,787,684</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,826,915	67,749		1,894,664
Vehicles and Equipment	837,286	47,927		885,213
Infrastructure	3,883,550	38,640		3,922,190
Total accumulated depreciation	<u>6,547,751</u>	<u>154,316</u>	<u>-</u>	<u>6,702,067</u>
Total Net Depreciable Capital Assets	<u>4,239,933</u>	<u>(154,316)</u>	<u>-</u>	<u>4,085,617</u>
Total Net Capital Assets	<u>\$ 4,390,013</u>	<u>\$ 154,316</u>	<u>\$ -</u>	<u>\$ 4,235,697</u>

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 5 – Capital Assets (continued)

The depreciation expense of \$154,316 was charged to governmental activities.

Note 6 – Non-Current Liabilities

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due Within One Year
Compensated Absences	\$ 11,681	10,002	(11,681)	10,002	10,002
Net Pension Liability/ (Asset) - IMRF	731,945	-	(532,834)	199,111	-
	<u>743,626</u>	<u>10,002</u>	<u>(544,515)</u>	<u>209,113</u>	<u>10,002</u>

Note 7 – Legal Debt Margin

Chapter 70, Section 705/12 of the Illinois Compiled Statutes provides that Illinois Townships have a legal debt margin of 2.875% of the Township's equalized assessed valuation.

Asset Valuation - 2019	\$ 2,169,407,090
Legal Debt Limit - 2.875% of Assessed Value	\$ 62,370,454

The Township is within the Legal Debt Margin issued by the state.

Note 8 – Fund Balances

Net Investment in Capital Assets

Net investment in capital assets was comprised of the following as of March 31, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 4,235,697

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 8 – Fund Balances (continued)

Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue		Nonmajor	Totals
		General Assistance	Road and Bridge	Illinois Municipal Retirement	
Fund Balances					
Nonspendable	\$ 2,762	-	3,184	-	5,946
Restricted					
Property Tax Levies					
Road and Bridge	-	-	905,510	-	905,510
Illinois Municipal Retirement	-	-	-	104,081	104,081
	-	-	905,510	104,081	1,009,591
Unassigned	1,750,513	(87,484)	-	-	1,663,029
Total Fund Balances	1,753,275	(87,484)	908,694	104,081	2,678,566

In the governmental funds financial statements, the Township considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Township first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Note 9 – Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General Assistance	General	\$ 80,000

Note 10 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Township's employees. The Township has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 10 – Risk Management (continued)

Litigation

The Township is not a defendant in any lawsuits.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

Note 11 – Motor Fuel Tax Funds

Every year the Township received an allotment of Motor Fuel Tax (MFT) money from the State of Illinois. This money is disbursed by the State to Kane County where it is held for pending projects approved by Elgin Township's Highway Commissioner. When the projects are approved, all management, payment, and accounting for the projects are done through Kane County. Funds to be disbursed are recorded on the Balance Sheet – Governmental Funds as amounts due from other governments.

Note 12 – Other Post-Employment Benefits Plan

The Township has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Township are required to pay 100% of the current premium. However, there is minimal participation. As the Township provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Therefore, the Township has not recorded a liability as of March 31, 2020.

Note 13 – Defined Benefit Pension Plan

The Township contributes to one defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

IMRF Plan Description

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.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 13 – Defined Benefit Pension Plan

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	36
Inactive, non-retired members	10
Active plan members	<u>14</u>
Total	<u><u>60</u></u>

Contributions

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended March 31, 2020, the Township's contribution was 6.42% of covered payroll.

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 13 – Defined Benefit Pension Plan (continued)

Net Pension Liability

The Township’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

- The *Actuarial Cost Method* used was Entry Age Normal
- The *Asset Valuation Method* used was Market Value of Assets
- The *Inflation Rate* was assumed to be 2.50%
- *Salary Increases* were expected to be 3.35% to 14.25%
- The *Investment Rate of Return* was assumed to be 7.25%
- *Projected Retirement Age* was from an experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2016-2016.
- *Mortality* for non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- There were no benefit changes during the year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 13 – Defined Benefit Pension Plan (continued)

Single Discount Rate

The discount rate used to measure the total pension liability was 7.25%, and the prior valuation used 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 Township contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the “20-year Municipal GO AA Index” described on page 1), and the resulting Single Discount Rate is 7.25%.

Changes in the Net Pension Liability

		Total Pension Liability (A)		Plan Fiduciary Net Position (B)		Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2018	\$	7,599,136	\$	6,867,191	\$	731,945
Changes for the Year:						
Service Cost		89,805		-		89,805
Interest on the Total Pension Liability		538,294		-		538,294
Changes of Benefit Terms		-		-		-
Difference Between Expected and Actual Experience of the Total Pension Liability		353,142		-		353,142
Changes of Assumptions		-		-		-
Contributions - Employer		-		60,672		(60,672)
Contributions - Employee		-		48,535		(48,535)
Net Investment Income		-		1,302,141		(1,302,141)
Benefit Payments, Including Refunds of Employee Contributions		(438,591)		(438,591)		-
Other (Net Transfer)		-		102,727		(102,727)
Net Changes		542,650		1,075,484		(532,834)
Balances at December 31, 2019	\$	8,141,786	\$	7,942,675	\$	199,111

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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 Township calculated using the discount rate as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 13 – Defined Benefit Pension Plan (continued)

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 9,088,812	\$ 8,141,786	\$ 7,358,857
Plan Fiduciary Net Position	7,942,675	7,942,675	7,942,675
Net Pension Liability	\$ 1,146,137	\$ 199,111	\$ (583,818)

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

For the year ended March 31, 2020, the Township recognized pension income of \$17,842. The Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows/(Inflows) of Resources</u>
Deferred Amount to be Recognized in Pension Expense in Future Periods			
Difference between expected and actual experience	\$ 243,821	\$ 4,074	\$ 239,747
Changes in assumption	53,599	4,904	48,695
Net difference between projected and actual earnings on pension plan investments	601,845	941,545	(339,700)
Pension Contributions made subsequent to the Measurement Date, through March 31, 2020	26,126	-	26,126
Total Deferred Amounts Related to Pension to the Measurement Date, through March 31, 2020	\$ 925,391	\$ 950,523	\$ (25,132)

Contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended March 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2020 \$	106,929
2021	(3,442)
2022	33,879
2023	(162,498)
Thereafter	-
Total \$	(25,132)

Elgin Township
Notes to the Financial Statements
March 31, 2020

Note 14 – Subsequent Event

The Township evaluated its March 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue. Other financial impact could occur, though such potential impact is unknown at this time.

Note 15 – Date of Management’s Review

Subsequent events have been evaluated through the date of this report. It was concluded that there are no subsequent events other than as listed in Note 14 that are required to be disclosed.

Required Supplementary Information

Elgin Township
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios -
Illinois Municipal Retirement Fund
For the Year Ended March 31, 2020

Last 10 Calendar Years
(schedule to be built prospectively from 2014)

Calendar year ending December 31,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability											
Service cost	\$ 89,805	\$ 82,441	\$ 87,594	\$ 89,051	\$ 91,604	-	-	-	-	-	-
Interest on the total pension liability	538,294	524,233	539,953	504,263	488,528	-	-	-	-	-	-
Benefit changes	-	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	353,142	48,672	(194,517)	263,361	(36,870)	-	-	-	-	-	-
Assumption changes	-	200,323	(234,011)	(8,342)	7,745	-	-	-	-	-	-
Benefit payments and refunds	(438,591)	(410,174)	(401,907)	(359,517)	(302,399)	-	-	-	-	-	-
Net Change in Total Pension Liability	542,650	445,495	(202,888)	488,816	248,608	-	-	-	-	-	-
Total Pension Liability - Beginning	7,599,136	7,153,641	7,356,529	6,867,713	6,619,105	-	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 8,141,786	\$ 7,599,136	\$ 7,153,641	\$ 7,356,529	\$ 6,867,713	-	-	-	-	-	-
Plan Fiduciary Net Position											
Employer contributions	\$ 60,672	\$ 108,887	\$ 81,089	\$ 89,274	\$ 92,380	-	-	-	-	-	-
Employee contributions	48,535	41,737	39,793	39,658	38,851	-	-	-	-	-	-
Pension plan net investment income	1,302,141	(430,102)	1,209,933	412,226	32,598	-	-	-	-	-	-
Benefit payments and refunds	(438,591)	(410,174)	(401,907)	(359,517)	(302,399)	-	-	-	-	-	-
Other	102,727	139,856	(132,755)	(39,853)	12,529	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,075,484	(549,796)	796,153	141,788	(126,041)	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	6,867,191	7,416,987	6,620,834	6,479,046	6,605,087	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 7,942,675	\$ 6,867,191	\$ 7,416,987	\$ 6,620,834	\$ 6,479,046	-	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	199,111	731,945	(263,346)	735,695	388,667	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage											
of Total Pension Liability	97.55%	90.37%	103.68%	90.00%	94.34%	-	-	-	-	-	-
Covered Valuation Payroll	\$ 945,055	\$ 927,497	\$ 884,289	\$ 881,280	\$ 863,363	-	-	-	-	-	-
Net Pension Liability as a Percentage											
of Covered Valuation Payroll	21.07%	78.92%	-29.78%	83.48%	45.02%	-	-	-	-	-	-

**Elgin Township
Multiyear Schedule of Contributions -
Illinois Municipal Retirement Fund
For the Year Ended March 31, 2020**

Last 10 Fiscal Years
(schedule to be built prospectively from 2016)

Fiscal Year Ending March 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 92,380	\$ 92,380	\$ -	\$ 863,363	10.70%
2017	89,274	89,274	-	881,280	10.13%
2018	81,089	81,089	-	884,289	9.17%
2019	97,341	97,341	-	927,497	11.74%
2020	86,798 *	86,798	-	945,055	6.42%

* Estimated based on contribution rate of 6.42% and covered valuation payroll of \$945,055.00.

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

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period.
 Taxing bodies: (Regular, SLEP, and ESO group): 24-year closed period
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.25%
Price Inflation: 2.50%
Salary Increases: 3.35% to 14.25% including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experienced-based table of rates that are specific to the type of eligibility condition. Last update for 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017(base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustment to match current IMRF experience.
 For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017(base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefits changes during the year.

Elgin Township
General Town Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended March 31, 2020

	Budget		
	Original	Final	Actual
Revenues:			
Taxes			
Property	\$ 2,158,257	\$ 2,158,257	\$ 2,148,616
Personal property replacement	105,000	105,000	142,826
Interest	36,000	36,000	48,030
Passport	8,000	8,000	3,816
Miscellaneous	22,918	22,918	18,668
Total Revenues	2,330,175	2,330,175	2,361,956
Expenditures:			
General government	2,603,190	2,603,190	2,403,144
Capital outlay	110,000	110,000	39,941
Total Expenditures	2,713,190	2,713,190	2,443,085
Deficiency of Revenues			
Under Expenditures	(383,015)	(383,015)	(81,129)
Other Financing (Uses)			
Transfers Out	80,000	80,000	(80,000)
Net Change in Fund Balance	\$ (303,015)	\$ (303,015)	(161,129)
Fund Balance, Beginning of Year			1,914,404
Fund Balance, End of Year			\$ 1,753,275

Elgin Township
General Assistance - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended March 31, 2020

	Budget		
	Original	Final	Actual
Revenues:			
Taxes			
Property	\$ 150,009	\$ 150,009	\$ 149,338
Interest	1,500	1,500	75
Miscellaneous	45,000	45,000	33,299
Total Revenues	196,509	196,509	182,712
Expenditures:			
Health and welfare	391,850	391,850	378,663
Capital outlay	2,500	2,500	1,200
Total Expenditures	394,350	394,350	379,863
Deficiency of Revenues			
Under Expenditures	(197,841)	(197,841)	(197,151)
Other Financing Sources			
Transfers in	120,000	120,000	80,000
Net Change in Fund Balance	\$ (77,841)	\$ (77,841)	(117,151)
Fund Balance, Beginning of Year			29,667
Fund Balance, End of Year			\$ (87,484)

Elgin Township
Road and Bridge - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended March 31, 2020

	Budget		Actual
	Original	Final	
Revenues:			
Taxes			
Property	\$ 854,226	\$ 854,226	\$ 850,279
Personal property replacement	50,000	50,000	63,958
Intergovernmental			
Motor Fuel Tax		-	82,517
Interest	5,045	5,045	14,229
Miscellaneous	6,300	6,300	8,813
Total Revenues	915,571	915,571	1,019,796
Expenditures:			
Highways and Streets	702,450	702,450	621,606
Capital outlay	519,283	519,283	31,044
Total Expenditures	1,221,733	1,221,733	652,650
Net Change in Fund Balance	\$ (306,162)	\$ (306,162)	367,146
Fund Balance, Beginning of Year			541,548
Fund Balance, End of Year			\$ 908,694

Elgin Township
Notes to Required Supplementary Information
March 31, 2020

Note 1 – Summary of Significant Accounting Policies

Budgetary Process

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles.

Note 2 – Expenditures Over Budget

The Township has incurred individual line item excesses of expenditures over appropriations in funds; however, the overall individual funds indicated no aggregate excesses of expenditures over appropriations.

Supplementary Information

**Elgin Township
General Town Fund
Schedule of Expenditures -
Budget and Actual
For the Year Ended March 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
General Government				
Administration				
Personnel Services				
Salaries	\$ 425,000	\$ 425,000	\$ 408,439	\$ 16,561
Health insurance	105,000	105,000	85,328	19,672
Unemployment insurance	200	200	123	77
Social security	31,000	31,000	31,106	(106)
Contractual Services				
Maintenance service/supplies - vehicles	2,000	2,000	-	2,000
Maintenance service - grounds	10,000	10,000	7,151	2,849
Maintenance service - building	20,000	20,000	7,788	12,212
Maintenance service - Equipment	25,000	25,000	17,327	7,673
Accounting Service	10,000	10,000	8,993	1,007
Legal service	7,000	7,000	1	6,999
Postage	3,500	3,500	2,181	1,319
Telephone	14,000	14,000	5,967	8,033
Publishing	1,500	1,500	1,463	37
Printing/public relations	13,000	13,000	7,025	5,975
Dues	6,000	6,000	3,920	2,080
Travel expenses	10,000	10,000	6,885	3,115
Utilities	19,000	19,000	15,202	3,798
Worker's compensation/liability insurance	35,000	35,000	33,144	1,856
Battery recycling	15,000	15,000	10,506	4,494
Contract payment - Ride in Kane	2,500	2,500	524	1,976
Commodities				
Office Supplies	12,000	12,000	7,300	4,700
Other				
Miscellaneous expense	428,500	428,500	399,115	29,385
Contingencies	205,000	205,000	201,913	3,087
Social Service Agency misc. grants	450,000	450,000	449,000	1,000
Elgin Township TRIAD Program	10,000	10,000	10,000	-
Utility Assistance program	15,000	15,000	-	15,000
Prescription Drug program	15,000	15,000	9,311	5,689
Seior Services contract	20,500	20,500	20,500	-
Community room expenses/supplies	10,000	10,000	8,459	1,541
Youth programs	110,000	110,000	100,000	10,000
Total Administration	\$ <u>2,030,700</u>	\$ <u>2,030,700</u>	\$ <u>1,858,671</u>	\$ <u>172,029</u>

(continued)

**Elgin Township
General Town Fund
Schedule of Expenditures -
Budget and Actual
For the Year Ended March 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
General Government - continued				
Assessor				
Personnel services				
Salaries	\$ 345,480	\$ 345,480	\$ 337,327	\$ 8,153
Health insurance	113,360	113,360	113,182	178
Unemployment insurance	800	800	331	469
Social Security	26,000	26,000	24,351	1,649
Contractual services				
Maintenance service - equipment	28,450	28,450	25,815	2,635
Maintenance service - vehicle	3,000	3,000	660	2,340
Postage	400	400	330	70
Telephone	6,100	6,100	5,699	401
Publishing	200	200	-	200
Printing	500	500	147	353
Dues	2,000	2,000	1,012	988
Travel expenses	6,100	6,100	4,318	1,782
Training	4,500	4,500	4,035	465
Publications	600	600	398	202
Commodities				
Office supplies	4,000	4,000	2,218	1,782
Other				
Contingencies	2,000	2,000	-	2,000
Professional services	29,000	29,000	24,650	4,350
Total Assessor	<u>572,490</u>	<u>572,490</u>	<u>544,473</u>	<u>28,017</u>
Total General Government	<u>2,603,190</u>	<u>2,603,190</u>	<u>2,403,144</u>	<u>200,046</u>
Capital Outlay	<u>110,000</u>	<u>110,000</u>	<u>39,941</u>	<u>70,059</u>
Total Expenditures	<u>\$ 2,713,190</u>	<u>\$ 2,713,190</u>	<u>\$ 2,443,085</u>	<u>\$ 270,105</u>

Elgin Township
General Assistance Fund - Special Revenue Fund
Schedule of Expenditures -
Budget and Actual
For the Year Ended March 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Health and Welfare				
Administration				
Personnel Services				
Salaries	\$ 96,000	\$ 96,000	\$ 95,511	\$ 489
Health insurance	28,000	28,000	23,256	4,744
Unemployment insurance	250	250	123	127
Social Security	8,000	8,000	6,973	1,027
Contractual services				
Printing	500	500	-	500
Travel expenses	500	500	289	211
Commodities				
Office supplies	400	400	-	400
Other				
Miscellaneous Expense	200	200	-	200
Total Administration	<u>133,850</u>	<u>133,850</u>	<u>126,152</u>	<u>7,698</u>
Relief				
Commodities and contractual services				
Physician service	500	500	-	500
Hospital service-in patient	500	500	-	500
Hospital service-out patient	500	500	-	500
Drugs	500	500	-	500
Dental service	1,500	1,500	-	1,500
Other medical services	500	500	-	500
Funeral & burial services	1,000	1,000	1,000	-
Shelter	65,000	65,000	70,837	(5,837)
Utility payment	19,000	19,000	16,098	2,902
Ambulance	500	500	-	500
Workfare	10,000	10,000	3,120	6,880
Miscellaneous	15,000	15,000	1,700	13,300
Fuel	500	500	-	500
Food	60,000	60,000	55,846	4,154
Emergency assistance	75,000	75,000	103,910	(28,910)
Disaster assistance	3,500	3,500	-	3,500
Contingencies	4,000	4,000	-	4,000
Other				
Miscellaneous	500	500	-	500
Total Relief	<u>258,000</u>	<u>258,000</u>	<u>252,511</u>	<u>5,489</u>
Total Health and Welfare	<u>391,850</u>	<u>391,850</u>	<u>378,663</u>	<u>13,187</u>
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>1,200</u>	<u>1,300</u>
Total Expenditures	<u>\$ 394,350</u>	<u>\$ 394,350</u>	<u>\$ 379,863</u>	<u>\$ 14,487</u>

Elgin Township
Road and Bridge - Special Revenue Fund
Schedule of Expenditures -
Budget and Actual
For the Year Ended March 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Highways and Streets				
Administration				
Contractual Services				
Legal Service	\$ 2,800	\$ 2,800	\$ -	\$ 2,800
Postage	250	250	220	30
Telephone/communication services	4,500	4,500	3,428	1,072
Publishing	300	300	239	61
Printing	200	200	-	200
Travel expenses	600	600	324	276
Training	400	400	297	103
Commodities				
Office Supplies	500	500	110	390
Other				
Corp Replacement Tax split	25,000	25,000	23,706	1,294
Miscellaneous expenses	1,500	1,500	(1,073)	2,573
Total Administration	<u>36,050</u>	<u>36,050</u>	<u>27,251</u>	<u>8,799</u>
Maintenance				
Personnel services				
Salaries	230,000	230,000	190,776	39,224
Health insurance	57,950	57,950	55,591	2,359
Unemployment Insurance	450	450	227	223
Social Security	18,000	18,000	14,594	3,406
IMRF	22,000	22,000	12,911	9,089
Commodities and Contractual Services				
Engineering services	20,000	20,000	(3,131)	23,131
Utilities	7,000	7,000	3,973	3,027
Rentals	5,000	5,000	2,736	2,264
Street lights	30,000	30,000	29,580	420
Maintenance and repairs	207,000	207,000	153,012	53,988
Operating supplies/hand tools	1,500	1,500	53	1,447
Gasoline/oil	22,000	22,000	12,485	9,515
Signs	2,500	2,500	1,269	1,231
Workers' Compensation Insurance	23,000	23,000	22,096	904
Other				
Miscellaneous	10,000	10,000	3,248	6,752
MFT Disbursements		-	94,935	(94,935)
Contingencies	10,000	10,000	-	10,000
Total Maintenance	<u>666,400</u>	<u>666,400</u>	<u>594,355</u>	<u>72,045</u>
Total Highways and Streets	<u>702,450</u>	<u>702,450</u>	<u>621,606</u>	<u>80,844</u>
Capital outlay	<u>519,283</u>	<u>519,283</u>	<u>31,044</u>	<u>488,239</u>
Total Expenditures	<u>\$ 1,221,733</u>	<u>\$ 1,221,733</u>	<u>\$ 625,399</u>	<u>\$ 560,284</u>

Elgin Township
Illinois Municipal Retirement - Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended March 31, 2020

	Budget		
	Original	Final	Actual
Revenues:			
Property taxes	\$ 75,015	\$ 75,015	\$ 74,681
Interest	2,000	2,000	1,963
Total Revenues	77,015	77,015	76,644
Expenditures:			
General Government			
Retirement plan contribution	85,000	85,000	53,133
Net Change in Fund Balance	\$ (7,985)	\$ (7,985)	23,511
Fund Balance, Beginning of Year			80,570
Fund Balance, End of Year			\$ 104,081