

ELGIN TOWNSHIP, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
MARCH 31, 2017

ELGIN TOWNSHIP, ILLINOIS

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INTRODUCTORY SECTION

ELGIN TOWNSHIP, ILLINOIS

**List of Principal Officials
March 31, 2017**

TOWNSHIP SUPERVISOR

Annette M. Miller

BOARD OF TRUSTEES

Robert Johnson

J. Patrick Hudgens

Vicki Pelock

Randy Endean

VILLAGE CLERK

Laura Wallet

HIGHWAY COMMISSIONER

Rodney A. Seyller

ASSESSOR

Steven P. Surnicki

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Township's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

June 5, 2017

Members of the Board of Trustees
Elgin Township, Illinois

We have audited the accompanying modified cash basis 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, 2017, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Elgin Township, Illinois, as of March 31, 2017, and the respective changes in modified cash basis financial position the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elgin Township, Illinois' basic financial statements. The introductory section, management's discussion and analysis, combining and individual fund financial statements and budgetary comparison schedules, and other supplemental schedules, are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


LAUTERBACH & AMEN, LLP

MANAGEMENT DISCUSSION AND ANALYSIS

ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

Our discussion and analysis of the Elgin Township, Illinois' financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2017. Please read it in conjunction with the financial statements which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Township's net position decreased by \$89,633, or 1.3 percent, as a result of this year's operations.
- During the year, government-wide revenues totaled \$2,857,952, while expenses totaled \$2,947,585, resulting in a decrease to net position of \$89,633.
- The Township's net position totaled \$6,652,731 on March 31, 2017, which includes \$4,516,843 net investment in capital assets, \$750,205 subject to external restrictions, and \$1,385,683 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Township Fund reported an increase fund balance for the current year of \$196,504, resulting in ending fund balance of \$1,385,683, an increase of 16.5 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3-4) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. The government-wide financial statements provide readers with a broad overview of the Township's finances, in a matter similar to a private-sector business. Fund financial statements begin on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

The Statement of Net Position reports information on all of the Township's assets and liabilities, 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. Consideration of other nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's roads and infrastructure, is needed to assess the overall health of the Township.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Township only reports governmental activities, which include general government, highways and roads, health and welfare, and cemetery.

Governmental Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are reported as governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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. Such information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, the General Assistance, and the Road and Bridge, which are considered major funds and the Illinois Municipal Retirement Fund, a non-major fund. The Township adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for all funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 5-8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-25 of this report.

ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

USING THIS ANNUAL REPORT – Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Township's I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund and special revenue funds. Other supplementary information can be found on pages 26-37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Elgin Township, assets exceeded liabilities by \$6,652,731.

	Net Position	
	2017	2016
Current Assets	\$ 2,135,963	2,113,556
Capital Assets	4,530,791	4,651,805
Total Assets	<u>6,666,754</u>	<u>6,765,361</u>
Long-Term Debt	4,760	13,948
Other Liabilities	9,263	9,049
Total Liabilities	<u>14,023</u>	<u>22,997</u>
Net Position		
Net Investment in Capital Assets	4,516,843	4,629,078
Restricted	750,205	-
Unrestricted	1,385,683	2,113,286
Total Net Position	<u>6,652,731</u>	<u>6,742,364</u>

A large portion of the Township's net position, \$4,516,843 or 67.9 percent, reflects its investment in capital assets (for example, land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$750,205 or 11.3 percent, of the Township's net position represents resources that are subject to external restrictions on how they may be used. The remaining 20.8 percent, or \$1,385,683, represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2017	2016
Revenues		
Program Revenues		
Charges for Services	\$ -	-
Operating Grants/Contrib.	-	18,990
General Revenues		
Property Taxes	2,636,319	2,601,266
Personal Property Replacement	177,935	189,319
Interest Income	3,052	2,485
Miscellaneous	40,646	84,406
Total Revenues	<u>2,857,952</u>	<u>2,896,466</u>
Expenses		
General Government	1,885,369	1,413,267
Highways and Streets	809,236	246,743
Health and Welfare	252,124	884,459
Interest on Long-Term Debt	856	-
Total Expenses	<u>2,947,585</u>	<u>2,544,469</u>
Change in Net Position	(89,633)	351,997
Net Position - Beginning	<u>6,742,364</u>	<u>6,390,367</u>
Net Position - Ending	<u>6,652,731</u>	<u>6,742,364</u>

Net position of the Township's governmental activities decreased by 1.3 percent (\$6,652,731 in 2017 compared to \$6,742,364 in 2016). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$1,385,683 at March 31, 2017.

ELGIN TOWNSHIP, ILLINOIS

**Management’s Discussion and Analysis
March 31, 2017**

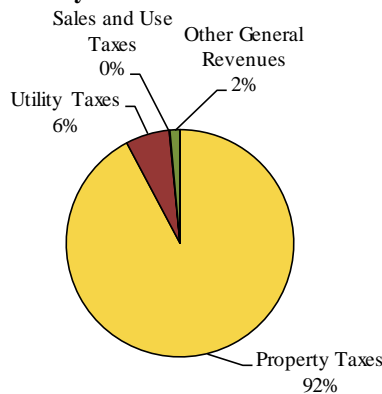
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Revenues for governmental activities totaled \$2,857,952, while the cost of all governmental functions totaled \$2,947,585. This results in a deficit of \$89,633. In 2016, revenues totaled \$2,896,466 while the cost of all functions totaled \$2,544,469, resulting in a surplus of \$351,997. The decrease for 2017 was the result of an increase in budgeted expenses for capital and maintenance programs in the Township.

The Township relies on a combination of user fees and taxes to fund its services and programs. While the primary source of fund is property taxes.

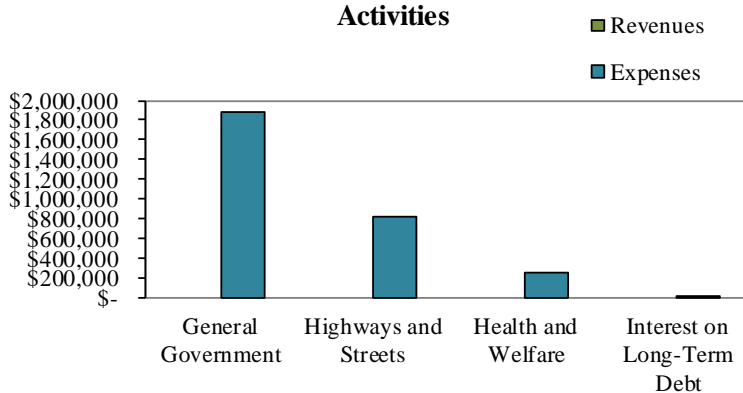
The following table graphically depicts the major revenue sources of the Elgin Township. It depicts very clearly the reliance of property taxes to fund governmental activities. It also clearly identifies the less significant percentage the Township receives from replacement and other taxes.

Revenues by Source - Governmental Activities



The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues. All functions of the Township are then supplemented with receipts from property taxes, replacement taxes, other taxes, interest income and miscellaneous income (general revenues).

Expenses and Program Revenues - Governmental Activities



ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

FINANCIAL ANALYSIS OF THE TOWNSHIP'S GOVERNMENTAL FUNDS

As noted earlier, the Elgin Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combining ending fund balances of \$2,135,888, which is \$22,602, or 1.1 percent, higher than last year's total of \$2,113,286. Of the \$2,135,888 total, \$1,385,683, or approximately 64.9 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported an increase in fund balance for the year of \$196,504, an increase of 16.5 percent. Total revenues in the General Fund came in \$13,667 over budget. At the same time, expenditures of \$1,608,638 came in \$344,162 under budget, therefore resulting in an overall increase to the fund of \$196,504. The General Fund is the chief operating fund of the Elgin Township. At March 31, 2017, unassigned fund balance in the General Fund was \$1,385,683, which represents 100 percent of the total fund balance of the General Fund. As a measure of the General Township Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 86.1 percent of total General Fund expenditures.

The General Assistance Fund reported a decrease of \$132,706 to fund balance, which was originally budgeted at a decrease of \$388,000. Ending fund balance is reported at a surplus of \$336,851. This decrease was due to the General Assistance Fund spending more on capital outlay and health and welfare expenditures in the current year, than the revenues received.

The Road and Bridge Fund reported a decrease of \$46,565 to fund balance, which was originally budgeted at a decrease of \$402,181. Ending fund balance is reported at a surplus of \$335,130. This decrease in the current year is due to property tax revenues coming in less than what was originally budgeted.

GENERAL TOWNSHIP FUND BUDGETARY HIGHLIGHTS

The Elgin Township's Board did not make any budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$1,805,142, compared to final budgeted revenues of \$1,791,475. This was due in large part to property and personal property replacement taxes being higher than budgeted.

The General Fund actual expenditures for the year were \$344,162 lower than budgeted (\$1,608,638 actual compared to \$1,952,800 final budgeted).

ELGIN TOWNSHIP, ILLINOIS

Management's Discussion and Analysis March 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2017 was \$4,530,791 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, vehicles and equipment, and infrastructure.

	Capital Assets - Net of Depreciation	
	2017	2016
Land	\$ 150,080	150,080
Buildings and Building Improvements	996,276	1,050,143
Vehicles and Equipment	226,284	185,570
Infrastructure	3,158,151	3,266,012
Total	<u>4,530,791</u>	<u>4,651,805</u>

This year's major additions included:

Buildings and Building Improvements	\$ 13,325
Vehicles and Equipment	<u>86,695</u>
	<u>100,020</u>

Additional information on the Township's capital assets can be found in note 3 on pages 15 of this report.

ELGIN TOWNSHIP, ILLINOIS

**Management’s Discussion and Analysis
March 31, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Township had total outstanding debt of \$13,948 as compared to \$22,727 the previous year, a decrease of \$8,779. The following is a comparative statement of outstanding debt:

	<u>Long-Term Debt Outstanding</u>	
	<u>2017</u>	<u>2016</u>
Promissory Notes	\$ 13,948	<u>22,727</u>

Additional information on the Elgin Township’s long-term debt can be found in Note 3 on pages 16-17 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Township’s elected and appointed officials considered many factors when setting the fiscal year 2018 budget and the associated property tax rates and charges for services.

In preparing the budget, the Township Board, Management and Treasurer take into consideration long-term goals of the Township, along with any unforeseen expenses that might occur, as well as the potential impact of current economic conditions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Elgin Township’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Elgin Township at 847-741-2045 or 729 S. McLean Blvd. Elgin, IL 60123.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ELGIN TOWNSHIP, ILLINOIS

**Statement of Net Position - Modified Cash Basis
March 31, 2017**

ASSETS	
Current Assets	
Cash and Investments	<u>\$ 2,135,963</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	150,080
Depreciable	<u>10,613,518</u>
	10,763,598
Accumulated Depreciation	<u>(6,232,807)</u>
Total Noncurrent Assets	<u>4,530,791</u>
Total Assets	<u>6,666,754</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	75
Promissory Notes Payable	<u>9,188</u>
Total Current Liabilities	9,263
Noncurrent Liabilities	
Promissory Notes Payable	<u>4,760</u>
Total Liabilities	<u>14,023</u>
 NET POSITION	
Net Investment in Capital Assets	4,516,843
Restricted	
Property Taxes	
General Assistance	336,851
Road and Bridge	335,130
Illinois Municipal Retirement	78,224
Unrestricted	<u>1,385,683</u>
Total Net Position	<u>6,652,731</u>

The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Expenses	Program Revenues			Net (Expenses)/ Revenues
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental Activities					
General Government	\$ 1,885,369	-	-	-	(1,885,369)
Highways and Streets	809,236	-	-	-	(809,236)
Health and Welfare	252,124	-	-	-	(252,124)
Interest on Long-Term Debt	856	-	-	-	(856)
Total Governmental Activities	<u>2,947,585</u>	-	-	-	<u>(2,947,585)</u>

General Revenues	
Taxes	
Property	2,636,319
Personal Property Replacement	177,935
Interest Income	3,052
Miscellaneous	40,646
	<u>2,857,952</u>
Change in Net Position	(89,633)
Net Position - Beginning	<u>6,742,364</u>
Net Position - Ending	<u>6,652,731</u>

The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

Balance Sheet - Governmental Funds - Modified Cash Basis

March 31, 2017

	General	Special Revenue General Assistance	Road and Bridge	Nonmajor Illinois Municipal Retirement	Totals
ASSETS					
Cash and Investments	\$ 1,385,758	336,851	335,130	78,224	2,135,963
LIABILITIES					
Accounts Payable	75	-	-	-	75
FUND BALANCES					
Restricted	-	336,851	335,130	78,224	750,205
Unassigned	1,385,683	-	-	-	1,385,683
Total Fund Balances	1,385,683	336,851	335,130	78,224	2,135,888

The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position - Governmental Activities - Modified Cash Basis**

March 31, 2017

Total Governmental Fund Balances \$ 2,135,888

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 funds. 4,530,791

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.
 Promissory Notes Payable (13,948)

Net Position of Governmental Activities 6,652,731

The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -
Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	General	Special Revenue		Nonmajor	Totals
		General Assistance	Road and Bridge	Illinois Municipal Retirement	
Revenues					
Taxes	\$ 1,791,574	99,064	849,327	74,289	2,814,254
Interest	1,918	498	534	102	3,052
Miscellaneous	11,650	19,856	9,140	-	40,646
Total Revenues	1,805,142	119,418	859,001	74,391	2,857,952
Expenditures					
Current					
General Government	1,586,518	-	-	69,022	1,655,540
Highways and Streets	-	-	452,534	-	452,534
Health and Welfare	-	250,924	-	-	250,924
Capital Outlay	22,120	1,200	443,397	-	466,717
Debt Service					
Principal Retirement	-	-	8,779	-	8,779
Interest and Fiscal Charges	-	-	856	-	856
Total Expenditures	1,608,638	252,124	905,566	69,022	2,835,350
Net Change in Fund Balances	196,504	(132,706)	(46,565)	5,369	22,602
Fund Balances - Beginning	1,189,179	469,557	381,695	72,855	2,113,286
Fund Balances - Ending	1,385,683	336,851	335,130	78,224	2,135,888

The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities - Modified Cash Basis**

For the Fiscal Year Ended March 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 22,602
---------------------------------------------------------------	------------------

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Asset Additions	100,020
Depreciation Expense	(221,034)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Retirement of Promissory Note Payable	<u>8,779</u>
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Changes in Net Position of Governmental Activities	<u><u>(89,633)</u></u>
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The notes to the financial statements are an integral part of this statement.

ELGIN TOWNSHIP, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Elgin Township (Township), Illinois 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.

BASIS OF PRESENTATION

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) 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. 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.

ELGIN TOWNSHIP, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

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.

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 fund. The Township maintains one nonmajor fund, the Illinois Municipal Retirement Fund.

ELGIN TOWNSHIP, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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.

Measurement Focus

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.

The accounting objectives of the “economic resources” measurement focus are 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 modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the Township records capital assets, depreciation, and long-term debt.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

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.

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 fair market 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

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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 debt service expenditures.

Net Position

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

Net 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, ILLINOIS

Notes to the Financial Statements March 31, 2017

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 – DETAIL NOTES ON ALL FUNDS

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 totaled \$2,135,963 and the bank balances totaled \$2,174,001.

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.

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 (other than investments issued or explicitly guaranteed by the U.S. 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.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2015 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 Boone County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Nondepreciable Capital Assets				
Land	\$ 150,080	-	-	150,080
Depreciable Capital Assets				
Building and Building Improvements	2,674,368	13,325	-	2,687,693
Vehicles and Equipment	874,709	86,695	-	961,404
Infrastructure	6,964,421	-	-	6,964,421
	<u>10,513,498</u>	<u>100,020</u>	<u>-</u>	<u>10,613,518</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,624,225	67,192	-	1,691,417
Furniture and Equipment	689,139	45,981	-	735,120
Infrastructure	3,698,409	107,861	-	3,806,270
	<u>6,011,773</u>	<u>221,034</u>	<u>-</u>	<u>6,232,807</u>
Total Net Depreciable Capital Assets	<u>4,501,725</u>	<u>(121,014)</u>	<u>-</u>	<u>4,380,711</u>
Total Net Capital Assets	<u>4,651,805</u>	<u>(121,014)</u>	<u>-</u>	<u>4,530,791</u>

The depreciation expense of \$221,034 was charged to governmental activities.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Promissory Notes Payable

The Township enters into promissory notes payable for the purpose of renovating, remodeling and improving the Township. Promissory notes payable are direct obligations and pledge the full faith and credit of the Township. Promissory notes payable currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Promissory Note Payable of 2013 - Due in monthly installments of \$803 including interest at 4.5627% through September 11, 2018.	\$ 22,727	-	8,779	13,948

Long-Term Liability Activity

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
Promissory Notes Payable	\$ 22,727	-	8,779	13,948	9,188

The promissory notes payable is liquidated by the General Fund.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Promisory Notes Payable	
	Principal	Interest
2018	\$ 9,188	447
2019	4,760	64
Totals	<u>13,948</u>	<u>511</u>

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2015	<u>\$ 1,703,757,227</u>
Legal Debt Limit - 2.875% of Assessed Value	48,983,020
Amount of Debt Applicable to Limit	
Equipment Loan	<u>13,948</u>
Legal Debt Margin	<u>48,969,072</u>

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE CLASSIFICATIONS

Net Investment in Capital Assets

Net investment in capital assets was comprised of the following as of December 31, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 4,530,791
Less Capital Related Debt:	
Promissory Note Payable of 2012	<u>(13,948)</u>
Net Investment in Capital Assets	<u><u>4,516,843</u></u>

Fund Balance Classifications

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.

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

	General	Special Revenue	Road and Bridge	Nonmajor Illinois Municipal Retirement	Totals
	General	General Assistance	Road and Bridge	Nonmajor Illinois Municipal Retirement	Totals
Fund Balances					
Restricted					
Property Tax Levies					
General Assistance	\$ -	336,851	-	-	336,851
Road and Bridge	-	-	335,130	-	335,130
Illinois Municipal Retirement	-	-	-	78,224	78,224
	<u>-</u>	<u>336,851</u>	<u>335,130</u>	<u>78,224</u>	<u>750,205</u>
Unassigned	<u>1,385,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,385,683</u>
Total Fund Balances	<u><u>1,385,683</u></u>	<u><u>336,851</u></u>	<u><u>335,130</u></u>	<u><u>78,224</u></u>	<u><u>2,135,888</u></u>

ELGIN TOWNSHIP, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

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.

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.

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. These funds are not reflected in the financial statements of the Township.

OTHER POST-EMPLOYMENT BENEFITS PLAN

The Township has evaluated its potential other postemployment 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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Therefore, the Township has not recorded a liability as of March 31, 2017.

ELGIN TOWNSHIP, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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.

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.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. 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.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	37
Inactive Plan Members Entitled to but not yet Receiving Benefits	7
Active Plan Members	<u>14</u>
Total	<u><u>58</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. The Township’s annual contribution rate for calendar year 2016 was 10.13% of covered payroll.

Net Pension Liability. The Township’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

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 tables 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.

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50% and the discount rate in the prior valuation was 7.49%. 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. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/ (Asset)	\$ 1,633,762	735,695	(7,878)

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 6,867,713	6,479,046	388,667
Changes for the Year:			
Service Cost	89,051	-	89,051
Interest on the Total Pension Liability	504,263	-	504,263
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	263,361	-	263,361
Changes of Assumptions	(8,342)	-	(8,342)
Contributions - Employer	-	89,274	(89,274)
Contributions - Employees	-	39,658	(39,658)
Net Investment Income	-	412,226	(412,226)
Benefit Payments, Including Refunds of Employee Contributions	(359,517)	(359,517)	-
Other (Net Transfer)	-	(39,853)	39,853
Net Changes	488,816	141,788	347,028
Balances at December 31, 2016	7,356,529	6,620,834	735,695

ELGIN TOWNSHIP, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended March 31, 2017, the Township recognized pension expense of \$310,939. At March 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 158,882	(7,444)	151,438
Change in Assumptions	1,563	(5,033)	(3,470)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	324,950	-	324,950
	485,395	(12,477)	472,918
Pension Contributions Made Subsequent to the Measurement Date	19,999	-	19,999
Total Deferred Amounts Related to IMRF	505,394	(12,477)	492,917

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:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 199,368
2019	156,758
2020	104,079
2021	12,713
2022	-
Thereafter	-
Total	472,918

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund

- Budgetary Comparison Schedules
 General Fund
 General Assistance - Special Revenue Fund
 Road and Bridge - Special Revenue Fund
 Illinois Municipal Retirement - Special Revenue Fund

Notes to the Other Supplementary Information

Budgetary Information – Budgets are adopted on a cash basis.

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

General Assistance Fund

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.

Road and Bridge Fund

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.

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund accounts for the proceeds of specific annual tax levy used to pay the cost of the general Township's share of contributions to the IMRF.

ELGIN TOWNSHIP, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

March 31, 2017

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 92,380	\$ 92,380	\$ -	\$ 863,363	10.70%
2016	89,274	89,274	-	881,280	10.13%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

ELGIN TOWNSHIP, ILLINOIS

Illinois Municipal Retirement Fund

**Schedule of Changes in the Employer's Net Pension Liability
March 31, 2017**

	December 31, 2015	December 31, 2016
Total Pension Liability		
Service Cost	\$ 91,604	89,051
Interest	488,528	504,263
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(36,870)	263,361
Change of Assumptions	7,745	(8,342)
Benefit Payments, Including Refunds of Member Contributions	(302,399)	(359,517)
Net Change in Total Pension Liability	248,608	488,816
Total Pension Liability - Beginning	6,619,105	6,867,713
Total Pension Liability - Ending	6,867,713	7,356,529
Plan Fiduciary Net Position		
Contributions - Employer	\$ 92,380	89,274
Contributions - Members	38,851	39,658
Net Investment Income	32,598	412,226
Benefit Payments, Including Refunds of Member Contributions	(302,399)	(359,517)
Other (Net Transfer)	12,529	(39,853)
Net Change in Plan Fiduciary Net Position	(126,041)	141,788
Plan Net Position - Beginning	6,605,087	6,479,046
Plan Net Position - Ending	6,479,046	6,620,834
Employer's Net Pension Liability	\$ 388,667	735,695
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.34%	90.00%
Covered-Employee Payroll	\$ 863,363	881,280
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	45.02%	83.48%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

ELGIN TOWNSHIP, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 1,675,750	1,675,750	1,668,674
Personal Property Replacement	105,000	105,000	122,900
Interest	1,000	1,000	1,918
Miscellaneous	9,725	9,725	11,650
Total Revenues	<u>1,791,475</u>	<u>1,791,475</u>	<u>1,805,142</u>
Expenditures			
Current			
General Government	1,854,300	1,854,300	1,586,518
Capital Outlay	98,500	98,500	22,120
Total Expenditures	<u>1,952,800</u>	<u>1,952,800</u>	<u>1,608,638</u>
Net Change in Fund Balance	<u>(161,325)</u>	<u>(161,325)</u>	196,504
Fund Balance - Beginning			<u>1,189,179</u>
Fund Balance - Ending			<u><u>1,385,683</u></u>

ELGIN TOWNSHIP, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
General Government			
Administration			
Personnel Services			
Salaries	\$ 385,000	385,000	361,526
Health Insurance	115,000	115,000	78,828
Unemployment Insurance	500	500	177
Social Security	35,000	35,000	27,429
Contractual Services			
Maintenance Service/Supplies-Vehicle	5,000	5,000	-
Maintenance Service-Grounds	30,000	30,000	1,131
Maintenance Service-Building	16,000	16,000	23,204
Maintenance Service-Equipment	25,000	25,000	18,697
Accounting Service	12,000	12,000	9,593
Legal Service	8,000	8,000	8,429
Postage	2,500	2,500	1,088
Telephone	10,000	10,000	9,775
Publishing	1,500	1,500	1,789
Printing/ Public Relations	10,000	10,000	6,283
Dues	3,000	3,000	1,487
Travel Expenses	10,000	10,000	5,079
Training	600	600	170
Utilities	18,000	18,000	14,099
Worker's Compensation/Liability Insurance	33,000	33,000	32,816
Battery Recycling	20,000	20,000	7,333
Contract Payment- Ride in Kane	10,000	10,000	1,455
Commodities			
Office Supplies	8,000	8,000	7,297
Other			
Miscellaneous Expense	700	700	144
Contingencies	-	-	2,168
Elgin Twsp TRIAD Program	6,000	6,000	6,000
Social Service Agency Misc. Grants	423,500	423,500	379,500
Prescription Drug Program	10,000	10,000	5,836
Senior Services Contract	20,500	20,500	20,500
Community Room Expenses/Supplies	4,500	4,500	9,854
Youth Programs	77,000	77,000	77,000
Total Administration	1,300,300	1,300,300	1,118,687

ELGIN TOWNSHIP, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis - Continued
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Assessor			
Personnel Services			
Salaries	\$ 331,000	331,000	299,011
Health Insurance	120,000	120,000	88,965
Unemployment Insurance	800	800	384
Social Security	26,000	26,000	21,798
Contractual Services			
Maintenance Service-Equipment	28,000	28,000	23,842
Maintenance Service-Vehicle	1,000	1,000	513
Postage	200	200	-
Telephone	6,100	6,100	5,145
Publishing	200	200	195
Printing	500	500	180
Dues	2,000	2,000	563
Travel Expenses	6,100	6,100	4,380
Training	4,500	4,500	2,650
Publications	600	600	419
Commodities			
Office Supplies	4,000	4,000	2,881
Other			
Contingencies	2,000	2,000	1,533
Professional Services	21,000	21,000	15,372
Total Assessor	554,000	554,000	467,831
Total General Government	1,854,300	1,854,300	1,586,518
Capital Outlay	98,500	98,500	22,120
Total Expenditures	1,952,800	1,952,800	1,608,638

ELGIN TOWNSHIP, ILLINOIS

General Assistance - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 99,400	99,400	99,064
Interest	500	500	498
Miscellaneous	20,000	20,000	19,856
Total Revenues	<u>119,900</u>	<u>119,900</u>	<u>119,418</u>
Expenditures			
Current			
Health and Welfare	504,400	504,400	250,924
Capital Outlay	3,500	3,500	1,200
	<u>507,900</u>	<u>507,900</u>	<u>252,124</u>
Net Change in Fund Balance	<u>(388,000)</u>	<u>(388,000)</u>	(132,706)
Fund Balance - Beginning			<u>469,557</u>
Fund Balance - Ending			<u><u>336,851</u></u>

ELGIN TOWNSHIP, ILLINOIS

General Assistance - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Health and Welfare			
Administration			
Personnel Services			
Salaries	\$ 88,000	88,000	85,372
Health Insurance	30,000	30,000	20,075
Unemployment Insurance	500	500	143
Social Security	7,500	7,500	6,321
Contractual Services			
Printing	1,000	1,000	252
Travel Expenses	500	500	-
Commodities			
Office Supplies	900	900	45
Other			
Miscellaneous Expense	500	500	-
Total Administration	128,900	128,900	112,208
Relief			
Commodities and Contractual Services			
Physician Service	5,000	5,000	-
Hospital Service-In Patient	5,000	5,000	-
Hospital Service-Out Patient	5,000	5,000	-
Drugs	5,000	5,000	-
Dental Service	1,500	1,500	150
Other Medical Services	3,000	3,000	337
Funeral & Burial Service	1,000	1,000	-
Shelter	75,000	75,000	31,895
Utility Payment	25,000	25,000	9,977
Workfare	10,000	10,000	3,560
Miscellaneous	12,000	12,000	18,223
Fuel	3,000	3,000	165
Food	45,000	45,000	21,720
Emergency Assistance	125,000	125,000	52,362
Disaster Assistance	5,000	5,000	327
Contingencies	45,000	45,000	-

ELGIN TOWNSHIP, ILLINOIS

General Assistance - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis - Continued
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Health and Welfare - Continued			
Relief - Continued			
Other			
Miscellaneous	\$ 5,000	5,000	-
Total Relief	375,500	375,500	138,716
Total Health and Welfare	504,400	504,400	250,924
Capital Outlay	3,500	3,500	1,200
Total Expenditures	507,900	507,900	252,124

ELGIN TOWNSHIP, ILLINOIS

Road and Bridge - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 884,179	884,179	794,292
Personal Property Replacement	48,000	48,000	55,035
Interest	531	531	534
Miscellaneous	8,300	8,300	9,140
Total Revenues	<u>941,010</u>	<u>941,010</u>	<u>859,001</u>
Expenditures			
Current			
Public Works	663,830	663,830	452,534
Capital Outlay	679,361	679,361	443,397
Debt Service			
Principal	-	-	8,779
Interest	-	-	856
Total Expenditures	<u>1,343,191</u>	<u>1,343,191</u>	<u>905,566</u>
Net Change in Fund Balance	<u>(402,181)</u>	<u>(402,181)</u>	(46,565)
Fund Balance - Beginning as Restated			<u>381,695</u>
Fund Balance - Ending			<u><u>335,130</u></u>

ELGIN TOWNSHIP, ILLINOIS

Road and Bridge - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Public Works			
Administration			
Contractual Services			
Legal Service	\$ 1,800	1,800	213
Postage	250	250	54
Telephone/Communication Services	4,500	4,500	3,262
Publishing	400	400	335
Printing	300	300	208
Travel Expenses	500	500	306
Training	300	300	240
Commodities			
Office Supplies	900	900	567
Other			
Corp Replacement Tax Split	25,000	25,000	20,318
Miscellaneous Expense	1,000	1,000	1,312
Total Administration	34,950	34,950	26,815
Maintenance			
Personnel Services			
Salaries	225,000	225,000	182,820
Health Insurance	68,000	68,000	45,724
Unemployment Insurance	350	350	371
Social Security	16,830	16,830	13,986
IMRF	23,000	23,000	17,840
Commodities and Contractual Services			
Engineering Services	30,000	30,000	7,625
Utilities	7,000	7,000	3,852
Rentals	5,700	5,700	4,085
Street Lights	26,000	26,000	25,445
Maintenance and Repairs	158,000	158,000	89,771
Operating Supplies/Hand Tools	1,500	1,500	1,062
Gasoline/Oil	22,000	22,000	8,025
Signs	3,500	3,500	1,273
Insurance	22,000	22,000	21,877

ELGIN TOWNSHIP, ILLINOIS

Road and Bridge - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual - Modified Cash Basis - Continued
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Maintenance - Continued			
Other			
Miscellaneous	\$ 10,000	10,000	1,963
Contingencies	10,000	10,000	-
Total Maintenance	628,880	628,880	425,719
Total Public Works	663,830	663,830	452,534
Capital Outlay	679,361	679,361	443,397
Debt Service			
Principal	-	-	8,779
Interest	-	-	856
	-	-	9,635
Total Expenditures	1,343,191	1,343,191	905,566

ELGIN TOWNSHIP, ILLINOIS

Illinois Municipal Retirement - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
Modified Cash Basis
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 74,600	74,600	74,289
Interest	125	125	102
Total Revenues	<u>74,725</u>	<u>74,725</u>	<u>74,391</u>
Expenditures			
General Government			
Retirement Plan Contribution	<u>90,000</u>	<u>90,000</u>	<u>69,022</u>
Net Change in Fund Balance	<u>(15,275)</u>	<u>(15,275)</u>	5,369
Fund Balance - Beginning			<u>72,855</u>
Fund Balance - Ending			<u><u>78,224</u></u>