

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

**Annual Financial Report**

**Year Ended March 31, 2021**

**(With Independent Auditor's Report Thereon)**

**Elgin Township**  
**Comprehensive Annual Financial Statements**  
**March 31, 2021**

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## **Introductory Section**

**Elgin Township  
Principal Officers  
March 31, 2021**

**TOWNSHIP SUPERVISOR**

Kenneth Bruderle

**BOARD OF TRUSTEES**

Mark Bialek

Janet Rogalla

Alejandro Lopez

Eric Stare

**VILLAGE CLERK**

Karen Dowling

**HIGHWAY COMMISSIONER**

Jason Krabbe

**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, 2021, 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, 2021, and the respective changes in

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Elgin's basic financial statements. The accompanying Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Ligke Kross : On, PC*

Elgin, Illinois  
April 29, 2022



**Elgin Township  
Management's Discussion and Analysis  
Year Ended March 31, 2021**

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, 2021. 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 \$265,576 which represents a 3.92 percent decrease from 2020. Government-wide revenues totaled \$3,747,751, while expenses totaled \$4,013,327. The Township's net position totaled \$6,514,442 on March 31, 2021, which includes \$4,087,174 net investment in capital assets, \$871,469 subject to external restrictions, and \$1,555,799 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.

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.

**Elgin Township  
Management's Discussion and Analysis  
Year Ended March 31, 2021**

**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 \$6,514,442. A portion of the Township's net position reflects its investment in capital assets, \$4,087,174. 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 \$2,427,268, of which \$871,469 is restricted and \$1,555,799 is unrestricted.

**Elgin Township  
Management's Discussion and Analysis  
Year Ended March 31, 2021**

**Condensed Statement of Net Position**

	For Years Ended	
	March 31, 2021	March 31, 2020
Current and other assets	\$ 6,091,630	\$ 6,095,698
Capital assets, net of accumulated depreciation	4,087,174	4,235,697
Pension asset	592,433	-
<b>Total Assets</b>	<b>\$ 10,771,237</b>	<b>\$ 10,331,395</b>
Deferred Outflows of Resources	\$ 532,251	\$ 925,391
Current liabilities	\$ 263,959	\$ 119,189
Non-current liabilities	-	199,111
<b>Total Liabilities</b>	<b>\$ 263,959</b>	<b>\$ 318,300</b>
Deferred Inflows of Resources	\$ 4,525,087	\$ 4,258,468
Net Position		
Net investment in capital assets	\$ 4,087,174	\$ 4,235,697
Restricted	871,469	1,015,537
Unrestricted	1,555,799	1,428,784
<b>Total Net Position</b>	<b>\$ 6,514,442</b>	<b>\$ 6,680,018</b>

**Condensed Statement of Activities**

	For Years Ended	
	March 31, 2021	March 31, 2020
Revenue		
Property taxes	\$ 3,317,414	\$ 3,222,914
Replacement taxes	184,765	206,784
Charges for services	10,503	3,816
Interest income	14,335	64,297
Miscellaneous	220,734	143,297
<b>Total Revenues</b>	<b>3,747,751</b>	<b>3,641,108</b>
Expenditures		
General government activities	2,460,683	2,591,072
Health and welfare	277,453	378,663
Highway, streets, and bridges	623,587	621,606
Capital Outlay	651,604	72,185
<b>Total Expenditures</b>	<b>4,013,327</b>	<b>3,663,526</b>
Changes in Net Position	(265,576)	(22,418)
Net Position, Beginning of Year	6,680,018	6,702,436
Prior Period Adjustments	100,000	-
Net Position, Beginning of Year, Restated	6,780,018	6,702,436
Net Position, End of Year	\$ 6,514,442	\$ 6,680,018

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, 2021**

The following is a summary of changes in fund balances for the years ended March 31, 2021 and 2020:

Governmental Funds	Fund Balances March 31, 2020	Increase (Decrease)	Fund Balance March 31, 2021
General (Town)	\$ 1,853,275	\$ (30,563)	\$ 1,822,712
General Assistance	(87,484)	(97,585)	(185,069)
Road & Bridge	908,694	(155,274)	753,420
IMRF	104,081	13,968	118,049
	<u>\$ 2,778,566</u>	<u>\$ (269,454)</u>	<u>\$ 2,509,112</u>

**Budgetary Highlights**

Total expenditures in the Town Fund were \$398,982 less than appropriations of \$2,809,844. During the year, the Township paid out a total of \$1,173,245 in grants to non-profit organizations. Revenue in the General Assistance Fund of \$181,068 was less than expenditures by \$97,585. Expenditures in the General Assistance Fund were \$152,047 less than the appropriations of \$430,700. 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, 2021	March 31, 2020
Land and buildings	\$ 150,080	\$ 150,080
Buildings and Improvements	747,530	815,279
Vehicles and equipment	185,973	228,107
Infrastructure	<u>3,003,591</u>	<u>3,042,231</u>
Net Capital Assets	<u>\$ 4,087,174</u>	<u>\$ 4,235,697</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 page 20.

**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 12.

**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, 2021**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 2,505,018
Property tax receivable	3,329,725
Due from Other Governments	256,887
Total Current Assets	<u>6,091,630</u>
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	<u>(6,850,590)</u>
Total Capital Assets	<u>4,087,174</u>
Net pension asset	592,433
Total Non-current Assets	<u>4,679,607</u>
Total Assets	<u>10,771,237</u>
Deferred Outflows of Resources:	
Deferred items related to pension (IMRF)	532,251
Total Assets and Deferred Outflow of Resources	<u>\$ 11,303,488</u>
<b>Liabilities and Deferred Inflows of Resources</b>	
Current Liabilities:	
Accounts payable	\$ 50,161
Checks written in excess	176,411
Compensated absences	11,446
Payroll liabilities	25,941
Total Current Liabilities	<u>263,959</u>
Total Liabilities	<u>263,959</u>
Deferred Inflows of Resources:	
Deferred property tax	3,330,005
Deferred items related to pension (IMRF)	1,195,082
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,789,046</u>
<b>Net Position</b>	
Net Position:	
Net investment in capital assets	\$ 4,087,174
Restricted	871,469
Unrestricted	1,555,799
Total Net Position	<u>\$ 6,514,442</u>

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

**Elgin Township**  
**Statement of Activities**  
**For the Year Ended March 31, 2021**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue and Changes in Net Position
General government activities	\$ 2,460,683	\$ 10,503	\$ -	\$ -	\$ (2,450,180)
Health and welfare	277,453	-	-	-	(277,453)
Highway, streets, and bridges	623,587	-	-	-	(623,587)
Capital outlay	651,604	-	-	-	(651,604)
Total Primary Government	<u>\$ 4,013,327</u>	<u>\$ 10,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,002,824)</u>
General Revenues:					
Property taxes					3,317,414
Replacement taxes					184,765
Interest income					14,335
Miscellaneous					<u>220,734</u>
Total General Revenues					<u>3,737,248</u>
Change in Net Position					(265,576)
Net Position - Beginning of Year					6,680,018
Prior Period Adjustments					<u>100,000</u>
Net Position - Beginning of Year, Restated					6,780,018
Net Position - End of Year					<u>\$ 6,514,442</u>

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

**Elgin Township**  
**Balance Sheet - Governmental Funds**  
**March 31, 2021**

<b>Assets</b>	<u>General</u>	<u>Road and Bridge</u>	<u>Non-Major</u>	<u>Total Governmental Funds</u>
Current Assets:				
Cash	\$ 1,863,809	\$ 523,160	\$ 118,049	\$ 2,505,018
Property tax receivable	2,201,452	898,692	229,581	3,329,725
Due from Other Governments	<u>-</u>	<u>256,887</u>	<u>-</u>	<u>256,887</u>
Total Current Assets	<u>4,065,261</u>	<u>1,678,739</u>	<u>347,630</u>	<u>6,091,630</u>
 Total Assets	 <u><u>\$ 4,065,261</u></u>	 <u><u>\$ 1,678,739</u></u>	 <u><u>\$ 347,630</u></u>	 <u><u>\$ 6,091,630</u></u>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Checks written in excess	\$ -	\$ -	\$ 176,411	\$ 176,411
Accounts payable	16,170	25,688	8,303	50,161
Payroll liabilities	<u>24,927</u>	<u>659</u>	<u>355</u>	<u>25,941</u>
Total Liabilities	<u>41,097</u>	<u>26,347</u>	<u>185,069</u>	<u>252,513</u>
 Deferred Inflow of Resources:				
Deferred property tax	<u>2,201,452</u>	<u>898,972</u>	<u>229,581</u>	<u>3,330,005</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,242,549</u>	<u>925,319</u>	<u>414,650</u>	<u>3,582,518</u>
 Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	753,420	118,049	871,469
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,822,712</u>	<u>-</u>	<u>(185,069)</u>	<u>1,637,643</u>
Total Fund Balances	<u>1,822,712</u>	<u>753,420</u>	<u>(67,020)</u>	<u>2,509,112</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u><u>\$ 4,065,261</u></u>	 <u><u>\$ 1,678,739</u></u>	 <u><u>\$ 347,630</u></u>	 <u><u>\$ 6,091,630</u></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, 2021**

Total Governmental Fund Balance	\$ 2,509,112
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.	4,087,174
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	(662,831)
Compensated absences are not recognized on the fund statements.	(11,446)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Asset - IMRF	<u>592,433</u>
Net Position of Governmental Activities	<u><u>\$ 6,514,442</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, 2021**

	General	Road and Bridge	Non-Major	Totals
Revenues Received:				
Taxes	\$ 2,334,859	\$ 932,049	\$ 235,271	\$ 3,502,179
Intergovernmental	-	76,182	-	76,182
Interest	12,285	1,929	121	14,335
Passport	10,503	-	-	10,503
Miscellaneous	22,652	99,512	22,388	144,552
Total Revenues Received	<u>2,380,299</u>	<u>1,109,672</u>	<u>257,780</u>	<u>3,747,751</u>
Expenditures Disbursed:				
Current				
General government	2,401,817	-	62,744	2,464,561
Highways and streets	-	623,587	-	623,587
Health and welfare	-	-	277,453	277,453
Capital outlay	9,045	641,359	1,200	651,604
Total Expenditures Disbursed	<u>2,410,862</u>	<u>1,264,946</u>	<u>341,397</u>	<u>4,017,205</u>
Net Change in Fund Balances	(30,563)	(155,274)	(83,617)	(269,454)
Fund Balances - Beginning of Year	1,753,275	908,694	16,597	2,678,566
Prior Period Adjustments	100,000	-	-	100,000
Fund Balances - Beginning of Year, Restated	<u>1,853,275</u>	<u>908,694</u>	<u>16,597</u>	<u>2,778,566</u>
Fund Balances - End of Year	<u>\$ 1,822,712</u>	<u>\$ 753,420</u>	<u>\$ (67,020)</u>	<u>\$ 2,509,112</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, 2021**

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

Net change in fund balances - total governmental funds	\$ (269,454)
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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 (\$148,523). This is the amount by which capital outlays exceeded depreciation in the current period.	(148,523)
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The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	153,845
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Change in compensated absence balance	(1,444)
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Change in Net Position of Governmental Activities	\$ <u><u>(265,576)</u></u>
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The accompanying notes are an integral part of the financial statements.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**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, 2021**

**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, 2021**

**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 inflow 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, 2021**

**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, 2021**

**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:

- 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, 2021**

**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**

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 \$2,328,607 and the bank balances totaled \$2,354,204.

*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 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.



**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 4 – Property Taxes**

Property taxes for 2019 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 2020 levy which is used to fund fiscal 2021 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, 2020	Additions	Deletions/ Retirement	March 31, 2021
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	1,894,664	67,749	-	1,962,413
Vehicles and Equipment	885,213	42,134	-	927,347
Infrastructure	3,922,190	38,640	-	3,960,830
Total accumulated depreciation	<u>6,702,067</u>	<u>148,523</u>	<u>-</u>	<u>6,850,590</u>
Total Net Depreciable Capital Assets	<u>4,085,617</u>	<u>(148,523)</u>	<u>-</u>	<u>3,937,094</u>
Total Net Capital Assets	<u>\$ 4,235,697</u>	<u>\$ 148,523</u>	<u>\$ -</u>	<u>\$ 4,087,174</u>

The depreciation expense of \$148,523 was charged to governmental activities.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**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	\$ 10,002	\$ 11,446	\$ (10,002)	\$ 11,446	\$ 11,446
Net Pension Liability/ (Asset) - IMRF	199,111	-	(791,544)	(592,433)	-
	<u>\$ 209,113</u>	<u>\$ 11,446</u>	<u>\$ (801,546)</u>	<u>\$ (580,987)</u>	<u>\$ 11,446</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 - 2020	\$ <u>2,353,796,116</u>
Legal Debt Limit - 2.875% of Assessed Value	\$ <u><u>67,671,638</u></u>

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, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 4,087,174

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**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:

	<u>General</u>	<u>Special Revenue Road and Bridge</u>	<u>Nonmajor</u>	<u>Totals</u>
Fund Balances				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Property Tax Levies				
Road and Bridge	-	753,420	-	753,420
Illinois Municipal Retirement	-	-	118,049	118,049
	<u>-</u>	<u>753,420</u>	<u>118,049</u>	<u>871,469</u>
Unassigned	<u>1,822,712</u>	<u>-</u>	<u>(185,069)</u>	<u>1,637,643</u>
Total Fund Balances	<u>\$ 1,822,712</u>	<u>\$ 753,420</u>	<u>\$ (67,020)</u>	<u>\$ 2,509,112</u>

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 – 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 a defendant in one lawsuit which is estimated to have a favorable outcome.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 9 – Risk Management (continued)**

**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 10 – 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 11 – 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, 2021.

**Note 12 – 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](http://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, 2021**

**Note 12 – Defined Benefit Pension Plan (continued)**

**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, 2020, the measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	35
Inactive, non-retired members	10
Active plan members	13
Total	<u>58</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, 2021, the Township's contribution was 8.95% of covered payroll.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 12 – Defined Benefit Pension Plan (continued)**

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2020. 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, 2020, 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 2.25%
- *Salary Increases* were expected to be 2.85% to 13.75%
- 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 2020 valuation pursuant to an experience study of the period 2017-2019.
- *Mortality* for non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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:

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 12 – Defined Benefit Pension Plan (continued)**

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	1.30%
Domestic Equities	37.00%	5.00%
International Equities	18.00%	6.00%
Real Estate	9.00%	6.20%
Blended	7.00%	2.85%-6.95%
Cash and Cash Equivalents	1.00%	0.70%

**Single Discount Rate**

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 2.00% (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%.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 12 – Defined Benefit Pension Plan (continued)**

**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, 2019	\$ 8,141,786	\$ 7,942,675	\$ 199,111
Changes for the Year:			
Service Cost	88,602	-	88,602
Interest on the Total Pension Liability	576,061	-	576,061
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(51,272)	-	(51,272)
Changes of Assumptions	(77,399)	-	(77,399)
Contributions - Employer	-	79,192	(79,192)
Contributions - Employee	-	39,817	(39,817)
Net Investment Income	-	1,162,233	(1,162,233)
Benefit Payments, Including Refunds of Employee Contributions	(480,831)	(480,831)	-
Other (Net Transfer)	-	46,294	(46,294)
Net Changes	55,161	846,705	(791,544)
Balances at December 31, 2020	\$ <u>8,196,947</u>	\$ <u>8,789,380</u>	\$ <u>(592,433)</u>

**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:

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 9,087,123	\$ 8,196,947	\$ 7,529,426
Plan Fiduciary Net Position	8,789,380	8,789,380	8,789,380
Net Pension Liability	\$ <u>297,743</u>	\$ <u>(592,433)</u>	\$ <u>(1,259,954)</u>



**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 12 – Defined Benefit Pension Plan (continued)**

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

For the year ended March 31, 2021, the Township recognized pension income of \$153,845. 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	\$ 108,456	\$ 33,292	\$ 75,164
Changes in assumption	-	50,257	(50,257)
Net difference between projected and actual earnings on pension plan investments	392,754	1,111,533	(718,779)
Pension Contributions made subsequent to the Measurement Date, through March 31, 2021	<u>31,041</u>	<u>-</u>	<u>31,041</u>
Total Deferred Amounts Related to Pension to the Measurement Date, through March 31, 2021	<u>\$ 532,251</u>	<u>\$ 1,195,082</u>	<u>\$ (662,831)</u>

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, 2021. 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>
2021 \$	(137,088)
2022	(124,113)
2023	(282,063)
2024	(119,567)
Thereafter	-
Total \$	<u>(662,831)</u>

**Note 13 – Prior Period Adjustments**

The Township discovered that previously issued financial statements included an error related to contingency expenses. The error on contingencies resulted in overstatement of expenses in the town fund for the year ending March 31, 2020 by \$100,000. The net position for the beginning of the fiscal year has been adjusted to correct this error. The correction has no effect on the results of the current year's operations.

**Elgin Township**  
**Notes to the Financial Statements**  
**March 31, 2021**

**Note 13 – Prior Period Adjustments (continued)**

The effect of the prior period adjustments for the fiscal year ending March 31, 2021:

Town Fund		
Net Position Beginning of Year	Prior Period Adjustments	Net Position Beginning of Year Restated
<u>\$ 1,753,275</u>	<u>\$ 100,000</u>	<u>\$ 1,853,275</u>

**Note 14 – 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 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, 2021**

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

Calendar year ending December 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service cost	\$ 88,602	\$ 89,805	\$ 82,441	\$ 87,594	\$ 89,051	\$ 91,604	-	-	-	-
Interest on the total pension liability	576,061	538,294	524,233	539,953	504,263	488,528	-	-	-	-
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(51,272)	353,142	48,672	(194,517)	263,361	(36,870)	-	-	-	-
Assumption changes	(77,399)	-	200,323	(234,011)	(8,342)	7,745	-	-	-	-
Benefit payments and refunds	(480,831)	(438,591)	(410,174)	(401,907)	(359,517)	(302,399)	-	-	-	-
Net Change in Total Pension Liability	55,161	542,650	445,495	(202,888)	488,816	248,608	-	-	-	-
Total Pension Liability - Beginning	<u>8,141,786</u>	<u>7,599,136</u>	<u>7,153,641</u>	<u>7,356,529</u>	<u>6,867,713</u>	<u>6,619,105</u>	-	-	-	-
Total Pension Liability - Ending (a)	<u>\$ 8,196,947</u>	<u>\$ 8,141,786</u>	<u>\$ 7,599,136</u>	<u>\$ 7,153,641</u>	<u>\$ 7,356,529</u>	<u>\$ 6,867,713</u>	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 79,192	\$ 60,672	\$ 108,887	\$ 81,089	\$ 89,274	\$ 92,380	-	-	-	-
Employee contributions	39,817	48,535	41,737	39,793	39,658	38,851	-	-	-	-
Pension plan net investment income	1,162,233	1,302,141	(430,102)	1,209,933	412,226	32,598	-	-	-	-
Benefit payments and refunds	(480,831)	(438,591)	(410,174)	(401,907)	(359,517)	(302,399)	-	-	-	-
Other	46,294	102,727	139,856	(132,755)	(39,853)	12,529	-	-	-	-
Net Change in Plan Fiduciary Net Position	846,705	1,075,484	(549,796)	796,153	141,788	(126,041)	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>7,942,675</u>	<u>6,867,191</u>	<u>7,416,987</u>	<u>6,620,834</u>	<u>6,479,046</u>	<u>6,605,087</u>	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,789,380</u>	<u>\$ 7,942,675</u>	<u>\$ 6,867,191</u>	<u>\$ 7,416,987</u>	<u>\$ 6,620,834</u>	<u>\$ 6,479,046</u>	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	(592,433)	199,111	731,945	(263,346)	735,695	388,667	-	-	-	-
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.23%	97.55%	90.37%	103.68%	90.00%	94.34%	-	-	-	-
Covered Valuation Payroll	\$ 866,903	\$ 935,015	\$ 927,497	\$ 884,289	\$ 881,280	\$ 863,363	-	-	-	-
Net Pension Liability as a Percentage of Covered Valuation Payroll	-68.34%	21.29%	78.92%	-29.78%	83.48%	45.02%	-	-	-	-

**Elgin Township**  
**Multiyear Schedule of Contributions -**  
**Illinois Municipal Retirement Fund**  
**For the Year Ended March 31, 2021**

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	60,945	60,945	-	935,015	6.42%
2021	59,978	59,978	-	866,903	8.95%

*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 2020 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies: (Regular, SLEP, and ECO group): 23-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 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25% including inflation
<i>Investment Rate of Return:</i>	7.25%
<i>Retirement Age:</i>	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.
<i>Mortality:</i>	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, 2021**

	Budget		
	Original	Final	Actual
Revenues:			
Taxes			
Property	\$ 2,201,428	\$ 2,201,428	\$ 2,207,241
Personal property replacement	120,000	120,000	127,618
Interest	31,000	31,000	12,285
Passport	5,000	5,000	10,503
Miscellaneous	19,918	19,918	22,652
Total Revenues	<u>2,377,346</u>	<u>2,377,346</u>	<u>2,380,299</u>
Expenditures:			
General government	2,745,844	2,745,844	2,401,817
Capital outlay	64,000	64,000	9,045
Total Expenditures	<u>2,809,844</u>	<u>2,809,844</u>	<u>2,410,862</u>
Deficiency of Revenues			
Under Expenditures	(432,498)	(432,498)	(30,563)
Other Financing (Uses)			
Transfers Out	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(352,498)</u>	\$ <u>(352,498)</u>	<u>(30,563)</u>
Fund Balance, Beginning of Year			1,753,275
Prior Period Adjustments			<u>100,000</u>
Fund Balance, Beginning of Year, Restated			1,853,275
Fund Balance, End of Year			\$ <u><u>1,822,712</u></u>

**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, 2021**

	Budget		
	Original	Final	Actual
Revenues:			
Taxes			
Property	\$ 858,937	\$ 858,937	\$ 874,902
Personal property replacement	60,000	60,000	57,147
Intergovernmental			
Motor Fuel Tax	68,250	68,250	76,182
Interest	12,045	12,045	1,929
Miscellaneous	6,300	6,300	99,512
Total Revenues	<u>1,005,532</u>	<u>1,005,532</u>	<u>1,109,672</u>
Expenditures:			
Highways and Streets	749,850	749,850	623,587
Capital outlay	<u>1,068,357</u>	<u>1,068,357</u>	<u>641,359</u>
Total Expenditures	<u>1,818,207</u>	<u>1,818,207</u>	<u>1,264,946</u>
Net Change in Fund Balance	\$ <u>(812,675)</u>	\$ <u>(812,675)</u>	<u>(155,274)</u>
Fund Balance, Beginning of Year			<u>908,694</u>
Fund Balance, End of Year			\$ <u><u>753,420</u></u>

**Elgin Township**  
**Notes to Required Supplementary Information**  
**March 31, 2021**

**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, 2021**

	<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	\$ 646,318	\$ (221,318)
Health insurance	105,000	105,000	163,392	(58,392)
Unemployment insurance	200	200	638	(438)
Social security	33,000	33,000	39,922	(6,922)
Contractual services				
Maintenance service/supplies - vehicles	1,000	1,000	-	1,000
Maintenance service - grounds	10,000	10,000	3,624	6,376
Maintenance service - building	15,000	15,000	9,496	5,504
Maintenance service - Equipment	25,000	25,000	36,313	(11,313)
Accounting Service	11,000	11,000	8,391	2,609
Legal service	5,000	5,000	9,922	(4,922)
Postage	3,500	3,500	3,383	117
Telephone	9,000	9,000	8,322	678
Publishing	2,000	2,000	1,840	160
Printing/public relations	10,000	10,000	4,610	5,390
Dues	6,000	6,000	5,163	837
Travel expenses	10,000	10,000	9,353	647
Utilities	18,000	18,000	14,713	3,287
Worker's compensation/liability insurance	35,000	35,000	33,475	1,525
Battery recycling	15,000	15,000	12,521	2,479
Contract payment - Ride in Kane	2,000	2,000	830	1,170
Commodities				
Office Supplies	12,000	12,000	5,546	6,454
Other				
Miscellaneous expense	545,280	545,280	561,978	(16,698)
Contingencies	191,451	191,451	50,593	140,858
Social Service Agency misc. grants	500,000	500,000	499,965	35
Elgin Township TRIAD Program	12,000	12,000	12,000	-
Utility Assistance program	15,000	15,000	-	15,000
Prescription Drug program	15,000	15,000	9,979	5,021
Community room expenses/supplies	10,000	10,000	5,034	4,966
Youth programs	125,000	125,000	116,500	8,500
Total Administration	\$ <u>2,166,431</u>	\$ <u>2,166,431</u>	\$ <u>2,273,821</u>	\$ <u>(107,390)</u>

(continued)

**Elgin Township  
General Town Fund  
Schedule of Expenditures -  
Budget and Actual  
For the Year Ended March 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
General Government - continued				
Assessor				
Personnel services				
Salaries	\$ 352,390	\$ 352,390	\$ 65,000	\$ 287,390
Health insurance	119,028	119,028	20,071	98,957
Unemployment insurance	800	800	-	800
Social Security	26,000	26,000	24,348	1,652
Contractual services				
Maintenance service - equipment	32,795	32,795	9,830	22,965
Maintenance service - vehicle	3,000	3,000	-	3,000
Postage	400	400	330	70
Telephone	6,100	6,100	637	5,463
Publishing	200	200	-	200
Printing	500	500	207	293
Dues	2,000	2,000	-	2,000
Travel expenses	6,100	6,100	1,050	5,050
Training	4,500	4,500	3,490	1,010
Publications	600	600	419	181
Commodities				
Office supplies	4,000	4,000	708	3,292
Other				
Contingencies	2,000	2,000	1,906	94
Professional services	19,000	19,000	-	19,000
Total Assessor	<u>579,413</u>	<u>579,413</u>	<u>127,996</u>	<u>451,417</u>
Total General Government	<u>2,745,844</u>	<u>2,745,844</u>	<u>2,401,817</u>	<u>344,027</u>
Capital Outlay	<u>64,000</u>	<u>64,000</u>	<u>9,045</u>	<u>54,955</u>
Total Expenditures	<u>\$ 2,809,844</u>	<u>\$ 2,809,844</u>	<u>\$ 2,410,862</u>	<u>\$ 398,982</u>

**Elgin Township**  
**General Assistance Fund - Special Revenue Fund**  
**Schedule of Expenditures -**  
**Budget and Actual**  
**For the Year Ended March 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative)</u>
Health and Welfare				
Administration				
Personnel services				
Salaries	\$ 100,000	\$ 100,000	\$ 98,542	\$ 1,458
Health insurance	26,000	26,000	25,145	855
Unemployment insurance	200	200	159	41
Social Security	8,000	8,000	6,931	1,069
Contractual services				
Printing	400	400	-	400
Travel expenses	400	400	206	194
Commodities				
Office supplies	300	300	-	300
Other				
Miscellaneous Expense	200	200	7,285	(7,085)
Total Administration	<u>135,500</u>	<u>135,500</u>	<u>138,268</u>	<u>(2,768)</u>
Relief				
Commodities and contractual services				
Physician service	400	400	-	400
Hospital service-in patient	400	400	-	400
Hospital service-out patient	400	400	-	400
Drugs	400	400	-	400
Dental service	1,000	1,000	-	1,000
Other medical services	400	400	-	400
Funeral & burial services	1,000	1,000	-	1,000
Shelter	75,000	75,000	50,574	24,426
Utility payment	19,000	19,000	14,673	4,327
Ambulance	400	400	-	400
Workfare	8,000	8,000	2,040	5,960
Miscellaneous	10,000	10,000	2,380	7,620
Fuel	400	400	-	400
Food	60,000	60,000	39,470	20,530
Emergency assistance	110,000	110,000	30,048	79,952
Disaster assistance	3,000	3,000	-	3,000
Contingencies	3,000	3,000	-	3,000
Other				
Miscellaneous	400	400	-	400
Total Relief	<u>293,200</u>	<u>293,200</u>	<u>139,185</u>	<u>154,015</u>
Total Health and Welfare	<u>428,700</u>	<u>428,700</u>	<u>277,453</u>	<u>151,247</u>
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>1,200</u>	<u>800</u>
Total Expenditures	\$ <u>430,700</u>	\$ <u>430,700</u>	\$ <u>278,653</u>	\$ <u>152,047</u>

**Elgin Township**  
**Road and Bridge - Special Revenue Fund**  
**Schedule of Expenditures -**  
**Budget and Actual**  
**For the Year Ended March 31, 2021**

	Original Budget	Final Budget	Actual	Positive/ (Negative)
Highways and Streets				
Administration				
Contractual services				
Legal Service	\$ 2,800	\$ 2,800	\$ -	\$ 2,800
Postage	500	500	112	388
Telephone/communication services	4,500	4,500	3,006	1,494
Publishing	500	500	237	263
Printing	200	200	-	200
Travel expenses	800	800	25	775
Training	600	600	635	(35)
Commodities				
Office Supplies	500	500	210	290
Other				
Corp Replacement Tax split	27,000	27,000	22,027	4,973
Miscellaneous expenses	1,500	1,500	16,375	(14,875)
Total Administration	<u>38,900</u>	<u>38,900</u>	<u>42,627</u>	<u>(3,727)</u>
Maintenance				
Personnel services				
Salaries	230,000	230,000	199,262	30,738
Health insurance	58,000	58,000	65,697	(7,697)
Unemployment Insurance	450	450	332	118
Social Security	18,000	18,000	3,854	14,146
IMRF	23,000	23,000	18,408	4,592
Commodities and contractual services				
Engineering services	45,000	45,000	44,976	24
Utilities	7,000	7,000	4,985	2,015
Rentals	5,000	5,000	2,774	2,226
Street lights	35,000	35,000	32,436	2,564
Maintenance and repairs	220,000	220,000	166,861	53,139
Operating supplies/hand tools	1,500	1,500	829	671
Gasoline/oil	22,000	22,000	12,924	9,076
Signs	3,000	3,000	2,278	722
Workers' Compensation Insurance	23,000	23,000	22,317	683
Other				
Miscellaneous	10,000	10,000	3,027	6,973
Contingencies	10,000	10,000	-	10,000
Total Maintenance	<u>710,950</u>	<u>710,950</u>	<u>580,960</u>	<u>129,990</u>
Total Highways and Streets	<u>749,850</u>	<u>749,850</u>	<u>623,587</u>	<u>126,263</u>
Capital outlay	<u>1,068,357</u>	<u>1,068,357</u>	<u>641,359</u>	<u>426,998</u>
Total Expenditures	\$ <u><u>1,818,207</u></u>	\$ <u><u>1,818,207</u></u>	\$ <u><u>1,264,946</u></u>	\$ <u><u>556,988</u></u>

**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, 2021**

	Budget		
	Original	Final	Actual
Revenues:			
Taxes			
Property	\$ 153,030	\$ 153,030	\$ 158,680
Interest	500	500	-
Miscellaneous	40,000	40,000	22,388
Total Revenues	<u>193,530</u>	<u>193,530</u>	<u>181,068</u>
Expenditures:			
Health and welfare	428,700	428,700	277,453
Capital outlay	2,000	2,000	1,200
Total Expenditures	<u>430,700</u>	<u>430,700</u>	<u>278,653</u>
Deficiency of Revenues			
Under Expenditures	(237,170)	(237,170)	(97,585)
Other Financing Sources			
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(117,170)</u>	\$ <u>(117,170)</u>	<u>(97,585)</u>
Fund Balance, Beginning of Year			(87,484)
Fund Balance, End of Year			\$ <u><u>(185,069)</u></u>

**Elgin Township**  
**Illinois Municipal Retirement - Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**For the Year Ended March 31, 2021**

	Budget		
	Original	Final	Actual
Revenues:			
Property taxes	\$ 76,537	\$ 75,015	\$ 76,591
Interest	2,000	2,000	121
Total Revenues	<u>78,537</u>	<u>77,015</u>	<u>76,712</u>
Expenditures:			
General Government			
Retirement plan contribution	<u>75,000</u>	<u>85,000</u>	<u>62,744</u>
Net Change in Fund Balance	\$ <u>3,537</u>	\$ <u>(7,985)</u>	<u>13,968</u>
Fund Balance, Beginning of Year			<u>104,081</u>
Fund Balance, End of Year			\$ <u>118,049</u>