

**Elk Grove Township
Cook County, Illinois**

Annual Financial Report

Year Ended March 31, 2014

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Costabile & Steffens P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To: The Board of Trustees
Elk Grove Township
Arlington Heights, Illinois

We have audited the accompanying financial statements of Elk Grove Township, Illinois, as of and for the year ended March 31, 2014, 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 error or fraud.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities and each major fund of Elk Grove Township, Illinois, as of March 31, 2014, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Frank J. Costabile
Frank R. Costabile

Members
American Institute
of Certified Public
Accountants
and Illinois
Society of CPAs



Costabile & Steffens P.C.

Certified Public Accountants

The Board of Trustees
Elk Grove Township
Arlington Heights, Illinois

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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Elk Grove Township, Illinois' basic financial statements. The management's discussion and analysis on pages 3-8, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Costabile & Steffens PC

COSTABILE & STEFFENS PC
Certified Public Accountants

Rolling Meadows, Illinois 60008
July 15, 2014

ELK GROVE TOWNSHIP
MANAGEMENT'S
DISCUSSION AND ANALYSIS

As management of Elk Grove Township (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at March 31, 2014 by \$6,169,563 (net assets). Of this amount, \$4,364,990 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$767,849.
- At March 31, 2014, the Township's governmental funds reported combined ending fund balances of \$4,411,623, an increase of \$761,523 in comparison with the prior year.
- At March 31, 2014, the unassigned fund balance for the General Fund was \$3,122,834 or 64 percent of total General Fund expenditures.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The Statement of Net Assets – Modified Cash Basis presents information on all of the Township's assets and liabilities arising from cash transactions, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating when comparing year to year results.

The Statement of Activities – Modified Cash Basis presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

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 (business type activities). The governmental activities of the Township include general government, assessor, youth division, social services division, construction and maintenance of roads, general

assistance, and food pantry. The business-type activities of the Township include the sewer division.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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. Such information may be useful in evaluating a government'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 Township's near-term financing decisions. Both the governmental fund Balance Sheet – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet – Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis for the General Fund, General Assistance Fund, and Road and Bridge Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

Proprietary Funds - The Township maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for the sewer division.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer function.

The basic proprietary fund financial statements can be found on pages 15 through 17 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 18 through 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$6,169,563 at March 31, 2014.

A large portion of the Township's net assets (25 percent) reflects its investment in capital assets (e.g., land, land improvements, buildings, and equipment, vehicles, and sewer system); 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.

An additional portion of the Township's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,364,990) may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2014, the Township is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Current and Other Assets	\$ 4,373,803	\$ 3,650,100	\$ 770,517	\$ 713,338	\$ 5,182,140	\$ 4,363,438
Capital Assets	\$ 1,047,485	\$ 1,128,638	\$ 155,942	\$ 166,200	\$ 1,203,427	\$ 1,294,838
Total Assets	\$ 5,459,108	\$ 4,778,738	\$ 926,459	\$ 879,538	\$ 6,385,567	\$ 5,658,276
Long Term Liabilities Outstanding	\$ 216,004	\$ 256,561	\$ -	\$ -	\$ 216,004	\$ 256,561
Total Liabilities	\$ 216,004	\$ 256,561	\$ -	\$ -	\$ 216,004	\$ 256,561
Net Assets						
Invested in Capital Assets						
Net of Related Debt	\$ 1,047,485	\$ 1,128,638	\$ 155,942	\$ 166,200	\$ 1,203,427	\$ 1,294,838
Restricted	\$ 601,146	\$ 490,562	\$ -	\$ -	\$ 601,146	\$ 490,562
Unrestricted	\$ 3,594,473	\$ 2,952,638	\$ 770,517	\$ 713,338	\$ 4,364,990	\$ 3,665,976
Total Net Assets	\$ 5,243,104	\$ 4,571,838	\$ 926,459	\$ 879,538	\$ 6,169,563	\$ 5,451,376

The Township's total net assets increased by \$767,849 during the year ended March 31, 2014.

Governmental Activities – Governmental Activities increases the Township’s net assets by \$720,928. Key elements of the increase are as follows:

Elk Grove Township’s Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Revenues						
Program Revenues						
Charges for Services	\$ 104,454	\$ 108,341	\$ 113,206	\$ 111,268	\$ 217,660	\$ 219,609
Operating Grants and Contributions	\$ 3,922	\$ 7,237	\$ -	\$ -	\$ 3,922	\$ 7,237
General Revenues						
Property Taxes	\$ 3,046,675	\$ 3,006,695	\$ -	\$ -	\$ 3,046,675	\$ 3,006,695
Other Taxes	\$ 265,474	\$ 244,840	\$ -	\$ -	\$ 265,474	\$ 244,840
Unrestricted Investment Earnings	\$ 12,256	\$ 13,625	\$ 1,064	\$ 1,477	\$ 13,320	\$ 15,102
Loss on Disposal of Fixed Assets	\$ -	\$ (156)	\$ -	\$ -	\$ -	\$ (156)
Other	\$ 14,691	\$ 13,968	\$ -	\$ -	\$ 14,691	\$ 13,968
Total Revenues	\$ 3,447,472	\$ 3,394,550	\$ 114,270	\$ 112,745	\$ 3,340,160	\$ 3,507,295
Expenses						
General Government	\$ 1,208,568	\$ 1,108,876	\$ -	\$ -	\$ 1,208,568	\$ 1,108,876
Assessor	\$ 113,323	\$ 118,683	\$ -	\$ -	\$ 113,323	\$ 118,683
Youth Division	\$ 328,421	\$ 312,726	\$ -	\$ -	\$ 325,421	\$ 312,726
Social Services Division	\$ 694,805	\$ 834,799	\$ -	\$ -	\$ 694,805	\$ 834,799
Construction and Maintenance of Roads	\$ 58,489	\$ 56,944	\$ -	\$ -	\$ 58,489	\$ 56,944
General Assistance	\$ 248,224	\$ 187,119	\$ -	\$ -	\$ 248,224	\$ 187,119
Food Pantry	\$ 25,976	\$ 30,192	\$ -	\$ -	\$ 25,976	\$ 30,192
Depreciation Expense	\$ 48,738	\$ 51,033	\$ -	\$ -	\$ 48,738	\$ 51,033
Sewer	\$ -	\$ -	\$ 67,349	\$ 122,401	\$ 67,349	\$ 122,401
Total Expenses	\$ 2,726,544	\$ 2,700,372	\$ 67,349	\$ 122,401	\$ 2,793,893	\$ 2,822,773
Increase(Decrease)in Net Assets	\$ 720,928	\$ 694,178	\$ 46,921	\$ (9,656)	\$ 767,849	\$ 684,522
Net Assets - Beginning	\$ 4,522,176	\$ 3,877,660	\$ 879,538	\$ 889,194	\$ 5,401,714	\$ 4,766,854
Net Assets - Ending	\$ 5,243,104	\$ 4,571,838	\$ 926,459	\$ 879,538	\$ 6,169,563	\$ 5,451,376

FINANCIAL ANALYSIS OF THE TOWNSHIP’S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Township’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Township’s net resources available for spending at the end of the fiscal year.

At March, 31 2014, the Township’s governmental funds reported combined ending fund balances of \$4,471,390. This is an increase of \$761,523 in comparison with the prior year. Approximately 70 percent of this amount, \$3,122,834, constitutes unassigned fund balance, which is available for spending at the Township’s discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been assigned or committed to specific purposes.

General Fund

The General Fund is the chief operating fund of the Township. The focus of the Township’s General Fund is to provide information on the revenues and expenditures of the funds that the Township receives from its general town tax levies and from other unrestricted sources such as state replacement tax, fees, donations, interest on bank deposits and associated expenditures.

At March 31, 2014, unassigned fund balance of the General Fund was \$3,122,834, while total fund balance of \$3,122,834. Total fund balance increased by \$586,592 in comparison with the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 100 percent of the total General Fund expenditures, while total fund balance represents 100 percent of the same amount.

General Assistance Fund

The focus of the Township’s General Assistance Fund is to provide information on the revenues and expenditures of the funds that the Township receives from general assistance tax levy and, donations, and from other unrestricted sources such as related interest on bank deposits, and associated expenditures.

At March 31, 2014, total fund balance for the General Assistance Fund was \$819,344, an increase of \$103,195 in comparison with the prior year. As a measure of the General Assistance Fund’s liquidity, it may be useful to compare total fund balance to the total fund expenditures. Total fund balance represents 80 percent of the total General Assistance Fund expenditures.

Road and Bridge Fund

The focus of the Township’s Road and Bridge Fund is to provide information on the revenues and expenditures of the funds that the Township receives from its road district tax levies and from other unrestricted sources such as state replacement tax for the road district, related interest on bank deposits, and associated expenditures.

At March 31, 2014, total fund balance of the Road and Bridge Fund was \$469,445, an increase of \$77,736 in comparison with the prior year. As a measure of the Road and Bridge liquidity it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 75 percent of the total Road and Bridge expenditures.

Proprietary Funds – The Township’s proprietary funds provide the same type of information found in the government-wide finance statements, but in more detail.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Township’s investment in capital assets for its governmental and business-type activities as of March 31, 2014 amounts to \$1,203,427 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, vehicles, and the sewer system. The total decrease in the Township’s investment in capital assets for the year ended March 31, 2014 was \$91,411.

**Elk Grove Township’s Capital Assets
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	03/31/14	03/31/13	03/31/14	03/31/13	03/31/14	03/31/13
Land	\$ 14,884	\$ 14,884	\$ -	\$ -	\$ 14,884	\$ 14,884
Land Improvements	\$ 77,063	\$ 89,137	\$ -	\$ -	\$ 77,063	\$ 89,137
Buildings	\$ 681,584	\$ 714,948	\$ -	\$ -	\$ 681,584	\$ 714,948
Equipment	\$ 86,751	\$ 101,390	\$ -	\$ -	\$ 86,751	\$ 101,390
Vehicles	\$ 187,203	\$ 208,279	\$ -	\$ -	\$ 187,203	\$ 208,279
Sewer Systems	\$ -	\$ -	\$ 155,942	\$ 166,200	\$ 155,942	\$ 166,200
Total	\$ 1,047,485	\$ 1,128,638	\$ 155,942	\$ 166,200	\$ 1,203,427	\$ 1,294,838

Long-term Debt – At March 31, 2013, the Township had total long-term debt outstanding of \$106,905.

	Governmental Activities		Business-Type Activities		Total	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2013	3/31/2013
Capital Leases	\$ 106,905	\$ 147,292	\$ -	\$ -	\$ 106,905	\$ 147,292

The Township’s total debt decreased by \$40,387; \$40,387 of the Township’s debt was paid.

Additional information can be found on the Township’s long-term debt on Note 4 on page 28.

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 the Township’s finances. Questions concerning any of the information provided in this report or the requests for additional financial information should be addressed to the Elk Grove Township, 2400 S. Arlington Heights Rd, Arlington Heights, IL 60005.



Elk Grove Township
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
March 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,278,803	\$ 808,337	\$ 5,087,140
Investments	95,000	-	95,000
Internal Balances	37,820	(37,820)	-
Capital Assets			
Land	14,884	-	14,884
Other Capital Assets, Net of Depreciation	1,032,601	155,942	1,188,543
	<u>5,459,108</u>	<u>926,459</u>	<u>6,385,567</u>
Total Assets			
LIABILITIES			
Net Pension Obligation	61,747	-	61,747
Non-Current Liabilities			
Due Within One Year	42,056	-	42,056
Due in More Than One Year	112,201	-	112,201
	<u>216,004</u>	<u>-</u>	<u>216,004</u>
Total Liabilities			
NET POSITION			
Net Invested in Capital Assets	1,047,485	155,942	1,203,427
Restricted for:			
General Assistance	422,284	-	422,284
Road and Bridge	178,862	-	178,862
Unrestricted	3,594,473	770,517	4,364,990
	<u>\$ 5,243,104</u>	<u>\$ 926,459</u>	<u>\$ 6,169,563</u>
Total Net Position			

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



Elk Grove Township
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended March 31, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 1,208,568	\$ 83,848	\$ 3,922	\$ (1,120,798)	\$ -	\$ (1,120,798)
Assessor	113,323	-	-	(113,323)	-	(113,323)
Youth Division	328,421	20,606	-	(307,815)	-	(307,815)
Social Services Division	694,805	-	-	(694,805)	-	(694,805)
Construction and Maintenance of Roads	58,489	-	-	(58,489)	-	(58,489)
General Assistance	248,224	-	-	(248,224)	-	(248,224)
Food Pantry	25,976	-	-	(25,976)	-	(25,976)
Depreciation Expense - Unallocated	48,738	-	-	(48,738)	-	(48,738)
Total Governmental Activities	<u>2,726,544</u>	<u>104,454</u>	<u>3,922</u>	<u>(2,618,168)</u>	<u>-</u>	<u>(2,618,168)</u>
Business-Type Activities						
Sewer	67,349	113,206	-	-	45,857	45,857
Total Primary Government	<u>\$ 2,793,893</u>	<u>\$ 217,660</u>	<u>\$ 3,922</u>	<u>(2,618,168)</u>	<u>45,857</u>	<u>(2,572,311)</u>
		General Revenues				
		Taxes				
			Property Taxes	3,046,675	-	3,046,675
			State Replacement Tax	265,474	-	265,474
			Unrestricted Investment Earnings	12,256	1,064	13,320
			Other Income	648	-	648
			Assistance Income	14,043	-	14,043
			Total General Revenues	<u>3,339,096</u>	<u>1,064</u>	<u>3,340,160</u>
			Change in Net Position	720,928	46,921	767,849
			Net Position - Beginning of Year	4,522,176	879,538	5,401,714
			Net Position - End of Year	<u>\$ 5,243,104</u>	<u>\$ 926,459</u>	<u>\$ 6,169,563</u>

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



Elk Grove Township
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 March 31, 2014

	<u>General Fund</u>	<u>General Assistance Fund</u>	<u>Road and Bridge Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,035,129	\$ 764,347	\$ 479,327	\$ 4,278,803
Investments	-	95,000	-	95,000
Due from Other Funds	<u>87,705</u>	<u>9,882</u>	<u>-</u>	<u>97,587</u>
 Total Assets	 <u>\$ 3,122,834</u>	 <u>\$ 869,229</u>	 <u>\$ 479,327</u>	 <u>\$ 4,471,390</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Due to Other Funds	<u>\$ -</u>	<u>\$ 49,885</u>	<u>\$ 9,882</u>	<u>\$ 59,767</u>
Fund Balances				
Restricted				
General Assistance	-	422,284	-	422,284
Road and Bridge	-	-	178,862	178,862
Assigned				
General Assistance	-	397,060	-	397,060
Road and Bridge	-	-	290,583	290,583
Unassigned	<u>3,122,834</u>	<u>-</u>	<u>-</u>	<u>3,122,834</u>
 Total Fund Balances	 <u>3,122,834</u>	 <u>819,344</u>	 <u>469,445</u>	 <u>4,411,623</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,122,834</u>	 <u>\$ 869,229</u>	 <u>\$ 479,327</u>	 <u>\$ 4,471,390</u>

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



Elk Grove Township
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
Year Ended March 31, 2014

Total Fund Balances - Governmental Funds	\$ 4,411,623
Amounts reported for governmental activities in the Statement of Net Assets - Modified Cash Basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets, Net of Accumulated Depreciation	1,047,485
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Leases Payable	(106,905)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(47,352)
The Net Pension Obligation is not included in the governmental funds.	<u>(61,747)</u>
Net Position of Governmental Activities	<u><u>\$ 5,243,104</u></u>

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



Elk Grove Township
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended March 31, 2014

	General Fund	General Assistance Fund	Road and Bridge Fund	Total Governmental Funds
REVENUES				
Local Taxes				
Property Taxes	\$ 2,293,393	\$ 509,056	\$ 244,226	\$ 3,046,675
Intergovernmental				
State Replacement Tax	189,138	-	76,336	265,474
Other Local Sources				
Youth Services Income	20,606	-	-	20,606
Passport Fees	2,397	-	-	2,397
Bike Safety Fees	575	-	-	575
Interest	3,552	6,275	2,429	12,256
Rental	23,239	-	-	23,239
Donations	1,553	-	-	1,553
Reimbursements	34,841	-	-	34,841
Grants	2,369	-	-	2,369
Other	6,797	15,999	648	23,444
Assistance Income	-	14,043	-	14,043
Total Revenues	<u>2,578,460</u>	<u>545,373</u>	<u>323,639</u>	<u>3,447,472</u>
EXPENDITURES				
Current				
General Government	819,099	167,915	192,046	1,179,060
Assessor	113,323	-	-	113,323
Youth Division	316,368	-	-	316,368
Social Services Division	693,913	-	-	693,913
Construction and Maintenance of Roads	-	-	37,217	37,217
General Assistance	-	248,224	-	248,224
Food Pantry	-	25,976	-	25,976
Capital Outlay	8,778	63	22,640	31,481
Debt Service				
Principal Payments	40,387	-	-	40,387
Total Expenditures	<u>1,991,868</u>	<u>442,178</u>	<u>251,903</u>	<u>2,685,949</u>
Excess of Revenues Over Expenditures	586,592	103,195	71,736	761,523
Fund Balances - April 1, 2013	<u>2,536,242</u>	<u>716,149</u>	<u>397,709</u>	<u>3,650,100</u>
Fund Balances - March 31, 2014	<u>\$ 3,122,834</u>	<u>\$ 819,344</u>	<u>\$ 469,445</u>	<u>\$ 4,411,623</u>

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



Elk Grove Township
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT
 OF ACTIVITIES - MODIFIED CASH BASIS
 Year Ended March 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	761,523
<p>Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.</p>		
Depreciation Expense	\$ (82,955)	
Capital Outlays	<u>1,802</u>	(81,153)
<p>Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Assets - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.</p>		
Repayment of Long-Term Debt		40,387
<p>Some expenses in the Statement of Activities - Modified Cash Basis do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated Absences		-
<p>The change in the Net Pension Obligation is not included in the governmental funds.</p>		
		<u>171</u>
Changes in Net Position of Governmental Activities	\$	<u><u>720,928</u></u>

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



Elk Grove Township
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended March 31, 2014

	<u>Enterprise Fund Sewer</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 808,337
Non-Current Assets	
Capital Assets	
Sewer System	609,174
Less: Accumulated Depreciation	<u>(453,232)</u>
Total Non-Current Assets	<u>155,942</u>
Total Assets	<u>964,279</u>
LIABILITIES - Due to General Fund	<u>37,820</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	155,942
Unrestricted	<u>770,517</u>
Total Net Position	<u><u>\$ 926,459</u></u>

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



Costabile & Steffens P.C.
Certified Public Accountants

Elk Grove Township
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended March 31, 2014

	Enterprise Fund Sewer
OPERATING REVENUES	
Charges for Services	
Sewer Maintenance Fees	\$ 113,206
OPERATING EXPENSES	
Administration Expenses	3,403
Operating Expenses	53,688
Depreciation	10,258
Total Operating Expenses	67,349
Operating Income	45,857
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	1,064
Change in Net Position	46,921
Net Position - April 1, 2013	879,538
Net Position - March 31, 2014	\$ 926,459

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



Costabile & Steffens P.C.
Certified Public Accountants

Elk Grove Township
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended March 31, 2014

	Enterprise Fund Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 113,206
Payments to Suppliers for Goods and Services	(57,091)
Net Cash Provided by Operating Activities	56,115
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	1,064
Net Increase in Cash and Cash Equivalents	57,179
Cash and Cash Equivalents - April 1, 2013	713,338
Cash and Cash Equivalents - March 31, 2014	\$ 770,517
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 45,857
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	10,258
Net Cash Provided by Operating Activities	\$ 56,115

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



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Elk Grove Township (Township) was created in 1850. The Township's major operations include general government, sewer, assessor, youth services, social services, construction and maintenance of roads, and community assistance and services.

The Township's financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Township follows all Governmental Accounting Standards Board (GASB) pronouncements and pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements; to the extent they are applicable to the modified cash basis of accounting. The more significant accounting policies used by the Township are discussed below.

Reporting Entity - The accompanying financial statements comply with the provisions of GASB Statement No. 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities, and functions that comprise the Township. Component units are legally separate entities for which the Township (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Township's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Township. Using these criteria, the Township has no component units. In addition, the Township is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

Basic Financial Statements - Government-Wide Statements - The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund (reporting the Township's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's general government, assessor, youth division, social services division, construction and maintenance of roads, general assistance and food pantry are governmental activities. The business-type activities of the Township include the sewer division.

In the government-wide Statement of Net Assets - Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis by column, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The Township's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Statements (Continued)

The government-wide Statement of Activities - Modified Cash Basis reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, state replacement taxes, unrestricted investment earnings, etc.). The Statement of Activities - Modified Cash Basis reduces gross expenses, (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (sewer, general government, assessor, youth division, social services division, construction and maintenance of roads, general assistance, and food pantry). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, state replacement taxes, unrestricted investment earnings, 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 assets resulting from the current year's activities.

Basic Financial Statements - 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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on major funds. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The Township electively made all governmental funds major funds.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Fund Financial Statements (Continued)

The following fund types are used by the Township:

1. Governmental Fund Types

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 Township reports these major governmental funds and fund types:

- a. The General Fund is the Township's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The General Assistance special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes related to the general assistance activities.
- c. The Road and Bridge special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes related to the road and bridge activities.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Township reports the following proprietary fund types:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Assets - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the modified cash basis of accounting.

Fees and charges and other exchange revenues are recognized when received and expenses are recognized when paid.

Cash and Cash Equivalents and Investments - Separate bank accounts are not maintained for all Township funds. Instead, the funds maintain their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Township funds and are, therefore, interfund loans that have not been authorized by Township Board action.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Investments (Continued)

No Township fund had a cash overdraft at March 31, 2014.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

Inventories - No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Township's inventories is not deemed to be material.

Interfund Activity - Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets - Capital assets purchased or acquired with an original cost of \$500 or more 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 expensed as incurred. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Land Improvements	20 Years
Buildings	15-40 Years
Equipment	5-15 Years
Vehicles	8 Years
Sewer System	50 Years



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

GASBS No. 34 requires the Township to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Township. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Compensated Absences - The Township accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. The accrual for governmental funds is reported only as a general long-term obligation in the government-wide Statement of Net Assets - Modified Cash Basis and represents a reconciling item between the fund and government-wide presentations.

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the Township. Employees accrue vacation time each year; however, time accrued in the current year can only be carried over to future years with special approval. Upon termination, employees are paid both the amount of their accrued vacation for the current year and approved hours carried over from prior years.

Government-Wide Net Assets - Government-wide net assets are divided into three components:

- * Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- * Restricted net assets - consists of net assets that are restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- * Unrestricted - all other net assets are reported in this category.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances - Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- * Restricted - Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- * Committed - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- * Assigned - Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to whom the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Township itself. All assigned fund balances are the residual amounts of the funds.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

- * Unassigned - Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Township permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

Property Tax Calendar and Revenues - Property taxes are levied each calendar year on all taxable real property located in the Township's district on or before the last Tuesday in December. The 2013 tax levies were passed by the Board on November 25, 2013. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments in March and September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

Defining Operating Revenues and Expenses - The Township's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Township's Sewer Fund consist of charges for services (including sewer maintenance fees) and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Township is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2014, \$569,142 of the Township's bank balance of \$5,289,681 was uninsured and uncollateralized and therefore exposed to custodial credit risk.



Elk Grove Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2014 was as follows:

	<u>Balance</u> <u>April 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>March 31, 2014</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets not being Depreciated				
Land	\$ 14,884	\$ -	\$ -	\$ 14,884
Other Capital Assets				
Land Improvements	322,678	-	-	322,678
Buildings	2,024,764	-	-	2,024,764
Equipment	458,293	1,802	-	460,095
Vehicles	409,154	-	-	409,154
Total Other Capital Assets at Historical Cost	<u>3,214,889</u>	<u>1,802</u>	<u>-</u>	<u>3,216,691</u>
Less Accumulated Depreciation for				
Land Improvements	233,541	12,074	-	245,615
Buildings	1,309,816	33,364	-	1,343,180
Equipment	356,903	16,441	-	373,344
Vehicles	200,875	21,076	-	221,951
Total Accumulated Depreciation	<u>2,101,135</u>	<u>82,955</u>	<u>-</u>	<u>2,184,090</u>
Other Capital Assets, Net	<u>1,113,754</u>	<u>(81,153)</u>	<u>-</u>	<u>1,032,601</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,128,638</u>	<u>\$ (81,153)</u>	<u>\$ -</u>	<u>\$ 1,047,485</u>



Elk Grove Township
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2014

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>April 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>March 31, 2014</u>
BUSINESS-TYPE ACTIVITIES				
Other Capital Assets				
Sewer System	\$ 609,174	\$ -	\$ -	\$ 609,174
Less Accumulated Depreciation for				
Sewer System	<u>442,974</u>	<u>10,258</u>	<u>-</u>	<u>453,232</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 166,200</u>	<u>\$ (10,258)</u>	<u>\$ -</u>	<u>\$ 155,942</u>

Depreciation expense was charged to functions as follows:

GOVERNMENTAL ACTIVITIES:

Youth Division	\$ 12,053
Social Services Division	892
Construction and Maintenance of Roads	21,272
Unallocated	<u>48,738</u>
Total Governmental Activities Depreciation Expense	<u>\$ 82,955</u>

BUSINESS-TYPE ACTIVITIES

Sewer	<u>\$ 10,258</u>
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Elk Grove Township
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2014

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended March 31, 2014 was as follows:

	Balance			Balance	Amounts
	<u>April 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2014</u>	<u>Due Within</u>
					<u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Long-Term Liabilities Outstanding					
Compensated Absences	\$ 47,352	\$ 20,000	\$ 20,000	\$ 47,352	\$ -
Capital Leases	<u>147,292</u>	<u>-</u>	<u>40,387</u>	<u>106,905</u>	<u>42,056</u>
Total	<u>\$ 194,644</u>	<u>\$ 20,000</u>	<u>\$ 60,387</u>	<u>\$ 154,257</u>	<u>\$ 42,056</u>

Compensated absences are paid out of the General Fund.

On November 10, 2011, the Township entered into a capital lease agreement with Wells Fargo Equipment Finance, Inc., to finance the lease/purchase of a new bus. The total principal amount of the agreement was \$78,344 at an interest rate of 3.300%. The agreement requires monthly interest and principal payments of \$1,418 over a five-year period, with the final payment being due on November 10, 2016.

On May 8, 2012, the Township entered into a capital lease agreement with Sovereign Bank, to finance the lease/purchase of a new bus. The total principal amount of the agreement was \$86,034 at an interest rate of 4.496%. The agreement requires monthly interest and principal payments of \$1,219 over a sixty one month period, with the final payment being due on May 8, 2017.

On October 19, 2012, the Township entered into a capital lease agreement with Ford Motor Co., Inc., to finance the lease/purchase of a truck. The total principal amount of the agreement was \$37,406 at an interest rate of 6.125%. The agreement requires monthly interest and principal payments of \$1,135 over a three-year period, with the final payment being due on October 19, 2015.



Elk Grove Township
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2014

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (CONTINUED)

At March 31, 2014, the annual amounts needed to cover long-term debt requirements were as follows:

Year Ending March 31,	Principal	Interest	Total
2015	\$ 42,056	\$ 3,207	\$ 45,263
2016	38,071	1,518	39,589
2017	25,564	410	25,974
2018	1,214	3	1,217
	<u>\$ 106,905</u>	<u>\$ 5,138</u>	<u>\$ 112,043</u>

NOTE 5 - DEFICIT FUND BALANCES

There were no funds that reflected a deficit fund balance as of March 31, 2014.

NOTE 6 - PROPERTY TAXES REVENUE

Property taxes recorded in these financial statements are from the 2012 and part of the 2011 tax levy. A summary of the assessed valuation, rates, and extensions for the years 2012, 2011 and 2010 follows:

TAX YEAR	2012		2011		2010	
ASSESSED VALUATION	\$3,651,530,208		\$3,995,860,149		\$4,456,083,572	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General Town	0.0631	\$ 2,304,115	0.0593	\$ 2,237,681	0.0490	\$ 2,183,481
General Assistance	0.0133	485,653	0.0126	475,507	0.0110	490,169
Road and Bridge	0.0138	505,051	0.0126	505,261	0.0110	490,169
	<u>0.0902</u>	<u>\$ 3,294,819</u>	<u>0.0845</u>	<u>\$ 3,218,449</u>	<u>0.0710</u>	<u>\$ 3,163,819</u>



Elk Grove Township
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2014

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description - The Township's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy - As set by statute, the Township's Regular plan members are required to contribute 4.50% 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 employer contribution rate for calendar year 2013 used by the Township was 11.39% of annual covered payroll. The Township's annual required contribution rate for calendar year 2013 was 11.55%. The Township also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost and Net Pension Obligation - The Township's annual pension cost and the net pension obligation to the plan as of December 31, 2013 (the date the most current actuarial information is available) is as follows:

Annual Required Contribution	\$ 102,420
Adjustment to Annual Required Contribution	(3,319)
Interest on Net Pension Obligation	4,644
Annual Pension Cost	<u>103,745</u>
Contributions Made	<u>103,916</u>
Increase in Net Pension Obligation	(171)
Net Pension Obligation - Beginning of Year	<u>61,917</u>
Net Pension Obligation - End of Year	<u><u>\$ 61,746</u></u>



Elk Grove Township
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2014

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Annual Pension Cost and Net Pension Obligation (Continued)

For calendar year ending December 31, 2013, the Township's actual contributions for pension cost for the Regular plan was \$99,309. The required contribution for calendar year 2013 was \$100,704.

Three Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 100,704	99%	\$ 61,747
12/31/2012	98,937	89%	61,917
12/31/2011	106,463	81%	43,943

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Township's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Township's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open thirty year basis.

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 88.47% funded. The actuarial accrued liability for benefits was \$3,323,558 and the actuarial value of assets was \$2,940,310 resulting in an underfunded actuarial accrued liability (UAAL) of \$383,248. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$871,894 and the ratio of the UAAL to the covered payroll was 44%.



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NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

Funded Status and Funding Progress (Continued)

This schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 2,940,310	\$ 3,323,558	\$ 383,248	88.47%	\$ 871,894	43.96%
12/31/2012	2,622,821	3,098,704	475,883	84.64%	850,708	55.94%
12/31/2011	2,559,502	2,985,513	426,011	85.73%	913,843	46.62%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$3,423,753. On a market basis, the funded ratio would be 103.01%.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Township is a member of the Illinois Counties Risk Management Trust (ICRMT), a joint risk management pool of local governmental units through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Township and ICRMT is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions for ICRMT, to report claims on a timely basis, cooperate with ICRMT, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by ICRMT. Members have a contractual obligation to fund any deficit of ICRMT attributable to a membership year during which they were a member.



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NOTE 8 - RISK MANAGEMENT (CONTINUED)

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

During the year ended March 31, 2014, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Township is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended March 31, 2014, there were no significant adjustments in premiums based on actual experience.

NOTE 9 - CONTINGENCIES

The Township is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse affect on the financial statements.

NOTE 10 - LEGAL DEBT LIMITATION

The Illinois Compiled Statues limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the Township.

2012 EAV	\$ 3,651,530,208
	<u>8.625%</u>
Debt Margin	314,944,480
Current Debt	<u>106,905</u>
Remaining Debt Margin	<u><u>\$ 314,837,575</u></u>

NOTE 11 - SUBSEQUENT EVENTS

The Township has evaluated subsequent events through July 15, 2014, the date on which the financial statements were available to be issued.