

ELK GROVE TOWNSHIP, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
MARCH 31, 2024

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ELK GROVE TOWNSHIP, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Basic Financial Statements

Other Supplementary Information

INDEPENDENT AUDITOR'S REPORT

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



INDEPENDENT AUDITOR'S REPORT

August 1, 2024

Members of the Board of Trustees
Elk Grove Township
Elk Grove Village, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Grove Township (the Township), Illinois, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Grove Township, Illinois, as of March 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - 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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elk Grove Township, Illinois’ basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Fund

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

ELK GROVE TOWNSHIP, ILLINOIS**Statement of Net Position - Modified Cash Basis****March 31, 2024**

| | Governmental Activities | Business-Type Activities | Totals |
|---------------------------------|----------------------------|-----------------------------|-------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | \$ 4,852,397 | 793,768 | 5,646,165 |
| Noncurrent Assets | | | |
| Capital Assets | | | |
| Nondepreciable | 1,505,067 | — | 1,505,067 |
| Depreciable | 3,209,014 | 804,906 | 4,013,920 |
| Accumulated Depreciation | (1,543,209) | (613,358) | (2,156,567) |
| Total Noncurrent Assets | 3,170,872 | 191,548 | 3,362,420 |
| Total Assets | 8,023,269 | 985,316 | 9,008,585 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Compensated Absences Payable | 9,464 | — | 9,464 |
| Noncurrent Liabilities | | | |
| Compensated Absences Payable | 37,858 | — | 37,858 |
| Total Liabilities | 47,322 | — | 47,322 |
| NET POSITION | | | |
| Investment in Capital Assets | 3,170,872 | 191,548 | 3,362,420 |
| Restricted - General Assistance | 1,969,882 | — | 1,969,882 |
| Restricted - Road and Bridge | 749,740 | — | 749,740 |
| Unrestricted | 2,085,453 | 793,768 | 2,879,221 |
| Total Net Position | 7,975,947 | 985,316 | 8,961,263 |

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

ELK GROVE TOWNSHIP, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended March 31, 2024**

| | Expenses | Program Revenues | | |
|-------------------------------|--------------|----------------------------|---------------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants/ Contributions | Capital Grants/ Contributions |
| Governmental Activities | | | | |
| General Government | \$ 3,027,914 | 27,662 | — | — |
| Health and Welfare | 560,587 | — | — | — |
| Interest on Long-Term Debt | 286 | — | — | — |
| Total Governmental Activities | 3,588,787 | 27,662 | — | — |
| Business-Type Activities | | | | |
| Sewer | 35,340 | 84,417 | — | — |
| Total Primary Government | 3,624,127 | 112,079 | — | — |

General Revenues
 Taxes
 Property Taxes
 Intergovernmental - Unrestricted
 Replacement Taxes
 Investment Income
 Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

| Net (Expenses), Revenues and Changes in Net Position | | |
|---|-----------------------------|-------------|
| Governmental Activities | Business-Type Activities | Totals |
| (3,000,252) | — | (3,000,252) |
| (560,587) | — | (560,587) |
| (286) | — | (286) |
| (3,561,125) | — | (3,561,125) |
| — | 49,077 | 49,077 |
| (3,561,125) | 49,077 | (3,512,048) |
| 3,813,322 | — | 3,813,322 |
| 744,970 | — | 744,970 |
| 63,527 | 1,334 | 64,861 |
| 114,313 | — | 114,313 |
| 4,736,132 | 1,334 | 4,737,466 |
| 1,175,007 | 50,411 | 1,225,418 |
| 6,800,940 | 934,905 | 7,735,845 |
| 7,975,947 | 985,316 | 8,961,263 |

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

ELK GROVE TOWNSHIP, ILLINOIS

Balance Sheet - Governmental Funds - Modified Cash Basis

March 31, 2024

| | General (Town) | Special Revenue General Assistance | Road and Bridge | Totals |
|-------------------------------------|-------------------|--|--------------------|------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 1,977,156 | 1,969,882 | 905,359 | 4,852,397 |
| Due from Other Funds | 155,619 | — | — | 155,619 |
| Total Assets | <u>2,132,775</u> | <u>1,969,882</u> | <u>905,359</u> | <u>5,008,016</u> |
| LIABILITIES | | | | |
| Due to Other Funds | — | — | 155,619 | 155,619 |
| FUND BALANCES | | | | |
| Restricted | — | 1,969,882 | 749,740 | 2,719,622 |
| Unassigned | 2,132,775 | — | — | 2,132,775 |
| Total Fund Balances | <u>2,132,775</u> | <u>1,969,882</u> | <u>749,740</u> | <u>4,852,397</u> |
| Total Liabilities and Fund Balances | <u>2,132,775</u> | <u>1,969,882</u> | <u>905,359</u> | <u>5,008,016</u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

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

March 31, 2024

| | |
|--|-------------------------|
| Total Governmental Fund Balances | \$ 4,852,397 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds. | 3,170,872 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| Compensated Absences Payable | <u>(47,322)</u> |
| Net Position of Governmental Activities | <u><u>7,975,947</u></u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | General (Town) | Special Revenue | | Totals |
|-----------------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| | | General Assistance | Road and Bridge | |
| Revenues | | | | |
| Taxes | \$ 2,888,766 | 573,151 | 351,405 | 3,813,322 |
| Intergovernmental | 501,987 | — | 242,983 | 744,970 |
| Charges for Services | 27,662 | — | — | 27,662 |
| Investment Income | 11,840 | 45,769 | 5,918 | 63,527 |
| Miscellaneous | 3,537 | 84,445 | 26,331 | 114,313 |
| Total Revenues | <u>3,433,792</u> | <u>703,365</u> | <u>626,637</u> | <u>4,763,794</u> |
| Expenditures | | | | |
| General Government | 2,756,891 | — | 221,016 | 2,977,907 |
| Health and Welfare | — | 560,587 | — | 560,587 |
| Capital Outlay | 859,800 | 7,366 | — | 867,166 |
| Debt Service | | | | |
| Principal Retirement | 20,806 | — | — | 20,806 |
| Interest and Fiscal Charges | 286 | — | — | 286 |
| Total Expenditures | <u>3,637,783</u> | <u>567,953</u> | <u>221,016</u> | <u>4,426,752</u> |
| Net Change in Fund Balances | (203,991) | 135,412 | 405,621 | 337,042 |
| Fund Balances - Beginning | <u>2,336,766</u> | <u>1,834,470</u> | <u>344,119</u> | <u>4,515,355</u> |
| Fund Balances - Ending | <u><u>2,132,775</u></u> | <u><u>1,969,882</u></u> | <u><u>749,740</u></u> | <u><u>4,852,397</u></u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities - Modified Cash Basis
For the Fiscal Year Ended March 31, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 337,042

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

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

| | |
|--------------------------------------|-----------|
| Capital Outlays | 974,758 |
| Depreciation Expense | (149,415) |
| Disposals - Cost | (77,691) |
| Disposals - Accumulated Depreciation | 66,962 |

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

| | |
|--------------------------------|---------------|
| Change in Compensated Absences | 2,545 |
| Retirement of Debt | <u>20,806</u> |

Changes in Net Position of Governmental Activities 1,175,007

ELK GROVE TOWNSHIP, ILLINOIS

Statement of Net Position - Proprietary Funds - Modified Cash Basis

March 31, 2024

| | <u>Business-Type Activities Sewer Fund</u> |
|------------------------------|--|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ <u>793,768</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Depreciable | 804,906 |
| Accumulated Depreciation | <u>(613,358)</u> |
| Total Noncurrent Assets | <u>191,548</u> |
| Total Assets | <u>985,316</u> |
| NET POSITION | |
| Investment in Capital Assets | 191,548 |
| Unrestricted | <u>793,768</u> |
| Total Net Position | <u><u>985,316</u></u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds - Modified Cash Basis
For the Fiscal Year Ended March 31, 2024**

| | <u>Business-Type Activities Sewer Fund</u> |
|--------------------------|--|
| Operating Revenues | |
| Charges for Services | <u>\$ 84,417</u> |
| Operating Expenses | |
| Operations | 20,100 |
| Depreciation | <u>15,240</u> |
| Total Operating Expenses | <u>35,340</u> |
| Operating Income | 49,077 |
| Nonoperating Revenues | |
| Investment Income | <u>1,334</u> |
| Change in Net Position | 50,411 |
| Net Position - Beginning | <u>934,905</u> |
| Net Position - Ending | <u><u>985,316</u></u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

**Statement of Cash Flows - Proprietary Fund - Modified Cash Basis
For the Fiscal Year Ended March 31, 2024**

| | Business-Type Activities |
|--|-----------------------------|
| | <u>Sewer Fund</u> |
| Cash Flows from Operating Activities | |
| Receipts from Customers and Users | \$ 84,417 |
| Payments to Employees | (1,697) |
| Payments to Suppliers | (18,403) |
| | <u>64,317</u> |
| Cash Flows from Investing Activities | |
| Investment Income | <u>1,334</u> |
| Net Change in Cash and Cash Equivalents | 65,651 |
| Cash and Cash Equivalents - Beginning | <u>728,117</u> |
| Cash and Cash Equivalents - Ending | <u><u>793,768</u></u> |
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities | |
| Operating Income | 49,077 |
| Adjustments to Reconcile Operating | |
| Income to Net Income to Net Cash | |
| Provided by (Used in) Operating Activities | |
| Depreciation Expense | <u>15,240</u> |
| Net Cash Provided by Operating Activities | <u><u>64,317</u></u> |

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

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elk Grove Township (the Township), Illinois have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's significant accounting policies are described below.

REPORTING ENTITY

The Township is a municipal corporation governed by an elected, seven-member Board of Trustees. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of the Township as pension trust funds and there are no discretely component units to include in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's administration, assessors, social services, youth services, home relief, road division, and building and equipment division services are classified as governmental activities. The Township's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. 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 and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, certain intergovernmental revenues, investment income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, intergovernmental revenues, investment income, etc.).

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.

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) 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 a primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are 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 is the general (town) operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The General (Town) 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 two major special revenue funds. The General Assistance Fund is used to account for revenues received and expenditures disbursed for general and emergency assistance needs of Township residents. The Road and Bridge Fund is used to account for revenues received and expenditures disbursed for the maintenance and repair of Township roads.

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds

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

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Township maintains one major enterprise fund, the Sewer Fund, which accounts for the operations of the sewer division. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services and billing and collection.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities 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 and liabilities 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.

All proprietary funds utilize an “economic resources” measurement focus. 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, liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the Township records capital assets, depreciation, and long-term debt.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are charges to customers for sales and services. The Township also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

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.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more, depending on asset class, 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 expensed 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. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - Continued

Capital Assets - Continued

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated acquisition value on the date donated.

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

| | |
|--------------|---------------|
| Buildings | 15 - 40 Years |
| Equipment | 5 - 15 Years |
| Sewer System | 50 Years |
| Vehicles | 8 Years |

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Net Position

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

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 legislation.

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

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - Continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Township officers and departments present their budgeted expenditures to the Board of Trustees.
- After the requests are approved, they are integrated into a preliminary budget along with the budgeted revenues and proposed property tax levies.
- The preliminary budget is then presented to the Board of Trustees for approval.
- After the preliminary budget has been made available to the public for the required amount of time, the Board of Trustees formally adopts the final budget

Budgets for the general, special revenue, and enterprise funds are adopted on the modified cash basis of accounting, which is the same basis that is used for financial reporting. Revenues are budgeted in the year that the applicable payments are expected to be made.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Illinois Statutes authorizes 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.

Deposits. At year-end, the carrying amount of the Township's deposits for governmental and business-type totaled \$5,128,652 and the bank balances totaled \$5,283,423.

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Investments. At year-end, the Township has the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|--------------------------|------------|----------------------------------|-----|------|--------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| U.S. Treasury Securities | \$ 517,513 | 517,513 | — | — | — |

The Township has the following recurring fair value measurements as of year-end:

- U.S. Treasury Securities of \$517,513 are valued using quoted market prices (Level 1 inputs)

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 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's investment policy allows investment only ones approved for governmental units as set forth in the most current issue of the Illinois Compiled Statutes, including Securities Exchange Commission registered and AAA rated by Moody's and Standard and Poor's money mutual funds consisting of U.S. Government Treasuries. At year-end, the U.S. Treasury Securities have a rating of AAA by Standard & Poor's.

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's investment policy requires collateral coverage in the amount of 105% of the deposits on hand. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Concentration Risk. This 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 cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

PROPERTY TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are payable in two installments in June and September. The County Treasurer bills and collects property taxes as they come due. The County then remits the property tax revenue to the Township in several installments, usually between June and November.

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-----------------|------------|
| General (Town) | Road and Bridge | \$ 155,619 |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-----------------------|----------------|---------------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Construction in Progress | \$ 700,429 | 804,638 | — | 1,505,067 |
| Depreciable Capital Assets | | | | |
| Buildings | 2,000,000 | — | — | 2,000,000 |
| Equipment | 499,932 | 26,850 | 77,691 | 449,091 |
| Vehicles | 616,653 | 143,270 | — | 759,923 |
| | <u>3,116,585</u> | <u>170,120</u> | <u>77,691</u> | <u>3,209,014</u> |
| Less Accumulated Depreciation | | | | |
| Buildings | 550,000 | 100,000 | — | 650,000 |
| Equipment | 354,072 | 20,162 | 66,962 | 307,272 |
| Vehicles | 556,684 | 29,253 | — | 585,937 |
| | <u>1,460,756</u> | <u>149,415</u> | <u>66,962</u> | <u>1,543,209</u> |
| Total Net Depreciable Capital Assets | <u>1,655,829</u> | <u>20,705</u> | <u>10,729</u> | <u>1,665,805</u> |
| Total Net Capital Assets | <u>2,356,258</u> | <u>825,343</u> | <u>10,729</u> | <u>3,170,872</u> |

Depreciation expense was charged to governmental activities as follows:

General Government \$ 149,415

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|-------------------------------|-----------------------|-----------------|-----------|--------------------|
| Depreciable Capital Assets | | | | |
| Sewer System | \$ 804,906 | — | — | 804,906 |
| Less Accumulated Depreciation | | | | |
| Sewer System | 598,118 | 15,240 | — | 613,358 |
| Total Net Capital Assets | <u>206,788</u> | <u>(15,240)</u> | <u>—</u> | <u>191,548</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|-------|------------------|
| Sewer | <u>\$ 15,240</u> |
|-------|------------------|

LONG-TERM DEBT

Loan Payable

The Township enters into loans payable to purchase capital equipment or to pay construction costs. Loans payable are direct obligations and pledge the full faith and credit of the Township. Loans payable currently outstanding are as follows:

| Issue | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-----------------------|-----------|-------------|--------------------|
| \$71,400 Bus Loan of 2022 paid in monthly installments of \$2,124, including interest at a rate of 4.49%, through December 2023. | \$ 20,806 | — | 20,806 | — |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

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

| Type of Debt | Beginning Balances | Additions | Deductions | Ending Balances | Amounts Due within One Year |
|-------------------------|-----------------------|--------------|---------------|--------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Compensated Absences | \$ 49,867 | 2,545 | 5,090 | 47,322 | 9,464 |
| Loan Payable | 20,806 | — | 20,806 | — | — |
| | <u>70,673</u> | <u>2,545</u> | <u>25,896</u> | <u>47,322</u> | <u>9,464</u> |

For the governmental activities, the compensated absences are generally liquidated by the General (Town) Fund. Payments on the loan payable are made by the General (Town) Fund.

NET POSITION CLASSIFICATIONS

Investment in capital assets was comprised of the following as of March 31, 2024:

| | |
|--|-------------------------|
| Governmental Activities | |
| Capital Assets - Net of Accumulated Depreciation | \$ 3,170,872 |
| Less Capital Related Debt: | |
| None | <u>—</u> |
| Net Investment in Capital Assets | <u><u>3,170,872</u></u> |
| Business-Type Activities | |
| Capital Assets - Net of Accumulated Depreciation | 191,548 |
| Less Capital Related Debt: | |
| None | <u>—</u> |
| Net Investment in Capital Assets | <u><u>191,548</u></u> |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

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

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; 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. Consists of amounts that are constrained by the Board of Trustees’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Township’s highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

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

| | General (Town) | Special Revenue | | Totals |
|---------------------|-------------------|-----------------------|--------------------|-----------|
| | | General Assistance | Road and Bridge | |
| Fund Balances | | | | |
| Restricted | | | | |
| General Assistance | \$ — | 1,969,882 | — | 1,969,882 |
| Road and Bridge | — | — | 749,740 | 749,740 |
| | — | 1,969,882 | 749,740 | 2,719,622 |
| Unassigned | 2,132,775 | — | — | 2,132,775 |
| Total Fund Balances | 2,132,775 | 1,969,882 | 749,740 | 4,852,397 |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION/FUND BALANCE RESTATEMENTS

Beginning net position was restated due to errors in the recognition of construction in progress in prior years and updates related to the results of a capital asset appraisal. The following is a summary of the net position as originally reported and as restated:

| Net Position | As Reported | As Restated | Increase |
|-------------------------|--------------|-------------|----------|
| Governmental Activities | \$ 6,376,798 | 6,800,940 | 424,142 |

NOTE 4 - OTHER INFORMATION

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.

CONTINGENT LIABILITIES

Litigation

From time to time, the Township is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Township attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Township financial position or results of operations.

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.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

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

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF 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.

Plan Membership. As of December 31, 2023, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 29 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 19 |
| Active Plan Members | <u>24</u> |
| Total | <u><u>72</u></u> |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Contributions. 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. For the year-ended March 31, 2024, the Township's contribution was 3.90% of covered payroll.

Net Pension Liability/(Asset). The Township's net pension liability/(asset) was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability/(asset) 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, 2023, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 7.25% |
| Salary Increases | 2.85% to 13.75% |
| Cost of Living Adjustments | 2.75% |
| Inflation | 2.25% |

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

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:

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|---------------------------|--------|--|
| Fixed Income | 24.50% | 4.75% |
| Domestic Equities | 34.50% | 5.00% |
| International Equities | 18.00% | 6.35% |
| Real Estate | 10.50% | 6.30% |
| Blended | 11.50% | 6.05% - 8.65% |
| Cash and Cash Equivalents | 1.00% | 3.80% |

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Township calculated using the discount rate as well as what the Township's net pension liability/(asset) 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 (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) | \$ 709,300 | (59,243) | (673,670) |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability/(Asset)

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability/ (Asset) (A) - (B) |
|---|--------------------------------------|---------------------------------------|---|
| Balances at December 31, 2022 | \$ 7,617,011 | 7,218,127 | 398,884 |
| Changes for the Year: | | | |
| Service Cost | 109,108 | — | 109,108 |
| Interest on the Total Pension Liability | 540,884 | — | 540,884 |
| Changes of Benefit Terms | — | — | — |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 16,346 | — | 16,346 |
| Changes of Assumptions | (7,002) | — | (7,002) |
| Contributions - Employer | — | 46,698 | (46,698) |
| Contributions - Employees | — | 56,188 | (56,188) |
| Net Investment Income | — | 797,570 | (797,570) |
| Benefit Payments, Including Refunds of Employee Contributions | (422,196) | (422,196) | — |
| Other (Net Transfer) | — | 217,007 | (217,007) |
| Net Changes | 237,140 | 695,267 | (458,127) |
| Balances at December 31, 2023 | 7,854,151 | 7,913,394 | (59,243) |

ELK GROVE TOWNSHIP, ILLINOIS

Notes to the Financial Statements

March 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended March 31, 2024, the Township recognized pension expense of \$50,276 on a cash basis. At March 31, 2024, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|-------------|
| Difference Between Expected and Actual Experience | \$ 100,389 | — | 100,389 |
| Change in Assumptions | — | (4,712) | (4,712) |
| Net Difference Between Projected and Actual | | | |
| Earnings on Pension Plan Investments | 403,899 | — | 403,899 |
| Total Expense to be Recognized in Future Periods | 504,288 | (4,712) | 499,576 |
| Contributions Subsequent to Measurement Date | 14,340 | — | 14,340 |
| Total Deferred Amounts Related to IMRF | 518,628 | (4,712) | 513,916 |

\$14,340 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability/(asset) in the reporting year ended April 30, 2025, under GAAP basis. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Fiscal Year | Net Deferred Outflows/ (Inflows) of Resources |
|----------------|--|
| 2025 | \$ 150,388 |
| 2026 | 134,945 |
| 2027 | 269,835 |
| 2028 | (55,592) |
| 2029 | — |
| Thereafter | — |
| Total | 499,576 |

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules - Major Governmental Funds
- Budgetary Comparison Schedule - Major Enterprise Fund

ELK GROVE TOWNSHIP, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
March 31, 2024**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2016 | \$ 98,845 | \$ 111,862 | \$ 13,017 | \$ 896,150 | 12.48% |
| 2017 | 111,068 | 131,296 | 20,228 | 1,009,708 | 13.00% |
| 2018 | 104,535 | 111,068 | 6,533 | 1,016,877 | 10.92% |
| 2019 | 102,414 | 103,965 | 1,551 | 1,071,280 | 9.70% |
| 2020 | 75,265 | 75,265 | — | 1,166,635 | 6.45% |
| 2021 | 75,867 | 75,867 | — | 1,105,610 | 6.86% |
| 2022 | 73,694 | 73,694 | — | 1,056,796 | 6.97% |
| 2023 | 76,665 | 76,665 | — | 1,182,447 | 6.48% |
| 2024 | 50,276 | 50,276 | — | 1,288,490 | 3.90% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Aggregate Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 20 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Inflation | 2.25% |
| Salary Increases | 2.75% to 13.75%, Including Inflation |
| Investment Rate of Return | 7.25% |
| Retirement Age | Experience-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. |

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

ELK GROVE TOWNSHIP, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

March 31, 2024

| | 12/31/2015 | 12/31/2016 |
|--|------------|------------|
| Total Pension Liability | | |
| Service Cost | \$ 101,075 | 105,162 |
| Interest | 399,106 | 407,641 |
| Differences Between Expected and Actual Experience | (184,829) | — |
| Change of Assumptions | 13,433 | (119,349) |
| Benefit Payments, Including Refunds of Member Contributions | (209,668) | (195,325) |
| Net Change in Total Pension Liability | 119,117 | 184,436 |
| Total Pension Liability - Beginning | 5,375,710 | 5,494,827 |
| Total Pension Liability - Ending | 5,494,827 | 5,679,263 |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 111,862 | 131,296 |
| Contributions - Members | 40,327 | 45,437 |
| Net Investment Income | 26,107 | 347,467 |
| Benefit Payments, Including Refunds of Member Contributions | (209,668) | (195,325) |
| Other (Net Transfer) | (203,618) | (74,795) |
| Net Change in Plan Fiduciary Net Position | (234,990) | 254,080 |
| Plan Net Position - Beginning | 5,250,181 | 5,015,191 |
| Plan Net Position - Ending | 5,015,191 | 5,269,271 |
| Employer's Net Pension Liability/(Asset) | 479,636 | 409,992 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 91.27% | 92.78% |
| Covered Payroll | \$ 896,150 | 1,009,708 |
| Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll | 53.52% | 40.61% |

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

| 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|------------|------------|------------|------------|-------------|-------------|------------|
| 110,033 | 100,663 | 115,399 | 116,470 | 94,446 | 100,652 | 109,108 |
| 422,832 | 424,009 | 442,801 | 451,154 | 487,753 | 502,240 | 540,884 |
| (167,352) | (47,832) | (239,423) | 260,245 | — | — | — |
| (150,104) | 159,432 | — | (26,463) | (34,602) | 315,410 | 16,346 |
| (193,042) | (197,012) | (181,978) | (226,223) | (344,939) | (356,821) | (422,196) |
| 22,367 | 439,260 | 136,799 | 575,183 | 202,658 | 561,481 | 237,140 |
| 5,679,263 | 5,701,630 | 6,140,890 | 6,277,689 | 6,852,872 | 7,055,530 | 7,617,011 |
| 5,701,630 | 6,140,890 | 6,277,689 | 6,852,872 | 7,055,530 | 7,617,011 | 7,854,151 |
| 111,068 | 103,965 | 72,798 | 82,187 | 67,621 | 87,950 | 46,698 |
| 45,760 | 48,208 | 52,499 | 89,542 | 44,292 | 54,327 | 56,188 |
| 890,243 | (253,350) | 1,022,598 | 842,957 | 1,213,986 | (1,023,820) | 797,570 |
| (193,042) | (197,012) | (181,978) | (226,223) | (344,939) | (356,821) | (422,196) |
| (91,354) | 98,334 | (223,074) | (41,337) | 74,693 | 78,778 | 217,007 |
| 762,675 | (199,855) | 742,843 | 747,126 | 1,055,653 | (1,159,586) | 695,267 |
| 5,269,271 | 6,031,946 | 5,832,091 | 6,574,934 | 7,322,060 | 8,377,713 | 7,218,127 |
| 6,031,946 | 5,832,091 | 6,574,934 | 7,322,060 | 8,377,713 | 7,218,127 | 7,913,394 |
| (330,316) | 308,799 | (297,245) | (469,188) | (1,322,183) | 398,884 | (59,243) |
| 105.79% | 94.97% | 104.73% | 106.85% | 118.74% | 94.76% | 100.75% |
| 1,016,877 | 1,071,280 | 1,166,635 | 1,198,065 | 984,276 | 1,165,201 | 1,248,617 |
| (32.48%) | 28.83% | (25.48%) | (39.16%) | (134.33%) | 34.23% | (4.74%) |

INDIVIDUAL FUND DESCRIPTIONS

GENERAL (TOWN) FUND

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

SPECIAL REVENUE FUNDS

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

General Assistance Fund

The General Assistance Fund is used to account for revenues received and expenditures disbursed for general and emergency assistance needs of Township residents.

Road and Bridge Fund

The Road and Bridge Fund is used to account for revenues received and expenditures disbursed for the maintenance and repair of Township roads.

ENTERPRISE FUND

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Sewer Fund

The Sewer Fund is used to account for the operations of the sewer division.

ELK GROVE TOWNSHIP, ILLINOIS

General (Town) Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|-----------------------------|--------------------|--------------------|------------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 2,228,471 | 2,228,471 | 2,888,766 | 660,295 |
| Intergovernmental | | | | |
| Replacement Tax | 250,000 | 250,000 | 501,987 | 251,987 |
| Charges for Services | 21,000 | 21,000 | 27,662 | 6,662 |
| Investment Income | 25,000 | 25,000 | 11,840 | (13,160) |
| Miscellaneous | 2,000 | 2,000 | 3,537 | 1,537 |
| Total Revenues | <u>2,526,471</u> | <u>2,526,471</u> | <u>3,433,792</u> | <u>907,321</u> |
| Expenditures | | | | |
| General Government | 2,939,533 | 3,135,548 | 2,756,891 | 378,657 |
| Capital Outlay | 774,000 | 1,145,387 | 859,800 | 285,587 |
| Debt Service | | | | |
| Principal Retirement | — | — | 20,806 | (20,806) |
| Interest and Fiscal Charges | — | — | 286 | (286) |
| Total Expenditures | <u>3,713,533</u> | <u>4,280,935</u> | <u>3,637,783</u> | <u>643,152</u> |
| Net Change in Fund Balance | <u>(1,187,062)</u> | <u>(1,754,464)</u> | (203,991) | <u>264,169</u> |
| Fund Balance - Beginning | | | <u>2,336,766</u> | |
| Fund Balance - Ending | | | <u>2,132,775</u> | |

ELK GROVE TOWNSHIP, ILLINOIS

General (Town) Fund

Schedule of Expenditures - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------|------------------|------------------|-------------------|----------------------------------|
| | Original | Final | | |
| General Government | | | | |
| Administration | | | | |
| Salaries and Benefits | \$ 741,550 | 844,742 | 835,952 | 8,790 |
| Contractual Services | 439,500 | 519,414 | 464,593 | 54,821 |
| Commodities | 20,000 | 21,396 | 17,936 | 3,460 |
| | <u>1,201,050</u> | <u>1,385,552</u> | <u>1,318,481</u> | <u>67,071</u> |
| Assessors | | | | |
| Salaries and Benefits | 225,400 | 226,462 | 215,006 | 11,456 |
| Contractual Services | 24,500 | 27,701 | 20,767 | 6,934 |
| Commodities | 4,500 | 4,500 | 2,633 | 1,867 |
| | <u>254,400</u> | <u>258,663</u> | <u>238,406</u> | <u>20,257</u> |
| Social Services | | | | |
| Agencies | 608,050 | 613,050 | 503,181 | 109,869 |
| Bike Safety | 47,295 | 47,295 | — | 47,295 |
| Senior Services | 217,000 | 217,000 | 181,898 | 35,102 |
| | <u>872,345</u> | <u>877,345</u> | <u>685,079</u> | <u>192,266</u> |
| Youth Services | | | | |
| Salaries and Benefits | 505,123 | 505,123 | 427,859 | 77,264 |
| Contractual Services | 21,415 | 22,588 | 20,542 | 2,046 |
| Commodities | 85,200 | 86,277 | 66,524 | 19,753 |
| | <u>611,738</u> | <u>613,988</u> | <u>514,925</u> | <u>99,063</u> |
| Total General Government | <u>2,939,533</u> | <u>3,135,548</u> | <u>2,756,891</u> | <u>378,657</u> |
| Capital Outlay | <u>774,000</u> | <u>1,145,387</u> | <u>859,800</u> | <u>285,587</u> |
| Debt Service | | | | |
| Principal Retirement | — | — | 20,806 | (20,806) |
| Interest and Fiscal Charges | — | — | 286 | (286) |
| | <u>—</u> | <u>—</u> | <u>21,092</u> | <u>(21,092)</u> |
| Total Expenditures | <u>3,713,533</u> | <u>4,280,935</u> | <u>3,637,783</u> | <u>643,152</u> |

ELK GROVE TOWNSHIP, ILLINOIS

General Assistance Fund - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|----------------------------|--------------------|------------------|------------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property Taxes | \$ 442,714 | 442,714 | 573,151 | 130,437 |
| Investment Income | 3,000 | 3,000 | 45,769 | 42,769 |
| Miscellaneous | 10,000 | 10,000 | 84,445 | 74,445 |
| Total Revenues | <u>455,714</u> | <u>455,714</u> | <u>703,365</u> | <u>247,651</u> |
| Expenditures | | | | |
| Health and Welfare | 709,350 | 709,350 | 560,587 | 148,763 |
| Capital Outlay | 3,000 | 3,000 | 7,366 | (4,366) |
| Total Expenditures | <u>712,350</u> | <u>712,350</u> | <u>567,953</u> | <u>144,397</u> |
| Net Change in Fund Balance | <u>(256,636)</u> | <u>(256,636)</u> | 135,412 | <u>103,254</u> |
| Fund Balance - Beginning | | | <u>1,834,470</u> | |
| Fund Balance - Ending | | | <u>1,969,882</u> | |

ELK GROVE TOWNSHIP, ILLINOIS

General Assistance Fund - Special Revenue Fund

Schedule of Expenditures - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
| | Original | Final | | |
| Health and Welfare | | | | |
| Administration | | | | |
| Salaries and Benefits | \$ 383,550 | 383,550 | 346,544 | 37,006 |
| Contractual Services | 59,200 | 59,200 | 48,615 | 10,585 |
| Commodities | 3,500 | 3,500 | 16,657 | (13,157) |
| | <u>446,250</u> | <u>446,250</u> | <u>411,816</u> | <u>34,434</u> |
| Home Relief | | | | |
| Contractual Services | 239,000 | 239,000 | 109,023 | 129,977 |
| Commodities | 24,100 | 24,100 | 39,748 | (15,648) |
| | <u>263,100</u> | <u>263,100</u> | <u>148,771</u> | <u>114,329</u> |
| Total Health and Welfare | <u>709,350</u> | <u>709,350</u> | <u>560,587</u> | <u>148,763</u> |
| Capital Outlay | <u>3,000</u> | <u>3,000</u> | <u>7,366</u> | <u>(4,366)</u> |
| Total Expenditures | <u><u>712,350</u></u> | <u><u>712,350</u></u> | <u><u>567,953</u></u> | <u><u>144,397</u></u> |

ELK GROVE TOWNSHIP, ILLINOIS

Road and Bridge - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|-----------------------------|--------------------|-----------------|----------------|----------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 270,000 | 270,000 | 351,405 | (81,405) |
| Intergovernmental | | | | |
| Replacement Taxes | 200,000 | 200,000 | 242,983 | (42,983) |
| Investment Income | — | — | 5,918 | (5,918) |
| Miscellaneous | 4,000 | 4,000 | 26,331 | (22,331) |
| Total Revenues | <u>474,000</u> | <u>474,000</u> | <u>626,637</u> | <u>(152,637)</u> |
| Expenditures | | | | |
| General Government | 279,700 | 295,100 | 221,016 | 74,084 |
| Capital Outlay | 5,000 | 5,000 | — | 5,000 |
| Debt Service | | | | |
| Interest and Fiscal Charges | 28,000 | 12,600 | — | 12,600 |
| Total Expenditures | <u>312,700</u> | <u>312,700</u> | <u>221,016</u> | <u>91,684</u> |
| Net Change in Fund Balance | <u>161,300</u> | <u>161,300</u> | 405,621 | <u>(244,321)</u> |
| Fund Balance - Beginning | | | <u>344,119</u> | |
| Fund Balance - Ending | | | <u>749,740</u> | |

ELK GROVE TOWNSHIP, ILLINOIS

Road and Bridge - Special Revenue Fund

Schedule of Expenditures - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended March 31, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
| | Original | Final | | |
| General Government | | | | |
| Administration | | | | |
| Salaries and Benefits | \$ 17,200 | 25,900 | 25,859 | 41 |
| Contractual Services | 88,500 | 86,650 | 48,820 | 37,830 |
| Commodities | 80,500 | 95,900 | 95,467 | 433 |
| | <u>186,200</u> | <u>208,450</u> | <u>170,146</u> | <u>38,304</u> |
| Road Division | | | | |
| Contractual Services | 72,000 | 65,150 | 49,899 | 15,251 |
| Commodities | 14,000 | 14,000 | 337 | 13,663 |
| | <u>86,000</u> | <u>79,150</u> | <u>50,236</u> | <u>28,914</u> |
| Building and Equipment Division | | | | |
| Contractual Services | 7,500 | 7,500 | 634 | 6,866 |
| | <u>7,500</u> | <u>7,500</u> | <u>634</u> | <u>6,866</u> |
| Total General Government | <u>279,700</u> | <u>295,100</u> | <u>221,016</u> | <u>74,084</u> |
| Capital Outlay | <u>5,000</u> | <u>5,000</u> | <u>—</u> | <u>5,000</u> |
| Debt Service | | | | |
| Interest and Fiscal Charges | <u>28,000</u> | <u>12,600</u> | <u>—</u> | <u>12,600</u> |
| Total Expenditures | <u><u>312,700</u></u> | <u><u>312,700</u></u> | <u><u>221,016</u></u> | <u><u>91,684</u></u> |

ELK GROVE TOWNSHIP, ILLINOIS

Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis
For the Fiscal Year Ended March 31, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--------------------------|--------------------|------------------|----------------|----------------------------------|
| Operating Revenues | | | | |
| Charges for Services | \$ 100,000 | 100,000 | 84,417 | (15,583) |
| Operating Expenses | | | | |
| Operations | | | | |
| Salaries and Benefits | 2,300 | 2,300 | 1,790 | 510 |
| Contractual Services | 240,100 | 240,100 | 17,810 | 222,290 |
| Commodities | 1,500 | 1,500 | 500 | 1,000 |
| Depreciation | — | — | 15,240 | (15,240) |
| Total Operating Expenses | 243,900 | 243,900 | 35,340 | 208,560 |
| Operating Income (Loss) | (143,900) | (143,900) | 49,077 | (224,143) |
| Nonoperating Revenues | | | | |
| Investment Income | 300 | 300 | 1,334 | 1,034 |
| Other Income | 250 | 250 | — | (250) |
| | 550 | 550 | 1,334 | 784 |
| Change in Net Position | <u>(143,350)</u> | <u>(143,350)</u> | 50,411 | <u>(223,359)</u> |
| Net Position - Beginning | | | <u>934,905</u> | |
| Net Position - Ending | | | <u>985,316</u> | |