

Audit Report

of

DEKALB TOWNSHIP  
DEKALB COUNTY, ILLINOIS

For the Period  
April 1, 1988 through March 31, 1989

STEVEN E. GARLAND

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DeKalb, Illinois 60115

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815 - 758-1300

June 6, 1989

Board of Town Auditors  
DeKalb Township  
DeKalb, IL 60115

Gentlemen:

I have examined the accompanying financial statements of the funds, as listed in the table of contents of this report, of DeKalb Township for the period April 1, 1988, through March 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

As is more fully described in Note 1, the aforementioned financial statements have been prepared on the basis of cash receipts and disbursements. Consequently, these statements omit recognition of accounts payable, and other accrued items. Accordingly, these statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

In my opinion, the aforementioned financial statements do present fairly the individual assets and liabilities arising from cash transactions of the funds, as listed in the table of contents of this report, of DeKalb Township at March 31, 1989, and the cash transactions of such funds for the period April 1, 1988, through March 31, 1989, on a basis consistent with that of the preceding year.

Respectfully submitted,



Steven E. Garland  
Certified Public Accountant

SEG/rpc

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS

AUDIT REPORT  
March 31, 1989

C O N T E N T S

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DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
All Funds  
Statement of Assets and Liabilities  
Arising From Cash Transactions  
As of March 31, 1989

	Town Fund	General Assistance Fund	Road and Bridge Fund	Special Gravel Fund	Special Bridge Fund	Building & Equipment Fund	Total All Funds
<u>ASSETS</u>							
Cash	\$ 55,907	\$ 21,802	\$ 23,031	\$ 26,293	\$ 410	\$ 665	\$ 128,108
Investments	41,540	354,527	277,120	429,856	252,200	22,566	1,377,809
Total Assets	<u>\$ 97,447</u>	<u>\$376,329</u>	<u>\$ 300,151</u>	<u>\$ 456,149</u>	<u>\$252,610</u>	<u>\$ 23,231</u>	<u>\$ 1,505,917</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Payroll Taxes Withheld	\$ 2,791	\$ ---	\$ 873	\$ ---	\$ ---	\$ ---	\$ 3,664
Fund Balance April 1, 1988	\$ 87,681	\$384,228	\$ 325,159	\$ 362,834	\$234,098	\$ 28,288	\$ 1,422,288
Operating Receipts Over (Under) Operating Disbursements	6,975	(7,899)	(25,881)	93,315	18,512	(5,057)	79,965
Fund Balance, March 31, 1989	<u>\$ 94,656</u>	<u>\$376,329</u>	<u>\$ 299,278</u>	<u>\$ 456,149</u>	<u>\$252,610</u>	<u>\$ 23,231</u>	<u>\$ 1,502,253</u>
Total Liabilities and Fund Balance	<u>\$ 97,447</u>	<u>\$376,329</u>	<u>\$ 300,151</u>	<u>\$ 456,149</u>	<u>\$252,610</u>	<u>\$ 23,231</u>	<u>\$ 1,505,917</u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
Town Fund  
Statement of Cash Receipts and Disbursements  
April 1, 1988 through March 31, 1989

	<u>88-89</u> <u>Appropriations</u>	<u>88-89</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1987 and prior Levies		\$ 177,981
Interest on Investments		6,454
Personal Property Replacement Tax		19,202
Miscellaneous		2,395
Administrative Reimbursement		<u>10,450</u>
		<u>\$ 216,482</u>
 <u>DISBURSEMENTS</u>		
Compensation of Town Officers:		
Highway Commissioner	\$ 23,400	\$ 23,000
Assessor	30,000	30,000
Deputy Assessors	35,500	19,388
Supervisor	29,000	29,000
Office	2,000	5,870
Town Clerk	1,500	1,500
Trustees	3,600	3,450
Town Building Expense:		
Utilities	3,800	4,059
Insurance & Bond	8,200	7,455
Repairs	14,500	767
Janitor	750	600
Town Officers' Expenses:		
Office Supplies	1,900	1,739
Office Equipment & Maintenance	7,000	3,906
Dues & Subscriptions	1,100	758
Transportation - Assessor	2,700	2,716
Convention Expense	2,500	2,850
Assessor Workshop & School	3,500	1,765
Printing, Publishing & Postage	425	446
Travel Expense, Supervisor	300	15
Other Expenses:		
Illinois Municipal Retirement Fund	9,350	9,681
Legal & Audit	3,750	2,627
Employees' Insurance	15,000	9,758
Unemployment Insurance	800	624
Miscellaneous	850	398
Agencies	40,000	40,000
Contingencies	5,000	180
Social Security Tax	8,000	6,955
	<u>\$ 254,425</u>	<u>\$ 209,507</u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
Town Fund  
Statement of Cash Receipts and Disbursements  
April 1, 1988 through March 31, 1989

	<u>87-88</u> <u>Actual</u>
Operating Receipts Over (Under) Operating Disbursements	\$ 6,975
OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE Net Increase (Decrease) in Payroll Taxes Withheld	<u>(2,386)</u>
Increase (Decrease) in "Cash Plus Investments" balance during the year	\$ 4,589
"CASH PLUS INVESTMENTS" Balance, Beginning	<u>92,858</u>
"CASH PLUS INVESTMENTS" Balance, Ending	<u>\$ 97,447</u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 General Assistance Fund  
 Statement of Cash Receipts and Disbursements  
 April 1, 1988 though March 31, 1989

	<u>88-89</u> <u>Appropriations</u>	<u>88-89</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1987 and Prior Levies		\$ 132,740
Interest on Investments		<u>25,989</u>
		<u>\$ 158,729</u>
 <u>DISBURSEMENTS</u>		
Dekalb County Home	\$ 134,000	\$ 149,643
Medical Care	30,000	---
Food	4,000	1,298
Rent	10,000	4,330
Utilities	5,000	644
Personal Expense - Drugs	2,000	---
Funeral & Burial	2,000	---
Legal	10,000	---
Contingencies	10,000	---
Personal Allowance	2,000	263
Administrative Expense	<u>11,450</u>	<u>10,450</u>
	<u>\$ 220,450</u>	<u>\$ 166,628</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (7,899)
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>384,228</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u><u>\$ 376,329</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 Road and Bridge Fund  
 Statement of Cash Receipts and Disbursements  
 April 1, 1988 through March 31, 1989

	<u>88-89</u> <u>Appropriations</u>	<u>88-89</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1987 and Prior Levies		\$ 88,390
Personal Property Replacement Tax		38,159
Interest on Investments		24,889
Miscellaneous		<u>798</u>
		<u>\$ 152,236</u>
 <u>DISBURSEMENTS</u>		
Gross Labor	\$ 39,000	\$ 37,057
Building Division	100,000	32,537
New Equipment	50,000	51,672
Municipal Share of Levy	68,000	-0-
Insurance Bond	16,000	17,085
Garage Utilities	4,000	1,858
Legal & Audit	6,000	800
Unemployment Compensation Ins.	1,000	504
Ill. Municipal Retirement Fund	3,300	3,244
Employee Insurance	3,600	3,414
Distribution of P.P.R. Tax	13,000	18,017
Miscellaneous	4,000	150
Printing & Publishing	200	28
Supplies & Materials	2,000	1,286
Equipment Repairs	28,000	7,675
Dues	150	45
Office Supplies	250	75
Contingencies	13,000	---
Social Security	3,000	2,390
Schools & Seminars	-0-	280
Garage Repairs	1,000	-0-
Shop Equipment	<u>3,000</u>	<u>-0-</u>
	<u>\$ 358,500</u>	<u>\$ 178,117</u>
Operating Receipts Over (Under) Operating Disbursements		\$ (25,881)
 OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE		
Net Increase (Decrease) in Payroll Taxes Withheld		<u>(393)</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (26,274)
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>\$ 326,425</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u>\$ 300,151</u>

The accompanying notes are an integral part of this statement.



DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 Special Gravel Fund  
 Statement of Cash Receipts and Disbursements  
 April 1, 1988 through March 31, 1989

	<u>88-89</u> <u>Appropriations</u>	<u>88-89</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1987 and Prior Levies		\$ 295,915
Interest on Investments		31,214
Miscellaneous		<u>2</u>
		<u>\$ 327,131</u>
 <u>DISBURSEMENTS</u>		
Contract Labor	\$ 30,000	\$ 13,661
Right-of-way	20,000	-0-
Road Maintenance	50,000	13,228
Engineering Services	20,000	9,463
Miscellaneous	-0-	316
Equipment Fuel	8,000	5,106
Road Improvements	250,000	189,256
Contingencies	20,000	-0-
Road Lighting	3,000	2,786
Equipment Rental	<u>5,000</u>	<u>-0-</u>
	<u>\$ 406,000</u>	<u>\$ 233,816</u>
Increase (Decrease) in "Cash Plus Investments" Balance during the year		\$ 93,315
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>\$ 362,834</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 456,149</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 Special Bridge Fund  
 Statement of Cash Receipts and Disbursements  
 April 1, 1988 through March 31, 1989

	<u>88-89 Appropriations</u>	<u>88-89 Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		<u>\$ 18,512</u>
<u>DISBURSEMENTS</u>		
Capital Outlay	<u>\$ 7,000</u>	<u>\$ -0-</u>
Increase (Decrease) in "Cash Plus Investments" Balance during year		\$ 18,512
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>234,098</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 252,610</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 Building & Equipment Fund  
 Statement of Cash Receipts and Disbursements  
 April 1, 1988 through March 31, 1989

	<u>88-89 Appropriations</u>	<u>88-89 Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		\$ <u>1,443</u>
<u>DISBURSEMENTS</u>		
Equipment	\$ -0-	\$ 6,500
Building	<u>29,000</u>	<u>-0-</u>
	<u>\$ 29,000</u>	<u>\$ 6,500</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (5,057)
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>\$ 28,288</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 23,231</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 AUDIT REPORT  
 March 31, 1989

Note 1. Summary of Significant Accounting Policies

The Township has chosen to report on the cash basis of accounting. Accordingly, revenue is recognized when cash is received and expenditures when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a fund.

Purchase of property and equipment are recorded as expenditures of the various funds when paid. The cost thereof is also recorded on the cash basis in the General Fixed Assets Group of Accounts which is used to maintain accounting control over all property and equipment under the Township's jurisdiction.

Note 2. Assessed Valuation, Extension and Taxes Received

1987 Assessed Valuation	<u>\$ 177,120,060</u>
1987 Extension	\$ 624,420
Mobile Home Tax	854
Hi-Rise Tax	994
Back Tax	<u>5,845</u>
	<u>\$ 632,113</u>
Road Fund City Distribution	\$ 67,421
Pending Exemptions	(1,700)
Tax Appeal Board	<u>(2,808)</u>
	<u>\$ 62,913</u>
Total Taxes Received by Township	<u>\$ 695,026</u>
Town Fund	\$ 177,981
Road and Bridge Fund	88,390
Special Gravel Fund	295,915
General Assistance Fund	<u>132,740</u>
	<u>\$ 695,026</u>

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1989

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan

- (A) The EMPLOYER contributes to the Illinois Municipal Retirement Fund ("IMRF") an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for 2,396 local governments and school districts in Illinois. The EMPLOYER'S total payroll for the year ended December 31, 1988 was \$149,865. Of this amount, \$149,639 in payroll earnings were reported to and covered by the IMRF system.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3 percent of their final rate of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Participating members are required to contribute 4.5 percent of their annual salary to IMRF. The EMPLOYER is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

- (B) Related Party Transactions

There were no securities of the EMPLOYER and related parties included in the System's assets.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1989

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(C) Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to IMRF.

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1987. Significant actuarial assumptions used in the valuation include:

- (a) A rate of return on the investment of present and future assets of 7% a year compounded annually
- (b) Projected salary increases of 3.75% a year compounded annually, attributable to inflation
- (c) Additional projected salary increases of 1% a year, attributable to seniority/merit, and
- (d) Postretirement benefit increases of 3% annually.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1989

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(C) Funding Status and Progress (Continued)

Total unfunded pension benefit obligation applicable to the EMPLOYER'S employees was \$81,117.00 at December 31, 1988, determined as follows:

Pension benefit obligation:

Terminated employees not yet receiving benefits	\$ 744
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Current employees -

Accumulated employee contributions including allocated investment earnings	47,760
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Employer-financed vested	119,139
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Employer-financed nonvested	<u>17,358</u>
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Total pension benefit obligation	\$ 185,001
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Net assets available for benefits at cost (market value is \$139,783)	<u>103,884</u>
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Unfunded pension benefit obligation	<u>\$ 81,117</u>
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The pension benefit obligation applicable to retirees and beneficiaries currently receiving benefits is not included in the above schedule due to the fact that this obligation was transferred from the EMPLOYER to IMRF as a whole when the annuity became payable.

Changes in the actuarial assumptions, benefit provisions, and methodology are reflected in the December 31, 1988, pension benefit obligation shown above. This amount has been calculated by the IMRF Actuary using the measure described above. The dollar effect of these changes on the pension benefit obligation was not economically determinable on an individual employer basis by IMRF.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1989

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(D) Actuarially Determined Contribution Requirements  
and Contribution Made

The IMRF funding policy provides for actuarially determined monthly contributions at rates that will accumulate sufficient assets to pay benefits when due without having to be increased for future generations of taxpayers. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. IMRF used the level percentage of payroll method to amortize the unfunded liability over an open-ended 40 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described in C above, except that the changes described below were not taken into account.

The contributions by the EMPLOYER to IMRF for 1988 of \$12,559 were changed to the EMPLOYER'S account and were based on a contribution rate that was calculated in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1986. The contribution consisted of:

- (a) \$3,905 normal cost (2.61 percent of 1988 covered payroll)
- (b) \$7,003 amortization of the unfunded actuarial accrued liability (4.68 percent of 1988 covered payroll)
- (c) \$1,646 death and disability cost (1.10 percent of 1988 covered payroll)

The employer contributed \$12,554 (8.39 percent of 1988 covered payroll); employees contributed \$6,733 (4.5 percent of 1988 covered payroll)



DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1989

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(D) Actuarially Determined Contribution Requirements  
and Contribution Made (Continued)

Changes in the actuarial assumptions, benefit provisions, and methodology which took place in 1987 and explained below, are incorporated in the 1989 and 1990 employer contribution rates. These changes are estimated to increase the 1990 rate by approximately 1.22 percent of payroll over the 1989 rate. Separate dollar effects of each change were not economically determinable by IMRF.

(E) Other Information

For the year ended 1988, available assets were sufficient to fund 56.15 percent of the pension benefit obligation. Unfunded pension benefit obligation represented 54.20 percent of the annual payroll for participating members covered by IMRF for 1988. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the year ended 1988 the contributions to IMRF, all made in accordance with actuarially determined requirements, were 8.39 percent of annual covered payroll. Comparisons which are required, can be provided by referring to figures shown in prior GASB 5 letters.