

AUDIT REPORT

of

DEKALB TOWNSHIP
DEKALB COUNTY, ILLINOIS

For the Period
April 1, 1989 through March 31, 1990

STEVEN E. GARLAND

Certified Public Accountant
155 North Third Suite #504
DeKalb, Illinois 60115

815-758-1300

June 30, 1990

Board of Town Auditors
DeKalb Township
DeKalb, Illinois 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, 1989, through March 31, 1990. 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, 1990, and the cash transactions of such funds for the period April 1, 1989, through March 31, 1990, on a basis consistent with that of the preceding year.

Respectfully submitted,



Steven E. Garland
Certified Public Accountant

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DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS

AUDIT REPORT
March 31, 1990

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, 1990

	Town Fund	General Assistance Fund	Road and Bridge Fund	Permanent Road Fund	Special Bridge Fund	Building & Equipment Fund	Total All Funds
ASSETS							
Cash	\$ 15,104	\$ 14,454	\$ 3,722	\$ 79,648	\$ 410	\$ 665	\$ 114,003
Investments	103,250	290,630	126,698	553,675	276,589	23,821	1,374,663
Pre-Paid Expense	1,342	-0-	-0-	-0-	-0-	-0-	1,342
Interfund Receivable	-0-	-0-	-0-	17,497	-0-	-0-	17,497
Total Assets	<u>\$ 119,696</u>	<u>\$ 305,084</u>	<u>\$ 130,420</u>	<u>\$ 650,820</u>	<u>\$ 276,999</u>	<u>\$ 24,486</u>	<u>\$ 1,507,505</u>
LIABILITIES AND FUND BALANCE							
Payroll Taxes Withheld	\$ 1,464	\$ -0-	\$ 549	\$ -0-	\$ -0-	\$ -0-	\$ 2,013
Interfund Payable	-0-	-0-	17,497	-0-	-0-	-0-	17,497
Total Liabilities and Fund Balance	<u>\$ 1,464</u>	<u>\$ -0-</u>	<u>\$ 18,046</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,510</u>
Fund Balance April 1, 1989	\$ 94,656	\$ 376,329	\$ 299,278	\$ 456,149	\$ 252,610	\$ 23,231	\$ 1,502,253
Operating Receipts Over (Under) Operating Disbursements	<u>23,576</u>	<u>(71,245)</u>	<u>(186,904)</u>	<u>194,671</u>	<u>24,389</u>	<u>1,255</u>	<u>(14,258)</u>
Fund Balance, March 31, 1990	<u>\$ 118,232</u>	<u>\$ 305,084</u>	<u>\$ 112,374</u>	<u>\$ 650,820</u>	<u>\$ 276,999</u>	<u>\$ 24,486</u>	<u>\$ 1,487,995</u>
Total Liabilities and Fund Balance	<u>\$ 119,696</u>	<u>\$ 305,084</u>	<u>\$ 130,420</u>	<u>\$ 650,820</u>	<u>\$ 276,999</u>	<u>\$ 24,486</u>	<u>\$ 1,507,505</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, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1988 and prior levies		\$ 330,647
Interest on Investments		12,184
Personal Property Replacement Tax		16,712
Miscellaneous		3,362
Administrative Reimbursement		<u>-0-</u>
		<u>\$ 362,905</u>
<u>DISBURSEMENTS</u>		
Compensation of Town Officers:		
Highway Commissioner	\$ 28,000	\$ 27,583
Assessor	31,000	28,750
Deputy Assessors	30,000	16,666
Supervisor	30,000	32,417
Office	9,000	9,340
Town Clerk	1,800	1,775
Trustees	3,600	3,600
Town Building Expense:		
Utilities	5,000	5,517
Insurance & Bond	9,000	5,791
Capital Outlay	14,000	-0-
Janitor	1,500	1,000
Town Officers' Expenses:		
Office Supplies	4,100	2,946
Office Equipment & Maintenance	1,600	450
Dues & Subscriptions	1,000	1,070
Transportation - Assessor & Deputies	4,700	2,844
Equipment	15,000	13,696
Training	6,000	4,184
Printing, Publishing & Postage	600	763
Travel Expense, Supervisor	1,000	1,300
Other Expenses:		
Illinois Municipal Retirement Fund	14,000	13,251
Legal & Audit	4,000	5,999
Employees' Insurance	16,000	9,235
Unemployment Insurance	1,000	476
Miscellaneous	1,350	867
Moving	775	1,018
Contingencies	5,000	-0-
Social Security Tax	11,000	8,996
Agencies	55,000	55,000
DeKalb Co. Home	80,000	84,795
	<u>\$ 385,025</u>	<u>\$ 339,329</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, 1989 through March 31, 1990

	<u>89-90 Actual</u>
Operating Receipts Over (Under)	
Operating Disbursements	\$ 23,576
OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE	
Net Increase (Decrease) in Payroll Taxes Withheld	(1,327)
Net (Increase) Decrease in Prepaid Expenses	<u>(1,342)</u>
Increase (Decrease) in "Cash Plus Investments" balance during the year	\$ 20,907
"CASH PLUS INVESTMENTS" Balance, Beginning	<u>97,447</u>
"CASH PLUS INVESTMENTS" Balance, Ending	<u><u>\$ 118,354</u></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, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Miscellaneous		\$ 169
Interest on Investments		<u>26,235</u>
		<u>\$ 26,404</u>
 <u>DISBURSEMENTS</u>		
DeKalb County Home	\$ 80,000	\$ 79,685
Medical Care	30,000	3,310
Food	4,000	884
Rent	10,000	4,156
Utilities	-0-	584
Personal Expense - Drugs	2,000	-0-
Funeral & Burial	5,000	-0-
Legal	10,000	4,463
Miscellaneous	1,000	177
Personal Allowance	2,000	4,390
Coontingencies	<u>10,000</u>	<u>-0-</u>
	<u>\$ 154,000</u>	<u>\$ 97,649</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (71,245)
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>376,329</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u><u>\$ 305,084</u></u>

The accompanying notes are an itegral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
 Road and Bridge Fund
 Statement of Cash Receipts and Disbursements
 April 1, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1988 and Prior Levies		\$ 95,713
Personal Property Replacement Tax		33,211
Interest on Investments		14,304
Miscellaneous		654
Right of Way		15,000
Sale of Property		<u>182,503</u>
		<u>\$ 341,385</u>
 <u>DISBURSEMENTS</u>		
Gross Labor	\$ 42,000	\$ 39,905
Building Division	170,000	425,968
New Equipment	15,000	3,261
Insurance Bond	18,000	12,748
Garage Utilities	4,000	2,865
Legal & Audit	3,500	850
Unemployment Compensation Ins.	1,000	108
IL Municipal Retirement Fund	4,000	4,626
Employee Insurance	4,000	4,200
Distribution of P.P.R. Tax	14,000	15,681
Miscellaneous	3,000	-0-
Printing & Publishing	200	172
Commodities	6,400	1,889
Contractual Services	21,000	12,339
Dues	100	20
Office Supplies & Postage	250	300
Contingencies	7,000	-0-
Social Security	3,500	2,997
Schools & Seminars	300	360
	<u>\$ 317,250</u>	<u>\$ 528,289</u>
Operating Receipts Over (Under)		
Operating Disbursements		\$(186,904)
 OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE		
Net Increase (Decrease) in Payroll Taxes Withheld		(324)
Net Increase (Decrease) in Interfund Payable		<u>17,497</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$(169,731)
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>300,151</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u>\$ 130,420</u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
 Permanent Road Fund
 Statement of Cash Receipts and Disbursements
 April 1, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1988 and Prior Levies		\$ 316,487
Interest on Investments		44,206
Miscellaneous		<u>265</u>
		<u>\$ 360,958</u>
 <u>DISBURSEMENTS</u>		
South First St. Overlay	\$ 80,000	\$ -0-
Contract Labor	25,000	806
Right-of-way	20,000	-0-
Road Maintenance	50,000	9,936
Engineering Services	20,000	6,445
Miscellaneous	1,000	52
Equipment Fuel	8,000	7,637
Road Improvements	190,000	131,318
Contingencies	20,000	-0-
Road Lighting	3,500	2,897
Equipment Rental	5,000	-0-
Peace Road	80,000	-0-
Building	200,000	-0-
Rock for Building	<u>15,000</u>	<u>7,196</u>
	<u>\$ 717,500</u>	<u>\$ 166,287</u>
Operating Receipts Over (Under)		
Operating Disbursements		\$ 194,671
Other Increase (Decrease) in "Cash Plus Investments" Balance		
Net (Increase) Decrease in Interfund Receivable		<u>(17,497)</u>
Increase (Decrease) in "Cash Plus Investments" Balance during the year		\$ 177,174
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>456,149</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 633,323</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, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		\$ 24,389
<u>DISBURSEMENTS</u>		
Capital Outlay	\$ 7,000	\$ -0-
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ 24,389
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>252,610</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u>\$ 276,999</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, 1989 through March 31, 1990

	<u>89-90</u> <u>Appropriations</u>	<u>89-90</u> <u>Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		\$ <u>1,255</u>
<u>DISBURSEMENTS</u>		
Equipment	\$ -0-	\$ -0-
Building	<u>25,000</u>	<u>-0-</u>
	<u>\$ 25,000</u>	<u>\$ -0-</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ 1,255
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>23,231</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u><u>\$ 24,486</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
 AUDIT REPORT
 March 31, 1990

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

1988 Assessed Valuation	\$ 189,806,817	
1988 Extension	\$ 666,948	
Mobile Home Tax	1,006	
Hi-Rise Tax	1,013	
Back Tax	1,998	
	\$ 670,965	
Road Fund City Distribution	\$ 74,941	
Pending Exemptions	(2,606)	
Tax Appeal Board	(453)	
	\$ 71,882	
Total Taxes Received by Township	\$ 742,847	
Town Fund	\$ 330,647	
Road and Bridge Fund	95,713	
Permanent Road	316,487	
General Assistance Fund	-0-	
	\$ 742,847	

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
AUDIT REPORT
March 31, 1990

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 2,464 local governments and school districts in Illinois. The EMPLOYER'S total payroll for the year ended December 31, 1989 was \$154,201. Of this amount, \$160,136 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, 1990

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, 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 prorated on service 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, 1989. 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, 1990

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 \$45,052 at December 31, 1989, determined as follows:

Pension benefit obligation:

Terminated employees not yet receiving benefits	\$ 7,642
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Current employees -

Accumulated employee contributions including allocated investment earnings	30,940
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Employer-financed vested	66,176
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Employer-financed nonvested	<u>13,159</u>
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Total pension benefit obligation	\$ 117,917
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Net assets available for benefits at cost (market value is \$79,850)	<u>72,865</u>
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Unfunded pension benefit obligation	<u>\$ 45,052</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, 1989, 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 by IMRF.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
AUDIT REPORT
March 31, 1990

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.

The contributions by the EMPLOYER to IMRF for 1989 of \$15,589 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, 1987. The contribution consisted of:

- (a) \$10,701 normal cost (6.94 percent of 1989 covered payroll)
- (b) \$3,407 amortization of the unfunded actuarial accrued liability (2.21 percent of 1989 covered payroll)
- (c) \$1,480 death and disability cost (.96 percent of 1989 covered payroll)

The employer contributed \$15,589 (10.11 percent of 1989 covered payroll); employees contributed \$6,939 (4.5 percent of 1989 covered payroll)

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
AUDIT REPORT
March 31, 1990

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 to 1991 employer contribution rates. Separate dollar effects of each change were not economically determinable by IMRF.

(E) Other Information

For the year ended 1989, available assets were sufficient to fund 61.79 percent of the pension benefit obligation. Unfunded pension benefit obligation represented 29.22 percent of the annual payroll for participating members covered by IMRF for 1989. 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 1989 the contributions to IMRF, all made in accordance with actuarially determined requirements, were 10.11 percent of annual covered payroll.

* Digest of Changes:

Three areas of changes discussed below have been incorporated in the employer contribution rates and in the December 31, 1989 pension benefit obligation. The changes due to actuarial assumptions will be phased into the employer contribution rate over a 3-year period, 1989-1991, for those employers that have 6 or more employees and have positive net asset balances, and over a 2-year period for all other employers.

The following changes in actuarial assumptions were based upon the 1984-86 experience study:

- (1) A single assumed retirement age for all employees has been replaced by rates which vary by age.
- (2) The 1983 Group Annuity Mortality Table has been adopted for use in mortality rate calculations for female employees and annuitants. The 1971 Group Annuity Mortality Table, actuarially adjusted to reflect actual experience has been retained for male employees and annuitants.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
AUDIT REPORT
March 31, 1990

NOTES TO STATEMENTS
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

* Digest of Changes (Continued)

- (3) Disability rates have been decreased to reflect actual experience.
- (4) Salary rate growth has been increased from 4.50% to 4.75%.
- (5) Termination rate assumptions have been modified to set up distinct rates for employees with 5, 6, or 7 years of service.

The following statutory benefit changes, resulting from the passage of Public Act 85-0941, will have been implemented in 1988:

- (1) The 3% annual increase to retired members has been extended to surviving spouse annuitants and to members receiving total and permanent disability payments.
- (2) The \$1,000 death benefit payable to the survivor of a retired member has been increased to \$3,000. Beginning January 1, 1988, the cost of this benefit will be amortized by inclusion in the retirement contribution rate and removed from the pooled death and disability contribution rate.
- (3) The early retirement pension discount has been reduced from 1/2% to 1/4% per month.

Phyllis L. Walker, Employer Account Analyst

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS
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 March 31, 1990

NOTES TO STATEMENTS
 (Continued)

Note 3. Defined Benefit Pension Plan (Continued)

* Digest of Changes (Continued)

ANALYSIS OF FUNDING PROGRESS

Year	(1) Pension Benefit Obligation	(2) Assets at Cost	Percent Funded (2)/(1)	(3) Unfunded Pensn Oblig (1)-(2)	(4) Annual Covered Payroll	Unfunded as Perct of Payrl (3)/(4)
1989	117,917	72,865	61.79	45,052	154,201	29.22
1988	185,001	103,884	56.15	81,117	149,639	54.21
1987	228,035	144,988	63.58	83,047	158,742	52.32

Note: The trend information is provided starting in 1987 as specified by GSAB 5.