

AUDIT REPORT

of

DEKALB TOWNSHIP  
DEKALB COUNTY, ILLINOIS

For the Period  
April 1, 1990 through March 31, 1991

# STEVEN E. GARLAND

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

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815-758-1300

June 30, 1991

Board of Town Auditors  
DeKalb Township  
DeKalb, Illinois 60115

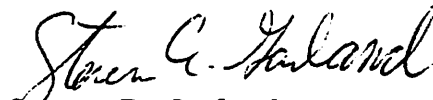
Gentlemen:

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, 1990, through March 31, 1991. 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, 1991, and the cash transactions of such funds for the period April 1, 1990, through March 31, 1991, 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, 1991

C O N T E N T S

	<u>Exhibit</u>
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DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
All Funds  
Statement of Assets and Liabilities  
Arising From Cash Transactions  
As of March 31, 1991

	Town Fund	General Assistance Fund	Road and Bridge Fund	Permanent Road Fund	Special Bridge Fund	Building & Equipment Fund	Total All Funds
<u>ASSETS</u>							
Cash	\$ 9,373	\$ 2,865	\$ 4,508	\$ 73,859	\$ 411	\$ 665	\$ 91,681
Investments	115,537	233,749	132,948	683,772	292,284	23,625	1,481,915
Pre-Paid Expense	536	-0-	-0-	-0-	-0-	-0-	536
Interfund Receivable	-0-	-0-	-0-	497	-0-	-0-	497
Total Assets	<u>\$ 125,446</u>	<u>\$ 236,614</u>	<u>\$ 137,456</u>	<u>\$ 758,128</u>	<u>\$ 292,695</u>	<u>\$ 24,290</u>	<u>\$ 1,574,629</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Payroll Taxes Withheld	\$ 1,597	\$ -0-	\$ 691	\$ -0-	\$ -0-	\$ -0-	\$ 2,288
Interfund Payable	-0-	-0-	497	-0-	-0-	-0-	497
Total Liabilities and Fund Balance	<u>\$ 1,597</u>	<u>\$ -0-</u>	<u>\$ 1,188</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,785</u>
Fund Balance April 1, 1990	\$ 118,232	\$ 305,084	\$ 112,374	\$ 650,820	\$ 276,999	\$ 24,486	\$ 1,487,995
Operating Receipts Over (Under) Operating Disbursements	<u>5,617</u>	<u>(68,470)</u>	<u>23,894</u>	<u>107,308</u>	<u>15,696</u>	<u>(196)</u>	<u>83,849</u>
Fund Balance March 31, 1991	<u>\$ 123,849</u>	<u>\$ 236,614</u>	<u>\$ 136,268</u>	<u>\$ 758,128</u>	<u>\$ 292,695</u>	<u>\$ 24,290</u>	<u>\$ 1,571,844</u>
Total Liabilities and Fund Balance	<u>\$ 125,446</u>	<u>\$ 236,614</u>	<u>\$ 137,456</u>	<u>\$ 758,128</u>	<u>\$ 292,695</u>	<u>\$ 24,290</u>	<u>\$ 1,574,629</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, 1990 through March 31, 1991

	<u>90-91</u> <u>Appropriations</u>	<u>90-91</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1989 and prior levies		\$ 358,235
Interest on Investments		13,180
Personal Property Replacement Tax		15,870
Miscellaneous		3,831
Administrative Reimbursement		-0-
		<u>\$ 391,116</u>
<u>DISBURSEMENTS</u>		
Compensation of Town Officers:		
Highway Commissioner	\$ 28,000	\$ 30,500
Assessor	31,000	31,000
Deputy Assessors	33,000	26,944
Supervisor	30,000	30,083
Office	9,000	9,000
Town Clerk	1,800	1,800
Trustees	3,600	3,600
Town Building Expense:		
Utilities	6,500	6,563
Insurance & Bond	7,000	5,762
Building Maintenance	1,000	420
Janitor	1,500	1,208
Town Officers' Expenses:		
Office Supplies	3,700	2,647
Office Equipment & Maintenance	1,300	303
Dues & Subscriptions	1,300	1,036
Transportation - Assessor & Deputies	3,600	762
Equipment & Building	14,000	3,711
Training/Conventions	6,750	4,017
Printing, Publishing & Postage	800	442
Travel Expense, Supervisor	1,500	1,114
Other Expenses:		
Illinois Municipal Retirement Fund	15,000	13,440
Legal & Audit	11,000	3,103
Employees' Insurance	16,000	11,170
Unemployment Insurance	1,000	148
Miscellaneous	1,200	1,201
Operating Supplies	550	269
Contingencies	5,000	-0-
Social Security Tax	11,000	11,236
Agencies	55,000	55,000
DeKalb Co. Home	85,000	128,970
	<u>\$ 386,100</u>	<u>\$ 385,499</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, 1990 through March 31, 1991

	<u>90-91</u> <u>Actual</u>
Operating Receipts Over (Under)	
Operating Disbursements	\$ 5,617
OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE	
Net Increase (Decrease) in Payroll Taxes Withheld	133
Net (Increase) Decrease in Prepaid Expenses	<u>806</u>
Increase (Decrease) in "Cash Plus Investments" balance during the year	\$ 6,556
"CASH PLUS INVESTMENTS" Balance, Beginning	<u>118,354</u>
"CASH PLUS INVESTMENTS" Balance, Ending	<u><u>\$ 124,910</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, 1990 through March 31, 1991

	<u>90-91 Appropriations</u>	<u>90-91 Actual</u>
<u>RECEIPTS</u>		
Miscellaneous		\$ 152
Interest on Investments		<u>28,770</u>
		<u>\$ 28,922</u>
<u>DISBURSEMENTS</u>		
DeKalb County Home	\$ 80,000	\$ 83,225
Medical Care	30,000	590
Flat Grant	25,000	13,489
Personal Expense - Drugs	2,000	-0-
Funeral & Burial	5,000	-0-
Legal	10,000	-0-
Miscellaneous	1,000	13
Contingencies	<u>10,000</u>	<u>75</u>
	<u>\$ 163,000</u>	<u>\$ 97,392</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (68,470)
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>305,084</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u><u>\$ 236,614</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, 1990 through March 31, 1991

	<u>90-91</u> <u>Appropriations</u>	<u>90-91</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1989 and Prior Levies		\$ 100,377
Personal Property Replacement Tax		31,562
Interest on Investments		12,337
Miscellaneous		<u>1,056</u>
		<u>\$ 145,332</u>
 <u>DISBURSEMENTS</u>		
Gross Labor	\$ 46,200	\$ 43,776
Building Division	30,000	-0-
New Equipment	20,000	13,529
Insurance	18,000	12,667
Garage Utilities	3,800	2,625
Legal & Audit	3,000	1,076
Unemployment Compensation Ins.	1,000	108
IL Municipal Retirement Fund	4,500	4,959
Employee Insurance	4,400	4,201
Distribution of P.P.R. Tax	17,000	14,891
Miscellaneous	2,000	1,440
Printing & Publishing	200	440
Shop Supplies & Equipment	4,400	3,255
Repairs & Maintenance	21,000	14,251
Dues	60	45
Office Supplies & Postage	350	448
Contingencies	8,000	-0-
Social Security	3,500	3,387
Training	<u>600</u>	<u>340</u>
	<u>\$ 188,010</u>	<u>\$ 121,438</u>
Operating Receipts Over (Under) Operating Disbursements		\$ 23,894
 OTHER INCREASE (DECREASE) IN "CASH PLUS INVESTMENTS" BALANCE		
Net Increase (Decrease) in Payroll Taxes Withheld		142
Net Increase (Decrease) in Interfund Payable		<u>(17,000)</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ 7,036
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>130,420</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 137,456</u></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, 1990 through March 31, 1991

	<u>90-91</u> <u>Appropriations</u>	<u>90-91</u> <u>Actual</u>
<u>RECEIPTS</u>		
Taxes - 1989 and Prior Levies		\$ 344,502
Interest on Investments		45,731
Miscellaneous		<u>4,226</u>
		<u>\$ 394,459</u>
<u>DISBURSEMENTS</u>		
Gurler & First St.	\$ 100,000	\$ -0-
Contract Labor	25,000	-0-
Right-of-way	20,000	-0-
Road Maintenance	50,000	25,718
Engineering Services	20,000	9,361
Miscellaneous	1,000	367
Equipment Fuel	10,000	8,595
Road Improvements	250,000	232,891
Contingencies	20,000	2,147
Road Lighting	4,000	2,461
Equipment Rental	5,000	-0-
Peace Road	70,000	-0-
Twombly Road	160,000	-0-
Salt Bin	<u>10,000</u>	<u>5,611</u>
	<u>\$ 745,000</u>	<u>\$ 287,151</u>
Operating Receipts Over (Under)		
Operating Disbursements		\$ 107,308
Other Increase (Decrease) in "Cash Plus Investments" Balance		
Net (Increase) Decrease in Interfund Receivable		<u>17,000</u>
Increase (Decrease) in "Cash Plus Investments" Balance during the year		\$ 124,308
"CASH PLUS INVESTMENTS" Balance, Beginning		<u>650,820</u>
"CASH PLUS INVESTMENTS" Balance, Ending		<u><u>\$ 775,128</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, 1990 through March 31, 1991

	<u>90-91 Appropriations</u>	<u>90-91 Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		\$ <u>16,896</u>
<u>DISBURSEMENTS</u>		
Capital Outlay	\$ <u>7,000</u>	\$ <u>1,200</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ 15,696
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>276,999</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u>\$ 292,695</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, 1990 through March 31, 1991

	<u>90-91</u> <u>Appropriations</u>	<u>90-91</u> <u>Actual</u>
<u>RECEIPTS</u>		
Interest on Investments		\$ <u>1,304</u>
<u>DISBURSEMENTS</u>		
Equipment	\$ -0-	\$ -0-
Building	<u>20,000</u>	<u>1,500</u>
	<u>\$ 20,000</u>	<u>\$ 1,500</u>
Increase (Decrease) in "Cash Plus Investments" balance during year		\$ (196)
"CASH PLUS INVESTMENTS" BALANCE, BEGINNING		<u>\$ 24,486</u>
"CASH PLUS INVESTMENTS" BALANCE, ENDING		<u><u>\$ 24,290</u></u>

The accompanying notes are an integral part of this statement.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 AUDIT REPORT  
 March 31, 1991

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

1989 Assessed Valuation	\$ 205,876,798
1989 Extension	\$ 722,326
Mobile Home Tax	1,225
Hi-Rise Tax	1,010
Back Tax	556
	\$ 725,117
Road Fund City Distribution	\$ 79,587
Pending Exemptions	(1,483)
Tax Appeal Board	(107)
	\$ 77,997
Total Taxes Received by Township	\$ 803,114
Town Fund	\$ 358,235
Road and Bridge Fund	100,377
Permanent Road	344,502
	\$ 803,114

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1991

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 2,515 local governments and school districts in Illinois. The EMPLOYER'S total payroll for the year ended December 31, 1990 was \$177,394. Of this amount, \$171,304 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, 1991

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, 1990. 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 4.25% 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, 1991

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 \$59,046 at December 31, 1990, determined as follows:

Pension benefit obligation:

Terminated employees not yet receiving benefits	\$ 838
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Current employees -

Accumulated employee contributions including allocated investment earnings	40,560
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Employer-financed vested	87,914
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Employer-financed nonvested	<u>25,446</u>
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Total pension benefit obligation	\$ 154,758
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Net assets available for benefits at cost (market value is \$97,624)	<u>95,712</u>
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Unfunded pension benefit obligation	<u>\$ 59,046</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.

New actuarial assumptions based on the 1987-1989 experience study are reflected in the pension benefit obligation shown above. The new assumptions are described in the Digest of Changes. 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, 1991

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 contributions by the EMPLOYER to IMRF for 1990 of 18,761 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, 1988. The contribution consisted of:

- (a) \$11,361 normal cost (6.94 percent of 1990 covered payroll)
- (b) \$6,270 amortization of the unfunded actuarial accrued liability (3.83 percent of 1990 covered payroll)
- (c) \$1,129 death and disability cost (.69 percent of 1990 covered payroll)

The employer contributed \$18,761 (11.46 percent of 1990 covered payroll); employees contributed \$7,367 (4.5 percent of 1990 covered payroll)

The assumptions used to calculate the 1990 rates are different from the assumptions used to calculate the 1990 pension benefit obligation shown above in Section C. The new actuarial assumptions adopted in 1990 and explained below, have been incorporated into the 1992 contribution rates. The net effect of these changes is estimated to increase contributions by 1% or less of payroll. Separate dollar effects of each change were not economically determinable by IMRF.



DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
AUDIT REPORT  
March 31, 1991

NOTES TO STATEMENTS  
(Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(E) Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page five of this statement. For the three years ended 1988, 1989, and 1990, respectively, available assets were sufficient to fund 56.15, 61.79, and 61.85 percent of the pension benefit obligation. Unfunded pension benefit obligation represents 54.21, 29.22, and 36.07 percent of the annual payroll for the participating members covered by IMRF for 1988, 1989, and 1990, respectively. 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 three years ended 1988, 1989, and 1990, the employer's contribution to IMRF, all made in accordance with actuarially determined requirements, were 8.39, 10.11, and 11.46 percent respectively of annual covered payroll.

\* Digest of Changes:

The changes discussed below have been incorporated in the 1992 employer contribution rates and in the December 31, 1990 pension benefit obligation. The previous assumptions were used to calculate the 1990 employer contribution rate.

The following changes in actuarial assumptions were based upon the 1987-89 experience study: (1) The salary increase assumption for long service employees was increased from 0.1% to 0.5%. (2) The mortality assumption for females was changed from the 1983 Group Annuity Table to 95% of the 1983 individual Annuity Table. The mortality assumption for males was changed from 93.5% of the 1971 Group Annuity Table to 95% of the 1983 Group Annuity Table. (3) Retirement rates at most younger ages have been increased to reflect actual experience.

DEKALB TOWNSHIP, DEKALB COUNTY, ILLINOIS  
 AUDIT REPORT  
 March 31, 1991

NOTES TO STATEMENTS  
 (Continued)

Note 3. Defined Benefit Pension Plan (Continued)

(E) Trend Information (Continued)

\* Digest of Changes (Continued):

(4) Termination rates have been decreased to reflect actual experience. (5) Disability rates have been decreased to reflect actual experience. (6) Salary rate growth assumption for inflation has been increased from 3.50% to 4.25%.

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 Pyrl1 (3)/(4)
1990	154,758	95,712	61.85	59,046	163,710	36.07
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.