

DeKalb Township

DeKalb, Illinois

Annual Financial Report

March 31, 2016

DeKalb Township, Illinois

Year ended March 31, 2016

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Independent Auditor's Report

To the Board of Trustees
DeKalb Township, Illinois
DeKalb, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of DeKalb Township, Illinois, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and remaining aggregate fund information of DeKalb Township, Illinois, as of March 31, 2016, and the respective

changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the DeKalb Township, Illinois adopted new accounting guidance, GASB Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the budgetary comparison information and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF on pages 29 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DeKalb Township, Illinois' basic financial statements as a whole. The combining statements of nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements of nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Rockford, Illinois
July 28, 2016

Management's Discussion and Analysis

DeKalb Township, Illinois

Management's Discussion and Analysis

Our discussion and analysis of DeKalb Township's (the "Township") financial performance provides an overview of the Township activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the Township's financial statements.

Financial Highlights

- DeKalb Township's Town Fund beginning balance as of April 1, 2015 was \$441,362. The revenue during the fiscal year April 1, 2015 thru March 31, 2016 was \$780,709 and the expenditures were \$734,222, which leaves a balance of \$487,849.
- DeKalb Township's General Assistance Fund beginning balance as of April 1, 2015 was \$252,756. The revenue during the fiscal year April 1, 2015 thru March 31, 2016 was \$233,850 and the expenditures were \$241,400 which leaves a balance of \$245,206.
- DeKalb Township's Road & Bridge Fund beginning balance as of April 1, 2015 was \$463,951. The revenue during the fiscal year April 1, 2015 thru March 31, 2016 was \$280,583 and the expenditures were \$317,257 which leaves a balance of \$427,277.
- DeKalb Township's Permanent Road Fund beginning balance as of April 1, 2015 was \$851,097. The revenue during the fiscal year April 1, 2015 thru March 31, 2016 was \$780,072 and the expenditures were \$703,379 which leaves a balance of \$927,790.

Using this Annual Report

This annual report consists of four parts – Independent Auditor's Report, required supplementary information (RSI) which includes Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township.

The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

DeKalb Township, Illinois

Management’s Discussion and Analysis

Government-wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long-term information about the Township's overall financial status, similar to a private sector business. In the government-wide financial statements the Township's activities are shown in one category - governmental activities. The Township's basic services are road maintenance, general assistance and general government services. Current operations of these activities are largely financed with property taxes and state money, certain fees charged and interest.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. To assess the overall health of the Township you need to consider additional non-financial factors such as the condition of the Township's buildings and facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year compared to the prior year. The government-wide financial statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenditures and liabilities are recognized when incurred.

Condensed Statement of Net Position

	<u>March 31, 2016</u>	<u>March 31, 2015 *</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Current assets	\$ 4,864,296	\$4,751,710
Capital assets (net)	<u>5,366,592</u>	<u>5,334,710</u>
Total assets	<u>10,230,888</u>	<u>10,086,420</u>
Deferred outflows of resources	158,863	-
Current liabilities	34,667	41,628
Noncurrent liabilities	<u>388,493</u>	<u>193,963</u>
Total liabilities	<u>423,160</u>	<u>235,591</u>
Deferred inflows of resources	<u>2,186,321</u>	<u>2,179,541</u>
Net position:		
Invested in capital assets	5,176,085	5,120,247
Restricted	2,184,393	2,113,135
Unrestricted	<u>419,792</u>	<u>437,906</u>
Total net position	<u>\$ 7,780,270</u>	<u>\$7,671,288</u>

* March 31, 2015 financial statements have not been restated for the implementation of GASB Statements No. 68 and 71.

DeKalb Township, Illinois

Management's Discussion and Analysis

Government-wide Financial Statements (Continued)

	Condensed Statement of Activities	
	<u>April 1, 2015 - March 31, 2016</u>	<u>April 1, 2014 - March 31, 2015 *</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
<u>Revenues</u>		
Program revenues:		
Operating Grants and Contributions	\$ 85,821	\$ 38,776
Charges for services	2,250	-
General revenues:		
Property taxes	1,940,732	1,895,607
Personal property replacement taxes	114,222	103,274
Investment earnings	8,191	7,642
Miscellaneous	40,450	66,358
Gain on sale of capital assets	<u>70,000</u>	<u>-</u>
Total revenues	<u>2,261,666</u>	<u>2,111,657</u>
<u>Expenses</u>		
Program expenses:		
General government	634,239	620,505
Social services	341,143	301,962
Public works	1,127,958	735,691
Interest	<u>7,158</u>	<u>9,046</u>
Total expenses	<u>2,110,498</u>	<u>1,667,204</u>
Change in net position	<u>\$ 151,168</u>	<u>\$ 444,453</u>

* March 31, 2015 financial statements have not been restated for the implementation of GASB Statements No. 68 and 71.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs. State law requires some funds, while others are established to control and manage money for particular purposes or to show that the Township is properly using certain revenues.

DeKalb Township, Illinois

Management's Discussion and Analysis

Fund Financial Statements (Continued)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for the four major funds.

The Township adopts annual budgets for all major governmental funds. Budgetary comparison information has been provided for the major governmental funds later in this report.

Management's Analysis of the Township's Overall Financial Position and Results of Operations

The Statement of Activities reflects an overall increase in the Township's net position totaling \$151,168. Revenues and expenses were comparable to the prior year.

General Fund Budgetary Comparison

The Township adopted the budget in April 2015. The budget is prepared on the modified accrual basis of accounting. This is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. A deficit budget of \$253,250 in the General fund was approved. The actual results for the year show revenues to be \$46,487 over expenditures. Expenditures were \$281,028 under budget.

Capital assets/Long term debt

During the year ended March 31, 2016, the Township purchased equipment in the amount of \$293,960. See Note 4 for information on Capital Assets.

The Township has a commercial promissory note payable. See Note 5 for additional information on debt.

DeKalb Township, Illinois

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

The Township receives most of its revenue from property taxes. The property tax base of the Township continues to remain stable, allowing the Township to budget consistently for fiscal year 2016-2017. With the exception of interest, revenues are generally not affected by economic factors.

Financial Contact

DeKalb Township's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Township's finances and to demonstrate the Township's accountability. If you have any questions about the report or need additional financial information, please contact:

DeKalb Township
2323 S. Fourth Street
DeKalb, IL 60115

Basic Financial Statements

DeKalb Township, Illinois

Statement of Net Position

March 31, 2016

	Governmental Activities
Assets	
Current assets:	
Cash	\$ 2,682,501
MFT held by DeKalb Co	143,221
Property tax receivable	2,038,574
Total current assets	4,864,296
Capital assets	
Land	249,300
Depreciated, net of accumulated depreciation	5,117,292
Total capital assets	5,366,592
Total assets	10,230,888
Deferred outflows	
Pension related	158,863
Liabilities	
Current liabilities:	
Accounts payable	3,700
Accrued payroll	6,559
Current portion of notes payable	24,408
Total current liabilities	34,667
Noncurrent liabilities:	
Compensated absences	3,533
Net pension liability	218,861
Notes payable	166,099
Total noncurrent liabilities	388,493
Total liabilities	423,160
Deferred inflows of resources	
Pension related	4,526
Real estate taxes	2,038,574
Motor fuel taxes	143,221
Total deferred inflows of resources	2,186,321
Net Position	
Invested in capital assets	5,176,085
Restricted for General Assistance	245,206
Restricted for Road & Bridges	1,939,187
Unrestricted	419,792
Total net position	\$ 7,780,270

See accompanying notes to financial statements.

DeKalb Township, Illinois

Statement of Activities

For the Year ending March 31, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 634,239	\$ -	\$ -	\$ (634,239)
Social services	341,143	2,250	9,647	(329,246)
Public works	1,127,958	-	76,174	(1,051,784)
Interest	7,158	-	-	(7,158)
Total governmental activities	\$ 2,110,498	\$ 2,250	\$ 85,821	(2,022,427)
General revenues:				
Taxes:				
Property taxes				1,940,732
Replacement taxes				114,222
Investment earnings				8,191
Miscellaneous				40,450
Gain on sale of capital assets				70,000
Total general revenues				2,173,595
Change in net position				151,168
Net position - beginning as restated				7,629,102
Net position - ending				\$ 7,780,270

DeKalb Township, Illinois

Balance Sheet Governmental Funds

March 31, 2016

	General Fund	General Assistance Fund
Assets		
Cash	\$ 494,356	\$ 246,911
MFT held by DeKalb Co	-	-
Property tax receivable	717,206	221,345
Total assets	\$ 1,211,562	\$ 468,256
Liabilities		
Accounts payable	\$ 3,700	\$ -
Accrued payroll	2,807	1,705
Deferred revenue:		
Real estate taxes	717,206	221,345
Motor fuel taxes	-	-
Total liabilities	723,713	223,050
Fund Balances		
Restricted	-	245,206
Unassigned	487,849	-
Total fund balances	487,849	245,206
Total liabilities and fund balances	\$ 1,211,562	\$ 468,256

Road and Bridge Fund	Permanent Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 427,569	\$ 929,545	\$ 584,120	\$ 2,682,501
-	143,221	-	143,221
285,964	703,231	110,828	2,038,574
<u>\$ 713,533</u>	<u>\$ 1,775,997</u>	<u>\$ 694,948</u>	<u>\$ 4,864,296</u>
\$ -	\$ -	\$ -	\$ 3,700
292	1,755	-	6,559
285,964	703,231	110,828	2,038,574
-	143,221	-	143,221
<u>286,256</u>	<u>848,207</u>	<u>110,828</u>	<u>2,192,054</u>
427,277	927,790	584,120	2,184,393
-	-	-	487,849
<u>427,277</u>	<u>927,790</u>	<u>584,120</u>	<u>2,672,242</u>
<u>\$ 713,533</u>	<u>\$ 1,775,997</u>	<u>\$ 694,948</u>	<u>\$ 4,864,296</u>

DeKalb Township, Illinois

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

March 31, 2016

Total fund balances - governmental funds	\$ 2,672,242
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 as assets in governmental funds. The cost of the assets is \$6,998,522 and the accumulated depreciation is \$1,631,930.	5,366,592
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities include:	
Notes payable and compensated absences	(194,040)
Net pension liability and related deferred outflows and inflows of resources	(64,524)
<hr/>	
Total net position of governmental activities	<u>\$ 7,780,270</u>

DeKalb Township, Illinois

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

For the Year ending March 31, 2016

	General Fund	General Assistance Fund
Revenues		
Property taxes	\$ 736,937	\$ 217,282
Replacement taxes	38,236	-
Motor fuel tax	-	-
Interest income	1,559	760
SSI/State of Illinois	-	9,647
Miscellaneous	3,977	6,161
Total revenues	780,709	233,850
Expenditures		
Current:		
General government	606,281	-
Social services	127,561	210,286
Public works	-	-
Debt service	-	31,114
Capital outlay	380	-
Total expenditures	734,222	241,400
Excess (deficiency) of revenues over expenditures	46,487	(7,550)
Other Financing Sources (Uses)		
Sale of fixed assets	-	-
Total other financing sources and uses	-	-
Net change in fund balances	46,487	(7,550)
Fund balances - beginning	441,362	252,756
Fund balances - ending	\$ 487,849	\$ 245,206

Road and Bridge Fund	Permanent Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 194,279	\$ 678,570	\$ 113,664	\$ 1,940,732
75,986	-	-	114,222
-	76,174	-	76,174
1,190	3,105	1,577	8,191
-	-	-	9,647
9,128	22,223	1,211	42,700
280,583	780,072	116,452	2,191,666
-	-	-	606,281
-	-	-	337,847
317,257	554,165	3,297	874,719
-	-	-	31,114
-	149,214	144,366	293,960
317,257	703,379	147,663	2,143,921
(36,674)	76,693	(31,211)	47,745
-	-	70,000	70,000
-	-	70,000	70,000
(36,674)	76,693	38,789	117,745
463,951	851,097	545,331	2,554,497
\$ 427,277	\$ 927,790	\$ 584,120	\$ 2,672,242

See accompanying notes to financial statements.

DeKalb Township, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year ending March 31, 2016

Net change in fund balances - Governmental funds	\$ 117,745
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets (\$293,960) exceeds depreciation expense (\$262,078) in the period.	31,882
Debt payments are reported in governmental funds as expenditures. However, only the interest on bonds is recorded in the statement of activities. This is the amount of debt payments in the period.	23,956
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and deferred pension resources	(22,338)
Vacation pay for employees is expensed in the statement of activities. However, since these amounts will not be paid from current resources, this expense is not recorded in the governmental funds. This is the amount by which vacation pay increased over the prior period.	(77)
<hr/>	
Change in net position - governmental activities	<hr/> <hr/> \$ 151,168

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of DeKalb Township (the “government”) have been prepared in conformity with the accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

The government is a township governed by an elected four-member Board of Trustees (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In evaluating how to define the government, for financial reporting purposes, the government has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The government is considered to be a primary government, since it is legally separate and financially independent. This report includes all of the funds of the government. It includes all activities considered to be part of (controlled by or dependent on) the government as set forth under the GAAP criteria.

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Blended Component Unit - The Road District serves all the citizens of the government and is governed by the Township Supervisor and Board of Trustees. The budget and appropriation ordinance is approved by the Township Board. The Road District is reported as a Special Revenue Fund.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds and blended component units. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *general assistance fund* is used for operating State mandated welfare for the community.

The *road and bridge fund* accounts for all activity related to the management of roads and bridges.

The *permanent road fund* accounts for all activity related to the maintenance of roads.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the government gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The government considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Motor Fuel Taxes and Deferred Inflows

The Township Highway Department receives a portion of motor fuel taxes from the State of Illinois Department of Transportation. In accordance with state statutes, this money is deposited with the County and recorded by the County in a Trust and Agency Fund. The Township, in conjunction with the County, utilizes these funds to finance repairs and maintenance of Township roads. Motor fuel taxes spent in the current year are recorded as revenues and expenditures in the Road and Bridge Fund. However, these amounts are not shown in the budgetary comparison schedules as they are not budgeted for by the Township. Taxes not yet received are recorded as accounts receivable and deferred inflows and are available for future periods to finance repairs and maintenance of Township roads.

Accumulated Unpaid Vacation and Sick Pay

Township employees are granted vacation and sick leave in varying amounts. Unused vacation can be carried over to the following year, but is not encouraged. In the event of termination or resignation, an employee is reimbursed for unused vacation leave. Sick leave may accumulate indefinitely; unused sick leave is not paid upon termination or resignation. Employees receive pension service credit in the Illinois Municipal Retirement Fund at the rate of one month pension service credit for each 20 days of unpaid sick leave up to a maximum of one year pension service credit. Compensated absences are reported as an expense and liability as they accrue in the government-wide financial statements. The liability was \$3,533 as of March 31, 2016.

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 during the reporting period. Actual results could differ from those estimates.

Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, liabilities, and net position/fund balance

Cash and cash equivalents

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

Investments

Statutes authorize the government to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Compiled Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association;

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments (Continued)

6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for buildings and infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. For building assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$10,000 are reported as capital assets. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

The government has elected to report only prospective infrastructure assets. Infrastructure includes only those assets put in place after May 1, 2004. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	40
Building improvement	20
Infrastructure	40
Road improvements	10
Equipment	7
Vehicles under 13,000 gross weight	5
Vehicles over 13,000 gross weight	7
Tools and appliances	5

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the Government has only one item that qualifies for reporting in this category. The deferred outflows of resources represent the Government's pension amounts related to the Illinois Municipal Retirement Fund.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Government has three items that qualify for reporting in this category. The Government defers the 2015 property tax levy to be recognized as revenue in 2017, the motor fuel taxes held by the County that have not been expended, and the pension amounts related to the Illinois Municipal Retirement Fund.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted to have been depleted before unrestricted is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

DeKalb Township, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund balance policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (board) has authorized the township supervisor to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax receipts represent the receipts primarily generated by the 2014 property tax levy. The 2014 and 2015 levies were passed by the Board on December 11, 2014, and December 9, 2015, respectively. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September. The government receives significant distributions of tax receipts within one month of these due dates.

Prior Period Adjustment

Net position as of April 1, 2015 has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

	<u>Governmental Activities</u>
Net position as previously reported at April 1, 2015	\$ 7,671,288
Prior period adjustment:	
Net pension liability (measurement date as of December 31, 2014)	(59,721)
Deferred outflows:	
Contributions made during 2015 (subsequent to the measurement date)	<u>17,535</u>
Total prior period adjustment	<u>(42,186)</u>
Net position as restated, April 1, 2015	<u><u>\$ 7,629,102</u></u>

DeKalb Township, Illinois

Notes to Financial Statements

Note 2 Stewardship, Compliance and Accountability

Violations of legal or contractual provisions

No funds exceeded their budget for the year ended March 31, 2016.

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of March 31, 2016, the government's bank balance was \$2,694,016 and \$-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

Note 4 Capital Assets

The governmental activities capital asset activity for the year ended March 31, 2016 is as follows:

	Balance April 1, 2015	Additions	Deletions	Balance March 31, 2016
Capital assets not being depreciated:				
Land	\$ 249,300	\$ -	\$ -	\$ 249,300
Capital assets being depreciated:				
Infrastructure	4,764,507	-	-	4,764,507
Buildings	943,856	-	-	943,856
Equipment	<u>787,879</u>	<u>293,960</u>	<u>40,980</u>	<u>1,040,859</u>
Total capital assets being depreciated	<u>6,496,242</u>	<u>293,960</u>	<u>40,980</u>	<u>6,749,222</u>
Less accumulated depreciation for:				
Infrastructure	877,054	119,113	-	996,167
Buildings	43,843	23,597	-	67,440
Equipment	<u>489,935</u>	<u>119,368</u>	<u>40,980</u>	<u>568,323</u>
Total accumulated depreciation	<u>1,410,832</u>	<u>262,078</u>	<u>40,980</u>	<u>1,631,930</u>
Total capital assets being depreciated, net	<u>5,085,410</u>	<u>31,882</u>	<u>-</u>	<u>5,117,292</u>
Governmental activity capital assets, net	<u>\$5,334,710</u>	<u>\$ 31,882</u>	<u>\$ -</u>	<u>\$5,366,592</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Road and bridge	<u>\$262,078</u>
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DeKalb Township, Illinois

Notes to Financial Statements

Note 5 Long-Term Debt

On September 5, 2013, the Township signed a Commercial Promissory Note to borrow up to \$450,000. The Township borrowed \$395,466 on the note during the fiscal year ending March 31, 2015 and it was converted to a twenty year amortization with a five year balloon payment bearing interest at 2.60%. The purpose of this Note was to pay for an office addition. Repayment began on June 5, 2014 and is due in monthly installments of \$2,423. An additional payment of \$167,573 was made on March 17, 2015 to reduce the principal balance. The final payment on March 5, 2019 is currently estimated at \$117,763. Repayment will be split between the General and General Assistance Funds depending on available funds. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending March 31	Principal	Interest
2017	24,408	4,664
2018	25,050	4,021
2019	<u>141,049</u>	<u>3,362</u>
Total	<u>\$190,507</u>	<u>\$12,047</u>

Changes in Long-Term Liabilities. During the year ended March 31, 2016, the following changes occurred in long-term liability accounts:

	Balance March 31, 2015	Additions	Deletions	Balance March 31, 2016
Notes Payable	<u>\$ 214,463</u>	<u>\$ -</u>	<u>\$ 23,956</u>	<u>\$ 190,507</u>

Note 6 Pension Plan

Plan Description - The Township’s pension plan for Regular employees are provided with through the Illinois Municipal Retirement Fund (IMRF) —an agent multiple-employer defined benefit pension plan. Established by the Illinois State Legislature for the benefit of Illinois municipal employed outside the city of Chicago, IMRF is governed by the Illinois Pension Code. IMRF issues a publicly available financial report that can be obtained at <http://imrf.org>.

Benefits provided - IMRF provides retirement, disability, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member’s date of participation determine a member’s minimum benefit while the benefit provisions in effect on the member’s date of termination determine a member’s maximum benefit. Public Act 96-0889 added a new section to the Pension Code that applies different benefits to anyone who first contributes to IMRF on or after January 1, 2011 and does not have any other previous service credit with one of the reciprocal retirement systems in Illinois.

DeKalb Township, Illinois

Notes to Financial Statements

Note 6 Pension Plan (Continued)

Members who first participate on or after that date are members of Tier II. Anyone who made contributions to IMRF prior to January 1, 2011 remain participants of Tier I. For Tier I employees, pension benefits vest after eight years of service. Tier I retirement benefit are determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. The pension amount is 1 2/3 percent of the final rate of earnings for each of the first fifteen years of service and 2 percent for each year of service credit in excess of fifteen years, up to a maximum of 75 percent of the final rate of earnings.

Tier II benefits are determined by the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Pension earnings are initially capped at \$111,572 increasing annually by 3 percent or the consumer price index, whichever is less.

Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Employees Covered by the Benefit Terms - At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	3
Active employees	10
<hr/>	
Total	17

Contributions - Employees are required to contribute 4.5 percent of their annual pay as set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer’s Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	7.5%
Inflation	3.0%
Projected salary increases	4.40 – 16.0% (1)
Investment rate of return	7.5%

(1) Includes inflation and merit and longevity increase assumptions

DeKalb Township, Illinois

Notes to Financial Statements

Note 6 Pension Plan (Continued)

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a generational basis.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study dated December 31, 2014 for the period January 1, 2011 through December 31, 2013. As a result of the December 31, 2014 actuarial experience study, new assumptions for the assumed rate of return, salary increase, inflation and related economic assumptions were adopted in the December 31, 2015 actuarial valuation to more closely reflect actual experience.

Discount rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2015	\$2,522,965	\$2,463,244	\$ 59,721
Service costs	48,783	-	48,783
Interest on total pension liability	186,900	-	186,900
Difference between expected and actual experience	(5,216)	-	(5,216)
Changes in assumptions	3,238	-	3,238
Employer contributions	-	46,486	(46,486)
Employee contributions	-	24,573	(24,573)
Net investment income	-	12,217	(12,217)
Benefit payments – net of refunds	(110,716)	(110,716)	-
Administrative expense	-	-	-
Other changes	-	(8,711)	8,711
Net changes	122,989	(36,151)	159,140
Balances as of December 31, 2015	\$2,645,954	\$2,427,093	\$ 218,861

DeKalb Township, Illinois

Notes to Financial Statements

Note 6 Pension Plan (Continued)

Changes in Net Pension Liability (Continued)

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Township's proportionate share of the net pension liability	\$569,964	\$218,861	\$(69,475)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended March 31, 2016, the Township had a pension expense of \$47,720. At March 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ -	\$ 4,526
Changes in assumptions	2,809	-
Net difference between projected and actual earnings	136,570	-
Employer contributions subsequent to the measurement date	19,484	-
Total	\$158,863	\$ 4,526

The Township reported \$19,484 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$33,882
2017	33,882
2018	33,882
2019	33,880
2020	(261)
Thereafter	(412)

DeKalb Township, Illinois

Notes to Financial Statements

Note 7 Other Postemployment Benefits

The Township has evaluated its potential other postemployment benefits liability. The Township provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Township are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Township's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Township has no former employees for whom the Township was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the Township has not recorded any postemployment benefit liability as of March 31, 2016.

Note 8 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; injuries to employees; and natural disasters. In order to handle such risks of loss, the Township purchases insurance coverage through the Township Officials of Illinois Risk Management Association (TOIRMA). The deductibles in effect through these policies as of March 31, 2016 varied, with a range from \$50 to the maximum of \$60,000. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

Note 9 Fund Balances

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Township has no nonspendable fund balances at year end.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has the following balances that are restricted at year end.

DeKalb Township, Illinois

Notes to Financial Statements

Note 9 Fund Balances (Continued)

a.	General Assistance Fund	\$ 245,206
b.	Road and Bridge Fund	427,277
c.	Permanent Road Fund	927,790
d.	Building & Equipment Fund	227,821
e.	Special Bridge Fund	<u>356,299</u>
	Total	<u>\$2,184,393</u>

Committed Fund Balance

The Township commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The Township has no balances that are committed at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Township's Board of Trustees to assign amounts to be used for specific purposes. The Township has no balances that are assigned at year end.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling \$487,849.

Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Note 10 Contingencies

From time to time, the government is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the government's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the government's financial position or results of operations.

DeKalb Township, Illinois

Notes to Financial Statements

Note 11 Pending Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement 72 "Fair Value Measurement and Application". The Township is required to implement this standard for the fiscal year ending March 31, 2017.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The Township is required to implement this standard for the fiscal year ending March 31, 2017.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The Township is required to implement this standard for the fiscal year ending March 31, 2019.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Township is required to implement this standard for the fiscal year ending March 31, 2017.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, *Tax Abatement Disclosures*. The Township is required to implement this standard for the fiscal year ending March 31, 2017.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Required Supplementary Information

DeKalb Township, Illinois

Schedule of Revenues, Expenditures and Other Financing Sources Compared with Budget General Fund

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Revenues			
Property tax	\$ 722,500	\$ 736,937	\$ 14,437
Replacement tax	35,000	38,236	3,236
Interest income	500	1,559	1,059
Toirma dividend	1,000	1,386	386
Miscellaneous	3,000	2,591	(409)
Total revenues	\$ 762,000	\$ 780,709	\$ 18,709
Expenditures			
Administration:			
Salaries	\$ 280,000	\$ 282,209	\$ 2,209
Janitorial	7,500	6,025	(1,475)
Health insurance	65,000	48,943	(16,057)
Unemployment insurance	2,500	71	(2,429)
Social security	17,000	15,101	(1,899)
Medicare	4,000	3,867	(133)
IMRF	28,000	21,895	(6,105)
Accounting	4,000	3,200	(800)
Legal services	5,000	974	(4,026)
Postage	2,500	875	(1,625)
Telephone	6,000	4,921	(1,079)
Publishing	1,000	317	(683)
Printing	2,000	736	(1,264)
Subscriptions	500	208	(292)
Travel-supervisor	12,000	8,134	(3,866)
Insurance	12,500	10,849	(1,651)
Utilities	18,000	12,457	(5,543)
Dues-town	6,000	3,180	(2,820)
Equipment maintenance	1,500	1,392	(108)
Building maintenance	2,000	507	(1,493)
Office supplies	5,000	3,010	(1,990)
Operating expense	5,000	1,830	(3,170)
Office equipment	20,000	4,115	(15,885)
Building	20,000	-	(20,000)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures and Other Financing Sources Compared with Budget General Fund (Continued)

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Administration (Continued):			
Equipment leasing	500	896	396
Internet	1,000	490	(510)
Community affairs	5,500	1,444	(4,056)
Total administration	534,000	437,646	(96,354)
Assessor:			
Salaries	110,000	106,273	(3,727)
Social security	6,900	6,589	(311)
Medicare	1,800	1,541	(259)
IMRF	10,000	9,261	(739)
Health insurance	40,000	25,071	(14,929)
Unemployment insurance	1,000	352	(648)
Equipment maintenance	1,000	527	(473)
Postage	50	19	(31)
Telephone	3,500	3,547	47
Printing	800	-	(800)
Dues	300	230	(70)
Travel expenses-deputy assessor	1,500	290	(1,210)
Training	3,000	489	(2,511)
Travel expenses-assessor	2,000	528	(1,472)
Legal services	2,500	-	(2,500)
Appraisal fee	2,700	-	(2,700)
Software licensing	3,000	5,915	2,915
Office supplies	2,000	388	(1,612)
Operating supplies	1,500	2,073	573
Office equipment	2,100	-	(2,100)
Office furniture	4,000	-	(4,000)
Computer hardware	3,500	-	(3,500)
Computer software	1,700	2,500	800
Miscellaneous	1,000	450	(550)
Internet access fees	450	400	(50)
Website	3,200	701	(2,499)
Total assessor	209,500	167,144	(42,356)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures and Other Financing Sources Compared with Budget General Fund (Continued)

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
<i>Expenditures (Continued)</i>			
Social services	95,500	81,959	(13,541)
County Home	18,000	18,000	-
Cemeteries	33,250	27,602	(5,648)
Capital improvements	25,000	380	(24,620)
Contingency	100,000	1,491	(98,509)
Total expenditures	\$ 1,015,250	\$ 734,222	\$ (281,028)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget General Assistance Fund

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Revenues			
Property tax	\$ 205,000	\$ 217,282	\$ 12,282
Interest income	500	760	260
SSI/State of Illinois	5,000	9,647	4,647
Miscellaneous	3,000	6,161	3,161
Total revenues	\$ 213,500	\$ 233,850	\$ 20,350
Expenditures			
Administration:			
Salaries	\$ 87,000	\$ 88,853	\$ 1,853
Social security	5,000	5,106	106
Medicare	1,400	1,226	(174)
IMRF	8,700	7,049	(1,651)
Health insurance	25,000	14,890	(10,110)
Unemployment insurance	1,000	189	(811)
Building maintenance and supplies	-	(4,465)	(4,465)
Equipment maintenance and supplies	2,000	2,601	601
Publishing/subscriptions	250	208	(42)
Printing	2,000	-	(2,000)
Postage	2,500	1,790	(710)
Legal services	2,500	-	(2,500)
Travel/training	1,000	358	(642)
Office supplies	2,500	2,491	(9)
Operating supplies	4,000	713	(3,287)
Equipment, software upgrade	15,000	7,691	(7,309)
Visual GA	3,000	1,600	(1,400)
Total administration	162,850	130,300	(32,550)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget General Assistance Fund (Continued)

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)			
Home relief:			
Medical/doctor	\$ 10,000	\$ -	\$ (10,000)
Hospital service/in-patient	10,000	-	(10,000)
Hospital service/out-patient	10,000	-	(10,000)
Pharmaceutical supplies	20,000	-	(20,000)
Dental service	1,000	-	(1,000)
M.A.C.I.-medical catastrophic	2,500	2,360	(140)
Other medical services	3,000	-	(3,000)
Flat grant expense	90,000	65,451	(24,549)
Emergency assistance	10,000	5,347	(4,653)
Home supplies	-	5,530	
Transient assistance	1,000	-	(1,000)
Miscellaneous	2,000	1,298	(702)
Total home relief	159,500	79,986	(85,044)
Debt service	20,000	31,114	11,114
Contingency	50,000	-	(50,000)
Total expenditures	\$ 392,350	\$ 241,400	\$ (156,480)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget Road and Bridge Fund

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Revenues			
Property tax	\$ 152,403	\$ 194,279	\$ 41,876
Replacement tax	50,000	75,986	25,986
Interest income	1,500	1,190	(310)
Toirma dividend	2,500	1,626	(874)
Miscellaneous	3,500	7,502	4,002
Total revenues	\$ 209,903	\$ 280,583	\$ 70,680
Expenditures			
Administration:			
Salaries-secretary	\$ 15,000	\$ 14,592	\$ (408)
Social security	930	817	(113)
Medicare	218	199	(19)
IMRF	3,100	1,231	(1,869)
Unemployment insurance	200	38	(162)
Accounting	3,500	3,550	50
Legal services	2,000	4,185	2,185
Postage	450	205	(245)
Telephone	2,400	2,304	(96)
Publishing/printing	300	-	(300)
Training-road commissioner	1,000	1,259	259
Insurance	15,000	12,735	(2,265)
Utilities	8,000	2,401	(5,599)
Dues-road commissioner	250	235	(15)
Personal property	38,000	31,578	(6,422)
Internet	400	400	-
Website	300	90	(210)
Office supplies	900	399	(501)
Operating expense	1,500	624	(876)
Total administration	93,448	76,842	(16,606)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget Road and Bridge Fund (Continued)

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
<i>Expenditures (Continued)</i>			
Maintenance:			
Building maintenance services	\$ 20,000	\$ 3,666	\$ (16,334)
Equipment maintenance, repair, parts	45,000	36,044	(8,956)
Shop supplies	8,000	9,849	1,849
Small tools	1,000	117	(883)
Rentals	5,000	3,163	(1,837)
Total maintenance	79,000	52,839	(26,161)
Miscellaneous	2,000	999	(1,001)
Capital improvements	650,500	185,938	(464,562)
Contingency	32,739	639	(32,100)
Total expenditures	\$ 857,687	\$ 317,257	\$ (540,430)

DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget Permanent Road Fund

For the Year ending March 31, 2016

	Original and Final Budget	Actual	Over (Under) Budget
Revenues			
Property tax	\$ 698,884	\$ 678,570	\$ (20,314)
Interest income	1,500	3,105	1,605
Miscellaneous	-	22,223	22,223
Total revenues	\$ 700,384	\$ 703,898	\$ 3,514
Expenditures			
Maintenance:			
Salaries-road crew	\$ 125,000	\$ 110,317	\$ (14,683)
Social security	7,500	6,357	(1,143)
Medicare	2,000	1,573	(427)
IMRF	10,000	8,284	(1,716)
Health insurance	35,000	30,819	(4,181)
Unemployment insurance	5,000	366	(4,634)
Road maintenance	250,000	54,686	(195,314)
Engineering services	30,000	1,000	(29,000)
Rental	5,000	2,623	(2,377)
Road lighting	11,000	6,291	(4,709)
Contract labor	20,000	-	(20,000)
Crack filling	20,000	-	(20,000)
Fill dirt	2,000	-	(2,000)
Seal coats and overlays	1,010,000	386,495	(623,505)
Equipment fuel	40,000	18,352	(21,648)
Right of way	40,000	-	(40,000)
Miscellaneous	5,000	42	(4,958)
Contingency	56,437	-	(56,437)
Total maintenance	\$ 1,673,937	\$ 627,205	\$ (1,046,732)

DeKalb Township, Illinois

Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund (IMRF)

Last 10 Calendar Years

(schedule to be built prospectively from 2015)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$48,783									
Interest on the total pension liability	186,900									
Benefit changes	0									
Difference between expected and actual experience	(5,216)									
Assumption changes	3,238									
Benefit payments and refunds	(110,716)									
Net change in total pension liability	122,989									
Total pension liability - beginning	2,522,965									
Total pension liability - ending (a)	\$2,645,954									
Plan fiduciary net position:										
Employer contributions	\$46,486									
Employee contributions	24,573									
Pension plan net investment income	12,217									
Benefit payments and refunds	(110,716)									
Other	(8,711)									
Net change in plan fiduciary net position	(36,151)									
Plan fiduciary net position - beginning	2,463,244									
Plan fiduciary net position - ending (b)	\$2,427,093									
Net pension liability(asset) - Ending (a) - (b)	218,861									
Plan fiduciary net position as a percentage of total pension liability	91.73%									
Covered valuation payroll	536,798									
Net pension liability as a percentage of covered valuation payroll	40.77%									

The Township implemented GASB Statement No. 68 in March 2016.

DeKalb Township, Illinois

Required Supplementary Information

March 31, 2016

**Illinois Municipal Retirement Fund (IMRF)
Multiyear Schedule of Contributions
Last 10 Calendar Years**

Calendar Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2015	\$46,487	\$46,486	\$ 1	\$536,798	8.66%

* Estimated based on contribution rate of 8.66% and covered valuation payroll of \$536,798.

The Township implemented GASB Statement No. 68 in March 2016.

DeKalb Township, Illinois

Notes to Required Supplementary Information

March 31, 2016

Note 1 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF * (Continued)

Mortality RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation*

Note 2 Budgets

The term budget used throughout the financial statements represents the estimated revenues and appropriations set forth in the Township’s annual appropriation ordinance adopted for the fiscal year ended March 31, 2016.

Budgetary comparisons presented in the accompanying financial statements are prepared on the modified accrual basis method of accounting which is consistent with the basis used for the actual figures.

The appropriated budget is prepared by fund, function, and department. The government’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

Supplementary Information

DeKalb Township, Illinois

Combining Balance Sheet Nonmajor Governmental Funds

March 31, 2016

	Building & Equipment Fund	Special Bridge Fund	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 227,821	\$ 356,299	\$ 584,120
Property tax receivable	110,828	-	110,828
Total assets	\$ 338,649	\$ 356,299	\$ 694,948
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred property taxes	110,828	-	110,828
Total liabilities	\$ 110,828	\$ -	\$ 110,828
Fund Balance			
Restricted	227,821	356,299	584,120
Unassigned	-	-	-
Total fund balance	227,821	356,299	584,120
Total liabilities and fund balance	\$ 338,649	\$ 356,299	\$ 694,948

DeKalb Township, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds

For the Year ending March 31, 2016

	Building & Equipment Fund	Special Bridge Fund	Total Nonmajor Governmental Funds
Revenues			
Property tax	\$ 113,664	\$ -	\$ 113,664
Interest income	628	949	1,577
Miscellaneous	216	995	1,211
Total revenues	114,508	1,944	116,452
Expenditures			
Current:			
Social services	-	-	-
Public works	-	3,297	3,297
Capital outlay	144,366	-	144,366
Total expenditures	144,366	3,297	147,663
Excess (deficiency) of revenues over (under) expenditures	(29,858)	(1,353)	(31,211)
Other Financing Sources			
Sale of fixed assets	70,000	-	70,000
Total other financing sources	70,000	-	70,000
Net change in fund balances	40,142	(1,353)	38,789
Fund balances, beginning of year	187,679	357,652	545,331
Fund balances, end of year	\$ 227,821	\$ 356,299	\$ 584,120