

# DeKalb Township

DeKalb, Illinois

## Annual Financial Report

March 31, 2019



# DeKalb Township, Illinois

Year ended March 31, 2019

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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, (the "Township") as of and for the year ended March 31, 2019, 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, 2019, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF 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.

*Wipfli LLP*

Rockford, Illinois  
October 22, 2019

## **Management's Discussion and Analysis**

# DeKalb Township, Illinois

## Management's Discussion and Analysis

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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, 2019. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

- The Statement of Activities reflects an overall increase in the Township's net position totaling \$119,353.
- DeKalb Township's Town Fund beginning balance as of April 1, 2018 was \$629,929. The revenue during the fiscal year April 1, 2018 thru March 31, 2019 was \$890,527 and the expenditures were \$768,905, which leaves a balance of \$751,551.
- DeKalb Township's General Assistance Fund beginning balance as of April 1, 2018 was \$369,039. The revenue during the fiscal year April 1, 2018 thru March 31, 2019 was \$249,123 and the expenditures were \$214,002 which leaves a balance of \$404,160.
- DeKalb Township's Road & Bridge Fund beginning balance as of April 1, 2018 was \$562,270. The revenue during the fiscal year April 1, 2018 thru March 31, 2019 was \$361,239 and the expenditures were \$507,092 which leaves a balance of \$416,417.
- DeKalb Township's Permanent Road Fund beginning balance as of April 1, 2018 was \$897,580. The revenue during the fiscal year April 1, 2018 thru March 31, 2019 was \$800,742 and the expenditures were \$841,328 which leaves a balance of \$856,994.
- DeKalb Township's Building & Equipment Fund beginning balance as of April 1, 2018 was \$33,247. The revenue and other financing sources during the fiscal year April 1, 2018 thru March 31, 2019 was \$143,724 and the expenditures were \$59,853 which leaves a balance of \$117,118.

### **Using this Annual Report**

This annual report consists of three parts – Independent Auditor's Report, required supplementary information (RSI) which includes Management's Discussion and Analysis (MD&A) (this section), and the basic financial statements. 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

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### 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/deferred outflows and liabilities/deferred inflows, 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 Township'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, 2019</u>	<u>March 31, 2018</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Current assets	\$ 5,493,064	\$ 5,242,706
Net pension asset	-	221,219
Capital assets (net)	<u>5,181,166</u>	<u>5,258,493</u>
Total assets	<u>10,674,230</u>	<u>10,722,418</u>
Deferred outflows of resources	649,352	89,382
Current liabilities	132,754	22,049
Net pension liability	271,223	-
Noncurrent liabilities	<u>10,806</u>	<u>5,178</u>
Total liabilities	<u>414,783</u>	<u>27,227</u>
Deferred inflows of resources	<u>2,757,510</u>	<u>2,752,637</u>
Net position:		
Invested in capital assets	5,181,166	5,258,493
Restricted	2,141,479	2,209,700
Unrestricted	<u>828,644</u>	<u>563,743</u>
Total net position	<u>\$ 8,151,289</u>	<u>\$8,031,936</u>

# DeKalb Township, Illinois

## Management's Discussion and Analysis

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### Government-wide Financial Statements (Continued)

	<b>Condensed Statement of Activities</b>	
	<b><u>April 1, 2018 - March 31, 2019</u></b>	<b><u>April 1, 2017 - March 31, 2018</u></b>
	<b><u>Governmental Activities</u></b>	<b><u>Governmental Activities</u></b>
<b><u>Revenues</u></b>		
Program revenues:		
Operating Grants and Contributions	\$ 7,943	\$ 31,278
Charges for services	3,650	100
General revenues:		
Property taxes	2,228,454	2,029,531
Personal property replacement taxes	92,377	99,718
Investment earnings	11,093	9,912
Miscellaneous	43,090	22,715
Gain on sale of capital assets	<u>60,000</u>	<u>-</u>
Total revenues	<u>2,446,607</u>	<u>2,193,254</u>
<b><u>Expenses</u></b>		
Program expenses:		
General government	571,740	629,676
Social services	288,265	275,477
Public works	1,467,249	1,327,781
Interest	<u>-</u>	<u>-</u>
Total expenses	<u>2,327,254</u>	<u>2,232,934</u>
Change in net position	<u>\$ 119,353</u>	<u>\$ (39,680)</u>

### 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

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### **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 five 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 \$119,353. Revenues and expenses were comparable to the prior year, other than fiscal year 2019 had a large gain on the sale of capital assets and fiscal year 2019 had more public works projects.

### **General Fund Budgetary Comparison**

The Township adopted the budget in April 2018. 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 \$289,593 in the General fund was approved and no amendments were made to the original budget. The actual results for the year show revenues to be \$121,622 over expenditures. Expenditures were \$313,188 under budget.

### **General Assistance Fund Budgetary Comparison**

A deficit budget of \$148,125 in the General Assistance fund was approved and no amendments were made to the original budget. The actual results for the year show revenues to be \$35,121 over expenditures. Expenditures were \$170,348 under budget.

### **Road and Bridge Fund Budgetary Comparison**

A deficit budget of \$533,020 in the Road & Bridge fund was approved and no amendments were made to the original budget. The actual results for the year show revenues to be \$145,853 under expenditures. Expenditures were \$252,483 under budget.

# DeKalb Township, Illinois

## Management's Discussion and Analysis

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### **Permanent Road Fund Budgetary Comparison**

A deficit budget of \$887,165 in the Permanent Road fund was approved and no amendments were made to the original budget. The actual results for the year show revenues to be \$40,586 under expenditures. Expenditures were \$844,272 under budget.

### **Building & Equipment Fund Budgetary Comparison**

A deficit budget of \$30,620 in the Permanent Road fund was approved and no amendments were made to the original budget. The actual results for the year show revenues to be \$23,871 over expenditures. Expenditures were \$150,147 under budget.

### **Capital assets**

During the year ended March 31, 2019, the Township purchased equipment in the amount of \$222,808. See Note 4 for information on Capital Assets.

### **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 2019-2020. 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, 2019

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash	\$ 2,995,784
MFT held by DeKalb Co	258,163
Notes receivable	30,000
Property tax receivable	2,209,117
<b>Total current assets</b>	<b>5,493,064</b>
Non-current assets:	
Capital assets	
Land	249,300
Depreciated, net of accumulated depreciation	4,931,866
<b>Total non-current assets</b>	<b>5,181,166</b>
<b>Total assets</b>	<b>10,674,230</b>
<b>Deferred outflows</b>	
Pension related	649,352
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	113,897
Accrued payroll	18,857
<b>Total current liabilities</b>	<b>132,754</b>
Noncurrent liabilities:	
Net pension liability	271,223
Compensated absences	10,806
<b>Total noncurrent liabilities</b>	<b>282,029</b>
<b>Total liabilities</b>	<b>414,783</b>
<b>Deferred inflows of resources</b>	
Pension related	290,230
Real estate taxes	2,209,117
Motor fuel taxes	258,163
<b>Total deferred inflows of resources</b>	<b>2,757,510</b>
<b>Net Position</b>	
Invested in capital assets	5,181,166
Restricted for General Assistance	404,160
Restricted for Road & Bridges	1,737,319
Unrestricted	828,644
<b>Total net position</b>	<b>\$ 8,151,289</b>

See accompanying notes to financial statements.

# DeKalb Township, Illinois

## Statement of Activities

For the Year ending March 31, 2019

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 571,740	\$ -	\$ -	\$ (571,740)
Social services	288,265	3,650	7,943	(276,672)
Public works	1,467,249	-	-	(1,467,249)
Interest	-	-	-	-
Total governmental activities	\$ 2,327,254	\$ 3,650	\$ 7,943	(2,315,661)
General revenues:				
Taxes:				
Property taxes				2,228,454
Replacement taxes				92,377
Investment earnings				11,093
Miscellaneous				43,090
Gain on sale of capital assets				60,000
Total general revenues				2,435,014
Change in net position				119,353
Net position - beginning				8,031,936
Net position - ending				\$ 8,151,289

# DeKalb Township, Illinois

## Balance Sheet Governmental Funds

March 31, 2019

	General Fund	General Assistance Fund
<b>Assets</b>		
Cash	\$ 771,553	\$ 412,014
MFT held by DeKalb Co	-	-
Notes receivable	-	-
Property tax receivable	779,271	241,147
<b>Total assets</b>	<b>\$ 1,550,824</b>	<b>\$ 653,161</b>
<b>Liabilities</b>		
Accounts payable	\$ 12,981	\$ 2,997
Accrued payroll	7,021	4,857
Deferred revenue:		
Real estate taxes	779,271	241,147
Motor fuel taxes	-	-
<b>Total liabilities</b>	<b>799,273</b>	<b>249,001</b>
<b>Fund Balances</b>		
Restricted	-	404,160
Unassigned	751,551	-
<b>Total fund balances</b>	<b>751,551</b>	<b>404,160</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,550,824</b>	<b>\$ 653,161</b>



Road and Bridge Fund	Permanent Road Fund	Building & Equipment Fund	Special Bridge Fund (Nonmajor)	Total Governmental Funds
\$ 437,589	\$ 940,720	\$ 87,118	\$ 346,790	\$ 2,995,784
-	258,163	-	-	258,163
-	-	30,000	-	30,000
308,253	801,155	79,291	-	2,209,117
<u>\$ 745,842</u>	<u>\$ 2,000,038</u>	<u>\$ 196,409</u>	<u>\$ 346,790</u>	<u>\$ 5,493,064</u>
\$ 21,172	\$ 76,747	\$ -	\$ -	\$ 113,897
-	6,979	-	-	18,857
308,253	801,155	79,291	-	2,209,117
-	258,163	-	-	258,163
<u>329,425</u>	<u>1,143,044</u>	<u>79,291</u>	<u>-</u>	<u>2,600,034</u>
416,417	856,994	117,118	346,790	2,141,479
-	-	-	-	751,551
<u>416,417</u>	<u>856,994</u>	<u>117,118</u>	<u>346,790</u>	<u>2,893,030</u>
<u>\$ 745,842</u>	<u>\$ 2,000,038</u>	<u>\$ 196,409</u>	<u>\$ 346,790</u>	<u>\$ 5,493,064</u>

# DeKalb Township, Illinois

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

March 31, 2019

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Total fund balances - governmental funds	\$ 2,893,030
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. This amount is the net book value of capital assets reported.	5,181,166
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Deferred outflows related to pensions	649,352
Net pension asset (liability)	(271,223)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities include:	
Compensated absences	(10,806)
Deferred inflows related to pensions	(290,230)
<hr/>	
Total net position of governmental activities	<u>\$ 8,151,289</u>

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# DeKalb Township, Illinois

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

For the Year ending March 31, 2019

	General Fund	General Assistance Fund
<b>Revenues</b>		
Property taxes	\$ 830,156	\$ 231,287
Replacement taxes	30,923	-
Motor fuel tax	-	-
Interest income	2,922	1,429
SSI/State of Illinois	-	7,943
Miscellaneous	26,526	8,464
<b>Total revenues</b>	<b>890,527</b>	<b>249,123</b>
<b>Expenditures</b>		
Current:		
General government	637,141	-
Social services	96,242	214,002
Public works	-	-
Debt service	-	-
Capital outlay	35,522	-
<b>Total expenditures</b>	<b>768,905</b>	<b>214,002</b>
Excess (deficiency) of revenues over expenditures	121,622	35,121
<b>Other Financing Sources (Uses)</b>		
Sale of fixed assets	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>
Net change in fund balances	121,622	35,121
Fund balances - beginning	629,929	369,039
Fund balances - ending	\$ 751,551	\$ 404,160

See accompanying notes to financial statements.

Road and Bridge Fund	Permanent Road Fund	Building & Equipment Fund	Special Bridge Fund (Nonmajor)	Total Governmental Funds
\$ 292,734	\$ 795,336	\$ 78,941	\$ -	\$ 2,228,454
61,454	-	-	-	92,377
-	-	-	-	-
1,786	3,656	297	1,003	11,093
-	-	-	-	7,943
5,265	1,750	4,486	249	46,740
361,239	800,742	83,724	1,252	2,386,607
-	-	-	-	637,141
-	-	-	-	310,244
507,092	654,043	-	2,026	1,163,161
-	-	-	-	-
-	187,285	59,853	-	282,660
507,092	841,328	59,853	2,026	2,393,206
(145,853)	(40,586)	23,871	(774)	(6,599)
-	-	60,000	-	60,000
-	-	60,000	-	60,000
(145,853)	(40,586)	83,871	(774)	53,401
562,270	897,580	33,247	347,564	2,839,629
\$ 416,417	\$ 856,994	\$ 117,118	\$ 346,790	\$ 2,893,030

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, 2019

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Net change in fund balances - Governmental funds	\$ 53,401
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 depreciation expense exceeds capitalized fixed assets.	(77,327)
Loss on disposal of capital assets	-
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.	-
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	148,907
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.	(5,628)
<b>Change in net position - governmental activities</b>	<b>\$ 119,353</b>

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies**

#### **Introduction**

The financial statements of DeKalb Township (the "Township") 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 Township 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 Township is a township governed by an elected four-member Board of Trustees (Board). The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. In evaluating how to define the Township, for financial reporting purposes, the Township 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 Township 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 Township is able to exercise oversight responsibilities.

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

# DeKalb Township, Illinois

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Reporting Entity (Continued)

Blended Component Unit - The Road District serves all the citizens of the Township 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 Township'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 Township reports the following major governmental funds:

The *general fund* is the Township'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.

The *building and equipment fund* accounts for all activity related to the acquisition of buildings and equipment.

Under the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the District may report any governmental or enterprise fund (but not internal service funds or fiduciary funds) as a major fund if the government's officials believe the fund is "particularly important to financial statement users". The District has chosen to include the Building and Equipment Fund as a major fund even though the fund calculations do not classify is as a major fund. The Township views these funds particularly important to the financial users.



# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Basis of presentation – fund financial statements (continued)**

During the course of operations, the Township 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.

#### **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 Township 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 Township 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 long-term debt and acquisitions under capital leases are reported as other financing sources.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **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.

#### **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.

#### **Assets, liabilities, and net position/fund balance**

##### ***Cash and cash equivalents***

The Township'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. The Township is authorized to invest in funds according to Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act.

##### ***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 Township 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.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

The Township has elected to report only prospective infrastructure assets. Infrastructure includes only those assets put in place after May 1, 2004. As the Township 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 acquisition 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:

#### Capital assets (continued)

<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

#### 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 Township has only one item that qualifies for reporting in this category. The deferred outflows of resources represent the Township'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 Township has three items that qualify for reporting in this category. The Township defers the 2018 property tax levy to be recognized as revenue in 2020, the motor fuel taxes held by the County that have not been expended, and the pension amounts related to the Illinois Municipal Retirement Fund.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### ***Net position flow assumption***

Sometimes the Township 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 Township's policy to consider restricted to have been depleted before unrestricted is applied.

#### ***Fund balance flow assumptions***

Sometimes the Township 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 Township'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 Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township 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.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### ***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.

#### ***Revenues and expenditures/expenses (continued)***

##### *Property taxes*

Property tax receipts represent the receipts primarily generated by the 2017 property tax levy. The 2017 and 2018 levies were passed by the Board on December 13, 2017, and December 12, 2018, respectively. Since the 2018 property tax levy is levied to finance the operations of fiscal year 2020, the 2018 property tax is recorded as a receivable and the 2018 property tax revenue is unavailable. 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 Township receives significant distributions of tax receipts within one month of these due dates.

### **Note 2 Stewardship, Compliance and Accountability**

#### **Violations of legal or contractual provisions**

No funds exceeded their budget for the year ended March 31, 2019.

#### **Deficit fund equity**

At March 31, 2019, no funds had a deficit fund balance.

### **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 Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2019, the Township's bank balance was \$2,974,159 and \$701 of that amount was exposed to custodial credit risk because that portion of the balance exceeded the insured or collateralized amounts with securities held by the pledging or financial institution's trust department or agent in the Township's name.

# DeKalb Township, Illinois

## Notes to Financial Statements

### Note 4 Capital Assets

The governmental activities capital asset activity for the year ended March 31, 2019 is as follows:

	<u>Balance</u> <u>April 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2019</u>
Capital assets not being depreciated:				
Land	\$ 249,300	\$ -	\$ -	\$ 249,300
Capital assets being depreciated:				
Infrastructure	4,838,130	-	-	4,838,130
Buildings	974,824	-	-	974,824
Equipment	<u>1,345,407</u>	<u>222,808</u>	<u>69,100</u>	<u>1,499,115</u>
Total capital assets being depreciated	<u>7,158,361</u>	<u>222,808</u>	<u>69,100</u>	<u>7,312,069</u>
Less accumulated depreciation for:				
Infrastructure	1,245,463	124,649	-	1,370,112
Buildings	116,698	25,144	-	141,842
Equipment	<u>787,007</u>	<u>150,342</u>	<u>69,100</u>	<u>868,249</u>
Total accumulated depreciation	<u>2,149,168</u>	<u>300,135</u>	<u>69,100</u>	<u>2,380,203</u>
Total capital assets being depreciated, net	<u>5,009,193</u>	<u>(77,327)</u>	<u>-</u>	<u>4,931,866</u>
Governmental activity capital assets, net	<u>\$5,258,493</u>	<u>\$ (77,327)</u>	<u>\$ -</u>	<u>\$5,181,166</u>

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

General government	\$ 19,007
Road and bridge	<u>281,128</u>
Total	<u>\$300,135</u>

### Note 5 Pension Plan

**Plan description** – The employer’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

# DeKalb Township, Illinois

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

**Benefits provided** - IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by the Benefit Terms** - At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	4
Active employees	11
<u>Total</u>	<u>21</u>

**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. The employer’s annual contribution rate for calendar year 2018 was 8.21%. For fiscal year ended March 31, 2019, the employer contributed \$44,866 to the plan. 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.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### Note 5 Pension Plan (Continued)

#### Net Pension Liability

The Township’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

#### Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition. Last updated for the 2017 valuation according to an experience study of the period 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
Total	100%	



# DeKalb Township, Illinois

## Notes to Financial Statements

### Note 5 Pension Plan (Continued)

#### Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Changes in Net Pension Liability	Increase (Decrease)		Net Pension Liability (Asset)
	Total Pension Liability	Plan Fiduciary Net Position	
Balance January 1, 2018	\$2,723,465	\$2,944,684	\$ (221,219)
Service costs	52,203	-	52,203
Interest on total pension liability	199,622	-	199,622
Difference between expected and actual experience	192,566	-	192,566
Changes in assumptions	80,783	-	80,783
Employer contributions	-	49,316	(49,316)
Employee contributions	-	27,031	(27,031)
Net investment income	-	(168,569)	168,569
Benefit payments – net of refunds	(175,889)	(175,889)	-
Other changes	-	124,954	(124,954)
Net changes	349,285	(143,157)	492,442
Balances as of December 31, 2018	\$3,072,750	\$2,801,527	\$ 271,223

# DeKalb Township, Illinois

## Notes to Financial Statements

**Note 5 Pension Plan (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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Township’s proportionate share of the net pension liability	\$635,721	\$271,223	\$(31,235)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended March 31, 2019, the Township had a pension expense (income) of (\$16,759). At March 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 193,910	\$ 65,711
Changes in assumptions	96,690	65,202
Net difference between projected and actual earnings	351,205	159,317
Employer contributions subsequent to the measurement date	7,547	-
<b>Total</b>	<b>\$649,352</b>	<b>\$ 290,230</b>

The Township reported \$7,547 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows of Resources
2020	\$103,040
2021	68,899
2022	54,582
2023	95,466
2024	27,007
Thereafter	2,581

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 6 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 amounts of settlements have not exceeded insurance coverage for any of the past three years.

### **Note 7 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.

a.	General Assistance Fund	\$ 404,160
b.	Road and Bridge Fund	416,417
c.	Permanent Road Fund	856,994
d.	Building & Equipment Fund	117,118
e.	Special Bridge Fund	<u>346,790</u>
	Total	<u>\$2,141,479</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.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 7 Fund Balances (Continued)**

#### Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the Township'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 \$751,551.

#### 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 8 Contingencies**

From time to time, the Township 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 Township's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Township's financial position or results of operations.

### **Note 9 Pending Accounting Pronouncements**

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The Township has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Township has not determined the effect of this Statement.

# DeKalb Township, Illinois

## Notes to Financial Statements

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### **Note 9 Pending Accounting Pronouncements (Continued)**

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Township has not determined the effect of this Statement.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Township has not determined the effect of this Statement.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Township has not determined the effect of this Statement.

GASB Statement No. 90, *Majority Equity Interests* an amendment of GASB Statements No. 14 and No. 61, improves accounting and financial reporting by presenting majority equity interest in legally separate organizations that were previously reported inconsistently. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Township has not determined the effect of this Statement.

## **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, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property tax	\$ 763,000	\$ 830,156	\$ 67,156
Replacement tax	25,000	30,923	5,923
Interest income	500	2,922	2,422
Toirma dividend	1,000	4,441	3,441
Miscellaneous	3,000	22,085	19,085
<b>Total revenues</b>	<b>\$ 792,500</b>	<b>\$ 890,527</b>	<b>\$ 98,027</b>
<b>Expenditures</b>			
Administration:			
Salaries	\$ 311,808	\$ 287,096	\$ (24,712)
Janitorial	8,500	7,070	(1,430)
Health insurance	77,000	71,831	(5,169)
Unemployment insurance	2,500	4	(2,496)
Social security	19,000	17,782	(1,218)
Medicare	5,000	4,157	(843)
IMRF	31,185	24,122	(7,063)
Accounting	4,750	3,080	(1,670)
Legal services	15,000	12,740	(2,260)
Postage	1,000	297	(703)
Telephone	4,800	3,688	(1,112)
Publishing	1,000	1,140	140
Printing	3,000	26	(2,974)
Subscriptions	500	32	(468)
Travel-supervisor	8,000	3,484	(4,516)
Insurance	12,500	11,066	(1,434)
Utilities	12,500	19,108	6,608
Dues-town	5,000	5,286	286
Equipment maintenance	2,000	2,542	542
Building maintenance	5,000	397	(4,603)
Office supplies	5,000	4,636	(364)
Operating expense	5,000	4,968	(32)
Office equipment	20,000	4,015	(15,985)
Community center	35,000	-	(35,000)
Equipment leasing	650	22	(628)
Internet	2,750	744	(2,006)
Social media	2,500	156	(2,344)
Community affairs	7,500	4,419	(3,081)
<b>Total administration</b>	<b>608,443</b>	<b>493,908</b>	<b>(114,535)</b>

# DeKalb Township, Illinois

## Schedule of Revenues, Expenditures and Other Financing Sources Compared with Budget General Fund (Continued) For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>			
Assessor:			
Salaries	118,500	84,658	(33,842)
Social security	7,500	5,248	(2,252)
Medicare	1,800	1,214	(586)
IMRF	10,000	6,316	(3,684)
Health insurance	47,000	23,143	(23,857)
Unemployment insurance	700	122	(578)
Equipment maintenance	1,000	440	(560)
Postage	150	5	(145)
Telephone	3,200	2,820	(380)
Printing	800	-	(800)
Dues	300	260	(40)
Travel expenses-deputy assessor	-	-	-
Training	10,000	4,040	(5,960)
Travel expenses-assessor	-	-	-
Legal services	2,500	-	(2,500)
Appraisal fee	2,700	-	(2,700)
Software licensing	11,000	10,675	(325)
Office supplies	1,700	348	(1,352)
Operating supplies	1,600	78	(1,522)
Office equipment	1,500	803	(697)
Office furniture	2,200	-	(2,200)
Computer hardware	2,800	1,820	(980)
Computer software	1,000	239	(761)
Miscellaneous	900	503	(397)
Internet access fees	500	411	(89)
Website	1,200	90	(1,110)
<b>Total assessor</b>	<b>230,550</b>	<b>143,233</b>	<b>(87,317)</b>
Social services	97,500	86,218	(11,282)
County Home	6,000	6,000	-
Cemeteries	52,100	4,024	(48,076)
Debt service	-	-	-
Capital improvements	37,500	35,522	(1,978)
Contingency	50,000	-	(50,000)
<b>Total expenditures</b>	<b>\$ 1,082,093</b>	<b>\$ 768,905</b>	<b>\$ (313,188)</b>



# DeKalb Township, Illinois

## Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget General Assistance Fund For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property tax	\$ 225,000	\$ 231,287	\$ 6,287
Interest income	725	1,429	704
SSI/State of Illinois	5,000	7,943	2,943
Miscellaneous	5,500	8,464	2,964
<b>Total revenues</b>	<b>\$ 236,225</b>	<b>\$ 249,123</b>	<b>\$ 12,898</b>
<b>Expenditures</b>			
Administration:			
Salaries	\$ 99,000	\$ 90,836	\$ (8,164)
Social security	6,600	5,524	(1,076)
Medicare	1,750	1,315	(435)
IMRF	9,900	7,440	(2,460)
Health insurance	25,000	18,038	(6,962)
Unemployment insurance	600	156	(444)
Equipment maintenance and supplies	2,500	3,224	724
Publishing/subscriptions	250	328	78
Printing	2,500	-	(2,500)
Postage	2,500	1,677	(823)
Legal services	2,500	-	(2,500)
Travel/training	1,000	353	(647)
Office supplies	2,500	3,296	796
Operating supplies	4,000	1,012	(2,988)
Equipment, software upgrade	5,000	1,590	(3,410)
Visual GA	3,000	2,152	(848)
<b>Total administration</b>	<b>168,600</b>	<b>136,941</b>	<b>(31,659)</b>

# DeKalb Township, Illinois

## Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget General Assistance Fund (Continued) For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures (Continued)</i></b>			
Home relief:			
Medical/doctor	\$ 11,000	\$ -	\$ (11,000)
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	2,750	2,360	(390)
Other medical services	3,000	-	(3,000)
Flat grant expense	105,000	56,279	(48,721)
Emergency assistance	17,000	17,060	60
Home supplies	8,000	-	(8,000)
Transient assistance	1,000	-	(1,000)
Miscellaneous	2,000	1,362	(638)
<b>Total home relief</b>	<b>190,750</b>	<b>77,061</b>	<b>(113,689)</b>
Debt service	-	-	-
Contingency	25,000	-	(25,000)
<b>Total expenditures</b>	<b>\$ 384,350</b>	<b>\$ 214,002</b>	<b>\$ (170,348)</b>

# DeKalb Township, Illinois

## Schedule of Revenues, Expenditures, and Other Financing Sources Compared with Budget Road and Bridge Fund For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property tax	\$ 169,755	\$ 292,734	\$ 122,979
Replacement tax	53,500	61,454	7,954
Interest income	1,200	1,786	586
Toirma dividend	500	1,643	1,143
Miscellaneous	1,600	3,622	2,022
<b>Total revenues</b>	<b>\$ 226,555</b>	<b>\$ 361,239</b>	<b>\$ 134,684</b>
<b>Expenditures</b>			
Administration:			
Salaries-secretary	\$ 18,600	\$ 16,678	\$ (1,922)
Social security	3,000	2,261	(739)
Medicare	600	546	(54)
IMRF	6,000	2,494	(3,506)
Health insurance	2,000	2,768	768
Unemployment insurance	300	64	(236)
Accounting	4,000	4,620	620
Legal services	78,000	58,821	(19,179)
Postage	400	211	(189)
Telephone	2,250	1,906	(344)
Publishing/printing	300	439	139
Training-road commissioner	1,500	1,202	(298)
Insurance	17,000	13,240	(3,760)
Utilities	3,000	2,926	(74)
Dues-road commissioner	500	185	(315)
Personal property	28,000	25,499	(2,501)
Internet	500	411	(89)
Website	125	90	(35)
Office supplies	3,000	1,892	(1,108)
Operating expense	1,500	723	(777)
<b>Total administration</b>	<b>170,575</b>	<b>136,976</b>	<b>(33,599)</b>

# 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, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b><i>Expenditures (Continued)</i></b>			
Maintenance:			
Building maintenance services	\$ 35,000	\$ 24,153	\$ (10,847)
Salaries - road crew	25,000	20,969	(4,031)
Equipment maintenance, repair, parts	45,000	36,807	(8,193)
Shop supplies	20,000	16,455	(3,545)
Small tools	10,000	9,864	(136)
Rentals	10,000	6,480	(3,520)
<b>Total maintenance</b>	<b>145,000</b>	<b>114,728</b>	<b>(30,272)</b>
Miscellaneous	5,000	4,795	(205)
Debt service	-	-	-
Capital improvements	389,000	250,593	(138,407)
Contingency	50,000	-	(50,000)
<b>Total expenditures</b>	<b>\$ 759,575</b>	<b>\$ 507,092</b>	<b>\$ (252,483)</b>

# DeKalb Township, Illinois

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

### Permanent Road Fund

For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property tax	\$ 795,735	\$ 795,336	\$ (399)
Interest income	2,600	3,656	1,056
Miscellaneous	100	1,750	1,650
<b>Total revenues</b>	<b>\$ 798,435</b>	<b>\$ 800,742</b>	<b>\$ 2,307</b>
<b>Expenditures</b>			
Maintenance:			
Salaries-road crew	\$ 175,500	\$ 137,825	\$ (37,675)
Social security	11,000	8,387	(2,613)
Medicare	2,600	1,966	(634)
IMRF	18,000	9,116	(8,884)
Health insurance	47,000	37,439	(9,561)
Unemployment insurance	1,500	246	(1,254)
Road maintenance	250,000	143,648	(106,352)
Engineering services	80,000	21,453	(58,547)
Rental	12,000	2,888	(9,112)
Road lighting	11,000	5,002	(5,998)
Contract labor	20,000	2,525	(17,475)
Crack filling	55,000	36,900	(18,100)
Fill dirt	2,000	-	(2,000)
Seal coats and overlays	500,000	406,634	(93,366)
Equipment fuel	40,000	27,293	(12,707)
Right of way	250,000	-	(250,000)
Capital outlay	140,000	-	(140,000)
Miscellaneous	20,000	6	(19,994)
Contingency	50,000	-	(50,000)
<b>Total maintenance</b>	<b>\$ 1,685,600</b>	<b>\$ 841,328</b>	<b>\$ (844,272)</b>

# DeKalb Township, Illinois

Schedule of Revenues, Expenditures, and Other Financing Sources  
 Compared with Budget  
 Building and Equipment Fund  
 For the Year ending March 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Property tax	\$ 78,980	\$ 78,941	\$ (39)
Interest income	400	297	(103)
Miscellaneous	100,000	4,486	(95,514)
<b>Total revenues</b>	<b>\$ 179,380</b>	<b>\$ 83,724</b>	<b>\$ (95,656)</b>
<b>Expenditures</b>			
Debt service	\$ -	\$ -	\$ -
Capital outlay	210,000	59,853	(150,147)
<b>Total expenditures</b>	<b>\$ 210,000</b>	<b>\$ 59,853</b>	<b>\$ (150,147)</b>
<b>Other Financing Sources (Uses)</b>			
Sale of fixed assets	\$ -	\$ 60,000	\$ 60,000

# 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)

	2018	2017	2016	2015
Calendar year ending December 31,				
Total pension liability:				
Service cost	\$52,203	\$53,639	\$54,348	\$48,783
Interest on the total pension liability	199,622	202,894	195,932	186,900
Benefit changes	-	-	-	-
Difference between expected and actual experience	192,566	(58,275)	(37,091)	(5,216)
Assumption changes	80,783	(90,262)	(3,312)	3,238
Benefit payments and refunds	(175,889)	(125,922)	(114,440)	(110,716)
Net change in total pension liability	349,285	(17,926)	95,437	122,989
Total pension liability - beginning	2,723,465	2,741,391	2,645,954	2,522,965
Total pension liability - ending (a)	\$3,072,750	\$2,723,465	\$2,741,391	\$2,645,954
Plan fiduciary net position:				
Employer contributions	\$49,316	\$46,180	\$51,386	\$46,486
Employee contributions	27,031	23,941	24,470	24,573
Pension plan net investment income	(168,569)	455,598	169,476	12,217
Benefit payments and refunds	(175,889)	(125,922)	(114,440)	(110,716)
Other	124,954	(34,577)	21,479	(8,711)
Net change in plan fiduciary net position	(143,157)	365,220	152,371	(36,151)
Plan fiduciary net position - beginning	2,944,684	2,579,464	2,427,093	2,463,244
Plan fiduciary net position - ending (b)	\$2,801,527	\$2,944,684	\$2,579,464	\$2,427,093
Net pension liability(asset) - Ending (a) - (b)	271,223	(221,219)	161,927	218,861
Plan fiduciary net position as a percentage of total pension liability	91.17%	108.12%	94.09%	91.73%
Covered valuation payroll	600,693	532,030	543,776	536,798
Net pension liability as a percentage of covered valuation payroll	45.15%	-41.58%	29.78%	40.77%

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

# DeKalb Township, Illinois

## Required Supplementary Information

March 31, 2019

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

<b>Fiscal Year Ending March 31,</b>	<b>Actuarially Determined Contribution*</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution As a % of Covered Valuation Payroll</b>
2019	\$44,866	\$44,866	\$ 0	\$618,259	7.26%
2018	\$46,753	\$46,753	\$ 0	\$546,539	8.55%
2017	\$44,692	\$44,692	\$ 0	\$468,373	9.54%
2016	\$48,435	\$48,435	\$ 0	\$540,495	9.02%

\*Estimated based on 4.61% 2019 calendar year contribution rate, 8.21% 2018 calendar year contribution rate, and cover valuation payroll of \$618,259.

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





# DeKalb Township, Illinois

## Notes to Required Supplementary Information

March 31, 2019

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**Note 1**      **Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate for IMRF \* (Continued)**

Mortality                      For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes                              There were no benefit changes during the year.

*\* Based on Valuation Assumptions used in the December 31, 2016 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, 2019. 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 Township'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.

No Funds of the Township had an excess of expenditures over budget.