GENERAL PURPOSE
EXTERNAL FINANCIAL STATEMENTS

DEKALB COUNTY GOVERNMENT
DEKALB COUNTY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

The County Board Members and the Finance Office of DeKalb County are pleased to present to readers of the financial statements of DeKalb County this narrative overview and analysis of the financial activities of DeKalb County for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

In the past, the primary focus of local government financial statements has been summarized by fund type information on a current financial resource basis. This approach has been modified, and DeKalb County's Financial Statements present two kinds of statements, each with a different snapshot of the County's finances. The Financial Statements' focus is on both the County as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year and government to government), and enhance the County's accountability.

DeKalb County Government Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the County's financial activity, (3) identify changes in the County's financial position (its ability to address the subsequent year's challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

I. Financial Highlights

A. Governmental Activities

The assets of the governmental activities of the County exceeded its liabilities at the close of the fiscal year by $120.7 million and increased in the current year by $2.7 million. The County has maintained its employment force and has been able to continue with modest increases in pay for its employees. The property tax base this year decreased by $135.4 million or 7.3%.

B. Business Type Activities

The only business type activity that the County has is the 190 skilled bed Rehab and Nursing Center. Total net position for the Rehab and Nursing Center as of December 31, 2014 was $11.1 million compared to $10.7 million as of December 31, 2013. The $0.4 million increase in net position in 2014 was related to patient care services revenue as more consistent intergovernmental transfer payments were received from the State and, accordingly, the related year-end receivable was recorded. Fiscal Year 2014 also marks the fifteenth straight year that the facility has operated without any property tax or other subsidy from other County funds.

C. Long-Term Debt

On June 1, 2005, the Public Building Commission (PBC) issued $7,155,000 Lease Revenue Refunding Bonds. When the County visited the bond market in 2005, its rating was Aaa. These bonds will be retired December 1, 2016. On October 14, 2010 DeKalb County issued $10,030,000 Series 2010A Build America Bonds and $5,970,000 Series 2010B Recovery Zone Economic Development Bonds, both general obligation alternate revenue source bonds, to provide funds for expanding the Courthouse and to begin the design of a new County Jail. When the County visited the bond market in 2010, its rating was Aa1. These bonds will be retired on December 15, 2029.

Note 5 contains additional information on the long-term debt of the County.

II. Overview of the Financial Statements

A. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Position is the "Unrestricted Net Position" and it is designed to be similar to bottom line results for the private sector. This statement then combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year and is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the County's general taxes and other resources. This is intended to summarize results and simplify the user's analysis of the cost of various government services and/or subsidies to various business-type activities.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways & streets, health & welfare, and interest on long-term debt.

The government-wide financial statements include not only the County itself, but also the DeKalb County Public Building Commission as a blended component unit. The DeKalb County Forest Preserve District is presented in a separate column as a discretely presented component unit in accordance with Governmental Accounting Standards Board Statement 61. The financial information of both of these component units is also reported separately from the financial information of the County in their own separately issued reports.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds rather than fund types. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

1. Governmental Funds

The Governmental Major Fund presentation is presented on a "sources and uses of liquid resources" basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-Wide Financial Statements. 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 Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) reflected. The flow of current financial resources reflects bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligations (bonds and others) into the Governmental Activities column in the Government-Wide statements.

The County maintains 48 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the FEMA Grant Evergreen Village Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

2. Proprietary Funds

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Statements, only in more detail. The County maintains two different types of proprietary funds –Enterprise Funds and Internal Service Funds.

Enterprise Funds are used to report the same functions presented in Business-Type Activities in the Government-Wide Financial Statements. The Nursing Home Fund is the County's only Enterprise Fund and it is considered a major fund of the County and is, therefore, presented in a separate column in the Fund Financial Statements.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Costs for medical and life insurance and liability claims are accumulated in Internal Service Funds. Both of the County's Internal Service Funds serve governmental rather than business-type functions and have been included with Governmental Activities in the Government-Wide Financial Statements.

Internal Service Funds are combined in a single aggregate presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is presented elsewhere in this report.

3. Fiduciary Funds

The Fund Financial Statements also allow the government to address its Fiduciary Funds. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Statements. These fiduciary funds are: County Collector Fund, Special Drainage Fund, Treasurer's Special Fund, Mobile Home Tax Fund, Tax Indemnity Fund, Tax Sale in Error Fund, Circuit Clerk Fund, Township Bridges Fund, Township Motor Fuel Tax Fund, Regional Superintendent of Schools Fund, Nursing Home Residents' Accounts Fund, and Tax Sale Redemption Account Fund.

C. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found in this report beginning on page 19.

D. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including information concerning the County's progress in funding its obligation to provide benefits to its employees. Required supplementary information can be found on pages 50-58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59-199 of this report.

III. Financial Analysis of the County as a Whole

In accordance with GASB Statement No. 34, the County is required to present a comparative analysis of Government-Wide information. The current year comparative statements follow:

GOVERNMENT-WIDE STATEMENTS

A. Net Position

The following table reflects the condensed Statement of Net Position:

Table 1
Statement of Net Position
December 31, 2014

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets:						
Current and Other	86,149,238	82,133,539	8,478,001	8,388,681	94,627,239	90,522,220
Capital Assets	79,780,790	77,190,227	5,982,770	6,467,948	85,763,560	83,658,175
Total Assets	165,930,028	159,323,766	14,460,771	14,856,629	180,390,799	174,180,395
Liabilities:						
Long Term Liabilities	16,565,175	17,244,758	1,877,922	2,517,520	18,443,097	19,762,278
Other Liabilities	7,473,084	3,339,875	1,491,410	1,622,324	8,964,494	4,962,199
Total Liabilities	24,038,259	20,584,633	3,369,332	4,139,844	27,407,591	24,724,477
Total Deferred Inflows of Resources	21,155,000	20,738,800	-	-	21,155,000	20,738,800
Net Position:						
Invested in Capital Assets Net of Related Debt	65,570,967	62,223,925	4,598,653	4,429,272	70,169,620	66,653,197
Restricted	31,319,095	31,586,099	240,629	234,341	31,559,724	31,820,440
Unrestricted	23,846,707	24,190,309	6,252,157	6,053,172	30,098,864	30,243,481
Total Net Position	120,736,769	118,000,333	11,091,439	10,716,785	131,828,208	128,717,118

The County's combined net position increased by $3.1 million to $131.8 million in 2014 from $128.7 million in 2013. Net position attributable to Governmental Activities increased by $2.7 million in 2014 due to six main components.

Net investment in capital assets increased by about $3.5 million due to the acquisition of a flood prone mobile home park in the amount of $1.5 million that is being returned to open space through a Hazard Mitigation Grant Program grant awarded by the Federal Emergency Management Agency through the Illinois Emergency Management Agency on a pass-through basis, and the addition of all other capital improvement projects and equipment purchases throughout the fiscal year offset by the depreciation expense of existing capital assets, the net effect of which was $2.0 million.

The second main component was the $1.4 million decrease in net position of the Highways and Streets related funds due to the various street and bridge projects undertaken during the year, which in turn contributed to the increase in the Construction in Progress component of the net capital asset additions referenced above.

The third main component for the increase in net position was the $0.4 million increase restricted for public buildings as funds are being accumulated for future building improvement projects.

Another $0.4 million increase in net position is attributable to restrictions for specific purposes, the majority of which is due to the accumulation of funds in the Landfill Host Benefit Fund for the eventual expansion of the County jail.

The Community Mental Health Fund also saw an increase of about $0.4 million to its fund balance as revenues were higher than allocations made to various social service agencies during the year, resulting in an increase in net position restricted for Health and Welfare purposes.

The sixth and final component of the increase in net position was the net operating results for the year of the remaining governmental activities related funds which amounted to a combined $0.6 million decrease.

Net position attributable to Business-Type activities increased by $0.4 million in 2014 due to more consistent intergovernmental payments (IGT) received from the State which allowed the Nursing Home to record an additional receivable as of the end of the fiscal year.

For more detailed information, see the Statement of Net Position on Page 4 of the Comprehensive Annual Financial Report.

B. Activities

1. Change in Net Position

The following table reflects the condensed Statement of Activities:

Table 2
Change in Net Position
For the Fiscal Years Ended December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total Primary Government	
Revenues	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	10,311,145	9,440,356	14,022,311	14,551,676	24,333,456	23,992,032
Operating Grants and Contributions	5,245,840	5,158,005	-	-	5,245,840	5,158,005
Capital Grants and Contributions	6,124,351	4,140,802	26,053	290,665	6,150,404	4,431,467
General Revenues:						
Property Taxes	20,911,337	20,403,869	-	-	20,911,337	20,403,869
Other Taxes	5,663,312	5,519,397	-	-	5,663,312	5,519,397
Other	3,669,782	4,494,344	34,813	57,193	3,704,595	4,551,537
Total Revenues	51,925,767	49,156,773	14,083,177	14,899,534	66,008,944	64,056,307
Expenses						
General Government	13,458,667	9,195,134	-	-	13,458,667	9,195,134
Public Safety	22,523,448	21,823,736	-	-	22,523,448	21,823,736
Highways and Streets	5,428,176	6,611,587	-	-	5,428,176	6,611,587
Health and Welfare	7,220,850	7,582,941	13,635,523	14,490,428	20,856,373	22,073,369
Interest on Long Term Debt	631,190	656,044	-	-	631,190	656,044
Total Expenses	49,262,331	45,869,442	13,635,523	14,490,428	62,897,854	60,359,870
Change in Net Position Before Transfers & Special Item	2,663,436	3,287,331	447,654	409,106	3,111,090	3,696,437
Transfers	73,000	60,000	(73,000)	(60,000)	-	-
Special Item	-	268,000	-	-	-	268,000
Change in Net Position After Transfers & Special Item	2,736,436	3,615,331	374,654	349,106	3,111,090	3,964,437

The previous table summarizes the revenues and expenses of the County's activities and the change in net position for the past two fiscal years. There was a total increase in net position for 2014 of $3.1 million which compares to a $4.0 million increase last year. Total revenues increased by $1.9 million while total expenses increased by $2.5 million,

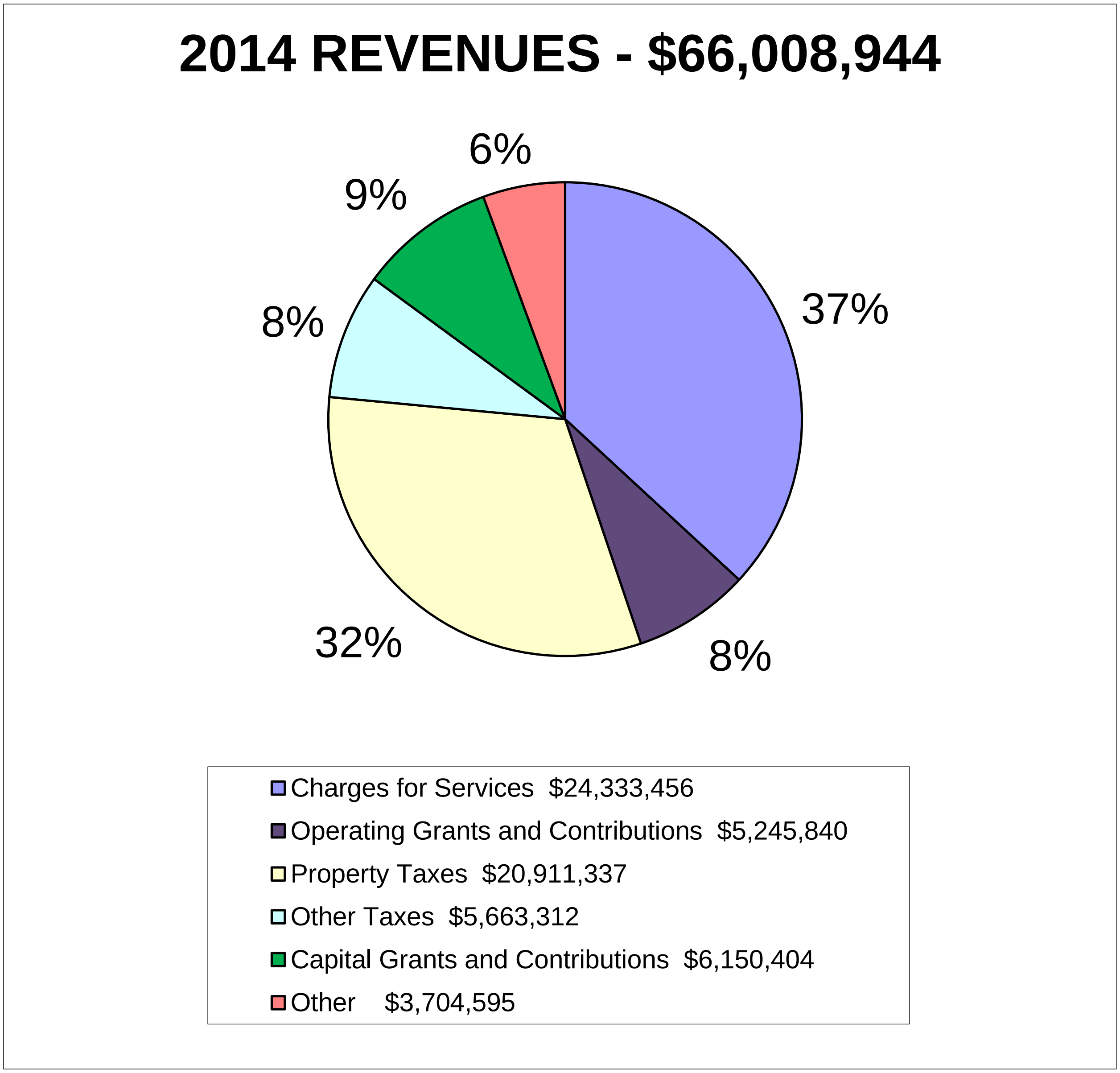
The change in net position for Governmental Activities for 2014 was an increase of $2.7 million compared to an increase of $3.6 million for 2013. The $0.9 million change is primarily the result of expenses increasing by $3.4 million while revenues only increased by $2.8 million and special items income decreasing by $0.3 million.

The change in net position for Business-Type Activities for 2014 was an increase of $0.4 million compared to an increase of $0.3 million for 2013. The $0.1 million change is the result of revenues decreasing by $0.8 million and expenses decreasing by $0.9 million.

Additional detail on revenues and expenses follows in the next two charts and narratives.

2. Total County Revenues

The following chart summarizes total DeKalb County revenues for 2014:



For the fiscal year ended December 31, 2014, revenues totaled $66.0 million. This is an increase of $2.0 million from 2013. Capital grants and contributions experienced an increase of $1.7 million due to a major grant project to turn the former Evergreen Village Mobile Home Park into open space to alleviate flooding problems at the park. This project should be completed in 2015. Operating grants and contributions remained essentially the same as last year but did increase by a modest $87,835 or 1.7%.

Revenues from the County's charges for services were $24.3 million in 2014 which represents a $0.3 million increase from 2013. The DeKalb County Rehab and Nursing Center is the largest generator of revenues within this category. The Rehab and Nursing Center generated $14.0 million dollars in 2014 which was a $0.6 million dollar decrease in charges for services due to a $0.7 million reduction in Private Pay bed revenue being only partially offset by a $0.1 million increase in Medicare and Medicaid bed revenue. Charges for services in the governmental activities area actually increased by $0.9 million with $0.6 million of that being generated by the Landfill Host Benefit Fund to fund the jail expansion project, and the remaining $0.3 million being generated by the various other governmental activities related funds.

Property tax collections increased $0.5 million in 2014. Property taxes support governmental activities including employee pension fund contributions.

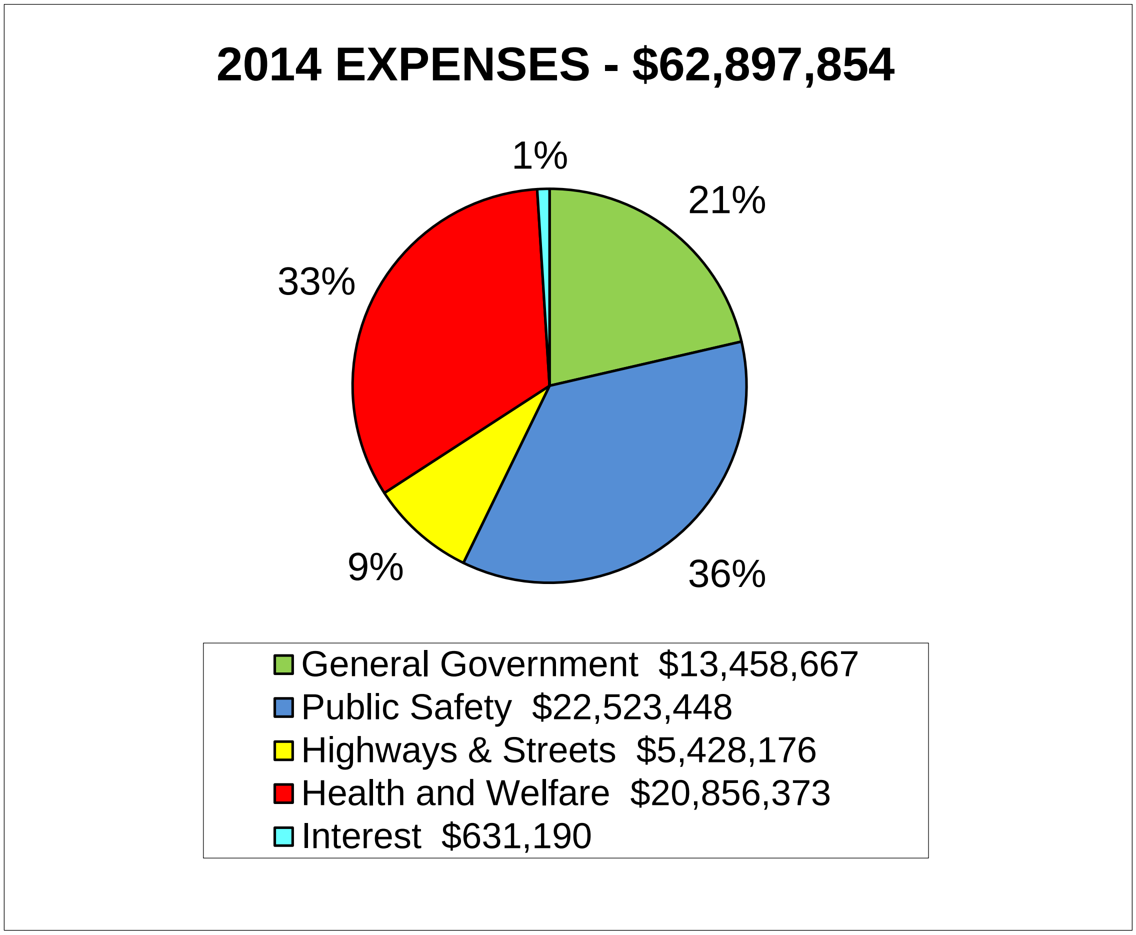
The other taxes classification includes a number of different revenue sources such as sales tax, replacement tax, and games tax. The County no longer receives a share of the State inheritance tax. The major type of sales tax is the retailer's occupation tax (ROT). This sales tax is collected by the State of Illinois. A portion of the ROT is shared by the state with the County based on the point of sale. The rate of sales tax that the County receives if the business is located outside of an incorporated area is 1.25 percent. If the business is located within an incorporated area, the percentage is 0.25 percent. State-shared sales tax revenues in 2014 were $5.1 million.

DeKalb County also receives sales tax dollars through an intergovernmental agreement with the City of DeKalb involving two developments that are located on the former County Farm and County Home sites located within the City of DeKalb. A portion of the County Farm site sales tax revenues of 1.25 cents per dollar of sales are received and distributed at the rate of 0.75 cents into the County's two Debt Service Funds – the 2010A Build America Bonds Fund receives 81.9% of the 0.75 cents, and the remaining 18.1% of the 0.75 cents is deposited into the 2010B Recovery Zone Economic Development Bonds Fund to fund the required debt service payments. The County Home site sales tax revenues of 1.25 cents per dollar of sales are received and distributed at the rate of 0.75 cents into a designated account for future special projects. Each site also contributes 0.25 cents per dollar of sales into the General Fund and 0.25 per dollar of sales into the Opportunity Fund. This revenue source generated $1.4 million in 2014 and is classified as intergovernmental revenue.

Income taxes are also shared by the State but on a per-capita basis and are therefore classified as intergovernmental revenue as well. Between 2013 and 2014, the County's portion of State income tax revenues essentially remained flat, increasing by only a modest $7,373. Tax Increment Financing District Surplus revenue of $0.2 million is also classified as intergovernmental revenue.

3. **Total County Expenses**

The following chart summarizes total DeKalb County expenses for 2014:



DeKalb County's expenses totaled $62.9 million in 2014 increasing by $2.5 million or 4.2% from 2013. General Government expenses were up by $4.3 million or 46.4% from 2013 as a result of two main contributing factors. First, expenses increased by a net amount of approximately $3.8 million due to the work performed on a major grant project to turn the former Evergreen Village Mobile Home Park into open space to alleviate flooding problems at the park. There were approximately $5.3 million of expenditures of which almost $1.5 million was capitalized as land acquisition costs. This project should be completed in 2015 but the majority of the expenses for acquiring the park and providing relocation assistance for the former residents of the park was incurred in 2014. The remaining $0.5 million increase was the result of normal inflationary cost increases coupled with higher costs for health insurance and pension contributions, as well as increases in depreciation expense.

Highways and Streets expenses decreased by $1.2 million or 17.9% in 2014 due to several factors. More of the road reconstruction and resurfacing projects in 2014 were capitalized as capital assets than in 2013. This resulted in a larger increase in capital assets and a lower expense for the year. Additionally, some operating costs were substantially lower than in 2013, particularly winter road maintenance material requirements were lower due to the milder winter season, and fuel costs were significantly lower on average than they were last year.

Health and Welfare expenses include the Departments of Public Health, Community Action, Financial Aid, Senior Services, Veteran's Assistance, Community Mental Health, and the DeKalb County Rehab and Nursing Center. Total Health and Welfare expenses for the County in 2014 decreased by $1.2 million comprised of a $362,091 (4.8%) decrease in Governmental Activities and an $854,905 (5.9%) decrease in Business-Type Activities for operations at the DeKalb County Rehab and Nursing Center, which is the County's only Business-Type Activity. The decrease in Governmental Activities is the net result of a small 2.1% inflationary increase in operating costs for the Department of Public Health offset by decreased funding and assistance provided by Community Mental Health, Senior Services, and Veteran's Assistance. The decrease in Business-Type Activities is primarily the result of the DeKalb County Rehab and Nursing Center experiencing a decrease in workers compensation claims reserves as some pending cases were resolved and safety education efforts were increased, coupled with additional cost decreases achieved as part of efficiency improvements.

Public Safety expenses are now the largest expense group for the County at 36% of total expenses as they surpassed Health and Welfare expenses in 2014. Public Safety expenses relate to the operations of the Sheriff's Department, which includes Patrol, Communications, Corrections, and Court Security, as well as the Emergency Services & Disaster Agency, and the expenses related to the court system, which includes the Circuit Clerk, Judiciary, Court Services, State's Attorney, and Public Defender offices. The increase in Public Safety expenses from 2013 to 2014 was $0.7 million or 3.2% which is due to normal inflationary increases for salaries, health insurance, pension contributions, supplies, etc.

IV. Financial Analysis of the County's Funds

As of December 31, 2014 the governmental funds had a combined fund balance total of $49.6 million with $8.0 million being classified as unassigned. The unassigned portion of fund balance is broken down as $8,007,957 in the General Fund offset by two small Special Revenue Fund deficit fund balances totaling $13,154 comprised of an $8,934 deficit in the Law Library Fund and a $4,220 deficit in the Children's Waiting Room Fund. There is also $11.5 million that is assigned for Capital Projects and $603,900 that is assigned to balance the 2015 General Fund budget. Total governmental funds unrestricted fund balances as of December 31, 2014 amount to $20.1 million which reflects a decrease of $0.5 million from the prior year.

The total General Fund fund balance of $8,905,861 is 33.7% of the total 2014 General Fund expenditures of $26.4 million or 123 days of operating funds. The General Fund fund balance decrease of $1,518,440 was primarily due to the planned reduction of $921,100 per the original FY 2014 budget coupled with a $633,941 reduction in sales tax revenue that the State of Illinois recouped as the result of prior overpayments.

All other governmental funds have combined fund balances of $40.7 million which is either non-spendable for prepaid items ($0.1 million), restricted for various purposes ($29.1 million), or assigned for capital purposes ($11.5 million).

The County's proprietary funds had combined net positions of $19.1 million as of December 31, 2014 which is $1.1 million or 6.1% higher than the 2013 year-end balances. Of this amount $4.6 million is the net investment in capital assets, $2.5 million is restricted for debt service or tort and liability purposes, and $12.0 million is unrestricted. The unrestricted portion increased by $841,061 or 7.5% over the 2013 year-end balance.

The County Treasurer is an elected official charged with the responsibility and authority to handle the investments for the County. The Treasurer's investment policy aims to minimize credit and market risks while maintaining a competitive yield on the County's portfolio. All of the County's deposits were covered by either FDIC insurance or collateral at December 31, 2014.

Cash temporarily idle during the year was invested in accordance with the investment policy. The County Treasurer utilizes a competitive bidding system with local financial institutions to assure that the highest return possible is made on invested funds. DeKalb County earned investment income of $172,251 on all funds for the year ended December 31, 2014 compared with $158,952 in the year ended December 31, 2013. This reflects an increase of $13,299 or 8.4%. This increase in interest income reflects a slowly improving economy with slightly higher interest rates being offered by financial institutions, as well as higher total fund balances available for investment.

V. General Fund Budgetary Highlights

The following table summarizes the County's General Fund budget for 2014 including the original budget, the final budget, and actual results:

Table 3
General Fund Budgetary Highlights
January 1, 2014 through December 31, 2014

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	18,362,000	18,362,000	17,837,395
Licenses & Permits	114,900	114,900	126,572
Intergovernmental	2,529,200	2,529,200	2,580,797
Charges for Services	4,682,100	4,682,100	4,308,051
Fines and Forfeits	746,500	746,500	747,498
Investment Income	16,000	16,000	23,837
Miscellaneous	133,800	133,800	197,416
Total Revenues	26,584,500	26,584,500	25,821,566
EXPENDITURES AND TRANSFERS			
General Government	6,635,800	6,578,400	6,228,119
Public Safety	19,709,800	20,367,500	19,997,987
Health and Welfare	180,000	180,000	165,591
Transfers Out	1,228,000	1,230,500	1,230,500
Transfers In	(248,000)	(248,000)	(282,191)
Total Expenditures and Transfers	27,505,600	28,108,400	27,340,006
Net Change in Fund Balance	(921,100)	(1,523,900)	(1,518,440)

As can be seen above, General Fund revenues in 2014 were $762,934 or 2.9% less than the budgeted amount. This amount includes coming in $524,605 under budget in taxes which was due primarily to the sales tax recoupment by the State during 2014 for overpayments in prior years. The only other General Fund revenue category that had a variance from budget in excess of $100,000 was charges for services which ended the year $374,049 under budget due primarily to declining receipts from office fees ($207,143 under budget) and lower recording fees being collected ($142,043 under budget). All other charges for services combined accounted for the remaining $24,863 budget variance.

General Fund expenditures and transfers in 2014 were $768,394 or 2.7% less than the final budget amount because all departments ended the fiscal year under their final budget amounts for the year with the exception of Elections due to unanticipated election costs incurred in connection with the two elections held in 2014.

VI. Capital Assets

The following schedule reflects the County's capital asset balances as of December 31, 2014:

Table 4
Capital Assets
December 31, 2014

	Governmental Activities		Business-Type Activities		Total Primary Activities	
	2014	2013	2014	2013	2014	2013
Land and Land Right of Way	8,013,678	6,535,507	-	-	8,013,678	6,535,507
Buildings	42,735,599	42,645,955	12,182,399	12,182,399	54,917,998	54,828,354
Land Improvements	14,976,715	14,976,715	1,008,989	961,964	15,985,704	15,938,679
Vehicles	4,304,692	3,880,688	-	-	4,304,692	3,880,688
Furniture and Fixtures	-	-	822,890	825,053	822,890	825,053
Equipment	4,704,644	4,646,401	969,268	961,418	5,673,912	5,607,819
Infrastructure	50,348,324	49,618,017	-	-	50,348,324	49,618,017
Intangibles	179,773	143,803	-	-	179,773	143,803
Construction in Progress	3,518,612	313,349	3,992	8,320	3,522,604	321,669
Subtotal	128,782,037	122,760,435	14,987,538	14,939,154	143,769,575	137,699,589
Less:						
Accumulated Depreciation	(49,001,247)	(45,570,208)	(9,004,768)	(8,471,206)	(58,006,015)	(54,041,414)
Total	79,780,790	77,190,227	5,982,770	6,467,948	85,763,560	83,658,175

At year-end, the County's investment in capital assets for both its governmental and business-type activities was $85.8 million dollars (net of accumulated depreciation). This represents an increase of $2.1 million or 2.5% from the December 31, 2013 amount of $83.7 million. The business-type activities net capital assets decreased by $0.5 million which was primarily the depreciation costs for the 2014 fiscal year. The $2.6 million increase in governmental activities net capital assets relates primarily to the land acquired as part of the Evergreen Village Mobile Home Park acquisition via grant funds, the net increase in construction in progress of roads and bridges throughout the County, and all of the other net capital asset additions, the sum total of which was reduced by the annual depreciation costs for governmental activities capital assets.

Additional information on the County's capital assets can be found in Note 4.

VII. Long-Term Debt

The following table summarizes the County's bonded indebtedness as of December 31, 2014:

Table 5
Bonded Indebtedness
December 31, 2014

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
2010A Build America Bonds General Obligation Series	8,015,000	8,560,000	-	-	8,015,000	8,560,000
2010B Recovery Zone Economic Development Bonds General Obligation Series	5,970,000	5,970,000	-	-	5,970,000	5,970,000
2005 Lease Revenue Bonds	452,500	666,250	1,357,500	1,998,750	1,810,000	2,665,000
TOTAL	14,437,500	15,196,250	1,357,500	1,998,750	15,795,000	17,195,000

As of December 31, 2014 the County had a total of $15.8 million in bonded indebtedness outstanding. $1.8 million of this is from an original bond issue of $7,155,000 which was sold as a refunding bond issue in 2005. The original 1997 bond issue by the DeKalb County Public Building Commission (PBC) was for the construction of a new Health Facility. These original bonds were sold with an effective date of December 1, 1997, and were retired in full on December 1, 2007. The PBC entered into the refunding to achieve a cash flow savings of approximately $500,000 and an economic gain of $304,000. The County has abated 75% of its property tax levy for debt service on these bonds every year and has used operating revenues from the DeKalb County Rehab and Nursing Center to pay this abatement.

The remaining $14.0 million bonded indebtedness outstanding is from two bond issues which were sold in 2010. The first issue is the $10,030,000 Build America Bonds Series 2010A general obligation alternate revenue source bonds. These bonds financed the renovation and expansion of the Courthouse as well as preliminary design work for the expansion of the County Jail. The 2010B Recovery Zone Economic Development Bonds general obligation alternate revenue source bonds in the amount of $5,970,000 were used to pay the remaining costs of the renovation and expansion of the Courthouse.

Under current State statutes, DeKalb County's general obligation bonded debt issuances are subject to a legal limitation based on 2.875% of total assessed value of real and personal property. That would allow the County to currently incur debt up to $49,636,881. Alternate revenue bonds and Public Building Commission bonds are excluded from this limitation. Accordingly, as of December 31, 2014, DeKalb County's net general obligation bonded debt that is subject to the debt limit was $0 because lease revenue bonds and alternate revenue source bonds generally do not count against the legal debt limit.

Additional information on the County's long-term debt can be found in Note 5.

VIII. Economic Factors and Next Year's Budget Issues

The taxable assessed valuation for the County decreased by $135.4 million dollars from the previous year for a new net total of $1,726,500,218. There is some concern that the commercial and industrial value only makes up about 21.4% of the property tax base which puts a lot of burden on residential property taxpayers who make up about 63.2% of the tax base. The remaining 15.4% of the tax base is comprised of farm land, wind towers, and railroads.

Ongoing efforts are in place, however, to bring increased economic development to the County that will help diversify that tax base. With the continued downturn in the economy, and the slow crawl of the construction industry, development revenue will be limited and future property tax increases will need to be carefully considered. In early 1999, the voters approved a referendum which would limit any future property tax increases to (a) the cost of living or 5%, whichever is less, plus (b) the amount generated by new construction for the previous year. This new limitation was effective January 1, 2000 and it first affected the FY 2001 budget which was approved by the County Board in November, 2000. This limiting referendum continues to present significant challenges to the County Board to provide for services as the demand and need for services exceeds the annual allowable increment in property taxes. The County also continues to fully comply with the Property Tax Extension Limitation Law (P-TELL) that was approved by the voters in April, 1999.

One of the efforts of the County is participation in the DeKalb County Economic Development Corporation (DCEDC). This partnership of private and public interests works together to facilitate economic development within the County. During 2014, DCEDC targeted attracting new business and industry that could capitalize on distinct advantages and strengths of the County by following a marketing plan promoting assets and opportunities, executing an economic development marketing program, and assisting DeKalb County communities with marketing and promotion efforts, in particular by promoting import/export resources to businesses.

Another targeted goal for DCEDC during 2014 was to continue to identify needed workplace skills and communicating workforce requirements to educational institutions and training providers, as well as promoting labor market skills and occupations. This partnership has been successful over the years as the County recognizes that economic growth can be contagious and that regional efforts are important, as many issues simply cannot be constrained by municipal boundaries, and that various communities can and do benefit from growth in a nearby community.

Along those lines as part of the efforts to attract new business and industry to the County, DCEDC worked closely with the County and six municipalities to submit an enterprise zone application to the State of Illinois during 2014 with the goal of diversifying the County's tax base by attracting more industry and commercial interests to the County. The six municipalities that partnered with the County and DCEDC on this initiative were the Town of Cortland, the City of DeKalb, the City of Genoa, the City of Sandwich, the City of Sycamore, and the Village of Waterman.

Enterprise zones provide tax breaks and other incentives to encourage businesses to move or expand within the zone. Businesses may be eligible for exemption on the sales tax paid on building materials and to receive investment tax credits on qualified property. In addition to the State incentives, each zone tends to offer local incentives as well to enhance business development. Results of the competitive application process will be announced in 2015.

As of this writing, the 2015 financial year is well underway. The next budget to be developed will be the 2016 budget. It will be discussed in the early fall of 2015 for the fiscal year beginning January 1, 2016. The problems that were faced with the 2015 budget are anticipated to be at the forefront of the 2016 budget as well. Health insurance costs and pension costs for all employees will continue to be major budget concerns.

There was a 10.9% premium increase in health insurance rates effective January, 2014, and a 3.6% increase effective for 2015. The County offered a High Deductible Health Plan (HDHP) in addition to the PPO plan for 2014, and continued to do so in 2015. Employee participation in the HDHP plan was relatively low with only 10.5% of employees participating in the plan for 2014. The County did provide an incentive to entice employees towards the HDHP plan with an employer contribution to their individual Health Savings Accounts for 2014 in the amounts of $1,352 for single coverage and $3,068 for family coverage. This incentive continues into 2015 with the amounts ranging from $1,296 for single coverage to $3,096 for the family coverage.

During 2015, the County will continue with its jail expansion planning that has been several years in the making and for which funding was approved as part of the $10,030,000 Build America Bonds Series 2010A general obligation alternate revenue source bonds. A portion of this bond issue was to finance preliminary design work for the expansion of the County Jail. It is anticipated that landfill host benefit fees will be used to finance the construction and operation of the expanded jail, however, additional sources of revenue will most likely need to be dedicated to the project in order to address all of the critical needs identified with current jail operations.

Overall, the challenge of providing the best services with the best staff, and keeping costs in line with available revenues, continues to be the goal of the County Board and the financial management of the County.

IX. Request for Information

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the County's finances, and to demonstrate the County's accountability for the funds it receives. Questions concerning this report or requests for additional financial information should be directed to Peter J. Stefan, Finance Director, DeKalb County Government, Finance Office, 200 N. Main Street, Sycamore, Illinois 60178.

DEKALB COUNTY, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Forest Preserve District
ASSETS				
Cash and investments	$ 61,126,740	$ 4,208,791	$ 65,335,531	$ 6,450,838
Receivables, net of allowance where applicable				
Property taxes	21,155,000	-	21,155,000	1,485,000
Accounts	2,584,615	3,826,783	6,411,398	29,405
Accrued interest	7,279	351	7,630	351
Other	83,982	-	83,982	-
Prepaid items	418,998	182,239	601,237	4,048
Inventory	-	14,538	14,538	-
Due from other governments	690,858	-	690,858	-
Restricted assets				
Cash and investments	81,766	245,299	327,065	-
Capital assets				
Not depreciated	11,532,290	3,992	11,536,282	3,984,385
Depreciated (net of accumulated depreciation)	68,248,500	5,978,778	74,227,278	546,689
Total assets	165,930,028	14,460,771	180,390,799	12,500,716
LIABILITIES				
Accounts payable	4,187,732	732,438	4,920,170	25,305
Retainage payable	2,312	-	2,312	-
Accrued payroll	1,017,184	318,868	1,336,052	15,376
Accrued interest payable	26,876	4,670	31,546	-
Claims payable	1,252,012	435,434	1,687,446	-
Due to others	22,314	-	22,314	-
Unearned revenue	964,654	-	964,654	-
Noncurrent liabilities				
Due within one year	1,001,344	762,511	1,763,855	-
Due in more than one year	15,563,831	1,115,411	16,679,242	45,752
Total liabilities	24,038,259	3,369,332	27,407,591	86,433
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	21,155,000	-	21,155,000	1,485,000
Total deferred inflows of resources	21,155,000	-	21,155,000	1,485,000
Total liabilities and deferred inflows of resources	45,193,259	3,369,332	48,562,591	1,571,433
NET POSITION				
Net investment in capital assets	65,570,967	4,598,653	70,169,620	4,531,074
Restricted for				
Debt service	1,500,926	240,629	1,741,555	-
Retirement	553,390	-	553,390	-
Public buildings	4,244,350	-	4,244,350	-
Specific purpose	1,443,092	-	1,443,092	1,345,702
Public safety	2,407,624	-	2,407,624	-
Highways and streets	12,595,833	-	12,595,833	-
Health and welfare	6,351,364	-	6,351,364	-
Tort and liability	2,222,516	-	2,222,516	-
Unrestricted	23,846,707	6,252,157	30,098,864	5,052,507
TOTAL NET POSITION	$ 120,736,769	$ 11,091,439	$ 131,828,208	$ 10,929,283

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

		Program Revenues		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 13,458,667	$ 2,365,911	$ 114,560	$ 5,357,477
Public safety	22,523,448	5,296,947	756,160	68,681
Highways and streets	5,428,176	1,086,723	1,945,894	35,088
Health and welfare	7,220,850	1,561,564	2,199,645	663,105
Interest	631,190	-	229,581	-
Total governmental activities	49,262,331	10,311,145	5,245,840	6,124,351
Business-Type Activities				
Nursing home	13,635,523	14,022,311	-	26,053
Total business-type activities	13,635,523	14,022,311	-	26,053
TOTAL PRIMARY GOVERNMENT	$ 62,897,854	$ 24,333,456	$ 5,245,840	$ 6,150,404
COMPONENT UNIT				
Forest Preserve District	$ 883,857	$ 18,800	$ -	$ -

	Net (Expense) Revenue and Change in Net Position — Primary Government: Governmental Activities	Business-Type Activities	Total	Component Unit: Forest Preserve District
	$ (5,620,719)	$ -	$ (5,620,719)	$ -
	(16,401,660)	-	(16,401,660)	-
	(2,360,471)	-	(2,360,471)	-
	(2,796,536)	-	(2,796,536)	-
	(401,609)	-	(401,609)	-
	(27,580,995)	-	(27,580,995)	-
	-	412,841	412,841	-
	-	412,841	412,841	-
	(27,580,995)	412,841	(27,168,154)	-
	-	-	-	(865,057)
General Revenues				
Taxes				
Property	20,911,337	-	20,911,337	1,468,997
Replacement	610,716	-	610,716	16,584
Sales	5,050,228	-	5,050,228	-
Other	2,368	-	2,368	-
Intergovernmental	3,187,095	-	3,187,095	17,799
Investment income	142,752	29,499	172,251	18,277
Miscellaneous	311,695	5,314	317,009	102,080
Gain on disposal of capital assets	28,240	-	28,240	-
Transfers	73,000	(73,000)	-	-
Total	30,317,431	(38,187)	30,279,244	1,623,737
CHANGE IN NET POSITION	2,736,436	374,654	3,111,090	758,680
NET POSITION, JANUARY 1, 2014	118,000,333	10,716,785	128,717,118	10,170,603
NET POSITION, DECEMBER 31, 2014	$ 120,736,769	$ 11,091,439	$ 131,828,208	$ 10,929,283

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General	FEMA Grant Evergreen Village	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 8,054,704	$ 315,602	$ 42,913,681	$ 51,283,987
Receivables				
Property taxes	12,625,000	-	7,850,000	20,475,000
Accounts	1,715,147	-	854,014	2,569,161
Accrued interest	2,048	-	2,915	4,963
Other	54,030	-	29,952	83,982
Prepaid items	294,004	-	100,970	394,974
Due from other funds	412,027	-	265,293	677,320
Due from other governments	45,943	-	644,915	690,858
Restricted assets				
Cash and investments	-	-	81,766	81,766
TOTAL ASSETS	$ 23,202,903	$ 315,602	$ 52,743,506	$ 76,262,011

	General	FEMA Grant Evergreen Village	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 829,289	$ 62,583	$ 3,206,745	$ 4,098,617
Retainage payable	-	-	2,312	2,312
Accrued payroll	773,484	-	243,700	1,017,184
Due to others	13,018	9,296	-	22,314
Due to other funds	3,240	100,000	536,080	639,320
Unearned revenue	53,011	141,404	242,997	437,412
Total liabilities	1,672,042	313,283	4,231,834	6,217,159
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	12,625,000	-	7,850,000	20,475,000
Total deferred inflows of resources	12,625,000	-	7,850,000	20,475,000
Total liabilities and deferred inflows of resources	14,297,042	313,283	12,081,834	26,692,159
FUND BALANCES				
Nonspendable - prepaid items	294,004	-	100,970	394,974
Restricted for debt service	-	-	1,500,926	1,500,926
Restricted for retirement	-	-	553,390	553,390
Restricted for public buildings	-	-	4,244,350	4,244,350
Restricted for specific purpose	-	-	1,443,092	1,443,092
Restricted for public safety	-	-	2,407,624	2,407,624
Restricted for highways and streets	-	-	12,595,833	12,595,833
Restricted for health and welfare	-	2,319	6,349,045	6,351,364
Unrestricted				
Assigned for subsequent year budget	603,900	-	-	603,900
Assigned for capital purposes	-	-	11,479,596	11,479,596
Unassigned				
General Fund	8,007,957	-	-	8,007,957
Special revenue funds	-	-	(13,154)	(13,154)
Total fund balances	8,905,861	2,319	40,661,672	49,569,852
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 23,202,903	$ 315,602	$ 52,743,506	$ 76,262,011

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 49,569,852
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 in the governmental funds	
Capital assets	79,780,790
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(14,437,500)
Interest payable	(26,876)
Compensated absences	(2,000,937)
Net other postemployment benefit obligation	(117,865)
Unamortized bond premium	(8,873)
The net position of the internal service funds are included in the governmental activities in the statement of net position	7,978,178
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 120,736,769

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	General	FEMA Grant Evergreen Village	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 17,837,395	$ -	$ 7,853,281	$ 25,690,676
Licenses and permits	126,572	-	528,298	654,870
Intergovernmental	2,580,797	5,313,967	7,672,697	15,567,461
Charges for services	4,308,051	-	3,384,593	7,692,644
Fines and forfeits	747,498	-	205,790	953,288
Investment income	23,837	1,031	117,884	142,752
Miscellaneous	197,416	1,208	113,237	311,861
Total revenues	25,821,566	5,316,206	19,875,780	51,013,552
EXPENDITURES				
Current				
General government	6,228,119	5,313,887	2,053,647	13,595,653
Public safety	19,997,987	-	1,618,777	21,616,764
Highways and streets	-	-	8,319,116	8,319,116
Health and welfare	165,591	-	6,706,185	6,871,776
Debt service				
Principal	-	-	758,750	758,750
Interest and fiscal charges	-	-	636,794	636,794
Capital outlay	-	-	727,842	727,842
Total expenditures	26,391,697	5,313,887	20,821,111	52,526,695
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(570,131)	2,319	(945,331)	(1,513,143)

	General	FEMA Grant Evergreen Village	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	$ -	$ -	$ 86,771	$ 86,771
Transfers in	282,191	-	2,625,807	2,907,998
Transfers (out)	(1,230,500)	-	(1,504,604)	(2,735,104)
Total other financing sources (uses)	(948,309)	-	1,207,974	259,665
NET CHANGE IN FUND BALANCES	(1,518,440)	2,319	262,643	(1,253,478)
FUND BALANCES, JANUARY 1, 2014	10,424,301	-	40,399,029	50,823,330
FUND BALANCES, DECEMBER 31, 2014	$ 8,905,861	$ 2,319	$ 40,661,672	$ 49,569,852

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (1,253,478)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditure; however, they are capitalized and depreciated in the statement of activities	6,650,046
The change in interest payable and repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	764,354
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(3,994,981)
Loss on disposal of capital assets	(64,502)
Change in compensated absences	(3,944)
Change in net other postemployment benefit obligation	(79,659)
The change in net position of certain activities of internal service funds is reported with governmental activities	718,600
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,736,436

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities Nursing Home	Governmental Activities Internal Service Funds
CURRENT ASSETS		
Cash and investments	$ 4,208,791	$ 9,842,753
Receivables		
Property taxes	-	680,000
Accounts	3,826,783	15,454
Accrued interest	351	2,316
Prepaid expenses	182,239	24,024
Due from other funds	-	3,240
Inventory	14,538	-
Restricted assets		
Cash and investments	245,299	-
Total current assets	8,478,001	10,567,787
NONCURRENT ASSETS		
None	-	-
CAPITAL ASSETS		
Not depreciated	3,992	-
Depreciated, net of accumulated depreciation	5,978,778	-
Total capital assets	5,982,770	-
Total assets	14,460,771	10,567,787

(This statement is continued on the following page.)

DEKALB COUNTY, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities	Governmental Activities
	Nursing Home	**Internal Service Funds**
CURRENT LIABILITIES		
Accounts payable	$ 732,438	$ 63,054
Accrued payroll	318,868	-
Claims payable	435,434	1,252,012
Flexible benefit payable	-	26,061
Due to other funds	-	41,240
Unearned revenue	-	527,242
Compensated absences payable	98,761	-
Liabilities payable from restricted assets		
Interest payable	4,670	-
Revenue bonds payable	663,750	-
Total current liabilities	2,253,921	1,909,609
NONCURRENT LIABILITIES		
Compensated absences payable	395,044	-
Revenue bonds payable	720,367	-
Total noncurrent liabilities	1,115,411	-
Total liabilities	3,369,332	1,909,609
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	-	680,000
Total deferred inflows of resources	-	680,000
Total liabilities and deferred inflows of resources	3,369,332	2,589,609
NET POSITION		
Net investment in capital assets	4,598,653	-
Restricted for debt service	240,629	-
Restricted for tort and liability	-	2,222,516
Unrestricted	6,252,157	5,755,662
TOTAL NET POSITION	$ 11,091,439	$ 7,978,178

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities	Governmental Activities
	Nursing Home	**Internal Service Funds**
OPERATING REVENUES		
Charges for services	$ 14,022,311	$ 6,127,892
OPERATING EXPENSES		
Administration	1,471,789	-
Operations	11,524,055	6,220,550
Depreciation	554,333	-
Total operating expenses	13,550,177	6,220,550
OPERATING INCOME (LOSS)	472,134	(92,658)
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	-	883,975
Settlements	-	186
Investment income	29,499	26,991
Loss on disposal of capital assets	(358)	-
Other income	5,314	-
Interest expense	(84,988)	-
Total non-operating revenues (expenses)	(50,533)	911,152
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	421,601	818,494
TRANSFERS		
Transfers in	-	106
Transfers (out)	(73,000)	(100,000)
Total transfers	(73,000)	(99,894)
CONTRIBUTIONS	26,053	-
CHANGE IN NET POSITION	374,654	718,600
NET POSITION, JANUARY 1, 2014	10,716,785	7,259,578
NET POSITION, DECEMBER 31, 2014	$ 11,091,439	$ 7,978,178

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities	Governmental Activities
	Nursing Home	**Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 13,612,968	$ 1,518,631
Receipts from interfund service transactions	-	4,714,473
Payments to suppliers	(4,438,038)	(5,106,117)
Payments to employees	(8,684,254)	-
Net cash from operating activities	490,676	1,126,987
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund activity	(73,000)	(61,894)
Receipt of settlements	-	186
Receipt of general property taxes	-	883,975
Net cash from noncapital financing activities	(73,000)	822,267
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on revenue bonds	(100,433)	-
Payment on revenue bonds	(641,250)	-
Payments for capital acquisition	(69,514)	-
Net cash from capital and related financing activities	(811,197)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest	29,365	39,671
Net cash from investing activities	29,365	39,671
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(364,156)	1,988,925
CASH AND CASH EQUIVALENTS, JANUARY 1, 2014	4,818,246	7,853,828
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2014	$ 4,454,090	$ 9,842,753

(This statement is continued on the following page.)

DEKALB COUNTY, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities	Governmental Activities
	Nursing Home	**Internal Service Funds**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	$ 472,134	$ (92,658)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	554,333	-
Receipts of miscellaneous income	5,314	-
Receipts of donations	26,053	-
Effects of changes in operating assets and liabilities		
Accounts receivable	(440,710)	(9,659)
Prepaid expenses	(12,919)	(4,008)
Inventory	285	-
Accounts payable	68,671	22,485
Accrued payroll	(5,321)	-
Claims payable	(192,125)	1,095,956
Unearned revenue	-	114,871
Compensated absences payable	14,961	-
NET CASH FROM OPERATING ACTIVITIES	$ 490,676	$ 1,126,987

See accompanying notes to financial statements.

DEKALB COUNTY, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2014

	Agency Funds
ASSETS	
Cash and investments	$ 6,095,543
Receivables	
Accounts	99,901
TOTAL ASSETS	$ 6,195,444
LIABILITIES	
Due to others	$ 6,195,444
TOTAL LIABILITIES	$ 6,195,444

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of DeKalb County, Illinois (the County), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

a. Reporting Entity

The County was incorporated under the laws of the State of Illinois in 1837 and operates under an elected 24-member County Board. As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County while the related organizations are excluded from the County's reporting entity.

b. Component Units and Related Organizations

The DeKalb County Forest Preserve District (the District) operates and maintains the public forest preserves in the County. While it is legally separate from the County, the governing board of the District is composed entirely of the DeKalb County Board serving ex-officio. However, there is no financial burden or benefit relationship with the District and the District employs its own Superintendent. Therefore, the operations of the District are included in the financial statements as a discretely presented component unit.

The DeKalb County Public Building Commission (the PBC) is governed by a five-member board appointed by the County Board. Although it is legally separate from the County, the PBC is reported as if it were part of the primary government because its sole purpose is to finance, construct and maintain the County's public buildings and the revenue bonds issued by the PBC are secured by leases with the County. The operations of the PBC are included in the financial statements as a blended component unit.

Separate financial statements for these component units may be obtained at:

DeKalb County Finance Office
200 North Main Street
Sycamore, IL 60178

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Component Units and Related Organizations (Continued)

The County's officials are also responsible for appointing the members of the boards of other organizations; however, the County's accountability for these organizations does not extend beyond making the appointments as specified by state statute, local statute or the organization's by-laws. The Board Chairman and/or the Board of DeKalb County appoint the board members of the following organizations:

DeKalb County Nursing Home Foundation
Emergency Telephone Systems Board
Natural Resources Education Foundation Board
DeKalb County Cooperative Extension Board
Housing Authority of DeKalb County
Fairdale Street Lighting District
DeKalb Sanitary District
Various fire protection districts within the County
Various cemetery associations within the County
Various drainage districts within the County

c. Fund Accounting

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The general fund is used to account for all activities of the County not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the County (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The County's fiduciary funds consist of agency funds which are used to account for assets that the County holds on behalf of others as their agent.

d. Government-Wide and Fund 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 County. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The General Fund accounts for the resources devoted to finance the services traditionally associated with local government. Any other activity for which a separate fund has not been created is accounted for in the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Government-Wide and Fund Financial Statements (Continued)

The FEMA Grant Evergreen Village Fund accounts for revenues and expenditures associated with the acquisition and demolition of the Evergreen Village mobile home park. Funding is provided entirely by Federal and state grants.

The County reports the following major enterprise fund:

The Nursing Home Fund is used to account for the revenues and expenses associated with the operation of the DeKalb County Nursing Home.

The County reports the following internal service funds:

The Medical Insurance Fund is used to account for revenues and expenses related to the County's employee health plan.

The Tort and Liability Fund is used to account for the revenues and expenses associated with providing for the County's workers' compensation, unemployment, property and liability self-insurance programs.

The County reports a variety of agency funds as fiduciary funds to account for assets held by county officials on behalf of others. These include various funds of the County Collector and Treasurer, Clerk of the Circuit Court, Nursing Home and other offices. Additional information is included later in the report.

e. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements (except the agency funds which do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County recognizes property taxes when they become both measurable and available in the year intended to finance. A 60-day availability period is used for revenue recognition for most other governmental fund revenues, except for sales tax which use a 90-day period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes owed to the state at year end on behalf of the County also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The County reports unearned revenue and deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet the available criteria for recognition in the current period, under the full and modified accrual bases of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the County before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability and deferred inflows of resource for unearned and deferred revenue are removed from the financial statements and revenue is recognized.

f. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Cash and Investments (Continued)

Investments

Investments with maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit and all other investments are reported at cost.

g. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans, if any, are also classified as "due from other funds" or "due to other funds." Long-term interfund loans, if any, are classified as "advances from other funds" and "advances to other funds."

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are expensed when consumed.

i. Inventories

Inventories are valued at cost, which approximates market, using the average cost method.

j. Restricted Assets

Restricted assets include cash on deposit in the sinking fund or with the paying agent for the payment of the 2005 Series revenue bonds.

k. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, bridges, storm sewer), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as individual assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year, except for infrastructure, where the cost must be greater than $20,000, computers, where the cost must be greater than $30,000 and land improvements, where the cost must be greater than $50,000. The DeKalb County Nursing Home, an enterprise fund, uses a threshold of $2,500.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements	8-20
Equipment, furniture and fixtures	3-25
Vehicles	7-20
Infrastructure	15-50
Intangibles	3-20

l. Compensated Absences

County employees are entitled to vacation/sick leave based on their length of employment. Vacation/sick leave either vests or accumulates and is accrued when earned.

Vested or accumulated vacation/sick leave attributable to employees who were no longer employed as of December 31, 2014 but have yet to be paid out is reported as expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Historically, the General Fund has been used to liquidate these liabilities. Vested or accumulated vacation/sick leave is recorded as an expense and liability of the proprietary funds at all levels and governmental activities at the government-wide level as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated to be taken as “terminal leave” prior to retirement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

n. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the County.

Committed fund balance is constrained by formal actions of the County’s Board, which is considered the County’s highest level of decision-making authority. Formal actions include ordinances approved by the County Board. Assigned fund balance represents amounts constrained by the County’s intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the County Chief Financial Officer as specified by the County’s fund balance policy. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned. The County has a target fund balance in the General Fund of 28% of expenditures.

The County’s flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the County considers committed funds to be expended first followed by assigned funds and then unassigned funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Balances/Net Position (Continued)

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

None of the restricted net positions or restricted fund balance results from enabling legislation adopted by the County.

o. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers.

p. Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amounts from resident, third party payers and others for services rendered.

Revenue under third party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third party payer settlements are provided in the period the related services are rendered.

Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as “cash and investments.” In addition, investments are separately held by several of the County’s funds.

Investment of county funds, by statute, is vested with the County Treasurer. The County Treasurer’s investment policy guides the investments of the County. The investment policy permits the County to make deposits/investments in insured commercial banks located within and in close proximity to the County, obligations of the U.S. Treasury (bills), money market mutual funds with portfolios of securities issued or guaranteed (implicitly or explicitly) by the United States Government and the Public Treasurer’s Investment Pool.

It is the policy of the County to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the County and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio.

The primary objective of the policy is legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires pledging of collateral with a fair value of 105% (110% if collateral pledged is not guaranteed by the U.S. Government) for all bank balances in excess of federal depository insurance with the collateral held by an independent third party acting as the County’s agent or in a single institution collateral pool. All of the County’s deposits were covered by either FDIC or collateral at December 31, 2014.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments

In accordance with its investment policy, the County limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a short-term (annual) period. The investment policy does not limit the maximum maturity length of investments. However, the policy does require the County to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

The County limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by only allowing investments in U.S. Treasury obligations, insured or collateralized certificates of deposits with financial institutions and money market mutual funds with portfolios of securities issued or guaranteed (implicitly or explicitly) by the United States Government. Illinois Funds is rated AAA by Standard and Poor’s.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the County will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the County’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the County’s agent separate from where the investment was purchased. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk - the County’s investment policy requires diversification of the portfolio but does not contain any specific diversification targets.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for 2013 attached as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the same fiscal year (by passage of a Tax Levy Ordinance). Tax bills were prepared by the County and issued on or about May 1, 2014, and were payable in two installments on or about June 1, 2014 and September 1, 2014. The County collects such taxes and remits them periodically.

The County has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2014 tax levy has been recorded as receivable and deferred revenue on the financial statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 4,971,061	$ 1,478,171	$ -	$ 6,449,232
Land right of way	1,564,446	-	-	1,564,446
Construction in progress	313,349	3,490,774	285,511	3,518,612
Total capital assets not being depreciated	6,848,856	4,968,945	285,511	11,532,290
Capital assets being depreciated				
Land improvements	14,976,715	-	-	14,976,715
Buildings and improvements	42,645,955	89,644	-	42,735,599
Vehicles	3,880,688	984,152	560,148	4,304,692
Equipment	4,646,401	126,539	68,296	4,704,644
Intangibles	143,803	35,970	-	179,773
Infrastructure	49,618,017	730,307	-	50,348,324
Total capital assets being depreciated	115,911,579	1,966,612	628,444	117,249,747
Less accumulated depreciation for				
Land improvements	704,091	747,448	-	1,451,539
Buildings and improvements	14,671,560	1,160,935	-	15,832,495
Vehicles	2,630,100	345,887	498,875	2,477,112
Equipment	3,258,131	211,188	65,067	3,404,252
Intangibles	54,552	5,250	-	59,802
Infrastructure	24,251,774	1,524,273	-	25,776,047
Total accumulated depreciation	45,570,208	3,994,981	563,942	49,001,247
Total capital assets being depreciated, net	70,341,371	(2,028,369)	64,502	68,248,500
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 77,190,227	$ 2,940,576	$ 350,013	$ 79,780,790

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	$ 8,320	$ -	$ 4,328	$ 3,992
Total capital assets not being depreciated	8,320	-	4,328	3,992
Capital assets being depreciated				
Improvements	961,964	47,025	-	1,008,989
Buildings	12,182,399	-	-	12,182,399
Furniture and fixtures	825,053	-	2,163	822,890
Equipment	961,418	26,817	18,967	969,268
Total capital assets being depreciated	14,930,834	73,842	21,130	14,983,546
Less accumulated depreciation for				
Improvements	487,618	66,281	-	553,899
Buildings	6,484,229	446,103	-	6,930,332
Furniture and fixtures	766,839	15,972	1,804	781,007
Equipment	732,520	25,977	18,967	739,530
Total accumulated depreciation	8,471,206	554,333	20,771	9,004,768
Total capital assets being depreciated, net	6,459,628	(480,491)	359	5,978,778
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 6,467,948	$ (480,491)	$ 4,687	$ 5,982,770

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

GOVERNMENTAL ACTIVITIES	
General government	$ 956,976
Public safety	830,865
Health and welfare	365,090
Highway and streets	1,842,050
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 3,994,981

5. LONG-TERM DEBT

The following is a summary of changes in long-term liabilities during the fiscal year:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portions
GOVERNMENTAL ACTIVITIES					
Compensated absences	$ 1,996,993	$ 203,643	$ 199,699	$ 2,000,937	$ 200,094
Revenue bonds					
Public Building Commission Lease Revenue Refunding Bonds, Series 2005	666,250	-	213,750	452,500	221,250
General obligation alternate revenue source bonds					
Taxable Series 2010A	8,560,000	-	545,000	8,015,000	580,000
Taxable Series 2010B	5,970,000	-	-	5,970,000	-
Unamortized bond premium	13,309	-	4,436	8,873	-
*Other postemployment benefit	38,206	79,659	-	117,865	-
TOTAL GOVERNMENTAL ACTIVITIES	$ 17,244,758	$ 283,302	$ 962,885	$ 16,565,175	$ 1,001,344
BUSINESS-TYPE ACTIVITIES					
Compensated absences	$ 478,844	$ 110,729	$ 95,768	$ 493,805	$ 98,761
Revenue bonds					
Public Building Commission Lease Revenue Refunding Bonds, Series 2005	1,998,750	-	641,250	1,357,500	663,750
Unamortized bond premium	39,926	-	13,309	26,617	-
TOTAL BUSINESS-TYPE ACTIVITIES	$ 2,517,520	$ 110,729	$ 750,327	$ 1,877,922	$ 762,511

* This liability generally retired by the General Fund.

Lease Obligations

On June 1, 2005, the PBC issued $7,155,000 Lease Revenue Refunding Bonds, dated June 1, 2005 to advance refund, through a crossover refunding, the 2008 through 2016 principal maturities of the 1997 Lease Revenue Bonds on December 1, 2007 (the crossover date) and to pay the interest on the 2005 Lease Revenue Refunding Bonds through December 1, 2007. The 2005 bonds are due serially from December 1, 2008 through December 1, 2016 in amounts ranging from $685,000 to $925,000. Interest is payable semiannually each June 1 and December 1 at amounts ranging from 3.50% to 4.25%.

5. LONG-TERM DEBT (Continued)

Lease Obligations (Continued)

Since the PBC is a blended component unit, the lease payable/receivable between the PBC and the County has been eliminated and the Series 2005 Lease Revenue Bonds have been reported as a liability of the County, payable 25% from the Public Building Maintenance Fund (governmental activities) and 75% from the DeKalb County Nursing Home (business-type activities).

Debt service to maturity on the revenue bonds and the lease payments are as follows (payable 25% from governmental activities and 75% from business-type activities):

Fiscal Year	2005 Lease Revenue Bonds Principal	Interest	Total
2015	$ 885,000	$ 74,712	$ 959,712
2016	925,000	39,313	964,313
TOTAL	$ 1,810,000	$ 114,025	$ 1,924,025

Lease payment schedule to the PBC is as follows (payable 25% from governmental activities and 75% from business-type activities):

Fiscal Year	Lease Payments
2015	$ 967,012
2016	969,656
Total lease payments	1,936,668
Less interest and expenses	(126,668)
NET LEASE RECEIVABLE	$ 1,810,000

General Obligation Alternate Revenue Source Bonds

General Obligation Alternate Revenue Source Taxable Build America Bonds, Series 2010A, $10,030,000 issued on October 14, 2010, to finance the renovation and expansion of the County Courthouse and the preliminary design work for the County Jail expansion. The Series 2010A bear interest at .92% to 4.89%. Interest is payable semiannually on June 15 and December 15 and the bonds mature serially on December 15 annually beginning on December 15, 2011 through December 15, 2025 in amounts ranging from $205,000 to $1,020,000.

5. LONG-TERM DEBT (Continued)

General Obligation Alternate Revenue Source Bonds (Continued)

General Obligation Alternate Revenue Source Taxable Recovery Zone Economic Development Bonds, Series 2010B, $5,970,000 issued on October 14, 2010, to finance the renovation and expansion of the County Courthouse. The Series 2010B bear interest at 4.89% to 5.39%. Interest is payable semiannually on June 15 and December 15 and the bonds mature serially on December 15 annually beginning on December 15, 2025 through December 15, 2029 in amounts ranging from $885,000 to $1,385,000.

The General Obligation Alternate Revenue Source Taxable Bonds Series 2010A and 2010B, maturing through January 1, 2029, are payable from a pledge of sales taxes, host community fees and bond subsidy payments from the United States Treasury Department, with a remaining total pledge of $20,089,165 as of December 31, 2014. The current year principal and interest payment of $1,163,618 was 20.84% of the total pledged revenue of $5,583,941.

Debt service to maturity on the bonds is as follows:

Fiscal Year Ending	Series 2010A Build America Bonds			Series 2010B Economic Recovery Zone Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	$ 580,000	$ 297,555	$ 877,555	$ -	$ 310,108	$ 310,108
2016	615,000	284,157	899,157	-	310,108	310,108
2017	655,000	268,598	923,598	-	310,108	310,108
2018	700,000	249,406	949,406	-	310,108	310,108
2019	745,000	226,726	971,726	-	310,108	310,108
2020	790,000	200,353	990,353	-	310,108	310,108
2021	845,000	170,412	1,015,412	-	310,108	310,108
2022	900,000	136,696	1,036,696	-	310,108	310,108
2023	960,000	98,986	1,058,986	-	310,108	310,108
2024	1,020,000	56,842	1,076,842	-	310,108	310,108
2025	205,000	10,024	215,024	885,000	310,108	1,195,108
2026	-	-	-	1,160,000	266,832	1,426,832
2027	-	-	-	1,230,000	207,788	1,437,788
2028	-	-	-	1,310,000	143,950	1,453,950
2029	-	-	-	1,385,000	74,652	1,459,652
TOTAL	$ 8,015,000	$ 1,999,755	$ 10,014,755	$ 5,970,000	$ 4,104,410	$ 10,074,410

6. INDIVIDUAL FUND DISCLOSURES

Due from/to other funds at December 31, 2014 consist of the following:

	Due From	Due To
General		
FEMA Grant Evergreen Village	$ 100,000	$ -
Nonmajor Governmental	270,787	-
Internal Service	41,240	3,240
FEMA Grant Evergreen Village		
General	-	100,000
Nonmajor Governmental		
General	-	270,787
Nonmajor Governmental	265,293	265,293
Internal Service		
General	3,240	41,240
TOTAL	$ 680,560	$ 680,560

The purposes of the significant due from/to other funds are as follows:

- $100,000 due from the FEMA Grant Evergreen Village Fund to the General Fund for operating costs. Repayment is expected within one year.
- $100,000 due from the Evergreen Village Operations Fund (Nonmajor Governmental) to the General Fund for operating costs. Repayment is expected within one year.
- $159,786 due from the Transportation Grant Fund (Nonmajor Governmental) to the General Fund for operating costs. Repayment is expected within one year.
- $220,363 due from the Federal Highway Matching Fund (Nonmajor Governmental) to the Engineering Fund for previously incurred costs. Repayment is expected within one year.

6. INDIVIDUAL FUND DISCLOSURES (Continued)

Transfers from/to other funds at December 31, 2014 consist of the following:

	Transfer From	Transfer To
General		
Nonmajor Governmental	$ 182,191	$ 1,230,500
Internal Service	100,000	-
Nursing Home		
Nonmajor Governmental	-	73,000
Nonmajor Governmental		
General	1,230,500	182,191
Nursing Home	73,000	-
Nonmajor Governmental	1,322,307	1,322,307
Internal Service	-	106
Internal Service		
General	-	100,000
Nonmajor Governmental	106	-
TOTAL	$ 2,908,104	$ 2,908,104

The purposes of the significant transfers to/from other funds are as follows:

- $1,230,500 was transferred from the General Fund to the nonmajor governmental funds, consisting of $399,000 transferred to the Health Fund for FICA/IMRF costs. $341,500 was transferred to the Asset Replacement Fund for the replacement of vehicles and computer equipment on a scheduled basis. $275,000 was transferred to the Aid to Bridges Fund for a bridge replacement project. $150,000 was transferred to the Court Security Fund for operating costs. $50,000 was transferred to the Public Building Maintenance Fund for renewal and replacement costs related to the Community Outreach Building Fund. $12,000 was transferred to the History Room Fund that is used for a small salary and benefits for a part-time director. $3,000 was transferred to the Children’s Waiting Room Fund for operating costs. These transfers will not be repaid.

As of December 31, 2014, the Law Library Fund and Children’s Waiting Room Fund had deficit fund balances of $8,934 and $4,220, respectively.

7. RISK MANAGEMENT

The County 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. The County is self-insured for general liability, workers' compensation and other risks accounted for in the Tort and Liability Insurance Fund (an internal service fund) and the Nursing Home Fund. The County has also purchased property insurance.

The County is also exposed to risks of loss relating to medical insurance claims of its employees. Effective January 1, 2014, the County discontinued its commercial health insurance policies and became self-insured for health insurance. The County has entered into specific and aggregate stop loss policies limiting the County's exposure to $95,000 per covered person and approximately $5,000,000 in aggregate. The County has established a Medical Insurance Fund (an internal service fund) to account for its medical insurance claims. Each participating fund makes payments to the internal service fund. Such payments are displayed on the fund financial statements as revenues and expenditures/expenses (quasi-external transactions).

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims payable, including claims incurred, but not reported, are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims payable are recorded in the Tort and Liability Insurance Fund, Medical Insurance Fund and the Nursing Home Fund at December 31, 2014.

Changes in the Tort and Liability Insurance Fund, Medical Insurance Fund and Nursing Home Fund claims payable in fiscal year 2014 and 2013 were:

Fiscal Year Ended December 31,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance Fiscal Year Ended December 31,
2014	$ 783,615	$ 6,017,873	$ 5,114,042	$ 1,687,446
2013	549,256	403,318	168,959	783,615

8. CONTINGENT LIABILITIES

a. Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the County. The range of potential exposure faced by the County from these lawsuits is estimated from $1,375,000 to $1,630,000.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

c. Property Tax Appeals

The County currently has various property tax appeals pending in front of the Property Tax Appeal Board. The outcome of these appeals is uncertain at this time. In the event the County does not prevail, property taxes collected from these property owners would need to be refunded.

9. EMPLOYEE RETIREMENT SYSTEMS

The County contributes to three agent multiple-employer defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF - County), Illinois Municipal Retirement Fund (IMRF - District) and the Sheriff's Law Enforcement Personnel (also administered by IMRF). Information related to the participation of the Forest Preserve District in the IMRF - District plan can be obtained from the separately issued financial statements of the District.

The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the plan as a whole, but not by individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund - County

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings for each year of credited service up to 15 years and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The County is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2014 was 11.75% of covered payroll which was equal to the required contribution rate.

Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP) provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits.

For Tier 1 employees, having accumulated at least 20 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final rate of earnings, for each year of credited service up to 32 years or 80% of their final rate of earnings. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Sheriff's Law Enforcement Personnel (Continued)

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 members who retire at age 50 (reduced benefits) or after age 55 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final rate of earnings, for each year of credited service up to 30 years of service to a maximum of 75%.

SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS. Participating members are required to contribute 7.5% of their annual salary to SLEP. The County is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer contribution for the year ended December 31, 2014 was 22.15% of covered payroll which was equal to the required contribution rate.

b. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Actuarial valuation date	December 31, 2012	December 31, 2012
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	29 Years, Open	29 Years, Open

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	4.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	.40% to 10.00%

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Calendar Year	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Annual pension cost (APC)	2012	$ 2,039,589	$ 1,505,278
	2013	2,108,638	1,632,830
	2014	2,063,963	1,707,976
Actual contribution	2012	$ 2,039,589	$ 1,505,278
	2013	2,108,638	1,632,830
	2014	2,063,963	1,707,976
Percentage of APC contributed	2012	100.00%	100.00%
	2013	100.00%	100.00%
	2014	100.00%	100.00%
Net pension obligation (NPO)	2012	$ -	$ -
	2013	-	-
	2014	-	-

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Funded Status

The funded status of the plans as of December 31, 2014 is based on actuarial valuations performed as of December 31, 2014 for IMRF and SLEP and is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 9b.

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Actuarial accrued liability (AAL)	$ 53,084,651	$ 31,512,709
Actuarial value of plan assets	43,551,465	21,439,213
Unfunded actuarial accrued liability (UAAL)	9,533,186	10,073,496
Funded ratio (actuarial value of plan assets/AAL)	82.04%	68.03%
Covered payroll (active plan members)	$ 17,565,641	$ 7,710,951
UAAL as a percentage of covered payroll	54.27%	130.64%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

a. Plan Description

In addition to providing pension benefits, the County is required by ILCS to provide certain health care benefits for retired employees. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County and retire through IMRF. Retiree participants electing those benefits are required to contribute $592 to $992 monthly for single coverage, $1,504 to $1,786 for retiree and spouse coverage, and $1,176 to $2,288 monthly for family coverage which is equal to the premium for the coverage.

b. Benefits Provided

The County provides continued health insurance coverage at the blended employee rate to all eligible retirees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the County's retirement plans. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the County's insurance provider.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

c. Membership

At December 31, 2014, membership consisted of:

	County
Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	286
TOTAL	294
Participating employers	1

d. Funding Policy

The County is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The County's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	$ 56,378	$ 53,712	95.27%	$ 17,982
December 31, 2013	68,608	48,384	70.52%	38,206
December 31, 2014	120,437	40,778	33.86%	117,865

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of December 31, 2014 was calculated as follows:

	County
Annual required contribution	$ 120,374
Interest on net OPEB obligation	1,337
Adjustment to annual required contribution	(1,274)
Annual OPEB cost	120,437
Contributions made	40,778
Increase in net OPEB obligation	79,659
Net OPEB obligation, beginning of year	38,206
NET OPEB OBLIGATION, END OF YEAR	$ 117,865

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2014 was as follows:

Actuarial accrued liability (AAL)	$ 1,384,904
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,384,904
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$ 26,494,235
UAAL as a percentage of covered payroll	5.23%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 3.5% and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 5.5%. Both rates include a 3% inflation assumption. The actuarial value of assets was not determined as the County has not advance funded its obligation. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

11. DEKALB COUNTY FOREST PRESERVE DISTRICT

Summary of Significant Accounting Policies

The financial statements of the DeKalb County Forest Preserve District (the District), Sycamore, Illinois, a component unit of the County, have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

a. Reporting Entity

The District is governed by the same 24-member board as the County. The District does have the authority to prepare and approve its own budget, to levy taxes and to obtain financing. There are no component units included in the District. A component unit is a legally separate organization for which a primary government is financially accountable. However, in accordance with GASB Statement No. 61, the District is considered to be a discretely presented component unit of the County.

11. DEKALB COUNTY FOREST PRESERVE DISTRICT

Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. A minimum number of funds are maintained for this purpose.

c. Government-Wide and Fund 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 District. The effect of material interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance, regardless of when collected). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District reports unearned revenue and deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the full and modified accrual bases of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the District before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability and deferred inflows of resource for unearned and deferred revenue are removed from the financial statements and revenue is recognized.

11. DEKALB COUNTY FOREST PRESERVE DISTRICT (Continued)

Summary of Significant Accounting Policies (Continued)

e. Cash and Investments

Cash

Cash includes cash on hand and amounts in demand deposits, as well as short-term investments with an original maturity of three months or less from the date of purchase.

Investments

Investments with a maturity greater than one year at time of purchase, if any, are stated at fair value. Non-negotiable certificates of deposit and all other investments, if any, are reported at cost.

f. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Amounts owed to/from the County are reported as due from/to the primary government.

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid items/expenses.

h. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., bike trails, paths, roads, bridges and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year except for land improvements, where the cost must be greater than $50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

11. DEKALB COUNTY FOREST PRESERVE DISTRICT (Continued)

Summary of Significant Accounting Policies (Continued)

h. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, preserve improvements and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Land/preserve improvements	8-20
Vehicles	7-20
Equipment	3-25

i. Compensated Absences

District employees are entitled to vacation/sick leave based on their length of employment. Vacation/sick leave either vests or accumulates and is accrued when earned.

Vested or accumulated vacation/sick leave attributable to employees who were no longer employed as of December 31, 2014, but have yet to be paid out is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements.

Vested or accumulated vacation/sick leave is recorded as an expense and liability of governmental activities at the government-wide level as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

j. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations, if any, are reported as liabilities in the governmental activities column.

k. Fund Balances/Net Position

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first.

11. DEKALB COUNTY FOREST PRESERVE DISTRICT (Continued)

Summary of Significant Accounting Policies (Continued)

k. Fund Balances/Net Position (Continued)

Additionally, if different levels of unrestricted funds are available for spending the District considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

None of the restricted net positions results from enabling legislation adopted by the District.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.