

GRAFTON TOWNSHIP

FINANCIAL STATEMENTS

MARCH 31, 2008

CONTENTS

PAGE

ACCOUNTANT'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	2-7
GOVERNMENT-WIDE FINANCIAL STATEMENTS -	
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS AND CAPITAL ASSETS	8
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS	9
RECONCILIATION OF THE BALANCE SHEET TO NET ASSETS	10
NOTES TO FINANCIAL STATEMENTS	11-18
SUPPLEMENTAL INFORMATION:	
FUND FINANCIAL STATEMENTS -	
TOWN FUND - STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS	19-20
GENERAL ASSISTANCE FUND - STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS	21-22
ROAD AND BRIDGE FUND - STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS	23-24

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Board of Trustees
Grafton Township
McHenry County
Huntley, Illinois

We have audited the accompanying financial statements of Grafton Township for the year ended March 31, 2008. The financial statements are the responsibility of Grafton Township management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the combined funds of Grafton Township as of March 31, 2008, and the results of its operations for the year then ended.

Brown & Co.

Brown & Co.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 1998

The following information is presented for the year ended December 31, 1998. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year.

Management's Discussion and Analysis

The following information is presented for the year ended December 31, 1998. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year.

MANAGEMENT DISCUSSION

AND

ANALYSIS

The following information is presented for the year ended December 31, 1998. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year. The information is presented in the form of a narrative discussion of the financial statements and the financial position of the company at the end of the year.

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GRAFTON TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

MARCH 31, 2008

Within this section of Grafton Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the districts primary government. The financial statements include: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-Wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township's wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net revenues and expenses changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's activities or functions on the revenues generated by the Township.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds. All funds of the Township are governmental funds.

Governmental Funds

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of available resources and balances the available resources at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed showing its relationship to net assets.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, and fund transfers, if any.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model GASB statement No. 34. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year was \$ 1,798,957 an increase over last year's net assets of \$ 194,835.

The following statement provides a summary of the Township's financial activities and changes in net assets:

**GRAFTON TOWNSHIP
YEAR ENDED MARCH 31, 2008**

STATEMENT OF NET ASSETS (MODIFIED ACCRUAL BASIS)

	<u>Governmental Activities Year Ended 3-31-08</u>
Assets:	
Cash and Cash Equivalents	\$ 921,043
Accounts Receivable - Property Taxes	1,472,410
Capital Assets:	
Land	308,968
Other Capital Assets, net of Depreciation	580,063
Total Assets	<u>\$ 3,282,484</u>
Liabilities:	
Current Liabilities	\$ 11,117
Deferred Revenues	1,472,410
Total Liabilities	<u>\$ 1,483,527</u>
Net Assets:	
Restricted Net Assets -	
Illinois Municipal Retirement Fund	\$ 58,935
Liability Insurance Fund	28,405
Social Security/Medicare Fund	15,208
Unrestricted Net Assets	807,378
Capital Assets (Net of Depreciation)	889,031
Total Net Assets	<u>\$ 1,798,957</u>
Total Liabilities and Net Assets	<u>\$ 3,282,484</u>

A portion of the Grafton Township's net assets or \$ 102,548 represents resources subject to restrictions on how they may be used. The balance of unrestricted net assets of \$ 807,378 may be used to meet the government's ongoing obligations to the citizens and creditors of the Township. The remaining balance of \$ 889,031 represents Capital Assets (Net of depreciation).

GRAFTON TOWNSHIP
YEAR ENDED MARCH 31, 2008

STATEMENT OF ACTIVITIES (MODIFIED ACCURAL BASIS)

	Governmental Activities
	<u>Year Ended 3-31-08</u>
Revenues:	
General Revenues -	
Property Taxes	\$ 1,472,410
State Replacement Taxes	73,171
Program Revenues -	
Services	72,357
Unrestricted Investment Earnings	47,688
Other Revenues	12,210
Total Revenues	<u>\$ 1,677,836</u>
Expenses:	
General Government	\$ 494,942
Community Services	73,815
Assessor	355,368
General Assistance	16,910
Road and Bridge	541,966
Total Expenses	<u>\$ 1,483,001</u>
Change in Net Assets / Increase (Decrease)	\$ 194,835
Net Assets - Beginning of Period	<u>1,604,122</u>
Net Assets - End of Period	<u>\$ 1,798,957</u>

The above summary shows an increase in Grafton Township's net assets of \$ 194,835 for the year.

Property taxes above increase by \$ 222,381 over last year, primarily caused by increased property valuations and new building.

For the most part, increases in expenses closely paralleled inflation, area growth and the demand for services.

Governmental Funds

The focus of Grafton Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Grafton Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Grafton Township's combined governmental cash funds of \$ 921,043 increased by \$ 152,511 over last year. Approximately 87.6 % of the total net assets or \$ 807,378 constitutes unrestricted fund balances and is available for spending at the District's discretion. The remainder of fund balance or \$ 102,548 is restricted for Illinois Municipal Retirement Fund, Liability Insurance Fund and Social Security/Medicare Fund.

The general fund is the chief operating fund of Grafton Township. At the end of the current fiscal year, unrestricted fund balance (net assets) of the general fund was \$ 430,079. As a measure of the general fund's liquidity, it may be useful to compare the unrestricted fund balance and the reserve fund balance to the total fund expenditures.

The fund balance of the Grafton Township's General Fund increased by \$ 122,154 during the current fiscal year.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year and made some amendments during the year to bring it closer to economic reality. However, expenditures exceed budget appropriations caused by capital expenditures.

Capital Assets

Grafton Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$ 889,031 (net of accumulated depreciation).

Investment in capital assets includes infrastructure land, land, buildings and improvements, machinery and equipment and vehicles is \$ 1,272,534 representing an increase in Grafton Township's investment in capital assets for the current fiscal year of \$ 95,334 (page 14).

Major capital asset acquisitions during the current fiscal year for the General Town Funds and Road and Bridge Funds are the following:

	<u>General Town Funds</u>	<u>Road and Bridge Funds</u>
Vehicles -		
2008 Seniors' Bus	\$ 56,718	\$ -
2008 Ford Escape	16,505	-
Office Equipment -		
Assessors Computer System	4,871	-
Machinery and Equipment -		
Payline Rotary Mower	-	8,790
Landpride Ditch Mower	-	8,450
Totals	<u>\$ 78,094</u>	<u>\$ 17,240</u>

Capital Assets (Continued)

Grafton Township's Capital Assets Summary (net of depreciation)

	Governmental Activities Year Ending 3-31-08
Land	\$ 28,500
Infrastructure Land	280,468
Buildings and Improvements	154,296
Machinery and Equipment	247,122
Office Equipment	4,749
Vehicles	173,896
Total	<u>\$ 889,031</u>

Economic Factors And Next Year's Budgets And Rates

There are no known significant economic factors that will impact the next year's budget other than normal inflation.

Requests For Information

This financial report is designed to provide a general overview of Grafton Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grafton Township, c/o Township Supervisor, 10109 Vine Street, Huntley, IL 60142.

GOVERNMENT - WIDE

FINANCIAL

STATEMENTS

GRAFTON TOWNSHIP

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

GOVERNMENTAL FUNDS AND CAPITAL ASSETS (MODIFIED ACCRUAL BASIS)

MARCH 31, 2008

	<u>General Town Funds</u>	<u>Road and Bridge Funds</u>	<u>Capital Assets</u>	<u>Totals Funds</u>
<u>ASSETS</u>				
Current Assets :				
Cash and Cash Equivalents	\$ 509,495	\$ 411,548	\$ -	\$ 921,043
Accounts Receivable - Property Taxes	934,687	537,723	-	1,472,410
Capital Assets:				
Land	-	-	28,500	28,500
Infrastructure Land	-	-	280,468	280,468
Building and Improvements	-	-	218,424	218,424
Machinery and Equipment	-	-	384,492	384,492
Vehicles	-	-	360,650	360,650
Less: Accumulated Depreciation	-	-	(383,503)	(383,503)
Total Assets	<u>\$ 1,444,182</u>	<u>\$ 949,271</u>	<u>\$ 889,031</u>	<u>\$ 3,282,484</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities :				
Accounts Payable	\$ -	\$ 2,457	\$ -	\$ 2,457
Accrued and Withheld Payroll Taxes Payable	6,851	1,809	-	8,660
Deferred Revenues - Property Taxes	934,687	537,723	-	1,472,410
Total Liabilities	<u>\$ 941,538</u>	<u>\$ 541,989</u>	<u>\$ -</u>	<u>\$ 1,483,527</u>
Net Assets:				
Restricted Net Assets -				
Illinois Municipal Retirement Fund	\$ 40,726	\$ 18,209	\$ -	\$ 58,935
Liability Insurance Fund	16,631	11,774	-	28,405
Social Security / Medicare Fund	15,208	-	-	15,208
Unrestricted Net Assets	430,079	377,299	-	807,378
Capital Assets (Net of Depreciation)	-	-	889,031	889,031
Total Net Assets	<u>\$ 502,644</u>	<u>\$ 407,282</u>	<u>\$ 889,031</u>	<u>\$ 1,798,957</u>
Total Liabilities and Net Assets	<u>\$ 1,444,182</u>	<u>\$ 949,271</u>	<u>\$ 889,031</u>	<u>\$ 3,282,484</u>

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS)

FOR THE YEAR ENDED MARCH 31, 2008

	General Town Funds	General Assistance Funds	Road and Bridge Funds	Total Funds
REVENUES :				
Property Taxes	\$ 825,437	\$ 57,795	\$ 508,516	\$ 1,391,748
State Replacement Taxes	30,179	-	42,992	73,171
Traffic Fines	-	-	3,391	3,391
Transportation Services	12,248	-	-	12,248
Interest Income	20,044	5,076	22,568	47,688
Grants	56,718	-	-	56,718
Other Revenues	15,392	450	35,271	51,113
Total Revenues	\$ 960,018	\$ 63,321	\$ 612,738	\$ 1,636,077
EXPENDITURES :				
General Government	\$ 325,634	\$ 58,423	\$ 33,596	\$ 417,653
Community Services	73,815	-	-	73,815
Assessor	355,368	-	-	355,368
General Assistance	-	16,910	-	16,910
Road and Bridge	-	-	524,726	524,726
Capital Outlay -				
Equipment	4,871	-	17,240	22,111
Vehicles	72,983	-	-	72,983
Total Expenditures	\$ 832,671	\$ 75,333	\$ 575,562	\$ 1,483,566
EXCESS REVENUES OR (EXPENDITURES)	\$ 127,347	\$ (12,012)	\$ 37,176	\$ 152,511
TRANSFER (TO) FROM OTHER FUNDS	(5,193)	20,000	(14,807)	-
FUND BALANCES - APRIL 1, 2007	273,413	105,940	389,179	768,532
FUND BALANCES - MARCH 31, 2008	\$ 395,567	\$ 113,928	\$ 411,548	\$ 921,043

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP
RECONCILIATION OF NET ASSETS
(MODIFIED ACCRUAL BASIS)
MARCH 31, 2008

Total Fund Balances (Cash Basis) - Governmental Cash Funds (Page 9) \$ 921,043

Amount reported for governmental activities in the Statement of Net Assets -
Modified Accrual Basis are different because -

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds:

Capital Assets, (net of accumulated depreciation) 889,031

Assets not recognized in the current accounting period on the cash basis
and therefore not reported in fund activities:

Accounts Receivable -
Property Taxes 1,472,410

Some liabilities are not due and payable in the current period
and therefore are not reported in the funds activities:

Accounts Payable	\$ (2,457)	
Accrued Liabilities	(8,660)	
Deferred Revenues (Property Taxes)	<u>(1,472,410)</u>	<u>(1,483,527)</u>

Net Assets, March 31, 2008 (Page 8) \$ 1,798,957

NOTES

TO

FINANCIAL

STATEMENTS

GRAFTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

Organization

Grafton Township was established in 1850. The Township consists of approximately 35.8 square miles with the Village of Huntley as its center point. The Township provides services to a population of approximately 45,592 citizens. The District is subject to local ordinances and State of Illinois Statutes. The Board of Trustees, Supervisor, Clerk, Road Commissioner and Assessor are elected to their positions by the General Election Process in McHenry County.

The financial statements of the Township have been prepared on a modified accrual method of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Fund Accounting

The accounts of the Township are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund balances, revenues and expenditures. The following funds and groups of accounts are used by the Township:

Governmental Fund Types:

General Funds –

The General Fund is the operating fund of the Township. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The Town Fund and General Assistance Fund are included in the General Funds Category. All General Funds are subject to budget appropriations approved by the Board of Trustees.

Road and Bridge Funds –

The Road and Bridge Funds are used to account for the proceeds of specific revenue sources that are locally restricted expenditures for specific purposes. The Road and Bridge Fund and Permanent Hard Road Fund are all included in the Road and Bridge Funds Category. The Road and Bridge Funds are subject to the budget appropriations approved by the Board of Trustees.

GRAFTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Basis of Accounting

The Modified accrual basis of accounting is used by governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "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 for the current period. The Township considers property taxes as available if they are collected within 60 days after the year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Revenues accruing are property taxes, interest revenue and charges for services. Expenses are recorded when the related fund liability is incurred.

Budgets and Budgetary Accounting

As set forth in the Illinois Statutes, the Board of Trustees adopts an annual budget of estimated revenues and appropriations for the General Funds and Road and Bridge Funds. The annual budgets are prepared in accordance with the cash basis of accounting. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township's Trustees at any of their regular meetings. Budget appropriations made but not expended by year end, will lapse with the fiscal year end.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inter-Fund Activity

Inter-Fund Loan activity is reported as "Transfers (To) or From" Other Funds would be netted on the consolidation of the townships' funds. Services provided, deemed to be at cost, are treated as revenues and expenditures during the year. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Inter-Fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the consolidation of the government-wide financial statements.

GRAFTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The Township maintains a General Fund bank account and a Road and Bridge Fund bank account with Harris Bank Huntley, Huntley, IL. At year end, the Township's combined total bank balance amounted to \$ 921,043 with two separate bank accounts. Each account is insured for \$ 250,000 by the (FDIC) Federal Deposit Insurance Corporation. In addition, the Harris Bank Huntley has pledged collateralized securities as a deposit guarantee for an additional \$ 1,507,575 making the total deposit secured coverage of \$,1,757,575. The Township Fund uses a separate bank account for all Township Funds and a second account is used for all Road and Bridge Funds. The accounting records are shown with separate account balances attributable for each fund.

Capital Assets

The Township has implemented the standards required by the Government Accounting Standards Board (GASB) statement No. 34 for the year ended March 31, 2008. All required statements and disclosures have been included in the basic financial statements.

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs not adding to the value of the asset or materially extending assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, Structures and Improvements	50 to 95 years
Machinery and Equipment	10 to 20 years
Vehicles	5 to 20 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

GRAFTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued) -

The following is a summary of changes in the Capital Assets for the fiscal year:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>March 31, 2008</u>
Land	\$ 28,500	\$ -	\$ -	\$ 28,500
Infrastructure Land	280,468	-	-	280,468
Building and Improvements	218,424	-	-	218,424
Machinery and Equipment	362,381	22,111	-	384,492
Vehicles	287,427	73,223	-	360,650
Total Capital Assets	\$ 1,177,200	\$ 95,334	\$ -	\$ 1,272,534
Accumulated Depreciation -				
Building and Improvements	\$ 60,810	\$ 3,318	\$ -	\$ 64,128
Machinery and Equipment	108,000	24,621	-	132,621
Vehicles	161,118	25,636	-	186,754
Total Accumulated Depreciation	\$ 329,928	\$ 53,575	\$ -	\$ 383,503
Governmental Capital Assets (Net)	\$ 847,272	\$ 41,759	\$ -	\$ 889,031

Vacation and Sick Leave

Because the accrual balances of unpaid vacation and sick leave is immaterial, employee vacation and sick leave are recognized when paid.

Contingencies and Commitments

The Township is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material effect upon the financial position of the Township.

GRAFTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Property Tax Revenue

The Township levies property tax each year on all taxable real property located in the Township. The Township must file its tax levy ordinance with McHenry County by December of each year. Property taxes attach as an enforceable lien on property as of January 1. Tax bills are prepared by McHenry County and payments are due in two installments, usually June and September. The County collects the taxes and remits to the Township as received.

The Township's property tax levy is based on a combined budget and appropriations ordinance. Property taxes are recorded as revenue in the period covered by the appropriations they are intended to finance. The tax levy was based on the appropriations ordinance for the year ended March 31, 2008 and thus has been recorded as revenue. Collections if any, on the next years levy received prior to March 31, 2008 have been deferred until the subsequent year.

Property tax receivables net of an allowance for uncollectible taxes is created from the 2007 tax levy which is payable in June and September, 2008. A summary of the levies, assessed valuation, rates and amount raised for the tax years 2007, 2006 and 2005 are as follows:

Tax Year	<u>2007</u>			<u>2006</u>			<u>2005</u>		
Assessed Valuation	<u>\$ 1,619,908,124</u>			<u>\$ 1,483,615,561</u>			<u>\$ 1,299,492,665</u>		
Funds	Levy	Rates	Amount Raised	Levy	Rates	Amount Raised	Levy	Rates	Amount Raised
General Funds-									
Town Fund	\$ 817,677	.0455	\$ 737,059	\$ 751,374	.0479	\$ 710,652	\$ 681,857	.0486	\$ 631,553
Liability Insurance	10,000	.0007	11,339	-	-	-	-	-	-
Social Security	69,520	.0039	63,176	65,220	.0042	62,312	60,000	.0044	57,178
IMRF Retirement	69,520	.0039	63,176	55,000	.0036	53,410	60,000	.0044	57,178
General Assistance	64,668	.0037	59,937	59,784	.0039	57,861	55,000	.0040	51,980
Total General Funds	\$ 1,031,385	.0577	\$ 934,687	\$ 931,378	.0596	\$ 884,235	\$ 856,857	.0614	\$ 797,889
Road and Bridge Funds-									
Road and Bridge (*)	\$ 272,983	.0155	\$ 129,507	\$ 252,226	.0160	\$ 123,352	\$ 241,057	.0172	\$ 116,409
IMRF Retirement	15,355	.0008	12,959	16,000	.0009	13,353	20,185	.0015	19,494
Hard Road Fund	414,604	.0235	380,678	383,542	.0243	360,519	323,488	.0230	298,883
Liability Insurance	13,649	.0009	14,579	10,667	.0008	11,869	20,690	.0015	19,492
Total Road and Bridge Funds	\$ 716,591	.0407	\$ 537,723	\$ 662,435	.0420	\$ 509,093	\$ 605,420	.0432	\$ 454,278
TownshipTotals	\$ 1,747,976	.0984	\$ 1,472,410	\$ 1,593,813	.1016	\$ 1,393,328	\$ 1,462,277	.1046	\$ 1,252,167

(*) Tax extensions for Road and Bridge are shown net after allocations to surrounding townships and villages. Allocations for 2007 is \$ 121,579, 2006 is \$ 114,027, and year 2005 is \$ 107,104.

Special Tax Levies and Restricted Net Assets

IMRF Tax Levy -

Tax collected and the related expenditures of this restricted IMRF tax levy is accounted for in the General Fund and the Road and Bridge Funds. Restricted net assets for the IMRF tax levy is as follows:

	<u>General Funds</u>	<u>Road and Bridge Funds</u>
Revenue - Property Tax	\$ 63,176	\$ 12,959
Expenditures - IMRF Retirement Fund	<u>(38,162)</u>	<u>(13,145)</u>
Excess Revenues or (Expenditures)	\$ 25,014	\$ (186)
Balance - April 1, 2007	<u>15,712</u>	<u>18,395</u>
Balance - March 31, 2008	<u>\$ 40,726</u>	<u>\$ 18,209</u>

Liability Insurance Tax Levy -

Tax collected and the related expenditures for this restricted liability insurance tax levy are accounted for in the General Fund and the Road and Bridge Funds. The restricted liability insurance balance for the tax levy is as follows:

	<u>General Funds</u>	<u>Road and Bridge Funds</u>
Revenue - Property Tax	\$ 11,339	\$ 14,579
Expenditures - Insurance	<u>(26,895)</u>	<u>(19,578)</u>
Excess Revenues or (Expenditures)	\$ (15,556)	\$ (4,999)
Balance - April 1, 2007	<u>32,187</u>	<u>16,773</u>
Balance - March 31, 2008	<u>\$ 16,631</u>	<u>\$ 11,774</u>

Social Security/Medicare Tax Levy -

Tax collected and the related expenditures of this restricted Social Security/Medicare accounted for in the General Fund and Road and Bridge Funds. Accordingly, the restricted Social Security/Medicare balance is as follows:

	<u>All Funds</u>
Revenues - Property Tax	\$ 63,176
Expenditures - Social Security / Medicare - General Fund	(43,998)
Road and Bridge Fund	<u>(13,087)</u>
Excess Revenues or (Expenditures)	\$ 6,091
Balance - April 1, 2007	<u>9,117</u>
Balance - March 31, 2008	<u>\$ 15,208</u>

Illinois Municipal Retirement Fund

The EMPLOYER's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs-homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The EMPLOYER is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 8.60% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.

For December 31, 2007, the EMPLOYER'S annual pension cost of \$ 57,101 was equal to the EMPLOYER'S required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002 – 2004 experience study.

GRAFTON TOWNSHIP
EMPLOYER NUMBER: 04312R

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 57,101	100%	0
12/31/06	58,225	100%	0
12/31/05	50,621	100%	0
12/31/04	42,815	100%	0
12/31/03	38,875	100%	0
12/31/02	34,512	100%	0
12/31/01	33,158	100%	0
12/31/00	31,130	100%	0
12/31/99	32,470	100%	0
12/31/98	31,100	100%	0

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	\$ 888,354	\$ 832,759	\$ (55,595)	106.68%	\$ 663,968	0.00%
12/31/06	742,304	719,396	(22,908)	103.18%	613,539	0.00%
12/31/05	600,215	593,853	(6,362)	101.07%	556,277	0.00%
12/31/04	582,992	635,129	52,137	91.79%	473,094	11.02%
12/31/03	509,292	550,336	41,044	92.54%	457,891	8.96%
12/31/02	437,319	465,983	28,664	93.85%	409,886	6.99%
12/31/01	532,035	523,451	(8,584)	101.64%	370,897	0.00%
12/31/00	436,433	428,500	(7,933)	101.85%	315,083	0.00%
12/31/99	340,357	370,536	30,179	91.86%	309,536	9.75%
12/31/98	238,328	323,100	84,772	73.76%	271,854	31.18%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$ 942,686. On a market basis, the funded ratio would be 113.20%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

SUPPLEMENTAL INFORMATION

FUND FINANCIAL
STATEMENTS

GRAFTON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO ESTIMATED REVENUES AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS

TOWN FUND

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget Favorable (Unfavorable)</u>
REVENUES:				
Property Taxes	\$ 817,000	\$ 817,000	\$ 825,437	\$ 8,437
State Replacement Taxes	24,000	24,000	30,179	6,179
Interest Income	13,000	13,000	20,044	7,044
Transportation Income	2,500	2,500	12,248	9,748
Grants	57,000	57,000	56,718	(282)
Other Revenues	500	500	15,392	14,892
Total Revenues	\$ 914,000	\$ 914,000	\$ 960,018	\$ 46,018
EXPENDITURES:				
General Government -				
Salaries - Elected Town Officials	\$ 165,275	\$ 165,275	\$ 165,275	\$ -
Office Salaries	4,725	4,725	5,842	(1,117)
Social Security / Medicare	16,236	16,236	13,091	3,145
Employee Health Insurance	62,000	62,000	48,966	13,034
Employee Retirement Fund	33,033	33,033	14,555	18,478
Maintenance Services - Building	1,000	1,000	16,896	(15,896)
Maintenance Services - Equipment	2,000	2,000	1,282	718
Legal and Accounting Services	14,000	14,000	7,791	6,209
Office Supplies and Postage	2,450	2,450	2,357	93
Telephone	5,000	5,000	4,669	331
Publishing and Printing	11,500	11,500	3,006	8,494
Dues and Publications	3,000	3,000	2,057	943
Operating Supplies	1,200	1,200	1,104	96
Travel Expenses	2,000	2,000	596	1,404
Training Expenses	2,500	2,500	200	2,300
Insurance - General	25,000	25,000	26,895	(1,895)
Vehicle Fuel	-	-	3,298	(3,298)
Utilities	7,000	7,000	5,521	1,479
Capital Outlay -				
Vehicles	86,000	86,000	72,983	13,017
Land and Building	80,000	80,000		80,000
Other Expenses	500	500	2,233	(1,733)
Contingencies	10,000	10,000	-	10,000
Total General Government Expenditures	\$ 534,419	\$ 534,419	\$ 398,617	\$ 135,802

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO ESTIMATED REVENUES AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS

TOWN FUND (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES - (CONTINUED)				
Community Services -				
Salaries	\$ 58,000	\$ 58,000	\$ 50,544	\$ 7,456
Social Security / Medicare	8,000	8,000	5,256	2,744
Unemployment Insurance	4,787	4,787	3,867	920
Employee Retirement Fund	1,017	1,017	556	461
Vehicle Fuel	1,291	1,291	944	347
Maintenance Service - Equipment	2,500	2,500	733	1,767
Office Supplies and Postage	5,750	5,750	5,016	734
Permits and Fees	4,000	4,000	2,101	1,899
Telephone	1,500	1,500	920	580
Uniforms	700	700	587	113
Dues Publications and Printing	5,100	5,100	3,165	1,935
Other Expenses	500	500	126	374
Total Community Services	<u>\$ 93,145</u>	<u>\$ 93,145</u>	<u>\$ 73,815</u>	<u>\$ 19,330</u>
Assessor -				
Salaries - Office	\$ 341,000	\$ 341,000	\$ 292,898	\$ 48,102
Social Security / Medicare	28,327	28,327	22,635	5,692
Unemployment Insurance	1,983	1,983	1,084	899
Employee Retirement Fund	19,476	19,476	24,629	(5,153)
Maintenance Service - Equipment	8,000	8,000	4,182	3,818
Outside Appraiser	9,000	9,000	-	9,000
Dues	125	125	50	75
Office Supplies and Postage	8,900	8,900	5,883	3,017
Publications / Subscriptions	2,610	2,610	896	1,714
Publishing and Printing	220	220	215	5
Travel Expenses	900	900	606	294
Training Expenses	2,500	2,500	2,290	210
Capital Outlay -				
Equipment	7,500	7,500	4,871	2,629
Other Expenses	10	10	-	10
Total Assessors' Expenditures	<u>\$ 430,551</u>	<u>\$ 430,551</u>	<u>\$ 360,239</u>	<u>\$ 70,312</u>
Total Expenditures	<u>\$ 1,058,115</u>	<u>\$ 1,058,115</u>	<u>\$ 832,671</u>	<u>\$ 225,444</u>
(CESS REVENUES OR (EXPENDITURES)	<u>\$ (144,115)</u>	<u>\$ (144,115)</u>	<u>\$ 127,347</u>	<u>\$ 271,462</u>
TRANSFER (TO) FROM OTHER FUNDS			(5,193)	
IND BALANCE, APRIL 1, 2007			273,413	
IND BALANCE, MARCH 31, 2008			<u>\$ 395,567</u>	

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO
ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) – MODIFIED CASH BASIS**

GENERAL ASSISTANCE FUND

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES :				
Property Taxes	\$ 57,000	\$ 57,000	\$ 57,795	\$ 795
Interest Income	4,000	4,000	5,076	1,076
Other Revenues	-	-	450	450
Total Revenues	<u>\$ 61,000</u>	<u>\$ 61,000</u>	<u>\$ 63,321</u>	<u>\$ 2,321</u>
EXPENDITURES:				
General Government -				
Salaries - Office	\$ 42,500	\$ 42,500	\$ 39,430	\$ 3,070
Social Security / Medicare	-	-	3,016	(3,016)
Unemployment Insurance	500	500	319	181
Health Insurance	7,200	7,200	3,037	4,163
Employee Retirement Fund	-	-	3,390	(3,390)
Legal and Accounting Services	2,600	2,600	1,545	1,055
Maintenance Service - Building	1,100	1,100	792	308
Maintenance Supplies - Building	1,500	1,500	22	1,478
Maintenance Service - Equipment	1,000	1,000	1,671	(671)
Office Supplies and Postage	3,500	3,500	262	3,238
Publishing and Printing	5,500	5,500	727	4,773
Telephone	1,000	1,000	980	20
Training Expenses	1,500	1,500	1,286	214
Travel Expenses	1,500	1,500	-	1,500
Utilities	2,000	2,000	-	2,000
Capital Outlay - Equipment	2,000	2,000	1,946	54
Other Expenses	10,000	10,000	-	10,000
Total General Government	<u>\$ 83,400</u>	<u>\$ 83,400</u>	<u>\$ 58,423</u>	<u>\$ 24,977</u>

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO
ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS**

GENERAL ASSISTANCE FUND (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (CONTINUED)				
Assistance and Relief Services -				
Contractual Services -				
Physician Service	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Hospital Service	15,000	10,000	-	10,000
Ambulance	3,000	3,000	-	3,000
Dental Service	3,000	3,000	-	3,000
Eye Care	2,000	2,000	-	2,000
Funeral and Burial Service	10,000	10,000	-	10,000
Shelter	10,000	15,000	5,968	9,032
Utilities	15,000	15,000	8,059	6,941
Other Medical Services	5,000	5,000	2,529	2,471
Transportation	-	-	-	-
Comodities -				
Food	500	500	-	500
Personal Incidentals	1,000	1,000	324	676
Household Incidentals	1,000	1,000	-	1,000
Flat Grant	5,000	5,000	-	5,000
Drugs / Medicines	2,000	2,000	-	2,000
Fuel	500	500	-	500
Other Expenses	150	150	30	120
Contingencies	8,000	8,000	-	8,000
 Total Assistance and Relief Services	 \$ 96,150	 \$ 96,150	 \$ 16,910	 \$ 79,240
 Total Expenditures	 \$ 179,550	 \$ 179,550	 \$ 75,333	 104,217
 SS REVENUES OR (EXPENDITURES)	 \$ (118,550)	 \$ (118,550)	 \$ (12,012)	 \$ 106,538
 TRANSFER (TO) FROM OTHER FUNDS			20,000	
 BALANCE, APRIL 1, 2007			105,940	
 BALANCE, MARCH 31, 2008			\$ 113,928	

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO
ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET)-MODIFIED CASH BASIS**

ROAD AND BRIDGE FUNDS

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EVENUES :				
Property Taxes	\$ 507,640	\$ 507,640	\$ 508,516	\$ 876
State Replacement Taxes	32,600	32,600	42,992	10,392
Traffic Fines	3,000	3,000	3,391	391
Culvert Permits and Bonds	5,000	5,000	8,070	3,070
Interest Income	17,100	17,100	22,568	5,468
Other Income	10,200	10,200	27,201	17,001
Total Revenues	\$ 575,540	\$ 575,540	\$ 612,738	\$ 37,198
EXPENDITURES:				
General Government -				
Salaries - Office	\$ 5,000	\$ 5,000	\$ 4,920	\$ 80
Social Security / Medicare	-	-	376	(376)
Unemployment Insurance	-	-	39	(39)
Dues and Subscriptions	1,000	1,000	175	825
Insurance - General	32,000	32,000	19,578	12,422
Legal and Accounting Services	8,800	8,800	4,025	4,775
Office Supplies and Postage	450	450	27	423
Printing and Publishing	1,200	1,200	351	849
Telephone	3,000	3,000	2,023	977
Training Expenses	500	500	130	370
Travel Expenses	2,500	2,500	1,200	1,300
Employee Uniforms	1,500	1,500	752	748
Capital Outlay -				
Equipment	31,000	31,000	17,240	13,760
Land and Building	31,500	31,500	-	31,500
Vehicle	19,000	19,000	-	19,000
Total General Government Expenditures	\$ 137,450	\$ 137,450	\$ 50,836	\$ 86,614
Road and Bridge -				
Salaries - Road Personnel	\$ 182,000	\$ 182,000	\$ 166,152	\$ 15,848
Social Security / Medicare	15,000	15,000	12,711	2,289
Unemployment Insurance	2,250	2,250	289	1,961
Health Insurance	23,000	23,000	15,834	7,166
Employee Retirement Fund	25,000	25,000	13,145	11,855

See Accompanying Notes to the Financial Statements

GRAFTON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES WITH COMPARISON TO
ESTIMATED REVENUE AND APPROPRIATIONS (BUDGET) - MODIFIED CASH BASIS**

ROAD AND BRIDGE FUND (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (CONTINUED)				
Contracted Services -				
Engineering Services	\$ 16,000	\$ 16,000	\$ -	\$ 16,000
Rubbish Removal	2,000	2,000	1,242	758
Equipment Rental	3,300	3,300	-	3,300
Maintenance Services - Building	5,000	5,000	87	4,913
Maintenance Services - Equipment	12,000	12,000	8,466	3,534
Maintenance Services - Roads and Bridges	251,500	251,500	186,792	64,708
Maintenance Services - Snow Removal	500	500	-	500
Maintenance Services - Road Stripping	16,500	16,500	15,143	1,357
Maintenance Services - Vehicles	6,500	6,500	3,103	3,397
Comodities -				
Maintenance Supplies - Building	1,500	1,500	283	1,217
Maintenance Supplies - Equipment	6,000	6,000	922	5,078
Maintenance Supplies - Vehicles	10,000	10,000	4,017	5,983
Maintenance Supplies - Roads and Bridges	38,100	38,100	7,775	30,325
Salt, Calcium, Ice Control - Roads and Bridges	60,000	60,000	58,248	1,752
Culverts, Posts and Signs	15,000	15,000	370	14,630
Small Tools	2,000	2,000	215	1,785
Fuel - Vehicles	35,000	35,000	18,267	16,733
Electricity - Street Lights	4,500	4,500	3,784	716
Operating Supplies	22,500	22,500	2,089	20,411
Utilities	6,000	6,000	3,344	2,656
Other Expenses	19,000	19,000	2,448	16,552
Contingencies	<u>21,500</u>	<u>21,500</u>	<u>-</u>	<u>21,500</u>
Total Road and Bridge Expenditures	\$ 801,650	\$ 801,650	\$ 524,726	\$ 276,924
Total Expenditures	\$ 939,100	\$ 939,100	\$ 575,562	\$ 363,538
CESS REVENUES OR (EXPENDITURES)	\$ (363,560)	\$ (363,560)	\$ 37,176	\$ 400,736
ANSFER (TO) FROM OTHER FUNDS			(14,807)	
ND BALANCE, APRIL 1, 2007			<u>389,179</u>	
ND BALANCE, MARCH 31, 2008			<u>\$ 411,548</u>	

See Accompanying Notes to the Financial Statements