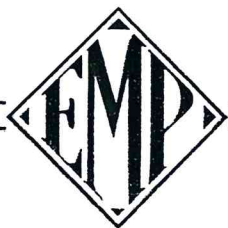


**GRAFTON TOWNSHIP  
MCHENRY COUNTY  
HUNTLEY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
MARCH 31, 2011**

**GRAFTON TOWNSHIP  
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MARCH 31, 2011**

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SINCE 1917

## EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

1875 Hicks Road  
Rolling Meadows, Illinois 60008

PAUL H. THERMEN, C.P.A.  
JEFFERY M. ROLLEFSON, C.P.A.

### Independent Auditors' Report

Board of Trustees  
Grafton Township  
Huntley, IL

We have audited the accompanying basic financial statements of Grafton Township as of and for the year ended March 31, 2011, as listed in the accompanying table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these basic financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of Grafton Township at March 31, 2010, and the respective changes in financial position for the year then ended, in conformity with the modified cash basis of accounting described in Note 1 to these basic financial statements.

The Management's Discussion and Analysis and the schedule of funding progress for the Illinois Municipal Retirement Fund are required supplementary information, and are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Revenue and Expenditures – Budget and Actual are required supplementary information, and are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of

America. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Evans, Marshall & Pease, P.C.*

Evans, Marshall & Pease, P.C.  
Certified Public Accountants

January 10, 2012  
Rolling Meadows, IL  
(15)

## **GRAFTON TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS**

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This section of the Grafton Township's annual financial report is the discussion and analysis of the Township's financial performance during the fiscal year ending March 31, 2011.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### ***Overview of the Financial Statements***

This financial report consists of three parts – management's discussion and analysis (this section), basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township.

- *The statement of net assets and statement of activities* are government-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township. Fund statements generally report operation in more detail than the government-wide financial statements.

The financial statements also include many notes. These explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

The major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain, are shown in the following table.

**GRAFTON TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS**

---

***Major Features of the Government-Wide and Fund Financial Statements***

|  | Government-wide Statements   | Fund Financial – Governmental Funds   | Fund Financial – Proprietary Funds   | Fund Financial – Fiduciary Funds  |
|--|--|---|--|---|
| Scope                                  | Entire Township (except fiduciary funds)   | The activities of the Township that are not proprietary or fiduciary  | Activities the Township operates similar to private business   | Assets held by the Township on behalf of someone else                                       |
| Required financial statements          | Statement of net assets (deficit) and statement of activities                    | Balance sheet, statement of revenues, expenditures and changes in fund balance (deficit)                      | Statement of net assets, statement of revenues, expenses and changes in net assets and statement of cash flows | Statement of fiduciary net assets   |
| Accounting basis and measurement focus | Actual accounting and economic resources focus                                   | Cash basis accounting and current financial resources focus   | Cash basis accounting and economic resources focus   | Cash basis accounting and economic resources focus  |
| Type of asset/liability information    | All assets and liabilities, both financial and capital, short-term and long-term | Revenues for which cash is received during the year; no capital assets or long-term liabilities included      | All assets and liabilities; both financial and capital; short-term and long-term                               | All assets and liabilities, both short-term and long-term; funds may contain capital assets |
| Type of inflow/outflow information     | All revenue received and expenses disbursed during the fiscal year               | Revenues for which cash is received during the year. Expenditures when goods and services have been paid for. | All revenues and expenses during the year  | All additions or deductions during the year   |

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

## **GRAFTON TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS**

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### ***Government-Wide Financial Statements***

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities.

Unlike a private sector company, the Township cannot readily convert fixed assets to liquid assets. Townships can, and sometimes do, convert fixed assets to cash through the sale of property; however this is a rare event and not easily accomplished.

The government-wide financial statements report the Township's net assets and how they have changed throughout the year. Net assets – the difference between the Township's assets and liabilities – are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one needs to consider additional non-financial factors, such as changes in the Township's property tax base and the condition of facilities.

In the government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities* – Most of the Township's basic services are included here, such as support services, community programs and administration. Property taxes finance most of these activities.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds – not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law.
- The Township establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (such as working cash).

*Governmental funds* – The Township's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or differences) between them.

**GRAFTON TOWNSHIP**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

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***Financial Analysis of the Township as a Whole***

**Statement of Net Assets:** The following summary data is compared with data from the preceding year. The following provides a summary of the Township's Statement of Net Assets as of March 31, 2011:

|   | Governmental<br>Activities |                     |
|---|----------------------------|---------------------|
|   | 2011                       | 2010                |
| Assets:                                       |                            |                     |
| Current assets                                | \$ 1,288,332               | \$ 1,312,672        |
| Capital assets (less depreciation)            | 1,100,718                  | 1,132,010           |
| Total Assets                                  | <u>2,389,050</u>           | <u>2,444,682</u>    |
| Liabilities:                                  |                            |                     |
| Current liabilities (short-term debt)         | 60,268                     | 39,540              |
| Noncurrent liabilities (long-term debt)       | 665,000                    | 708,500             |
| Total Liabilities                             | <u>725,268</u>             | <u>748,040</u>      |
| Net Assets (deficit)                          |                            |                     |
| Invested in capital assets (net related debt) | 1,077,218                  | 1,132,010           |
| Unrestricted                                  | <u>586,564</u>             | <u>564,632</u>      |
| Total Net Assets                              | <u>\$ 1,663,782</u>        | <u>\$ 1,696,642</u> |

**Statement of Activities:** The following is a summary of the Township's changes in net assets for the year ending March 31, 2011:

|   | Governmental<br>Activities |                     |
|---|----------------------------|---------------------|
|   | 2011                       | 2010                |
| Revenue Received:                           |                            |                     |
| Program Revenues                            |                            |                     |
| Administration                              | \$ 67,444                  | \$ 4,149            |
| Maintenance of Road                         | 3,796                      | 11,648              |
| General Revenues                            |                            |                     |
| Personal property replacement taxes         | 70,095                     | 66,557              |
| Property taxes, levied for general purposes | 1,602,072                  | 1,577,369           |
| Unrestricted investment earnings            | 2,339                      | 5,689               |
| Other                                       | 11,131                     | 38,339              |
| Total revenues received                     | <u>1,756,877</u>           | <u>1,703,751</u>    |
| Expenses Disbursed:                         |                            |                     |
| Administration                              | 967,200                    | 792,723             |
| Assesor                                     | 393,541                    | 446,456             |
| Senior Services                             | 54,070                     | 59,161              |
| Maintenance of Roads                        | 311,083                    | 308,394             |
| Home relief                                 | 19,385                     | 18,239              |
| Interest                                    | 44,458                     | 194,888             |
| Total expenses disbursed                    | <u>1,789,737</u>           | <u>1,819,861</u>    |
| Change in Net Assets                        | <u>\$ (32,860)</u>         | <u>\$ (116,110)</u> |

## **GRAFTON TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS**

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**Total Fund Balance:** Please note that the amounts reported for governmental funds in the audit statement are different from the summary tables above because (1) capital assets used in governmental funds are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) Long-term liabilities, including bonds payable, are not due in the current period and therefore not reported as liabilities in the funds. The result is that the *total net assets for governmental funds* are \$1,663,782.

The Township's overall financial position and results of operations has declined during the fiscal year ended March 31, 2011, due to decrease in revenues over the increase in expenses.

### ***Capital Assets and Debt Administration***

**Capital Assets (See Note 4):** The Township's total capital assets amounted to 1,100,718, of which \$412,886 was land, \$298,577 was buildings, \$458,681 was machinery and equipment and \$448,660 was vehicular equipment.

**Long-term Debt (See Note 5):** Grafton Township's debt decreased by \$23,533 during the year ended March 31, 2011. For more debt information please refer to Note 5.

### ***Significant Budgetary Variations***

Significant budgetary variations within the Town Fund occur with the road maintenance and improvement account as well as the capital outlay building account. Both variations are between the final budget numbers and the actual numbers. Actual amounts are under the budgeted amounts. The variation in capital outlay is due to the amount of work that was completed and paid for in the prior year. Any bills remaining unpaid in the prior year were set up as a payable and expensed in that prior year.

### ***Contacting the Township's Financial Management Team***

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information for the Township Food Pantry, contact Linda Moore, Township Supervisor, Grafton Township, 10109 Vine Street, Huntley IL 60142.

GRAFTON TOWNSHIP  
STATEMENT OF NET ASSETS  
MODIFIED CASH BASIS  
MARCH 31, 2011

|   | Governmental<br>Activities |
|---|----------------------------|
| <hr/>   |                            |
| ASSETS  |                            |
| Current assets:                                 |                            |
| Cash and investments                            | \$ 1,283,780               |
| Other receivables                               | <u>4,552</u>               |
| Total Current Assets                            | <u>1,288,332</u>           |
| Capital assets:                                 |                            |
| Land  | 412,886                    |
| Buildings                                       | 298,577                    |
| Machinery and equipment                         | 458,681                    |
| Vehicular equipment                             | <u>448,660</u>             |
|   | 1,618,804                  |
| Less: Accumulated depreciation                  | <u>(518,086)</u>           |
| Total Capital Assets, Net of Depreciation       | <u>1,100,718</u>           |
| Total Assets                                    | <u>2,389,050</u>           |
| <br>LIABILITIES                                 |                            |
| Current liabilities:                            |                            |
| Payroll liabilities                             | 6,768                      |
| Current portion of long-term debt               | <u>53,500</u>              |
| Total Current Liabilities                       | <u>60,268</u>              |
| Noncurrent portion of long-term debt            | <u>665,000</u>             |
| Total Liabilities                               | <u>725,268</u>             |
| <br>NET ASSETS                                  |                            |
| Invested in capital assets, net of related debt | 1,077,218                  |
| Unrestricted                                    | <u>586,564</u>             |
| Total Net Assets                                | <u><u>\$ 1,663,782</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

GRAFTON TOWNSHIP  
STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
YEAR ENDED MARCH 31, 2011

| Functions/ Programs           | Expenses<br>Disbursed | Program Revenues Received |  | Excess (Deficiency)<br>of Revenues Received<br>Over Expenses<br>Disbursed and Changes<br>in Net Assets |
|-------------------------------|-----------------------|---------------------------|--|--|
|                               |                       | Charges for<br>Services   | Capital<br>Grants and<br>Contributions |  |
| Governmental Activities:      |                       |                           |  |  |
| Administration                | \$ 967,200            | \$ 4,644                  | \$ 62,800                              | \$ (899,756)   |
| Assessor                      | 393,541               | -                         | -                                      | (393,541)  |
| Senior services               | 54,070                | -                         | -                                      | (54,070)   |
| Maintenance of roads          | 311,083               | 3,796                     | -                                      | (307,287)  |
| Home relief                   | 19,385                | -                         | -                                      | (19,385)   |
| Interest                      | 44,458                | -                         | -                                      | (44,458)   |
| Total Governmental Activities | <u>\$ 1,789,737</u>   | <u>\$ 8,440</u>           | <u>\$ 62,800</u>                       | <u>(1,718,497)</u>   |

General Revenues Received:

Taxes:

|   |           |
|---|-----------|
| Personal property replacement taxes         | 70,095    |
| Property taxes, levied for general purposes | 1,602,072 |
| Unrestricted investment earnings            | 2,339     |
| Other                                       | 11,131    |

|                                  |                  |
|----------------------------------|------------------|
| Total General Revenues Collected | <u>1,685,637</u> |
|----------------------------------|------------------|

|                      |                 |
|----------------------|-----------------|
| Change in Net Assets | <u>(32,860)</u> |
|----------------------|-----------------|

|                       |                  |
|-----------------------|------------------|
| Net Assets, Beginning | <u>1,696,642</u> |
|-----------------------|------------------|

|                    |                     |
|--------------------|---------------------|
| Net Assets, Ending | <u>\$ 1,663,782</u> |
|--------------------|---------------------|

The accompanying notes to the financial statements are an integral part of this statement.

GRAFTON TOWNSHIP  
STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
MARCH 31, 2011

|                                     | Town<br>Fund      | General<br>Assistance<br>Fund | Road and<br>Bridge<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------|-------------------|-------------------------------|----------------------------|--------------------------------|
| <b>ASSETS</b>                       |                   |                               |                            |                                |
| Cash and investments                | \$ 676,146        | \$ 149,887                    | \$457,747                  | \$ 1,283,780                   |
| Loan receivable                     | -                 | -                             | 4,552                      | 4,552                          |
| Total Assets                        | <u>\$ 676,146</u> | <u>\$ 149,887</u>             | <u>\$462,299</u>           | <u>\$ 1,288,332</u>            |
| <b>LIABILITIES</b>                  |                   |                               |                            |                                |
| Payroll liabilities                 | \$ 4,966          | \$ -                          | \$ 1,802                   | \$ 6,768                       |
| Total Liabilities                   | <u>4,966</u>      | <u>-</u>                      | <u>1,802</u>               | <u>6,768</u>                   |
| <b>FUND EQUITY</b>                  |                   |                               |                            |                                |
| Fund Balances:                      |                   |                               |                            |                                |
| Restricted for:                     |                   |                               |                            |                                |
| Liability insurance                 | 7,770             | -                             | 8,180                      | 15,950                         |
| Illinois Municipal Retirement Fund  | 49,375            | -                             | 25,128                     | 74,503                         |
| Social Security and Medicare        | (9,895)           | -                             | -                          | (9,895)                        |
| Unrestricted                        | <u>623,930</u>    | <u>149,887</u>                | <u>427,189</u>             | <u>1,201,006</u>               |
| Total Fund Balances                 | <u>671,180</u>    | <u>149,887</u>                | <u>460,497</u>             | <u>1,281,564</u>               |
| Total Liabilities and Fund Balances | <u>\$ 676,146</u> | <u>\$ 149,887</u>             | <u>\$462,299</u>           | <u>\$ 1,288,332</u>            |

The accompanying notes to the financial statements are an integral part of this statement.

GRAFTON TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)**

Total fund balances-governmental funds (Exhibit C) \$ 1,281,564

Amounts reported for governmental activities in the statement of assets, liabilities and fund balances - modified cash basis are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures disbursed in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Township as a whole.

Cost of capital assets:

|                         |                  |
|-------------------------|------------------|
| Land                    | \$ 412,886       |
| Buildings               | 298,577          |
| Machinery and equipment | 458,681          |
| Vehicular equipment     | 448,660          |
|                         | <u>1,618,804</u> |

Accumulated depreciation

(518,086)

1,100,718

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Long-term debt

718,500

Total net assets-governmental activities (Exhibit A)

\$ 1,663,782

The accompanying notes to the financial statements are an integral part of this statement.

GRAFTON TOWNSHIP  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2011

|   | Town<br>Fund      | General<br>Assistance<br>Fund | Road and<br>Bridge<br>Fund | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------------------|----------------------------|--------------------------------|
| <u>Revenues Received</u>                    |                   |                               |                            |                                |
| General tax levy                            | \$ 924,867        | \$ 79,618                     | \$597,587                  | \$ 1,602,072                   |
| Corporate replacement taxes                 | 25,955            | -                             | 44,140                     | 70,095                         |
| Earnings on investments                     | 1,368             | 119                           | 852                        | 2,339                          |
| Intergovernmental agreement                 | 52,200            | -                             | 10,600                     | 62,800                         |
| Transportation                              | 4,644             | -                             | -                          | 4,644                          |
| Permits and bonds                           | -                 | -                             | 3,796                      | 3,796                          |
| Other                                       | 4,910             | 131                           | 6,090                      | 11,131                         |
| <u>Total Revenues Received</u>              | <u>1,013,944</u>  | <u>79,868</u>                 | <u>663,065</u>             | <u>1,756,877</u>               |
| <u>Expenditures Disbursed</u>               |                   |                               |                            |                                |
| Current                                     |                   |                               |                            |                                |
| Administration                              |                   |                               |                            |                                |
| Personnel                                   | \$ 340,138        | \$ 39,184                     | \$230,201                  | \$ 609,523                     |
| Contractual services                        | 282,191           | 3,460                         | 52,568                     | 338,219                        |
| Commodities                                 | 6,533             | 166                           | 154                        | 6,853                          |
| Assessor                                    |                   |                               |                            |                                |
| Personnel                                   | 343,418           | -                             | -                          | 343,418                        |
| Contractual services                        | 42,567            | -                             | -                          | 42,567                         |
| Commodities                                 | 3,536             | -                             | -                          | 3,536                          |
| Senior Services                             |                   |                               |                            |                                |
| Personnel                                   | 39,997            | -                             | -                          | 39,997                         |
| Contractual services                        | 13,747            | -                             | -                          | 13,747                         |
| Commodities                                 | 326               | -                             | -                          | 326                            |
| Maintenance of Roads                        |                   |                               |                            |                                |
| Contractual services                        | -                 | -                             | 247,197                    | 247,197                        |
| Commodities                                 | -                 | -                             | 17,193                     | 17,193                         |
| Home Relief                                 |                   |                               |                            |                                |
| Contractual services                        | -                 | 17,105                        | -                          | 17,105                         |
| Commodities                                 | -                 | 2,280                         | -                          | 2,280                          |
| Capital outlay                              | -                 | -                             | 32,026                     | 32,026                         |
| Debt service                                |                   |                               |                            |                                |
| Loan interest                               | 2,975             | -                             | 46,483                     | 49,458                         |
| Loan principal                              | 23,533            | -                             | -                          | 23,533                         |
| <u>Total Expenditures Disbursed</u>         | <u>1,098,961</u>  | <u>62,195</u>                 | <u>625,822</u>             | <u>1,786,978</u>               |
| <u>Excess of Revenues Over Expenditures</u> | <u>(85,017)</u>   | <u>17,673</u>                 | <u>37,243</u>              | <u>(30,101)</u>                |
| <u>Net Change in Fund Balances</u>          | <u>(85,017)</u>   | <u>17,673</u>                 | <u>37,243</u>              | <u>(30,101)</u>                |
| <u>Fund Balance, Beginning of Year</u>      | <u>756,197</u>    | <u>132,214</u>                | <u>423,254</u>             | <u>1,311,665</u>               |
| <u>Fund Balance, End of Year</u>            | <u>\$ 671,180</u> | <u>\$ 149,887</u>             | <u>\$460,497</u>           | <u>\$ 1,281,564</u>            |

The accompanying notes to the financial statements are an integral part of this statement.

## GRAFTON TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES  
RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES (CASH BASIS)**

---

Total net change in fund balances-governmental funds (Exhibit D) \$ (30,101)

Capital outlays are reported in governmental funds as expenditures disbursed. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. Capital outlays for items below the District's capitalization policy limits and repairs and maintenance are expensed. Also, when these assets are disposed of before they are fully depreciated, the loss is reported on the statement of activities, thereby further decreasing net assets.

|   |                 |
|---|-----------------|
| Depreciation expense                      | \$ (63,318)     |
| Capital outlay over capitalization limits | <u>37,026</u>   |
|   | <u>(26,292)</u> |

Repayment of debt principal is reported as expenditures disbursed in governmental funds and thus, has the effect of reducing fund balance because current financial resources have been used. For the Township as a whole, however, the principal reduces the liabilities in the statement of net assets and does not result in an expense disbursed in the statement of activities. The Township's debt was reduced by principal payments made to the bank.

|                         |               |
|-------------------------|---------------|
| Principal payments made | <u>23,533</u> |
|-------------------------|---------------|

|   |                           |
|---|---------------------------|
| Change in net assets of governmental activities (Exhibit B) | <u><u>\$ (32,860)</u></u> |
|---|---------------------------|

The accompanying notes to the financial statements are an integral part of this statement.

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Grafton Township (the "Township") was formed in 1850. The Township receives its legal power from constitutional and statutory requirements regulated by the state legislature. The Township is a political subdivision of McHenry County, organized for local government, sharing some functions with the county, and also serving as an agent for the State of Illinois. Completely separate from village government, the Township is a corporate entity. The Township operates under an elected Trustee/Supervisor form of government. The Township's major operations include assessing the value of property in the Township and providing social and general administrative services.

**A. The Reporting Entity**

The Township has adopted the provision of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as component units. The financial data of the component units are included in the Township's reporting entity by discrete presentation because of the significance of their operational or financial relationship with the Township. Financial accountability is defined as: (1) Appointment of voting majority of the component unit's board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or (2) Fiscal dependency on the primary government. Based upon this criterion the Township Food Pantry is not considered to be a component unit and is not included within the reporting entity. In addition, the Township is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

**B. Basis of Presentation – Fund Accounting**

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments* in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the old reporting under the present reporting model, with modifications and added new information. In addition, GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, which amended parts of GASB Statement No. 34, Statement No. 38, *Certain Financial Statement Note Disclosures* which modified certain financial statement disclosure requirements, Statement No. 39, *Determining Whether Certain Organizations are Component Units* which provides guidance in determining component unit inclusion, and Statement No. 40, *Deposit and Investment Risk Disclosures* which addresses common deposit and investment risks. The two most significant additions are the Management's Discussion and Analysis (MD&A), which follows the independent auditors' report, and the Government-wide Financial Statements.

**Government-wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the Township as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the Township.

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. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is specifically identified by function and is included in the direct expenses of each function. 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 standard revenues that are restricted to meeting

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Fund Types**

Governmental fund types are used to account for the Township's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

**General Fund** – The General Fund, consists solely of the legally mandated Town Fund and is the primary operating fund of the Township and is always classified as a major fund. It is used to account for the revenues collected and expenses paid which are used in providing services in the Township. It is used to account for all financial resources except those required to be accounted for in other funds.

**Special Revenue Funds** – The Special Revenue Funds, which include the General Assistance Fund and the Road and Bridge Fund, are used to account for revenue collected from specific sources that are legally restricted to expenses paid for specified purposes.

**Proprietary Fund Types (not included in government-wide statements)**

There are no Proprietary Fund Types.

**Fiduciary Fund Types (not included in government-wide statements)**

There are no Fiduciary Fund Types.

**Major and Nonmajor Funds**

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues collected, or expenses paid of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues collected, or expenses paid of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The Township has classified all funds as major:

**Major:**

|           |                            |
|-----------|----------------------------|
| Town Fund | See above for description. |
|-----------|----------------------------|

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

|                         |  |
|-------------------------|--|
| General Assistance Fund | A Special Revenue Fund used for expenses of the general assistance program.                                  |
| Road and Bridge Fund    | A Special Revenue Fund to account for street maintenance and repair activities for roads within the Township |

**C. Measurement Focus/Basis of Accounting**

**Measurement Focus**

The government-wide financial statements are presented using the economic resources measurement focus. The objective of which is the determination of operating income, changes in net assets (cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The fund financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**Basis of Accounting**

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The Township maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the payment of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

**D. Budgets and Budgetary Accounting**

The budget for all fund types is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The budget was passed on June 17, 2010.

For each fund, total fund expenses paid may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. All encumbrances lapse at the end of the fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Supervisor submits to the Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenses paid and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. The budget is legally adopted through passage of a resolution.

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

4. The Supervisor is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenses paid of any fund must be approved by the Board of Trustees after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Trustees may amend the budget (in other ways) by the same procedures required of its original adoption.

**E. Cash and Investments**

Investments of the Township, which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase, are reported by the Township at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization.

**F. Capital Assets**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to April 1, 2004, infrastructure assets were not capitalized. Such assets have been valued at estimated historical cost. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings, improvements and infrastructure 10 – 40 years, transportation and other equipment 5 – 7 years. The minimum capitalization amount for individual equipment is \$2,500, for buildings and improvements the amount is \$10,000 and for infrastructure assets, the amount is \$50,000.

In the fund financial statements, fixed assets are accounted for as capital outlay expenses upon acquisition. No depreciation is recorded in the fund financial statements.

**G. Long-term Debt**

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures disbursed.

**NOTE 2 - CASH AND INVESTMENTS**

At March 31, 2011, the carrying amount of the Township's deposits totaled \$1,285,648, excluding petty cash, and the bank balances totaled \$1,283,780.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Township's investment portfolio is limited to maturities of two years or less.

*Credit Risk.* Statutes authorized the Township to invest in obligations of the U.S. Treasury and U.S. Agencies' accounts and any other investments constituting direct obligations of any bank as defined by the Illinois Bank Act, certain short-term commercial paper, accounts of federally insured savings and loans, and the

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CASH AND INVESTMENTS (Cont'd)**

state treasurers' investment pool. During fiscal year ended March 31, 2011, the Township invested in money market accounts and certificates of deposits from banks, which are not rated by nationally recognized statistical rating organizations.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Township will not be able to recover the value of its deposits and investments or collateral securities. Of the Township's cash and investments, \$250,000 is FDIC Insured and \$1,035,648 is collateralized. .

**NOTE 3 – PROPERTY TAXES**

Property taxes are levied each year on all taxable real property located in the Township on or before the last Tuesday in December. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments on approximately June 1 and September 1. The Township receives significant distributions of tax receipts approximately one month after these due dates. The levy was passed December 17, 2010.

|                    | 2009 |               | 2008 |               |
|--------------------|------|---------------|------|---------------|
| Assessed Valuation | \$   | 1,701,942,093 | \$   | 1,693,295,851 |

|                        | 2009 Levy |            | 2008 Levy |            |
|------------------------|-----------|------------|-----------|------------|
|                        | Rate      | Extension  | Rate      | Extension  |
| <u>Town</u>            |           |            |           |            |
| Corporate              | 0.054     | \$ 910,692 | 0.053     | \$ 900,850 |
| Social Security        | 0.000     | -          | 0.000     | -          |
| IMRF                   | 0.000     | -          | 0.000     | -          |
| General Assistance     | 0.005     | 79,685     | 0.005     | 80,008     |
| Liability Insurance    | 0.001     | 14,960     | 0.001     | 15,003     |
| Total Town             | 0.058     | 1,005,337  | 0.058     | 995,861    |
| <u>Road and Bridge</u> |           |            |           |            |
| IMRF                   | 0.001     | 18,602     | 0.001     | 18,152     |
| Road and Bridge        | 0.014     | 230,392    | 0.014     | 227,596    |
| Permanent Hard Road    | 0.027     | 439,901    | 0.026     | 433,043    |
| Liability Insurance    | 0.001     | 20,117     | 0.001     | 19,168     |
| Total Road and Bridge  | 0.042     | 709,012    | 0.042     | 697,959    |
| Grand Total            | 0.100     | 1,714,349  | 0.100     | 1,693,820  |

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

|                           | Balance<br>April 1, 2010 | Additions          | Deletions   | Balance<br>March 31, 2011 |
|---------------------------|--------------------------|--------------------|-------------|---------------------------|
| Governmental Activities:  |                          |                    |             |                           |
| Not being depreciated:    |                          |                    |             |                           |
| Land                      | \$ 412,886               | \$ -               | \$ -        | \$ 412,886                |
| Other Capital Assets:     |                          |                    |             |                           |
| Buildings                 | 298,577                  | -                  | -           | 298,577                   |
| Machinery & Equipment     | 458,681                  | -                  | -           | 458,681                   |
| Vehicular Equipment       | 416,634                  | 32,026             | -           | 448,660                   |
| Subtotal                  | 1,586,778                | 32,026             | -           | 1,618,804                 |
| Accumulated Depreciation: |                          |                    |             |                           |
| Buildings                 | 68,248                   | 4,921              | -           | 73,169                    |
| Machinery & Equipment     | 143,563                  | 30,922             | -           | 174,485                   |
| Vehicular Equipment       | 182,949                  | 27,475             | -           | 210,424                   |
| Subtotal                  | 394,760                  | 63,318             | -           | 458,078                   |
| Net Capital Assets        | <u>\$ 1,192,018</u>      | <u>\$ (31,292)</u> | <u>\$ -</u> | <u>\$ 1,160,726</u>       |

Depreciation was charged to functions as follows:

Governmental Activities:

|                 |           |
|-----------------|-----------|
| Town            | \$ 12,605 |
| Assessor        | 4,020     |
| Road and Bridge | 46,693    |

Total Governmental Activities Depreciation Expense \$ 63,318

**NOTE 5 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations are summarized as follows:

|                   | Balance<br>April 1, 2010 | Additions   | Retirements      | Balance<br>March 31, 2011 | Balance<br>Due Within<br>One Year |
|-------------------|--------------------------|-------------|------------------|---------------------------|-----------------------------------|
| Debt Certificates |                          |             |                  |                           |                                   |
| Road and Bridge   | \$ 700,000               | \$ -        | \$ -             | \$ 700,000                | \$ 35,000                         |
| Capital Lease     |                          |             |                  |                           |                                   |
| Copier            | 1,351                    | -           | 1,351            | -                         | -                                 |
| Tractor           | 45,682                   | -           | 22,182           | 23,500                    | 23,500                            |
| Total             | <u>\$ 747,033</u>        | <u>\$ -</u> | <u>\$ 23,533</u> | <u>\$ 723,500</u>         | <u>\$ 58,500</u>                  |

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Cont'd)**

On August 1, 2008 the Township's Road and Bridge Fund issued debt certificates in the amount of \$700,000 in order to purchase the existing township building. Principal payments are due on each January 1 beginning in 2011 and continuing until 2028. Interest rates range from 4.10-5.00% is to be paid each July 1 and January 1 through 2028. The balance due on these debt certificates at March 31, 2011 is \$700,000. At March 31, 2011 the annual debt service requirements to cover these debt certificates:

| Year Ending<br>March 31 | Principal         | Interest          | Total              |
|-------------------------|-------------------|-------------------|--------------------|
| 2012                    | \$ 35,000         | \$ 33,875         | \$ 68,875          |
| 2013                    | 20,000            | 29,733            | 49,733             |
| 2014                    | 20,000            | 28,732            | 48,732             |
| 2015                    | 25,000            | 27,733            | 52,733             |
| 2016-2020               | 165,000           | 117,664           | 282,664            |
| 2021-2025               | 240,000           | 74,327            | 314,327            |
| 2026-2028               | 195,000           | 17,369            | 212,369            |
| Total                   | <u>\$ 700,000</u> | <u>\$ 329,433</u> | <u>\$1,029,433</u> |

On September 20, 2007 the Township entered into a capital lease agreement for \$7,538 at a rate of 8% for the purchase of a copier. Principal and interest payments of \$231 are due monthly beginning October 20, 2007. As of March 31, 2011 the copier has been paid in full.

On October 15, 2008 the Township entered into a capital lease agreement for \$66,621 at a rate of 5.78% for the purchase of a tractor. Principal and interest payments of \$24,895 are due annually beginning October 15, 2009. The balance due on this lease at March 31, 2011 is \$23,500. At March 31, 2011 the annual debt service requirements to cover this capital lease are:

| Year Ending<br>March 31 | Principal        | Interest        | Total            |
|-------------------------|------------------|-----------------|------------------|
| 2012                    | \$ 23,500        | \$ 1,395        | \$ 24,895        |
| Total                   | <u>\$ 23,500</u> | <u>\$ 1,395</u> | <u>\$ 24,895</u> |

**NOTE 6 – RETIREMENT FUND COMMITMENTS**

**Illinois Municipal Retirement Fund**

*Plan Description.* The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – RETIREMENT FUND COMMITMENTS (Cont'd)**

*Funding Policy.* As set by statute, the employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 was 8.84 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 9.14 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For fiscal year ending December 31, 2010, the employer's actual contributions for pension cost for the Regular plan were \$61,219. Its required contribution for calendar year 2010 was \$63,643.

**TREND INFORMATION**

| Actuarial<br>Valuation<br>Date | Annual Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net Pension<br>Obligation |
|--------------------------------|------------------------------|-------------------------------------|---------------------------|
| 12/31/2010                     | \$ 63,643                    | 96%                                 | \$ -                      |
| 12/31/2009                     | 60,726                       | 100%                                | -                         |
| 12/31/2008                     | 57,950                       | 100%                                | -                         |

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative and directive expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 2% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2008 valuation was 30 years.

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 82.46 percent funded. The actuarial accrued liability for benefits was \$847,614 and the actuarial value of assets was \$900,094, resulting in an underfunded actuarial accrued liability (UAAL) of \$148,696. The covered payroll (annual payroll of active employees covered by the plan) was \$692,521 and the ratio of the UAAL to the covered payroll was 21 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 7 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has purchased insurance from the Township Officials of Illinois Risk Management Association. Risks covered include general liability, workers compensation, and other. Premiums have been displayed as expenses paid in the Town Fund. During the fiscal year ended March 31, 2011 there were no significant reductions in insurance coverage's for any category. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**GRAFTON TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – OPERATING LEASES**

The Township has one lease agreement for a copier.

Minimum annual rentals are as follows:

| <u>Year Ending March 31</u> | <u>Amount</u>          |
|-----------------------------|------------------------|
| 2011                        | <u>\$ 3,441</u>        |
| Total                       | <u><u>\$ 3,441</u></u> |

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between March 31, 2011 and the date of this audit report requiring disclosure in the financial statements.

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>-- Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>[(b-a)/c] |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 12/31/2010                     | \$ 698,918                             | \$ 847,614  | \$ 148,696                         | 82.46%                   | \$ 692,521                | 21.47%   |
| 12/31/2009                     | 900,094                                | 987,773   | 87,679                             | 91.12%                   | 755,299                   | 11.61%   |
| 12/31/2008                     | 826,102                                | 881,919   | 55,817                             | 95.54%                   | 695,676                   | 8.02%  |

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$747,543. On a market basis, the funded ratio would be 88.19%.

GRAFTON TOWNSHIP  
TOWN FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                     | 2011                            |                  |
|-------------------------------------|---------------------------------|------------------|
|                                     | Original<br>and Final<br>Budget | Actual           |
| <u>Revenues Received</u>            |                                 |                  |
| General tax levy                    | \$ 925,652                      | \$ 924,867       |
| Corporate replacement taxes         | 19,731                          | 25,955           |
| Earnings on investments             | 1,628                           | 1,368            |
| Intergovernmental agreement         | 42,200                          | 52,200           |
| State grants                        | 10                              | -                |
| Transportation                      | 4,250                           | 4,644            |
| Municipal transportation            | 200                             | -                |
| Other                               | 510                             | 4,910            |
| <u>Total Revenues Received</u>      | <u>994,181</u>                  | <u>1,013,944</u> |
| <u>Expenditures Disbursed</u>       |                                 |                  |
| <u>Administration</u>               |                                 |                  |
| Personnel                           |                                 |                  |
| Salaries:                           |                                 |                  |
| Elected officials                   | 220,000                         | 205,884          |
| Office staff                        | 40,000                          | 38,221           |
| Health insurance                    | 56,900                          | 51,456           |
| Unemployment compensation insurance | 2,500                           | 10,247           |
| Risk management                     | 14,000                          | 14,527           |
| Social Security and Medicare        | 25,000                          | 19,803           |
| Illinois retirement contribution    | 23,000                          | -                |
| <u>Total Personnel</u>              | <u>381,400</u>                  | <u>340,138</u>   |
| Contractual Services:               |                                 |                  |
| Maintenance - building              | 5,000                           | 2,240            |
| Maintenance - equipment             | 3,500                           | 2,236            |
| Accounting services                 | 10,000                          | 2,348            |
| Legal services                      | 230,000                         | 257,063          |
| Postage                             | 500                             | 456              |
| Telephone                           | 3,000                           | 2,995            |
| Publishing                          | 1,500                           | 1,313            |
| Printing                            | 2,000                           | 453              |
| Dues                                | 2,500                           | 2,013            |
| Travel                              | 1,500                           | 378              |
| Training                            | 1,000                           | 968              |
| Officials                           | 500                             | 762              |
| Clerk                               | 1,500                           | 13               |
| Utilities                           | 5,500                           | 5,642            |
| Fuel                                | 1,000                           | 247              |
| Other professional services         | 28,500                          | 1,722            |
| Annual meeting                      | 5,000                           | 234              |
| Rental                              | 1,000                           | 1,108            |
| New services                        | 5,000                           | -                |
| <u>Total Contractual Services</u>   | <u>308,500</u>                  | <u>282,191</u>   |

GRAFTON TOWNSHIP  
TOWN FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                   | 2011                            |                |
|-----------------------------------|---------------------------------|----------------|
|                                   | Original<br>and Final<br>Budget | Actual         |
| Commodities:                      |                                 |                |
| Office supplies                   | \$ 3,000                        | \$ 3,121       |
| Operating supplies                | 3,500                           | 3,412          |
| Miscellaneous                     | 500                             | -              |
| <u>Total Commodities</u>          | <u>7,000</u>                    | <u>6,533</u>   |
| Capital Outlay:                   |                                 |                |
| Equipment                         | 611,450                         | -              |
| <u>Total Capital Outlay</u>       | <u>611,450</u>                  | <u>-</u>       |
| Other:                            |                                 |                |
| Loan interest                     | 30,000                          | 2,975          |
| Loan principal                    | -                               | 23,533         |
| <u>Total Other</u>                | <u>30,000</u>                   | <u>26,508</u>  |
| <u>Total Administration</u>       | <u>1,338,350</u>                | <u>655,370</u> |
| <u>Township Assessor</u>          |                                 |                |
| Personnel:                        |                                 |                |
| Salaries                          | 341,000                         | 257,455        |
| Health insurance                  | 58,800                          | 42,080         |
| Social Security and Medicare      | 26,500                          | 20,897         |
| Illinois retirement contribution  | 29,000                          | 22,986         |
| <u>Total Personnel</u>            | <u>455,300</u>                  | <u>343,418</u> |
| Contractual Services:             |                                 |                |
| Maintenance                       | 9,000                           | 6,563          |
| Telephone                         | 2,650                           | 2,244          |
| Legal fees                        | 5,000                           | -              |
| Outside services                  | 14,400                          | -              |
| Postage                           | 450                             | -              |
| Software                          | 29,000                          | 29,400         |
| Publishing                        | 100                             | -              |
| Printing                          | 300                             | -              |
| Dues                              | 150                             | 85             |
| Travel                            | 5,000                           | 2,193          |
| Training                          | 2,800                           | 1,870          |
| Publications                      | 2,500                           | 212            |
| Uniforms                          | 300                             | -              |
| <u>Total Contractual Services</u> | <u>71,650</u>                   | <u>42,567</u>  |

GRAFTON TOWNSHIP  
TOWN FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                     | 2011                            |                    |
|-------------------------------------|---------------------------------|--------------------|
|                                     | Original<br>and Final<br>Budget | Actual             |
| Commodities:                        |                                 |                    |
| Office supplies                     | \$ 7,000                        | \$ 3,536           |
| Miscellaneous                       | 200                             | -                  |
| <u>Total Commodities</u>            | <u>7,200</u>                    | <u>3,536</u>       |
| Capital Outlay:                     |                                 |                    |
| Equipment                           | 7,500                           | -                  |
| <u>Total Capital Outlay</u>         | <u>7,500</u>                    | <u>-</u>           |
| <u>Total Township Assessor</u>      | <u>541,650</u>                  | <u>389,521</u>     |
| <u>Senior Services</u>              |                                 |                    |
| Personnel:                          |                                 |                    |
| Salaries                            | 40,000                          | 39,997             |
| <u>Total Personnel</u>              | <u>40,000</u>                   | <u>39,997</u>      |
| Contractual Services:               |                                 |                    |
| Fuel                                | 4,800                           | 5,349              |
| Maintenance                         | 2,000                           | 2,916              |
| Games                               | 1,400                           | 1,520              |
| Telephone                           | 1,500                           | 1,545              |
| Uniforms                            | -                               | 48                 |
| Publications                        | -                               | -                  |
| Printing                            | 4,000                           | 1,042              |
| Postage                             | 7,000                           | 1,327              |
| Miscellaneous                       | 300                             | -                  |
| <u>Total Contractual Services</u>   | <u>21,000</u>                   | <u>13,747</u>      |
| Commodities:                        |                                 |                    |
| Office supplies                     | 500                             | 326                |
| <u>Total Commodities</u>            | <u>500</u>                      | <u>326</u>         |
| <u>Total Senior Services</u>        | <u>61,500</u>                   | <u>54,070</u>      |
| <u>Total Expenditures Disbursed</u> | <u>1,941,500</u>                | <u>1,098,961</u>   |
| <u>Net Change in Fund Balance</u>   | <u>\$ (947,319)</u>             | <u>\$ (85,017)</u> |

GRAFTON TOWNSHIP  
GENERAL ASSISTANCE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 2

|                                     | 2011                            |               |
|-------------------------------------|---------------------------------|---------------|
|                                     | Original<br>and Final<br>Budget | Actual        |
| <u>Revenues Received</u>            |                                 |               |
| General tax levy                    | \$ 79,684                       | \$ 79,618     |
| Earnings on investments             | 200                             | 119           |
| Other                               | -                               | 131           |
| <u>Total Revenues Received</u>      | <u>79,884</u>                   | <u>79,868</u> |
| <u>Expenditures Disbursed</u>       |                                 |               |
| <u>Administration</u>               |                                 |               |
| Personnel :                         |                                 |               |
| Salaries                            | 42,000                          | 16,774        |
| Health insurance                    | 8,100                           | -             |
| Unemployment compensation insurance | 450                             | -             |
| Social Security and Medicare        | 3,213                           | -             |
| Illinois retirement contribution    | 3,536                           | 22,410        |
| <u>Total Personnel</u>              | <u>57,299</u>                   | <u>39,184</u> |
| Contractual Services:               |                                 |               |
| Maintenance - building              | 2,000                           | -             |
| Maintenance - equipment             | 1,500                           | 610           |
| Fuel                                | 500                             | 328           |
| Legal services                      | 2,000                           | 508           |
| Accounting services                 | 2,500                           | -             |
| Other professional services         | 1,500                           | 211           |
| Postage                             | 200                             | 122           |
| Telephone                           | 1,000                           | 1,097         |
| Publishing                          | 500                             | 19            |
| Printing                            | 1,500                           | -             |
| Travel                              | 1,000                           | 47            |
| Training                            | 1,000                           | 260           |
| Utilities                           | 1,500                           | -             |
| Miscellaneous                       | 500                             | 258           |
| <u>Total Contractual Services</u>   | <u>17,200</u>                   | <u>3,460</u>  |
| Commodities:                        |                                 |               |
| Maintenance supplies - building     | 500                             | 124           |
| Office supplies                     | 1,000                           | 42            |
| <u>Total Commodities</u>            | <u>1,500</u>                    | <u>166</u>    |
| Capital Outlay:                     |                                 |               |
| Equipment                           | 2,000                           | -             |
| <u>Total Capital Outlay</u>         | <u>2,000</u>                    | <u>-</u>      |
| <u>Total Administration</u>         | <u>77,999</u>                   | <u>42,810</u> |

GRAFTON TOWNSHIP  
GENERAL ASSISTANCE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                     | 2011                            |                  |
|-------------------------------------|---------------------------------|------------------|
|                                     | Original<br>and Final<br>Budget | Actual           |
| <u>Home Relief</u>                  |                                 |                  |
| Contractual Services:               |                                 |                  |
| Transportation                      | \$ 1,000                        | \$ -             |
| Physician                           | 7,000                           | -                |
| Hospital                            | 7,000                           | -                |
| Dental                              | 2,000                           | -                |
| Medical insurance                   | 4,000                           | 2,360            |
| Funeral and burial                  | 9,000                           | -                |
| Shelter                             | 9,000                           | 1,500            |
| Utilities                           | 18,611                          | 13,245           |
| Ambulance                           | 2,000                           | -                |
| Eye care                            | 2,000                           | -                |
|                                     | <u>61,611</u>                   | <u>17,105</u>    |
| <u>Total Contractual Services</u>   |                                 |                  |
|                                     | 61,611                          | 17,105           |
| Commodities:                        |                                 |                  |
| Food                                | 750                             | 414              |
| Personal incidentals                | 1,000                           | 180              |
| Household incidentals               | 1,000                           | -                |
| Flat grant                          | 3,500                           | 1,686            |
| Drugs                               | 750                             | -                |
| Fuel                                | 500                             | -                |
| Miscellaneous                       | 150                             | -                |
|                                     | <u>7,650</u>                    | <u>2,280</u>     |
| <u>Total Commodities</u>            |                                 |                  |
|                                     | 7,650                           | 2,280            |
| <u>Total Home Relief</u>            | <u>69,261</u>                   | <u>19,385</u>    |
|                                     | 69,261                          | 19,385           |
| <u>Total Expenditures Disbursed</u> | <u>147,260</u>                  | <u>62,195</u>    |
|                                     | 147,260                         | 62,195           |
| <u>Net Change in Fund Balance</u>   | <u>\$ (67,376)</u>              | <u>\$ 17,673</u> |
|                                     | \$ (67,376)                     | \$ 17,673        |

GRAFTON TOWNSHIP  
ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                     | 2011                            |                |
|-------------------------------------|---------------------------------|----------------|
|                                     | Original<br>and Final<br>Budget | Actual         |
| <u>Revenues Received</u>            |                                 |                |
| General tax levy                    | \$ 598,097                      | \$ 597,587     |
| Corporate replacement taxes         | 41,000                          | 44,140         |
| Earnings on investments             | 900                             | 852            |
| Intergovernmental agreement         | 707,000                         | 10,600         |
| Permits and bonds                   | 7,000                           | 3,796          |
| Other                               | 4,760                           | 6,090          |
| <u>Total Revenue Received</u>       | <u>1,358,757</u>                | <u>663,065</u> |
| <u>Expenditures Disbursed</u>       |                                 |                |
| <u>Administration</u>               |                                 |                |
| Personnel:                          |                                 |                |
| Salaries                            | 202,500                         | 155,938        |
| Health insurance                    | 25,000                          | 17,837         |
| Unemployment compensation insurance | 3,000                           | 1,507          |
| Risk management                     | 30,000                          | 20,904         |
| Social Security and Medicare        | 15,750                          | 11,929         |
| Illinois retirement contribution    | 38,200                          | 22,086         |
| <u>Total Personnel</u>              | <u>314,450</u>                  | <u>230,201</u> |
| Contractual Services:               |                                 |                |
| Telephone                           | 4,000                           | 3,073          |
| Travel expenses                     | 3,500                           | 2,840          |
| Training                            | 500                             | 20             |
| Publishing                          | 1,500                           | 141            |
| Printing                            | 200                             | -              |
| Postage                             | 50                              | 6              |
| Legal services                      | 8,000                           | 7,609          |
| Accounting services                 | 3,000                           | 2,862          |
| Dues and subscriptions              | 300                             | 180            |
| Maintenance and repairs             | 1,000                           | 3,050          |
| Intergovernmental agreement         | 32,200                          | 32,200         |
| Miscellaneous                       | 8,000                           | 587            |
| <u>Total Contractual Services</u>   | <u>62,250</u>                   | <u>52,568</u>  |
| Commodities:                        |                                 |                |
| Office supplies                     | 400                             | 154            |
| <u>Total Commodities</u>            | <u>400</u>                      | <u>154</u>     |
| Capital Outlay:                     |                                 |                |
| Office equipment                    | 4,000                           | -              |
| <u>Total Capital Outlay</u>         | <u>4,000</u>                    | <u>-</u>       |
| <u>Total Administration</u>         | <u>381,100</u>                  | <u>282,923</u> |

GRAFTON TOWNSHIP  
ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2011

|                                     | Original<br>and Final<br>Budget | Actual           |
|-------------------------------------|---------------------------------|------------------|
| <u>Maintenance of Roads</u>         |                                 |                  |
| Contractual Services:               |                                 |                  |
| Engineering services                | \$ 10,500                       | \$ 3,549         |
| Utilities                           | 9,000                           | 3,078            |
| Maintenance and repairs             | 257,700                         | 184,747          |
| Road stripping                      | 18,500                          | 13,274           |
| Street lights                       | 6,000                           | 4,370            |
| Signs                               | 15,000                          | 1,732            |
| Fuel                                | 34,000                          | 15,119           |
| Salt and ice control                | 70,000                          | 15,871           |
| Rentals                             | 3,300                           | 11               |
| Uniforms                            | 1,500                           | 305              |
| Garbage                             | 3,000                           | 1,548            |
| Miscellaneous                       | 7,650                           | 3,593            |
| <u>Total Contractual Services</u>   | <u>436,150</u>                  | <u>247,197</u>   |
| Commodities:                        |                                 |                  |
| Operating supplies                  | 2,800                           | 1,269            |
| Small tools                         | 6,000                           | 294              |
| Building supplies                   | 10,000                          | 503              |
| Equipment supplies                  | 10,000                          | 2,865            |
| Vehicle supplies                    | 10,000                          | 4,475            |
| Road supplies                       | 10,000                          | 7,787            |
| <u>Total Commodities</u>            | <u>48,800</u>                   | <u>17,193</u>    |
| Capital Outlay:                     |                                 |                  |
| Equipment                           | 105,400                         | 32,026           |
| Other improvements                  | 1,500                           | -                |
| <u>Total Capital Outlay</u>         | <u>106,900</u>                  | <u>32,026</u>    |
| Other:                              |                                 |                  |
| Loan interest                       | 750,000                         | 46,483           |
| Loan principal                      | -                               | -                |
| <u>Total Other</u>                  | <u>750,000</u>                  | <u>46,483</u>    |
| Contingencies                       | 31,000                          | -                |
| <u>Total Maintenance of Roads</u>   | <u>1,372,850</u>                | <u>342,899</u>   |
| <u>Total Expenditures Disbursed</u> | <u>1,753,950</u>                | <u>625,822</u>   |
| <u>Net Change in Fund Balance</u>   | <u>\$ (395,193)</u>             | <u>\$ 37,243</u> |