

Capital Township
Audited Financial Statements
For the Year Ended
August 31, 2009

PERRINO & ASSOCIATES
Certified Public Accountants

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PERRINO & ASSOCIATES

Certified Public Accountants and Consultants
A Professional Corporation

Suite 160
4100 Corporate Square
Naples, Florida 34104
Telephone (239) 434-8299
Fax (239) 434-7240

E-mail: perrinoandassociates@earthlink.net

Suite 300
214 South Sixth Street
Springfield, Illinois 62701
Telephone (217) 523-4123
Fax (217) 523-5929
Web page: www.perrino.com
E-mail: mario@ccusa.net

Board of Trustees
Capital Township
Springfield, Illinois 62701

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Capital Township, Illinois (Township), as of and for the year ended August 31, 2009, which collectively comprise the Township's basic financial statements as listed in the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Capital Township, Illinois, as of August 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Capital Township, Illinois' basic financial statements. The individual fund financial statements and the accompanying supplemental financial information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Capital Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended August 31, 2009, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Perrino & Associates

Perrino & Associates, CPAs
March 8, 2010



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Capital Township, Sangamon County, Illinois Management Discussion and Analysis

Overview of the Financial Statements Presented

The annual report consists of four parts:

- 1.) management discussion and analysis (this section),
- 2.) the basic financial statements,
- 3.) required supplementary information,
- 4.) an optional section showing the budget to actual results of each office's revenues and expenditures.

Capital Township presents government-wide financial statements consisting of a statement of net assets and a statement of activities. The statement of net assets displays information about the township as a whole. These statements include information on both the town fund and the general assistance fund. The government wide statements provide both long-term and short-term information about the Township's financial status.

In addition to the statement of net assets and statement of activities, Capital Township presents a combined balance sheet and a combined statement of revenues, expenditures and changes in fund balance. These statements are fund financial statements that focus on individual funds. These funds show how general government activities like general assistance were financed in the short-term. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of supplementary information which shows more detailed information about each fund and the offices that make up those funds. Primarily, the supplementary information consists of the statement of revenues, expenditures, and changes in fund balance-budget and actual for each fund.

Financial Analysis of the Government Wide Statements

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

For the year ending August 31, 2009, the Township's net assets decreased to \$3,353,330. Net assets decreased by \$50,988 or 1.5% during the fiscal year. This continued the trend from previous year of a drop in net assets. The major change in the assets of the township was a \$112,083 or 6.6% decrease in cash.

The Statement of Activities shows that revenue for the Township decreased by \$33,968 or 1.42% to \$2,360,356. The decreases in revenues were from Replacement Taxes which fell by \$57,383 or 20% and Interest Income fell by \$38,834 or 84%. The drops in these two revenues are directly related to the downturn in the economy as income and interest rates fell. On the other hand, property tax revenues increased by \$58,806 or 2.85% to \$2,121,987. The 2.85% increase in tax dollars combined with a 2.2% increase in Equalized Assessed Value of property within the township resulted in the property tax rate dropping by .2%. This drop in rate is consistent with management's long range plan to lower or maintain the tax rate. In keeping with trend, the Township expenses fell by \$89,045 or 3.6%. The drop in expenses is composed of a \$93,702 drop in the amount spent on general

assistance and a small increase in the administrative expense of the Town fund of \$4,657. The net result of the decrease in revenue and increase in overall expense was a use of \$50,988 or 1.52% of net assets for the year. This was a significant improvement over the previous year's use of assets of \$106,065. Management's use of its cash resources was partially planned but not to this extent. The change in economic conditions which drove revenues down by over \$33,000, resulted in increased use of financial resources. However the overall decrease in revenues did prompt the Board to implement a cost cutting program to reduce personnel cost.

The Board in conjunction with Sangamon County implemented a voluntary employee severance plan in fall of 2008. The result of this program was the reduction of overall township head count by three and a reduction of future years' salary and benefits.

Financial Analysis of the Combined Fund Financial Statement

Capital Township has two governmental funds: the Town fund and the General Assistance fund. These funds are presented in two financial statements: the combined balance sheet, and the combined statement of revenues, expenditures, and changes in fund balance. The town fund supports general government activities such as assessment of property and the collection of property taxes. The general assistance fund supports the dispensing of financial assistance to Capital Township residents who apply and meet certain requirements. These two funds are both classified as governmental funds. The town fund is further classified as a general fund with the general assistance fund being classified as a special revenue fund. Special revenue funds indicate that the revenue of that fund may only be expended for a specific purpose such as assistance to residents of Capital Township.

The combined balance sheet shows that both the town fund and general assistance fund assets hold significant assets with a small liability balances for accounts payable and accrued absences. Neither fund has any long-term debts such as mortgages or bonds payable. Consequently the Township's balance sheet shows an organization with adequate reserves to endure financial downturns. These reserves are shown in the fund balances of each fund.

The combined balance sheet shows the Township's assets at \$2,575,545 which is a decrease of \$51,449 or 2% during the year. Conversely, the Township's liabilities are \$87,494 which is a decrease of \$13,614 or 13% over the prior year. The change in liabilities relates to a decrease in accrued compensation payable and accounts payable.

The combined statement of revenue, expenditures, and changes in fund balances shows the township experienced a decrease in fund balance of 1.5% or \$37,837. The chief cause of the decrease in fund balance was a combination of a 1.4% or \$33,247 decrease in revenue which was offset by a \$94,591 or 3.7% decrease in expenditures. The two major causes in changes of expenditures were the Voluntary Severance Plan (VSP) and a change in the way that the township accounts fringe benefit costs which moved those cost into each offices budget (GL). The changes in expenditures and causes are as follows:

Change in Expense from 2008 to 2009 by Office

Office	Increase (Decrease)	Percent Change	Cause
Assessors	\$96,822.	16.7%	Change in GL/VSP
Collectors	\$60,438.	35.9%	Change in GL/VSP
General Expense	(\$168,990)	-73.9%	Change in GL
GA Administration	\$42,789	9.4%	Change in GL/VSP
General Assistance	(\$129,691)	-12.2%	Decreased Demand

Financial Analysis of Individual Funds Budget to Actual

Capital Township presents budget to actual finance statements for each of the government funds. These statements contain line item balances as they appear in the budget. Capital Township annually adopts a budget to guide management in managing revenues and expenditures. The budget must be adopted by the Board of Trustees by the end of the first quarter of the fiscal year and it is labeled as original budget in the financial statements. The annual budget may be modified in order to meet needs that were not anticipated when the budget was passed and this modified budget is labeled final budget in the financial statements. Both revenues and expenditures are budgeted by Capital Township. In addition to line item budgets, the financial statements present sub totals by five different functions in the Township. In the general or town fund, subtotals are shown for expenditures in the following categories: Assessor's Office, Collector's Office, and township general expenses. In the general assistance fund subtotals are given for administration and assistance.

Starting on January 1, 2009, the Capital Township general ledger, accounts payable, and payroll was consolidated to one financial system for both funds. This consolidation allowed for the possible elimination two vacant positions in the general assistance office saving the Township over \$100,000 annually. However, the consolidation of the accounting activities caused management to significantly change the general ledger structure to take advantage enhanced features of the new accounting system such as fringe benefit costing by department. Consequently, the original budget which was passed no longer fit the new general ledger structure requiring the adoption of an amended budget that fit the new general ledger structure. In the presentation of the budget to actual information only the totals for the original budget are shown as the presentation of the detail would not be comparable to the final general ledger structure.

In the town fund, revenues recognized in the fiscal year were significantly under the budgeted amounts by 5% or \$42,239. On the other hand, expenditures were significantly under budget by \$135,489 or 12%. The under spending of the budget was as follows; Assessor's Office, \$31,617 or 4%; Collector's Office, \$30,387 or 12%; and Township General Expenses, \$73,485 or 53%. In the general assistance fund, revenues came in \$43,036 or 3% below budget. In addition, general assistance expenditures were \$138,837 or 9% less than budgeted.

Capital Assets

The Township Board of Trustees established a \$5,000 threshold for capitalization of assets. The Capital Township General Assistance building purchased in 2004 and remodeled in 2005 makes up the majority of capital assets. The General Assistance office relocated to the building in October of 2005.

Long-term Debt

The Township has no long term debt.

Economic Factors and Next Year's Budget and Tax Rate

The Township Board of Trustee's passed a budget for the fiscal year ending August 31, 2010 which featured an overall drop in appropriation by \$36,801 to \$2,638,579. Depending on the equalized assessed value of the properties within the township the tax rate should stay relatively flat. The property tax rate for 2009 payable 2010 is estimated to be 10.16 per \$100 of EAV which is less than 1% higher than the previous year's rate of 10.12. The actual dollars levied increased by 2% or \$44,770 over the prior year. In spite of the economic downturn, Township management expects its two major revenues, property tax and replacement tax to come in as budgeted in 2010. Expenses appear to be running below budget due to vacancies not being filled from the Voluntary Severance Plan and turnover and hiring lag.

Contacting the Township Supervisor's Office

The financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have more questions about this report please contact the Capital Township Supervisor at 200 S. Ninth St. Room 102, Springfield, IL 62701

Capital Township
Statement of Net Assets
August 31, 2009

	Primary Government Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,569,791
Receivables Net:	
Property Taxes	944,954
Other Receivables	5,558
Deferred Charges	55,242
Capital Assets, Net	<u>865,585</u>
	<u>\$ 3,441,130</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 24,099
Due to IMRF	8,153
Long-Term Liabilities	
Due Within One Year	<u>55,242</u>
	<u>\$ 87,494</u>
<u>NET ASSETS</u>	
Investment in Capital Assets	\$ 865,585
Unreserved	<u>2,488,051</u>
TOTAL NET ASSETS	<u><u>\$ 3,441,130</u></u>

Capital Township
Statement of Activities
For the Year Ended August 31, 2009

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenue Fees</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> Primary <u>Government Governmental Activities</u>
<u>GOVERNMENTAL</u>			
General Government	\$ 967,671	\$ 2,861	\$ (964,810)
Health and Welfare	<u>1,446,534</u>	<u>-0-</u>	<u>(1,446,534)</u>
Total Governmental Activities	<u>\$ 2,414,205</u>	<u>\$ 2,861</u>	<u>\$ (2,411,344)</u>

General Revenues:	
Property Taxes	\$ 2,121,987
Replacement Taxes	227,571
Interest	7,337
Other Income	<u>3,461</u>
Total Revenues	<u>\$ 2,360,356</u>
 CHANGE IN NET ASSETS	 \$ (50,988)
 NET ASSETS BEGINNING OF YEAR	 <u>\$ 3,430,826</u>
 NET ASSETS END OF YEAR	 <u>\$ 3,379,838</u>

Capital Township
Balance Sheet
Governmental Funds
August 31, 2009

	<u>General Fund</u>	<u>General Assistance Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 973,358	\$ 596,433	\$ 1,569,791
Property Tax Receivable	286,010	658,944	944,954
Other Receivables	2,120	3,438	5,558
Amount to be Provided for Compensated Absences	<u>49,488</u>	<u>5,754</u>	<u>55,242</u>
Total Assets	<u><u>\$ 1,310,976</u></u>	<u><u>\$ 1,264,569</u></u>	<u><u>\$ 2,575,545</u></u>
 LIABILITIES AND FUND BALANCE			
<u>Liabilities</u>			
Accounts Payable	\$ -0-	\$ 24,099	\$ 24,099
Due to Other Governments	8,153	-0-	8,153
Compensated Absences Payable	<u>49,488</u>	<u>5,754</u>	<u>55,242</u>
Total Liabilities	<u><u>\$ 57,641</u></u>	<u><u>\$ 29,853</u></u>	<u><u>\$ 87,494</u></u>
 <u>Fund Balance</u>			
Unreserved	<u>1,253,335</u>	<u>1,234,716</u>	<u>2,488,051</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,310,976</u></u>	<u><u>\$ 1,264,569</u></u>	<u><u>\$ 2,575,545</u></u>

Capital Township
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
August 31, 2009

Total Fund Balance for Governmental Funds (Exhibit 3.1) \$ 2,488,051

Total net assets reported for governmental activities in
the statement of net assets is different because:

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

These assets consist of:

Buildings and Land (Net of Depreciation) (Note 5) 865,585

Net Assets of Governmental Activities (Exhibit 1) \$ 3,353,636

Capital Township
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Fund
Year Ended August 31, 2009

	General Fund	General Assistance Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 642,263	\$ 1,479,724	\$ 2,121,987
Replacement Taxes	227,571	-0-	227,571
Interest	6,316	1,021	7,337
Other Income	<u>2,861</u>	<u>3,461</u>	<u>6,322</u>
Total Revenues	<u>\$ 879,011</u>	<u>\$ 1,484,206</u>	<u>\$ 2,363,217</u>
EXPENDITURES			
Assessor's Office	\$ 674,983	\$ -0-	\$ 674,983
Collector's Office	228,813	-0-	228,813
Township General Expenses	59,834	-0-	59,834
Capital Outlay	4,041	-0-	4,041
General Assistance Administration	-0-	497,279	497,279
General Assistance	<u>-0-</u>	<u>936,104</u>	<u>936,104</u>
Total Expenditures	<u>\$ 967,671</u>	<u>\$ 1,433,383</u>	<u>\$ 2,401,054</u>
Excess of Revenues Over (Under) Expenditures	\$ (88,660)	\$ 50,823	\$ (37,837)
Fund Balance - Beginning of Year	<u>1,341,993</u>	<u>1,183,893</u>	<u>2,525,886</u>
Fund Balance - End of Year	<u>\$1,253,333</u>	<u>\$ 1,234,716</u>	<u>\$ 2,488,049</u>

Capital Township
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended August 31, 2009

Net changes in fund balances total governmental funds (Exhibit 4)	\$ (37,837)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Government fund statements do not include Capital Assets thus. depreciation expense is not included in the government activities	
Investment in Capital Assets	\$ 10,000
Depreciation expense for current year:	\$ <u>(23,151)</u>
Change in Net Assets of Governmental Activities (Exhibit 2)	\$ <u>(50,988)</u>

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 1 - NATURE OF OPERATIONS, REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Township is organized in the State of Illinois, as a local governmental unit. The Township is tax-exempt. The Township provides services to citizens, including but not limited to general governmental services and public health and welfare. Revenues are substantially generated as a result of taxes assessed and allocated to Capital Township. The Township's fiscal year ends on August 31.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in fund equity during the reporting period. Actual results could differ from these estimates.

Principles Used to Determine Reporting Entity

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The Township has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, *the primary government* is reported separately from its legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 1 - CONTINUED - NATURE OF OPERATIONS, REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *General Assistance Fund* accounts for the resources of the General Assistance Fund. The basic purpose of the fund is to provide health and welfare benefits to help needy individuals in the Township.

Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 1 - CONTINUED - NATURE OF OPERATIONS, REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Property, plant, and equipment of the government, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-60
Building Improvements	10-45
Site Improvements	3-50
Equipment	3-25

Compensated Absences

Township employees are entitled to certain compensated absences based on their length of employment. Employees may accumulate a maximum of two years of vacation time. Accrued vacation may be used at any time or is payable upon termination. Sick leave time is payable upon retirement in a ratio of five days for one day pay out. Also, after thirty-six days of accumulated sick leave, an employee may convert their sick leave time into vacation time at a ratio of three days to one day. The Township currently carries accrued vacation as a current liability in the fund required to pay it.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The Township currently has no reserved fund balances.

Property Tax Calendar

Sangamon County Supervisor of Assessments prepares the property tax assessment rolls with the property tax liens as of January 1 of each year. Levies are set by individual local governmental entities by the last Tuesday of December of each year.

The collection date for property tax receipts is thirty days after the property tax bills are mailed to property owners for the first installment, generally June 1 of each year. The second installment is generally due September 1 of each year.

Property taxes collected are distributed to each taxing district within thirty days after receipt, generally June 30, July 31, August 31, September 30, October 31 and November 30. Any unpaid property tax levies are sold at a tax sale the last week of October and final distribution is made by the end of November of each year.

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 1 - CONTINUED - NATURE OF OPERATIONS, REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Model

Effective September 1, 2003 the Township adopted Governmental Accounting Standards (GASB) Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement 6., *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements significantly changed the reporting model presented in the Township's financial statements. The primary impact of adopting the statement included changing selected financial statement captions such as fixed assets to capital assets, changing the category presentation within fund equity to net assets, the recording of capital assets including infrastructure assets, and the presentation of government-wide financial statements.

NOTE 2 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Capital Township's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Capital Township's 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 on-line at www.imrf.org.

Funding Policy

As set by statute, Capital Township's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Capital Township's contribution rate for calendar year 2008 was 12.24 percent of annual covered payroll. Capital Township also contributes for disability benefits, death benefits and supplemental retirement benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2008, Capital Township's annual pension cost of \$128,995 for the Regular plan was equal to Capital Township's required and actual contributions.

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 2 - CONTINUED - DEFINED BENEFIT PENSION PLAN

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 128,995	100%	\$ -0-
12/31/07	\$ 101,748	100%	\$ -0-
12/31/06	\$ 97,823	100%	\$ -0-

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your 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 20% corridor liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006, valuation was 24 years.

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 56.31 percent funded. The actuarial accrued liability for benefits was \$4,153,727 and the actuarial value of assets was \$2,339,030, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,814,697. The covered payroll (annual payroll of active employees covered by the plan) was \$1,053,880 and the ratio of the UAAL to the covered payroll was 172 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year 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 3 - CASH AND INVESTMENTS

Permitted Deposits and Investments

Illinois Compiled Statutes (ILCS) authorize the Township to make deposits/invest in interest bearing savings accounts, certificates of deposits, and time deposits of any bank as defined by the Illinois Banking Act, obligations of the U.S. Treasury and U.S. Agencies, certain short term corporate obligations, and certain money market mutual funds, including Illinois Funds. The Township is in the process of developing a written investment policy as required by Illinois Compiled Statutes.

Capital Township
Notes to the Financial Statements
August 31, 2009

NOTE 3 - CONTINUED - CASH AND INVESTMENTS

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Township's deposits may not be returned to it. The Township currently has no custodial credit risk deposits.

NOTE 4 - RISK MANAGEMENT

The Township participates in the Sangamon County Self-Insurance Pool for employee health insurance. The Township does not retain the risk of loss for past or future claims. The Township pays a monthly fee for each employee and family for this coverage.

NOTE 5 - CAPITAL ASSETS

As of August 31, 2009, the Township's capital assets were as follows:

<u>Capital Assets</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 110,844	\$ -0-	\$ -0-	\$ 110,844
Building	798,052	-0-	-0-	798,052
Equipment	16,000	10,000	-0-	26,000
	<u>\$ 924,896</u>	<u>\$ 10,000</u>	<u>\$ -0-</u>	<u>\$ 934,896</u>
<u>Less Accumulated Depreciation</u>				
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Building	(43,227)	(19,951)	-0-	(63,178)
Equipment	(2,933)	(3,200)	-0-	(6,133)
	<u>(46,160)</u>	<u>(23,151)</u>	<u>-0-</u>	<u>(69,311)</u>
Total Capital Assets	<u>\$ 878,736</u>	<u>\$ (13,151)</u>	<u>\$ -0-</u>	<u>\$ 865,585</u>

SUPPLEMENTARY INFORMATION

Capital Township
 Required Supplementary Information
 Schedule of Funding Progress
 For the Year Ended August 31, 2009

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)
12/31/08	\$ 2,339,030	\$ 4,153,727	\$ 1,814,697	56.31	\$ 1,053,880	172.19%
12/31/07	\$ 3,272,885	\$ 3,869,505	\$ 596,620	84.58	\$ 965,356	61.80%
12//31/06	\$ 2,841,150	\$ 3,428,375	\$ 587,225	82.87	\$ 929,873	63.15%

See accompanying notes and Independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

Capital Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended August 31, 2009

REVENUE	Original Budget	Final Budget	Actual Amounts
Property Taxes	\$ 656,250	\$ 656,250	\$ 642,263
Replacement Taxes	240,000	240,000	227,571
Township Project Reimbrse	0	0	6,316
Grants	0	0	800
Assessor's Office Revenue	1,000	1,000	96
Interest	25,000	25,000	1,965
	<u>\$ 922,250</u>	<u>\$ 922,250</u>	<u>\$ 879,011</u>
EXPENDITURES			
<u>Assessor's Office</u>			
Personnel	\$ 525,861	\$ 490,000	\$ 482,482
Elected Official Pay	0	11,500	11,500
Extra Hire	0	14,500	14,352
FICA-Employer	0	32,000	30,080
Medicare-Employer	0	7,500	7,035
IMRF-Employer	0	66,000	64,037
Workers Compensation	0	1,000	670
Health Insurance	0	48,000	45,662
Dental Insurance	0	2,000	1,667
Life Insurance	0	500	321
Employee Assistance	0	100	95
Office Supplies	3,000	3,000	1,912
Printing	1,000	1,500	1,105
Photographic Expense	3,500	3,500	213
Travel	9,000	9,000	6,108
Equipment Repair & Maintenance	0	1,000	537
Postage	2,000	2,000	125
Contractual Services	5,000	1,000	674
Professional Services	0	6,000	5,276
Contingency	1,000	1,000	0
New Equipment	5,500	5,500	1,132
Total Assessor's Office	<u>\$ 555,861</u>	<u>\$ 706,600</u>	<u>\$ 674,983</u>
<u>Collector's Office</u>			
Personnel	\$ 170,071	\$ 173,000	\$ 172,609
Elected Official Pay	11,000	11,500	11,500
Extra Hire	0	2,000	1,832
FICA-Employer	0	11,500	11,319
Medicare-Employer	0	3,000	2,648
IMRF-Employer	0	24,000	23,791
Workers Compensation	0	5,000	227
Office Supplies	0	500	32
Printing	7,000	7,000	444
Equipment Maintenance	1,700	1,700	0
Postage	13,000	15,000	17
Advertising	200	2,000	1,584
Equipment	20,000	0	0
Contractual Services	0	3,000	2,810
Total Collector's Office	<u>\$ 222,971</u>	<u>\$ 259,200</u>	<u>\$ 228,813</u>

See accompanying notes and independent auditors' report.

Capital Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual- Continued
General Fund
For the Year Ended August 31, 2009

EXPENDITURES(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
<u>Township General Expense</u>			
Trustee Pay	\$ 11,000	\$ 10,080	\$ 8,520
Town Clerk Salary	11,500	0	0
Personnel-Other	100,000	0	0
FICA-Employer	70,000	630	394
Medicare-Employer	0	150	92
Workers Compensation	0	200	8
Printing	2,000	2,500	2,308
Equipment Maintenance	1,500	1,500	0
Advertising	1,300	1,300	0
Audit	4,000	5,500	5,425
Insurance Premiums	13,500	13,500	13,024
Employer's Group Insurance	65,000	0	0
Unemployment Insurance	0	4,000	2,203
Workers Comp	25,000	24,000	14,247
Retirement	90,000	0	0
Professional Services	10,000	10,000	5,363
Attorney Fees	9,000	9,000	8,250
New Equipment	1,000	5,000	4,041
Computerization	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Township General Expenses	<u>\$ 464,800</u>	<u>\$ 137,360</u>	<u>\$ 63,875</u>
Total Expenditures	<u>\$ 1,243,632</u>	<u>\$ 1,103,160</u>	<u>\$ 967,671</u>
Excess Revenues Over (Under) Expenditures	\$ (321,382)	\$ (180,910)	\$ (88,660)
Fundbalance- Beginning of the Year	<u>1,341,970</u>	<u>1,341,970</u>	<u>1,341,970</u>
Fundbalance- End of the Year	<u>\$ 1,020,588</u>	<u>\$ 1,161,060</u>	<u>\$ 1,253,310</u>

See accompanying notes and independent auditors' report.

Capital Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
General Assistance Fund
For the Year Ended August 31, 2009

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>
REVENUE			
Property Taxes	\$ 1,512,242	\$ 1,512,242	\$ 1,479,724
Interest	15,000	15,000	1,021
Other Income	<u>0</u>	<u>0</u>	<u>3,461</u>
Total Revenues	<u>\$ 1,527,242</u>	<u>\$ 1,527,242</u>	<u>\$ 1,484,206</u>
EXPENDITURES			
<u>Administration</u>			
Personnel	\$ 330,720	\$ 340,000	\$ 338,703
Extra Hire	0	4,000	1,885
FICA-Employer	28,000	22,000	21,279
Medicare-Employer	0	3,000	2,675
IMRF-Employer	40,000	46,000	44,310
Workers Compensation	0	12,000	0
Health Insurance	45,000	38,000	37,024
Dental Insurance	2,000	1,750	1,719
Life Insurance	400	350	332
Employee Assistance	0	100	91
Office Supplies	7,000	6,000	5,493
Printing	0	100	32
Telephone	4,200	6,000	5,530
Internet Service	1,300	900	615
Subscriptions	0	300	177
Equipment Repair & Maintenance	3,200	4,820	4,560
Utilities	8,000	8,500	8,010
Equipment Rental	0	1,000	958
Postage	2,600	1,600	1,562
Contractual Services	3,000	3,000	1,452
Security System Fees	800	900	794
Janitorial Services	6,500	9,500	6,000
Pest Control	500	500	462
Garbage Pick Up	1,000	1,000	848
Mowing	0	1,000	320
Unemployment Ins	0	1,000	16
Contingent Fund	5,000	2,300	2,064
New Equipment	<u>4,000</u>	<u>40,000</u>	<u>10,368</u>
Total Administration	<u>\$ 493,220</u>	<u>\$ 555,620</u>	<u>\$ 497,279</u>

See accompanying notes and independent auditors' report.

Capital Township
Schedule of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual -Continued
General Assistance Fund
For the Year Ended August 31, 2009

EXPENDITURES(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
<u>General Assistance</u>			
GA-Transitional Assistance	\$ 215,000	\$ 142,000	\$ 128,786
GA Rent Assistance	290,000	305,000	298,925
GA Utilities Assistance	290,000	240,000	232,165
GA Food Assistance	20,000	23,000	21,632
GA Eyeglass Assistance	6,000	8,000	6,910
GA Workfare Payments	105,000	110,000	95,397
GA Physician Services	22,000	7,800	8,536
GA Dental Service	6,000	15,000	13,301
GA Seasonal Emergency	1,000	3,000	2,790
GA Emergency Contingency	10,000	18,000	6,975
GA Prescription Assistance	110,000	136,000	114,887
GA Bus Token Expense	2,000	2,800	1,800
GA Miscellaneous Assistance	<u>10,000</u>	<u>6,000</u>	<u>4,000</u>
Total General Assistance	<u>\$ 1,087,000</u>	<u>\$ 1,016,600</u>	<u>\$ 936,104</u>
Total Expenditures	<u>\$ 1,580,220</u>	<u>\$ 1,572,220</u>	<u>\$ 1,433,383</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (52,978)</u>	<u>\$ (44,978)</u>	<u>\$ 50,823</u>
Fundbalance- Beginning of the Year	<u>1,183,893</u>	<u>1,183,893</u>	<u>1,183,893</u>
Fundbalance- End of the Year	<u>\$ 1,130,915</u>	<u>\$ 1,138,915</u>	<u>\$ 1,234,716</u>

See accompanying notes and independent auditors' report.