

BURTON TOWNSHIP, ILLINOIS

FINANCIAL REPORT

AUGUST 31, 2019

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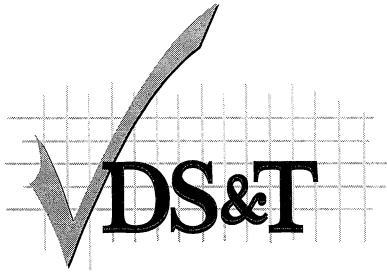
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D A M , S N E L L & T A V E I R N E , L T D .

C E R T I F I E D • P U B L I C • A C C O U N T A N T S

MATTHEW DABROWSKI, CPA
BARBARA HARPOLD, CPA
SCOTT LANNERS, CPA

INDEPENDENT AUDITORS' REPORT

Township Supervisor and Board of Trustees
Burton Township
Spring Grove, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Burton Township, Illinois (the Township) as of and for the five month period ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Burton Township, Illinois as of August 31, 2019, and the respective changes in modified cash basis financial position, thereof for the five month period then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Burton Township, Illinois basic financial statements. The budgetary comparisons presented on pages 16 through 22, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.
Certified Public Accountants
Fox Lake, Illinois
January 6, 2020

BURTON TOWNSHIP
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
 AUGUST 31, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 594,757
Capital assets, net	53,051
Total assets	\$ 647,808
LIABILITIES	
Current liabilities	
Payroll liabilities	\$ 38
Total liabilities	38
NET ASSETS	
Investment in capital assets	53,051
Restricted net assets	
Special revenues	270,640
Unrestricted net assets	324,079
Total net assets	647,770
Total liabilities and net assets	\$ 647,808

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 PERIOD ENDED AUGUST 31, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General governmental services	\$ 60,527	\$ -	\$ -	\$ -	\$ (60,527)
Assessor	176	-	-	-	(176)
Road maintenance	83,206	-	-	-	(83,206)
Home relief	250	-	-	-	(250)
Cemetery	230	-	-	-	(230)
Total governmental activities	<u>\$ 144,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(144,389)</u>
General revenues					
Property taxes					169,535
State replacement taxes					1,344
Interest					135
Miscellaneous					1,205
Total general revenues					<u>172,219</u>
Change in net assets					27,830
Net Assets - Beginning of period					<u>619,940</u>
Net Assets - End of period					<u>\$ 647,770</u>

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
STATEMENT OF ASSETS AND LIABILITIES (CASH BASIS)
GOVERNMENTAL FUNDS
AUGUST 31, 2019

ASSETS	Special Revenue Funds						Total Governmental Funds
	General	Road and Bridge	Permanent Road	Road Damage	Equipment and Building	General Assistance	
Cash and investments Due from other funds	\$ 323,418 661	\$ 8,901 -	\$ 81,771 -	\$ 979 -	\$ 91,418 -	\$ 88,270 -	\$ 594,757 661
Total assets	\$ 324,079	\$ 8,901	\$ 81,771	\$ 979	\$ 91,418	\$ 88,270	\$ 595,418
LIABILITIES AND FUND BALANCE							
Liabilities							
Payroll liabilities	\$ -	\$ -	\$ 38	\$ -	\$ -	\$ -	\$ 38
Due to other funds	-	64	597	-	-	-	661
Total liabilities	-	64	635	-	-	-	699
Fund Balance							
Restricted							
Special revenues	-	8,837	81,136	979	91,418	88,270	270,640
Unassigned	324,079	-	-	-	-	-	324,079
Total fund balance	324,079	8,837	81,136	979	91,418	88,270	594,719
Total liabilities and fund balance	\$ 324,079	\$ 8,901	\$ 81,771	\$ 979	\$ 91,418	\$ 88,270	\$ 595,418

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
 OF ASSETS AND LIABILITIES (CASH BASIS) TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2019

Total fund balance - governmental funds \$ 594,719

Amounts reported for governmental activities in the Statement of
 Net Assets are different due to:

The cost of capital assets (land, buildings, equipment and infrastructure)
 purchased or constructed is reported as an expenditure in the
 governmental funds. The Statement of Net Assets includes those
 capital assets among the assets of the Township as a whole.

Capital outlay:

General fund	\$ -	
Road and bridge fund	260,276	
Permanent road fund	-	
Road damage fund	-	
Equipment and building fund	-	
General assistance fund	-	
		260,276

Accumulated depreciation:

General fund	-	
Road and bridge fund	207,225	
Permanent road fund	-	
Road damage fund	-	
Equipment and building fund	-	
General assistance fund	-	
		<u>(207,225)</u>

Net assets of the governmental activities \$ 647,770

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS) - GOVERNMENTAL FUNDS
PERIOD ENDED AUGUST 31, 2019

	Special Revenue Funds						Total Governmental Funds
	General	Road and Bridge	Permanent Road	Road Damage	Equipment and Building	General Assistance	
CASH RECEIPTS							
Property taxes	\$ 83,056	\$ 29,713	\$ 40,185	\$ 8,149	\$ 8,432	\$ -	\$ 169,535
State replacement tax	572	772	-	-	-	-	1,344
Interest	126	9	-	-	-	-	135
Fines	1,193	-	-	-	-	-	1,193
Miscellaneous	12	-	-	-	-	-	12
Total cash receipts	<u>84,959</u>	<u>30,494</u>	<u>40,185</u>	<u>8,149</u>	<u>8,432</u>	<u>-</u>	<u>172,219</u>
DISBURSEMENTS							
Current							
General governmental services	45,467	3,628	11,432	-	-	-	60,527
Assessor	176	-	-	-	-	-	176
Road maintenance	-	45,246	7,274	22,000	4,456	-	78,976
Home relief	-	-	-	-	-	250	250
Cemetery	230	-	-	-	-	-	230
Capital acquisitions	-	-	-	-	-	-	-
Total disbursements	<u>45,873</u>	<u>48,874</u>	<u>18,706</u>	<u>22,000</u>	<u>4,456</u>	<u>250</u>	<u>140,159</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	39,086	(18,380)	21,479	(13,851)	3,976	(250)	32,060
OTHER SOURCES (USES)							
Proceeds from sale of equipment	-	-	-	-	-	-	-
Interfund transfer	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	39,086	(18,380)	21,479	(13,851)	3,976	(250)	32,060
FUND BALANCE							
Beginning of period	<u>284,993</u>	<u>27,217</u>	<u>59,657</u>	<u>14,830</u>	<u>87,442</u>	<u>88,520</u>	<u>562,659</u>
End of period	<u>\$ 324,079</u>	<u>\$ 8,837</u>	<u>\$ 81,136</u>	<u>\$ 979</u>	<u>\$ 91,418</u>	<u>\$ 88,270</u>	<u>\$ 594,719</u>

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
 OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
 TO THE STATEMENT OF ACTIVITIES
 FOR THE PERIOD ENDED AUGUST 31, 2019

Net change in fund balances - total governmental funds \$ 32,060

Amounts reported for governmental activities in the Statement
 of Activities are different due to:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which outlays for assets capitalized exceeds depreciation expense in the current period.

Capital outlay:			
General fund	\$	-	
Road and bridge fund		-	
Permanent road fund		-	
Road damage fund		-	
Equipment and building fund		-	
General assistance fund		-	
		-	
Depreciation expense:			
General fund		-	
Road and bridge fund		4,230	
Permanent road fund		-	
Road damage fund		-	
Equipment and building fund		-	
General assistance fund		-	
		-	
			(4,230)
Change in net assets of governmental activities			\$ 27,830

The accompanying notes are an integral part of these financial statements.

BURTON TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED AUGUST 31, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Township's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Principles Used to Determine Scope of Entity

The Township is a primary government as defined by Governmental Accounting Standards Board Statement 14. The Township's Road District is governed by the same Board as the Township. For financial reporting purposes the Township's Road District is reported as if it were part of the Township's operations because its purpose is to construct and maintain roads within the Township.

2. Basis of Presentation

Government-Wide Statements -The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Township. All of the Township's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The Township has no operating activities that would be considered "business activities".

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific 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 and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements- The accounts of the Township in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues collected, and expenditures paid. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The emphasis in fund financial statements is on the major funds. Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for the determination of major funds. The Township elects to treat the General Assistance Fund as a major fund. The following fund types are used by the Township:

General Fund – The general fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. The Township maintains five special revenue funds. The Road and Bridge, Permanent Road, Equipment & Building and Road Damage funds, all major funds, account for expenditures relating to road projects, which are funded mainly by property and other taxes. The General Assistance Fund, a major fund, accounts for revenue and expenditures related to general assistance in the community.

BURTON TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED AUGUST 31, 2019

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are presented using the modified cash basis of accounting. The Township maintains its accounting records for all funds on the 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 disbursement 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. The cash basis of accounting is modified by reflecting accumulated depreciation and depreciation expense related to capital assets on the government wide financial statements.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

4. Assets and Liabilities

Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments, with original maturities of three months or less from the date of acquisition.

Investments - Investments are reported at cost, which approximates fair value. Gains or losses on the sale of investments are recognized upon realization.

Inventories - It is the Township's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

Capital Assets - Capital assets, include land, land improvements, buildings, machinery and equipment, and construction in progress are reported in the government – wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Under GASB 34, the Township elected to begin capitalizing assets on April 1, 2011.

Management has not recorded any amount for general infrastructure assets of the Township.

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

Depreciation of capital assets is provided using the straight line method over the following estimated useful lives; land improvements – 10 years, buildings – 20 to 50 years, machinery and equipment – 5 to 10 years.

Compensated Absences - Under the cash basis of accounting, the Township does not accrue accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. Vacations and the associated employee-related costs are recorded when paid.

Eliminations and Reclassifications - In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

BURTON TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED AUGUST 31, 2019

5. Net Asset/Fund Balance Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, beginning with fiscal year 2012, the Township implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in a nonspendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e. Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the Township takes the same highest level of action to remove or change the constraint.
- Assigned fund balance – amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. The Board of Trustees has retained the authority to assign fund balances.

6. Budgets and Budgetary Accounting

The budget for all funds is prepared on the 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 Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township's Board of Trustees a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.

BURTON TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 PERIOD ENDED AUGUST 31, 2019

- c. The budget is legally enacted through passage of an ordinance. The ordinance was passed on June 11, 2019. Neither the Township budget nor the Road budget was amended.
- d. The Township's Supervisor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township's Board of Trustees. There were no revisions to the budget.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- f. Budgets for all funds are adopted on the cash basis. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis.

7. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE B – DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the Township to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. The Illinois Funds is an external investment pool regulated by state statutes, and values participant's shares on a fair value basis.

Deposits

Custodial Credit Risk: For an investment, custodial credit is risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments, if any, are registered in the Township's name. Township policy requires that bank deposits in excess of FDIC limits are collateralized with securities held by the financial institution's agents in the Township's name.

The carrying amount of deposit accounts at August 31, 2019 was \$594,757 and the bank balance was \$595,957. The deposits are categorized in accordance with risk factors established by governmental reporting standards.

Amount insured by FDIC	\$	250,000
Amount collateralized with securities held by the pledging financial institution's agent in the Township's name		-
Uncollateralized balance		345,957
Total bank balance	\$	595,957

BURTON TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED AUGUST 31, 2019

NOTE C - PROPERTY TAXES

The Township's property tax is levied each year on all taxable real property located in the Township and is extended by the county clerk on or before the last Tuesday in December of the year of levy. The lien date is January 1 of the year of the levy. Taxes are due to the County in two equal installments on June 1 and September 1 of the year following the levy year. Distributions are made to the Township by the County shortly after collection by the County. The 2018 levy was adopted by the Township on December 11, 2018 and the 2019 levy has yet to be adopted. The 2018 levy is included in the current year's cash receipts and was allocated as follows:

Fund	2018 Levy
Town	\$ 83,056
General assistance	-
Road and bridge	29,713
Permanent road	40,185
Equipment & building	8,432
Road damage	8,149
	\$ 169,535

NOTE D - CAPITAL ASSETS

A summary of changes in the Township's capital assets is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Building and improvements	\$ 10,600	\$ -	\$ -	\$ 10,600
Machinery and equipment	249,676	-	-	249,676
Totals	260,276	-	-	260,276
Accumulated depreciation	202,995	4,230	-	207,225
Net totals	\$ 57,281	\$ (4,230)	\$ -	\$ 53,051

Depreciation expense was charged to governmental activities as follows:

Road maintenance	\$ 4,230
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NOTE E – FUND BALANCES

As of August 31, 2019, restricted fund balances are composed of the following:

Activity	Amount
Road and bridge maintenance	\$ 8,837
Permanent road maintenance	81,136
Road damage	979
Equipment & building	91,418
General assistance	88,270
Total restricted fund balances	\$ 270,640

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned balances are available, the Township considers amounts to have been spent first from committed funds, next from assigned

BURTON TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 PERIOD ENDED AUGUST 31, 2019

funds, and lastly from unassigned funds, unless the Board of Trustees has provided for otherwise in its commitment or assignment actions.

NOTE F – INTERFUND BALANCES

Interfund receivables and payables at August 31, 2019 were as follows:

	Receivable	Payable	
General Fund	\$ 661	\$ -	
Permanent Road Fund	-	597	
Road and Bridge Fund		64	

The interfund transaction is to reimburse the general fund for expenditures paid on behalf of the permanent hard road and road and bridge funds.

NOTE G - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town participates in the Township Officials of Illinois Risk Management Association (TOIRMA). TOIRMA is an organization of townships and road districts in Illinois, which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages, property, casualty and workers compensation claim administration/litigation management services, unemployment claim administration, risk management/loss control consulting and training programs and a risk information system and financial reporting service for its members.

The Association is governed by a Board of Trustees which, at a minimum, shall be comprised of five individuals who are elected or appointed officials of member townships and/or road districts. The Chairman of the Board of Trustees is elected by majority vote of the Board.

The government's payments to TOIRMA are included in the financial statements as expenditures in the appropriate funds.

The relationship between the Township and TOIRMA is governed by a contract and by-laws that have been adopted by resolution at each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions for TOIRMA, to report claims on a timely basis, cooperate with TOIRMA, its claims administrator, and attorneys in claims investigation and settlement, and to follow risk management procedures outline by TOIRMA. Members have a contractual obligation to fund any deficit of TOIRMA attributable to a membership during which they were a member.

TOIRMA is responsible for administering the self-insurance program and purchasing excess insurance according to direction of the Board of Directors. TOIRMA also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the period ended August 31, 2019, there were no significant reductions in insurance coverage. The Township has not paid any settlements in excess of insurance coverage in the past three fiscal years.

BURTON TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED AUGUST 31, 2019

NOTE J – OPERATING LEASES

The Township has entered into an operating lease for a garage for the Road District. The monthly lease payments are \$1,200 and the Township is currently operating under a month-to-month lease. Under these lease, the Township made total payments of \$6,000 for the period ended August 31, 2019.

NOTE K – MOTOR FUEL TAX ALLOTMENTS

During the current period the Township Highway Department accumulated motor fuel tax funds from the State of Illinois Department of Transportation. In accordance with state statutes, this money is deposited with the County and recorded by the County in a Trust and Agency Fund. At the end of the period, the Township had a balance of \$24,064 of available funds. The Township can use these funds to finance repairs and maintenance of Township roads. The Township had \$21,079 funds disbursed for the period ended August 31, 2019.

NOTE L – SUBSEQUENT EVENTS

The Township's management has performed an analysis of the activities and transactions subsequent to August 31, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the period ended August 31, 2019. The Township has evaluated subsequent events through January 6, 2020, the date on which the financial statements were available to be issued.

BURTON TOWNSHIP
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 144,082	\$ 83,056	\$ (61,026)
State replacement tax	1,000	572	(428)
Interest	400	126	(274)
Miscellaneous	4,000	1,205	(2,795)
Total cash receipts	<u>149,482</u>	<u>84,959</u>	<u>\$ (64,523)</u>
DISBURSEMENTS			
General governmental services	149,928	45,467	\$ (104,461)
Assessor	19,800	176	(19,624)
Cemetery	2,500	230	(2,270)
Capital acquisitions	10,000	-	(10,000)
Total disbursements	<u>182,228</u>	<u>45,873</u>	<u>\$ (136,355)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,746)	39,086	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(32,746)	39,086	
FUND BALANCE - Beginning of period	<u>284,993</u>	<u>284,993</u>	
FUND BALANCE - End of period	<u>\$ 252,247</u>	<u>\$ 324,079</u>	

BURTON TOWNSHIP
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
 PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 78,129	\$ 29,713	\$ (48,416)
State replacement tax	1,260	772	(488)
Court fines	-	-	-
Interest	50	9	(41)
Culvert permits	-	-	-
Miscellaneous	-	-	-
Total cash receipts	<u>79,439</u>	<u>30,494</u>	<u>\$ (48,945)</u>
DISBURSEMENTS			
General governmental services	11,420	3,628	\$ (7,792)
Maintenance	89,200	45,246	(43,954)
Capital acquisitions	7,000	-	(7,000)
Total disbursements	<u>107,620</u>	<u>48,874</u>	<u>\$ (58,746)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,181)	(18,380)	
OTHER SOURCES (USES)			
Proceeds from sale of assets	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(28,181)	(18,380)	
FUND BALANCE - Beginning of period	<u>27,217</u>	<u>27,217</u>	
FUND BALANCE - End of period	<u>\$ (964)</u>	<u>\$ 8,837</u>	

BURTON TOWNSHIP
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PERMANENT ROAD FUND
PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 69,712	\$ 40,185	\$ (29,527)
Interest	-	-	-
Miscellaneous	-	-	-
Total cash receipts	<u>69,712</u>	<u>40,185</u>	<u>\$ (29,527)</u>
DISBURSEMENTS			
General governmental services	41,500	11,432	\$ (30,068)
Maintenance	70,000	7,274	(62,726)
Capital acquisitions	18,000	-	(18,000)
Total disbursements	<u>129,500</u>	<u>18,706</u>	<u>\$ (110,794)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,788)	21,479	
OTHER SOURCES (USES)			
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(59,788)	21,479	
FUND BALANCE - Beginning of period	<u>59,657</u>	<u>59,657</u>	
FUND BALANCE - End of period	<u>\$ (131)</u>	<u>\$ 81,136</u>	

BURTON TOWNSHIP
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD DAMAGE FUND
 PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 14,136	\$ 8,149	\$ (5,987)
Interest	-	-	-
Total cash receipts	14,136	8,149	\$ (5,987)
DISBURSEMENTS			
Capital acquisitions	-	-	\$ -
Maintenance	28,966	22,000	(6,966)
Total disbursements	28,966	22,000	\$ (6,966)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,830)	(13,851)	
OTHER SOURCES (USES)			
Proceeds from sale of capital asset	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(14,830)	(13,851)	
FUND BALANCE - Beginning of period	14,830	14,830	
FUND BALANCE - End of period	\$ -	\$ 979	

BURTON TOWNSHIP
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - EQUIPMENT AND BUILDING FUND
 PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ 14,627	\$ 8,432	\$ (6,195)
Interest	-	-	-
Total cash receipts	<u>14,627</u>	<u>8,432</u>	<u>\$ (6,195)</u>
DISBURSEMENTS			
Road maintenance	<u>61,000</u>	<u>4,456</u>	<u>\$ (56,544)</u>
Total disbursements	<u>61,000</u>	<u>4,456</u>	<u>\$ (56,544)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,373)	3,976	
OTHER SOURCES (USES)			
Proceeds from the sale of capital asset	-	-	
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(46,373)	3,976	
FUND BALANCE - Beginning of period	<u>87,442</u>	<u>87,442</u>	
FUND BALANCE - End of period	<u>\$ 41,069</u>	<u>\$ 91,418</u>	

BURTON TOWNSHIP
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL ASSISTANCE FUND
 PERIOD ENDED AUGUST 31, 2019

	Original and Final Budget	Actual	Over (Under) Budget
CASH RECEIPTS			
Property taxes	\$ -	\$ -	\$ -
Miscellaneous	1,000	-	(1,000)
Total cash receipts	1,000	-	\$ (1,000)
DISBURSEMENTS			
General governmental services	11,841	-	\$ (11,841)
Home relief	65,726	250	(65,476)
Total disbursements	77,567	250	\$ (77,317)
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,567)	(250)	
OTHER SOURCES (USES)			
Interfund transfer	-	-	
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER (USES)	(76,567)	(250)	
FUND BALANCE - Beginning of period	88,520	88,520	
FUND BALANCE - End of period	\$ 11,953	\$ 88,270	

BURTON TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2019

Note 1 - Budgetary Basis of Accounting

Budgets are adopted on the cash basis of accounting which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Note 2 - Over Expenditure of Budget

None of the funds had total expenditures which exceeded the total budget.