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Accounting • Auditing • Consulting

Grafton Township, Illinois

Annual Financial Report
For the Year Ended March 31, 2019

GRAFTON TOWNSHIP, ILLINOIS

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Township Supervisor and
Members of the Grafton Township Board
Grafton, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grafton Township, Illinois (Township) as of and for the year ended March 31, 2019, which collectively comprise the Township's basic financial statements as listed in the accompanying 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 1. 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 of 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 financial statement 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 Grafton Township, Illinois as of March 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

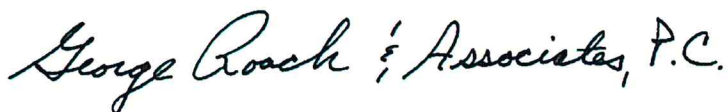
Basis of Accounting

We draw attention to Note 1 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 opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Grafton Township, Illinois' financial statements. The other information (OI) as described in the accompanying table of contents, are the responsibility of management and presented for purposes of additional analysis and are not a required part of the 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.

A handwritten signature in black ink that reads "George Roach & Associates, P.C." The signature is written in a cursive, flowing style.

George Roach & Associates, P.C.
Crystal Lake, Illinois
May 17, 2019

OTHER INFORMATION –

MANAGEMENT DISCUSSION AND ANALYSIS -
UNAUDITED

GRAFTON TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019*

As management of Grafton Township (Township), we offer readers of the Township's statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2019. The Management of the Township encourages the readers of this financial information presented in conjunction with the financial statements to obtain a better understanding of the Township's financial operations.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at March 31, 2019 by \$5,339,425 (net position). Of this amount, \$1,091,496 (unassigned net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$514,928.
- At March 31, 2019, the Township's governmental funds reported combined ending fund balances of \$3,099,242, an increase of \$403,330 from the prior year.
- At March 31, 2019, the fund balance for the Town Fund was \$1,719,713.
- The Township's total net fixed assets increased by \$111,598 during the year ended March 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other information (OI) and additional information for analysis.

Government-wide financial statements

The government-wide financial statements are prepared using the modified cash basis of accounting and are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector businesses.

The statement of net position presents financial information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a portion of the costs through user fees and charges. The

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

governmental activities of the Township include general government, services for youth and family, seniors, general assistance and mental health, and road and bridge projects.

Fund financial statements

All of the funds of the Township are governmental funds. The fund financial statements are prepared using the modified cash basis of accounting. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The fund financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's three funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to the financial statements

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Other information consists of more detailed data on budget to actual revenues and expenditures.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information concerning Grafton Township's progress in funding its obligation to provide pension benefits to its employees. Additionally, other information regarding a statement of revenues, expenditures, and changes in fund balance - budget vs. actual for each major fund is presented in this section. The Township adopts an annual budget for all funds. A budgetary comparison statement has been provided for the Town Fund and other governmental funds to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of Grafton Township, assets exceeded liabilities by \$5,339,425 for the year ended March 31, 2019. A portion of the Township's net position reflects its investment in capital assets; \$2,240,183. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is \$3,099,242, of which \$1,407,746 is restricted, \$600,000 assigned, and \$1,091,496 unassigned.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

Grafton Township Net Position

	<u>Governmental Activities</u>	
	<u>3/31/2019</u>	<u>3/31/2018</u>
Assets		
Current and Other Assets	\$ 3,100,283	\$ 2,701,632
Fixed Assets	<u>2,240,183</u>	<u>2,128,585</u>
Total Assets	<u>\$ 5,340,466</u>	<u>\$ 4,830,217</u>
Liabilities		
Payroll Liabilities	<u>\$ 1,041</u>	<u>\$ 5,720</u>
Total Liabilities	<u>1,041</u>	<u>5,720</u>
Net Position:		
Net Investment in Capital Assets	2,240,183	2,128,585
Restricted - General Assistance	72,819	68,206
Restricted - Road & Bridge	1,258,062	1,140,994
Restricted - IMRF	27,478	22,504
Restricted - Insurance	49,387	45,766
Assigned - Capital Improvement	600,000	600,000
Unrestricted	<u>1,091,496</u>	<u>818,442</u>
Total Net Position	<u>\$ 5,339,425</u>	<u>\$ 4,824,497</u>

An additional portion of the Township's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unassigned net position (\$1,091,496) may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2019, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$514,928 in comparison with the prior year.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

Governmental activities

Key elements of the changes to net position by governmental activities are as follows:

Grafton Township Changes in Net Position

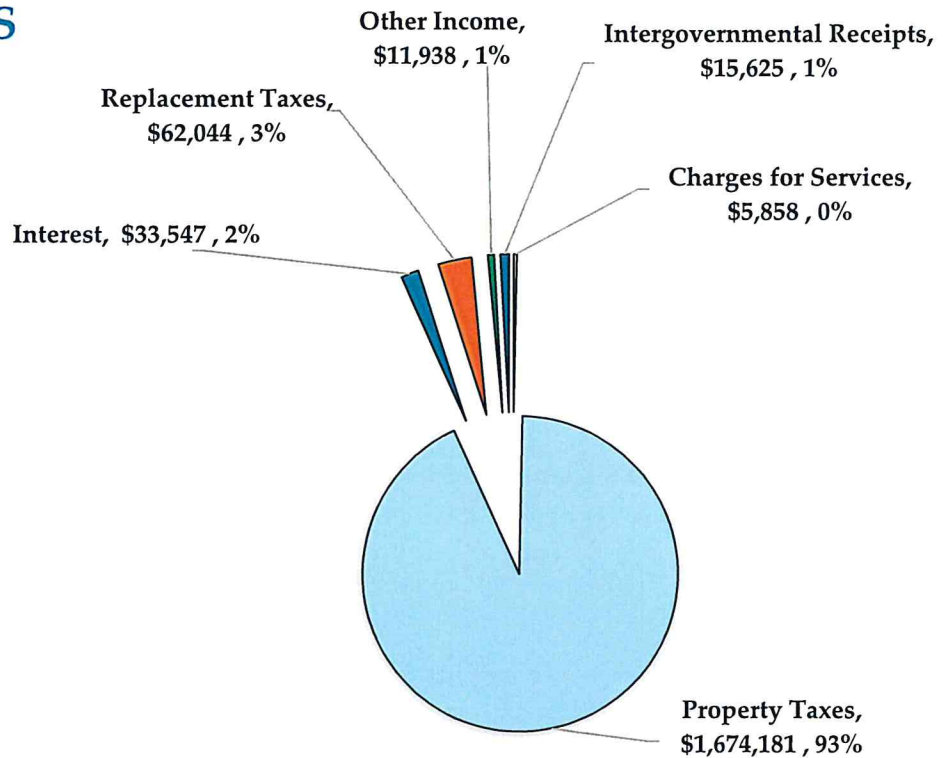
	Governmental Activities	
	March 31, 2019	March 31, 2018
Revenues		
Program Revenues		
Charges for Services	\$ 5,858	\$ 9,380
General Revenues		
Property Taxes	1,674,181	1,766,173
Replacemnt Taxes	62,044	66,975
Intergovernmental Receipts	15,625	18,025
Interest	33,547	16,369
Other Income	11,938	8,638
Total Revenues	<u>1,803,193</u>	<u>1,885,560</u>
Expenses		
General Government	484,737	502,941
Assessor	320,760	318,570
General Assistance	15,342	15,835
Road and Bridge	467,426	429,430
Total Expenses	<u>1,288,265</u>	<u>1,266,776</u>
Change in Net Position	514,928	618,784
Net Position - Beginning of Year	<u>4,824,497</u>	<u>4,205,713</u>
Net Position - End of Year	<u>\$ 5,339,425</u>	<u>\$ 4,824,497</u>

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

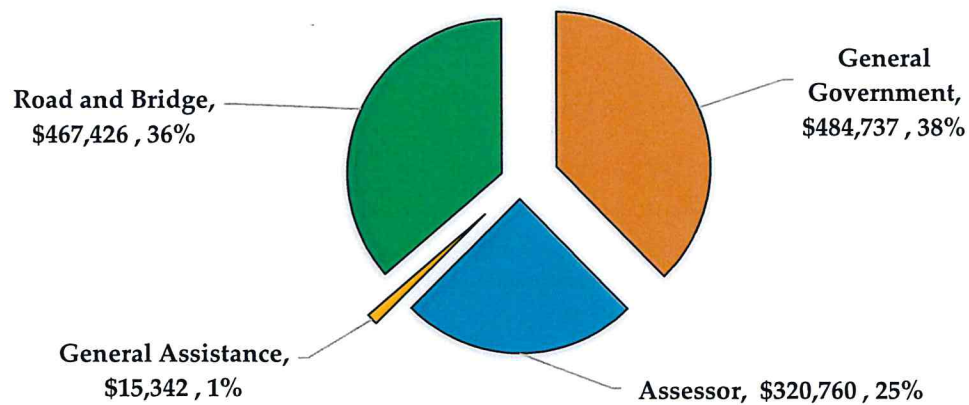
2019 REVENUES

ROUND TO NEAREST PERCENT



2019 EXPENSES

ROUND TO NEAREST PERCENT



GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

At March 31, 2019, the Township's governmental funds reported combined ending fund balances of \$3,099,242, an increase of \$403,330 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At March 31, 2019, the fund balance of the Town Fund was \$1,719,713. This represents an increase of \$276,960 compared to the prior fiscal year.

Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$696,921 were under revenues by \$276,960 and were \$1,700,489 less than the appropriation of \$2,397,410.

CAPITAL ASSETS

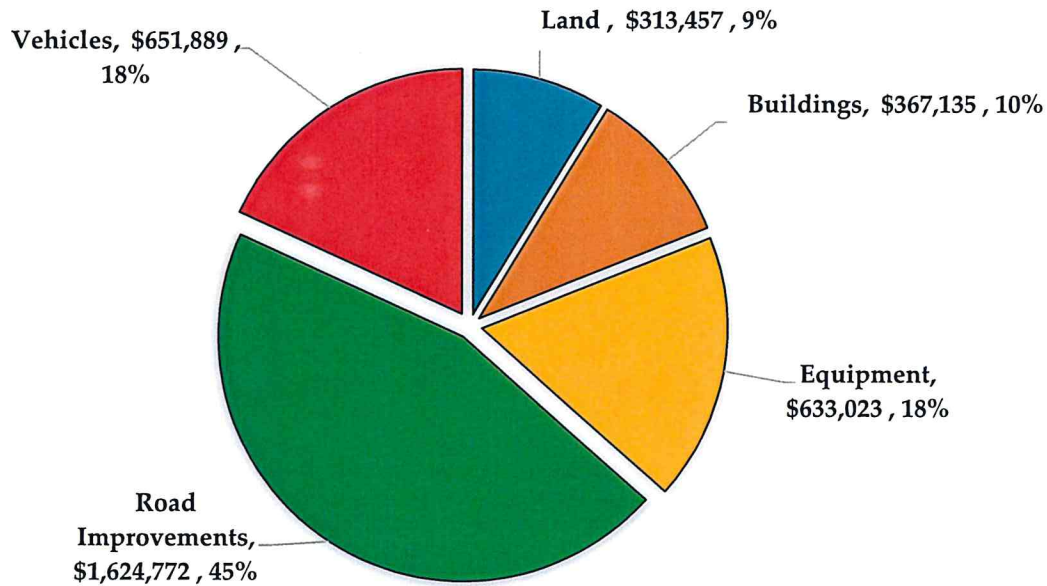
The Township's capital fixed assets for its governmental activities as of March 31, 2019 amount to \$2,240,183 (net of accumulated depreciation). This investment in fixed assets includes land, roads and improvements, buildings and improvements, vehicles, and other equipment. Major fixed asset events during the current fiscal year included the following:

	Balance April 1, 2018	Increases	Decreases	Balance March 31, 2019
Fixed Assets				
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	342,768	24,367	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,382,649	242,125	-	1,624,774
Vehicles	651,889	-	-	651,889
Total Fixed Assets	3,323,786	266,492	-	3,590,278
Less: Accumulated				
Depreciation	1,195,201	154,904	-	1,350,105
Fixed Assets (Net)	\$ 2,128,585	\$ 111,588	\$ -	\$ 2,240,173

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

CAPITAL ASSETS, AT COST



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2018 is \$1,572,223,371. That represents an increase in EAV of \$86,188,667 over the prior year's EAV. Taxes recorded in these financial statements are from the 2017 levy. A summary of the assessed valuations and extensions for tax years 2018, 2017 and 2016 is as follows:

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

Grafton Township, Illinois Assessed Valuations, Extended Tax Rates, Percentage Allocations and Extensions by Fund

Tax Levy Year	2018		2017		2016	
Assessed Valuation						
McHenry County	\$	1,572,223,371	\$	1,486,034,704	\$	1,405,917,754
Tax Rates and Percentage Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Town - Corporate	0.051373	48.76	0.060392	49.78	0.070926	52.41
Town - Insurance	0.001145	1.09	0.001212	1.00	0.001281	0.95
Public Assistance	0.002099	1.99	0.002221	1.83	0.002348	1.74
Road & Bridge	0.015789	14.99	0.017583	14.49	0.018585	13.73
Permanent Road	0.033546	31.84	0.037358	30.79	0.039234	28.99
Road & Bridge - IMRF	0.000764	0.73	0.001212	1.00	0.001287	0.95
Road & Bridge - Insurance	0.000637	0.60	0.001346	1.11	0.001670	1.23
Totals	0.105353	100.00	0.121324	100.00	0.135331	100.00

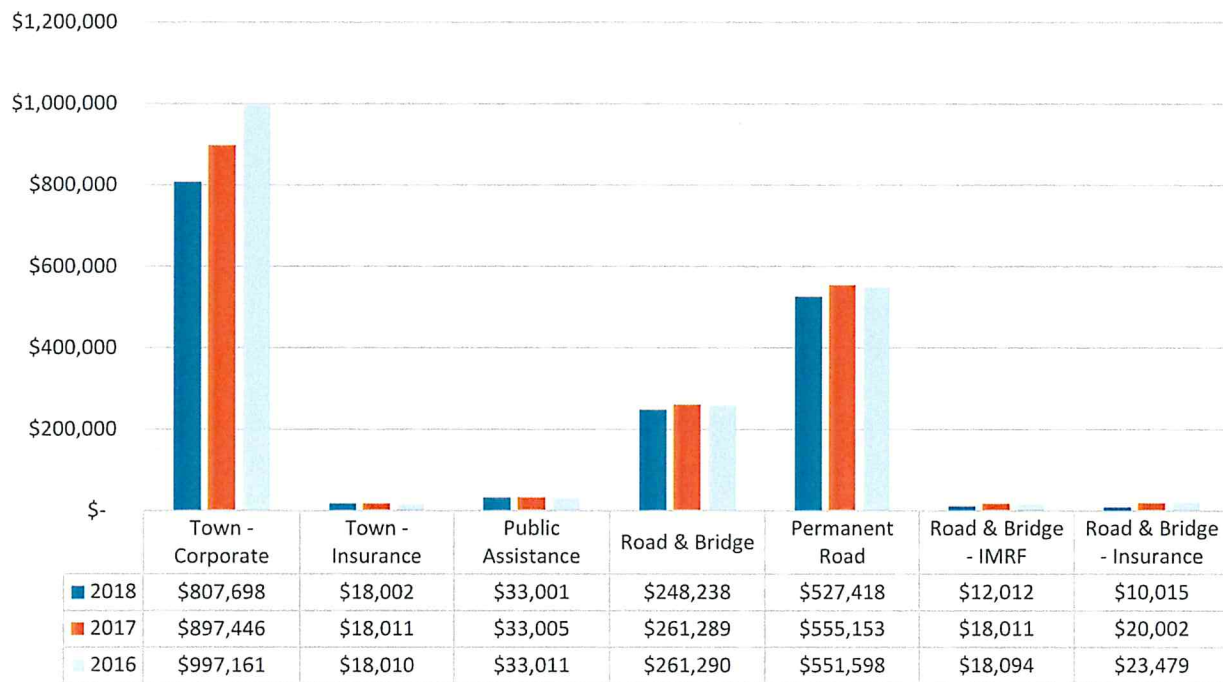
Property Tax Extensions

Funds	2018	2017	2016
Town - Corporate	\$ 807,698	\$ 897,446	\$ 997,161
Town - Insurance	18,002	18,011	18,010
Public Assistance	33,001	33,005	33,011
Road & Bridge	248,238	261,289	261,290
Permanent Road	527,418	555,153	551,598
Road & Bridge - IMRF	12,012	18,011	18,094
Road & Bridge - Insurance	10,015	20,002	23,479
Totals	\$ 1,656,384	\$ 1,802,917	\$ 1,902,643

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2019

Property Tax Extensions



Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Township in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Supervisor, Grafton Township, 10109 Vine Street, Huntley, Illinois 60142.

BASIC FINANCIAL STATEMENTS

GRAFTON TOWNSHIP, ILLINOIS

Government-wide Statement of Net Position - Modified Cash Basis

March 31, 2019

Assets	
Cash and investments - at cost	\$ 3,100,283
Fixed assets - net of accumulated depreciation	2,240,183
Total Assets	\$ 5,340,466
Current Liabilities	
Payroll Liabilities	\$ 1,041
Total Current Liabilities	1,041
Total Liabilities	1,041
Net Position	
Net investment in capital assets	2,240,183
Restricted - General Assistance	72,819
Restricted - General Road & Bridge	1,258,062
Restricted - IMRF	27,478
Restricted - Insurance	49,387
Assigned - Capital Improvement	600,000
Unrestricted	1,091,496
Total Net Position	\$ 5,339,425

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

GRAFTON TOWNSHIP, ILLINOIS

Government-wide Statement of Activities and Changes in Net Position - Modified Cash Basis

Year Ended March 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 484,737	\$ -	\$ -	\$ (484,737)
Assessor	320,760	-	-	(320,760)
Road & Bridge	467,426	5,858	-	(461,568)
General Assistance	15,342	-	-	(15,342)
Total Governmental Activities	\$ 1,288,265	\$ 5,858	\$ -	\$ (1,282,407)
General Revenues:				
		Property taxes		1,674,181
		Replacement tax		62,044
		Miscellaneous revenue		11,938
		Investment income		33,547
		Intergovernmental		15,625
		Total Revenues		1,797,335
		Changes in Net Position		514,928
		Net Position Beginning of Year		4,824,497
		Total Net Position		\$ 5,339,425

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

GRAFTON TOWNSHIP, ILLINOIS

Governmental Funds Combined Balance Sheet - Modified Cash Basis

March 31, 2019

Assets	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Cash	\$ 1,720,317	\$ 72,819	\$ 1,307,147	\$ 3,100,283
Total Assets	\$ 1,720,317	\$ 72,819	\$ 1,307,147	\$ 3,100,283
Liabilities	Payroll liabilities	Total Liabilities		
Payroll liabilities	\$ 604	\$ -	\$ 437	\$ 1,041
Total Liabilities	604	-	437	1,041
Fund Balance	Nonspendable	Restricted - General Assistance	Restricted - IMRF	Restricted - Insurance
Nonspendable	-	-	-	-
Restricted - General Assistance	-	72,819	-	72,819
Restricted - IMRF	-	-	27,478	27,478
Restricted - Insurance	28,217	-	21,170	49,387
Committed	-	-	-	-
Assigned	600,000	-	-	600,000
Unassigned	1,091,496	-	1,258,062	2,349,558
Total Fund Balance	1,719,713	72,819	1,306,710	3,099,242
Total Liabilities and Fund Balance	\$ 1,720,317	\$ 72,819	\$ 1,307,147	\$ 3,100,283

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

GRAFTON TOWNSHIP, ILLINOIS

Governmental Funds - Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Modified Cash Basis

Year Ended March 31, 2019

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Revenues				
Property taxes	\$ 914,109	\$ 32,956	\$ 727,116	\$ 1,674,181
Replacement taxes	22,974	-	39,070	62,044
Intergovernmental receipts	15,625	-	-	15,625
Fines	-	-	1,066	1,066
Interest income	17,812	687	15,048	33,547
Permits and bonds	-	-	4,792	4,792
Miscellaneous revenue	3,361	-	8,577	11,938
Total Revenues	973,881	33,643	795,669	1,803,193
Expenditures				
Administrative	347,030	13,688	76,994	437,712
Assessor	320,760	-	-	320,760
Transportation	29,131	-	-	29,131
Home relief	-	15,342	-	15,342
Maintenance	-	-	47,611	47,611
Permanent Road	-	-	549,307	549,307
Total Expenditures	696,921	29,030	673,912	1,399,863
Net Change in Fund Balance	276,960	4,613	121,757	403,330
Fund Balance				
Balance, beginning of year	1,442,753	68,206	1,184,953	2,695,912
Total Fund Balance	\$ 1,719,713	\$ 72,819	\$ 1,306,710	\$ 3,099,242

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

GRAFTON TOWNSHIP, ILLINOIS

*Reconciliations of the Governmental Funds to the
Statement of Net Position and the Statement of Activities
Year Ended March 31, 2019*

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Total Fund Balances -Total Governmental Funds	\$ 3,099,242
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Amount net of depreciation	<u>2,240,183</u>
Total Net Position of Governmental Activities	<u>\$ 5,339,425</u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

Net Change in Fund Balance	\$ 403,330
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life. (amount shown is net of depreciation)	
	<u>111,598</u>
Changes in Net Position Governmental Funds	<u>\$ 514,928</u>

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Grafton Township ("Township") are prepared in accordance with 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 (GAAP). The Township follows all Governmental Accounting Standards Board (GASB) pronouncements and pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements; to the extent they are applicable to the modified cash basis of accounting. The more significant accounting policies used by the Township are discussed below. In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Financial statements prepared using modified cash basis accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds. These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

REPORTING ENTITY –

The Township is located in the Village of Huntley, Illinois and is governed by a board. The Township is primarily funded through a tax levy, operating grants, fines and fees, and charitable donations. Revenue is used to operate and staff the Township. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Township, there are no component units to be included in these financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION –

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds).

GOVERNMENT-WIDE FINANCIAL STATEMENTS –

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the modified cash basis of accounting. Revenue is recorded when received and expenses are recorded when paid. Property taxes are recognized as revenue in the year received.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements
Year Ended March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position includes and recognizes all long-term assets and long-term debt and obligations. The Township's net position is reported in three parts – net investment in capital assets, restricted net position; and unassigned net position. Interfund activity is eliminated, as all fund activities are combined in the statement of net position.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to Township patrons 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 meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported as general revenue.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenue is recognized as soon as it is received. Expenditures generally are recorded when paid, as under cash basis accounting. Debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. The primary sources of revenue are property taxes, state-shared revenue, and interest associated with the current fiscal period. All are considered to be susceptible to cash and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

THE TOWNSHIP REPORTS ALL THE FUNDS AS MAJOR GOVERNMENTAL FUNDS –

The Town Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund, while the Township Road & Bridge Fund accounts for the resources associated with taxes levied specifically for the maintenance of the Township's road and bridges. General Assistance funds are administered by the Township Supervisor in accordance with the policies of the Township.

FINANCIAL STATEMENT AMOUNTS –

Bank Deposits and Investments - The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The Township maintains a cash and investment pool which is available for use by the General and Special Revenue Funds.

The Township's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans institutions. The cash and investments reflected in the combined balance sheet consist of demand accounts.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds” and are expected to be repaid within one year. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Interfund balances are used to finance operations in the respective fund that holds the “due to” or “advances from” account.

CAPITAL ASSETS –

Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	20-50 years
Equipment, furniture, and fixtures	5-20 years

Compensated Absences (Vacation and Sick Leave) - It is the Township’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. A liability for unused vacation pay benefit is reported in the governmental fund - General Fund only for employee terminations as of yearend.

LONG-TERM OBLIGATIONS –

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

The Township has a pension plan covering substantially all the full-time employees. Employees are covered by the Illinois Municipal Retirement Fund.

FUND BALANCE CLASSIFICATION –

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy and is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NONSPENDABLE –

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Township has not classified any items as being Nonspendable.

RESTRICTED –

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

COMMITTED –

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Township Board. These amounts cannot be used for any other purpose unless the Township Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Township did not have any committed resources as of March 31, 2019.

ASSIGNED –

This classification includes amounts that are constrained by the Township's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Township Board or through the Township Board delegating this responsibility to the Township Supervisor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the Town Fund.

UNASSIGNED –

This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding which represents the portion of the General Fund balance that has been established by the board to be used for debt service or in emergency situations. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

The Township would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

PROPERTY TAX CALENDAR –

The Township's property tax is levied each calendar year on all taxable real estate property located in the Township's district on or before the last Tuesday in December. The 2018 Town levy was passed by the board on November 19, 2018 and the Road levy was passed by the board on December 17, 2018. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Township receives significant distributions of tax receipts approximately one month after these dates.

NOTE 2 – CASH AND INVESTMENTS

The Township's investment policies are governed by state statutes whereby Township money must be deposited in FDIC insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

At March 31, 2019, the carrying amount of the Township's deposits totaled \$3,100,283 and the bank balances totaled \$3,163,538. All cash is short-term in nature and is stated at cost, which approximates market value.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the Township's cash was invested in bank demand accounts.

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 state treasurers' investment pool. During fiscal year ended March 31, 2019, the Township invested its cash in bank demand accounts.

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 or collateral securities. Of the Township's cash, \$250,000 is FDIC insured and \$2,850,283 is collateralized in the bank's trust department, not in the name of the Township.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

IMRF PLAN DESCRIPTION

The 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. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements
Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	7
Inactive Plan Members entitled to but no yet receiving bene	14
Active Plan Member	10
Total	31

CONTRIBUTIONS

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% 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. The Township's annual contribution rate for calendar year 2018 was 8.74%. For the fiscal year ended March 31, 2019, the Township contributed \$43,194 to the plan. The Township 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Township's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.5%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	Portfolio	Long-Term
	Target	Expected
	Percentage	Real Rate
		of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	<u>1%</u>	2.50%
Total	100%	

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2018

Actuarial Valuation Date	12/31/2018
Measurement Date of the Net Pension Liability	12/31/2018
Fiscal Year End	3/31/2019

Membership

Number of	
- Retirees and Beneficiaries	7
- Inactive, Non-Retired Members	14
- Active Members	10
- Total	31
Covered Valuation Payroll (1)	\$ 499,104

Net Pension Liability

Total Pension Liability/(Asset)	\$ 2,442,033
Plan Fiduciary Net Position	2,174,321
Net Pension Liability/(Asset)	\$ 267,712
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.04%
Net Pension Liability as a Percentage of Covered Valuation Payroll	53.64%

Development of the Single Discount Rate as of December 31, 2018

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate (2)	3.71%
Last year ending December 31 in the 2019 to 2118 projection period for which projected benefit payments are fully funded	2118
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2017 Measurement Date	7.50%

Total Pension Expense/(Income)	\$ 43,194
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Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,669	\$ 13,155
Changes in assumptions	50,554	40,525
Net difference between projected and actual earnings on pension plan investments	243,468	113,368
Total	\$ 312,691	\$ 167,048

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68.

(2) Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported to Fidelity Index's "20-Year Municipal Go AA Index" as of December 29, 2018. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2018

A. Total pension liability

1. Service Cost	\$	59,272
2. Interest on the Total Pension Liability		164,735
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		23,709
5. Changes of assumptions		71,599
6. Benefit payments, including refunds of employee contributions		(88,224)
7. Net change in total pension liability		231,091
8. Total pension liability – beginning		2,210,942
9. Total pension liability – ending	\$	2,442,033

B. Plan fiduciary net position

1. Contributions – employer	\$	43,620
2. Contributions – employee		22,460
3. Net investment income		(97,871)
4. Benefit payments, including refunds of employee contributions		(88,224)
5. Other (Net Transfer)		32,797
6. Net change in plan fiduciary net position		(87,218)
7. Plan fiduciary net position – beginning		2,261,539
8. Plan fiduciary net position – ending	\$	2,174,321

C. Net pension liability/(asset)

\$ 267,712

D. Plan fiduciary net position as a percentage

of the total pension liability 89.04%

E. Covered Valuation payroll

\$ 499,104

F. Net pension liability as a percentage

of covered valuation payroll 53.64%

Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 2,771,862	\$ 2,442,033	\$ 2,177,262
Plan Fiduciary Net Position	2,174,321	2,174,321	2,174,321
Net Pension Liability/(Asset)	\$ 597,541	\$ 267,712	\$ 2,941

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2019, the Township recognized pension expense of \$43,194. At March 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 18,669	\$ 13,155
Changes of assumptions	50,554	40,525
Net difference between projected and actual earnings on pension plan investments	<u>243,468</u>	<u>113,368</u>
Total Deferred Amounts to be recognized in pension expense in future periods	312,691	167,048
 <i>Pension Contributions made subsequent to the Measurement Date</i>	 <u>(10,436)</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 302,255</u>	 <u>\$ 167,048</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 45,779
2020	19,608
2021	26,678
2022	53,578
2023	-
Thereafter	-
Total	<u>\$ 145,643</u>

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements
Year Ended March 31, 2019

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate *

Valuation Date:

December 31, 2018 Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior contributions are reported.

Notes

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (two employers were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based on 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation

Notes to the Basic Financial Statements
Year Ended March 31, 2019

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based on 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Notes There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement annual actuarial valuation report.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2019

NOTE 4 – CHANGES IN FIXED ASSETS

	Balance			Balance
Fixed Assets	April 1, 2018	Increases	Decreases	March 31, 2019
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	342,768	24,367	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,382,649	242,125	-	1,624,774
Vehicles	651,889	-	-	651,889
Total Fixed Assets	3,323,786	266,492	-	3,590,278
Less: Accumulated				
Depreciation	1,195,191	154,904	-	1,350,095
Fixed Assets (Net)	<u>\$ 2,128,595</u>	<u>111,588</u>	<u>-</u>	<u>\$ 2,240,183</u>

Depreciation by Governmental Activity	
General Government	\$ 17,894
Road & Bridge	<u>137,010</u>
Total Governmental	
Activities	\$ 154,904

NOTE 5 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6 – 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, 2019 and the date of this audit report requiring disclosure in the financial statements.

OTHER INFORMATION

GRAFTON TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 915,435	\$ 915,435	\$ 914,109
Replacement taxes	20,000	20,000	22,974
Intergovernmental road	15,625	15,625	15,625
Interest income	7,297	7,297	17,812
Miscellaneous revenue	500	500	3,361
Total Revenues	958,857	958,857	973,881
General and Administrative Personnel			
Salaries	60,000	60,000	58,554
Elected officials	165,000	165,000	151,250
Health insurance	40,000	40,000	38,374
Social Security	20,000	20,000	15,058
Medicare	5,000	5,000	3,332
Unemployment insurance	5,000	5,000	431
IMRF contribution	28,000	28,000	10,816
Total Personnel	323,000	323,000	277,815
Contractual Services			
Maintenance - buildings	150,000	150,000	3,841
Maintenance - equipment	75,000	75,000	25,745
TOIRMA insurance	20,000	20,000	14,078
Accounting services	20,000	20,000	4,808
Legal services	165,000	165,000	3,957
Other professional services	50,000	50,000	-
Other contract services - clerk	5,000	5,000	13
Dues, memberships	3,000	3,000	1,424
Annual meeting	2,500	2,500	-
Postage	2,000	2,000	206
Printing	3,000	3,000	408
Publishing	2,000	2,000	370
Room rental	2,500	2,500	-
Telephone	3,000	3,000	2,689
Training and education	5,000	5,000	-
Travel expenses	2,000	2,000	42
Utilities	5,000	5,000	3,609
Total Contractual Services	515,000	515,000	61,190

GRAFTON TOWNSHIP, ILLINOIS*Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2019*

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Fuel and oil	\$ 2,000	\$ 2,000	\$ -
Office supplies	5,010	5,010	927
Operating supplies	3,000	3,000	168
Other admin contingencies	50,000	50,000	-
Other miscellaneous	50,000	50,000	571
Total Commodities	110,010	110,010	1,666
Capital Expenditures			
Deferred Equipment	500,000	500,000	6,359
Deferred Maintenance - Building	500,000	500,000	-
Total Capital Expenditures	1,000,000	1,000,000	6,359
Total General and Administrative	1,948,010	1,948,010	347,030
Assessor Office Personnel			
Salaries	222,000	222,000	219,182
Social Security	20,500	20,500	13,964
Health insurance	62,000	62,000	43,797
IMRF contribution	23,000	23,000	16,473
Total Personnel	327,500	327,500	293,416
Contractual Services			
Maintenance services	4,200	4,200	1,305
Dues, memberships	1,000	1,000	90
Postage	250	250	-
Printing	500	500	-
Publishing	600	600	-
Telephone	6,300	2,680	2,515
Training and education	2,800	2,800	2,390
Travel and meetings	1,200	1,200	1,032
Total Contractual Services	16,850	13,230	7,332
Commodities			
Office supplies	2,700	2,700	1,930
Periodicals and publications	300	300	-
Other miscellaneous	1,500	1,500	745
Uniforms	500	500	497
Total Commodities	5,000	5,000	3,172

GRAFTON TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Assessor Office (Continued)			
Capital Expenditures			
Software	\$ 13,300	\$ 16,920	\$ 16,840
Equipment	1,750	1,750	-
Total Capital Expenditures	15,050	18,670	16,840
Total Assessor Office	364,400	364,400	320,760
Senior Transportation Personnel			
Salaries	25,000	25,000	20,565
Social Security	4,000	4,000	1,661
Health insurance	7,500	7,500	93
IMRF contribution	2,500	2,500	-
Total Personnel	39,000	39,000	22,319
Contractual Services			
Postage	1,000	1,000	-
Printing	1,000	1,000	12
Telephone	2,000	2,000	-
Total Contractual Services	4,000	4,000	12
Commodities			
Gas/diesel/oil	4,000	4,000	79
Utilities	2,000	2,000	-
Office supplies	1,000	1,000	12
Other miscellaneous	10,000	10,000	176
Total Commodities	17,000	17,000	267
Other Expenditures			
McRide	15,000	15,000	6,000
Community events/bingo	10,000	10,000	533
Total Other Expenditures	25,000	25,000	6,533
Total Senior Transportation	85,000	85,000	29,131
Total Expenditures Town Fund	2,397,410	2,397,410	696,921
Net Change in Fund Balance	\$ (1,438,553)	\$ (1,438,553)	\$ 276,960

GRAFTON TOWNSHIP, ILLINOIS

General Assistance Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 33,000	\$ 33,000	\$ 32,956
Interest income	130	130	687
Total Revenues	33,130	33,130	33,643
General and Administrative			
Personnel			
Salaries	20,000	20,000	5,841
Health insurance	7,500	7,500	2,188
Total Personnel	27,500	27,500	8,029
Contractual services			
Maintenance - equipment	2,000	2,000	1,014
Accounting services	3,000	3,000	3,000
Other professional services	1,000	1,000	55
Postage	250	250	-
Telephone	1,000	1,000	433
Printing	1,000	1,000	125
Training and education	500	500	250
Utilities	1,000	1,000	782
Total Contractual Services	9,750	9,750	5,659
Commodities			
Maintenance supplies building	500	500	-
Office supplies	1,000	1,000	-
Total Commodities	1,500	1,500	-
Total General and Administrative	38,750	38,750	13,688
Home Relief			
Contractual Services			
Transportation assistance	1,000	1,000	400
Other medical services insurance	4,000	4,000	2,650
Shelter	20,000	15,000	5,580
Utility payments	5,000	10,000	6,712
Total Contractual Services	30,000	30,000	15,342

GRAFTON TOWNSHIP, ILLINOIS

General Assistance Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Home Relief (Concluded)			
Commodities			
Food	\$ 1,500	\$ 1,500	\$ -
Catastrophic deduction	25,086	25,086	-
Personal incidentals	1,500	1,500	-
Household incidentals	1,500	1,500	-
Flat grant	1,000	1,000	-
Prescriptions	1,000	1,000	-
Fuel	1,000	1,000	-
Total Commodities	<u>32,586</u>	<u>32,586</u>	<u>-</u>
Total Home Relief	<u>62,586</u>	<u>62,586</u>	<u>15,342</u>
Total Expenditures General Assistance Fund	<u>101,336</u>	<u>101,336</u>	<u>29,030</u>
Net Change in Fund Balance	<u>\$ (68,206)</u>	<u>\$ (68,206)</u>	<u>\$ 4,613</u>

GRAFTON TOWNSHIP, ILLINOIS

Road & Bridge Fund- Statement of Revenue, Expenditures and and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 854,455	\$ 854,455	\$ 727,116
Replacement taxes	40,000	40,000	39,070
Municipal share	(126,289)	(126,289)	-
Rental income	5	5	-
Permits and bonds	2,000	2,000	4,792
Intergovernmental road	505	505	-
Grants and donations	10	10	-
Interest income	2,575	2,575	15,048
Court fines and permits	800	800	1,066
Miscellaneous revenue	3,415	3,415	8,577
Total Revenue	777,476	777,476	795,669
General and Administrative			
Personnel			
Salaries	30,000	30,000	24,284
Unemployment insurance	10,000	10,000	187
IMRF contribution	48,000	48,000	13,011
Total Personnel	88,000	88,000	37,482
Contractual Services			
Maintenance - equipment	1,000	1,000	-
TOIRMA insurance	62,000	62,000	20,258
Accounting services	14,000	14,000	3,033
Legal services	30,000	30,000	186
Postage	500	500	150
Telephone	5,000	5,000	3,242
Publishing	1,500	1,500	149
Printing	200	200	-
Dues, memberships	400	400	185
Travel expenses	6,000	6,000	-
Training and education	1,000	1,000	-
Total Contractual Services	121,600	121,600	27,203
Commodities			
Office supplies	1,000	1,000	109
Total Commodities	1,000	1,000	109

GRAFTON TOWNSHIP, ILLINOIS

Road & Bridge Fund- Statement of Revenue, Expenditures and and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Capital Expenditures/Debt Service			
Equipment	\$ 5,000	\$ 5,000	\$ 3,001
Total Capital Expenditures/Debt Service	5,000	5,000	3,001
Other Expenditures			
Miscellaneous expense	8,000	8,000	323
Municipal replacement tax	8,900	8,900	8,876
Contingencies	30,000	30,000	-
Total Other Expenditures	46,900	46,900	9,199
Total General and Administrative	262,500	262,500	76,994
Maintenance Department			
Personnel			
Salaries	10,500	10,500	-
Total Personnel	10,500	10,500	-
Contractual services			
Maintenance services - building	15,000	15,000	62
Maintenance services - equipment	30,000	30,000	769
Maintenance services - vehicles	30,000	30,000	13,583
Maintenance services - roads	10,000	10,000	-
Maintenance services - snow removal	100	100	-
Maintenance services - bridge	25,000	25,000	-
Garbage disposal	6,000	6,000	1,849
Utilities	9,000	9,000	2,494
Engineering service	19,000	19,000	-
Rentals	500	500	-
Total Contractual Services	144,600	144,600	18,757
Commodities			
Building maintenance supplies	15,000	15,000	1,152
Equipment supplies	15,000	15,000	4,649
Vehicle supplies	15,000	15,000	7,404
Road supplies	100	100	-

GRAFTON TOWNSHIP, ILLINOIS

Road & Bridge Fund- Statement of Revenue, Expenditures and and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Maintenance Department			
Commodities (Continued)			
Snow removal supplies	\$ 100	\$ 100	\$ -
Bridge supplies	5,000	5,000	-
Operating supplies	4,000	4,000	1,081
Small tools	6,000	6,000	318
Total Commodities	60,200	60,200	14,604
Other Expenditures			
Miscellaneous	5,000	5,000	-
Total Other Expenditures	5,000	5,000	-
Capital Expenditures			
Capital outlay	100,000	100,000	-
Other improvements	185,000	185,000	14,250
Total Capital Expenditures	285,000	285,000	14,250
Total Maintenance Department	505,300	505,300	47,611
Permanent Road Department			
Personnel			
Salaries	185,000	185,000	134,192
Social Security	16,000	16,000	9,826
Medicare	6,000	6,000	2,298
Uniforms	2,000	2,000	148
Health insurance	65,000	65,000	36,221
Payroll expenses	1,400	1,400	1,082
Total Personnel	275,400	275,400	183,767
Contractual Services			
Maintenance services - roads	440,000	440,000	260,389
Maintenance services - street lights	5,000	5,000	3,725
Maintenance services - striping	28,000	28,000	12,871
Road signage	30,000	30,000	1,536
Engineering	40,000	40,000	9,360
Rentals	10,000	10,000	-
Total Contractual Services	553,000	553,000	287,881

GRAFTON TOWNSHIP, ILLINOIS

Road & Bridge Fund- Statement of Revenue, Expenditures and and Changes in Fund Balance - Budget and Actual

Year Ended March 31, 2019

	Original Budget	Final Budget	Modified Cash Basis
Permanent Road Department			
Commodities			
Gas/diesel/oil	\$ 45,000	\$ 45,000	\$ 12,106
Maintenance supplies roads	65,000	65,000	6,096
Salt, calcium and ice control	158,000	158,000	39,461
Operating supplies	8,000	8,000	201
Total Commodities	<u>276,000</u>	<u>276,000</u>	<u>57,864</u>
Other Expenditures			
Intergovernmental agreement	15,625	15,625	15,625
Miscellaneous expenses	14,000	14,000	4,170
Contingencies	56,000	56,000	-
Total Other Expenditures	<u>85,625</u>	<u>85,625</u>	<u>19,795</u>
Total Permanent Road	<u>1,190,025</u>	<u>1,190,025</u>	<u>549,307</u>
Total Expenditures Road and Bridge Fund	<u>1,957,825</u>	<u>1,957,825</u>	<u>673,912</u>
Net Change in Fund Balance	<u>\$ (1,180,349)</u>	<u>\$ (1,180,349)</u>	<u>\$ 121,757</u>

GRAFTON TOWNSHIP, ILLINOIS
Schedule of Required Supplemental Information
Multi-year Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Calendar Years
(schedule to be built prospectively from 2014)

Calendar Year Ending	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 59,272	\$ 67,584	\$ 67,374	\$ 70,731						
Interest on the Total Pension Liability	164,735	162,503	152,116	143,258						
Benefit Changes	-	-	-	-						
Difference between Expected and Actual Experience	23,709	(25,717)	7,606	(9,036)						
Assumption Changes	71,599	(79,729)	(2,804)	2,654						
Benefit Payments and Refunds	(88,224)	(93,227)	(84,008)	(86,220)						
Net Change in Total Pension Liability	231,091	31,414	140,284	121,387						
Total Pension Liability - Beginning	2,210,942	2,179,528	2,039,244	1,917,857						
Total Pension Liability - Ending (a)	\$ 2,442,033	\$ 2,210,942	\$ 2,179,528	\$ 2,039,244						
Plan Fiduciary Net Position										
Employer Contributions	43,620	51,776	55,590	59,629						
Employee Contributions	22,460	26,658	28,171	28,485						
Pension Plan Net Investment Income	(97,871)	335,192	128,557	9,036						
Benefit Payments and Refunds	(88,224)	(93,227)	(84,008)	(86,220)						
Other	32,797	(32,409)	12,685	15,336						
Net Change in Plan Fiduciary Net Position	(87,218)	287,990	140,995	26,266						
Plan Fiduciary Net Position - Beginning	2,261,539	1,973,549	1,832,554	1,806,288						
Plan Fiduciary Net Position - Ending (b)	\$ 2,174,321	\$ 2,261,539	\$ 1,973,549	\$ 1,832,554						
Net Pension Liability/(Asset) - Ending (a) - (b)	267,712	(50,597)	205,979	206,690						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability										
	89.04%	102.29%	90.55%	89.86%						
Covered Valuation Payroll	\$ 499,104	\$ 592,403	\$ 626,026	\$ 633,005						
Net Pension Liability as a Percentage of Covered Valuation Payroll										
	53.64%	(8.54%)	32.90%	32.65%						

GRAFTON TOWNSHIP, ILLINOIS
Schedule of Required Supplemental Information
Multi-year Schedule of Pension Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual		Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
		\$	\$			
2015	59,629	\$	59,629	\$ -	\$ 633,005	9.42%
2016	55,591		55,590	1	626,026	8.88%
2017	51,776		51,776	-	592,403	8.74%
2018	43,622 *		43,620	2	499,104	8.74%

* Estimated based on a contribution rate of 8.74% and covered valuation payroll of \$499,104.

NOTES TO OTHER INFORMATION

GRAFTON TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended March 31, 2019

The Township prepares its budget on the modified cash basis of accounting.

Under the modified cash basis of accounting, revenues are recorded when received in cash and expenditures are recorded when the cash is disbursed. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. 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.

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.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The Township procedures in establishing the budgetary data reflected in the General Fund Financial Statements is presented below:

- Prior to June 15th the Township Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on proceeding April 1st. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The budget is legally enacted through passage of an ordinance prior to June 30th.
- The Township Treasurer, in conjunction with the Board, is authorized to expend the unexpended balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original budget was not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.

GRAFTON TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended March 31, 2019

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on May 21, 2018.

The budget represents departmental appropriations as authorized by the Township's appropriation ordinance and includes revisions authorized by the Township Board to reflect changes in departmental programs. At March 31, 2019, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The 2019 appropriations ordinance was adopted May 21, 2018.

NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations