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Accounting • Auditing • Consulting

# Grafton Township, Illinois

Annual Financial Report  
For the Year Ended March 31, 2021

# GRAFTON TOWNSHIP, ILLINOIS

## Contents

*Year Ended March 31, 2021*

	<u>Pages</u>
Independent Auditor's Report	1-2
Other Information - Management's Discussion and Analysis - Unaudited	
Management's Discussion and Analysis - Unaudited	3-11
Basic Financial Statements:	
Government-wide Statement of Net Position – Modified Cash Basis	12
Government-wide Statement of Activities and Changes in Net Position – Modified Cash Basis	13
Governmental Funds - Combined Balance Sheet – Modified Cash Basis	14
Governmental Funds – Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	15
Reconciliation of the Governmental Fund Balances to the Statement of Net Position and the Statement of Activities	16
Notes to the Basic Financial Statements	17-31
Other Information:	
Town Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	32-35
General Assistance Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	36-37
Road & Bridge Fund – Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	38-41
Multi-Year Schedule of Changes in Net Pension Liability & Related Ratios	42
Multi-Year Schedule of Pension Contributions	43
Notes to Other Information	44-45



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## INDEPENDENT AUDITOR'S REPORT

To the Township Supervisor and  
Members of the Grafton Township Board  
Huntley, 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, 2021, 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, 2021, 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.

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
June 1, 2021

OTHER INFORMATION –  
MANAGEMENT DISCUSSION AND ANALYSIS -  
UNAUDITED

# GRAFTON TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited  
Year Ended March 31, 2021*

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, 2021. 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

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- The assets of the Township exceeded its liabilities at March 31, 2021 by \$5,307,578 (net position). Of this amount, \$731,621 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position decreased by \$359,677.
- At March 31, 2021, the Township's governmental funds reported combined ending fund balances of \$2,815,205, a decrease of \$545,445 from the prior year.
- At March 31, 2021, the fund balance for the Town Fund was \$1,355,932.
- The Township's total net fixed assets increased by \$185,768 during the year ended March 31, 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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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, 2021*

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

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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

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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 \$5,307,578 for the year ended March 31, 2021. A portion of the Township's net position reflects its investment in capital assets; \$2,492,373. 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 \$2,815,205, of which \$1,483,584 is restricted, \$600,000 is assigned, and \$731,621 is unrestricted.

# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2021

## Grafton Township Net Position

	<u>Governmental Activities</u>	
	<u>3/31/2020</u>	<u>3/31/2021</u>
<b>Assets</b>		
Current and Other Assets	\$ 3,362,317	\$ 2,819,819
Fixed Assets	2,306,605	2,492,373
<b>Total Assets</b>	<u>\$ 5,668,922</u>	<u>\$ 5,312,192</u>
<b>Liabilities</b>		
Payroll Liabilities	\$ 1,667	\$ 4,614
<b>Total Liabilities</b>	<u>1,667</u>	<u>4,614</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	2,306,605	2,492,373
Restricted - General Assistance	78,347	99,355
Restricted - Road & Bridge	1,340,329	1,315,958
Restricted - IMRF	22,505	22,505
Restricted - Insurance	45,766	45,766
Assigned - Capital Improvement	-	600,000
Unrestricted	1,873,703	731,621
<b>Total Net Position</b>	<u>\$ 5,667,255</u>	<u>\$ 5,307,578</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 unrestricted net position (\$731,621) may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2021, the Township is able to report positive balances in all three categories of net position. The Township's net position decreased by \$359,677 in comparison with the prior year.



# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2021

## Governmental activities

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

### Grafton Township Changes in Net Position

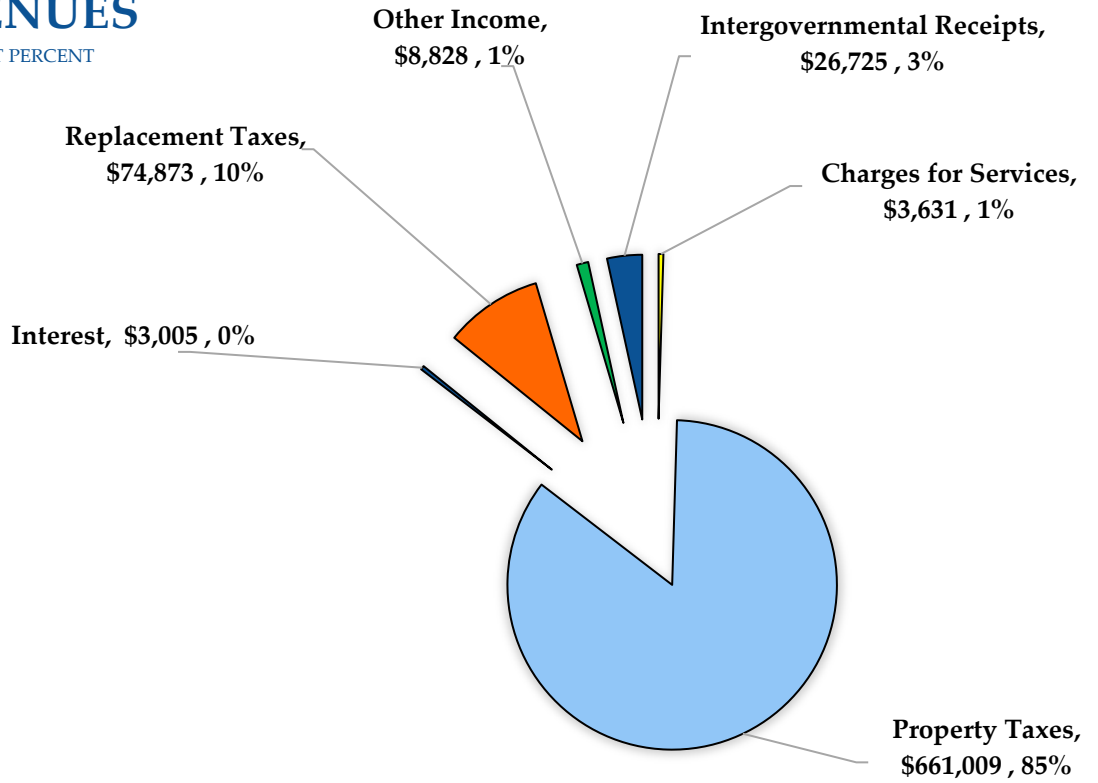
	Governmental Activities	
	March 31, 2020	March 31, 2021
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 6,902	\$ 3,631
General Revenues		
Property Taxes	1,532,932	661,009
Replacemnt Taxes	83,794	74,873
Intergovernmental Receipts	26,325	3,005
Interest	23,447	26,725
Other Income	19,655	8,828
<b>Total Revenues</b>	<u>1,693,055</u>	<u>778,071</u>
<b>Expenses</b>		
General Government	469,362	458,957
Assessor	342,717	254,232
General Assistance	14,994	6,426
Road and Bridge	538,152	418,133
<b>Total Expenses</b>	<u>1,365,225</u>	<u>1,137,748</u>
<b>Change in Net Position</b>	327,830	(359,677)
<b>Net Position - Beginning of Year</b>	<u>5,339,425</u>	<u>5,667,255</u>
<b>Net Position - End of Year</b>	<u>\$ 5,667,255</u>	<u>\$ 5,307,578</u>

# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended March 31, 2021

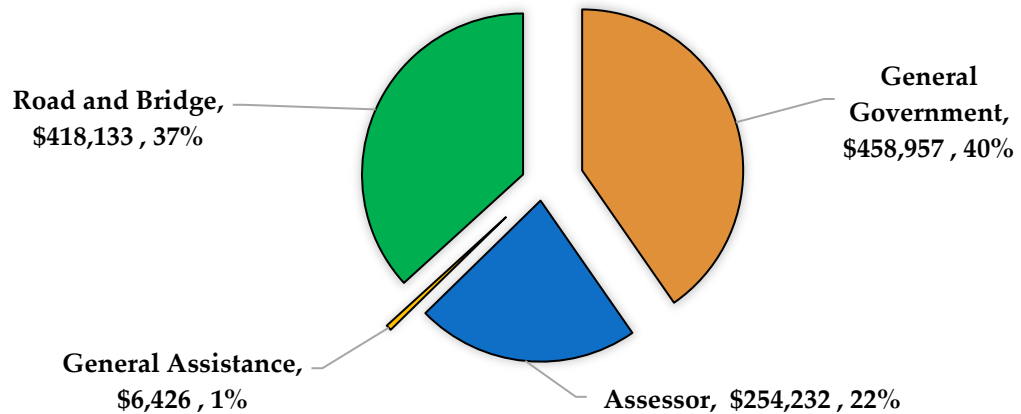
## 2021 REVENUES

ROUND TO NEAREST PERCENT



## 2021 EXPENSES

ROUND TO NEAREST PERCENT



# GRAFTON TOWNSHIP, ILLINOIS

*Management's Discussion and Analysis - Unaudited*  
*Year Ended March 31, 2021*

## FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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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, unassigned 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, 2021, the Township's governmental funds reported combined ending fund balances of \$2,815,205, a decrease of \$545,445 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At March 31, 2021, the fund balance of the Town Fund was \$1,355,932. This represents a decrease of \$542,082 compared to the prior fiscal year.

### Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$607,980 were over revenues by \$542,082 and were \$1,352,073 less than the appropriation of \$1,960,053.

## CAPITAL ASSETS

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The Township's capital fixed assets for its governmental activities as of March 31, 2021 amount to \$2,492,373 (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:

# GRAFTON TOWNSHIP, ILLINOIS

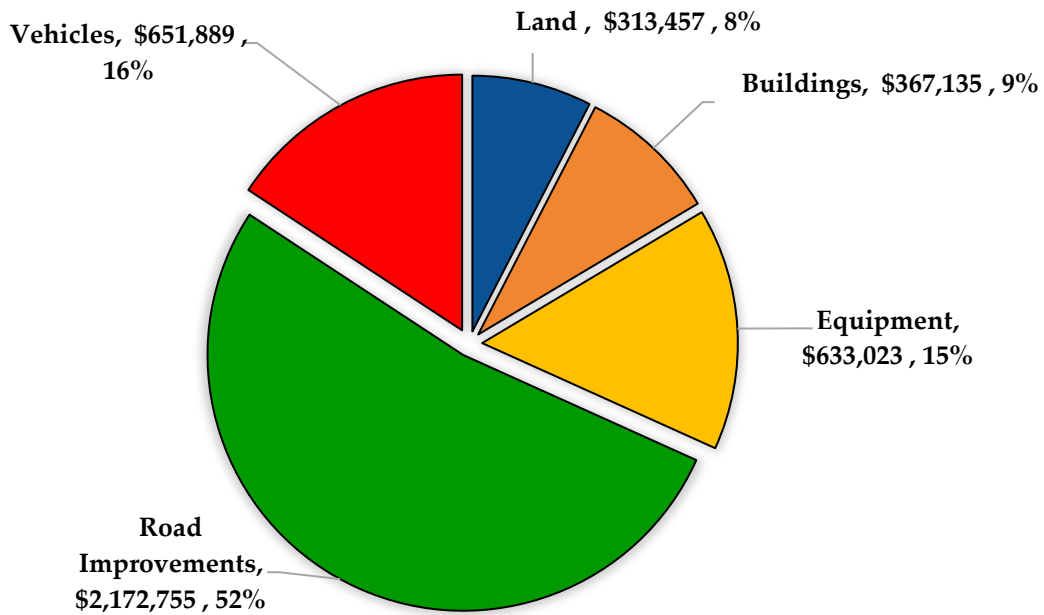
Management's Discussion and Analysis - Unaudited  
Year Ended March 31, 2021

	<b>Balance</b>			<b>Balance</b>
	<b>April 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>March 31, 2021</b>
<b>Fixed Assets</b>				
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	-	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,839,302	333,453	-	2,172,755
Vehicles	651,889	-	-	651,889
<b>Total Fixed Assets</b>	<b>3,804,806</b>	<b>333,453</b>	<b>-</b>	<b>4,138,259</b>
Less: Accumulated Depreciation	1,498,201	147,685	-	1,645,886
<b>Fixed Assets (Net)</b>	<b>\$ 2,306,605</b>	<b>\$ 185,768</b>	<b>\$ -</b>	<b>\$ 2,492,373</b>

# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended March 31, 2021

## CAPITAL ASSETS, AT COST



## ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2020 is \$1,675,184,339. That represents an increase in EAV of \$48,028,646 over the prior year's EAV. Taxes recorded in these financial statements are from the 2019 levy. A summary of the assessed valuations and extensions for tax years 2020, 2019 and 2018 is as follows:

# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
Year Ended March 31, 2021

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

Tax Levy Year	2020		2019		2018	
<b>Assessed Valuation</b>						
McHenry County	\$	1,675,184,339	\$	1,627,155,693	\$	1,572,223,371
<b>Tax Rates and Percentage Allocations by Fund</b>						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Town - Corporate	0.043394	48.52	0.000000	0.00	0.000000	48.76
Town - Insurance	0.001075	1.20	0.001107	2.34	0.001145	1.09
Public Assistance	0.001970	2.20	0.002029	4.28	0.002099	1.99
Road & Bridge	0.013337	14.91	0.013731	28.97	0.015789	14.99
Permanent Road	0.028336	31.69	0.029713	61.55	0.033546	31.84
Road & Bridge - IMRF	0.000718	0.80	0.000739	1.56	0.000764	0.73
Road & Bridge - Insurance	0.000598	0.67	0.000616	1.30	0.000637	0.60
<b>Totals</b>	0.089428	100.00	0.047935	100.00	0.105353	100.00

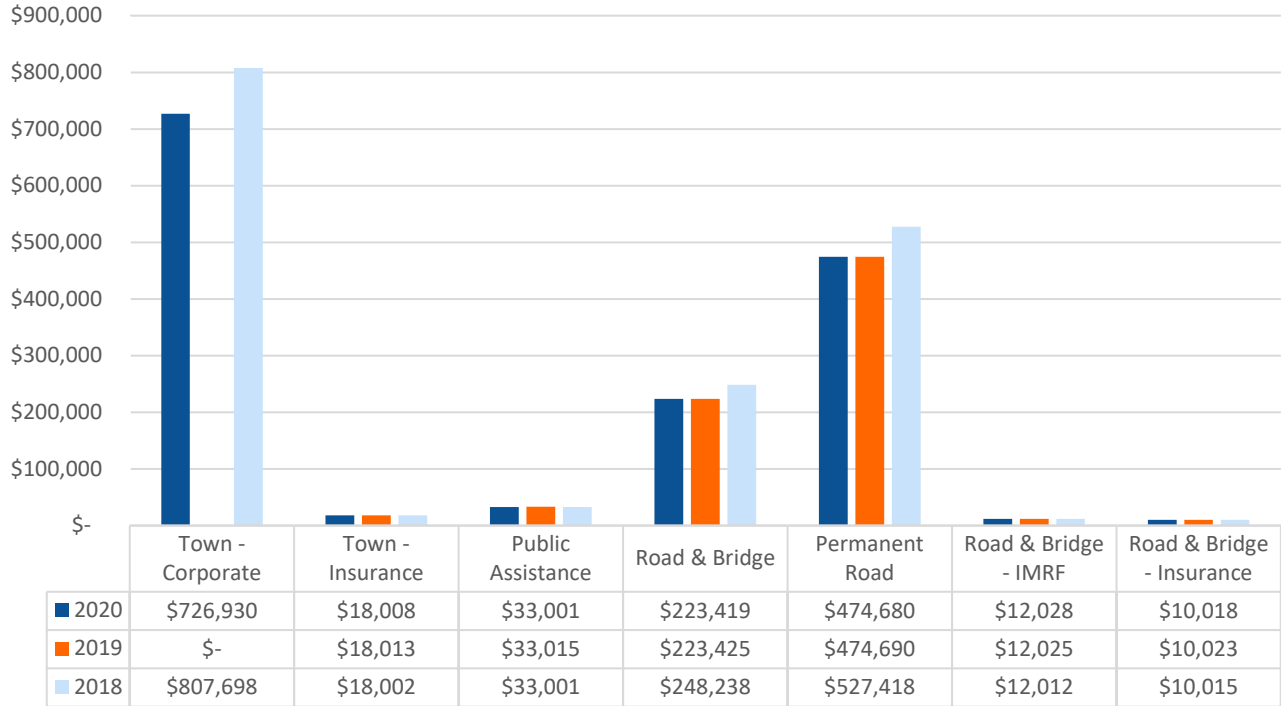
### Property Tax Extensions

Funds	2020		2019		2018	
Town - Corporate	\$	726,930	\$	-	\$	807,698
Town - Insurance		18,008		18,013		18,002
Public Assistance		33,001		33,015		33,001
Road & Bridge		223,419		223,425		248,238
Permanent Road		474,680		474,690		527,418
Road & Bridge - IMRF		12,028		12,025		12,012
Road & Bridge - Insurance		10,018		10,023		10,015
<b>Totals</b>	\$	1,498,084	\$	771,191	\$	1,656,384

# GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited  
 Year Ended March 31, 2021

## 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, 2021

<b>Assets</b>		
Cash and investments - at cost		\$ 2,819,819
Fixed assets - net of accumulated depreciation		<u>2,492,373</u>
<b>Total Assets</b>		<b><u><u>\$ 5,312,192</u></u></b>
<b>Current Liabilities</b>		
Payroll Liabilities		<u>\$ 4,614</u>
<b>Total Liabilities</b>		<b><u>4,614</u></b>
<b>Net Position</b>		
Net investment in capital assets		2,492,373
Restricted - General Assistance		99,355
Restricted - General Road & Bridge		1,315,958
Restricted - IMRF		22,505
Restricted - Insurance		45,766
Assigned - Capital Improvement		600,000
Unrestricted		<u>731,621</u>
<b>Total Net Position</b>		<b><u><u>\$ 5,307,578</u></u></b>

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, 2021*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government	\$ 458,957	\$ -	\$ -	\$ -	\$ (458,957)
Assessor	254,232	-	-	-	(254,232)
Road & Bridge	418,133	3,631	-	-	(414,502)
General Assistance	6,426	-	-	-	(6,426)
<b>Total Governmental Activities</b>	<b>\$ 1,137,748</b>	<b>\$ 3,631</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,134,117)</b>

General Revenues:

Property taxes	661,009
Replacement taxes	74,873
Miscellaneous revenue	8,828
Investment income	3,005
Intergovernmental	26,725
<b>Total Revenues</b>	<b>774,440</b>
Changes in Net Position	(359,677)
Net Position Beginning of Year	5,667,255
<b>Total Net Position</b>	<b>\$ 5,307,578</b>

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

# GRAFTON TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

March 31, 2021

Assets	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Cash	\$ 1,359,033	\$ 99,355	\$ 1,361,431	\$ 2,819,819
<b>Total Assets</b>	<b>\$ 1,359,033</b>	<b>\$ 99,355</b>	<b>\$ 1,361,431</b>	<b>\$ 2,819,819</b>
<b>Liabilities</b>				
Payroll liabilities	\$ 3,101	\$ -	\$ 1,513	\$ 4,614
<b>Total Liabilities</b>	<b>3,101</b>	<b>-</b>	<b>1,513</b>	<b>4,614</b>
<b>Fund Balance</b>				
Nonspendable	-	-	-	-
Restricted - General Assistance	-	99,355	-	99,355
Restricted - IMRF	-	-	22,505	22,505
Restricted - Insurance	24,311	-	21,455	45,766
Committed	-	-	-	-
Assigned	600,000	-	-	600,000
Unassigned	731,621	-	1,315,958	2,047,579
<b>Total Fund Balance</b>	<b>1,355,932</b>	<b>99,355</b>	<b>1,359,918</b>	<b>2,815,205</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,359,033</b>	<b>\$ 99,355</b>	<b>\$ 1,361,431</b>	<b>\$ 2,819,819</b>

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

# GRAFTON TOWNSHIP, ILLINOIS

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

*Year Ended March 31, 2021*

	<b>Town Fund</b>	<b>General Assistance Fund</b>	<b>Road &amp; Bridge Fund</b>	<b>Total</b>
<b>Revenues</b>				
Property taxes	\$ 17,747	\$ 32,528	\$ 610,734	\$ 661,009
Replacement taxes	27,725	-	47,148	74,873
Intergovernmental receipts	15,625	-	11,100	26,725
Fines	-	-	825	825
Interest income	1,530	87	1,388	3,005
Permits and bonds	-	-	2,806	2,806
Miscellaneous revenue	3,271	1,223	4,334	8,828
<b>Total Revenues</b>	65,898	33,838	678,335	778,071
<b>Expenditures</b>				
Administrative	324,955	6,404	80,911	412,270
Assessor	254,232	-	-	254,232
Transportation	28,793	-	-	28,793
Home relief	-	6,426	-	6,426
Maintenance	-	-	26,508	26,508
Permanent Road	-	-	595,287	595,287
<b>Total Expenditures</b>	607,980	12,830	702,706	1,323,516
<b>Net Change in Fund Balance</b>	(542,082)	21,008	(24,371)	(545,445)
<b>Fund Balance</b>				
Balance, beginning of year	1,898,014	78,347	1,384,289	3,360,650
<b>Total Fund Balance</b>	\$ 1,355,932	\$ 99,355	\$ 1,359,918	\$ 2,815,205

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

# GRAFTON TOWNSHIP, ILLINOIS

*Reconciliation of the Governmental Fund Balances to the  
Statement of Net Position and the Statement of Activities  
Year Ended March 31, 2020*

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

<b>Total Fund Balances -Total Governmental Funds</b>	\$ 2,815,205
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	<u>2,492,373</u>
<b>Total Net Position of Governmental Activities</b>	<u><u>\$ 5,307,578</u></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

<b>Net Change in Fund Balance</b>	\$ (545,445)
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>185,768</u>
<b>Changes in Net Position Governmental Funds</b>	<u><u>\$ (359,677)</u></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, 2021*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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, 2021*

## 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, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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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, 2021*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### 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, 2021.

### 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, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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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 2020 Town levy was passed by the board on November 16, 2020 and the Road levy was passed by the board on November 16, 2020. 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

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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, 2021, the carrying amount of the Township's deposits totaled \$2,819,819 and the bank balances totaled \$2,836,167. 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, 2021, 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 \$2,586,167 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, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

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### 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](http://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, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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- 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, 2020, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but no yet receiving bene.	15
Active Plan Member	8
<b>Total</b>	<b>32</b>

### 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 2020 was 9.22%. For the fiscal year ended March 31, 2021, the Township contributed \$42,460 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, 2020. 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, 2020:

- 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 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, 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, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- 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>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	<u>1%</u>	.70%
Total	100%	

# GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements  
Year Ended March 31, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Executive Summary as of December 31, 2020

Actuarial Valuation Date	12/31/2020
Measurement Date of the Net Pension Liability	12/31/2020
Fiscal Year End	3/31/2021

#### Membership

Number of	
- Retirees and Beneficiaries	9
- Inactive, Non-Retired Members	15
- Active Members	8
- Total	<u>32</u>

Covered Valuation Payroll (1)	\$ 460,539
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#### Net Pension Liability

Total Pension Liability/(Asset)	\$ 2,734,488
Plan Fiduciary Net Position	<u>2,856,619</u>
Net Pension Liability/(Asset)	\$ (122,131)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.47%
Net Pension Liability as a Percentage of Covered Valuation Payroll	(26.52%)

#### Development of the Single Discount Rate as of December 31, 2020

	7.25%
Long-Term Municipal Bond Rate (2)	2.00%
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2019 Measurement Date	7.25%

<b>Total Pension Expense/(Income)</b>	\$ (19,142)
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#### Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 40,135	\$ -
Changes in assumptions	8,182	29,825
Net difference between projected and actual earnings on pension plan investments	<u>107,155</u>	<u>306,263</u>
Total	<u>\$ 155,472</u>	<u>\$ 336,088</u>

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 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 31, 2020. 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, 2021*

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### 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 2.00%, 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, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2020

#### A. Total pension liability

1. Service Cost	\$ 52,876
2. Interest on the Total Pension Liability	189,370
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	12,497
5. Changes of assumptions	(45,082)
6. Benefit payments, including refunds of employee contributions	(121,480)
7. Net change in total pension liability	88,181
8. Total pension liability – beginning	2,646,307
9. Total pension liability – ending	<u>\$ 2,734,488</u>

#### B. Plan fiduciary net position

1. Contributions – employer	\$ 42,460
2. Contributions – employee	21,465
3. Net investment income	354,123
4. Benefit payments, including refunds of employee contributions	(121,480)
5. Other (Net Transfer)	17,334
6. Net change in plan fiduciary net position	313,902
7. Plan fiduciary net position – beginning	2,542,717
8. Plan fiduciary net position – ending	<u>\$ 2,856,619</u>

#### C. Net pension liability/(asset)

\$ (122,131)

#### D. Plan fiduciary net position as a percentage

of the total pension liability 104.47%

#### E. Covered Valuation payroll

\$ 460,539

#### F. Net pension liability as a percentage

of covered valuation payroll (26.52%)

#### 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	\$ 3,067,462	\$ 2,734,488	\$ 2,488,112
Plan Fiduciary Net Position	2,856,619	2,856,619	2,856,619
Net Pension Liability/(Asset)	<u>\$ 210,843</u>	<u>\$ (122,131)</u>	<u>\$ (368,507)</u>

# GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2021

## 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, 2021, the Township recognized pension income of \$19,142. At March 31, 2021, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b> <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual	\$ 40,135	\$ -
Changes of assumptions	8,182	29,825
Net difference between projected and actual earnings on pension plan investments	<u>107,155</u>	<u>306,263</u>
Total Deferred Amounts to be recognized in pension expense in future periods	155,472	336,088
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>25,271</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 180,743</u></b>	<b><u>\$ 336,088</u></b>

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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2021	\$ (33,267)
2022	(35,026)
2023	(78,077)
2024	(34,246)
2025	-
Thereafter	-
Total	<u>\$ (180,616)</u>

# GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements  
Year Ended March 31, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate \*

**Valuation Date:**

**December 31, 2020** 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 2020 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): 23-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 18 years for most employers (three employers were financed over 27 years and four others were finance over 28 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.25%
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.

**Other Information:**

**Notes** There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation

# GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2021

## NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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

#### Methods and Assumptions Used to Determine Total pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

#### Other Information:

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, 2020 Illinois Municipal Retirement annual actuarial valuation report.

# GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements  
Year Ended March 31, 2021

## NOTE 4 – CHANGES IN FIXED ASSETS

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	Balance			Balance
Fixed Assets	April 1, 2020	Increases	Decreases	March 31, 2021
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	-	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,839,302	333,453	-	2,172,755
Vehicles	651,889	-	-	651,889
Total Fixed Assets	3,804,806	333,453	-	4,138,259
Less: Accumulated				
Depreciation	1,498,201	147,685	-	1,645,886
Fixed Assets (Net)	<u>\$ 2,306,605</u>	<u>185,768</u>	<u>-</u>	<u>\$ 2,492,373</u>

### Depreciation by Governmental Activity

General Government	\$ 17,893
Road & Bridge	129,792
Total Governmental Activities	<u>\$ 147,685</u>

## NOTE 5 – RISK MANAGEMENT

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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

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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, 2021 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, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Revenues</b>			
Property taxes	\$ 18,000	\$ 18,000	\$ 17,747
Replacement taxes	20,000	20,000	27,725
Intergovernmental road	15,625	15,625	15,625
Interest income	7,500	7,500	1,530
Miscellaneous revenue	500	500	3,271
<b>Total Revenues</b>	<b>61,625</b>	<b>61,625</b>	<b>65,898</b>
<b>Expenditures</b>			
<b>General and Administrative</b>			
<b>Personnel</b>			
Salaries	85,000	85,000	64,909
Elected officials	165,000	165,000	149,135
Health insurance	60,000	60,000	31,817
Social Security	25,000	25,000	14,471
Medicare	10,000	10,000	4,054
Unemployment insurance	10,000	10,000	602
Retirement contribution	28,000	28,000	11,434
<b>Total Personnel</b>	<b>383,000</b>	<b>383,000</b>	<b>276,422</b>
<b>Contractual Services</b>			
Maintenance - buildings	250,000	250,000	3,020
Maintenance - equipment	75,000	75,000	12,057
TOIRMA insurance	25,000	25,000	14,078
Accounting services	20,000	20,000	5,770
Legal services	165,000	165,000	2,946
Other professional services	50,000	50,000	-
Other contract services - clerk	5,000	5,000	579
Dues, memberships	5,000	5,000	1,459
Annual meeting	2,500	2,500	-
Postage	2,000	2,000	177
Printing	3,000	3,000	-
Publishing	2,000	2,000	580
Room rental	2,500	2,500	-
Telephone	5,000	5,000	2,138
Training and education	5,000	5,000	25
Travel expenses	2,000	2,000	-
Utilities	10,000	10,000	3,708
<b>Total Contractual Services</b>	<b>629,000</b>	<b>629,000</b>	<b>46,537</b>
<b>Commodities</b>			
Fuel and oil	2,000	2,000	-

# GRAFTON TOWNSHIP, ILLINOIS

*Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual*  
*Year Ended March 31, 2021*

	Original Budget	Final Budget	Modified Cash Basis
<b>General and Administrative (Continued)</b>			
<b>Commodities</b>			
Office supplies	\$ 5,000	\$ 5,000	\$ 1,593
Operating supplies	3,000	3,000	277
Miscellaneous expense	50,000	50,000	126
Contingencies	60,000	60,000	-
<b>Total Commodities</b>	118,000	118,000	1,996
<b>Capital Expenditures</b>			
Capital improvement reserve	250,000	250,000	-
Capital equipment reserve	148,863	148,863	-
<b>Total Capital Expenditures</b>	398,863	398,863	-
<b>Total General and Administrative</b>	1,528,863	1,528,863	324,955
<b>Assessor Office</b>			
<b>Personnel</b>			
Salaries	225,260	225,260	184,919
Social Security	17,232	17,232	11,161
Health insurance	52,080	52,080	21,824
IMRF contribution	19,268	19,268	15,321
<b>Total Personnel</b>	313,840	313,840	233,225
<b>Contractual Services</b>			
Maintenance services	4,200	4,200	1,344
Dues, memberships	1,000	1,000	270
Postage	250	250	-
Printing	500	500	-
Publishing	600	600	-
<b>Contractual Services</b>			
Telephone	2,400	2,400	2,138
Training and education	2,600	2,600	1,145
Travel and meetings	2,500	2,500	393
<b>Total Contractual Services</b>	14,050	14,050	5,290
<b>Commodities</b>			
Office supplies	3,000	3,000	1,723
Periodicals and publications	300	300	-
Other miscellaneous	1,500	1,500	795
Uniforms	500	500	318
<b>Total Commodities</b>	5,300	5,300	2,836



# GRAFTON TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended March 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Cash Basis</u>
<b>Assessor Office (Concluded)</b>			
<b>Capital Expenditures</b>			
Software	\$ 11,000	\$ 11,000	\$ 12,881
<b>Total Capital Expenditures</b>	<u>11,000</u>	<u>11,000</u>	<u>12,881</u>
<b>Total Assessor Office</b>	<u>344,190</u>	<u>344,190</u>	<u>254,232</u>
<b>Senior Services</b>			
<b>Personnel</b>			
Salaries	25,000	25,000	23,118
Social Security	4,000	4,000	-
Health insurance	7,500	7,500	-
IMRF contribution	2,500	2,500	-
<b>Total Personnel</b>	<u>39,000</u>	<u>39,000</u>	<u>23,118</u>
<b>Contractual Services</b>			
Postage	1,000	1,000	-
Printing	1,000	1,000	-
Telephone	2,000	2,000	-
<b>Total Contractual Services</b>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<b>Commodities</b>			
Gas/diesel/oil	4,000	4,000	-
Utilities	2,000	2,000	-
Office supplies	1,000	1,000	-
Other miscellaneous	10,000	10,000	5
<b>Total Commodities</b>	<u>17,000</u>	<u>17,000</u>	<u>5</u>
<b>Other Expenditures</b>			
McRide	15,000	15,000	5,670
Community service/senior	10,000	10,000	-
<b>Total Other Expenditures</b>	<u>25,000</u>	<u>25,000</u>	<u>5,670</u>
<b>Total Senior Services</b>	<u>85,000</u>	<u>85,000</u>	<u>28,793</u>
<b>Total Expenditures Town Fund</b>	<u>1,958,053</u>	<u>1,958,053</u>	<u>607,980</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,896,428)</u>	<u>\$ (1,896,428)</u>	<u>\$ (542,082)</u>

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Revenues</b>			
Property taxes	\$ 33,000	\$ 33,000	\$ 32,528
Interest income	400	400	87
Miscellaneous revenue	-	-	1,223
<b>Total Revenues</b>	<b>33,400</b>	<b>33,400</b>	<b>33,838</b>
<b>Expenditures</b>			
<b>General and Administrative</b>			
<b>Personnel</b>			
Salaries	5,000	5,000	3,754
Health insurance	7,500	7,500	-
<b>Total Personnel</b>	<b>12,500</b>	<b>12,500</b>	<b>3,754</b>
<b>Contractual Services</b>			
Maintenance - equipment	2,000	2,000	600
Accounting services	3,000	3,000	2,025
Other professional services	1,000	1,000	-
Postage	250	250	-
Telephone	1,000	1,000	-
Printing	1,000	1,000	-
Training and education	500	500	25
Utilities	1,000	1,000	-
<b>Total Contractual Services</b>	<b>9,750</b>	<b>9,750</b>	<b>2,650</b>
<b>Commodities</b>			
Maintenance supplies building	500	500	-
Office supplies	1,000	1,000	-
<b>Total Commodities</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
<b>Total General and Administrative</b>	<b>23,750</b>	<b>23,750</b>	<b>6,404</b>
<b>Home Relief</b>			
<b>Contractual Services</b>			
Transportation assistance	2,500	2,500	-
Other medical services insurance	7,000	7,000	2,650
<b>Home Relief (Concluded)</b>			

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Contractual Services</b>			
Shelter	\$ 35,000	\$ 35,000	\$ 3,219
Utility payments	30,666	30,666	557
<b>Total Contractual Services</b>	<b>75,166</b>	<b>75,166</b>	<b>6,426</b>
<b>Commodities</b>			
Food	1,000	1,000	-
Catastrophic deduction	7,905	7,905	-
Personal incidentals	1,000	1,000	-
Household incidentals	1,000	1,000	-
Flat grant	1,000	1,000	-
Prescriptions	1,000	1,000	-
Fuel	1,000	1,000	-
<b>Total Commodities</b>	<b>13,905</b>	<b>13,905</b>	<b>-</b>
<b>Total Home Relief</b>	<b>89,071</b>	<b>89,071</b>	<b>6,426</b>
<b>Total Expenditures General Assistance Fund</b>	<b>112,821</b>	<b>112,821</b>	<b>12,830</b>
<b>Net Change in Fund Balance</b>	<b>\$ (79,421)</b>	<b>\$ (79,421)</b>	<b>\$ 21,008</b>

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Cash Basis</u>
<b>Revenues</b>			
Property taxes	\$ 720,163	\$ 720,163	\$ 610,734
Replacement taxes	40,000	40,000	47,148
Municipal share	(107,681)	(107,681)	-
Rental income	5	5	-
Permits and bonds	2,000	2,000	2,806
Intergovernmental road	105	105	11,100
Grants and donations	10	10	-
Interest income	6,750	6,750	1,388
Court fines and permits	800	800	825
Miscellaneous revenue	3,025	3,025	4,334
<b>Total Revenues</b>	<u>665,177</u>	<u>665,177</u>	<u>678,335</u>
<b>Expenditures</b>			
<b>General and Administrative</b>			
<b>Personnel</b>			
Salaries	30,000	30,000	22,556
Unemployment insurance	7,900	7,900	252
Retirement contribution	50,000	50,000	15,849
<b>Total Personnel</b>	<u>87,900</u>	<u>87,900</u>	<u>38,657</u>
<b>Contractual Services</b>			
Maintenance - equipment	1,000	1,000	-
TOIRMA insurance	51,000	51,000	20,258
Accounting services	14,000	14,000	3,033
Legal services	34,000	34,000	152
Postage	500	500	5
Telephone	5,000	5,000	3,578
Publishing	1,500	1,500	66
Printing	200	200	-
Dues, memberships	400	400	60
Travel expenses	2,000	2,000	-
Training and education	1,000	1,000	-
<b>Total Contractual Services</b>	<u>110,600</u>	<u>110,600</u>	<u>27,152</u>

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>General and Administrative (Continued)</b>			
<b>Commodities</b>			
Office supplies	\$ 1,000	\$ 1,000	\$ 410
<b>Total Commodities</b>	<b>1,000</b>	<b>1,000</b>	<b>410</b>
<b>Capital Expenditures/Debt Service</b>			
Building--Road District			
Equipment	5,000	5,000	4,500
<b>Total Capital Expenditures/Debt Service</b>	<b>5,000</b>	<b>5,000</b>	<b>4,500</b>
<b>Other Expenditures</b>			
Miscellaneous expense	8,000	8,000	156
Municipal replacement tax	10,100	10,100	10,036
Contingencies	38,000	38,000	-
<b>Total Other Expenditures</b>	<b>56,100</b>	<b>56,100</b>	<b>10,192</b>
<b>Total General and Administrative</b>	<b>260,600</b>	<b>260,600</b>	<b>80,911</b>
<b>Maintenance Department</b>			
<b>Personnel</b>			
Salaries	10,500	10,500	-
<b>Total Personnel</b>	<b>10,500</b>	<b>10,500</b>	<b>-</b>
<b>Contractual Services</b>			
Maintenance services - building	15,000	15,000	687
Maintenance services - equipment	40,000	40,000	266
Maintenance services - vehicles	70,000	70,000	10,687
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	2,137
Utilities	9,000	9,000	2,212
Engineering service	9,000	9,000	-
Rentals	500	500	-
<b>Total Contractual Services</b>	<b>184,600</b>	<b>184,600</b>	<b>15,989</b>

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Cash Basis</u>
<b>Maintenance Department (Continued)</b>			
<b>Commodities</b>			
Maintenance supplies - building	\$ 15,000	\$ 15,000	\$ 1,354
Maintenance supplies - equipment	15,000	15,000	1,653
Maintenance supplies - vehicle	20,000	20,000	5,761
Maintenance supplies - road	100	100	-
Maintenance supplies - snow removal	100	100	-
Maintenance supplies - bridge	5,000	5,000	-
Operating supplies	4,000	4,000	1,323
Small tools	6,000	6,000	390
<b>Total Commodities</b>	<u>65,200</u>	<u>65,200</u>	<u>10,481</u>
<b>Other Expenditures</b>			
Miscellaneous	5,000	5,000	38
<b>Total Other Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>38</u>
<b>Capital Expenditures</b>			
Capital outlay	120,000	120,000	-
Other improvements	273,000	273,000	-
<b>Total Capital Expenditures</b>	<u>393,000</u>	<u>393,000</u>	<u>-</u>
<b>Total Maintenance Department</b>	<u>658,300</u>	<u>658,300</u>	<u>26,508</u>
<b>Permanent Road Department</b>			
<b>Personnel</b>			
Salaries	185,000	185,000	134,253
Social Security	16,000	16,000	9,722
Medicare	6,000	6,000	2,274
Uniforms	2,000	2,000	310
Health insurance	65,000	65,000	39,392
Payroll expenses	1,400	1,400	1,078
<b>Total Personnel</b>	<u>275,400</u>	<u>275,400</u>	<u>187,029</u>
<b>Contractual Services</b>			
Maintenance services - roads	440,000	440,000	333,453

# GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Modified Cash Basis</b>
<b>Permanent Road Department (Concluded)</b>			
<b>Contractual Services</b>			
Maintenance services - street lights	\$ 5,000	\$ 5,000	\$ 4,268
Maintenance services - striping	28,000	28,000	-
Road signage	30,000	30,000	722
Engineering	40,000	40,000	-
Rentals	10,000	10,000	154
<b>Total Contractual Services</b>	<b>553,000</b>	<b>553,000</b>	<b>338,597</b>
<b>Commodities</b>			
Maintenance supplies roads	65,000	65,000	15,352
Operating supplies	8,000	8,000	2,253
Auto fuel & oil	40,000	40,000	11,193
Salt, calcium, ice control	110,000	110,000	24,198
<b>Total Commodities</b>	<b>223,000</b>	<b>223,000</b>	<b>52,996</b>
<b>Other Expenditures</b>			
Intergovernmental agreement	15,625	15,625	15,625
Miscellaneous expenses	12,000	12,000	1,040
Contingencies	51,000	51,000	-
<b>Total Other Expenditures</b>	<b>78,625</b>	<b>78,625</b>	<b>16,665</b>
<b>Total Permanent Road</b>	<b>1,130,025</b>	<b>1,130,025</b>	<b>595,287</b>
<b>Total Expenditures Road and Bridge Fund</b>	<b>2,048,925</b>	<b>2,048,925</b>	<b>702,706</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,383,748)</b>	<b>\$ (1,383,748)</b>	<b>\$ (24,371)</b>

**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 2015)*

Calendar Year Ending	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total Pension Liability</b>										
Service Cost	\$ 52,876	\$ 51,745	\$ 59,272	\$ 67,584	\$ 67,374	\$ 70,731				
Interest on the Total Pension Liability	189,370	174,895	164,735	162,503	152,116	143,258				
Benefit Changes	-	-	-	-	-	-				
Difference between Expected and Actual Experience	12,497	88,748	23,709	(25,717)	7,606	(9,036)				
Assumption Changes	(45,082)	-	71,599	(79,729)	(2,804)	2,654				
Benefit Payments and Refunds	(121,480)	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)				
<b>Net Change in Total Pension Liability</b>	<b>88,181</b>	<b>204,274</b>	<b>231,091</b>	<b>31,414</b>	<b>140,284</b>	<b>121,387</b>				
<b>Total Pension Liability - Beginning</b>	<b>2,646,307</b>	<b>2,442,033</b>	<b>2,210,942</b>	<b>2,179,528</b>	<b>2,039,244</b>	<b>1,917,857</b>				
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 2,734,488</b>	<b>\$ 2,646,307</b>	<b>\$ 2,442,033</b>	<b>\$ 2,210,942</b>	<b>\$ 2,179,528</b>	<b>\$ 2,039,244</b>				
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	42,460	35,145	43,620	51,776	55,590	59,629				
Employee Contributions	21,465	22,627	22,460	26,658	28,171	28,485				
Pension Plan Net Investment Income	354,123	376,487	(97,871)	335,192	128,557	9,036				
Benefit Payments and Refunds	(121,480)	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)				
Other	17,334	45,251	32,797	(32,409)	12,685	15,336				
<b>Net Change in Plan Fiduciary Net Position</b>	<b>313,902</b>	<b>368,396</b>	<b>(87,218)</b>	<b>287,990</b>	<b>140,995</b>	<b>26,266</b>				
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,542,717</b>	<b>2,174,321</b>	<b>2,261,539</b>	<b>1,973,549</b>	<b>1,832,554</b>	<b>1,806,288</b>				
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 2,856,619</b>	<b>\$ 2,542,717</b>	<b>\$ 2,174,321</b>	<b>\$ 2,261,539</b>	<b>\$ 1,973,549</b>	<b>\$ 1,832,554</b>				
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>(122,131)</b>	<b>103,590</b>	<b>267,712</b>	<b>(50,597)</b>	<b>205,979</b>	<b>206,690</b>				
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>104.47%</b>	<b>96.09%</b>	<b>89.04%</b>	<b>102.29%</b>	<b>90.55%</b>	<b>89.86%</b>				
<b>Covered Valuation Payroll</b>	<b>\$ 460,539</b>	<b>\$ 502,812</b>	<b>\$ 499,104</b>	<b>\$ 592,403</b>	<b>\$ 626,026</b>	<b>\$ 633,005</b>				
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>(26.52%)</b>	<b>20.60%</b>	<b>53.64%</b>	<b>(8.54%)</b>	<b>32.90%</b>	<b>32.65%</b>				



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

<b>Calendar Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
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%
2019	35,147	35,145	2	502,812	6.99%
2020	42,462 *	42,460	2	460,539	9.22%

\* Estimated based on a contribution rate of 9.22% and covered valuation payroll of \$460,539.

## NOTES TO OTHER INFORMATION

# GRAFTON TOWNSHIP, ILLINOIS

*Notes to Other Information*

*Year Ended March 31, 2021*

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, 2021*

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on June 15, 2020.

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, 2021, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The 2020-2021 appropriations ordinance was adopted June 15, 2020.

## NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations