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Grafton Township, Illinois

Annual Financial Report
For the Year Ended March 31, 2022

GRAFTON TOWNSHIP, ILLINOIS

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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Grafton Township, Illinois, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise Grafton Township, Illinois basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grafton Township, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – 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 opinions are not modified with respect to this matter.

Responsibilities of Management 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 described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grafton Township, Illinois internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Grafton Township, Illinois ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

George Roach & Associates, P.C.

George Roach & Associates, P.C.
Crystal Lake, Illinois
July 1, 2022

OTHER INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

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, 2022. 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, 2022 by \$5,307,578 (net position). Of this amount, \$909,521 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$450,800.
- At March 31, 2022, the Township's governmental funds reported combined ending fund balances of \$2,815,205, a increase of \$177,048 from the prior year.
- At March 31, 2022, the fund balance for the Town Fund was \$1,537,754.
- The Township's total net fixed assets increased by \$273,752 during the year ended March 31, 2022.

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, 2022*

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 \$5,758,378 for the year ended March 31, 2022. A portion of the Township's net position reflects its investment in capital assets; \$2,766,125. 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 \$2,992,253, of which \$1,482,732 is restricted, \$600,000 is assigned, and \$909,521 is unrestricted.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

Grafton Township Net Position

	<u>Governmental Activities</u>	
	<u>3/31/2021</u>	<u>3/31/2022</u>
Assets		
Current and Other Assets	\$ 2,819,819	\$ 2,992,253
Fixed Assets	2,492,373	2,766,125
Total Assets	<u>\$ 5,312,192</u>	<u>\$ 5,758,378</u>
Liabilities		
Payroll Liabilities	\$ 4,614	\$ -
Total Liabilities	<u>4,614</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	2,492,373	2,766,125
Restricted - General Assistance	99,355	97,842
Restricted - Road & Bridge	1,315,958	1,324,771
Restricted - IMRF	22,505	20,677
Restricted - Insurance	45,766	39,442
Assigned - Capital Improvement	600,000	600,000
Unrestricted	731,621	909,521
Total Net Position	<u>\$ 5,307,578</u>	<u>\$ 5,758,378</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 (\$909,521) may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2022, the Township is able to report positive balances in all three categories of net position. The Township's net position increase by \$450,800 in comparison with the prior year.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

Governmental activities

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

Grafton Township Changes in Net Position

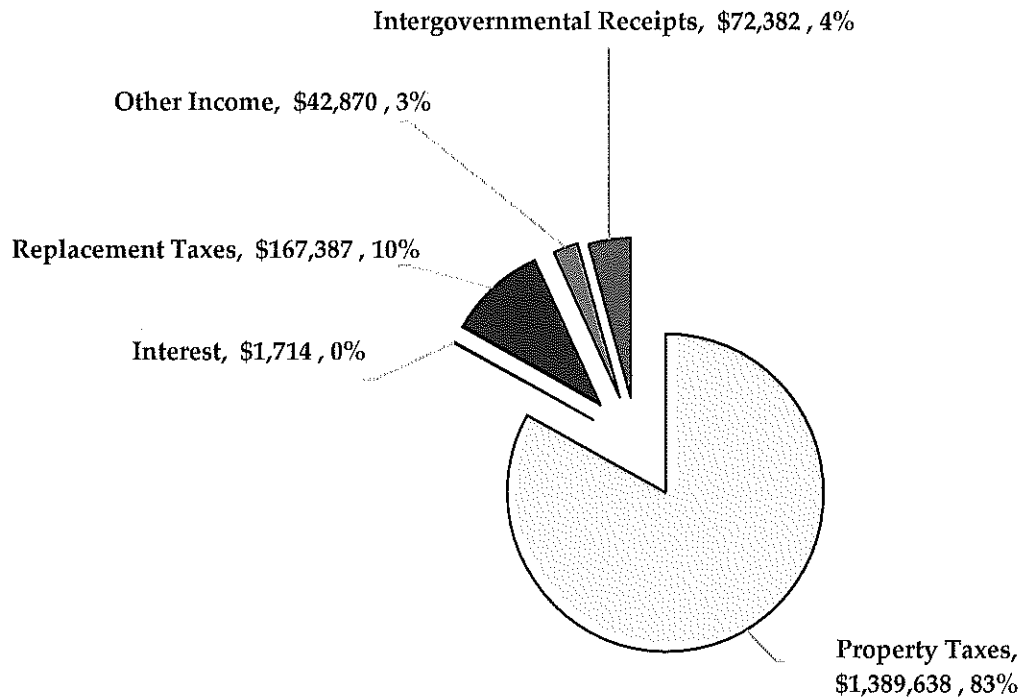
	Governmental Activities	
	<u>March 31, 2021</u>	<u>March 31, 2022</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,631	\$ -
General Revenues		
Property Taxes	661,009	1,389,638
Replacemnt Taxes	74,873	167,387
Intergovernmental Receipts	3,005	72,382
Interest	26,725	1,714
Other Income	8,828	42,870
Total Revenues	<u>778,071</u>	<u>1,673,991</u>
Expenses		
General Government	458,957	494,590
Assessor	254,232	249,299
General Assistance	6,426	5,580
Road and Bridge	418,133	473,722
Total Expenses	<u>1,137,748</u>	<u>1,223,191</u>
Change in Net Position	(359,677)	450,800
Net Position - Beginning of Year	<u>5,667,255</u>	<u>5,307,578</u>
Net Position - End of Year	<u>\$ 5,307,578</u>	<u>\$ 5,758,378</u>

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

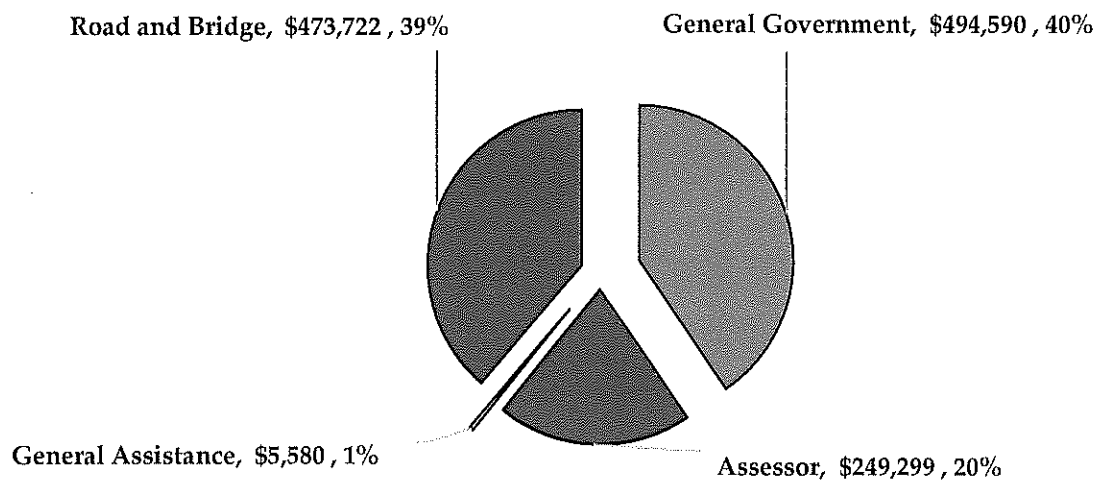
2022 REVENUES

ROUND TO NEAREST PERCENT



2022 EXPENSES

ROUND TO NEAREST PERCENT



GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

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, 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, 2022, the Township's governmental funds reported combined ending fund balances of \$2,992,253, an increase of \$177,048 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At March 31, 2022, the fund balance of the Town Fund was \$1,537,754. This represents an increase of \$181,822 compared to the prior fiscal year.

Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$656,112 were under revenues by \$181,822 and were \$1,342,023, less than the appropriation of \$1,998,135.

CAPITAL ASSETS

The Township's capital fixed assets for its governmental activities as of March 31, 2022 amount to \$2,766,125 (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:

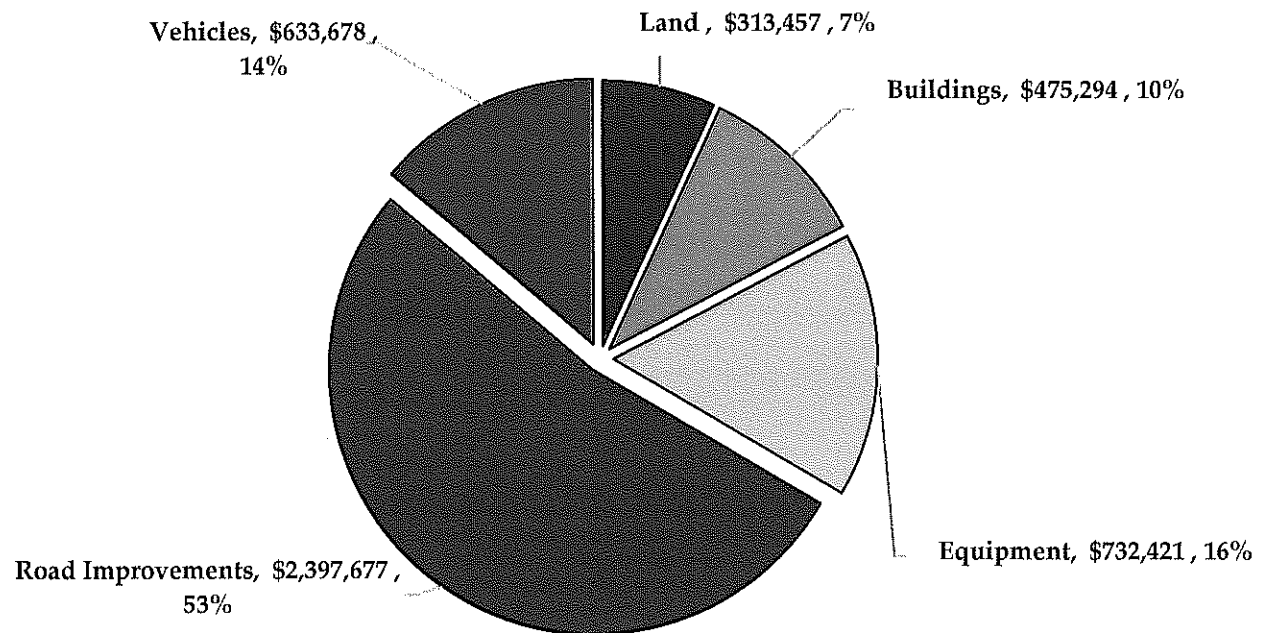
	Balance April 1, 2021	Increases	Decreases	Balance March 31, 2022
Fixed Assets				
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	108,159	-	475,294
Equipment	633,023	99,398	-	732,421
Road Improvements	2,172,755	224,922	-	2,397,677
Vehicles	651,889	-	18,211	633,678
Total Fixed Assets	4,138,259	432,479	18,211	4,552,527
Less: Accumulated				
Depreciation	1,645,886	155,041	14,525	1,786,402
Fixed Assets (Net)	<u>\$ 2,492,373</u>	<u>\$ 277,438</u>	<u>\$ 3,686</u>	<u>\$ 2,766,125</u>

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2022

CAPITAL ASSETS, AT COST



GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2022

ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2021 is \$1,738,515,727. That represents an increase in EAV of \$63,331,388 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:

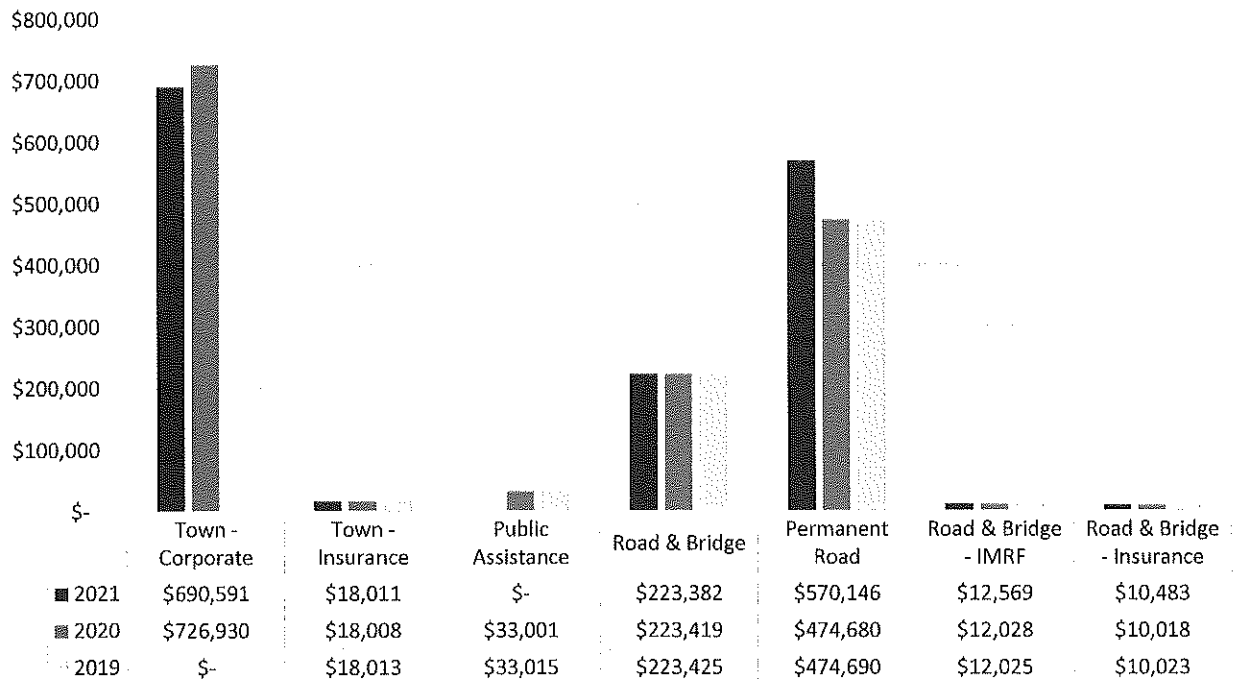
Grafton Township, Illinois Assessed Valuations, Extended Tax Rates, Percentage Allocations and Extensions by Fund						
Tax Levy Year	2021		2020		2019	
Assessed Valuation						
McHenry County	\$	1,738,515,727	\$	1,675,184,339	\$	1,627,155,693
Tax Rates and Percentage Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Town - Corporate	0.039723	45.28	0.043394	48.52	0.000000	0.00
Town - Insurance	0.001036	1.18	0.001075	1.20	0.001107	2.34
Public Assistance	0.000000	0.00	0.001970	2.20	0.002029	4.28
Road & Bridge	0.012849	14.65	0.013337	14.91	0.013731	28.97
Permanent Road	0.032795	37.38	0.028336	31.69	0.029713	61.55
Road & Bridge - IMRF	0.000723	0.82	0.000718	0.80	0.000739	1.56
Road & Bridge - Insurance	0.000603	0.69	0.000598	0.67	0.000616	1.30
Totals	0.087729	100.00	0.089428	100.00	0.047935	100.00
Property Tax Extensions						
Funds	2021		2020		2019	
Town - Corporate	\$	690,591	\$	726,930	\$	-
Town - Insurance		18,011		18,008		18,013
Public Assistance		-		33,001		33,015
Road & Bridge		223,382		223,419		223,425
Permanent Road		570,146		474,680		474,690
Road & Bridge - IMRF		12,569		12,028		12,025
Road & Bridge - Insurance		10,483		10,018		10,023
Totals	\$	1,525,182	\$	1,498,084	\$	771,191

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2022

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, 2022

Assets	
Cash and investments - at cost	\$ 2,992,253
Fixed assets - net of accumulated depreciation	2,766,125
Total Assets	\$ 5,758,378
Current Liabilities	
Total Liabilities	\$ -
Net Position	
Net investment in capital assets	2,766,125
Restricted - General Assistance	97,842
Restricted - General Road & Bridge	1,324,771
Restricted - IMRF	20,677
Restricted - Insurance	39,442
Assigned - Capital Improvement	600,000
Unrestricted	909,521
Total Net Position	\$ 5,758,378

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

CRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses			
Governmental Activities				
General Government	\$ 494,590	\$ -	\$ -	\$ (494,590)
Assessor	249,299	-	-	(249,299)
Road & Bridge	476,981	3,259	-	(473,722)
General Assistance	5,580	-	-	(5,580)
Total Governmental Activities	\$ 1,226,450	\$ 3,259	\$ -	\$ (1,223,191)
General Revenues:				
Property taxes				1,389,638
Replacement taxes				167,387
Miscellaneous revenue				72,382
Investment income				1,714
Intergovernmental				42,870
Total Revenues				1,673,991
Changes in Net Position				450,800
Net Position Beginning of Year				5,307,578
Total Net Position				\$ 5,758,378

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

GRAFTON TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

March 31, 2022

Assets	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Cash	\$ 1,537,754	\$ 97,842	\$ 1,356,657	\$ 2,992,253
Total Assets	\$ 1,537,754	\$ 97,842	\$ 1,356,657	\$ 2,992,253
Liabilities	Total Liabilities			
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable	-	-	-	-
Restricted - General Assistance	-	97,842	-	97,842
Restricted - IMRF	-	-	20,677	20,677
Restricted - Insurance	28,233	-	11,209	39,442
Committed	-	-	-	-
Assigned	600,000	-	-	600,000
Unassigned	909,521	-	1,324,771	2,234,292
Total Fund Balance	1,537,754	97,842	1,356,657	2,992,253
Total Liabilities and Fund Balance	\$ 1,537,754	\$ 97,842	\$ 1,356,657	\$ 2,992,253

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, 2022

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Revenues				
Property taxes	\$ 744,803	\$ 32,764	\$ 612,071	\$ 1,389,638
Replacement taxes	61,982	-	105,405	167,387
Intergovernmental receipts	-	-	42,870	42,870
Fines	-	-	175	175
Interest income	816	44	854	1,714
Permits and bonds	-	-	3,084	3,084
Miscellaneous revenue	30,333	456	41,593	72,382
Total Revenues	837,934	33,264	806,052	1,677,250
Expenditures				
Administrative	406,708	29,197	95,120	531,025
Assessor	249,299	-	-	249,299
Transportation	105	-	-	105
Home relief	-	5,580	-	5,580
Maintenance	-	-	195,358	195,358
Permanent Road	-	-	518,835	518,835
Total Expenditures	656,112	34,777	809,313	1,500,202
Net Change in Fund Balance	181,822	(1,513)	(3,261)	177,048
Fund Balance				
Balance, beginning of year	1,355,932	99,355	1,359,918	2,815,205
Total Fund Balance	\$ 1,537,754	\$ 97,842	\$ 1,356,657	\$ 2,992,253

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, 2022*

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

Total Fund Balances -Total Governmental Funds	\$ 2,992,253
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation	<u>2,766,125</u>
Total Net Position of Governmental Activities	<u>\$ 5,758,378</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	\$ 177,048
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>273,752</u>
Changes in Net Position Governmental Funds	<u>\$ 450,800</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, 2022

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, 2022

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, 2022

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, 2022

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, 2022.

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, 2022

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 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

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, 2022, the carrying amount of the Township's deposits totaled \$2,992,253 and the bank balances totaled \$3,000,955. 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, 2022, 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 \$2,750,955 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, 2022

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, 2022

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, 2021, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	9
Inactive Plan Members entitled to but no yet receiving bene:	15
Active Plan Member	10
Total	34

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 2022 was 9.82%. For the fiscal year ended March 31, 2022, the Township contributed \$50,262 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, 2021. 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, 2021:

- 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, 2022

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.

- 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 adjusted) 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 as of December 31, 2021:

		Long-Term
	Portfolio	Expected
	Target	Real Rate
<u>Asset Class</u>	<u>Percentage</u>	<u>of Return</u>
Domestic Equity	37%	4.50%
International Equity	18%	5.75%
Fixed Income	28%	2.00%
Real Estate	9%	5.90%
Alternative Investments	7%	4.30-8.10%
Cash Equivalents	<u>1%</u>	1.70%
Total	100%	

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2021

Actuarial Valuation Date	12/31/2021
Measurement Date of the Net Pension Liability	12/31/2021
Fiscal Year End	3/31/2022

Membership

Number of	
- Retirees and Beneficiaries	9
- Inactive, Non-Retired Members	15
- Active Members	10
- Total	34
Covered Valuation Payroll (1)	\$ 511,830

Net Pension Liability

Total Pension Liability/(Asset)	\$ 2,911,581
Plan Fiduciary Net Position	3,279,190
Net Pension Liability/(Asset)	\$ (367,609)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.63%
Net Pension Liability as a Percentage of Covered Valuation Payroll	(71.82%)

Development of the Single Discount Rate as of December 31, 2021

Long-Term Municipal Bond Rate (2)	7.25%
Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded	1.84%
Resulting Single Discount Rate based on the above development	2121
Single Discount Rate calculated using December 31, 2020 Measurement Date	7.25%

Total Pension Expense/(Income) \$ (58,084)

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	\$ 40,494	\$ -
Changes in assumptions	-	14,568
Net difference between projected and actual earnings on pension plan investments	53,578	397,252
Total	\$ 94,072	\$ 411,820

(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, 2021. 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, 2022

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 1.84%, 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, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2021

A. Total pension liability	
1. Service Cost	\$ 41,579
2. Interest on the Total Pension Liability	195,321
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	62,570
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(122,377)
7. Net change in total pension liability	177,093
8. Total pension liability – beginning	2,734,488
9. Total pension liability – ending	<u>\$ 2,911,581</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 50,262
2. Contributions – employee	23,032
3. Net investment income	464,164
4. Benefit payments, including refunds of employee contributions	(122,377)
5. Other (Net Transfer)	7,490
6. Net change in plan fiduciary net position	422,571
7. Plan fiduciary net position – beginning	2,856,619
8. Plan fiduciary net position – ending	<u>\$ 3,279,190</u>
C. Net pension liability/(asset)	<u>\$ (367,609)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	112.63%
E. Covered Valuation payroll*	\$ 511,830
F. Net pension liability as a percentage of covered valuation payroll	(71.82%)

*Does not necessarily represent Covered Employee Payroll as defined in GASB Statement No. 68

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	\$ 3,266,241	\$ 2,911,581	\$ 2,647,515
Plan Fiduciary Net Position	3,279,190	3,279,190	3,279,190
Net Pension Liability/(Asset)	<u>\$ (12,949)</u>	<u>\$ (367,609)</u>	<u>\$ (631,675)</u>

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2022

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, 2022, the Township recognized pension income of \$58,084. At March 31, 2022, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions Deferred Amounts to be Recognized in Pension Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 40,494	\$ -
Changes of assumptions	-	14,568
Net difference between projected and actual earnings on pension plan investments	<u>53,578</u>	<u>397,252</u>
Total Deferred Amounts to be recognized in pension expense in future periods	94,072	411,820
Total Deferred Amounts Related to Pensions	<u>\$ 94,072</u>	<u>\$ 411,820</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
2022	\$ (60,624)
2023	(119,450)
2024	(85,959)
2025	(51,715)
2026	-
Thereafter	-
Total	<u>\$ (317,748)</u>

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate *

Valuation Date:

December 31, 2021

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 2021 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 (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed over 28 years).

5-Year smoothed market; 20% corridor

Asset Valuation Method

3.25%

Wage growth

2.50%

Price Inflation

3.35% to 14.25% including inflation

Salary Increases

7.25%

Investment Rate of Return

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.

Retirement Age

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.

There were no benefit changes during the year

Other Information:

Notes

* Based on Valuation Assumptions used in the December 31, 2019 actuarial valuation

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2022

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONCLUDED)

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.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2021 Illinois Municipal Retirement annual actuarial valuation report.

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2022

NOTE 4 – CHANGES IN FIXED ASSETS

	Balance			Balance
Fixed Assets	April 1, 2021	Increases	Decreases	March 31, 2022
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	108,159	-	475,294
Equipment	633,023	99,398		732,421
Road Improvements	2,172,755	224,922	-	2,397,677
Vehicles	651,889	-	18,211	633,678
Total Fixed Assets	4,138,259	432,479	18,211	4,552,527
Less: Accumulated				
Depreciation	1,645,886	155,041	14,525	1,786,402
Fixed Assets (Net)	<u>\$ 2,492,373</u>	<u>277,438</u>	<u>3,686</u>	<u>\$ 2,766,125</u>

Depreciation by Governmental Activity

General Government	\$ 13,853
Road & Bridge	141,188
Total Governmental Activities	<u>\$ 155,041</u>

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, 2022 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, 2022

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 744,922	\$ 744,922	\$ 744,803
Replacement taxes	20,000	20,000	61,982
IGA road commision salary	16,250	16,250	-
Interest income	2,500	2,500	816
Miscellaneous revenue	500	500	30,333
Total Revenues	784,172	784,172	837,934
Expenditures			
General and Administrative			
Personnel			
Salaries	16,250	16,250	77,206
Elected officials	175,000	175,000	159,172
Health insurance	60,000	60,000	30,341
Social Security	-	-	13,142
Medicare	-	-	3,744
Unemployment insurance	-	-	400
Retirement contribution	-	-	14,150
Total Personnel	251,250	251,250	298,155
Contractual Services			
Maintenance - buildings	250,000	250,000	56,026
Maintenance - equipment	140,897	140,897	16,257
TOIRMA insurance	-	-	14,078
Accounting services	20,000	20,000	5,227
Legal services	165,000	165,000	5,181
Other professional services	50,000	50,000	-
Other contract services - clerk	5,000	5,000	306
Dues, memberships	5,000	5,000	1,504
Annual meeting	2,500	2,500	-
Postage	2,000	2,000	-
Printing	3,000	3,000	-
Publishing	2,000	2,000	577
Room rental	2,500	2,500	-
Telephone	5,000	5,000	2,365
Training and education	5,000	5,000	-
Travel expenses	2,000	2,000	-
Utilities	10,000	10,000	4,743
Total Contractual Services	669,897	669,897	106,264

GRAFTON TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2022

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Office supplies	\$ 5,000	\$ 5,000	\$ 1,083
Fuel and oil	2,000	2,000	53
Operating supplies	3,000	3,000	168
Miscellaneous expense	50,000	50,000	135
Contingencies	60,000	60,000	-
Total Commodities	120,000	120,000	1,439
Capital Expenditures			
Capital improvement reserve	250,000	250,000	850
Capital equipment reserve	250,000	250,000	-
Total Capital Expenditures	500,000	500,000	850
Other Expenditures			
Contingencies	60,000	60,000	-
Total Other Expenditures	60,000	60,000	-
Total General and Administrative	1,601,147	1,601,147	406,708
Assessor Office			
Personnel			
Salaries	225,500	225,500	184,697
Social Security	-	-	13,972
Health insurance	52,080	52,080	14,921
IMRF contribution	18,658	18,658	17,418
Total Personnel	296,238	296,238	231,008
Contractual Services			
Maintenance services	4,200	4,200	2,333
Dues, memberships	1,000	1,000	-
Postage	250	250	-
Printing	500	500	378
Publishing	600	600	-
Telephone	2,400	2,400	1,913
Training and education	3,000	3,000	370
Travel and meetings	2,500	2,500	326
Total Contractual Services	14,450	14,450	5,320

GRAFTON TOWNSHIP, ILLINOIS*Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
Assessor Office (Concluded)			
Commodities			
Office supplies	\$ 3,000	\$ 3,000	\$ 2,831
Periodicals and publications	300	300	-
Other miscellaneous	1,500	1,500	-
Uniforms	500	500	340
Total Commodities	5,300	5,300	3,171
Capital Expenditures			
Software	12,000	12,000	9,800
Total Capital Expenditures	12,000	12,000	9,800
Total Assessor Office	327,988	327,988	249,299
Senior Services			
Personnel			
Salaries	30,000	30,000	-
Health insurance	7,500	7,500	-
IMRF contribution	2,500	2,500	-
Total Personnel	40,000	40,000	-
Contractual Services			
Postage	1,000	1,000	-
Printing	1,000	1,000	-
Telephone	2,000	2,000	-
Total Contractual Services	4,000	4,000	-
Commodities			
Gas/diesel/oil	4,000	4,000	-
Utilities	2,000	2,000	-
Office supplies	1,000	1,000	-
Other miscellaneous	10,000	10,000	105
Total Commodities	17,000	17,000	105
Capital expenditures			
Other Expenditures			
Community service/senior	10,000	10,000	-
Total Other Expenditures	10,000	10,000	-
Total Senior Services	71,000	71,000	105
Total Expenditures Town Fund	2,000,135	2,000,135	656,112
Net Change in Fund Balance	\$ (1,215,963)	\$ (1,215,963)	\$ 181,822

GRAFTON TOWNSHIP, ILLINOIS

*General Assistance Fund - Statement of Revenue, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 33,000	\$ 33,000	\$ 32,764
Miscellaneous revenue	-	-	456
Total Revenues	33,400	33,400	33,264
Expenditures			
General and Administrative			
Personnel			
Salaries	20,000	20,000	19,754
Health insurance	5,000	5,000	4,998
Total Personnel	25,000	25,000	24,752
Contractual Services			
Maintenance - equipment	2,000	2,000	600
Accounting services	3,500	3,500	3,083
Other professional services	1,000	1,000	90
Postage	250	250	124
Telephone	1,000	1,000	-
Printing	1,000	1,000	-
Training and education	500	500	215
Utilities	1,000	1,000	-
Total Contractual Services	10,250	10,250	4,112
Commodities			
Maintenance supplies building	500	500	70
Office supplies	1,000	1,000	263
Total Commodities	1,500	1,500	333
Total General and Administrative	36,750	36,750	29,197
Contractual Services			
Transportation assistance	2,500	2,500	90
Shelter	35,000	35,000	2,840
Utility payments	30,000	30,000	-
Total Contractual Services	74,500	74,500	5,580

GRAFTON TOWNSHIP, ILLINOIS*General Assistance Fund - Statement of Revenue, Expenditures
and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
Home Relief (Concluded)			
Commodities			
Food	\$ 1,000	\$ 1,000	\$ -
Catastrophic deduction	15,506	15,506	-
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	-
Total Commodities	<u>21,506</u>	<u>21,506</u>	<u>-</u>
Total Home Relief	<u>96,006</u>	<u>96,006</u>	<u>5,580</u>
 Total Expenditures General Assistance Fund	 <u>132,756</u>	 <u>132,756</u>	 <u>34,777</u>
 Net Change in Fund Balance	 <u>\$ (99,356)</u>	 <u>\$ (99,356)</u>	 <u>\$ (1,513)</u>

GRAFTON TOWNSHIP, ILLINOIS*Road & Bridge Fund - Statement of Revenue, Expenditures and
and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 720,145	\$ 720,145	\$ 612,071
Replacement taxes	40,000	40,000	105,405
Municipal share	(107,731)	(107,731)	-
Rental income	5	5	-
Permits and bonds	2,000	2,000	3,084
Intergovernmental agreement	31,275	31,275	42,870
Interest income	1,390	1,390	854
Court fines and permits	800	800	175
Permits and bonds	2,000	-	-
Miscellaneous revenue	3,025	3,025	41,593
Total Revenues	692,919	690,919	806,052
General and Administrative Expenditures			
Personnel			
Salaries	30,000	30,000	24,622
Unemployment insurance	6,400	6,400	285
Retirement contribution	47,390	47,390	13,849
Total Personnel	83,790	83,790	38,756
Contractual Services			
Maintenance - buildings	15,000	-	-
Maintenance - vehicles	70,000	-	-
Maintenance - equipment	1,000	4,000	1,286
TOIRMA insurance	-	-	20,258
Accounting services	14,000	14,000	3,083
Legal services	34,000	31,000	16,348
Postage	600	600	169
Telephone	5,100	5,100	3,366
Publishing	1,500	1,500	729
Printing	300	300	34
Dues, memberships	400	400	135
Travel expenses	6,000	6,000	302
Training and education	1,000	1,000	70
Total Contractual Services	148,900	63,900	45,780

GRAFTON TOWNSHIP, ILLINOIS*Road & Bridge Fund - Statement of Revenue, Expenditures and
and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Office supplies	\$ 1,000	\$ 1,000	\$ 344
Total Commodities	1,000	1,000	344
Capital Expenditures/Debt Service			
Building--Road District			
Equipment	5,000	5,000	1,058
Total Capital Expenditures/Debt Service	5,000	5,000	1,058
Other Expenditures			
Miscellaneous expense	8,000	8,000	216
Municipal replacement tax	9,000	9,000	8,966
Contingencies	42,000	42,000	-
Total Other Expenditures	59,000	59,000	9,182
Total General and Administrative	297,690	212,690	95,120
Maintenance Department			
Personnel			
Contractual Services			
Maintenance services - building	15,000	15,000	243
Maintenance services - equipment	71,170	71,170	31,914
Maintenance services - vehicles	70,000	70,000	7,978
Maintenance services - roads	10,000	10,000	-
Maintenance services - snow removal	100	100	-
Maintenance services - bridge	35,000	35,000	-
Garbage disposal	6,000	6,000	2,346
Utilities	9,000	9,000	2,553
Engineering service	12,000	12,000	-
Rentals	500	500	-
Total Contractual Services	228,770	228,770	45,034

GRAFTON TOWNSHIP, ILLINOIS*Road & Bridge Fund - Statement of Revenue, Expenditures and
and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash . Basis
Maintenance Department (Continued)			
Commodities			
Maintenance supplies - building	\$ 15,000	\$ 15,000	\$ 1,465
Maintenance supplies - equipment	15,000	15,000	6,529
Maintenance supplies - vehicle	20,000	20,000	7,186
Maintenance supplies - road	1,000	1,000	-
Maintenance supplies - snow removal	1,000	1,000	505
Maintenance supplies - bridge	5,000	5,000	-
Operating supplies	4,000	4,000	2,808
Small tools	6,000	6,000	1,355
Total Commodities	67,000	67,000	19,848
Other Expenditures			
Miscellaneous	5,000	5,000	-
Contingencies	42,000	42,000	-
Total Other Expenditures	47,000	47,000	-
Capital Expenditures			
Capital outlay	140,860	140,860	61,665
Other improvements	333,000	333,000	68,811
Total Capital Expenditures	473,860	473,860	130,476
Total Maintenance Department	816,630	816,630	195,358
Permanent Road Department			
Personnel			
Salaries	185,000	185,000	139,147
Social Security	16,000	16,000	10,154
Medicare	6,000	6,000	2,375
Uniforms	7,000	7,000	1,971
Health insurance	65,000	65,000	42,970
Payroll expenses	1,800	1,800	1,562
Total Personnel	280,800	280,800	198,179

GRAFTON TOWNSHIP, ILLINOIS*Road & Bridge Fund - Statement of Revenue, Expenditures and
and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2022*

	Original Budget	Final Budget	Modified Cash Basis
Permanent Road Department (Concluded)			
Contractual Services			
Maintenance services - roads	\$ 357,500	\$ 357,500	\$ 231,284
Maintenance services - street lights	5,000	5,000	3,994
Maintenance services - striping	28,000	28,000	12,071
Road signage	30,000	30,000	256
Engineering	40,000	40,000	11,246
Rentals	10,000	10,000	5,700
Total Contractual Services	<u>470,500</u>	<u>470,500</u>	<u>264,551</u>
Commodities			
Maintenance supplies roads	65,000	65,000	25,378
Operating supplies	8,000	8,000	4,796
Auto fuel & oil	40,000	40,000	15,491
Salt, calcium, ice control	95,000	95,000	9,298
Total Commodities	<u>208,000</u>	<u>208,000</u>	<u>54,963</u>
Other Expenditures			
Intergovernmental agreement	1,000	1,000	-
Miscellaneous expenses	12,000	12,000	1,142
Contingencies	47,000	47,000	-
Total Other Expenditures	<u>60,000</u>	<u>60,000</u>	<u>1,142</u>
Total Permanent Road	<u>1,019,300</u>	<u>1,019,300</u>	<u>518,835</u>
Total Expenditures Road and Bridge Fund	<u>2,133,620</u>	<u>2,048,620</u>	<u>809,313</u>
Net Change in Fund Balance	<u>\$ (1,440,701)</u>	<u>\$ (1,357,701)</u>	<u>\$ (3,261)</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 2015)

Calendar Year Ending	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service Cost	\$ 41,579	\$ 52,876	\$ 51,745	\$ 59,272	\$ 67,584	\$ 67,374	\$ 70,731			
Interest on the Total Pension Liability	195,321	189,370	174,895	164,735	162,503	152,116	143,258			
Benefit Changes	-	-	-	-	-	-	-			
Difference between Expected and Actual Experience	62,570	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	(122,377)	(121,480)	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)			
Net Change in Total Pension Liability	177,093	88,181	204,274	231,091	31,414	140,284	121,387			
Total Pension Liability - Ending (a)	\$ 2,911,581	\$ 2,734,488	\$ 2,646,307	\$ 2,442,033	\$ 2,210,942	\$ 2,179,528	\$ 2,039,244			
Plan Fiduciary Net Position										
Employer Contributions	50,262	42,460	35,145	43,620	51,776	55,590	59,629			
Employee Contributions	23,032	21,465	22,627	22,460	26,658	28,171	28,485			
Pension Plan Net Investment Income	464,164	354,123	376,487	(97,871)	335,192	128,557	9,036			
Benefit Payments and Refunds	(122,377)	(121,480)	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)			
Other	7,490	17,334	45,251	32,797	(32,409)	12,685	15,336			
Net Change in Plan Fiduciary Net Position	422,571	313,902	368,396	(87,218)	287,990	140,995	26,266			
Plan Fiduciary Net Position - Beginning	2,856,619	2,542,717	2,174,321	2,261,539	1,973,549	1,832,554	1,806,288			
Plan Fiduciary Net Position - Ending (b)	\$ 3,279,190	\$ 2,856,619	\$ 2,542,717	\$ 2,174,321	\$ 2,261,539	\$ 1,973,549	\$ 1,832,554			
Net Pension Liability/(Asset) - Ending (a) - (b)	(367,609)	(122,131)	103,590	267,712	(50,597)	205,979	206,690			
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.63%	104.47%	96.09%	89.04%	102.29%	90.55%	89.86%			
Covered Valuation Payroll	\$ 511,830	\$ 460,539	\$ 502,812	\$ 499,104	\$ 592,403	\$ 626,026	\$ 633,005			
Net Pension Liability as a Percentage of Covered Valuation Payroll	(71.82%)	(26.52%)	20.60%	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
(schedule to be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered		Actual Contribution as a % of Covered Valuation Payroll
				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%
2019	35,147	35,145	2	502,812		6.99%
2020	42,462	42,460	2	460,539		9.22%
2021	50,262 *	50,262	-	511,830		9.82%

* Estimated based on a contribution rate of 9.82% and covered valuation payroll of \$511,830.

NOTES TO OTHER
INFORMATION

GRAFTON TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended March 31, 2022

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 23th 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 unexpensed 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 amended during the fiscal year on September 20, 2021.
- 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, 2022

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on June 23, 2021 and the Road & Bridge was amended on September 20, 2021.

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, 2022, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The 2021-2022 appropriations ordinance was adopted June 23, 2021 and amended on September 20, 2021.

NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations