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Accounting • Auditing • Consulting

Grafton Township, Illinois

Annual Financial Report

For the Year Ended March 31, 2020

GRAFTON TOWNSHIP, ILLINOIS

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grafton Township, Illinois (Township) as of and for the year ended March 31, 2020, 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, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

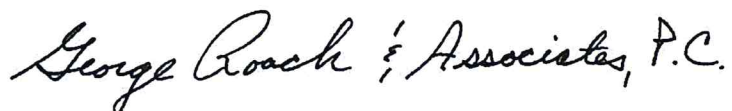
Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Grafton Township, Illinois' financial statements. The other information (OI) as described in the accompanying table of contents, are the responsibility of management and presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

George Roach & Associates, P.C.
Crystal Lake, Illinois
May 29, 2020

OTHER INFORMATION –

MANAGEMENT DISCUSSION AND ANALYSIS -
UNAUDITED

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

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, 2020. 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, 2020 by \$5,667,255 (net position). Of this amount, \$1,873,703 (unassigned net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$327,830.
- At March 31, 2020, the Township's governmental funds reported combined ending fund balances of \$3,360,650, an increase of \$261,408 from the prior year.
- At March 31, 2020, the fund balance for the Town Fund was \$1,898,014.
- The Township's total net fixed assets increased by \$66,422 during the year ended March 31, 2020.

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, 2020

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 \$5,667,255 for the year ended March 31, 2020. A portion of the Township's net position reflects its investment in capital assets; \$2,306,605. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is \$3,360,650, of which \$1,486,947 is restricted, and \$1,873,703 unassigned.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

Grafton Township Net Position

	<u>Governmental Activities</u>	
	<u>3/31/2019</u>	<u>3/31/2020</u>
Assets		
Current and Other Assets	\$ 3,100,283	\$ 3,362,317
Fixed Assets	2,240,183	2,306,605
Total Assets	<u>\$ 5,340,466</u>	<u>\$ 5,668,922</u>
Liabilities		
Payroll Liabilities	\$ 1,041	\$ 1,667
Total Liabilities	<u>1,041</u>	<u>1,667</u>
Net Position:		
Net Investment in Capital Assets	2,240,183	2,306,605
Restricted - General Assistance	72,819	78,347
Restricted - Road & Bridge	1,258,062	1,340,329
Restricted - IMRF	27,478	22,505
Restricted - Insurance	49,387	45,766
Assigned - Capital Improvement	600,000	-
Unrestricted	<u>1,091,496</u>	<u>1,873,703</u>
Total Net Position	<u>\$ 5,339,425</u>	<u>\$ 5,667,255</u>

An additional portion of the Township's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unassigned net position (\$1,273,703) may be used to meet the Township's ongoing obligations to citizens and creditors.

At March 31, 2020, the Township is able to report positive balances in all three categories of net position. The Township's net position increased by \$327,830 in comparison with the prior year.

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

Governmental activities

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

Grafton Township Changes in Net Position

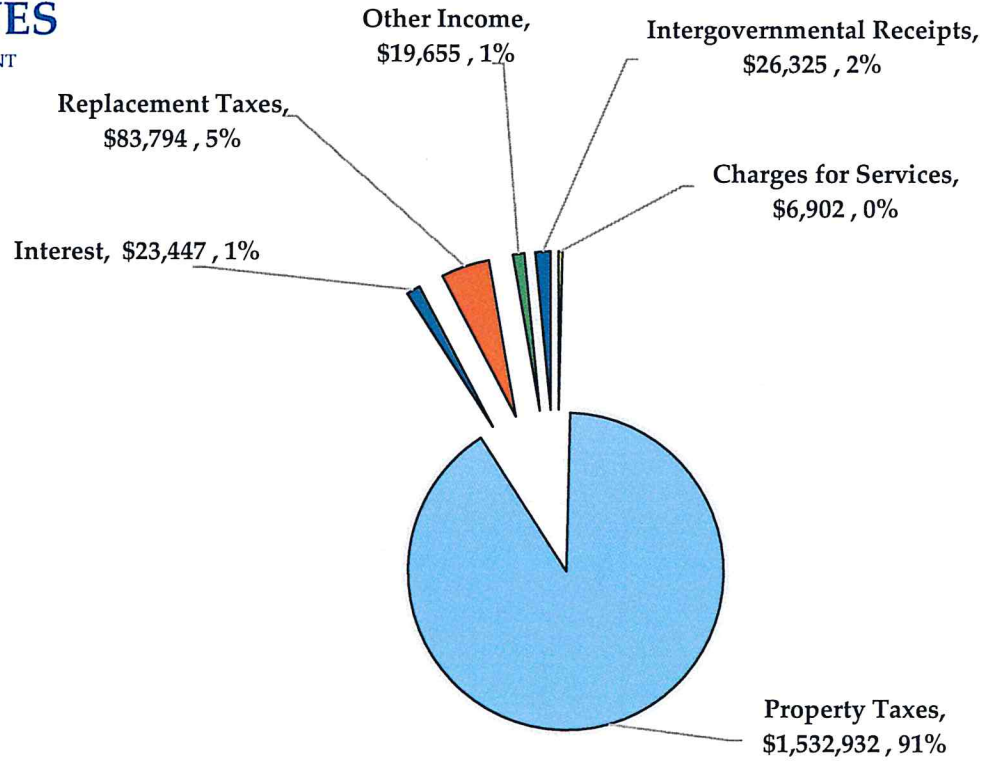
	Governmental Activities	
	March 31, 2019	March 31, 2020
Revenues		
Program Revenues		
Charges for Services	\$ 5,858	\$ 6,902
General Revenues		
Property Taxes	1,674,181	1,532,932
Replacemnt Taxes	62,044	83,794
Intergovernmental Receipts	15,625	26,325
Interest	33,547	23,447
Other Income	11,938	19,655
Total Revenues	1,803,193	1,693,055
Expenses		
General Government	484,737	469,362
Assessor	320,760	342,717
General Assistance	15,342	14,994
Road and Bridge	467,426	538,152
Total Expenses	1,288,265	1,365,225
Change in Net Position	514,928	327,830
Net Position - Beginning of Year	4,824,497	5,339,425
Net Position - End of Year	\$ 5,339,425	\$ 5,667,255

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2020

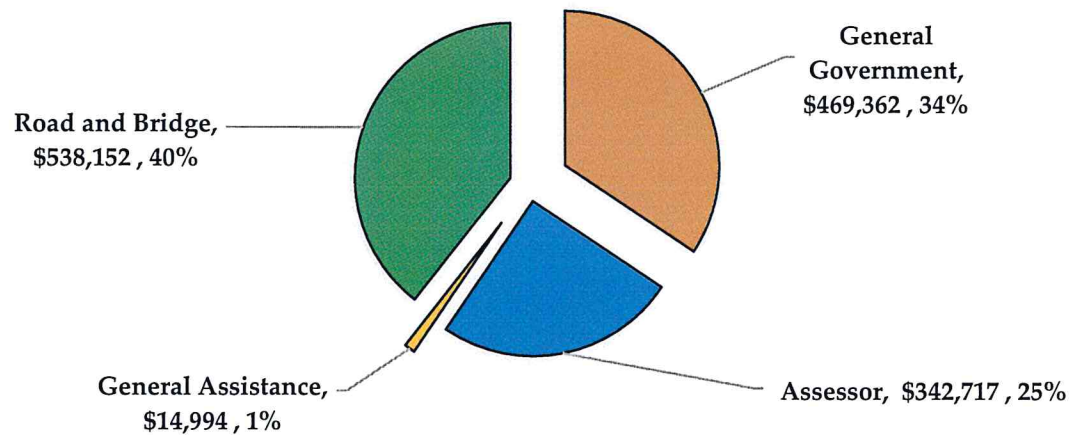
2020 REVENUES

ROUND TO NEAREST PERCENT



2020 EXPENSES

ROUND TO NEAREST PERCENT



GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

Governmental funds

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

At March 31, 2020, the Township's governmental funds reported combined ending fund balances of \$3,360,650, an increase of \$261,408 in comparison with the prior year.

The Town Fund is the main operating fund of the Township. At March 31, 2020, the fund balance of the Town Fund was \$1,898,014. This represents an increase of \$178,301 compared to the prior fiscal year.

Town Fund Budgetary Highlights

Expenditures in the General Town Fund of \$709,481 were under revenues by \$178,301 and were \$1,890,653 less than the appropriation of \$2,600,134.

CAPITAL ASSETS

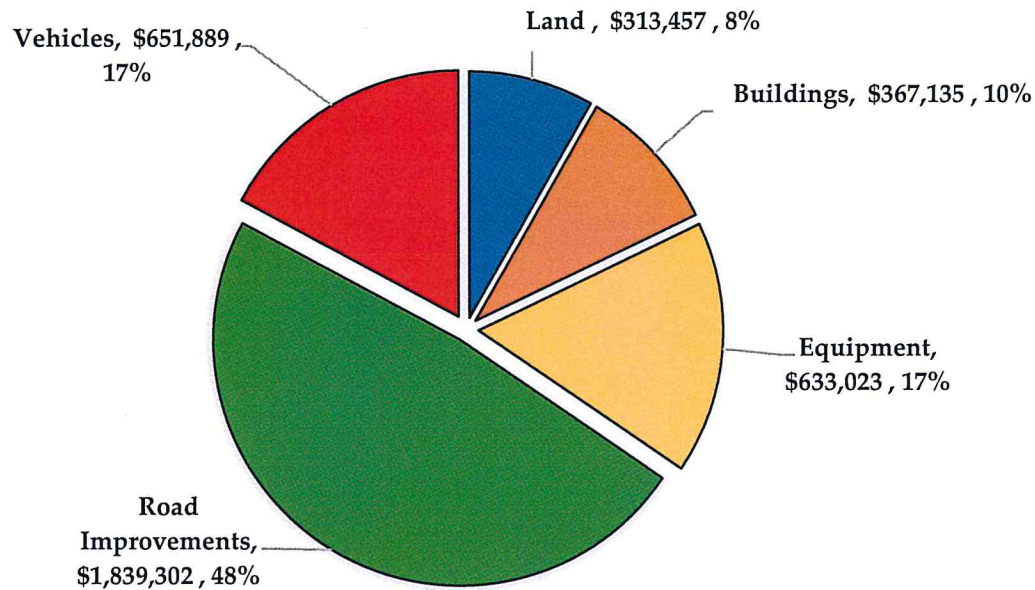
The Township's capital fixed assets for its governmental activities as of March 31, 2020 amount to \$2,306,605 (net of accumulated depreciation). This investment in fixed assets includes land, roads and improvements, buildings and improvements, vehicles, and other equipment. Major fixed asset events during the current fiscal year included the following:

	Balance April 1, 2019	Increases	Decreases	Balance March 31, 2020
Fixed Assets				
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	-	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,624,774	214,528	-	1,839,302
Vehicles	651,889	-	-	651,889
Total Fixed Assets	3,590,278	214,528	-	3,804,806
Less: Accumulated Depreciation	1,350,095	148,106	-	1,498,201
Fixed Assets (Net)	\$ 2,240,183	\$ 66,422	\$ -	\$ 2,306,605

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited
Year Ended March 31, 2020

CAPITAL ASSETS, AT COST



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for 2019 is \$1,627,155,693. That represents an increase in EAV of \$54,932,322 over the prior year's EAV. Taxes recorded in these financial statements are from the 2018 levy. A summary of the assessed valuations and extensions for tax years 2019, 2018 and 2017 is as follows:

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

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

Tax Levy Year	2019		2018		2017	
Assessed Valuation						
McHenry County	\$	1,627,155,693	\$	1,572,223,371	\$	1,486,034,704
Tax Rates and Percentage Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Town - Corporate	0.000000	0.00	0.051373	48.76	0.060392	49.78
Town - Insurance	0.001107	2.34	0.001145	1.09	0.001212	1.00
Public Assistance	0.002029	4.28	0.002099	1.99	0.002221	1.83
Road & Bridge	0.013731	28.97	0.015789	14.99	0.017583	14.49
Permanent Road	0.029173	61.55	0.033546	31.84	0.037358	30.79
Road & Bridge - IMRF	0.000739	1.56	0.000764	0.73	0.001212	1.00
Road & Bridge - Insurance	0.000616	1.30	0.000637	0.60	0.001346	1.11
Totals	0.047395	100.00	0.105353	100.00	0.121324	100.00

Property Tax Extensions

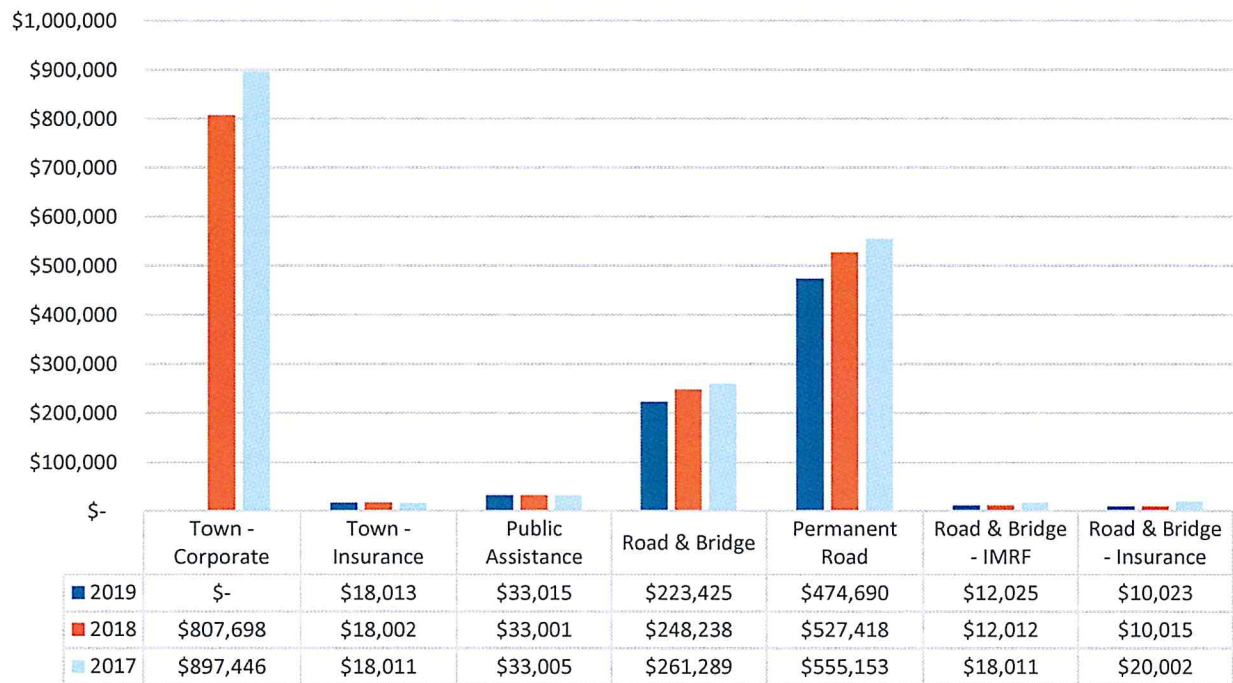
Funds	2019	2018	2017
Town - Corporate	\$ -	\$ 807,698	\$ 897,446
Town - Insurance	18,013	18,002	18,011
Public Assistance	33,015	33,001	33,005
Road & Bridge	223,425	248,238	261,289
Permanent Road	474,690	527,418	555,153
Road & Bridge - IMRF	12,025	12,012	18,011
Road & Bridge - Insurance	10,023	10,015	20,002
Totals	\$ 771,191	\$ 1,656,384	\$ 1,802,917

GRAFTON TOWNSHIP, ILLINOIS

Management's Discussion and Analysis - Unaudited

Year Ended March 31, 2020

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, 2020

Assets	
Cash and investments - at cost	\$ 3,362,317
Fixed assets - net of accumulated depreciation	<u>2,306,605</u>
Total Assets	<u>\$ 5,668,922</u>
 Current Liabilities	
Payroll Liabilities	<u>\$ 1,667</u>
Total Liabilities	<u>1,667</u>
 Net Position	
Net investment in capital assets	2,306,605
Restricted - General Assistance	78,347
Restricted - General Road & Bridge	1,340,329
Restricted - IMRF	22,505
Restricted - Insurance	45,766
Unrestricted	<u>1,873,703</u>
Total Net Position	<u>\$ 5,667,255</u>

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, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 469,362	\$ -	\$ -	\$ (469,362)
Assessor	342,717	-	-	(342,717)
Road & Bridge	538,152	6,902	-	(531,250)
General Assistance	14,994	-	-	(14,994)
Total Governmental Activities	\$ 1,365,225	\$ 6,902	\$ -	\$ (1,358,323)
General Revenues:				
		Property taxes		1,532,932
		Replacement tax		83,794
		Miscellaneous revenue		19,655
		Investment income		23,447
		Intergovernmental		26,325
		Total Revenues		1,686,153
		Changes in Net Position		327,830
		Net Position Beginning of Year		5,339,425
		Total Net Position		\$ 5,667,255

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

GRAFTON TOWNSHIP, ILLINOIS

Governmental Funds - Combined Balance Sheet - Modified Cash Basis

March 31, 2020

Assets				
	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Cash	\$ 1,898,428	\$ 79,420	\$ 1,384,469	\$ 3,362,317
Due from/(to) other funds	1,073	(1,073)	-	-
Total Assets	\$ 1,899,501	\$ 78,347	\$ 1,384,469	\$ 3,362,317
Liabilities				
	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Payroll liabilities	\$ 1,487	\$ -	\$ 180	\$ 1,667
Total Liabilities	1,487	-	180	1,667
Fund Balance				
	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Nonspendable	-	-	-	-
Restricted - General Assistance	-	78,347	-	78,347
Restricted - IMRF	-	-	22,505	22,505
Restricted - Insurance	24,311	-	21,455	45,766
Committed	-	-	-	-
Assigned	600,000	-	-	600,000
Unassigned	1,273,703	-	1,340,329	2,614,032
Total Fund Balance	1,898,014	78,347	1,384,289	3,360,650
Total Liabilities and Fund Balance	\$ 1,899,501	\$ 78,347	\$ 1,384,469	\$ 3,362,317

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, 2020

	Town Fund	General Assistance Fund	Road & Bridge Fund	Total
Revenues				
Property taxes	\$ 826,039	\$ 30,697	\$ 676,196	\$ 1,532,932
Replacement taxes	31,028	-	52,766	83,794
Intergovernmental receipts	15,625	-	10,700	26,325
Fines	-	-	2,848	2,848
Interest income	12,867	550	10,030	23,447
Permits and bonds	-	-	4,054	4,054
Miscellaneous revenue	2,223	-	17,432	19,655
Total Revenues	887,782	31,247	774,026	1,693,055
Expenditures				
Administrative	332,829	10,725	73,979	417,533
Assessor	342,717	-	-	342,717
Transportation	33,935	-	-	33,935
Home relief	-	14,994	-	14,994
Maintenance	-	-	73,242	73,242
Permanent Road	-	-	549,226	549,226
Total Expenditures	709,481	25,719	696,447	1,431,647
Net Change in Fund Balance	178,301	5,528	77,579	261,408
Fund Balance				
Balance, beginning of year	1,719,713	72,819	1,306,710	3,099,242
Total Fund Balance	\$ 1,898,014	\$ 78,347	\$ 1,384,289	\$ 3,360,650

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

Total Fund Balances -Total Governmental Funds	\$ 3,360,650
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Amount net of depreciation	<u>2,306,605</u>
Total Net Position of Governmental Activities	<u>\$ 5,667,255</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	\$ 261,408
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>66,422</u>
Changes in Net Position Governmental Funds	<u>\$ 327,830</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, 2020

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, 2020

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, 2020

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, 2020

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, 2020.

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, 2020

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 2019 Town levy was passed by the board on November 18, 2019 and the Road levy was passed by the board on November 18, 2019. 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, 2020, the carrying amount of the Township's deposits totaled \$3,362,317 and the bank balances totaled \$3,374,461. 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, 2020, 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 \$3,124,461 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, 2020

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, 2020

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, 2019, 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:	13
Active Plan Member	10
Total	32

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 2019 was 6.99%. For the fiscal year ended March 31, 2020, the Township contributed \$33,163 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, 2019. 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, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.5%.
- **Salary Increases** were expected to be 3.35% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2020

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

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

<u>Asset Class</u>	Portfolio	Long-Term
	Target	Expected
	Percentage	Real Rate
		of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2020

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2019

Actuarial Valuation Date	12/31/2019
Measurement Date of the Net Pension Liability	12/31/2019
Fiscal Year End	3/31/2020

Membership

Number of	
- Retirees and Beneficiaries	9
- Inactive, Non-Retired Members	13
- Active Members	10
- Total	32
Covered Valuation Payroll (1)	\$ 502,812

Net Pension Liability

Total Pension Liability/(Asset)	\$ 2,646,307
Plan Fiduciary Net Position	2,542,717
Net Pension Liability/(Asset)	\$ 103,590
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.09%
Net Pension Liability as a Percentage of Covered Valuation Payroll	20.60%

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

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate (2)	2.75%
Last year ending December 31 in the 2020 to 2119 projection period for which projected benefit payments are fully funded	2119
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2018 Measurement Date	7.25%

Total Pension Expense/(Income)	\$ 33,163
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Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 68,740	\$ 6,400
Changes in assumptions	29,321	19,868
Net difference between projected and actual earnings on pension plan investments	162,603	250,893
Total	\$ 260,664	\$ 277,161

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

(2) Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported to Fidelity Index's "20-Year Municipal Go AA Index" as of December 29, 2019. 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, 2020

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 2.75%, 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, 2020

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period

Calendar Year Ended December 31, 2019

A. Total pension liability

1. Service Cost	\$	51,745
2. Interest on the Total Pension Liability		174,895
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		88,748
5. Changes of assumptions		-
6. Benefit payments, including refunds of employee contributions		(111,114)
7. Net change in total pension liability		204,274
8. Total pension liability – beginning		2,442,033
9. Total pension liability – ending	\$	2,646,307

B. Plan fiduciary net position

1. Contributions – employer	\$	35,145
2. Contributions – employee		22,627
3. Net investment income		376,487
4. Benefit payments, including refunds of employee contributions		(111,114)
5. Other (Net Transfer)		45,251
6. Net change in plan fiduciary net position		368,396
7. Plan fiduciary net position – beginning		2,174,321
8. Plan fiduciary net position – ending	\$	2,542,717

C. Net pension liability/(asset)

\$ 103,590

D. Plan fiduciary net position as a percentage of the total pension liability

96.09%

E. Covered Valuation payroll

\$ 502,812

F. Net pension liability as a percentage of covered valuation payroll

20.60%

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 2,998,858	\$ 2,646,307	\$ 2,361,918
Plan Fiduciary Net Position	2,542,717	2,542,717	2,542,717
Net Pension Liability/(Asset)	\$ 456,141	\$ 103,590	\$ (180,799)

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2020

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, 2020, the Township recognized pension expense of \$33,163. At March 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 68,740	\$ 6,400
Changes of assumptions	29,321	19,868
Net difference between projected and actual earnings on pension plan investments	<u>162,603</u>	<u>250,893</u>
Total Deferred Amounts to be recognized in pension expense in future periods	260,664	277,161
 <i>Pension Contributions made subsequent to the Measurement Date</i>	 <u>24,275</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u><u>\$ 284,939</u></u>	 <u><u>\$ 277,161</u></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
2020	\$ 5,575
2021	12,008
2022	9,750
2023	(43,830)
2024	-
Thereafter	-
Total	<u><u>\$ (16,497)</u></u>

GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2020

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate *

Valuation Date:

December 31, 2019

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 2019 Contribution Rates:

Actuarial Cost Method

Aggregate Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization

Non-Taxing bodies: 10-year rolling period.

Period

Taxing bodies (Regular, SLEP and ECO groups): 24-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 19 years for most employers (two employers were financed over 29 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

7.50%

Retirement Age

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based on 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes

There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation

Notes to the Basic Financial Statements
Year Ended March 31, 2020

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.35% to 14.25%
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.

Notes There were no benefit changes during the year.

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GRAFTON TOWNSHIP, ILLINOIS

Notes to the Basic Financial Statements

Year Ended March 31, 2020

NOTE 4 – CHANGES IN FIXED ASSETS

	Balance April 1, 2019	Increases	Decreases	Balance March 31, 2020
Fixed Assets				
Land	\$ 313,457	\$ -	\$ -	\$ 313,457
Buildings	367,135	-	-	367,135
Equipment	633,023	-	-	633,023
Road Improvements	1,624,774	214,528	-	1,839,302
Vehicles	651,889	-	-	651,889
Total Fixed Assets	3,590,278	214,528	-	3,804,806
Less: Accumulated				
Depreciation	1,350,095	148,106	-	1,498,201
Fixed Assets (Net)	\$ 2,240,183	66,422	-	\$ 2,306,605

Depreciation by Governmental Activity

General Government	\$ 17,894
Road & Bridge	130,202
Total Governmental Activities	\$ 148,096

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, 2020 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, 2020

	Original Budget	Final Budget	Modified Cash Basis
Revenues			
Property taxes	\$ 825,692	\$ 825,692	\$ 826,039
Replacement taxes	20,000	20,000	31,028
Intergovernmental road	15,625	15,625	15,625
Interest income	18,000	18,000	12,867
Miscellaneous revenue	500	500	2,223
Total Revenues	879,817	879,817	887,782
General and Administrative			
Personnel			
Salaries	75,000	75,000	57,171
Elected officials	165,000	165,000	154,125
Health insurance	60,000	60,000	31,186
Social Security	25,000	25,000	14,937
Medicare	10,000	10,000	3,404
Unemployment insurance	10,000	10,000	483
IMRF contribution	28,000	28,000	9,391
Total Personnel	373,000	373,000	270,697
Contractual Services			
Maintenance - buildings	250,000	250,000	7,644
Maintenance - equipment	75,000	75,000	14,042
TOIRMA insurance	25,000	25,000	14,078
Accounting services	20,000	20,000	4,786
Legal services	165,000	165,000	4,680
Other professional services	50,000	50,000	5,800
Other contract services - clerk	5,000	5,000	60
Dues, memberships	3,000	3,000	1,429
Annual meeting	2,500	2,500	-
Postage	2,000	2,000	165
Printing	3,000	3,000	-
Publishing	2,000	2,000	370
Room rental	2,500	2,500	-
Telephone	5,000	5,000	1,958
Training and education	5,000	5,000	28
Travel expenses	2,000	2,000	-
Utilities	7,500	7,500	4,786
Total Contractual Services	624,500	624,500	59,826

GRAFTON TOWNSHIP, ILLINOIS*Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**Year Ended March 31, 2020*

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Fuel and oil	\$ 2,000	\$ 2,000	\$ -
Office supplies	5,010	5,010	1,801
Operating supplies	3,000	3,000	294
Other miscellaneous	50,000	50,000	211
Total Commodities	60,010	60,010	2,306
Capital Expenditures			
Capital improvement reserve	500,000	500,000	-
Capital equipment reserve	500,000	500,000	-
Total Capital Expenditures	1,000,000	1,000,000	-
Other Expenditures			
Contingencies	68,984	68,984	-
Total Other Expenditures	68,984	68,984	-
Total General and Administrative	2,126,494	2,126,494	332,829
Assessor Office			
Personnel			
Salaries	226,500	226,500	218,341
Social Security	17,806	17,806	13,875
Health insurance	53,000	53,000	39,732
IMRF contribution	15,934	15,934	16,283
Total Personnel	313,240	313,240	288,231
Contractual Services			
Maintenance services	12,000	12,000	2,527
Dues, memberships	1,125	1,125	430
Postage	250	250	55
Printing	500	500	486
Publishing	600	600	-
Telephone	2,100	2,100	2,138
Training and education	4,000	4,000	4,680
Travel and meetings	2,400	2,400	550
Total Contractual Services	22,975	22,975	10,866
Commodities			
Office supplies	2,400	2,400	2,083
Periodicals and publications	300	300	-

GRAFTON TOWNSHIP, ILLINOIS

Town Fund- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Commodities (Concluded)			
Other miscellaneous	\$ 5,100	\$ 5,100	\$ 1,778
Uniforms	500	500	-
Total Commodities	8,300	8,300	3,861
Capital Expenditures			
Software	29,125	29,125	25,554
Equipment	15,000	15,000	14,205
Total Capital Expenditures	44,125	44,125	39,759
Total Assessor Office	388,640	388,640	342,717
Senior Services			
Personnel			
Salaries	25,000	25,000	23,549
Social Security	4,000	4,000	-
Health insurance	7,500	7,500	-
IMRF contribution	2,500	2,500	-
Total Personnel	39,000	39,000	23,549
Contractual Services			
Postage	1,000	1,000	-
Printing	1,000	1,000	-
Telephone	2,000	2,000	180
Total Contractual Services	4,000	4,000	180
Commodities			
Gas/diesel/oil	4,000	4,000	74
Utilities	2,000	2,000	-
Office supplies	1,000	1,000	-
Other miscellaneous	10,000	10,000	132
Total Commodities	17,000	17,000	206
Other Expenditures			
McRide	15,000	15,000	9,450
Community events/bingo	10,000	10,000	550
Total Other Expenditures	25,000	25,000	10,000
Total Senior Transportation	85,000	85,000	33,935
Total Expenditures Town Fund	2,600,134	2,600,134	709,481
Net Change in Fund Balance	\$ (1,720,317)	\$ (1,720,317)	\$ 178,301

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 33,000	\$ 33,000	\$ 30,697
Interest income	800	800	550
Total Revenues	33,800	33,800	31,247
General and Administrative			
Personnel			
Salaries	20,000	20,000	6,905
Health insurance	7,500	7,500	-
Total Personnel	27,500	27,500	6,905
Contractual services			
Maintenance - equipment	2,000	2,000	600
Accounting services	3,000	3,000	3,000
Other professional services	1,000	1,000	-
Postage	250	250	-
Telephone	1,000	1,000	-
Printing	500	500	-
Training and education	500	500	220
Utilities	1,000	1,000	-
Total Contractual Services	9,250	9,250	3,820
Commodities			
Maintenance supplies building	500	500	-
Office supplies	869	869	-
Total Commodities	1,369	1,369	-
Total General and Administrative	38,119	38,119	10,725
Home Relief			
Contractual Services			
Transportation assistance	2,500	2,500	-
Other medical services insurance	5,000	5,000	2,650
Shelter	15,000	15,000	4,298
Utility payments	15,000	15,000	7,150
Total Contractual Services	37,500	37,500	14,098

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Home Relief (Concluded)			
Commodities			
Food	\$ 1,000	\$ 1,000	\$ -
Catastrophic deduction	25,000	25,000	-
Personal incidentals	1,000	1,000	551
Household incidentals	1,000	1,000	345
Flat grant	1,000	1,000	-
Prescriptions	1,000	1,000	-
Fuel	1,000	1,000	-
Total Commodities	31,000	31,000	896
Total Home Relief	68,500	68,500	14,994
Total Expenditures General Assistance Fund	106,619	106,619	25,719
Net Change in Fund Balance	\$ (72,819)	\$ (72,819)	\$ 5,528

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Revenue			
Property taxes	\$ 797,683	\$ 797,683	\$ 676,196
Replacement taxes	40,000	40,000	52,766
Municipal share	(119,989)	(119,989)	-
Rental income	5	5	-
Permits and bonds	2,000	2,000	4,054
Intergovernmental road	105	105	10,700
Grants and donations	10	10	-
Interest income	11,450	11,450	10,030
Court fines and permits	800	800	2,848
Miscellaneous revenue	15,480	15,480	17,432
Total Revenue	747,544	747,544	774,026
General and Administrative			
Personnel			
Salaries	30,000	30,000	24,284
Unemployment insurance	8,000	8,000	249
IMRF contribution	49,000	49,000	11,617
Total Personnel	87,000	87,000	36,150
Contractual Services			
Maintenance - equipment	1,000	1,000	-
TOIRMA insurance	58,000	58,000	20,258
Accounting services	14,000	14,000	3,033
Legal services	34,000	34,000	132
Postage	500	500	378
Telephone	5,000	5,000	3,556
Publishing	1,500	1,500	66
Printing	200	200	-
Dues, memberships	400	400	160
Travel expenses	2,000	2,000	-
Training and education	1,000	1,000	-
Total Contractual Services	117,600	117,600	27,583

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
General and Administrative (Continued)			
Commodities			
Office supplies	\$ 1,000	\$ 1,000	\$ 274
Total Commodities	<u>1,000</u>	<u>1,000</u>	<u>274</u>
Capital Expenditures/Debt Service			
Equipment	5,000	5,000	1,704
Total Capital Expenditures/Debt Service	<u>5,000</u>	<u>5,000</u>	<u>1,704</u>
Other Expenditures			
Miscellaneous expense	8,000	8,000	199
Municipal replacement tax	8,100	8,100	8,069
Contingencies	34,000	34,000	-
Total Other Expenditures	<u>50,100</u>	<u>50,100</u>	<u>8,268</u>
Total General and Administrative	<u>260,700</u>	<u>260,700</u>	<u>73,979</u>
Maintenance Department			
Personnel			
Salaries	10,500	10,500	-
Total Personnel	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Contractual services			
Maintenance services - building	15,000	15,000	98
Maintenance services - equipment	30,000	30,000	3,039
Maintenance services - vehicles	42,555	42,555	39,194
Maintenance services - roads	10,000	10,000	-
Maintenance services - snow removal	100	100	-
Maintenance services - bridge	25,000	25,000	-
Garbage disposal	6,000	6,000	1,974
Utilities	9,000	9,000	2,325
Engineering service	19,000	19,000	-
Rentals	500	500	-
Total Contractual Services	<u>157,155</u>	<u>157,155</u>	<u>46,630</u>

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Maintenance Department (Continued)			
Commodities			
Building maintenance supplies	\$ 15,000	\$ 15,000	\$ 2,706
Equipment supplies	15,000	15,000	6,052
Vehicle supplies	15,000	15,000	7,544
Road supplies	100	100	-
Snow removal supplies	100	100	-
Bridge supplies	5,000	5,000	-
Operating supplies	4,000	4,000	876
Small tools	6,000	6,000	539
Total Commodities	60,200	60,200	17,717
Other Expenditures			
Miscellaneous	5,000	5,000	-
Total Other Expenditures	5,000	5,000	-
Capital Expenditures			
Capital outlay	120,000	120,000	-
Other improvements	133,000	133,000	8,895
Total Capital Expenditures	253,000	253,000	8,895
Total Maintenance Department	485,855	485,855	73,242
Permanent Road Department			
Personnel			
Salaries	185,000	185,000	134,459
Social Security	16,000	16,000	9,842
Medicare	6,000	6,000	2,302
Uniforms	2,000	2,000	304
Health insurance	65,000	65,000	36,695
Payroll expenses	1,400	1,400	1,101
Total Personnel	275,400	275,400	184,703

GRAFTON TOWNSHIP, ILLINOIS

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

Year Ended March 31, 2020

	Original Budget	Final Budget	Modified Cash Basis
Contractual Services (Concluded)			
Maintenance services - roads	\$ 440,000	\$ 440,000	\$ 245,407
Maintenance services - street lights	5,000	5,000	4,142
Maintenance services - striping	28,000	28,000	24,722
Road signage	30,000	30,000	1,531
Engineering	40,000	40,000	-
Rentals	10,000	10,000	-
Total Contractual Services	<u>553,000</u>	<u>553,000</u>	<u>275,802</u>
Permanent Road Department Commodities			
Gas/diesel/oil	45,000	45,000	12,189
Maintenance supplies roads	65,000	65,000	21,339
Salt, calcium and ice control	158,000	158,000	36,741
Operating supplies	8,000	8,000	851
Total Commodities	<u>276,000</u>	<u>276,000</u>	<u>71,120</u>
Other Expenditures			
Intergovernmental agreement	15,625	15,625	15,625
Miscellaneous expenses	14,000	14,000	1,976
Contingencies	52,000	52,000	-
Total Other Expenditures	<u>81,625</u>	<u>81,625</u>	<u>17,601</u>
Total Permanent Road	<u>1,186,025</u>	<u>1,186,025</u>	<u>549,226</u>
Total Expenditures Road and Bridge Fund	<u>1,932,580</u>	<u>1,932,580</u>	<u>696,447</u>
Net Change in Fund Balance	<u>\$ (1,185,036)</u>	<u>\$ (1,185,036)</u>	<u>\$ 77,579</u>

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

Calendar Year Ending	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability										
Service Cost	\$ 51,745	\$ 59,272	\$ 67,584	\$ 67,374	\$ 70,731					
Interest on the Total Pension Liability	174,895	164,735	162,503	152,116	143,258					
Benefit Changes	-	-	-	-	-					
Difference between Expected and Actual Experience	88,748	23,709	(25,717)	7,606	(9,036)					
Assumption Changes	-	71,599	(79,729)	(2,804)	2,654					
Benefit Payments and Refunds	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)					
Net Change in Total Pension Liability	204,274	231,091	31,414	140,284	121,387					
Total Pension Liability - Beginning	2,442,033	2,210,942	2,179,528	2,039,244	1,917,857					
Total Pension Liability - Ending (a)	\$ 2,646,307	\$ 2,442,033	\$ 2,210,942	\$ 2,179,528	\$2,039,244					
Plan Fiduciary Net Position										
Employer Contributions	35,145	43,620	51,776	55,590	59,629					
Employee Contributions	22,627	22,460	26,658	28,171	28,485					
Pension Plan Net Investment Income	376,487	(97,871)	335,192	128,557	9,036					
Benefit Payments and Refunds	(111,114)	(88,224)	(93,227)	(84,008)	(86,220)					
Other	45,251	32,797	(32,409)	12,685	15,336					
Net Change in Plan Fiduciary Net Position	368,396	(87,218)	287,990	140,995	26,266					
Plan Fiduciary Net Position - Beginning	2,174,321	2,261,539	1,973,549	1,832,554	1,806,288					
Plan Fiduciary Net Position - Ending (b)	\$ 2,542,717	\$ 2,174,321	\$ 2,261,539	\$ 1,973,549	\$1,832,554					
Net Pension Liability/(Asset) - Ending (a) - (b)	103,590	267,712	(50,597)	205,979	206,690					
Plan Fiduciary Net Position as a Percentage of Total Pension Liability										
Covered Valuation Payroll	96.09%	89.04%	102.29%	90.55%	89.86%					
Net Pension Liability as a Percentage of Covered Valuation Payroll										
	\$ 502,812	\$ 499,104	\$ 592,403	\$ 626,026	\$ 633,005					
	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

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 59,629	\$ 59,629	\$ -	\$ 633,005	9.42%
2016	55,591	55,590	1	626,026	8.88%
2017	51,776	51,776	-	592,403	8.74%
2018	43,622	43,620	2	499,104	8.74%
2019	35,147 *	35,145	2	502,812	6.99%

* Estimated based on a contribution rate of 6.99% and covered valuation payroll of \$502,812.

NOTES TO OTHER INFORMATION

GRAFTON TOWNSHIP, ILLINOIS

Notes to Other Information

Year Ended March 31, 2020

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, 2020

- All appropriations lapse at year-end.
- The budget for Town Fund and Road & Bridge Fund were adopted on May 20, 2019.

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, 2020, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified cash basis. The 2019-2020 appropriations ordinance was adopted May 20, 2019.

NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations