

ROCK ISLAND TOWNSHIP, ILLINOIS

ANNUAL FINANCIAL REPORT

March 31, 2018

ROCK ISLAND TOWNSHIP, ILLINOIS
March 31, 2018

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March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Town Trustees
Rock Island Township, Illinois
Rock Island, 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 Rock Island Township, Illinois (the "Township"), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting 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 error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rock Island Township, Illinois, as of March 31, 2018, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting as 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 purpose of forming opinions on the financial statements that collectively comprise Rock Island Township, Illinois' basic financial statements. The budgetary comparison information on pages 16-19 and the pension plan schedule of funding progress on page 20, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The combining and individual nonmajor fund financial statements, and property tax tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The property tax tables have 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 them.

Carpentier, Mitchell, Goddard & Company, L.L.C.

Moline, Illinois
August 27, 2018

BASIC FINANCIAL STATEMENTS

ROCK ISLAND TOWNSHIP, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 March 31, 2018

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 487,650
Total assets	\$ 487,650
LIABILITIES AND NET POSITION	
LIABILITIES	
Payroll liabilities	\$ 6,242
Total liabilities	\$ 6,242
NET POSITION	
Restricted for:	
Special revenue	\$ 60,091
Unrestricted	421,317
Total net position	\$ 481,408
Total liabilities and net position	\$ 487,650

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

ROCK ISLAND TOWNSHIP, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended March 31, 2018

	Program		
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTION/PROGRAMS			
Governmental activities:			
Administration	\$ 418,975	\$ -	\$ -
Assessor	97,637	-	-
Home relief	114,917	-	-
Total primary government	\$ 631,529	\$ -	\$ -

General revenues:

- Property taxes
- Replacement taxes
- Investment earnings
- Reimbursements
- Rental income
- Miscellaneous

Total general revenues and transfers

Change in net position

NET POSITION, Beginning

NET POSITION, Ending

<u>Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
	<u>Governmental Activities</u>
\$ -	\$ (418,975)
-	(97,637)
-	(114,917)
<u>\$ -</u>	<u>\$ (631,529)</u>

\$ 520,936
102,561
1,382
14,897
13,157
9,369
<u>\$ 662,302</u>
\$ 30,773
<u>450,635</u>
<u>\$ 481,408</u>

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

ROCK ISLAND TOWNSHIP, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS

March 31, 2018

	<u>General Town Fund</u>	<u>General Assistance Fund</u>
ASSETS		
Cash	\$ 442,640	\$ 8,729
Due from other funds	956	24,962
	<hr/>	<hr/>
Total assets	<u>\$ 443,596</u>	<u>\$ 33,691</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Payroll liabilities	\$ 6,242	\$ -
Due to other funds	124,875	-
	<hr/>	<hr/>
Total liabilities	<u>\$ 131,117</u>	<u>\$ -</u>
FUND BALANCES		
Restricted for:		
Special revenue	\$ -	\$ 33,691
Unassigned	312,479	-
	<hr/>	<hr/>
Total fund balances	<u>\$ 312,479</u>	<u>\$ 33,691</u>
Total liabilities and fund balances	<u>\$ 443,596</u>	<u>\$ 33,691</u>

<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 9,881	\$ 26,400	\$ 487,650
99,913	-	125,831
<u>\$ 109,794</u>	<u>\$ 26,400</u>	<u>\$ 613,481</u>
\$ -	\$ -	\$ 6,242
-	956	125,831
<u>\$ -</u>	<u>\$ 956</u>	<u>\$ 132,073</u>
\$ -	\$ 26,400	\$ 60,091
109,794	(956)	421,317
<u>\$ 109,794</u>	<u>\$ 25,444</u>	<u>\$ 481,408</u>
<u>\$ 109,794</u>	<u>\$ 26,400</u>	<u>\$ 613,481</u>

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

ROCK ISLAND TOWNSHIP, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended March 31, 2018

	General Fund	General Assistance Fund
REVENUES		
Property taxes	\$ 277,209	\$ 129,780
Replacement taxes	102,561	-
Investment income	1,382	-
Reimbursements	-	14,897
Rental income	-	-
Miscellaneous	4,336	-
	<u>\$ 385,488</u>	<u>\$ 144,677</u>
EXPENDITURES		
Administration	\$ 302,816	\$ 2,060
Assessor	97,637	-
Home relief	-	114,917
	<u>\$ 400,453</u>	<u>\$ 116,977</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (14,965)	\$ 27,700
FUND BALANCE – Beginning	<u>327,444</u>	<u>5,991</u>
FUND BALANCE – Ending	<u>\$ 312,479</u>	<u>\$ 33,691</u>

<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 64,890	\$ 49,057	\$ 520,936
-	-	102,561
-	-	1,382
-	-	14,897
13,157	-	13,157
5,033	-	9,369
\$ 83,080	\$ 49,057	\$ 662,302
\$ 67,244	\$ 46,855	\$ 418,975
-	-	97,637
-	-	114,917
\$ 67,244	\$ 46,855	\$ 631,529
\$ 15,836	\$ 2,202	\$ 30,773
93,958	23,242	450,635
\$ 109,794	\$ 25,444	\$ 481,408

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

ROCK ISLAND TOWNSHIP, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

March 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under Basis of Accounting, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from U.S. generally accepted accounting principles (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

Rock Island Township is located in Northwestern Illinois and has a population of approximately 18,000. The Township operates under an elected Board of Trustees form of government. The Township's major operations include property tax assessment, general assistance, and general administrative services.

As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based on the aforementioned criteria, Rock Island Township, Illinois has no component units.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equity, revenues, and expenditures/expenses. The Township presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual government or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual government or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Town Fund -

The general town fund is the general operating fund of the Township and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specified revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Township. The Township reports the following special revenue funds as major funds:

The *general assistance fund* accounts for costs related to social services and assistance provided to the residents of the Township.

The *building fund* accounts for the costs related to the maintenance of buildings within the Township.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The activities in the government-wide Statement of Net Position and the Statement of Activities are presented using the economic resources measurement focus.

In the fund financial statements, the “current financial resources” measurement focus, as applied to the modified cash basis of accounting, is used. Only current financial assets and deferred outflows of resources and liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equity, revenues, and expenditures when they result from cash transactions with a provision for interfund receivables and payables in the fund financial statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financials would be presented on the accrual basis of accounting.

Budgets and Appropriations

The Township adopts an appropriation/budget ordinance prior to each July 1, for the year beginning the prior April 1, which authorizes maximum expenditures by fund which is the legal level of budgetary control. Budgets/appropriations for all funds of the Township are adopted on the cash basis, which is not consistent with U.S. generally accepted accounting principles (GAAP). Budgetary/appropriation comparisons presented in this report are on this non-GAAP budgetary basis. Budgets/appropriations approved through this process lapse at year end.

Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental category is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

3. Interfund reimbursements - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Fund Equity

Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Township Board of Trustees, which is considered the Township's highest level of decision making authority. Formal actions include resolutions and ordinances by the Township with intent to use them for a specific purpose. Assigned fund balances are amounts constrained by the Township's intent to use them for a specific purpose. The authority to assign fund balance has been designated to the township board of trustees and management. Any residual fund balance of the General Fund and a deficit in other funds, if any, is reported as unassigned.

The Township's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Township considers committed funds to be expended first followed by assigned and then unassigned funds.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Interfund balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental activities column of the Statement of Net Position.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Deferred Inflows/Deferred Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have items that qualify for reporting in this category.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred in inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have items that qualify for reporting in this category.

Net Position

Represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted through enabling legislation consists of \$60,091 for special revenue purposes. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

NOTE 2 - FUND BALANCE CLASSIFICATIONS

The Township implemented the provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year ended March 31, 2012. In the governmental funds financial statements, the Township first utilizes restricted resources to finance qualifying activities, then committed, assigned and unassigned fund balance, as applicable.

Committed Fund Balance. The Township Board of Trustees has not committed any funds at March 31, 2018.

Assigned Fund Balance. The Township Board of Trustees and management have not assigned any funds at March 31, 2018.

NOTE 3 - DEPOSITS AND INVESTMENTS

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Township categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of March 31, 2018, the Township had no investments.

Interest rate risk. The highest interest rate available will always be the objective of the investment policy combined with safety of principal, which is left to the discretion of the Township Supervisor.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - (Continued)

Credit risk. The investment and deposit of Township monies is governed by the provisions of the Illinois Compiled Statutes. In accordance with these provisions and the Township's investment policy, all monies must be invested in one or more of the following:

- a. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the Illinois Compiled Statutes and as shall have complied with the requirements thereof;
- b. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Savings and Loan Insurance Corporation;
- c. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- d. Short-term obligations (corporate paper) of corporations organized in the United States with assets exceeding \$50,000,000 if (a) such obligations are rated at the time of purchase within the 3 highest classifications established by at least 2 standard rating services and which mature not later than 180 days from the date of purchase, and (b) such purchases do not exceed 10% of the corporation's outstanding obligations or (c) in money market mutual funds registered under the Investment Company Act of 1940.

During the year ended March 31, 2018, the Township complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

Concentration of credit risk. In accordance with its investment policy, the Township Supervisor will have the sole responsibility to select which financial institutions will be depositories for Township funds. The Township Supervisor will take into consideration security, size, location, condition, service, fees, and the community relations involvement of the financial institutions when choosing a financial institution.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned. At all times in order to meet the objective of safety of capital, the Township Supervisor will require deposits in excess of federally insured amount to be collateralized to the extent of one hundred and ten percent (110%) and evidenced by an approved written agreement.

As of March 31, 2018, the carrying amount of the Township's deposits with financial institutions totaled \$487,650 with the bank balances totaling \$507,626. The bank balances of \$507,626, are entirely insured or collateralized with securities held by the Township or its agent in the Township's name.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - (Continued)

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of March 31, 2018, there was no investment custodial risk for the Township.

NOTE 4 - PROPERTY TAXES

Property tax revenues have been recorded on the “cash basis”, therefore, only property tax distributions received on or before March 31, 2018, are shown in the combined statements overview. Property taxes attach as an enforceable lien on property as of January 1. A certified copy of the levy ordinance is filed with the Rock Island County Clerk no later than the last Tuesday in December, the county clerk extends the tax and the county treasurer collects the tax. Taxes are due and payable in four installments established by the county (June, August, September, and November). The County bills and collects all property taxes within its borders, and then forwards the tax collected to the Township.

NOTE 5 - PENSION PLAN

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 is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the Township Regular plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2017 was 13.74 percent. The employer 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - (Continued)

Annual Pension Cost

The required contribution for calendar year 2017 was \$22,743.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/17	\$ 22,743	100%	\$ - - -
12/31/16	24,396	100	- - -
12/31/15	21,602	100	- - -

The required contribution for 2017 was determined as part of the December 31, 2015, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2015, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of the Township Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. The Township Regular plan's unfunded actuarial accrued liability at December 31, 2015 is being amortized as a level percentage of projected payroll on an open 26 year basis.

Funded Status and Funding Progress

As of December 31, 2017, the most recent actuarial valuation date, the Regular plan was 95.99 percent funded. The actuarial accrued liability for benefits was \$298,813 and the actuarial value of assets was \$286,838, resulting in an underfunded actuarial liability (UAAL) of \$11,975. The covered payroll for year 2017 (annual payroll of active employees covered by the plan) was \$182,233 and the ratio of the UAAL to the covered payroll was 7 percent.

The schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of March 31, 2018 is as follows:

	Receivable Fund			Total
	General Town Fund	General Assistance Fund	Building Fund	
Payable Fund:				
General Town	\$ - - -	\$ 24,962	\$ 99,913	\$ 124,875
Nonmajor	956	- - -	- - -	956
Total	\$ 956	\$ 24,962	\$ 99,913	\$ 125,831

Interfund balances are the result of property tax allocations between funds and loans between funds to cover cash shortages.

NOTE 7 - DEFICIT EQUITY BALANCES

The Audit Fund had a deficit fund balance of \$956 as of March 31, 2018.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules for the following:

General Town Fund

General Assistance Fund

Building Fund

Notes to the Supplementary Information

Schedules of Funding Progress - Defined Benefit Retirement Plan

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL TOWN FUND
For the Year Ended March 31, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
REVENUES		
Property taxes	\$ 278,789	\$ 277,210
Replacement taxes	90,000	102,561
Investment income	750	1,382
Miscellaneous	250	4,335
	<hr/>	<hr/>
Total revenues	\$ 369,789	\$ 385,488
EXPENDITURES		
Administration division		
Personal services	\$ 145,000	\$ 152,693
Contractual services	32,250	23,721
Commodities	2,500	1,594
Liability insurance	11,000	10,022
Health insurance	25,000	48,348
Capital outlay	10,750	2,090
Loan to General Assistance Fund	15,000	
Other expenditures	1,500	1,342
	<hr/>	<hr/>
Total administration	\$ 243,000	\$ 239,810
Assessor division		
Personal services	\$ 105,000	\$ 78,488
Contractual services	22,200	17,763
Commodities	1,500	910
Capital outlay	5,000	476
Other expenditures	500	-
	<hr/>	<hr/>
Total assessor	\$ 134,200	\$ 97,637
Programs		
Contractual services	\$ 80,050	\$ 63,006
Other expenditures	1,000	-
	<hr/>	<hr/>
Total programs	\$ 81,050	\$ 63,006
Contingencies	\$ 5,000	\$ -
	<hr/>	<hr/>
Total expenditures	\$ 463,250	\$ 400,453
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	\$ (93,461)	\$ (14,965)
	<hr/>	<hr/>
FUND BALANCE, beginning of year		327,444
		<hr/>
FUND BALANCE, end of year		\$ 312,479
		<hr/>

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
GENERAL ASSISTANCE FUND
For the Year Ended March 31, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
REVENUES		
Property tax	\$ 130,519	\$ 129,780
Loan from Town Fund	15,000	-
Reimbursements	10,000	14,897
Total revenues	<u>\$ 155,519</u>	<u>\$ 144,677</u>
EXPENDITURES		
Administration division		
Contractual services	\$ 3,600	\$ 1,678
Commodities	1,000	292
Capital outlay	2,000	90
Other expenditures	250	-
Total administration	<u>\$ 6,850</u>	<u>\$ 2,060</u>
Home Relief Division		
Contractual services	\$ 112,000	\$ 80,765
Commodities	50,000	34,152
Other expenditures	500	-
Total home relief	<u>\$ 162,500</u>	<u>\$ 114,917</u>
Total expenditures	<u>\$ 169,350</u>	<u>\$ 116,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,831)</u>	\$ 27,700
FUND BALANCE, beginning of year		<u>5,991</u>
FUND BALANCE, end of year		<u>\$ 33,691</u>

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
BUILDING FUND

For the Year Ended March 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
REVENUES			
Property tax	\$ 65,259	\$ 65,259	\$ 64,890
Rental income	13,800	13,800	13,157
Miscellaneous	-	-	5,033
	<u>79,059</u>	<u>79,059</u>	<u>83,080</u>
Total revenues	\$ 79,059	\$ 79,059	\$ 83,080
EXPENDITURES			
Administration division			
Personnel	\$ 29,000	\$ 29,000	\$ 19,112
Contractual services	36,000	36,000	16,410
Commodities	5,000	5,709	6,418
Capital outlay	76,200	75,491	25,082
Other	1,000	1,000	222
	<u>147,200</u>	<u>147,200</u>	<u>67,244</u>
Total administration	\$ 147,200	\$ 147,200	\$ 67,244
Contingencies	\$ 5,000	\$ 5,000	\$ -
	<u>152,200</u>	<u>152,200</u>	<u>67,244</u>
Total expenditures	\$ 152,200	\$ 152,200	\$ 67,244
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (73,141)</u>	<u>\$ (73,141)</u>	\$ 15,836
FUND BALANCE, beginning of year			<u>93,958</u>
FUND BALANCE, end of year			<u>\$ 109,794</u>

ROCK ISLAND TOWNSHIP, ILLINOIS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET COMPARISONS
March 31, 2018

I. BUDGETARY INFORMATION

The Township adopts an appropriation/budget ordinance prior to each July 1, for the year beginning the prior April 1, which authorizes maximum expenditures by fund which is the legal level of budgetary control. Budgets/appropriations for all funds of the Township are adopted on the cash basis, which is not consistent with U.S. generally accepted accounting principles (GAAP). Budgetary/appropriation comparisons presented in this report are on this non-GAAP budgetary basis. Budgets/appropriations approved through this process lapse at year end.

**ROCK ISLAND TOWNSHIP, ILLINOIS
SUPPLEMENTARY INFORMATION ON
PENSION PLAN FUNDING PROGRESS**

March 31, 2018

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2017	\$ 286,838	\$ 298,813	\$ 11,975	95.99%	\$ 182,233	6.57%
12/31/2016	430,153	559,558	129,405	76.87%	177,555	72.88%
12/31/2015	379,950	524,319	144,369	72.47%	172,812	83.54%

On a market value basis, the actuarial value of assets as of December 31, 2017 is \$353,826. On a market basis, the funded ratio would be 118.41%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Rock Island Township. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Illinois Municipal Retirement Fund - Accounts for expenditures related to Illinois Municipal Retirement Fund with revenue generated by taxation.

Social Security Fund - Accounts for expenditures related to the employer's share of social security payments.

Audit Fund - Accounts for expenditures related to the audit of the Township.

ROCK ISLAND TOWNSHIP, ILLINOIS
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

March 31, 2018

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>IMRF Fund</u>	<u>Social Security Fund</u>	<u>Audit Fund</u>	
ASSETS				
Cash	\$ 9,504	\$ 16,896	\$ -	\$ 26,400
Total assets	<u>\$ 9,504</u>	<u>\$ 16,896</u>	<u>\$ -</u>	<u>\$ 26,400</u>
LIABILITIES AND FUND BALANCES				
Due to other funds	\$ -	\$ -	\$ 956	\$ 956
Fund balances				
Restricted	\$ 9,504	\$ 16,896	\$ -	\$ 26,400
Unassigned	<u>-</u>	<u>-</u>	<u>(956)</u>	<u>(956)</u>
Total fund balances	<u>\$ 9,504</u>	<u>\$ 16,896</u>	<u>\$ (956)</u>	<u>\$ 25,444</u>
Total liabilities and fund balances	<u>\$ 9,504</u>	<u>\$ 16,896</u>	<u>\$ -</u>	<u>\$ 26,400</u>

ROCK ISLAND TOWNSHIP, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2018

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>IMRF Fund</u>	<u>Social Security Fund</u>	<u>Audit Fund</u>	
REVENUES				
Property taxes	\$ 23,620	\$ 19,986	\$ 5,451	\$ 49,057
Total revenues	<u>\$ 23,620</u>	<u>\$ 19,986</u>	<u>\$ 5,451</u>	<u>\$ 49,057</u>
EXPENDITURES				
Administration	\$ 22,534	\$ 19,071	\$ 5,250	\$ 46,855
Total expenditures	<u>\$ 22,534</u>	<u>\$ 19,071</u>	<u>\$ 5,250</u>	<u>\$ 46,855</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,086	\$ 915	\$ 201	\$ 2,202
FUND BALANCE, beginning	<u>8,418</u>	<u>15,981</u>	<u>(1,157)</u>	<u>23,242</u>
FUND BALANCE, ending	<u><u>\$ 9,504</u></u>	<u><u>\$ 16,896</u></u>	<u><u>\$ (956)</u></u>	<u><u>\$ 25,444</u></u>

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
IMRF FUND
For the Year Ended March 31, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
REVENUES		
Property taxes	\$ 23,754	\$ 23,620
Replacement taxes	1,200	-
Total revenues	<u>\$ 24,954</u>	<u>\$ 23,620</u>
EXPENDITURES		
Administration		
Retirement contribution	\$ 25,500	\$ 22,534
Total expenditures	<u>\$ 25,500</u>	<u>\$ 22,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (546)</u>	\$ 1,086
FUND BALANCE, beginning of year		<u>8,418</u>
FUND BALANCE, end of year		<u>\$ 9,504</u>

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
SOCIAL SECURITY FUND
For the Year Ended March 31, 2018

	Original and Final Budget	Actual Amounts
REVENUES		
Property taxes	\$ 20,100	\$ 19,986
Total revenues	\$ 20,100	\$ 19,986
EXPENDITURES		
Administration division		
Social security/Medicare contribution	\$ 20,000	\$ 19,071
Total expenditures	\$ 20,000	\$ 19,071
Excess of revenues over expenditures	\$ 100	\$ 915
FUND BALANCE, beginning of year		15,981
FUND BALANCE, end of year		\$ 16,896

ROCK ISLAND TOWNSHIP, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
AUDIT FUND

For the Year Ended March 31, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
REVENUES		
Property taxes	\$ 5,482	\$ 5,451
Total revenues	<u>\$ 5,482</u>	<u>\$ 5,451</u>
EXPENDITURES		
Administration		
Accounting service	\$ 5,250	\$ 5,250
Total expenditures	<u>\$ 5,250</u>	<u>\$ 5,250</u>
Excess of revenues over expenditures	<u>\$ 232</u>	\$ 201
FUND BALANCE, beginning of year		<u>(1,157)</u>
FUND BALANCE, end of year		<u>\$ (956)</u>

ROCK ISLAND TOWNSHIP, ILLINOIS
ASSESSED VALUATION AND TAX RATES
For the Last Ten Calendar Years

<u>Calendar Year</u>	<u>Assessed Value</u>	<u>Property Tax Rates</u>
2008	\$ 127,755,088	0.3816
2009	128,620,668	0.3984
2010	129,827,314	0.4148
2011	134,052,314	0.4108
2012	127,644,777	0.4296
2013	122,577,152	0.4454
2014	121,035,601	0.4388
2015	122,250,811	0.4334
2016	130,518,956	0.4014
2017	132,864,638	0.3950

ROCK ISLAND TOWNSHIP, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
For the Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Town</u>	<u>General Assistance</u>	<u>IMRF</u>	<u>Audit</u>
2010	\$ 254,745	\$ 115,236	\$ 15,075	\$ 5,110
2011	297,114	120,132	14,148	5,145
2012	304,835	128,010	23,109	5,193
2013	305,103	130,030	25,202	4,558
2014	305,071	127,645	24,253	4,595
2015	305,217	122,577	20,103	4,658
2016	292,180	121,036	21,060	5,083
2017	284,844	122,251	25,184	5,379
2018	267,564	130,519	23,754	5,482
2019	267,589	130,739	23,916	5,580

Insurance	Social Security	Building	Total	Collected
\$ 40,115	\$ 17,119	\$ 40,115	\$ 487,515	\$ 478,653
13,634	17,235	45,017	512,425	507,106
10,126	22,071	45,180	538,524	532,198
8,043	24,129	53,621	550,686	544,141
8,169	25,018	53,611	548,362	542,317
8,090	24,025	61,289	545,959	533,812
11,135	20,092	60,518	531,104	517,620
11,003	20,049	61,125	529,835	519,642
11,225	20,100	65,259	523,903	520,936
11,426	20,195	65,369	524,814	