

***ROCK ISLAND TOWNSHIP, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***March 31, 2020***

**ROCK ISLAND TOWNSHIP, ILLINOIS**

March 31, 2020

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# ROCK ISLAND TOWNSHIP, ILLINOIS

March 31, 2020

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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, 2020, 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, 2020, 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  
July 27, 2020

## BASIC FINANCIAL STATEMENTS

ROCK ISLAND TOWNSHIP, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
March 31, 2020

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	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 636,442
Total assets	<u>\$ 636,442</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	<u>\$ -</u>
Total liabilities	<u>\$ -</u>
<b>NET POSITION</b>	
Restricted for:	
Special revenue	\$ 330,496
Unrestricted	<u>305,946</u>
Total net position	<u>\$ 636,442</u>
Total liabilities and net position	<u>\$ 636,442</u>

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, 2020

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FUNCTION/PROGRAMS	Program		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Governmental activities:</b>			
Administration	\$ 391,466	\$ -	\$ -
Assessor	110,859	-	-
Home relief	73,270	-	-
Total primary government	<u>\$ 575,595</u>	<u>\$ -</u>	<u>\$ -</u>

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



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Revenues	Net (Expense) Revenue and Changes in Net Position
	Primary Government
Capital Grants and Contributions	Governmental Activities
\$ -	\$ (391,466)
-	(110,859)
-	(73,270)
<u>\$ -</u>	<u>\$ (575,595)</u>

\$ 517,724
128,316
1,198
31,143
9,055
2,999
<u>\$ 690,435</u>
\$ 114,840
<u>521,602</u>
<u>\$ 636,442</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, 2020

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	<u>General Fund</u>	<u>General Assistance Fund</u>
<b>ASSETS</b>		
Cash	\$ 538,626	\$ 31,759
Due from other funds	<u>547</u>	<u>133,671</u>
Total assets	<u><u>\$ 539,173</u></u>	<u><u>\$ 165,430</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Due to other funds	<u>\$ 232,680</u>	<u>\$ -</u>
Total liabilities	<u><u>\$ 232,680</u></u>	<u><u>\$ -</u></u>
 Fund balances		
Restricted for:		
Special revenue	\$ -	\$ 165,430
Unassigned	<u>306,493</u>	<u>-</u>
Total fund balances	<u><u>\$ 306,493</u></u>	<u><u>\$ 165,430</u></u>
Total liabilities and fund balances	<u><u>\$ 539,173</u></u>	<u><u>\$ 165,430</u></u>

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<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 53,269	\$ 12,788	\$ 636,442
99,009	-	233,227
<u>\$ 152,278</u>	<u>\$ 12,788</u>	<u>\$ 869,669</u>
\$ -	\$ 547	\$ 233,227
<u>\$ -</u>	<u>\$ 547</u>	<u>\$ 233,227</u>
\$ 152,278	\$ 12,788	\$ 330,496
-	(547)	305,946
<u>\$ 152,278</u>	<u>\$ 12,241</u>	<u>\$ 636,442</u>
<u>\$ 152,278</u>	<u>\$ 12,788</u>	<u>\$ 869,669</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, 2020

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	General Fund	General Assistance Fund
<b>REVENUES</b>		
Property taxes	\$ 306,681	\$ 129,297
Replacement taxes	128,316	-
Investment income	1,198	-
Reimbursements	-	31,143
Rental income	-	-
Miscellaneous	2,724	-
	<hr/>	<hr/>
Total revenues	\$ 438,919	\$ 160,440
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Administration	\$ 300,591	\$ 4,637
Assessor	110,859	-
Home relief	-	73,270
	<hr/>	<hr/>
Total expenditures	\$ 411,450	\$ 77,907
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	\$ 27,469	\$ 82,533
	<hr/>	<hr/>
FUND BALANCE – Beginning	279,024	82,897
	<hr/>	<hr/>
FUND BALANCE – Ending	\$ 306,493	\$ 165,430
	<hr/> <hr/>	<hr/> <hr/>

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<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 64,649	\$ 17,097	\$ 517,724
-	-	128,316
-	-	1,198
-	-	31,143
9,055	-	9,055
275	-	2,999
<u>\$ 73,979</u>	<u>\$ 17,097</u>	<u>\$ 690,435</u>
 \$ 51,166	 \$ 35,072	 \$ 391,466
-	-	110,859
-	-	73,270
<u>\$ 51,166</u>	<u>\$ 35,072</u>	<u>\$ 575,595</u>
\$ 22,813	\$ (17,975)	\$ 114,840
129,465	30,216	521,602
<u>\$ 152,278</u>	<u>\$ 12,241</u>	<u>\$ 636,442</u>

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

**ROCK ISLAND TOWNSHIP, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

**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:

- 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% of the corresponding total for all funds of that category or type, and

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - (Continued)

- 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% 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.

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - (Continued)

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:

Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures.

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.

Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - (Continued)

#### 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:

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.

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.

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - (Continued)

#### 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 \$330,496 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, 2020.

**Assigned Fund Balance.** The Township Board of Trustees and management have not assigned any funds at March 31, 2020.

### 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, 2020, 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.

*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;

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - (Continued)

- 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, 2020, 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 110% and evidenced by an approved written agreement.

As of March 31, 2020, the carrying amount of the Township's deposits with financial institutions totaled \$636,442 with the bank balances totaling \$648,614. The bank balances of \$648,614, are entirely insured or collateralized with securities held by the Township or its agent in the Township's name.

*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, 2020, there was no investment custodial risk for the Township.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2020, 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](http://www.imrf.org).

Funding Policy - As set by statute, the Township Regular plan members are required to contribute 4.50% 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 2019 was 6.70%. 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.

Annual Pension Cost - The required contribution for calendar year 2019 was \$11,549.

#### Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/19	\$ 11,549	100%	\$ - - -
12/31/18	21,543	100	- - -
12/31/17	22,743	100	- - -

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 - (Continued)

The required contribution for 2019 was determined as part of the December 31, 2017, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2017, 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, 2017 is being amortized as a level percentage of projected payroll on an open 24-year basis.

Funded Status and Funding Progress - As of December 31, 2019, the most recent actuarial valuation date, the Regular plan was 92.33% funded. The actuarial accrued liability for benefits was \$383,310 and the actuarial value of assets was \$353,920, resulting in an underfunded actuarial liability (UAAL) of \$29,390. The covered payroll for year 2019 (annual payroll of active employees covered by the plan) was \$172,376 and the ratio of the UAAL to the covered payroll was 17%.

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.

### NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of March 31, 2020 is as follows:

	Receivable Fund			
	General Town Fund	General Assistance Fund	Building Fund	Total
Payable Fund:				
General town	\$ - -	\$ 133,671	\$ 99,009	\$ 232,680
Nonmajor governmental	547	- - -	- - -	547
Total	<u>\$ 547</u>	<u>\$ 133,671</u>	<u>\$ 99,009</u>	<u>\$ 233,227</u>

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 \$547 as of March 31, 2020.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8 - LEASES

The Township entered into lease agreements with businesses to lease space located in their building. The terms of the leases are as follows:

Business 1 – Monthly rent of \$371 through September 30, 2019.

Business 2 – Monthly rent of \$600 for two rooms through September 30, 2020.

Total rental income received for the year ended March 31, 2020 was \$9,055. Future minimum rental income related to these leases for the year are as follows:

Fiscal Year Ending March 31,	Amount
<u>2021</u>	<u>3,600</u>

### NOTE 9 - TAX ABATEMENTS

Under tax increment financing (TIF) agreements entered by other taxing districts within Rock Island County, Illinois, the Rock Island Township's 2018 property tax revenues collected in 2019 were reduced by \$112,126.

### NOTE 10 – RISKS AND UNCERTAINTIES

The World Health Organization has declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Township's operations and financial position cannot be determined.

## **SUPPLEMENTARY INFORMATION**

Supplementary information includes financial information and disclosures and 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>			
Property taxes	\$ 308,000	\$ 308,000	\$ 306,681
Replacement taxes	85,000	85,000	128,316
Investment income	1,000	1,000	1,198
Miscellaneous	50	50	2,724
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	\$ 394,050	\$ 394,050	\$ 438,919
	<u>          </u>	<u>          </u>	<u>          </u>
<b>EXPENDITURES</b>			
Administration			
Personal services	\$ 147,000	\$ 147,000	\$ 164,264
Health insurance	31,500	31,500	26,072
Contractual services	36,750	36,750	24,791
Commodities	2,500	2,500	695
Liability insurance	11,000	11,000	10,022
Capital outlay	10,750	10,750	860
Loan to general assistance fund	15,000	15,000	-
Other expenditures	1,500	1,500	513
	<u>          </u>	<u>          </u>	<u>          </u>
Total administration	\$ 256,000	\$ 256,000	\$ 227,217
	<u>          </u>	<u>          </u>	<u>          </u>
Assessor			
Personal services	\$ 85,000	\$ 85,000	\$ 66,437
Health insurance	31,500	31,500	23,909
Contractual services	22,800	22,673	18,720
Commodities	1,500	1,627	1,627
Capital outlay	5,000	5,000	166
Other expenditures	500	500	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assessor	\$ 146,300	\$ 146,300	\$ 110,859
	<u>          </u>	<u>          </u>	<u>          </u>
Programs			
Contractual services	\$ 104,300	\$ 104,300	\$ 73,374
Other expenditures	1,000	1,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total programs	\$ 105,300	\$ 105,300	\$ 73,374
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	\$ 507,600	\$ 507,600	\$ 411,450
	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (113,550)</u>	<u>\$ (113,550)</u>	\$ 27,469
FUND BALANCE, beginning of year			<u>279,024</u>
FUND BALANCE, end of year			<u>\$ 306,493</u>



**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, 2020

	Original and Final Budget	Actual Amounts
<b>REVENUES</b>		
Property tax	\$ 130,000	\$ 129,297
Loan from town fund	15,000	-
Reimbursements	10,000	31,143
Total revenues	<u>\$ 155,000</u>	<u>\$ 160,440</u>
<b>EXPENDITURES</b>		
Administration		
Contractual services	\$ 3,600	\$ 2,564
Commodities	1,000	297
Capital outlay	2,000	1,776
Other expenditures	250	-
Total administration	<u>\$ 6,850</u>	<u>\$ 4,637</u>
Home relief		
Contractual services	\$ 112,500	\$ 51,337
Commodities	50,000	21,933
Other expenditures	500	-
Total home relief	<u>\$ 163,000</u>	<u>\$ 73,270</u>
Total expenditures	<u>\$ 169,850</u>	<u>\$ 77,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ (14,850)</u></u>	<u>\$ 82,533</u>
FUND BALANCE, beginning of year		<u>82,897</u>
FUND BALANCE, end of year		<u><u>\$ 165,430</u></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, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>		
Property tax	\$ 65,000	\$ 64,649
Rental income	12,300	9,055
Miscellaneous	-	275
	<u>77,300</u>	<u>73,979</u>
Total revenues	\$ 77,300	\$ 73,979
<b>EXPENDITURES</b>		
Administration division		
Personnel	\$ 29,000	\$ 9,471
Contractual services	37,000	17,181
Commodities	6,500	6,273
Capital outlay	76,300	17,962
Other	1,000	279
	<u>149,800</u>	<u>51,166</u>
Total administration	\$ 149,800	\$ 51,166
Contingencies	\$ 5,000	-
	<u>154,800</u>	<u>51,166</u>
Total expenditures	\$ 154,800	\$ 51,166
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (77,500)</u>	\$ 22,813
FUND BALANCE, beginning of year		<u>129,465</u>
FUND BALANCE, end of year		<u>\$ 152,278</u>

**ROCK ISLAND TOWNSHIP, ILLINOIS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGET COMPARISONS**  
March 31, 2020

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, 2020

**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)
12/31/2019	\$ 353,920	\$ 383,310	\$ 29,390	92.33%	\$ 172,376	17.05%
12/31/2018	290,745	336,201	45,456	86.48%	183,188	24.81%
12/31/2017	286,838	298,813	11,975	95.99%	182,233	6.57%

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$411,890. On a market basis, the funded ratio would be 107.46%.

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, 2020

	Special Revenue			Total
	IMRF Fund	Social Security Fund	Audit Fund	
<b>ASSETS</b>				
Cash	\$ 8,453	\$ 4,335	\$ -	\$ 12,788
Total assets	<u>\$ 8,453</u>	<u>\$ 4,335</u>	<u>\$ -</u>	<u>\$ 12,788</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	\$ -	\$ -	\$ 547	\$ 547
Fund balances				
Restricted	\$ 8,453	\$ 4,335	\$ -	\$ 12,788
Unassigned	<u>-</u>	<u>-</u>	<u>(547)</u>	<u>(547)</u>
Total fund balances	<u>\$ 8,453</u>	<u>\$ 4,335</u>	<u>\$ (547)</u>	<u>\$ 12,241</u>
Total liabilities and fund balances	<u>\$ 8,453</u>	<u>\$ 4,335</u>	<u>\$ -</u>	<u>\$ 12,788</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, 2020

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	<b>Special Revenue</b>			
	<b>IMRF Fund</b>	<b>Social Security Fund</b>	<b>Audit Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Property taxes	\$ 7,480	\$ 4,007	\$ 5,610	\$ 17,097
Total revenues	\$ 7,480	\$ 4,007	\$ 5,610	\$ 17,097
<b>EXPENDITURES</b>				
Administration	\$ 12,029	\$ 17,643	\$ 5,400	\$ 35,072
Total expenditures	\$ 12,029	\$ 17,643	\$ 5,400	\$ 35,072
Excess (deficiency) of revenues over (under) expenditures	\$ (4,549)	\$ (13,636)	\$ 210	\$ (17,975)
FUND BALANCE, beginning	13,002	17,971	(757)	30,216
FUND BALANCE, ending	<u>\$ 8,453</u>	<u>\$ 4,335</u>	<u>\$ (547)</u>	<u>\$ 12,241</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, 2020

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>		
Property taxes	\$ 7,500	\$ 7,480
Total revenues	\$ 7,500	\$ 7,480
<b>EXPENDITURES</b>		
Administration		
Retirement contribution	\$ 17,500	\$ 12,029
Total expenditures	\$ 17,500	\$ 12,029
Deficiency of revenues under expenditures	<u>\$ (10,000)</u>	\$ (4,549)
FUND BALANCE, beginning of year		<u>13,002</u>
FUND BALANCE, end of year		<u>\$ 8,453</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, 2020

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	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>		
Property taxes	\$ 4,000	\$ 4,007
Total revenues	\$ 4,000	\$ 4,007
<b>EXPENDITURES</b>		
Administration division		
Social security/Medicare contribution	\$ 20,000	\$ 17,643
Total expenditures	\$ 20,000	\$ 17,643
Deficiency of revenues under expenditures	<u>\$ (16,000)</u>	\$ (13,636)
FUND BALANCE, beginning of year		<u>17,971</u>
FUND BALANCE, end of year		<u>\$ 4,335</u>

**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, 2020

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	<u>Original and Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>		
Property taxes	\$ 5,500	\$ 5,610
Total revenues	<u>\$ 5,500</u>	<u>\$ 5,610</u>
<b>EXPENDITURES</b>		
Administration		
Accounting service	\$ 5,400	\$ 5,400
Total expenditures	<u>\$ 5,400</u>	<u>\$ 5,400</u>
Excess of revenues over expenditures	<u>\$ 100</u>	\$ 210
FUND BALANCE, beginning of year		<u>(757)</u>
FUND BALANCE, end of year		<u>\$ (547)</u>

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

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<u>Calendar Year</u>	<u>Assessed Value</u>	<u>Property Tax Rates</u>
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
2018	134,338,920	0.3876
2019	136,422,335	0.3815

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

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<b>Fiscal Year</b>	<b>General Town</b>	<b>General Assistance</b>	<b>IMRF</b>	<b>Audit</b>
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
2020	298,233	130,040	7,523	5,642
2021	298,083	130,011	7,503	5,593

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<b>Insurance</b>	<b>Social Security</b>	<b>Building</b>	<b>Total</b>	<b>Collected</b>
\$ 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	519,489
10,210	4,030	65,020	520,698	517,724
10,095	4,093	65,073	520,451	-



4915 - 21st Avenue A, Moline, Illinois 61265  
Ph. (309) 762-3626 • Fax (309) 762-4465

July 27, 2020

To the Board of Trustees  
Rock Island Township, Illinois  
Rock Island, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rock Island Township, Illinois (the "Township") for the year ended March 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted audit standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 27, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rock Island Township, Illinois are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the actuarial assumptions for IMRF.

Management's estimate of the actuarial assumptions for IMRF are based on reports from the actuaries. We evaluated the key factors and assumptions used to develop the actuarial assumptions for IMRF in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 27, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not required supplementary information (RSI). With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the budgetary comparison information, the pension plan schedule of funding progress, and the property tax tables, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the information and use of the Board of Trustees and management of Rock Island Township, Illinois and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

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

Moline, Illinois  
July 27, 2020





July 27, 2020

Mr. James E. Taylor, CPA  
Carpentier, Mitchell, Goddard & Company, LLC  
4915 21<sup>st</sup> Avenue A  
Moline, Illinois 61265

Dear Mr. Taylor:

This representation letter is provided in connection with your audit of the financial statements of Rock Island Township, Illinois (the "Township"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 27, 2020, the following representations made to you during your audit.

#### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for preparation of the supplementary information in accordance with the applicable criteria.

**2827 7TH AVENUE • ROCK ISLAND • ILLINOIS 61201**

**PHONE: 309 • 788 • 3417 | FAX: 309 • 788 • 0503**

**[www.rockislandtownshipil.gov](http://www.rockislandtownshipil.gov)**

Alan M. Carmen, Supervisor  
Heather Gray, Clerk James H. Kerr, Sr. Trustee Vince Thomas, Trustee Rita Kirk, Trustee Tia Parker, Trustee

**Serving Rock Island Township Residents for more than 150 years**

- The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the modified cash basis of accounting.
- Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- We are in agreement with the adjusting entries you have proposed and they have been posted to the accounts.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the modified cash basis of accounting.
- Guarantees, whether written or oral, under which the Township is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the Township from whom you determined it necessary to obtain audit evidence.
  - Minutes of the meetings of the Township or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the Township and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Township's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the Township's related parties and all the related party relationships and transactions of which we are aware.

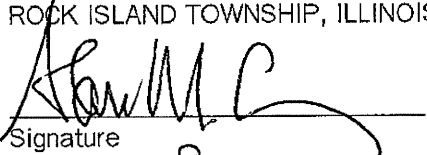
**Government—specific**

- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The Township has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The Township has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- The financial statements properly classify all funds and activities in accordance with GASB No. 34, as amended.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- We have appropriately disclosed the Township's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- We acknowledge our responsibility for the supplementary information. The supplementary information is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.
- With respect to the combining and individual nonmajor fund financial statements:
  - We acknowledge our responsibility for presenting the combining and individual nonmajor fund financial statements in accordance with the modified cash basis of accounting, and we believe the combining and individual nonmajor fund financial statements, including its form and content, are fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the combining and individual nonmajor fund financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - If the combining and individual nonmajor fund financial statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the other supplementary information no later than the date we issue the other supplementary information and the auditor's report thereon.

ROCK ISLAND TOWNSHIP, ILLINOIS

  
Signature

TOWNSHIP SUPERVISOR  
Title



To the Board of Trustees  
Rock Island Township, Illinois  
Rock Island, Illinois

In planning and performing our audit of the 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, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Rock Island Township, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rock Island Township, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Rock Island Township, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Trustees, and others within the Township, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Moline, Illinois  
July 27, 2020