

ROSCOE TOWNSHIP
Winnebago County, Illinois

Financial Statements
and
Independent Auditor's Report

March 31, 2023

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS-	
Government-Wide Financial Statements-	
Statement of Net Position - Modified Cash Basis	5
Statement of Activities - Modified Cash Basis	6
Fund Financial Statements-	
Statement of Assets, Liabilities, and Fund Balances - Governmental Funds - Modified Cash Basis	8
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances to the Governmental Activities in the Statement of the Net Position - Modified Cash Basis	10
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis	11
Reconciliation of the Governmental Funds Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities - Modified Cash Basis	13
Notes to Financial Statements	14
SUPPLEMENTARY INFORMATION-	
Schedule 1 - Town Fund -	
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Actual and Budget - Modified Cash Basis	31
Schedule 2 - Recreation Path Fund -	
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Actual and Budget - Modified Cash Basis	32
Schedule 3 - Road & Bridge Fund -	
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Actual and Budget - Modified Cash Basis	33
Schedule 4 - Hard Road Fund -	
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Actual and Budget - Modified Cash Basis	34

Table of Contents

	<u>Page</u>
Schedule 5 - Special Bridge Fund - Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Actual and Budget - Modified Cash Basis	35
Schedule 6 - Motor Fuel Tax Fund - Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Modified Cash Basis	36
Schedule 7 - Combining Schedule of Assets, Liabilities, and Fund Balances - Non-Major Governmental Funds - Modified Cash Basis	37
Schedule 8 - Combining Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Non-Major Governmental Funds - Modified Cash Basis	38
Notes to Supplementary Information	39
 INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	 40
 SCHEDULE OF FINDINGS AND RESPONSES	 42



SIEPERT & CO., LLP
Certified Public Accountants

www.siepert.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Roscoe Township
Roscoe, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roscoe Township, Illinois (Township) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roscoe Township, Illinois as of March 31, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

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

BELOIT

1920 W. Hart Road
Beloit, WI 53511

p 608.365.2266
f 608.364.8727

SYCAMORE

2380 Bethany Road
Sycamore, IL 60178

p 815.787.7657
f 815.787.6797

ROSCOE

4278 E. Rockton Road
Roscoe, IL 61073

p 815.623.8818
f 815.623.9361

Board of Trustees
Roscoe Township

Emphasis of Matter - Basis of Accounting

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

Emphasis of Matter - Leases

As discussed in Note M to the financial statements, during the year ended March 31, 2023, the Township adopted Governmental Accounting Standards Board (GASB) 87 *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Board of Trustees
Roscoe Township

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's modified cash basis basic financial statements. The schedules listed as Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the modified cash basis basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the modified cash basis 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 modified cash basis basic financial statements or to the modified cash basis 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.

Board of Trustees
Roscoe Township

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

SIEPERT & CO., LLP

Handwritten signature of Siepert & Co., LLP in black ink.

Beloit, Wisconsin
October 30, 2023

ROSCOE TOWNSHIP
Statement of Net Position - Modified Cash Basis
 March 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 1,156,524
Restricted cash	168,667
Investments	726,838
Funds held by other governmental units	471,279
Total current assets	<u>2,523,308</u>
Noncurrent Assets:	
Capital assets - nondepreciable	3,183,476
Capital assets - depreciable, net of accumulated depreciation/amortization	3,449,872
Total noncurrent assets	<u>6,633,348</u>
Total assets	<u>9,156,656</u>
LIABILITIES	
Current Liabilities:	
Lease liability - current portion	<u>21,478</u>
Long-Term Liabilities:	
Long-term lease liability	<u>92,060</u>
Total liabilities	<u>113,538</u>
NET POSITION	
Invested in capital assets, net of lease liability	6,519,810
Restricted-	
Maintenance of roads and bridges	1,662,252
General assistance	55,669
Cemetery	69,638
Unrestricted	735,749
Total Net Position	<u><u>\$ 9,043,118</u></u>

The accompanying notes are an integral part of this statement.

ROSCOE TOWNSHIP
Statement of Activities - Modified Cash Basis
For the Year Ended March 31, 2023

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:			
Governmental Activities-			
General Government	\$ 529,437	\$ -	\$ 897,255
Social Services	98,077	57,355	-
Culture & Recreation	195,699	-	-
Debt Service	4,178	-	-
Roads & Bridges	712,033	-	-
	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 1,539,424</u>	<u>\$ 57,355</u>	<u>\$ 897,255</u>

General Revenues:

- Property taxes
- Motor fuel tax
- Other taxes not restricted to a specific program
- Interest income
- Miscellaneous
- Total general revenues

Change in Net Position

Net Position, April 1, 2022

Net Position, March 31, 2023

	Net (Expense) Revenue
\$	367,818
	(40,722)
	(195,699)
	(4,178)
	(712,033)
	<u>(584,814)</u>
	1,507,565
	164,613
	252,189
	20,338
	125,588
	<u>2,070,293</u>
	1,485,479
	<u>7,557,639</u>
\$	<u><u>9,043,118</u></u>

ROSCOE TOWNSHIP
Statement of Assets, Liabilities, and Fund Balances -
Governmental Funds - Modified Cash Basis
 March 31, 2023

	<u>Town Fund</u>	<u>Recreation Path Fund</u>	<u>Road & Bridge Fund</u>
ASSETS			
Cash	\$ 385,852	\$ -	\$ 308,052
Restricted cash	-	168,667	-
Investments	-	181,230	-
Funds held by other governmental units	-	-	-
Due from other funds	<u>1,201,281</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 1,587,133</u></u>	<u><u>\$ 349,897</u></u>	<u><u>\$ 308,052</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>\$ 1,201,281</u>	<u>\$ -</u>
Fund Balances:			
Restricted-			
Special revenue funds	-	168,667	308,052
Unassigned	<u>1,587,133</u>	<u>(1,020,051)</u>	<u>-</u>
Total fund balances	<u><u>1,587,133</u></u>	<u><u>(851,384)</u></u>	<u><u>308,052</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 1,587,133</u></u>	<u><u>\$ 349,897</u></u>	<u><u>\$ 308,052</u></u>

Hard Road Fund	Special Bridge Fund	Motor Fuel Tax Fund	Non-Major Governmental Funds	Totals
\$ 311,172	\$ 26,141	\$ -	\$ 125,307	\$ 1,156,524
-	-	-	-	168,667
-	545,608	-	-	726,838
-	-	471,279	-	471,279
-	-	-	-	1,201,281
<u>\$ 311,172</u>	<u>\$ 571,749</u>	<u>\$ 471,279</u>	<u>\$ 125,307</u>	<u>\$ 3,724,589</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,201,281
311,172	571,749	471,279	125,307	1,956,226
-	-	-	-	567,082
<u>311,172</u>	<u>571,749</u>	<u>471,279</u>	<u>125,307</u>	<u>2,523,308</u>
<u>\$ 311,172</u>	<u>\$ 571,749</u>	<u>\$ 471,279</u>	<u>\$ 125,307</u>	<u>\$ 3,724,589</u>

The accompanying notes are an integral part of this statement.

ROSCOE TOWNSHIP
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances
to the Governmental Activities in the Statement of Net Position - Modified Cash Basis
March 31, 2023

Total Fund Balances	\$ 2,523,308
Amounts Reported For Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation/amortization of \$3,379,730	6,633,348
Lease liabilities are related to capital assets and therefore are not reported in the funds.	<u>(113,538)</u>
Total Net Position - Governmental Activities	<u>\$ 9,043,118</u>

THIS PAGE WAS INTENTIONALLY LEFT BLANK

ROSCOE TOWNSHIP
Statement of Revenues Collected, Expenditures Paid, and
Changes in Fund Balances - Governmental Funds - Modified Cash Basis
For the Year Ended March 31, 2023

	Town Fund	Recreation Path Fund	Road & Bridge Fund
Revenues Collected:			
Property taxes	\$ 668,469	\$ -	\$ 60,615
Personal property replacement taxes	91,336	-	160,853
Grant revenue	-	856,980	-
Motor fuel tax	-	-	-
Cemetery income	-	-	-
Interest income	4,965	207	1,548
In-kind rent revenue	-	10,056	-
Other income	64,104	35,088	5,790
Total revenues collected	<u>828,874</u>	<u>902,331</u>	<u>228,806</u>
Expenditures Paid:			
General government	426,719	-	-
Social services	-	-	-
Culture & recreation	-	69,705	-
Roads & bridges	-	-	129,917
Debt service	-	-	-
Capital outlay	16,491	1,914,806	-
Total expenditures paid	<u>443,210</u>	<u>1,984,511</u>	<u>129,917</u>
Net Change in Fund Balances	385,664	(1,082,180)	98,889
Fund Balances, April 1, 2022	<u>1,201,469</u>	<u>230,796</u>	<u>209,163</u>
Fund Balances, March 31, 2023	<u>\$ 1,587,133</u>	<u>\$ (851,384)</u>	<u>\$ 308,052</u>

Hard Road Fund	Special Bridge Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Totals
\$ 724,253	\$ 7,821	\$ -	\$ 46,407	\$ 1,507,565
-	-	-	-	252,189
-	-	-	-	856,980
-	-	164,613	-	164,613
-	-	-	57,355	57,355
2,025	9,451	1,660	482	20,338
-	-	-	-	10,056
5,546	265	44,212	802	155,807
<u>731,824</u>	<u>17,537</u>	<u>210,485</u>	<u>105,046</u>	<u>3,024,903</u>
-	-	-	-	426,719
-	-	-	107,220	107,220
-	-	-	-	69,705
401,340	820	166,487	-	698,564
4,178	-	-	-	4,178
421,341	-	-	-	2,352,638
<u>826,859</u>	<u>820</u>	<u>166,487</u>	<u>107,220</u>	<u>3,659,024</u>
(95,035)	16,717	43,998	(2,174)	(634,121)
<u>406,207</u>	<u>555,032</u>	<u>427,281</u>	<u>127,481</u>	<u>3,157,429</u>
<u>\$ 311,172</u>	<u>\$ 571,749</u>	<u>\$ 471,279</u>	<u>\$ 125,307</u>	<u>\$ 2,523,308</u>

The accompanying notes are an integral part of this statement.

ROSCOE TOWNSHIP
Reconciliation of the Governmental Funds Statement of Revenues Collected,
Expenditures Paid, and Changes in Fund Balances to the Governmental
Activities in the Statement of Activities - Modified Cash Basis
For the Year Ended March 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (634,121)
Amounts Reported For Governmental Activities in the Statement of Activities are Different Because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital outlay	2,321,704
Depreciation/amortization expense	(233,038)
Payments on long-term leases are reported in the governmental funds as an expenditure, but are recorded as a reduction in long-term lease liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Payments on long-term leases	30,934
Change in Net Position of Governmental Activities	\$ 1,485,479

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the governmental activities of Roscoe Township, Illinois (Township) have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Township are described below.

Reporting Entity

This report includes all of the funds of the Township. The reporting entity includes those of Roscoe Township (the primary government) and its component unit. The component unit is included in the Township's reporting entity because of the significance of its operational and financial relationship with the Township. Roscoe Township Road District, a blended component unit, is a legally separate entity from the Township. The Road District is governed by the same Board of Trustees as the Township. For financial reporting purposes, the Road District is reported as if it were part of the Township's operations because its purpose is the maintenance of Township roads and bridges. For financial reporting purposes, the Road & Bridge, Hard Road, Special Bridge, and Motor Fuel Tax funds are considered special revenue funds of the Road District and the General Assistance, Recreation Path, and Cemetery funds are considered special revenue funds of the primary government, the Township. These funds do not prepare separate financial statements.

Basis of Presentation

The funds of the financial reporting entity are presented as follows in the basic financial statements:

Government-Wide Financial Statements

The Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis present financial information about the Township's governmental activities. The effect of material inter-fund activity has been eliminated from these statements. Governmental activities are supported by taxes, intergovernmental revenues, and program revenues.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Town Fund:

The Town Fund is the primary operating fund of the Township and is 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 other funds.

Special Revenue Funds:

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

Road & Bridge Fund - This fund accounts for the revenues collected and expenditures paid for road and bridge maintenance.

Hard Road Fund - This fund accounts for the revenues collected and expenditures paid for the purpose of constructing or maintaining gravel, rock, macadam or other hard roads.

Special Bridge Fund - This fund accounts for the revenues collected and expenditures paid for constructing or repairing bridges, culverts, drainage structures or grade separations.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Motor Fuel Tax Fund - This fund accounts for the revenues collected and expenditures paid for motor fuel taxes received by Winnebago County from the State of Illinois as an agent for the Road District. The Road District does not include this fund in its Annual Budget and Appropriation Ordinance.

Recreation Path Fund - This fund accounts for the revenues collected and expenditures paid for recreational purposes for park and path maintenance.

Non-major funds reported for the fiscal year ended March 31, 2023, are the General Assistance Fund, which accounts for revenues collected and expenditures paid for home relief purposes, and the Cemetery Fund, which accounts for the maintenance of three cemeteries.

Measurement Focus and Basis of Accounting

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid. Nonexchange transactions, in which the Township gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Statement of Assets, Liabilities, and Fund Balances - Governmental Funds - Modified Cash Basis. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The financial statements of the Township have been prepared on a prescribed basis of accounting that demonstrates compliance with the modified cash basis of accounting. This practice differs from accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

As described above, the Township's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenue and the related assets are recognized when received in cash rather than when susceptible to accrual, and certain expenses are recognized when paid rather than when the obligation is incurred. All funds use the modified cash basis of accounting.

Budgets

The operating budgets for all funds except the Motor Fuel Tax Fund are prepared annually by the Township. The budgets are prepared and presented on the same basis of accounting as the financial schedules, and are reported for the major funds in the Supplementary Information as such. No budget is prepared for the Motor Fuel Tax Fund.

The budgeted amounts presented include any amendments made. The Board of Trustees may authorize transfers of budgeted amounts between line items while retaining the total appropriations for the fund and may also increase the appropriation amount by following the same procedure as required for the original appropriation. No supplemental appropriations were made during the year.

Appropriations lapse at year-end unless specifically carried over. Budgets are adopted at the fund level of expenditure.

The budget and appropriation ordinances for the fiscal year ended March 31, 2023 were passed on March 23, 2022. For each fund, total fund expenditures disbursed may not legally exceed the appropriated amounts. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e. purchase orders, contracts and commitments). Encumbrance accounting is not used by the Township as a budgetary control.

The Township follows these procedures in establishing the budgetary data reflected in the supplementary information:

1. Tentative budgets are prepared and made available for public inspection at least thirty (30) days prior to adoption by the Board of Trustees.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budgets are legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued)

5. The Board of Trustees may make transfers between the various items in any fund while retaining the total appropriations for the fund as set forth in the budget.
6. The Board of Trustees may amend the budget (in other ways) by the same procedures required of its original adoption.

Program Revenues

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Accounting Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash

Cash consists of checking and money market accounts in financial institutions. The Township considers all cash on hand, demand deposits, and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The Township maintains a pooled checking and money market account to maximize interest earnings.

Restricted Cash

Restricted cash of \$168,667 as of March 31, 2023 is related to the Open Space Lands Acquisition and Development grant. See Note H.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

All non-negotiable certificates of deposit are recorded at cost.

The Township is authorized to invest in funds according to Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act.

Inventories

Governmental fund inventory items are charged to expenditure accounts when purchased.

Capital Assets

In the Fund Financial Statements, in accounting for governmental fund types under government accounting standards generally accepted in the United States of America, fixed asset acquisitions are recorded as expenditures, and borrowings are recorded as sources of revenues. These transactions are not capitalized within the governmental fund Statement of Assets, Liabilities, and Fund Balances - Governmental Funds - Modified Cash Basis; rather, these capital outlay items (fixed assets) are recorded as expenditures in the Town Fund and special revenue funds.

In the Government-Wide Financial Statements, fixed assets are accounted for as capital assets. Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

Prior to April 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units were required to account for all capital assets, including infrastructure, in the Government-Wide Financial Statements prospectively from the date of implementation. During the fiscal year ended March 31, 2023, the Township had infrastructure additions of \$235,194.

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction when significant.

Depreciation of all exhaustible capital assets and amortization of leased assets are recorded as direct expenses in the Statement of Activities - Modified Cash Basis, with accumulated depreciation/amortization reflected in the Statement of Net Position - Modified Cash Basis.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation/amortization. The range of estimated useful lives by type of assets is as follows:

Infrastructure	40 Years
Buildings	20-39 Years
Paths, Trails, & Parks	15-20 Years
Equipment & Vehicles	3-15 Years

Compensated Absences

The Township has not authorized a sick leave or vacation policy for its employees.

Property Tax Calendar

The following information gives significant dates on the property tax calendar of the Township:

1. The property lien date is January 1.
2. The annual tax levy ordinance for 2021 was passed November 8, 2021.
3. Property taxes are due to the County collector in two installments due in June and September.
4. Property taxes for 2021 are normally received monthly beginning in May 2022, and generally ending November 2022.

Property tax revenue in the financial statements are primarily distributions of the 2021 levy.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transfers and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Interfund activity is eliminated on the Government-Wide Financial Statements for the governmental funds.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Terminology

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes as one of the following fund balance categories:

1. Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.
3. Committed - Amounts that can be used only for specified purposes determined by a formal action of the Township Board. The Township Board is the highest level of decision-making authority for the Township. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
4. Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are temporary and action is not normally required for assignment to be removed.
5. Unassigned - All other spendable amounts.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE B CASH AND INVESTMENTS

The Township’s investment policies are governed by state statutes. The Township does not have a separate policy that addresses specific risk of investments.

Deposits in local and area banks are insured by the FDIC up to the amount of \$250,000 for all time and savings accounts and \$250,000 for all demand deposit accounts.

At March 31, 2023, the carrying amount of the Township’s cash and cash equivalents, consisting of checking and savings accounts and certificates of deposit, totaled \$2,052,029, and the bank balances totaled \$2,124,510. These funds are covered at each financial institution by FDIC insurance and any excess balance is fully covered by collateral held in the Township’s name.

Cash and investments consist of the following as of March 31, 2023:

Cash	\$ 1,156,524
Restricted cash	168,667
Investments	<u>726,838</u>
 Total	 <u>\$ 2,052,029</u>

NOTE C INTERFUND BALANCES

During the course of operations, transactions occur between the funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the Statement of Assets, Liabilities, and Fund Balances - Governmental Funds - Modified Cash Basis. These transactions include receivables and payables relating to the Town Fund covering the capital expenditures of the Recreation Path Fund. The following is a schedule of interfund receivables and payables as of March 31, 2023:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Town Fund	\$ 1,201,281	\$ -
Recreation Path Fund	<u>-</u>	<u>1,201,281</u>
 Total	 <u>\$ 1,201,281</u>	 <u>\$ 1,201,281</u>

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE D CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 1,243,842	\$ -	\$ -	\$ 1,243,842
Construction in process	64,963	1,874,671	-	1,939,634
Total nondepreciable capital assets	<u>1,308,805</u>	<u>1,874,671</u>	<u>-</u>	<u>3,183,476</u>
Depreciable Capital Assets:				
Buildings	627,455	56,625	-	684,080
Buildings - cemetery	15,900	-	-	15,900
Paths & trails	1,080,008	-	-	1,080,008
Paths & trails - cemetery	26,160	-	-	26,160
Land improvements	68,731	-	-	68,731
Land improvements - cemetery	80,466	-	-	80,466
Parks	1,892,339	-	-	1,892,339
Vehicles	861,083	155,214	-	1,016,297
Equipment	811,545	47,447	-	858,992
Equipment - cemetery	25,000	-	-	25,000
Infrastructure	687,362	235,194	-	922,556
Lease assets	206,520	-	47,447	159,073
Total depreciable capital assets	<u>6,382,569</u>	<u>494,480</u>	<u>47,447</u>	<u>6,829,602</u>
Less Accumulated				
Depreciation/Amortization:				
Buildings	215,878	9,782	-	225,660
Buildings - cemetery	13,466	400	-	13,866
Paths & trails	965,526	12,750	-	978,276
Paths & trails - cemetery	18,290	1,308	-	19,598
Land improvements	17,513	3,437	-	20,950
Land improvements - cemetery	63,366	3,523	-	66,889
Parks	855,677	89,998	-	945,675
Vehicles	554,017	33,212	-	587,229
Equipment	409,124	50,752	-	459,876

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE D CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less Accumulated Depreciation/Amortization: (Continued)				
Equipment - cemetery	694	8,333	-	9,027
Infrastructure	20,380	18,164	-	38,544
Lease assets	<u>12,761</u>	<u>10,605</u>	<u>9,226</u>	<u>14,140</u>
Total accumulated depreciation/amortization	<u>3,146,692</u>	<u>242,264</u>	<u>9,226</u>	<u>3,379,730</u>
Total depreciable capital assets, net	<u>3,235,877</u>	<u>252,216</u>	<u>38,221</u>	<u>3,449,872</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 4,544,682</u>	 <u>\$ 2,126,887</u>	 <u>\$ 38,221</u>	 <u>\$ 6,633,348</u>

Depreciation/amortization expense was charged to the following functions/programs of the primary government:

General Government	\$ 7,465
Roads & Bridges	85,891
Culture & Recreation	126,117
Social Services	<u>13,565</u>
 Total	 <u>\$ 233,038</u>

Construction in process as reported on the Statement of Net Position - Modified Cash Basis as of March 31, 2023 consists of the following:

Community Center costs	<u>\$ 1,939,634</u>
------------------------	---------------------

NOTE E LEASES

In April 2019, the Township entered into a noncancelable lease for a Kubota skid steer that is capitalized as a capital lease that expires in 2023. The lease agreement contains a bargain purchase option at the end of the lease term. Lease payments totaled \$10,473 for the year ended March 31, 2023. This lease was paid off in full as of March 31, 2023.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE E LEASES (Continued)

The Township is leasing a 2022 John Deere loader under the following lease agreement:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 3/31/23
Loader	11/18/21	7 Years	\$ 24,639	2.75%	\$ 159,073	\$ 113,538

The lease is for a term of seven years at a fixed interest rate of 2.75%. This lease is noncancelable and contains a bargain purchase option at the end of the lease term. Lease payments totaled \$24,639 for the year ended March 31, 2023.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Lease Liability</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 21,478	\$ 3,162
2025	22,076	2,564
2026	22,690	1,949
2027	23,322	1,317
2028	<u>23,972</u>	<u>667</u>
Total	<u>\$ 113,538</u>	<u>\$ 9,659</u>

The Town Fund has typically been used to liquidate long-term liabilities.

The 2022 John Deere loader lease liability is recorded as follows on the Statement of Net Position - Modified Cash Basis:

Lease liability, current portion	\$ 21,478
Long-term lease liability	<u>92,060</u>
Total	<u>\$ 113,538</u>

The Township is subject to a debt limitation of 2.875% of its assessed valuation of \$557,540,464. As of March 31, 2023, the Township had \$16,024,701 of available legal debt margin, with \$16,024,701 remaining.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township belongs to the Township Officials of Illinois Risk Management Association (TOIRMA), a public entity risk pool currently operating as a common risk management and insurance program only for nearly 1,400 member Illinois townships. The Township paid \$27,719 to TOIRMA during the fiscal year for all its insurance coverage, except for health and life insurance policies. The Township received a dividend check for \$3,552. TOIRMA is a self-funded pool that is governed by a Board of Directors comprised of township officials.

<u>DESCRIPTION</u>	<u>AVAILABLE COVERAGE LIMITS</u>	<u>DEDUCTIBLES</u>
Commercial general liability	\$3,000,000 each occurrence	\$500 Property
Automobile liability	\$3,000,000 combined single limit	\$250 Inland Marine/Auto physical damage \$50 Inland Marine/Auto glass breakage
Public officials and employees liability	\$3,000,000 each wrongful act and \$3,000,000 annual aggregate	\$60,000 Employment related \$20,000 all other claims
Workers compensation and employers liability	\$1,000,000 each accident	\$1,000 deductible
PROP/IM/APD all risk	Limits on file with the Association	\$500 (Flood & earthquake \$10,000)

Insurance settlements have not exceeded coverage in any of the past three years.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE G RESTRICTED FUND BALANCES

Restricted fund balances reported on the Statement of Assets, Liabilities, and Fund Balances - Governmental Funds - Modified Cash Basis at March 31, 2023 include the following:

Recreation Path Fund	\$ 168,667
Road & Bridge Fund	308,052
Hard Road Fund	311,172
Special Bridge Fund	571,749
Motor Fuel Tax Fund	471,279
General Assistance Fund	55,669
Cemetery Fund	<u>69,638</u>
 Total Restricted Fund Balances	 <u>\$ 1,956,226</u>

NOTE H GRANTS

On March 22, 2021, the Township was awarded a \$704,000 grant from the Illinois Department of Natural Resources through the Park and Recreational Facility Construction grant program related to the Roscoe Township Community Center project. This is a reimbursable grant with half of the grant funds expected to be reimbursed when the project is 50% completed with the remaining funds reimbursed upon completion. \$688,330 was received from this grant during the year ended March 31, 2023. The final reimbursement is expected during the fiscal year ended March 31, 2024.

On July 8, 2022, the Township was awarded a \$337,300 grant from the Illinois Department of Natural Resources through the Open Space Lands Acquisition and Development (OSLAD) grant program related to the Founder's Park project. This is a matching grant with half of the grant funds expected to be reimbursed upon execution of the grant agreement with the remaining funds reimbursed upon completion. \$168,650 was received from this grant as of March 31, 2023. The final payment is expected during the fiscal year ended March 31, 2024.

The OSLAD grant requires that all grant funds received be maintained in a separate interest-bearing FDIC insured bank account with the grant funds and any interest earned becoming part of the grant principal. Grant funds and accumulated interest related to the OSLAD grant are reported as restricted cash and totaled \$168,667 as of March 31, 2023.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE I ILLINOIS MUNICIPAL RETIREMENT FUND

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 their beneficiaries. The Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). The Township participates in the Regular Plan.

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE I ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

Benefits Provided (Continued)

months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2022, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	8
Total	21

Contributions

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Township's annual contribution rate for calendar year 2022 was 17.72%. For the calendar year ended December 31, 2022, the Township contributed \$58,560 to the plan. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the fiscal year ended March 31, 2023, the Township recognized pension expense of \$56,978 for IMRF.

ROSCOE TOWNSHIP
Notes to Financial Statements

NOTE J COMMITMENTS AND CONTINGENCIES

From time to time, the Township is party to pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote any such claims or proceedings will have a material adverse effect on the Township's financial position or results of operations.

NOTE K RELATED PARTY TRANSACTIONS

On July 10, 2019, the Township entered into a 25 year lease agreement with the Roscoe Township Historical Society for use of the Cross House. No lease payments were required during the year ended March 31, 2023. In-kind rent revenue of \$10,056 was recorded for the year ended March 31, 2023 based on the market rate for renting comparable space. In March 2023, the Township paid \$10,000 to the Roscoe Township Historical Society for Cross House exterior maintenance.

NOTE L OVEREXPENDITURE OF BUDGET AND DEFICIT FUND BALANCE

During the fiscal year ended March 31, 2023, the Township had overexpenditures of the appropriated amounts in the Town Fund and Road & Bridge Fund of \$22,818 and \$5,002, respectively.

The Recreation Path Fund had a deficit unassigned fund balance at March 31, 2023 of (\$1,020,051). This deficit is the result of the Town Fund covering the Recreation Path Fund's negative cash balance through pooled cash.

NOTE M CHANGE IN ACCOUNTNG PRINCIPLE

During the year ended March 31, 2023, the Township adopted GASB 87 *Leases*. GASB 87 amends the treatment of operating leases by lessees by requiring them to be recorded on the Statement of Net Position as an asset and a liability. The adoption of GASB 87 did not result in any material adjustments to the Statement of Net Position and did not have a significant impact on the Township's net position or change in net position.

NOTE N SUBSEQUENT EVENTS

The Township has evaluated subsequent events through October 30, 2023, which was the date these financial statements were available for issuance, and determined there were no significant non-recognized subsequent events through that date.

ROSCOE TOWNSHIP
Town Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Actual and Budget - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual	Budgeted Amounts		Variance with Final Budget Over/Under
		Original	Final	
Revenues Collected:				
Property taxes	\$ 668,469	\$ 665,220	\$ 665,220	\$ 3,249
Personal property replacement taxes	91,336	25,000	25,000	66,336
Interest income	4,965	4,000	4,000	965
Other income	64,104	-	-	64,104
Total revenues collected	<u>828,874</u>	<u>694,220</u>	<u>694,220</u>	<u>134,654</u>
Expenditures Paid:				
General government-				
Personnel	245,209	262,142	262,142	16,933
Contractual	96,380	125,250	125,250	28,870
Materials & supplies	85,130	21,000	21,000	(64,130)
Total general government	<u>426,719</u>	<u>408,392</u>	<u>408,392</u>	<u>(18,327)</u>
Capital outlay	<u>16,491</u>	<u>12,000</u>	<u>12,000</u>	<u>(4,491)</u>
Total expenditures paid	<u>443,210</u>	<u>420,392</u>	<u>420,392</u>	<u>(22,818)</u>
Net Change in Fund Balance	385,664	273,828	273,828	111,836
Fund Balance, April 1, 2022	<u>1,201,469</u>	<u>1,201,469</u>	<u>1,201,469</u>	<u>-</u>
Fund Balance, March 31, 2023	<u>\$ 1,587,133</u>	<u>\$ 1,475,297</u>	<u>\$ 1,475,297</u>	<u>\$ 111,836</u>

ROSCOE TOWNSHIP
Recreation Path Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Actual and Budget - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual	Budgeted Amounts		Variance with Final Budget Over/Under
		Original	Final	
Revenues Collected:				
Grant revenue	\$ 856,980	\$ 704,000	\$ 704,000	\$ 152,980
Interest income	207	-	-	207
In-kind rent revenue	10,056	-	-	10,056
Other income	35,088	-	-	35,088
Total revenues collected	<u>902,331</u>	<u>704,000</u>	<u>704,000</u>	<u>198,331</u>
Expenditures Paid:				
Culture & recreation-				
Personnel	37,359	45,000	45,000	7,641
Contractual	29,834	27,500	27,500	(2,334)
Materials & supplies	2,512	-	-	(2,512)
Total culture & recreation	<u>69,705</u>	<u>72,500</u>	<u>72,500</u>	<u>2,795</u>
Capital outlay	<u>1,914,806</u>	<u>1,980,000</u>	<u>1,980,000</u>	<u>65,194</u>
Total expenditures paid	<u>1,984,511</u>	<u>2,052,500</u>	<u>2,052,500</u>	<u>67,989</u>
Net Change in Fund Balance	(1,082,180)	(1,348,500)	(1,348,500)	266,320
Fund Balance, April 1, 2022	<u>230,796</u>	<u>230,796</u>	<u>230,796</u>	<u>-</u>
Fund Balance, March 31, 2023	<u>\$ (851,384)</u>	<u>\$ (1,117,704)</u>	<u>\$ (1,117,704)</u>	<u>\$ 266,320</u>

ROSCOE TOWNSHIP
Road & Bridge Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Actual and Budget - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual	Budgeted Amounts		Variance with Final Budget Over/Under
		Original	Final	
Revenues Collected:				
Property taxes	\$ 60,615	\$ 81,880	\$ 81,880	\$ (21,265)
Personal property replacement taxes	160,853	45,000	45,000	115,853
Interest income	1,548	250	250	1,298
Other income	5,790	1,200	1,200	4,590
Total revenues collected	<u>228,806</u>	<u>128,330</u>	<u>128,330</u>	<u>100,476</u>
Expenditures Paid:				
Roads & bridges-				
Personnel	10,440	9,590	9,590	(850)
Contractual	48,233	43,325	43,325	(4,908)
Materials & supplies	71,244	72,000	72,000	756
Total expenditures paid	<u>129,917</u>	<u>124,915</u>	<u>124,915</u>	<u>(5,002)</u>
Net Change in Fund Balance	98,889	3,415	3,415	95,474
Fund Balance, April 1, 2022	<u>209,163</u>	<u>209,163</u>	<u>209,163</u>	<u>-</u>
Fund Balance, March 31, 2023	<u>\$ 308,052</u>	<u>\$ 212,578</u>	<u>\$ 212,578</u>	<u>\$ 95,474</u>

ROSCOE TOWNSHIP
Hard Road Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Actual and Budget - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual	Budgeted Amounts		Variance with Final Budget Over/Under
		Original	Final	
Revenues Collected:				
Property taxes	\$ 724,253	\$ 720,800	\$ 720,800	\$ 3,453
Interest income	2,025	700	700	1,325
Other income	5,546	-	-	5,546
Total revenues collected	<u>731,824</u>	<u>721,500</u>	<u>721,500</u>	<u>10,324</u>
Expenditures Paid:				
Roads & bridges-				
Personnel	300,613	395,551	395,551	94,938
Contractual	10,181	275,000	275,000	264,819
Materials & supplies	90,546	113,000	113,000	22,454
Total roads & bridges	<u>401,340</u>	<u>783,551</u>	<u>783,551</u>	<u>382,211</u>
Debt service	4,178	-	-	(4,178)
Capital outlay	421,341	196,973	196,973	(224,368)
Total expenditures paid	<u>826,859</u>	<u>980,524</u>	<u>980,524</u>	<u>153,665</u>
Net Change in Fund Balance	(95,035)	(259,024)	(259,024)	163,989
Fund Balance, April 1, 2022	<u>406,207</u>	<u>406,207</u>	<u>406,207</u>	-
Fund Balance, March 31, 2023	<u>\$ 311,172</u>	<u>\$ 147,183</u>	<u>\$ 147,183</u>	<u>\$ 163,989</u>

ROSCOE TOWNSHIP
Special Bridge Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Actual and Budget - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual	Budgeted Amounts		Variance with Final Budget Over/Under
		Original	Final	
Revenues Collected:				
Property taxes	\$ 7,821	\$ 7,320	\$ 7,320	\$ 501
Interest income	9,451	3,400	3,400	6,051
Other income	265	-	-	265
Total revenues collected	<u>17,537</u>	<u>10,720</u>	<u>10,720</u>	<u>6,817</u>
Expenditures Paid:				
Roads & bridges- Materials & supplies	820	20,000	20,000	19,180
Total expenditures paid	<u>820</u>	<u>20,000</u>	<u>20,000</u>	<u>19,180</u>
Net Change in Fund Balance	16,717	(9,280)	(9,280)	25,997
Fund Balance, April 1, 2022	<u>555,032</u>	<u>555,032</u>	<u>555,032</u>	<u>-</u>
Fund Balance, March 31, 2023	<u>\$ 571,749</u>	<u>\$ 545,752</u>	<u>\$ 545,752</u>	<u>\$ 25,997</u>

ROSCOE TOWNSHIP
Motor Fuel Tax Fund
Schedule of Revenues Collected, Expenditures Paid,
and Changes in Fund Balance - Modified Cash Basis
For the Year Ended March 31, 2023

	Actual
Revenues Collected:	
Motor fuel tax	\$ 164,613
Interest income	1,660
Other income	44,212
Total revenues collected	210,485
Expenditures Paid:	
Roads & bridges-	
Materials & supplies	166,487
Total expenditures paid	166,487
Net Change in Fund Balance	43,998
Fund Balance, April 1, 2022	427,281
Fund Balance, March 31, 2023	\$ 471,279

ROSCOE TOWNSHIP
Combining Schedule of Assets, Liabilities and Fund Balances -
Non-Major Governmental Funds - Modified Cash Basis
 March 31, 2023

	General Assistance Fund	Cemetery Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 55,669	\$ 69,638	\$ 125,307
Total Assets	<u>\$ 55,669</u>	<u>\$ 69,638</u>	<u>\$ 125,307</u>
FUND BALANCES			
Restricted- Special revenue funds	\$ 55,669	\$ 69,638	\$ 125,307
Total Fund Balances	<u>\$ 55,669</u>	<u>\$ 69,638</u>	<u>\$ 125,307</u>

ROSCOE TOWNSHIP
Combining Schedule of Revenues Collected, Expenditures Paid, and Changes in
Fund Balances - Non-Major Governmental Funds - Modified Cash Basis
For the Year Ended March 31, 2023

	General Assistance Fund	Cemetery Fund	Total Non-Major Governmental Funds
Revenues Collected:			
Property taxes	\$ 7,300	\$ 39,107	\$ 46,407
Cemetery income	-	57,355	57,355
Interest income	269	213	482
Other income	802	-	802
Total revenues collected	<u>8,371</u>	<u>96,675</u>	<u>105,046</u>
Expenditures Paid:			
Social services	4,037	103,183	107,220
Total expenditures paid	<u>4,037</u>	<u>103,183</u>	<u>107,220</u>
Net Change in Fund Balances	4,334	(6,508)	(2,174)
Fund Balances, April 1, 2022	<u>51,335</u>	<u>76,146</u>	<u>127,481</u>
Fund Balances, March 31, 2023	<u>\$ 55,669</u>	<u>\$ 69,638</u>	<u>\$ 125,307</u>

ROSCOE TOWNSHIP
Notes to Supplementary Information

LEGAL COMPLIANCE AND ACCOUNTABILITY

Annual appropriated budgets are adopted (at the fund level) for the Township and Road & Bridge Funds on the modified cash basis with a line items basis by fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. No budget is prepared for the Motor Fuel Tax Fund.

The Township adopted its annual budget and appropriation ordinances for the year ended March 31, 2023 at its March 23, 2022 meeting. The budget and appropriation ordinance was prepared in accordance with State law as set forth in the “Municipal Budget Act”.

The “Municipal Budget Act” includes a requirement for a public hearing and making the tentative budget and appropriation ordinances available for public inspection at least thirty (30) days prior to adoption by the Board of Trustees. The line item budget is used by management for control purposes in the day-to-day operations. The Board of Trustees, after the first six months of the year, may make transfers between line items while retaining the total appropriation for the fund. The Board of Trustees also may increase the appropriation amount by following the same procedures as required for the original appropriation. There were no amendments made to the appropriation ordinance during the current fiscal year.

Budget revenues are based on estimates approved by the Board of Trustees.

During the fiscal year ended March 31, 2023, the Township had overexpenditures of the appropriated amounts in the Town Fund and Road & Bridge Fund of \$22,818 and \$5,002, respectively.



SIEPERT & CO., LLP
Certified Public Accountants

www.siepert.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Roscoe Township
Roscoe, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roscoe Township (Township) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's 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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may

BELOIT

1920 W. Hart Road
Beloit, WI 53511

p 608.365.2266
f 608.364.8727

SYCAMORE

2380 Bethany Road
Sycamore, IL 60178

p 815.787.7657
f 815.787.6797

ROSCOE

4278 E. Rockton Road
Roscoe, IL 61073

p 815.623.8818
f 815.623.9361

Board of Trustees
Roscoe Township

exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2023-001, 2023-002, and 2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Roscoe Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIEPERT & CO., LLP

Siepert & Co., LLP

Beloit, Wisconsin
October 30, 2023

ROSCOE TOWNSHIP
Schedule of Findings and Responses
For the Year Ended March 31, 2023

Finding #2023-001: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

Risk assessment, including fraud risk assessment, is one element of internal control. Thus, ideally, the Township should include the performance of this assessment.

Condition:

The Township does not have a formal risk assessment or antifraud program.

Cause:

The auditors performed risk assessment procedures instead of testing the Township's assessment procedures.

Effect:

The Township does not have a formal risk assessment or antifraud program.

Recommendation:

A formal risk assessment should be developed to mitigate risk of material misstatements in the financial statements and the misappropriation of assets.

Management Response:

The Township will attempt to identify, document, and implement a risk assessment process.

ROSCOE TOWNSHIP
Schedule of Findings and Responses
For the Year Ended March 31, 2023

Finding #2023-002: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the Township. A key element of internal control is the segregation of duties.

Condition:

The Township has several accounting functions that are performed by the same individual and are not subject to a documented independent review and approval.

Cause:

The primary cause of the condition results from staffing constraints typical of smaller municipalities. Some control activities may be occurring on a routine basis, but are not being documented.

Effect:

As a result of this condition, the Township is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation:

We recommend that the Township try to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management or the board as possible.

Management Response:

Management will evaluate those areas of risk and develop review and approval procedures that can be performed timely and effectively by members of the board or outside third party.

ROSCOE TOWNSHIP
Schedule of Findings and Responses
For the Year Ended March 31, 2023

Finding #2023-003: Significant Deficiency in Internal Control over Financial Reporting

Criteria:

Formal internal control documentation is one element of internal control. Thus, ideally, the Township should have formal internal control documentation.

Condition:

The Township does not have formal internal control documentation.

Cause:

The Township has not formally documented internal control policies and procedures that are in place.

Effect:

The Township does not have formal internal control documentation.

Recommendation:

The Township's internal control policies and procedures should be formally documented.

Management Response:

The Township will attempt to identify and document internal controls.