

TOWNSHIP OF RICH, ILLINOIS
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012
(With Comparative Totals For 2011)

TOWNSHIP OF RICH, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

The Honorable Township Board of Trustees
Township of Rich, Illinois
22013 Governors Highway
Richton Park, Illinois 60471

We have audited the accompanying basic financial statements as listed in the table of contents of the *TOWNSHIP OF RICH, ILLINOIS* ("Township") as of March 31, 2012, and for the year then ended. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the *TOWNSHIP*, as of March 31, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information as listed in the table of contents, including the combining, and individual fund statements, are presented for purposes of additional analysis and is not a required part of the basic financial statements of the *TOWNSHIP*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


August 21, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction: The Township Supervisor, Clerk, Assessor, Highway Commissioner, Board of Trustees, and employees together present to the users of the Rich Township financial statement this discussion and analysis of the Township's financial activities for the fiscal year ending March 31, 2012. This Management Discussion and Analysis report is to be read in conjunction with the Township's financial statements.

Financial Highlights

Town Fund:

Rich Township's transportation department has implemented its GPS based trip scheduling software, through a Regional Transit Authority grant for Innovation, Coordination and Enhancement. This software assists in the scheduling and dispatching of the Para transit services using Global Positioning System technology. The Transportation Department also operates a Vanpool senior rides program, and Jolly Trolley which serves the Village of Park Forest.

Rich Township's transportation department carried 58,295 passengers in 2011-2012, down from 60,036 passengers in 2010-2011, a three percent decrease. The Transportation Department shows an increase of \$18,751 for a total of \$471,202; a 4.5 percent increase in Transportation Income in fiscal year 2011-2012 compared to fiscal year 2010-2011 primarily due to more efficient scheduling.

During the 2011-2012 fiscal year; the staff of the Township Assessor's office met with over 5,500 tax payers and fielded more than 2,100 telephone inquiries. These figures partially represent homeowners responding to the increase from 50 percent to 55 percent of the previous years' tax bill for the first installment bill for 2011 (payable in 2012), and also reflect the growing number of senior citizens eligible for exemptions. During the fiscal year ending March 2012 the Assessor's office filed 594 Senior Freeze Renewals, 275 Senior Renewals, and 82 Homeowner's renewals. The Department also filed 73 Senior Freeze Primes (prime applications are for 1st time filers) and 106 Senior Primes. The Department also filed 133 Homeowner Certificate of Error applications. Additionally, the office completed the following transactions: 173 Disabled Persons' exemptions and 90 Disabled Veterans' exemptions.

The Pantry of Rich Township continued its mission to assist needy residents in obtaining nutritious food items and fresh produce. Working with other organizations the Rich Township food pantry staff and volunteers collected and distributed food each month to nearly 864 families; up from 700 families last year, a 23% increase. These families include about 2,775 individuals. Individuals and families eligibility to receive aid is based upon income and persons in the household. Patrons may collect food distributions on a once a month basis and fresh produce on the first Wednesday of each month. Of note is the fact that just over 37% of food pantry clients are aged 0 to 18.

Tax revenues appeared to increase significantly, but this was primarily due to tax bills being sent out very late for the 2nd installment in 2010 and the subsequent one-time postponement of the 1st installment into the township's 2011-2012 fiscal year.

The Township also started two new programs, a Congregate Meals program and a Mentoring Plus Jobs program. The Congregate Meals program is a joint venture between the Township, Age Options and Catholic Charities (which replaces the old CNN program) to provide nutritious, balanced meals at the Rich Township Senior Cafe'. Last year the Township served approximately 8,500 meals to seniors.

The Township is a coordinating partner in the Mentoring Plus Jobs component of the 2011 Neighborhood Recovery Initiative. Mentoring Plus Jobs is a state funded program implemented to create jobs and provide job skill training to approximately 45 at risk youth in the south suburban region mentored by approximately 12 adults.

General Assistance Fund:

The General Assistance department has programs which act as a safety net to the most vulnerable

populations in the township. These programs require the applicant to be a resident of the township, aged 21 or greater and meet the eligibility criteria for Social Security or other state administered programs. Applicants may come to the Township office and bring a driver's license or other form of identification with correct address, and a Social Security card. We also require proof that the applicant has applied for unemployment compensation or disability. To be re-certified each month, clients must participate in workfare one day a week, show evidence of job hunting, and attend job training workshops and seminars sponsored by the Township. Assistance to be used for shelter, utilities, food, transportation and clothing may be provided. We also refer clients to local agencies for assistance with other services including physician and dental services, prescriptions and emergency services. Generally, the number of participants in the General Assistance programs is viewed as a representation of the economic hardship in our township.

The total monthly average of General Assistance cases was 162 during fiscal year 2011-2012, up from 155 cases during fiscal year 2010-2011, a 4.5 percent increase.

Emergency Assistance was provided in 63 cases during FY2011-2012 down from 76 cases during the 2010-2011 fiscal year. Assistance was provided in the form of help with utilities when threatened with shut-off as well as supplemental income to cover food and prescription medicine expenses.

The Department experienced a 10 percent increase in administrative costs, primarily due to a 33 percent increase in health insurance premiums and a 17 percent increase in home relief costs, primarily in the emergency assistance, shelter and food expense categories. Administrative costs accounted for 32 percent of total expenditures, down from 33 percent in the previous year and 35 percent the year before that.

Road and Bridge Fund:

The Rich Township Road and Bridge district is responsible for the maintenance of roads, bridges, and swales to assist with drainage of storm water and culverts which prevent flooding. During the year the asphalt project on 192nd street was completed, which improved the integrity, safety and load bearing capability of the road particularly so that school buses may use the roads. The District also worked on a soil erosion project on the Old Plank Road Trail to maintain the integrity of the trail. Despite significant increases in health care costs and gas and oil costs, the Road District reduced overall expenses by \$18,309 to \$618,045, a 3 percent decrease.

Senior Companion Fund:

Rich Township's Senior Companion Program, which is federally funded by Senior Corps, allows individuals over age 60 to assist infirm or homebound seniors with daily tasks such as shopping or to provide a respite for primary caregivers.

A group of 65 senior volunteers provided over 67,701 hours of interaction with infirm seniors over the course of the past fiscal year, totaling 1,834 client visits. The senior companion program is funded in part by a federal grant that provides the majority of the funding; contributing nearly \$334,565 and the township provides personnel and related support.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities are collectively referred to as the government-wide financial statements. They provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances.

Fund financial statements start with the Balance Sheet – Governmental Funds on page eight. For governmental activities, these statements tell how the services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the township's most significant funds. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances in a manner similar to a private sector business. They are presented on the full accrual basis of accounting. All governmental and business-type activities are consolidated into columns which add to a total for the Township. The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating. This statement combines current financial resources with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type activities) which are supported by the Township's general taxes and other resources.

Governmental Activities reflect the Township's basic services including assistance to the poor and indigent, assistance in assessment of property values, maintenance and improvement of roads and bridges, and administration. Property taxes finance the majority of these services.

Business-type Activities reflect private sector type operations where the fee for service typically covers all or most all of the cost of operations including depreciation.

Fund Financial Statements:

The Governmental Major Fund presentation is prepared from sources and uses of liquid resources basis. It is presented on the modified accrual basis of accounting. This is the manner in which the Budget and Appropriation Ordinance is typically developed. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance.

The Township of Rich Balance Sheet and the Township of Rich Statement of Revenues, Expenditures, and Changes in Fund Balances provide detailed information about the most significant funds: the Town Fund, the General Assistance Fund, and the Road District Fund. Most of the Township's basic services are reported in these fund and the balances left at year-end are available for spending.

These funds are reported using an accounting method called the "accrual basis" of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

INFRASTRUCTURE ASSETS

Historically, a government's largest group of assets (buildings, equipment, vehicles, etc.) have not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. We must also depreciate these assets over their estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found following this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary information; Statements of Revenues, Expenditures, and Changes in Fund Balances compared to Budget for the year ended March 31, 2012 for the Town Fund, Road Fund, and General Assistance Fund. The Schedule of Tax Collections and Taxes Receivable for Year Ended March 31, 2011 is presented, followed by a Schedule of Valuations, Rates and Extensions for Tax Levy Years - 2000 to 2011 and

lastly, a Schedule for Retirement Fund Funding Progress is presented.

FORWARD-LOOKING

During the 2012-2013 fiscal year, Rich Township will continue to provide congregate meals at the Rich Township Senior Center in conjunction with Age Options, a state of Illinois contractor. The Township will continue as a coordinating partner in the Mentoring Plus Jobs component of the 2011 Neighborhood Recovery Initiative. Mentoring Plus Jobs is a state funded program implemented to create jobs and provide job skill training to youth and adults in the south suburban region.

CONCLUSION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives.

If anyone has any questions about this report or needs additional information, please contact me at Rich Township, 22013 Governors Hwy. Richton Park, IL 60471.

Respectfully Submitted,

Al Riley
Supervisor

TOWNSHIP OF RICH
STATEMENT OF NET ASSETS
MARCH 31, 2012
With Comparative Totals for 2011

<u>ASSETS</u>	<u>Governmental Activities</u>	
	<u>Total</u>	<u>Total</u>
	<u>2012</u>	<u>2011</u>
Cash	\$ 4,317,290	\$ 3,715,226
Taxes Receivable	2,389,625	3,772,180
Prepaid Expenses	8,056	8,056
Security Deposits	5,700	5,700
Capital Assets		
Land	465,522	465,522
Other Capital Assets Net of Depreciation	1,362,875	1,244,359
Total Assets	<u>\$ 8,549,068</u>	<u>\$ 9,211,043</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 134,117	\$ 201,623
Replacement Tax Payable	16,430	15,746
Compensated Absences	492,256	477,491
Custodial Health Insurance Account	-	-
Total Liabilities	<u>642,803</u>	<u>694,860</u>
<u>NET ASSETS</u>		
Investment in Capital Assets, Net of Related Debt Unrestricted	1,828,397	1,709,881
	6,077,868	6,806,302
Total Net Assets	<u>\$ 7,906,265</u>	<u>\$ 8,516,183</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2012
 With Comparative Totals for 2011

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				Net Revenue (Expense)	
	Expenses	Charges For Services	Operating Grants	Capital Grants	Governmental Activities	
					Total 2012	Total 2011
PRIMARY GOVERNMENT						
Town Administration	\$ (818,075)	\$	3		(818,072)	\$ (824,514)
Assessor's Department	(285,456)				(285,456)	(308,003)
Clerk's Department	(106,596)	1,834			(104,762)	(96,544)
Finance Department	(320,768)				(320,768)	(279,050)
Transportation	(1,186,186)	471,202			(714,984)	(637,361)
ESDA	(67,539)				(67,539)	(114,511)
Youth & Family Services	(171,554)	151,500			(20,054)	(77,417)
Senior Services	(972,219)	135,076	397,919		(439,224)	(442,999)
Pantry/Donations	(496,958)	74,502			(422,455)	(189,843)
Economic Development	(1,858)				(1,858)	(2,735)
Old Plank Trail	(7,125)				(7,125)	(5,512)
Road Administration	(202,451)				(202,451)	(167,254)
Road Expenses	(411,678)	1,464			(410,214)	(406,739)
General Assistance Admin.	(150,509)				(150,509)	(135,604)
Building Operations	(240,355)				(240,355)	(159,062)
Home Relief	(306,510)				(306,510)	(264,053)
Unallocated Depreciation	(118,806)				(118,806)	(106,197)
Total Primary Government	\$ 5,864,643	\$ 835,578	\$ 397,922	\$ -	\$ (4,631,144)	\$ (4,217,396)
General Revenues						
Property Taxes					3,958,756	4,309,205
Personal Property Replacement Taxes					52,969	57,974
TIF Rebate					-	48,161
Interest on Investments					9,464	20,830
Miscellaneous Income					35	5,531
Total General Revenues					4,021,224	4,441,700
Change in Net Assets					(609,919)	224,305
Net Assets Beginning					8,516,184	8,291,879
Net Assets Ending					\$ 7,906,265	\$ 8,516,184

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012
With Comparative Totals for 2011

	Town Fund	Road District Fund	General Assistance Fund	Total 2012	Total 2011
<u>ASSETS</u>					
Cash	\$ 3,618,472	\$ 274,578	\$ 424,240	\$ 4,317,290	\$ 3,715,226
Taxes Receivable	1,879,239	258,940	251,446	2,389,625	3,772,180
Prepaid Expenses	4,431	3,625	-	8,056	8,056
Security Deposits	5,700	-	-	5,700	5,700
Total Assets	\$ 5,507,842	\$ 537,143	\$ 675,686	\$ 6,720,671	\$ 7,501,162
<u>LIABILITIES</u>					
Accounts Payable	\$ 118,529	\$ 8,436	\$ 7,151	\$ 134,117	\$ 201,623
Replacement Taxes Payable	-	16,430	-	16,430	15,746
Compensated Absences	454,510	19,300	18,446	492,256	477,491
Custodial Health Insurance Account	-	-	-	-	-
Total Liabilities	573,039	44,166	25,598	642,803	694,860
<u>FUND BALANCES</u>					
General Fund-Unreserved	4,934,803			4,934,803	5,584,026
Special Revenue Fund-Reserved		492,977	650,089	1,143,065	1,222,276
Total Fund Balances	4,934,803	492,977	650,089	6,077,868	6,806,301
Total Liabilities & Fund Balances	\$ 5,507,842	\$ 537,143	\$ 675,686	\$ 6,720,671	\$ 7,501,161

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
 RECONCILIATION OF TOTAL FUND BALANCE
 OF GOVERNMENT FUNDS TO
 NET ASSETS OF GOVERNMENTAL ACTIVITIES
 MARCH 31, 2012

Total Fund Balance of Governmental Funds (page 9) \$ 6,077,868

Amounts reported for Governmental Activities
 in the Statement of Net Assets are different
 because of the following:

Capital assets used in governmental activities are not
 financial resources and therefore are not reported
 in governmental funds. These assets consists of:

Capital assets		
Land	465,522	
Buildings	980,940	
Improvements	911,087	
Equipment	1,225,391	
Less accumulated depreciation	<u>(1,754,543)</u>	
Net capital assets		<u>\$ 1,828,397</u>

Net Assets of Governmental Activities (page 7) \$ 7,906,265

The notes to the financial statements are an integral part of this statement

TOWNSHIP OF RICHL, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED MARCH 31, 2012
With Comparative Totals for 2011

<u>REVENUES</u>	Town Fund	Road District Fund	General Assistance Fund	Total 2012	Total 2011
Property Taxes	\$ 2,997,303	\$ 532,227	\$ 429,226	\$ 3,958,756	\$ 4,309,205
Personal Property Replacement Taxes	24,904	28,065	-	52,969	57,974
TIF Rebate	-	-	-	-	48,161
Government Grants	3	-	-	3	27,472
Rental Income	26,100	-	-	26,100	43,800
In Home Services	22,045	-	-	22,045	25,858
Transportation Receipts	471,202	-	-	471,202	452,451
Passport Sales	1,834	-	-	1,834	2,275
Youth & Family Services	151,500	-	-	151,500	1,536
Senior Services	484,850	-	-	484,850	332,675
Donations	74,502	-	-	74,502	249,750
Interest on Investments	8,544	401	519	9,464	20,830
Circuit Court Fees	-	1,464	-	1,464	1,616
Insurance Reimbursement	-	-	-	-	1,003
Miscellaneous Income	-	35	-	35	4,528
Total Revenues	4,262,788	562,192	429,744	5,254,724	5,579,134
<u>EXPENDITURES</u>					
Administration	818,075	202,451	150,509	1,171,036	1,154,844
Assessor's Department	285,456	-	-	285,456	308,003
Clerk's Department	106,596	-	-	106,596	98,819
Finance Department	320,768	-	-	320,768	279,050
Transportation	1,186,185	-	-	1,186,185	1,089,811
ESDA	67,539	-	-	67,539	114,511
Youth & Family Services	171,554	-	-	171,554	78,952
Senior Services	972,219	-	-	972,219	845,332
Pantry/Donations	496,958	-	-	496,958	439,593
Economic Development	1,858	-	-	1,858	2,735
Old Plank Road	7,125	-	-	7,125	5,512
Maintenance	-	411,678	-	411,678	408,354
Home Relief	-	-	306,510	306,510	264,053
Building Operations	240,355	-	-	240,355	159,062
Depreciation	103,096	15,711	-	118,806	106,197
Total Expenditures	4,777,784	629,839	457,019	5,864,642	5,354,828
Excess Revenues over Expenditures	(514,996)	(67,647)	(27,275)	(609,918)	224,305
Beginning Fund Balance	5,735,161	506,379	677,363	6,918,903	6,694,598
Ending Fund Balance	\$ 5,220,164	\$ 438,732	\$ 650,089	\$ 6,308,985	\$ 6,918,903

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

A. Summary of Significant Accounting Policies:

(1) General Statement

The TOWNSHIP OF RICH, ILLINOIS ("Township"), chartered in 1850, operates under a Supervisor-Trustee form of government. The Township's major operations are assessing and reviewing real estate values, maintenance and construction of Township roads, maintaining emergency service readiness, providing general assistance to the needy, providing services for senior citizens and youth, and general administration.

(2) Financial Reporting Entity

For financial reporting purposes, the Township includes all funds, account groups, agencies, boards and commissions that are controlled or dependent on the Township's legislative or executive branches. Control or dependence on the Township was determined on the basis of budget adoption, taxing authority and operational independence.

The following entities are not included in this report because they are autonomous.

Village of Richton Park – A self supporting municipal government providing a multitude of services to residents of the municipality controlled by an independently elected board.

Rich Township School District 227 – A self supporting school government providing high school education to residents of the area controlled by an independently elected board.

(3) Basis of Presentation

The accounting policies of the Township conform to Generally Accepted Accounting Principles as applicable to governments. The following is a summary of the more significant policies used by the Township.

Government-wide and Fund Financial Statements:

The government-wide financial statements report information on all of the non-fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to 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.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into various generic fund types as follows:

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(Continued)

A. Summary of Significant Accounting Policies (Continued):

Governmental Fund Types:

Town Fund - The Town Fund is used to account for all revenue and expenditures of the general operations of the Township and those not accounted for in the other funds of the Township.

Special Revenue Funds - Special Revenue Funds are used to account for the revenue derived from specific resources. These resources are utilized to finance expenditures allowable either under local ordinance or state law. These include the Road District Fund and the General Assistance Fund.

(4) Basis of Accounting

The basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statement. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and available for use, defined as reasonably considered collectible within sixty (60) days. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

(5) Budgetary Data

The budget is prepared on the modified cash basis of accounting which is the same basis used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Revised Statutes. There were no changes to the budget during the year.

(6) Cash and Investments

The Township of Rich held various types of cash deposits at March 31, 2012. Cash deposits, money markets and certificates of deposit are placed with various financial institutions. All deposits are in banks and savings and loans as authorized by the Illinois Revised Statutes, 1991 edition.

(7) Property Taxes

The Township annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by its Township Board. The property tax is levied each year on all taxable real property located in the Township on or before the last Tuesday in December. The taxes attach as an enforceable lien on property on January 1.

The Township adopts its property tax levy by December of each year. The property taxes are billed and collected by the Cook County Treasurer who remits to the Township its share of taxes collected. Taxes levied in one year become payable during the following year in two installments, the first due prior to March 1 and the second due prior to September 1, or 30 days after the tax bills are mailed, whichever is later. The second installment is based on the current levy, assessment and equalization, and reflects any changes from the prior year in those factors. The Township typically receives the property taxes from the County within thirty to sixty days after the due dates.

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(Continued)

A. Summary of Significant Accounting Policies (Continued):

(8) Personal Property Replacement Taxes

Pursuant to the 1970 Illinois Constitution, all ad valorem personal property taxes in Illinois were abolished as of January 1, 1979. The constitutionality of this replacement tax was upheld by the Illinois Supreme Court on November 21, 1979.

The Personal Property Replacement Tax represents an additional income tax from corporations (including certain utilities) and trusts: a new income tax invested capital for public utilities providing gas, communication, electrical and water services. Revenues collected under the replacement tax are held in a special fund in the State Treasury called the Property Tax Replacement Fund. The monies are distributed to the Township in eight annual payments.

(9) Prepaid Expenses

Prepaid expenses are amounts paid during the current and deferred for expensing to future periods based on the expiration of time.

(10) Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are recorded at cost. The Township has a capitalization policy with a threshold for capitalization of \$2,500 for individual equipment, \$10,000 for buildings and improvements, and \$50,000 for infrastructure assets (roads, bridges, culverts, curbs, etc). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Life in Years</u>
Equipment	7
Vehicles (under 13,000 pounds)	5
Vehicles (over 13,000 pounds)	7
Other Improvements	20
Buildings	40
Road Improvements	10
New Infrastructure	40

TOWNSHIP OF RICH, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2012
 (Continued)

A. Summary of Significant Accounting Policies (Continued):

(10) Capital Assets (Continued)

Capital asset activity for the year ended March 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Assets				
Land	\$ 465,522			\$ 465,522
Depreciable Assets				
Buildings	980,940			980,940
Improvements	911,087			911,087
Equipment	<u>988,069</u>	<u>237,322</u>		<u>1,225,391</u>
Totals at Historical Cost	3,345,618	237,322	-	3,582,940
Less Accumulated Depreciation				
Buildings	(534,603)	(20,024)		(554,627)
Improvements	(264,569)	(45,554)		(310,123)
Equipment	<u>(836,567)</u>	<u>(53,227)</u>		<u>(889,794)</u>
Total Accumulated Depreciation	<u>(1,635,739)</u>	<u>(118,805)</u>	-	<u>(1,754,544)</u>
Governmental Activities Capital Assets - net	<u>\$ 1,709,879</u>	<u>\$ 118,517</u>	<u>\$ -</u>	<u>\$ 1,828,396</u>

Depreciation expense was charged to governmental functions as follows:

ESDA	\$ 10,612
Transportation	8,025
Senior Services	1,384
Pantry/Donations	1,200
Road Administration	7,595
Road Expense	8,116
Unallocated	20,575
Youth Group	2,873
Congregate Meals	442
Town Administration	57,983
Total Depreciation Expense	<u>\$ 118,805</u>

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE ENDED MARCH 31, 2012
(Continued)

(11) Compensated Absences

Township employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds.

B. Taxes Receivable

Taxes receivable as of March 31, 2012 are as follows:

Tax Year	Town Fund	Road District	General Assistance	Total
2011	\$ 1,675,801	\$ 232,999	\$ 226,012	\$ 3,574,770
2010	2,889,681	365,326	319,763	2,134,813
	<u>\$ 4,565,482</u>	<u>\$ 598,325</u>	<u>\$ 545,775</u>	<u>\$ 5,709,583</u>

C. Cash and Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk for cash deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. Neither the State nor the Township has a deposit policy for custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure to the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. State law does not require the collateralization of investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

D. Personal Property Replacement Taxes:

As required by an amendment to the Personal Property Replacement Tax Act, the Road and Bridge Fund is required to distribute a proportionate share of the Personal Property Replacement Taxes collected to the Villages within the Township. The amount the Township is currently obligated to pay the Villages is estimated to be \$16,430. This amount is shown as "Replacement Tax Payable" on the balance sheet.

E. Deferred Compensation:

The employees of the Township have the option to participate in a single-employer Deferred Compensation Plans through payroll deductions

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE ENDED MARCH 31, 2012
(Continued)

E. Deferred Compensation Continued:

Participation in the plans is a voluntary election of the employee. There is no cost or liability to the Township. The Township does not administer the plans.

F. Pension and Retirement Fund Commitments

Illinois Municipal Retirement Fund:

Plan Description

The Township of Rich defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. 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.

As by the statute, employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The Township of Rich is required to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its employees. The contribution rate for calendar year 2011 was 11.95%. Additionally, the Township of Rich contributes for disability benefits, death benefits and supplemental retirement benefits, all 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 benefit rate is set by statute.

For December 31, 2011 the Township's annual pension cost of \$259,698 was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF 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% corridor between the actuarial and market value of assets. The IMRF unfunded actuarial accrued liability is being amortized at December 31, 2009 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 69.19 percent funded. The actuarial liability for benefits was \$4,863,960 and the actuarial value of assets was \$3,365,257, resulting in an underfunded actuarial liability (UAAL) of \$1,498,703. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$2,178,672 and the ratio of the UAAL to the covered payroll was 69 percent.

The scheduled of funding progress. Presented as RSI 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.

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE ENDED MARCH 31, 2012

F. Pension and Retirement Fund Commitments (Continued):

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 259,698	100%	\$ -
12/31/10	247,141	100%	-
12/31/09	194,214	100%	-

G. "PACE" Grant

The Suburban Bus Division of the Regional Transportation Authority awarded a Para transit Grant to the Township of Rich commencing on August 1, 1985. This grant was to subsidize transportation to shopping and medical facilities within the Township and up to 10 miles outside the Township borders to medical facilities. Pace also subsidizes ridership to the CNN site in Park Forest. The grant provides reimbursement of actual costs after fares collected at the lesser of 75% of operating expenses or \$3.00 per one way trip. Total grant receipts from April 1, 2011 to March 31, 2012, were \$67,056 which included adjustments for operating hours. The grant is currently extended to December 2012.

Although the grant did not require a compliance audit we did review provisions of the grant to assure the Township was materially complying with them. The results of our review indicate that for items tested the Township of Rich complied with material terms and conditions of the grant. Furthermore, nothing came to our attention to indicate the Township of Rich had not complied with the significant compliance terms and conditions of this grant

Additional transportation services not funded by PACE includes Saturday services, PADS, Jolly Trolley and transportation of handicapped high school students to different job sites. The Township received \$71,343 in reimbursements from the Village of Park Forest for the Jolly Trolley services.

TOWNSHIP OF RICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE ENDED MARCH 31, 2012
(Continued)

H. Senior Companion Grant

The Corporation for National and Community Service, a Division of the United States Department of Health and Human Services awarded a Senior Companion Program Suburban Cook County Grant to the Township of Rich commencing on July 1, 2005. This grant was to pay administrative and operational costs for a Senior Companion Program. The Township supervises 15 volunteer stations located in seven townships in suburban Cook County. Senior Companion volunteers, people age 55 and older, provide assistance and friendship to frail individuals who are homebound and, generally, living alone. Volunteers assist with socialization, provide transportation to medical appointments, help buy groceries, provide respite care to worn-out caregivers, and offer contact to the outside world, enabling frail older Americans to continue to live in their own homes. Volunteers receive a \$2.65 hourly stipend to defray cost for volunteering, meal and travel reimbursement, supplemental insurance, a physical exam, and recognition.

The federal grant is for a one-year period from July 1, 2011 thru June 30, 2012 in the amount of \$365,023. Total federal grant receipts from July 1, 2011 to June 30, 2012 were \$332,822. During this period approximately 65 volunteers served approximately 156 clients. Senior Companions will provide approximately 68,000 hours of service and assistance annually to frail and elderly residents of Suburban Cook County.

Although the grant did not require a compliance audit we did review provisions of the grant to assure the Township was materially complying with them. The results of a review indicate that for items tested the Township of Rich complied with material terms and conditions of the grant. Furthermore, nothing came to our attentions to indicate the Township of Rich had not complied with significant compliance terms and conditions of this grant.

I. Vacation, Personal, Sick Days and Major Medical Days

The Township has three employee benefit leave plans. Vacation hours are earned in accordance with the number of hours worked per week and the number of years employed by the Township on a calendar year basis. Personal days and sick days are earned on the basis of average hours worked per week with an equivalent of 10 days allowed per employee per year, 6 of which are sick days, 4 are personal days. Any unused personal days are bought back at one-half pay at the end of the calendar year. Unused sick days are carried over year to year. Should employment terminate, the employee will be compensated for accumulated sick days. The Major Medical Days plan allows 4 days per year to each employee's date of employment and may be accumulated. These days may be added into years of service if employee retires while still employed by the Township. Earned and unused benefits at March 31, 2012 are:

	Available
Vacation Days*	836.89
Personal and Sick Days*	1,118.36
Major Medical Days*	1,166.82
	3,122.07 days \$ 492,256

*Maximum cost to the Township assuming all leave time requires continued employment and will be utilized. However, existing employees have always assumed absent employees' responsibilities to date.

TOWNSHIP OF RICH, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
COMPARED TO BUDGET
TOWN FUND
FOR THE YEAR ENDED MARCH 31, 2012

<u>REVENUES</u>	Actual	Original Budget	Final Budget
Property Taxes	\$ 2,997,303	\$ 3,728,300	\$ 3,728,300
Personal Property Replacement Taxes	24,904	30,000	30,000
Government Grants	3	710,000	710,000
TIF Rebate	-	60,000	60,000
Rental Income	26,100	30,000	30,000
In Home Services	22,045	27,000	27,000
Transportation Receipts	471,202	450,000	450,000
Passport Sales	1,834	3,000	3,000
Youth & Family Services	151,500	231,000	231,000
Senior Services	484,850	68,500	68,500
Donations	74,502	-	-
Interest on Investments	8,544	35,350	35,350
Insurance Reimbursement	-	10,000	10,000
Miscellaneous Income	-	15,000	15,000
Total Revenues	4,262,788	5,398,150	5,398,150
<u>EXPENDITURES</u>			
Administration	818,075	1,280,000	1,280,500
Finance	320,768	327,000	329,500
Assessor's Department	285,456	394,300	394,300
Clerk's Department	106,596	130,700	130,700
Transportation	1,186,185	1,436,000	1,436,000
ESDA	67,539	133,500	133,500
Youth & Family Services	171,554	192,010	192,010
Senior Programs	937,734	733,250	733,250
Building Operations	240,355	440,750	441,750
Food Pantry	496,958	602,000	605,000
Economic Development	1,858	10,000	10,000
Old Plank Road	7,125	25,000	25,000
Contingencies	-	170,000	163,000
Social Services	34,485	50,000	50,000
Depreciation	103,096	-	-
Total Expenditures	4,777,784	5,924,510	5,924,510
Excess Revenues over Expenditures	(514,996)	(526,360)	(526,360)
Beginning Fund Balance	5,735,161	5,735,161	5,735,161
Ending Fund Balance	\$ 5,220,164	\$ 5,208,801	\$ 5,208,801

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
COMPARED TO BUDGET
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2012

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 532,227	\$ 500,000	\$ 500,000
Personal Property Replacement Taxes	28,065	40,000	40,000
TIF Rebate	-	7,000	7,000
Governmental Grants	-	1,500	1,500
Interest on Investments	401	4,000	4,000
Circuit Court Fees	1,464	2,500	2,500
Miscellaneous Income	35	5,000	5,000
Total Revenues	<u>562,192</u>	<u>560,000</u>	<u>560,000</u>
<u>EXPENDITURES</u>			
Administration	202,451	288,500	288,000
Maintenance of Road	411,678	429,000	429,500
Depreciation	15,711	-	-
Total Expenditures	<u>629,839</u>	<u>717,500</u>	<u>717,500</u>
Excess Revenues over Expenditures	(67,647)	(157,500)	(157,500)
Beginning Fund Balance	506,379	506,379	506,379
Ending Fund Balance	<u>\$ 438,732</u>	<u>\$ 348,879</u>	<u>\$ 348,879</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 COMPARED TO BUDGET
 GENERAL ASSISTANCE FUND
 FOR THE YEAR ENDED MARCH 31, 2012

	<u>REVENUES</u>	Actual	Original Budget	Final Budget
Property Taxes		\$ 429,226	\$ 435,000	\$ 435,000
TIF Rebate		-	6,000	6,000
Town Fund Transfer		-	75,000	75,000
Government Reimbursement		-	4,000	4,000
Interest on Investments		519	3,200	3,200
Miscellaneous Income		-	5,000	5,000
Total Revenues		<u>429,744</u>	<u>528,200</u>	<u>528,200</u>
	<u>EXPENDITURES</u>			
Administration		150,509	174,100	174,100
Contingencies		-	16,000	16,000
Home Relief		<u>306,510</u>	<u>443,500</u>	<u>443,500</u>
Total Expenditures		<u>457,019</u>	<u>633,600</u>	<u>633,600</u>
Excess Revenues over Expenditures		(27,275)	(105,400)	(105,400)
Beginning Fund Balance		<u>677,363</u>	<u>677,363</u>	<u>677,363</u>
Ending Fund Balance		<u>\$ 650,089</u>	<u>\$ 571,963</u>	<u>\$ 571,963</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF RICH
SCHEDULE OF TAX COLLECTIONS AND TAXES RECEIVABLE
YEAR ENDED MARCH 31, 2012

TAX YEAR	TAX LEVY	PRIOR COLLECTION	CURRENT COLLECTIONS (REFUNDS)	RESERVES AND WRITE OFFS	TOTAL COLLECTIONS RESERVES & W/O	PERCENT COLLECTED	GROSS RECEIVABLE 3/31/2011
2007	4,020,587	4,050,139	-	(29,552)	4,020,587	100%	-
2008	4,282,951	3,777,111	126,659	379,181	4,282,951	91%	-
2009	4,331,698	4,134,288	(40,602)	238,012	4,331,698	94%	-
2010	4,495,147	1,021,527	3,218,807	-	4,240,334	94%	254,813
2011	4,606,975		2,149,675	322,488	2,472,163		2,134,812
			<u>\$ 5,454,539</u>				<u>\$ 2,389,625</u>

Taxes Receivable By Fund

Town	1,879,239
Road and Bridge	251,446
General Assistance	258,940
	<u>\$ 2,389,625</u>

* Based on history of collections, approximately 94% of levy is ultimately collected. Therefore a 6% reserve for uncollectables established.

TOWNSHIP OF RICH
 SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS FOR
 TAX LEVY YEARS - 2000 TO 2011
 MARCH 31, 2012

Tax Levy Year	Equalized Assessed Valuation	Town Fund (%)	Road and Bridge Fund (%)	General Assistance Fund (%)
2000	\$ 949,797,602	0.2330	0.0338	0.0261
2001	\$ 979,706,063	0.2360	0.0349	0.0267
2002	\$ 1,166,566,284	0.2110	0.0310	0.0230
2003	\$ 1,183,131,824	0.2190	0.0330	0.0250
2004	\$ 1,251,712,002	0.2190	0.0330	0.0250
2005	\$ 1,458,297,304	0.1930	0.0580	0.0220
2006	\$ 1,527,863,091	0.1990	0.0570	0.0220
2007	\$ 1,634,385,703	0.1960	0.0560	0.0220
2008	\$ 1,784,563,016	0.1910	0.0540	0.0220
2009	\$ 1,798,391,031	0.1920	0.0550	0.0230
2010	\$ 1,793,522,220	0.2020	0.0580	0.0260
2011	\$ 1,754,191,952	0.2580	0.0740	0.0340

The notes to the financial statements are an integral part of this statement

TOWNSHIP OF RICH, ILLINOIS
SCHEDULE OF RETIREMENT FUND FUNDING PROGRESS
FOR THE ENDED MARCH 31, 2012

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)
12/31/11	3,365,257	4,863,960	1,498,703	69.19%	2,178,672	68.79%
12/31/10	3,434,496	4,739,813	1,305,317	72.46%	2,068,123	63.12%
12/31/09	3,065,627	4,372,413	1,306,786	70.11%	2,014,672	64.86%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,201,825. On a market basis, the funded ratio would be 65.83%.

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REPORT ON INTERNAL CONTROL STRUCTURE
BASED SOLELY ON THE UNDERSTANDING OBTAINED AND
CONTROL ASSESSMENT MADE AS PART OF AN AUDIT
OF THE FINANCIAL STATEMENTS

The Honorable Township Board of Trustees
Township of Rich
22013 Governors Highway
Richton Park, Illinois 60471

We have audited the financial statements of the Township of Rich; Illinois for the year ended March 31, 2012, and have issued our report thereon dated August 21, 2012.

We conducted our audit in accordance with generally accepted auditing standards and the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Board of the Township of Rich is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Township of Rich, Illinois for the year ended March 31, 2012, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. Finding

Several bank reconciliations for the Township contained various insignificant items which should have been reviewed and resolved.

Recommendation

Properly prepared monthly bank reconciliations should reconcile all transactions on the appropriate bank statements to the corresponding general ledger account. The client should investigate any outstanding items that remain uncleared and that appear unusual as to length outstanding and unresolved. Any adjustments to the bank reconciliations should be submitted for proper approval. All monthly bank reconciliations should be completed in a timely manner and reviewed periodically by the Township Administrator.

2. Finding

Each year the client is advised to post the audit adjustments resulting from the years' audit to insure that the client records agree with the audited financial statements. Except for one year, these adjusting journal entries have not been posted or posted incorrectly by the client. When these entries are not posted after each audit, client records will not reflect the correct balance in the accounts throughout the period. As a result, the auditor must consolidate and roll forward the audit entries each year to arrive at the correct beginning balances.

Recommendation

It is recommended that the year-end audit adjustments be posted timely and correctly by the client.

3. Finding

Personnel files do not contain current W-4 forms. Information contained within the personnel files does not agree with the withholding information as reported within the payroll report.

Recommendation

The Township should review and update W-4 forms for all employees.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Township Board of Trustees, and the cognizant audit agency. However, this report is a matter of public record and its distribution is not limited.


August 21, 2012

EUGENE C. VARNADO, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH THE
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

The Honorable Township Board of Trustees
Township of Rich
22013 Governors Highway
Richton, Illinois 60471

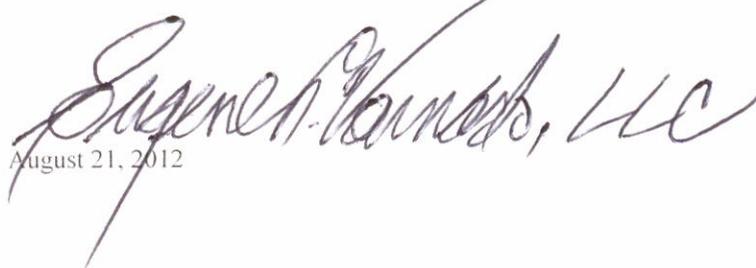
We have audited the financial statements of the Township of Rich, Illinois of and for the year ended March 31, 2012, and have issued our report thereon dated August 21, 2012.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free to material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Township of Rich, Illinois is the responsibility of the Township's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of objective of the township's compliance with certain provisions of laws, regulations, contract and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Township Board of Trustees, management and the cognizant audit agency. However, this report is a matter of public record and its distribution is not limited.


August 21, 2012