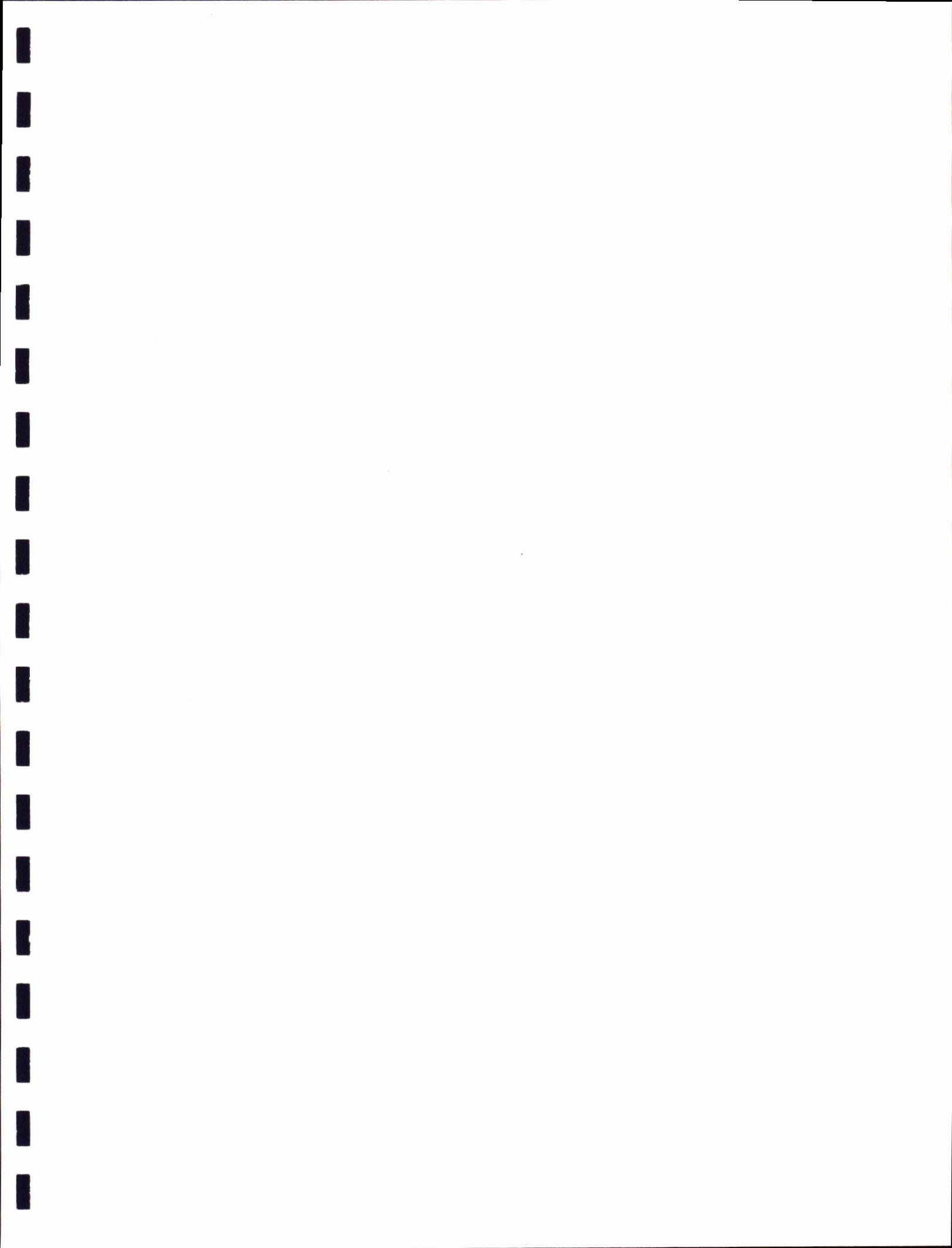


TOWNSHIP OF RICH, ILLINOIS  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2013  
(With Comparative Totals for 2012)



TOWNSHIP OF RICH, ILLINOIS  
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MARCH 31, 2013

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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, 2013, 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, 2013, 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, 2013

## 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, 2013. 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 (ICE). 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 60,621 passengers in 2012-2013, up from 58,295 passengers in 2011-2012, a four percent increase. Discounting the \$139,694 ICE Grant, the Transportation Department shows an increase of \$29,489 from last year's \$331,508 for a total of \$360,997; an eight percent increase in Transportation Income in fiscal year 2012-2013 compared to fiscal year 2011-2012 primarily due to more efficient scheduling.

During the 2012-2013 fiscal years, the staff of the township Assessor's office met with over 5,300 tax payers and fielded more than 1,180 telephone inquiries. These figures partially represent homeowners responding to the increase from 50 percent to 55 percent of the previous year's tax bill for the first installment bill for 2011 (payable in 2012), and also reflect the growing number of senior citizens eligible for exemptions. The Assessor's office filed approximately 1,956 exemption applications for the year 2012. Those exemptions included primes, which are for 1<sup>st</sup> time filers and renewals for Senior Freeze, Senior and Homeowners. The Assessor's Office also filed Certificate of Error applications for any taxpayers that missed the original filing dates and filed applications for Disabled Persons and Disabled Veterans.

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 902 families; up from 864 families last year, a 4% increase. These families include about 2,923 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 37% of food pantry clients are aged birth to 18. Last year the Pantry received \$83,961 in non-governmental donations and grants, of which approximately \$23,000 was the net proceeds of the annual Food Pantry Fashion Show.

The Township also continued to develop two newer programs, the Congregate Meals program and the 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 9,500 meals to 358 seniors at our Park Forest Senior Center site.

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.

Next year the program will be transformed into a Youth Employment Program (YEP), a component of the Community Violence Prevention Program. The focus of the revised program will be the development of the skills, knowledge and behaviors that promote employment opportunities.

#### 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 172 during FY 2012-2013, up from 162 cases during FY 2011-2012, a .06 percent increase.

Emergency Assistance was provided in 57 cases during FY2012-2013 down from 63 cases during the 2011-2012 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 General Assistance department emphasizes employment training and job placement. Thirty-three of our GA client group found employment last year, largely due to our computer training program.

The Department experienced a 10 percent increase in administrative costs, primarily due to a 13 percent increase in health insurance premiums and a 13 percent increase in home relief costs, primarily in the shelter and food expense categories. Administrative costs remained at 32 percent of total expenditures and Total Home Relief costs remained at 68%.

#### 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 Road District continued replacing old culverts and providing asphalt for various road projects, which improved the integrity, safety and load bearing capability of 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 \$2,362 to \$616,716, a .4 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 - 2001 to 2012 and lastly, a Schedule for Retirement Fund Funding Progress is presented.

### FORWARD-LOOKING

During the 2013-2014 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 Youth Employment Program. YEP is a state funded program implemented to create jobs and provide job skill training to youth and adults in the south suburban region.

We will implement new computer hardware and software programs in the General Assistance case management area and the Senior Service and Congregate Meals programs. We also plan to continue to invest in the ArcGIS mapping program, primarily in the Assessor's Office and the Transportation Department.

### 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, 2013**  
**With Comparative Totals for 2012**

<u>ASSETS</u>	<u>Governmental Activities</u>	
	<u>Total 2013</u>	<u>Total 2012</u>
Cash	\$ 3,819,389	\$ 4,317,290
Taxes Receivable	2,447,613	2,389,625
Prepaid Expenses	8,378	8,056
Security Deposits	5,700	5,700
Capital Assets		
Land	465,522	465,522
Other Capital Assets Net of Depreciation	1,285,668	1,362,875
<b>Total Assets</b>	<u>\$ 8,032,270</u>	<u>\$ 8,549,068</u>
 <u>LIABILITIES</u> 		
Accounts Payable	\$ 162,768	\$ 134,117
Replacement Tax Payable	14,224	16,430
Compensated Absences	531,798	492,256
<b>Total Liabilities</b>	<u>708,790</u>	<u>642,803</u>
 <u>NET ASSETS</u> 		
Investment in Capital Assets, Net of Related Debt Unrestricted	1,751,190	1,828,397
	5,572,290	6,077,868
<b>Total Net Assets</b>	<u>\$ 7,323,480</u>	<u>\$ 7,906,265</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, 2013  
With Comparative Totals for 2012

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net Revenue (Expense)	
		Charges For Services	Operating Grants	Capital Grants	Total 2013	Total 2012
<b>PRIMARY GOVERNMENT</b>						
Town Administration	\$ (953,641)	\$	57,528	\$	(896,113)	(818,072)
Assessor's Department	(296,805)				(296,805)	(285,456)
Clerk's Department	(110,410)	3,201			(107,209)	(104,762)
Finance Department	(336,424)				(336,424)	(320,768)
Transportation	(1,168,935)	355,211			(813,724)	(714,984)
ESDA	(77,442)				(77,442)	(67,539)
Youth & Family Services	(182,785)	166,997	-		(15,788)	(20,054)
Senior Services	(1,053,812)	104,735	328,392		(620,685)	(439,224)
Pantry/Donations	(545,245)	83,991			(461,254)	(422,455)
Economic Development	(1,305)				(1,305)	(1,858)
Old Plank Trail	(52,651)				(52,651)	(7,125)
Road Administration	(203,666)				(203,666)	(202,451)
Road Expenses	(393,501)	1,113			(392,389)	(410,214)
General Assistance Admin.	(167,534)				(167,534)	(150,509)
Building Operations	(286,112)				(286,112)	(240,355)
Social Services	(30,550)				(30,550)	-
Home Relief	(346,963)				(346,963)	(306,510)
Unallocated Depreciation	(118,379)				(118,379)	(118,806)
<b>Total Primary Government</b>	<b>\$ (6,326,162)</b>	<b>\$ 715,247</b>	<b>\$ 385,921</b>	<b>\$ -</b>	<b>\$ (5,224,994)</b>	<b>\$ (4,631,144)</b>
<b>General Revenues</b>						
Property Taxes					4,555,095	3,958,756
Personal Property Replacement Taxes					55,297	52,969
TIF Rebate					23,721	-
Interest on Investments					7,004	9,464
Miscellaneous Income					1,091	35
<b>Total General Revenues</b>					<b>4,642,208</b>	<b>4,021,224</b>
Change in Net Assets					(582,786)	(609,919)
<b>Net Assets Beginning</b>					<b>7,906,265</b>	<b>8,516,184</b>
<b>Net Assets Ending</b>					<b>\$ 7,323,480</b>	<b>\$ 7,906,265</b>

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

**TOWNSHIP OF RICH, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**MARCH 31, 2013**  
**With Comparative Totals for 2012**

<b>ASSETS</b>	Town Fund	Road District Fund	General Assistance Fund	Total 2013	Total 2012
Cash	\$ 3,218,802	\$ 216,647	\$ 383,940	\$ 3,819,389	\$ 4,317,290
Taxes Receivable	1,909,558	261,913	276,142	2,447,613	2,389,625
Prepaid Expenses	4,608	3,770	-	8,378	8,056
Security Deposits	5,700	-	-	5,700	5,700
<b>Total Assets</b>	<b>\$ 5,138,667</b>	<b>\$ 482,331</b>	<b>\$ 660,082</b>	<b>\$ 6,281,080</b>	<b>\$ 6,720,671</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 149,191	\$ 5,904	\$ 7,673	\$ 162,768	\$ 134,117
Replacement Taxes Payable	-	14,224	-	14,224	16,430
Compensated Absences	491,272	19,097	21,429	531,798	492,256
Custodial Health Insurance Account	-	-	-	-	-
<b>Total Liabilities</b>	<b>640,463</b>	<b>39,226</b>	<b>29,102</b>	<b>708,790</b>	<b>642,803</b>
<b>FUND BALANCES</b>					
General Fund-Unreserved	4,498,205			4,498,205	4,934,803
Special Revenue Fund-Reserved		443,105	630,981	1,074,086	1,143,065
<b>Total Fund Balances</b>	<b>4,498,205</b>	<b>443,105</b>	<b>630,981</b>	<b>5,572,290</b>	<b>6,077,867</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 5,138,667</b>	<b>\$ 482,331</b>	<b>\$ 660,082</b>	<b>\$ 6,281,080</b>	<b>\$ 6,720,671</b>

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, 2013

Total Fund Balance of Governmental Funds (page 9) \$ 5,572,290

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	1,266,564	
Less accumulated depreciation	<u>(1,872,923)</u>	
Net capital assets		<u>\$ 1,751,190</u>

Net Assets of Governmental Activities (page 7) \$ 7,323,480

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

**TOWNSHIP OF RICH, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEARS ENDED MARCH 31, 2013**  
**With Comparative Totals for 2012**

<u>REVENUES</u>	Town Fund	Road District Fund	General Assistance Fund	Total 2013	Total 2012
Property Taxes	\$ 3,538,921	\$ 523,496	\$ 492,679	\$ 4,555,095	\$ 3,958,756
Personal Property Replacement Taxes	24,643	30,654	-	55,297	52,969
TIF Rebate	18,659	2,679	2,383	23,721	-
Government Grants	57,528	-	-	57,528	3
Rental Income	21,300	-	-	21,300	26,100
In Home Services	25,339	-	-	25,339	22,045
Transportation Receipts	355,211	-	-	355,211	471,202
Passport Sales	3,201	-	-	3,201	1,834
Youth & Family Services	166,997	-	-	166,997	151,500
Senior Services	386,488	-	-	386,488	484,850
Donations	83,991	-	-	83,991	74,502
Interest on Investments	6,443	233	328	7,004	9,464
Circuit Court Fees	-	1,113	-	1,113	1,464
Insurance Reimbursement	-	-	-	-	-
Miscellaneous Income	-	1,091	-	1,091	35
Total Revenues	4,688,721	559,266	495,389	5,743,376	5,254,724
<u>EXPENDITURES</u>					
Administration	952,286	203,666	167,534	1,323,486	1,171,036
Assessor's Department	296,805	-	-	296,805	285,456
Clerk's Department	110,410	-	-	110,410	106,596
Finance Department	336,424	-	-	336,424	320,768
Transportation	1,168,935	-	-	1,168,935	1,186,185
ESDA	77,442	-	-	77,442	67,539
Youth & Family Services	182,785	-	-	182,785	171,554
Senior Services	1,053,812	-	-	1,053,812	972,219
Pantry/Donations	545,245	-	-	545,245	496,958
Economic Development	1,305	-	-	1,305	1,858
Old Plank Road	52,651	-	-	52,651	7,125
Maintenance	-	393,501	-	393,501	411,678
Home Relief	-	-	346,963	346,963	306,510
Building Operations	286,112	-	-	286,112	240,355
Contingencies	1,355	-	-	1,355	-
Social Services	30,550	-	-	30,550	-
Depreciation	105,418	12,961	-	118,379	118,806
Total Expenditures	5,201,536	610,128	514,497	6,326,162	5,864,642
Excess Revenues over Expenditures	(512,815)	(50,863)	(19,108)	(582,786)	(609,918)
Beginning Fund Balance	5,252,778	438,732	650,089	6,341,600	6,918,903
Ending Fund Balance	\$ 4,739,963	\$ 387,869	\$ 630,981	\$ 5,758,814	\$ 6,308,985

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, 2013

**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, 2013  
(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, 2013. 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, 2013  
(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, 2013  
 (Continued)

**A. Summary of Significant Accounting Policies (Continued):**

(10) Capital Assets (Continued)

Capital asset activity for the year ended March 31, 2013 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>1,225,391</u>	<u>41,172</u>		<u>1,266,563</u>
Totals at Historical Cost	3,582,940	41,172	-	3,624,112
Less Accumulated Depreciation				
Buildings	(554,627)	(20,024)		(574,650)
Improvements	(310,123)	(45,554)		(355,678)
Equipment	<u>(889,794)</u>	<u>(52,802)</u>		<u>(942,596)</u>
Total Accumulated Depreciation	<u>(1,754,544)</u>	<u>(118,380)</u>	-	<u>(1,872,924)</u>
Governmental Activities Capital Assets - net	<u>\$ 1,828,396</u>	<u>\$ (77,208)</u>	<u>\$ -</u>	<u>\$ 1,751,188</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	5,366
Unallocated	22,899
Youth Group	2,873
Congregate Meals	443
Town Administration	57,983
Total Depreciation Expense	<u>\$ 118,380</u>

TOWNSHIP OF RICH, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE ENDED MARCH 31, 2013  
 (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, 2013 are as follows:

Tax Year	Town Fund	Road District	General Assistance	Total
2012	\$ 1,849,464	\$ 260,318	\$ 260,073	\$ 2,369,855
2011	\$ 60,094	\$ 1,595	\$ 16,068	\$ 77,759
	<u>\$ 1,909,558</u>	<u>\$ 261,913</u>	<u>\$ 276,142</u>	<u>\$ 2,447,614</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 \$14,224. 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, 2013  
(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](http://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 2012 was 11.92%. 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, 2012 the Township's annual pension cost of \$271,366 was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2010 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, 2010 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 73.42 percent funded. The actuarial liability for benefits was \$5,352,944 and the actuarial value of assets was \$3,930,369, resulting in an underfunded actuarial liability (UAAL) of \$1,422,575. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$2,276,564 and the ratio of the UAAL to the covered payroll was 62 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, 2013

F. Pension and Retirement Fund Commitments (Continued):

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 271,366	100%	\$ -
12/31/11	\$ 259,698	100%	-
12/31/10	247,141	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, 2012 to March 31, 2013, were \$63,122 which included adjustments for operating hours. The grant is currently extended to December 2013.

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 \$114,894 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, 2013  
(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, 2012 thru June 30, 2013 in the amount of \$334,565. Total federal grant receipts from July 1, 2012 to June 30, 2013 were \$334,565. During this period approximately 65 volunteers served approximately 145 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 and 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, 2013 are:

	<u>Available</u>
Vacation Days*	966.21
Personal and Sick Days*	1,069.70
Major Medical Days*	1,179.54
	3,215.45 days    \$ 531,798

\*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, 2013**

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 3,538,921	\$ 3,800,000	\$ 3,800,000
Personal Property Replacement Taxes	24,643	30,000	30,000
Government Grants	57,528	105,000	105,000
TIF Rebate	18,659	40,000	40,000
Rental Income	21,300	10,000	10,000
In Home Services	25,339	25,000	25,000
Transportation Receipts	355,211	460,000	460,000
Passport Sales	3,201	3,000	3,000
Youth & Family Services	166,997	-	-
Senior Services	386,488	548,500	548,500
Donations	83,991	102,600	102,600
Interest on Investments	6,443	18,000	18,000
Insurance Reimbursement	-	5,000	5,000
Miscellaneous Income	-	10,000	10,000
Total Revenues	4,688,721	5,157,100	5,157,100
<u>EXPENDITURES</u>			
Administration	952,286	1,324,140	1,324,640
Finance	336,424	397,000	399,500
Assessor's Department	296,805	358,300	358,300
Clerk's Department	110,410	126,200	126,200
Transportation	1,168,935	1,401,000	1,401,000
ESDA	77,442	131,000	131,000
Youth & Family Services	182,785	280,182	280,182
Senior Programs	1,053,812	1,086,750	1,086,750
Building Operations	286,112	373,500	374,500
Food Pantry	545,245	436,000	439,000
Economic Development	1,305	5,000	5,000
Old Plank Road	52,651	55,000	55,000
Contingencies	1,355	54,500	47,500
Social Services	30,550	50,000	50,000
Depreciation	105,418	-	-
Total Expenditures	5,201,536	6,078,572	6,078,572
Excess Revenues over Expenditures	(512,815)	(921,472)	(921,472)
Beginning Fund Balance	5,252,778	5,252,778	5,252,778

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, 2013**

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 523,496	\$ 525,000	\$ 525,000
Personal Property Replacement Taxes	30,654	30,000	30,000
TIF Rebate	2,679	5,000	5,000
Governmental Grants	-	1,500	1,500
Interest on Investments	233	1,500	1,500
Circuit Court Fees	1,113	2,500	2,500
Miscellaneous Income	1,091	1,000	1,000
Total Revenues	<u>559,266</u>	<u>566,500</u>	<u>566,500</u>
<u>EXPENDITURES</u>			
Administration	203,666	330,100	329,600
Maintenance of Road	393,501	435,800	436,300
Depreciation	12,961	-	-
Total Expenditures	<u>610,128</u>	<u>765,900</u>	<u>765,900</u>
Excess Revenues over Expenditures	(50,863)	(199,400)	(199,400)
Beginning Fund Balance	438,732	438,732	438,732
Ending Fund Balance	<u>\$ 387,869</u>	<u>\$ 239,332</u>	<u>\$ 239,332</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, 2013**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>			
Property Taxes	\$ 492,679	\$ 480,000	\$ 480,000
TIF Rebate	2,383	6,000	6,000
Town Fund Transfer	-	75,000	75,000
Government Reimbursement	-	4,000	4,000
Interest on Investments	328	1,200	1,200
Total Revenues	<u>495,389</u>	<u>566,200</u>	<u>566,200</u>
<u>EXPENDITURES</u>			
Administration	167,534	192,800	192,800
Contingencies	-	9,000	9,000
Home Relief	346,963	438,500	438,500
Total Expenditures	<u>514,497</u>	<u>640,300</u>	<u>640,300</u>
Excess Revenues over Expenditures	(19,108)	(74,100)	(74,100)
Beginning Fund Balance	<u>650,089</u>	<u>650,089</u>	<u>650,089</u>
Ending Fund Balance	<u>\$ 630,981</u>	<u>\$ 575,989</u>	<u>\$ 575,989</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, 2013

TAX YEAR	TAX LEVY	PRIOR COLLECTION	CURRENT COLLECTIONS (REFUNDS)	RESERVES AND WRITE OFFS	TOTAL COLLECTIONS RESERVES & W/O	PERCENT COLLECTED	GROSS RECEIVABLE 3/31/2013
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	4,240,334	87,094	167,719	4,495,147	96%	-
2011	4,606,975	2,149,675	2,215,148	164,394	4,529,217	94%	77,758
2012	4,774,789		2,218,480	186,453	2,404,933	46%	2,369,856
			<u>\$ 2,388,299</u>				<u>\$ 2,447,614</u>

Taxes Receivable By Fund

Town	1,909,558
Road and Bridge	261,913
General Assistance	276,143
	<u>\$ 2,447,614</u>

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

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

TOWNSHIP OF RICH  
 SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS FOR  
 TAX LEVY YEARS - 2001 TO 2012  
 MARCH 31, 2013

Tax Levy Year	Equalized Assessed Valuation	Town Fund (%)	Road and Bridge Fund (%)	General Assistance Fund (%)
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
2012	\$ 1,409,010,942	0.2920	0.0850	0.0390

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, 2013

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)
12/31/12	3,930,369	5,352,944	1,422,575	73.42%	2,276,564	62.94%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$4,059,572. On a market basis, the funded ratio would be 75.84%.

**EUGENE C. VARNADO, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2013, and have issued our report thereon dated August 21, 2013.

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, 2013, 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.

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, 2013

**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, 2013, and have issued our report thereon dated August 21, 2013.

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 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, 2013

