

TOWNSHIP OF RICH, ILLINOIS  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016  
(With Comparative Totals for 2015)



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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rich, Illinois, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township of Rich, Illinois' basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rich, Illinois, as of March 31, 2016, and the respective changes in financial position, and, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note F, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages **26-28** be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2016 on our consideration of the Township of Rich, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Rich, Illinois' internal control over financial reporting and compliance.



South Holland, Illinois  
July 16, 2016

## 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, 2016. This Management Discussion and Analysis report is to be read in conjunction with the Township's financial statements.

### Financial Highlights

#### Town Fund:

As of December 31, 2014 the plan was 76.73 percent funded. The Actuarial accrued liability for benefits was \$6,449,819 and the actuarial value of assets was 4,949,043 resulting in an underfunded actuarial accrued liability of \$1,500,776.

As of December 31, 2015 the Rich Township Illinois Municipal Retirement (IMRF) plan was 80.08 percent funded. The actuarial accrued liability for benefits was \$5,602,465 and the actuarial value of assets was \$4,486,363, resulting in an underfunded actuarial accrued liability of \$1,116,102.

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 32,892 passengers in 2015-2016 which decreased from 60,621 passengers in 2014-2015, a reduction of 46%. The transportation department is highly subsidized by Rich Township. The reduction in ridership was the result of the consolidation/reduction of routes driven which was the direct result of the loss of five full time drivers resulting from retirement. Routes were also reduced to reduce expenses in anticipation of a decrease in revenues from property taxes. Revenues were \$247,145 reflecting an 11% decrease, while expenses were \$925,706.00 reflecting a 29% decrease.

During the 2015-2016 fiscal years, the staff of the township Assessor's office met with over 5,800 tax payers which increased from previous year by 11 percent, and fielded more than 1,800 telephone inquiries. This figure also reflects the growing number of senior citizens eligible for exemptions. Those exemptions included primes, which are for 1<sup>st</sup> time filers and for Senior Freeze renewals, as well as seniors 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 an average of 9,143 families, which included about 29,544 individuals. The Pantry augments their services by securing non-tax revenues for its operations. The annual Food Pantry Fashion Show raised approximately \$26,000.

The Youth Employment Program (YEP) a component of the Community Violence Prevention Program was abolished in 2014. This was a state funded program that was discontinued.

The Congregate Meals program is a joint venture between the Township, and Age Options to provide nutritious, balanced meals to seniors at the Rich Township Senior Cafe'. Last year the Township served approximately 8,670 meals to 453 seniors at Shirley J. Green Senior Center in Park Forest. This program was also eliminated due to lack of funding.

#### 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 program is viewed as a representation of the economic hardship in our township.

The total monthly average of General Assistance cases was 160 during FY 2015-2016, reduced from 170 cases during FY 2014-2015, a .06 percent decrease.

Emergency Assistance was provided in 118 cases during FY2015-2016 which remained the same from 2014-2015. 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 expenditures totaled \$241,000. Given the level of training, work experience and transient nature of employment for many GA clients, they tend to transition on and off General Assistance.

#### 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 FY 2015-2016 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 Road 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 fluctuating gas and oil costs during FY 2015-2016, the Road District reduced overall expenses by \$1401 to \$561,452.

#### 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 60 senior volunteers provided over 60,000 hours of interaction with infirm seniors over the course of the past fiscal year. The senior companion program is funded in part by a federal grant that provides the majority of the funding; contributing nearly \$312,951.67 while, the township provides personnel and related support. In the past year, 145 clients were provided services.

#### 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, 2016 for the Town Fund, Road Fund, and General Assistance Fund. The Schedule of Tax Collections and Taxes Receivable for Year Ended March 31, 2016 is presented, followed by a Schedule of Valuations, Rates and Extensions for Tax Levy Years – 2004 to 2015 and lastly, a Schedule for Retirement Fund Funding Progress is presented.

## FORWARD-LOOKING

During the 2016-2017 fiscal years, Rich Township will discontinue the Rich Township Senior Companion program. The Senior Companion Program is subsidized by Rich Township. As a result of the continued decrease in revenues from property taxes that the Township has received: Rich Township will no longer be able to subsidize the Senior Companion Program.

We have implemented new computer hardware and software programs in the General Assistance case management area and are installing new computer hardware and software in the Senior Service program. 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 POSITION**  
**MARCH 31, 2016**  
**With Comparative Totals for 2015**

<u>ASSETS</u>	<u>Governmental Activities</u>	
	<u>Total 2016</u>	<u>Total 2015</u>
Cash	\$ 1,922,152	\$ 2,012,844
Taxes Receivable	2,086,642	2,113,279
Prepaid Expenses	8,629	8,378
Security Deposits	5,700	5,700
Capital Assets		
Land	465,522	465,522
Other Capital Assets Net of Depreciation	1,083,429	1,183,390
<b>Total Assets</b>	<u>\$ 5,572,075</u>	<u>\$ 5,789,113</u>
 <b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>  		
Pension-IMRF	<u>391,011</u>	<u>-</u>
<b>Total Deferred Outflow of Resources</b>	<u>391,011</u>	<u>-</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 5,963,085</u>	<u>\$ 5,789,113</u>

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

**TOWNSHIP OF RICH**  
**STATEMENT OF NET POSITION (Continued)**  
**MARCH 31, 2016**  
**With Comparative Totals for 2015**

<u>LIABILITIES</u>	<u>Governmental Activities</u>	
	Total 2016	Total 2015
Accounts Payable	\$ 112,069	\$ 117,345
Replacement Tax Payable	17,225	15,578
Compensated Absences	395,153	480,763
Non Current Liabilities		
Due Within One Year	306,271	-
Due in More Than One Year	978,964	-
<b>Total Liabilities</b>	<b>1,809,682</b>	<b>613,686</b>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension-IMRF	257,139	-
<b>Total Deferred Inflow of Resources</b>	<b>257,139</b>	<b>-</b>
<b>Total Liabilities and Deferred Intflow of Resources</b>	<b>2,066,821</b>	<b>613,686</b>
<u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	1,548,951	1,648,912
Unrestricted	2,347,314	3,526,515
<b>Total Net Position</b>	<b>\$ 3,896,265</b>	<b>\$ 5,175,427</b>

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, 2016**  
 With Comparative Totals for 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			Net Revenue (Expense)	
	Charges For Services	Operating Grants	Capital Grants	Total 2016	Total 2015
<b>PRIMARY GOVERNMENT</b>					
Town Administration	\$ (788,041)	\$ -		\$ (788,041)	\$ (966,052)
Assessor's Department	(220,769)			(220,769)	(277,389)
Clerk's Department	(111,038)	950		(110,088)	(121,695)
Finance Department	(233,286)			(233,286)	(418,511)
Transportation	(912,862)	247,145		(665,717)	(884,515)
ESDA	(72,746)			(72,746)	(64,389)
Youth & Family Services	(80,063)	70		(79,993)	(54,086)
Senior Services	(1,081,214)	277,635		(709,206)	(706,563)
Pantry/Donations	(361,472)	62,969		(298,504)	(409,021)
Economic Development	(600)			(600)	(1,400)
Old Plank Trail	(3,730)			(3,730)	(1,463)
Road Administration	(214,418)			(214,418)	(228,580)
Road Expenses	(348,694)	1,818		(346,875)	(334,192)
General Assistance Admin.	(308,839)			(308,839)	(199,355)
Building Operations	(166,890)			(166,890)	(253,854)
Social Services	(11,625)			(11,625)	(33,438)
Home Relief	(252,981)			(252,981)	(280,520)
Unallocated Depreciation	-			-	(128,866)
<b>Total Primary Government</b>	<b>\$ (5,169,269)</b>	<b>\$ 407,256</b>	<b>\$ 277,705</b>	<b>\$ (4,484,308)</b>	<b>\$ (5,363,890)</b>
<b>General Revenues</b>					
Property Taxes				4,235,719	4,194,760
Personal Property Replacement Taxes				54,506	56,417
Interest on Investments				1,389	1,680
Miscellaneous Income				4,102	2,301
<b>Total General Revenues</b>				<b>4,295,716</b>	<b>4,255,158</b>
Change in Net Assets				(188,593)	(1,108,731)
<b>Net Assets Beginning as previously reported</b>				5,175,427	6,284,158
<b>Adjustment for GASB 68- IMRF (Note F)</b>				(978,964)	-
<b>Adjustment for investment in capital assets (Note I)</b>				(111,606)	-
<b>Beginning net assets as adjusted</b>				4,084,857	6,284,158
<b>Net Assets Ending</b>				<b>\$ 3,896,265</b>	<b>\$ 5,175,427</b>

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

**TOWNSHIP OF RICH, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2016  
With Comparative Totals for 2015**

<u>ASSETS</u>	Town Fund	Road District Fund	General Assistance Fund	Total 2016	Total 2015
Cash	\$ 1,287,035	\$ 260,294	\$ 374,823	\$ 1,922,152	\$ 2,012,844
Taxes Receivable	1,520,714	286,115	279,813	2,086,642	2,113,279
Prepaid Expenses	4,746	3,883	-	8,629	8,378
Security Deposits	5,700	-	-	5,700	5,700
<b>Total Assets</b>	<u>\$ 2,818,196</u>	<u>\$ 550,292</u>	<u>\$ 654,636</u>	<u>\$ 4,023,124</u>	<u>\$ 4,140,201</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension IMRF	\$ 391,011	-	-	391,011	-
<b>Total Deferred Outflow of Resource:</b>	<u>391,011</u>	<u>-</u>	<u>-</u>	<u>391,011</u>	<u>-</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 3,209,206</u>	<u>550,292</u>	<u>654,636</u>	<u>4,414,135</u>	<u>\$ 4,140,201</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 100,323	\$ 6,496	\$ 5,250	\$ 112,069	\$ 117,345
Replacement Taxes Payable	-	17,225	-	17,225	15,578
Compensated Absences	358,248	17,334	19,571	395,153	480,763
IMRF Pension Liability	306,271	-	-	306,271	-
<b>Total Liabilities</b>	<u>\$ 764,841</u>	<u>\$ 41,055</u>	<u>\$ 24,821</u>	<u>830,718</u>	<u>613,686</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension IMRF	\$ 257,139	-	-	\$ 257,139	\$ -
<b>Total Deferred Inflow of Resources</b>	<u>257,139</u>	<u>-</u>	<u>-</u>	<u>257,139</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>\$ 1,021,980</u>	<u>\$ 41,055</u>	<u>\$ 24,821</u>	<u>\$ 1,087,857</u>	<u>\$ 613,686</u>
<b>FUND BALANCES</b>					
General Fund-Unreserved	2,187,226			2,187,226	2,396,822
Special Revenue Fund-Reserved		509,237	629,815	1,139,052	1,129,694
<b>Total Fund Balances</b>	<u>2,187,226</u>	<u>509,237</u>	<u>629,815</u>	<u>3,326,278</u>	<u>3,526,516</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 3,209,206</u>	<u>\$ 550,292</u>	<u>\$ 654,636</u>	<u>\$ 4,414,135</u>	<u>\$ 4,140,201</u>

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, 2016**

Total Fund Balance of Governmental Funds (page 11)		\$ 3,326,278
<p>Amounts reported for Governmental Activities  in the Statement of Net Assets are different  because of the following:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities are not  financial resources and therefore are not reported  in governmental funds. These assets consists of:</p>		
Capital assets		
Land	465,522	
Buildings	980,940	
Improvements	939,712	
Equipment	1,419,476	
Less accumulated depreciation	<u>(2,256,699)</u>	
Net capital assets		\$ 1,548,951
Recognition of GASB 68 pension liability.		(978,964)
Net Assets of Governmental Activities (page 9)		<u>\$ 3,896,265</u>

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, 2016**  
**With Comparative Totals for 2015**

<u>REVENUES</u>	Town Fund	Road District Fund	General Assistance Fund	Total 2016	Total 2015
Property Taxes	\$ 3,139,913	\$ 564,537	\$ 531,269	\$ 4,235,719	\$ 4,194,760
Personal Property Replacement Taxes	23,485	31,021	-	54,506	56,417
TIF Rebate	-	-	-	-	-
Government Grants	-	-	-	-	-
Rental Income	18,100	-	-	18,100	21,140
In Home Services	22,885	-	-	22,885	23,955
Transportation Receipts	247,145	-	-	247,145	286,723
Passport Sales	950	-	-	950	1,371
Youth & Family Services	70	-	-	70	166,919
Senior Services	331,023	-	-	331,023	365,868
Donations	62,969	-	-	62,969	57,677
Interest on Investments	898	186	305	1,389	1,680
Circuit Court Fees	-	1,818	-	1,818	1,143
Insurance Reimbursement	828	-	-	828	231
Miscellaneous Income	1,787	1,477	11	3,274	2,070
Total Revenues	3,850,052	599,039	531,584	4,980,676	5,179,953
<u>EXPENDITURES</u>					
Administration	788,041	214,418	308,839	1,311,298	1,393,987
Assessor's Department	220,769	-	-	220,769	277,389
Clerk's Department	111,038	-	-	111,038	123,066
Finance Department	233,286	-	-	233,286	418,511
Transportation	912,862	-	-	912,862	1,171,238
ESDA	72,746	-	-	72,746	64,389
Youth & Family Services	80,063	-	-	80,063	221,005
Senior Services	1,081,214	-	-	1,081,214	1,117,526
Pantry/Donations	361,472	-	-	361,472	466,697
Economic Development	600	-	-	600	1,400
Old Plank Road	3,730	-	-	3,730	1,463
Maintenance	-	348,694	-	348,694	335,335
Home Relief	-	-	252,981	252,981	280,520
Building Operations	166,890	-	-	166,890	253,854
Contingencies	-	-	-	-	-
Social Services	11,625	-	-	11,625	33,438
Depreciation	-	-	-	-	128,866
Total Expenditures	4,044,336	563,112	561,820	5,169,269	6,288,685
Excess Revenues over Expenditures	(194,284)	35,927	(30,236)	(188,593)	(1,108,732)
Beginning Fund Balance, as previously reported	2,542,383	412,346	660,050	3,614,781	4,723,513
Adjustment (Note I)	(261,752)	60,964	-	(200,788)	-
Adjusted Beginning Fund Balance	1,301,667	473,310	660,050	2,435,027	4,723,513
Ending Fund Balance	\$ 1,107,383	\$ 509,237	\$ 629,815	\$ 2,246,435	\$ 3,614,781

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, 2016

**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.

The Village of Richton Park is 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 is 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, 2016  
(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 and additions are recorded when earned and available for use, defined as reasonably considered collectible within sixty (60) days. Expenses and deductions 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, 2016. 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, 2016  
(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 historical cost if purchased or constructed. 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

(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.

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016  
(Continued)

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

(10) Capital Assets (Continued)

Capital asset activity for the year ended March 31, 2016 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	939,713			939,713
Equipment	<u>1,390,913</u>	<u>28,564</u>		<u>1,419,477</u>
Totals at Historical Cost	3,777,088	28,564	-	3,805,652
Less Accumulated Depreciation				
Buildings	(614,698)	(20,024)		(634,722)
Improvements	(448,218)	(46,986)		(495,204)
Equipment	<u>(1,065,260)</u>	<u>(61,516)</u>		<u>(1,126,776)</u>
Total Accumulated Depreciation	<u>(2,128,176)</u>	<u>(128,526)</u>	-	<u>(2,256,702)</u>
Governmental Activities Capital Assets - net	<u>\$ 1,648,912</u>	<u>\$ (99,962)</u>	<u>\$ -</u>	<u>\$ 1,548,950</u>

Depreciation expense was charged to governmental functions as follows:

ESDA	\$ 2,400
Transportation	8,024
Senior Services	5,392
Pantry/Donations	-
Road Administration	7,595
Road Expense	16,719
Youth Group	1,437
Congregate Meals	443
General Assistance	3,667
Town Administration	59,414
Unallocated	23,434
Total Depreciation Expense	<u>\$ 128,526</u>

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

12) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**B. Taxes Receivable**

Taxes receivable as of March 31, 2016 are as follows:

Tax Year	Town Fund	Road District	General Assistance	Total
2015	\$ 1,473,192	\$ 281,393	\$ 277,725	\$ 2,032,310
2014	\$ 47,522	\$ 4,722	\$ 2,089	\$ 54,332
	<u>\$ 1,520,714</u>	<u>\$ 286,115</u>	<u>\$ 279,813</u>	<u>\$ 2,086,642</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 \$17,225. This amount is shown as "Replacement Tax Payable" on the balance sheet.

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

**E. Deferred Compensation:**

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

Benefits Provided

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

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

**F. Pension and Retirement Fund Commitments continued:**

Contributions

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 2015 was 11.25%. For the fiscal year ended March 31, 2016, the Township contributed \$350,428. 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.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	46
Inactive Plan Members entitled to but not yet receiving benefits	25
Active Plan Members	48
<b>Total</b>	<b>119</b>

Net Pension Liability

As of December 31, 2015, the most recent actuarial valuation date, the Township's Regular plan was 87.01 percent funded. The actuarial liability for benefits was \$9,896,902 and the actuarial value of assets was \$8,611,667, resulting in a net pension liability (NPL) of \$1,285,235. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$2,232,785 and the ratio of the NPL to the covered payroll was 57.56 percent.

Actuarial Assumptions-Net Pension Liability

The Township's net pension liability as measured as December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2015
Actuarial Valuation Method	Entry-Age Normal
Assumption Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.47%
Cost of Living Adjustment	3.50%
Asset Valuation Method	Market Value

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
 (Continued)

**F. Pension and Retirement Fund Commitments continued:**

The retirement age is an experience-based table of rates that are specific to the type of eligibility condition. It was last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality for non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014(base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

There were no benefit changes for the year. A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 *Illinois Municipal Retirement Fund annual actuarial valuation report*.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

**F. Pension and Retirement Fund Commitments continued:**

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Changes in the Net Pension Liability-

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 9,630,010	\$ 8,651,046	\$ 978,964
<b>Changes for the year:</b>			
Service Cost	280,934	-	280,934
Interest on the Total Pension Liability	716,455	-	716,455
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(357,022)	-	(357,022)
Changes of Assumptions	10,930	-	10,930
Contributions - Employer	-	306,067	(306,067)
Contributions - Employees	-	99,627	(99,627)
Net Investment Income	-	43,308	(43,308)
Benefit Payments, including Refunds of Employee Contributions	(384,405)	(384,405)	-
Other (Net Transfer)	-	(103,976)	103,976
Net Changes	<u>266,892</u>	<u>(39,379)</u>	<u>227,513</u>
<b>Balances at December 31, 2015</b>	<u>\$ 9,896,902</u>	<u>\$ 8,611,667</u>	<u>\$ 1,285,235</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.47%)	Current Discount Rate (7.47%)	1% Higher (8.47%)
Net Pension Liability	\$ 2,647,955	\$ 1,285,235	\$ 298,881

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

**F. Pension and Retirement Fund Commitments continued:**

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2016 the EMPLOYER recognized pension expense of \$379,669. At March 31, 2016, the EMPLOYER reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 257,139
Changes of assumptions	7,872	-
Net difference between projected and actual earnings on pension plan investments	<u>481,936</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>489,808</u>	<u>257,139</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>98,797</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 391,011</u></b>	<b><u>\$ 257,139</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>	<b>Net Deferred Inflows of Resources</b>
2016	\$ 23,659	\$ -
2017	23,659	-
2018	64,867	-
2019	120,484	-
2020	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<b><u>\$ 232,669</u></b>	<b><u>\$ -</u></b>

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
(Continued)

**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, 2015 to March 31, 2016, were \$49,167 which included adjustments for operating hours. The grant is currently extended to December 2016.

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 \$82,920 in reimbursements from the Village of Park Forest for the Jolly Trolley services.

**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, 2015 thru June 30, 2016 in the amount of \$321,183. Total federal grant receipts from July 1, 2015 to June 30, 2016 were \$319,024. During this period approximately 60 volunteers served approximately 140 clients. Senior Companions will provide approximately 60,000 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.

TOWNSHIP OF RICH, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE ENDED MARCH 31, 2016  
 (Continued)

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 personal and sick days. The Major Medical Days plan allows 4 days per year to each employee's date of employment and may be accumulated with no limitations. These days may be added into years of service if employee retirees while still employed by the Township. Earned and unused benefits at March 31, 2016 are:

	Available	
Vacation Days*	626.00	
Personal and Sick Days*	712.76	
Major Medical Days*	945.04	
	2,283.80	days    \$    395,153

\*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.

J. Fund Balance Adjustment

The beginning fund balances for the Town and Road District Fund were adjusted for a total reduction of \$200,788; for investment in capital assets not previously reflected.

**TOWNSHIP OF RICH, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**COMPARED TO BUDGET**  
**TOWN FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 3,139,913	\$ 3,577,199	\$ 3,577,199
Personal Property Replacement Taxes	23,485	-	-
Government Grants	-	5,000	5,000
TIF Rebate	-	15,000	15,000
Rental Income	18,100	22,000	22,000
In Home Services	22,885	30,000	30,000
Transportation Receipts	247,145	300,000	300,000
Passport Sales	950	2,000	2,000
Youth & Family Services	70	2,000	2,000
Senior Services	331,023	495,000	495,000
Donations	62,969	80,000	80,000
Interest on Investments	898	5,400	5,400
Insurance Reimbursement	828	1,000	1,000
Miscellaneous Income	1,787	7,000	7,000
Total Revenues	3,850,052	4,541,599	4,541,599
<u>EXPENDITURES</u>			
Administration	788,041	1,014,000	1,014,500
Finance	233,286	452,000	454,500
Assessor's Department	220,769	316,300	316,300
Clerk's Department	111,038	144,200	144,200
Transportation	912,862	1,273,000	1,273,000
ESDA	72,746	97,000	97,000
Youth & Family Services	80,063	237,135	237,135
Senior Programs	1,081,214	1,182,900	1,182,900
Building Operations	166,890	261,000	262,000
Food Pantry	361,472	491,000	494,000
Economic Development	600	2,000	2,000
Old Plank Road	3,730	20,000	20,000
Contingencies	-	175,000	168,000
Social Services	11,625	50,000	50,000
Depreciation	-	-	-
Total Expenditures	4,044,336	5,715,535	5,715,535
Excess Revenues over Expenditures	(194,284)	(1,173,936)	(1,173,936)
Beginning Fund Balance, as previously reported	2,542,383	2,542,383	2,542,383
Adjustment (Note J )	(261,752)	(261,752)	(261,752)
Adjusted Beginning Fund Balance	1,301,667	1,301,667	1,301,667
Ending Fund Balance	\$ 1,107,383	\$ 127,731	\$ 127,731

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, 2016**

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 564,537	\$ 575,000	\$ 575,000
Personal Property Replacement Taxes	31,021	-	-
TIF Rebate	-	5,000	5,000
Governmental Grants	-	1,000	1,000
Interest on Investments	186	600	600
Circuit Court Fees	1,818	4,000	4,000
Miscellaneous Income	1,477	1,000	1,000
Total Revenues	<u>599,039</u>	<u>586,600</u>	<u>586,600</u>
<u>EXPENDITURES</u>			
Administration	214,418	304,100	303,600
Maintenance of Road	<u>348,694</u>	<u>417,500</u>	<u>418,000</u>
Total Expenditures	<u>563,112</u>	<u>721,600</u>	<u>721,600</u>
Excess Revenues over Expenditures	35,927	(135,000)	(135,000)
Beginning Fund Balance, as previously reported	412,346	412,346	412,346
Adjustment	<u>60,964</u>	<u>60,964</u>	<u>60,964</u>
Adjusted Beginning Fund Balance	<u>473,310</u>	<u>473,310</u>	<u>473,310</u>
Ending Fund Balance	<u>\$ 509,237</u>	<u>\$ 338,310</u>	<u>\$ 338,310</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, 2016**

<u>REVENUES</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>
Property Taxes	\$ 531,269	\$ 510,000	\$ 510,000
TIF Rebate	-	5,000	5,000
Town Fund Transfer	-	-	-
Government Reimbursement	-	1,000	1,000
Interest on Investments	305	850	850
Miscellaneous	11	2,000	2,000
Total Revenues	<u>531,584</u>	<u>518,850</u>	<u>518,850</u>
<u>EXPENDITURES</u>			
Administration	308,839	248,500	248,500
Contingencies	-	14,000	14,000
Home Relief	252,981	403,000	403,000
Depreciation	-	-	-
Total Expenditures	<u>561,820</u>	<u>665,500</u>	<u>665,500</u>
Excess Revenues over Expenditures	(30,236)	(146,650)	(146,650)
Beginning Fund Balance	<u>660,050</u>	<u>660,050</u>	<u>660,050</u>
Ending Fund Balance	<u>\$ 629,815</u>	<u>\$ 513,400</u>	<u>\$ 513,400</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, 2016

TAX YEAR	TAX LEVY	PRIOR COLLECTION	CURRENT COLLECTIONS (REFUNDS)	RESERVES AND WRITE OFFS	TOTAL COLLECTIONS RESERVES & W/O	PERCENT COLLECTED	GROSS RECEIVABLE 3/31/2016
2011	4,606,975	4,364,821	15,972	226,182	4,606,975	96%	-
2012	4,774,789	4,520,340	(33,425)	287,874	4,774,789	95%	-
2013	4,671,540	4,479,021	(10,871)	203,390	4,671,540	96%	-
2014	4,479,852	2,111,299	2,127,029	187,192	4,425,520	95%	54,332
2015	4,364,129		2,141,310	190,509	2,331,819	49%	2,032,310
			<u>\$ 4,240,015</u>				<u>\$ 2,086,642</u>

Taxes Receivable By Fund

Town	1,520,714
Road and Bridge	286,115
General Assistance	279,813
	<u>\$ 2,086,642</u>

\* Based on history of collections, approximately 95% to 96% of levy is ultimately collected. Therefore a 4% to 5% reserve for uncollectables established.

TOWNSHIP OF RICH  
 SCHEDULE OF VALUATIONS, RATES AND EXTENSIONS FOR  
 TAX LEVY YEARS - 2004 TO 2015  
 MARCH 31, 2016

Tax Levy Year	Equalized Assessed Valuation	Town Fund (%)	Road and Bridge Fund (%)	General Assistance Fund (%)
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
2013	\$ 1,176,710,303	0.3040	0.0940	0.0460
2014	\$ 1,118,564,844	0.3020	0.1010	0.0480
2015	\$ 1,088,311,177	0.2960	0.1060	0.0520

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

TOWNSHIP OF RICH, ILLINOIS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
FOR THE ENDED MARCH 31, 2016

Calendar Year Ended December 31,	<u><b>2015</b></u>
<b>Total Pension Liability</b>	
Service Cost	\$ 280,934
Interest on the Total Pension Liability	716,455
Changes of Benefit Terms	-
Differences between Expected and Actual Experience of the Total Pension Liability	(357,022)
Changes of Assumptions	10,930
Benefit Payments, including Refunds of Employee Contributions	<u>(384,405)</u>
Net Change in Total Pension Liability	266,892
Total Pension Liability - Beginning	<u>9,896,902</u>
Total Pension Liability - Ending (A)	<u>\$ 9,896,902</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 306,067
Contributions - Employees	99,627
Net Investment Income	43,308
Benefit Payments, including Refunds of Employee Contributions	(384,405)
Other (Net Transfer)	<u>103,976</u>
Net Change in Plan Fiduciary Net Position	\$ (39,379)
Plan Fiduciary Net Position - Beginning	<u>8,651,046</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 8,611,667</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 1,285,235</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.01%
Covered Valuation Payroll	2,232,785
Net Pension Liability as a Percentage of Covered Valuation Payroll	57.56%

TOWNSHIP OF RICH, ILLINOIS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
FOR THE ENDED MARCH 31, 2016

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Schedule of Employer Contributions  
Most Recent Calendar Year

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 251,188	\$ 306,067	\$ (54,879)	\$ 2,232,785	13.71%

TOWNSHIP OF RICH, ILLINOIS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
FOR THE ENDED MARCH 31, 2016

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions  
Used in the Calculation of the 2014 Contribution Rate\***

***Valuation Date:***

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	28-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3% approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that is specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

***Other Information:***

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

**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 general purpose financial statements of the Township of Rich; Illinois (the Township) for the year ended March 31, 2016 and have issued our report thereon dated July 15, 2016. In planning and performing our audit, we considered the Township's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal controls.

The Township's management is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal controls policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance assets are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any internal controls, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the effectiveness of the design and operation of policies and procedures may deteriorate.

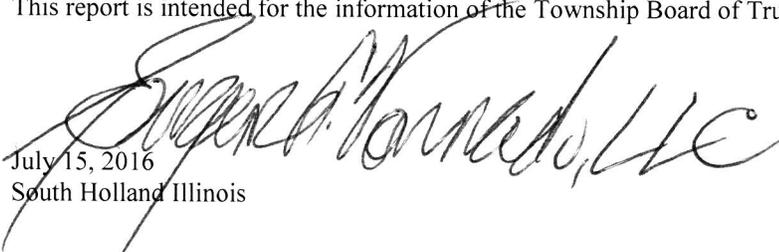
We noted certain matters involving internal controls and their operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design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

These reportable conditions and other matters for the consideration of the Board and management are described in the accompanying letter.

The first section of this letter contains some required communications that professional standards require us to inform you in connection with our audit.

This report is intended for the information of the Township Board of Trustees, and the cognizant audit agency.

July 15, 2016  
South Holland Illinois



## REQUIRED COMMUNICATION

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

Under professional standards, our responsibility is to plan and perform our audit to obtain reasonable assurance about whether the financial statements of the Township are free of material misstatement. An audit performed in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that material errors, fraud or other illegal acts, if they exist, will not be detected. Those standards require us to obtain sufficient understanding of the Township's internal controls to plan the audit. However, this understanding is required only for the purpose of determining our audit procedures and not to provide any assurance concerning internal controls.

### **Significant Audit Adjustments**

For the purpose of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that could have a material effect on the financial statements and that may not have been detected except through our auditing procedures.

### **Disagreement with Management**

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that individually or in the aggregate could be significant to the financial statements or audit report. We are pleased to report that there are no such disagreements that arose during our audit.

### **Consultation with Other Accountants**

Management has informed us that it had not consulted with other accountants about significant accounting and auditing matters during 2016.

### **Major Issues Discussed with Management Prior to our Retention**

We did discuss with management any major issues regarding the application of accounting principles of auditing standards in connection with our continued retention to perform the 2016 audit.

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

We encountered no significant difficulties in performing our audit. We appreciate the excellent cooperation from management in providing us documentation, schedules and in answering our questions.

### **Significant Accounting Policies**

No changes in significant accounting policies occurred during 2016.

### **Reportable Conditions**

#### 1. Finding

During the audit it was discovered that one operating cash account for the Pantry'; was not included within the books and records or had been reconciled.

#### Recommendation

The Township should ensure all bank accounts are included in the books and records and have completed monthly bank reconciliations.

**EUGENE C. VARNADO, LLC**  
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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, 2016, and have issued our report thereon dated July 15, 2016.

We have conducted our audit in accordance with generally accepted auditing standards and 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 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.

July 15, 2016  
South Holland IL

