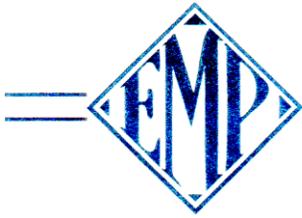


**MORAINÉ TOWNSHIP
HIGHLAND PARK, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
MARCH 31, 2012**

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

PAUL H. THERMEN, C.P.A.
JEFFERY M. ROLLEFSON, C.P.A.

Independent Auditors' Report

Board of Trustees
Moraine Township
Highland Park, IL

We have audited the accompanying basic financial statements of Moraine Township as of and for the year ended March 31, 2012, as listed in the accompanying table of contents. These 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 the 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.

As described in Note 1 to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the fiscal year ended March 31, 2012.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Moraine Township at March 31, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the schedule of funding progress for the Illinois Municipal Retirement Fund are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Revenues and Expenditures – Budget and Actual are required supplementary information and are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. These schedules have 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.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

July 9, 2012
Rolling Meadows, IL
(10)

MORAINÉ TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Moraine Township's annual financial report is the discussion and analysis of the Township's financial performance and provides an overall review of the Township's financial activities for the fiscal year ending March 31, 2012.

Financial Highlights

- The Township's total net assets were \$1,993,049 as of March 31, 2011. The net assets increased to \$2,113,253 as of March 31, 2012, a 6% increase.
- As of the close of the current fiscal year, the Township's governmental funds reported a combined ending fund balance of \$1,942,223, an increase of \$126,900 in comparison with the prior year.

Overview of the Financial Statements

This financial report consists of three parts – management's discussion and analysis (this section), basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township.

- *The statement of net assets and statement of activities are government-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.*
- The remaining statements are fund financial statements that focus on individual parts of the Township. Fund statements generally report operation in more detail than the government-wide financial statements.

The financial statements also include many notes. These explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

The major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain, are shown in the following table:

MORAINES TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Financial – Governmental Funds	Fund Financial – Proprietary Funds	Fund Financial – Fiduciary Funds
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary such as educational and operations and maintenance	Activities the Township operates similar to private business	Assets held by the Township on behalf of someone else such as student activities monies
Required financial statements	Statement of net assets (deficit) and statement of activities	Balance sheet, statement of revenues, expenditures and changes in fund balance (deficit)	Statement of net assets, statement of revenues, expenditures and changes in net assets and statement of cash flows	Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities; both financial and capital; short-term and long-term	All assets and liabilities, both short-term and long-term; funds may contain capital assets
Type of inflow/outflow information	All revenue and expenditures during the fiscal year	Revenues for which cash is received during the year or soon enough after the end of the year. Expenditures when goods and services have been received and the related liability is due and payable.	All revenues and expenditures during the year	All additions or deductions during the year

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

MORAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All the current year's revenues and expenditures are accounted for in the statement of activities.

Unlike a private sector company, the Township cannot readily convert fixed assets to liquid assets. Townships can, and sometimes do, convert fixed assets to cash through the sale of property; however this is a rare event and not easily accomplished.

The government-wide financial statements report the Township's net assets and how they have changed throughout the year. Net assets – the difference between the Township's assets and liabilities – are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one needs to consider additional non-financial factors, such as changes in the Township's property tax base and the condition of facilities.

In the government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities* – Most of the Township's basic services are included here, such as support services, community programs and administration. Property taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds – not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law.
- The Township establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Township has one fund type:

Governmental funds – The Township's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or differences) between them.

MORAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Township as a Whole

Statement of Net assets:

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
Assets:		
Current assets	\$ 3,226,971	\$ 3,405,582
Capital assets (less depreciation)	<u>177,787</u>	<u>171,030</u>
Total Assets	<u>3,404,697</u>	<u>3,576,612</u>
Liabilities:		
Current liabilities	<u>1,411,648</u>	<u>1,463,359</u>
Total Liabilities	<u>1,411,648</u>	<u>1,463,359</u>
Net assets:		
Invested in capital assets (net of related debt)	177,726	171,030
Restricted	18,044	13,700
Unrestricted	<u>1,797,279</u>	<u>1,928,523</u>
Total Net Assets	<u>\$ 1,993,049</u>	<u>\$ 2,113,253</u>

Statement of Activities:

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
Revenues:		
Program Revenues:		
Charges for Services:		
Door to Door Services	\$ 6,615	\$ 13,652
Operating Grants and Contributions	<u>47,955</u>	<u>44,308</u>
Total Program Revenues	<u>54,570</u>	<u>57,960</u>
General Revenues:		
Property Taxes	1,300,858	1,363,836
Personal Property Replacement Taxes	33,202	29,952
Interest	23,607	16,720
Other	<u>15,097</u>	<u>3,387</u>
Total General Revenues	<u>1,372,764</u>	<u>1,413,895</u>
Total Revenues	<u>1,427,334</u>	<u>1,471,855</u>
Expenditures:		
Administration	679,340	748,368
Assessor	455,002	477,079
Other	<u>127,041</u>	<u>126,204</u>
Total Expenses	<u>1,261,383</u>	<u>1,351,651</u>
Changes in Net Assets	<u>\$ 165,951</u>	<u>\$ 120,204</u>

MORAINÉ TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Township anticipated a slight increase in revenue from the tax-capped tax levy.

The Township's total revenues were \$1,471,855 for governmental activities. Local taxes (predominantly real estate taxes) were \$1,363,836 of the total. Investments earned \$16,720. Miscellaneous income (e.g. charges for services and donations) made up the balance.

Total costs for all governmental programs totaled \$1,351,651. Of this total, \$748,368 was for administration and programs, \$477,079 was for the assessor's office, \$126,204 was for depreciation and other services.

As noted earlier net assets may serve as a useful indicator of the Township's financial position. The Township's overall financial position and results of operations has improved during the fiscal year ended March 31, 2012. The assets exceeded the liabilities resulting in a net asset balance of \$2,113,253 as of the close of the fiscal year.

Please note that the amounts reported for governmental funds in the audit statement are different from the summary tables above because (1) capital assets used in governmental funds are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) long-term liabilities, including bonds payable, are not due in the current period and therefore not reported as liabilities in the funds

Township Budgetary Highlights

The Township spent \$375,895 less than the budgeted amount. Aggressive cost cutting within the offices of the Assessor and Supervisor, to manage spending in the current economic climate produced these results. The budget will continue to be monitored in the future in hopes of producing similar results.

Capital Assets and Debt Administration

Capital Assets (See Note 4):

As of March 31, 2012 the Township has \$171,030 invested in capital assets (net of depreciation), including land improvements, furniture and equipment. The current year additions included office equipment for a total of \$5,850. The Township had no disposals of fixed assets in the current fiscal year.

Long-term Obligations:

The Township has operating leases for the office and copiers as of March 31, 2012. Details can be found in Note 5.

Contacting the Township's Financial Management Team

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report please contact Mari Barnes, Township Supervisor, Moraine Township, 777 Central Avenue, Highland Park, IL 60035.

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MORAINÉ TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2012

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 1,929,983
Property taxes receivable	1,409,430
Corporate replacement tax receivable	6,629
Grant receivables	40,000
Prepaid items	19,540
	3,405,582
Total current assets	
Capital assets:	
Land improvements	25,424
Leasehold improvements	158,522
Furniture and equipment	69,031
	252,977
Total capital assets	
Less: Accumulated depreciation	(81,947)
	171,030
Total capital assets, net of depreciation	
Total Assets	3,576,612
LIABILITIES	
Current liabilities:	
Accounts payable	7,994
Payroll liabilities	5,935
Unearned grant revenue	40,000
Unearned property tax revenue	1,409,430
	1,463,359
Total current liabilities	
Total Liabilities	1,463,359
NET ASSETS	
Invested in capital assets, net of related debt	171,030
Restricted	13,700
Unrestricted	1,928,523
	2,113,253
Total Net Assets	\$ 2,113,253

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

MORAINÉ TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2012

Functions/ Programs	Expenses	Program Revenues		Excess (Deficiency) of Revenues Over Expenses and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Administration	\$ 748,368	\$ -	\$ -	\$ (748,368)
Assessor	477,079	-	-	(477,079)
Cemeteries	25,107	-	-	(25,107)
General/Emergency assistance	8,615	-	-	(8,615)
Senior/Youth services	8,494	-	-	(8,494)
Door to door services	27,511	13,652	35,000	21,141
Taxi services	30,189	-	-	(30,189)
Community chest	13,742	-	9,308	(4,434)
Depreciation - unallocated	12,546	-	-	(12,546)
Total Governmental Activities	\$ 1,351,651	\$ 13,652	\$ 44,308	(1,293,691)

General Revenues:

Taxes:

Personal property replacement taxes	29,952
Property taxes, levied for general purposes	1,363,836
Unrestricted investment earnings	16,720
Other	3,387
Total General Revenues	1,413,895
Change in Net Assets	120,204
Net Assets, Beginning	1,993,049
Net Assets, Ending	\$ 2,113,253

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

MORAINÉ TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012

	Town Fund	General Assistance Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,832,178	\$ 97,805	\$ 1,929,983
Property tax receivable	1,289,987	119,443	1,409,430
Corporate replacement tax receivable	5,991	638	6,629
Grant receivables	-	40,000	40,000
Prepaid expenses	14,703	4,837	19,540
Due from other funds	-	34,266	34,266
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,142,859</u>	<u>\$ 296,989</u>	<u>\$ 3,439,848</u>
LIABILITIES			
Accounts payable	\$ 1,720	\$ 6,274	\$ 7,994
Payroll liabilities payable	5,168	767	5,935
Due to other funds	34,266	-	34,266
Unearned grant revenue	-	40,000	40,000
Unearned property tax revenue	1,289,987	119,443	1,409,430
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,331,141</u>	<u>166,484</u>	<u>1,497,625</u>
FUND EQUITY			
Fund Balances:			
Restricted	-	13,700	13,700
Unassigned	1,811,718	116,805	1,928,523
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,811,718</u>	<u>130,505</u>	<u>1,942,223</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 3,142,859</u>	<u>\$ 296,989</u>	<u>\$ 3,439,848</u>

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

MORAINÉ TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

Total fund balances-governmental funds (Exhibit C) \$ 1,942,223

Amounts reported for governmental activities in the statement of assets and liabilities arising from cash transactions are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Township as a whole.

Cost of capital assets:		
Land improvements	\$	25,424
Leasehold improvements		158,522
Furniture & equipment		69,031
		<u>252,977</u>
Accumulated depreciation		<u>(81,947)</u>
		<u>171,030</u>
Total net assets - governmental activities (Exhibit A)	\$	<u><u>2,113,253</u></u>

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

MORAINÉ TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2012

	Town Fund	General Assistance Fund	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 1,232,635	\$ 131,201	\$ 1,363,836
Personal property replacement taxes	27,024	2,928	29,952
Earnings on investments	16,467	253	16,720
Charges for services	6,146	7,506	13,652
Donations	-	9,308	9,308
Grants	-	35,000	35,000
Other	750	2,637	3,387
<u>Total Revenues</u>	<u>1,283,022</u>	<u>188,833</u>	<u>1,471,855</u>
<u>Expenditures</u>			
Administration			
Personnel services	353,183	73,247	426,430
Contractual services	265,677	50,532	316,209
Commodities	2,732	1,896	4,628
Other	232	794	1,026
Assessor			
Personnel services	405,848	-	405,848
Contractual services	49,947	-	49,947
Commodities	2,669	-	2,669
Other	5,092	-	5,092
Cemeteries			
Contractual services	25,107	-	25,107
General/Emergency Assistance	-	8,615	8,615
Senior/Youth services	-	8,494	8,494
Door to Door services	-	27,511	27,511
Taxi services	-	30,189	30,189
Community chest	-	13,742	13,742
Capital outlay	16,628	2,820	19,448
<u>Total Expenditures</u>	<u>1,127,115</u>	<u>217,840</u>	<u>1,344,955</u>
<u>Net Change in Fund Balances</u>	<u>155,907</u>	<u>(29,007)</u>	<u>126,900</u>
<u>Fund Balance, Beginning of Year</u>	<u>1,655,811</u>	<u>159,512</u>	<u>1,815,323</u>
<u>Fund Balance, End of Year</u>	<u>\$ 1,811,718</u>	<u>\$ 130,505</u>	<u>\$ 1,942,223</u>

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

MORAIN TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances-governmental funds (Exhibit D) \$ 126,900

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Capital outlays for items below the Township's capitalization policy limits and repairs and maintenance are expensed.

Depreciation expense	\$ (12,546)	
Capital outlay	<u>5,850</u>	
		<u>(6,696)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 120,204</u></u>

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

**MORaine TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Moraine Township (the "Township") is a political and geographic subdivision of the State of Illinois. The Township is a municipal corporate body that can own property, borrow money, levy taxes and be sued. It is governed by officers elected by general election to a four-year term of office. These are the supervisor, clerk, assessor and four trustees.

Governing state statutes authorize townships among other things, to provide welfare assistance, build and maintain roads, assess property and maintain cemeteries. Moraine Township does not maintain a road and bridge fund because the Township area is contained within boundaries of several incorporated areas having their own obligation for road maintenance.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as component units. The financial data of the component units are included in the Township's reporting entity because of the significance of their operational or financial relationship with the Township. Financial accountability is defined as: (1) Appointment of voting majority of the component unit's board, and either a) the ability to impose its will by the primary government, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government; or (2) Fiscal dependency on the primary government.

The Township has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the Township's financial statements. In addition, the Township is not aware of any entity that would exercise such oversight that would result in the Township being considered a component unit of the entity.

B. Basis of Presentation – Fund Accounting

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the Township as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the Township. Interfund loans are eliminated in these Government-wide statements.

The statement of activities demonstrates the degree to which the direct expenditures of a given function, segment or program are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Indirect expenditures not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is specifically identified by function and is included in the direct expenditures of each function. 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 standard revenues 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.

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Fund Types

Governmental fund types are used to account for the Township's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

General Fund – The General Fund, consists solely of the legally mandated Town Fund and is the primary operating fund of the Township and is always classified as a major fund. It is used to account for the revenues and expenditures which are used in providing services in the Township. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Fund – The Special Revenue Fund, consists solely of the General Assistance Fund and is used to account for revenue from specific sources that are legally restricted to be expended for specified purposes.

Proprietary Fund Types

There are no Proprietary Fund Types.

Fiduciary Fund Types (not included in government-wide statements)

There are no Fiduciary Fund Types.

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues collected, or expenses paid of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues collected, or expenses paid of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Township has classified all funds as major as follows:

Major:

Town Fund See above for description.

General Assistance A Special Revenue Fund used for expenses of the general assistance
Fund program.

C. Measurement Focus/Basis of Accounting

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus. The objectives of this measurement focus are the determination of operating income, changes in net assets (cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The fund financial statements are presented using the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These statements use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide financial statements, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means due and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payment to be made in the following year.

D. Budgets and Budgetary Accounting

The budget for all fund types is prepared on the modified accrual basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The budget was passed on March 24, 2011.

The budget lapses at the end of each fiscal year. All encumbrances lapse at the end of the fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

**MORaine TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

1. The Township Supervisor submits to the Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenses paid and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. The budget is legally adopted through passage of a resolution.
4. The Board of Trustees is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenses paid of any fund must be approved by the Board of Trustees after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Trustees may amend the budget (in other ways) by the same procedures required of its original adoption.

E. Cash

The Township maintains cash and deposit accounts for each fund. The Township funds are deposited only in federally insured financial institutions within the State of Illinois.

F. Capital Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$2,500 or more for individual equipment and all infrastructure is capitalized and valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to April 1, 2004, infrastructure assets were not capitalized. Such assets have been valued at estimated historical cost. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings, improvements and infrastructure 10 – 50 years, furniture and equipment 5 – 20 years.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

G. Fund Balance Reporting

Governmental fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted – the restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the Township. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The Township has one grant revenue source received within the General Assistance fund for Community Chest that falls into this category–

**MORAINÉ TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- *Community Chest* – revenues and the related expenditures of these restricted grants are accounted for in the General Assistance Fund.

Committed – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the unassigned fund balance classification is the residual classification for amounts in the Town Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the Town Fund.

Expenditures of fund balances – unless specifically identified, expenditures reduce restricted balances first, then to committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 2 - CASH

As of March 31, 2012, the carrying amount of the Township's deposits totaled \$1,929,983, and the bank balances totaled \$1,961,791. All cash and deposits are short-term in nature and are stated at cost which approximates market value. The Township funds are deposited only in federally insured financial institutions within the State of Illinois.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Township's cash was invested in bank savings accounts.

Credit Risk. Statutes authorized the Township to invest in obligations of the U.S. Treasury and U.S. Agencies' accounts and any other investments constituting direct obligations of any bank as defined by the Illinois Bank Act, certain short-term commercial paper, accounts of federally insured savings and loans, and the state treasurers' investment pool. During fiscal year ended March 31, 2012, the Township invested its cash in bank savings accounts and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Township will not be able to recover the value of its deposits or collateral securities. Of the Township's cash and deposits, \$-0- of deposits are uninsured or uncollateralized.

NOTE 3 - PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the Township on or before the last Tuesday in December. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments on approximately June 1 and September 1. The Township receives significant distributions of tax receipts approximately one month after these due dates. The levy was passed December 15, 2011.

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 3 - PROPERTY TAXES (Cont'd)

	2010	2011
Assessed Valuation	\$ 2,633,480,482	\$ 2,388,864,369
	2010 Levy	2011 Levy
	Rate	Rate
Corporate	0.047	0.054
General Assistance	\$ 1,237,736	\$ 1,289,987
	131,674	119,443
TOTAL	\$ 1,369,410	\$ 1,409,430

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance April 1, 2011	Additions	Deletions	Balance March 31, 2012
Governmental Activities:				
Land Improvements	\$ 25,424	\$ -	\$ -	\$ 25,424
Leasehold Improvements	158,522	-	-	158,522
Furniture and Equipment	63,181	5,850	-	69,031
Subtotal	247,127	5,850	-	252,977
Accumulated Depreciation				
Land Improvements	14,407	1,394	-	15,801
Leasehold Improvements	6,939	4,079	-	11,018
Furniture and Equipment	48,055	7,073	-	55,128
Subtotal	69,401	12,546	-	81,947
Net Capital Assets	\$ 177,726	\$ (6,696)	\$ -	\$ 171,030

Depreciation was charged to functions as follows:

Governmental Activities:	
Unallocated	\$ 12,546
Total Governmental Activities Depreciation Expense	\$ 12,546

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 5 – LEASES

In January 2009, the Township entered into a non-cancelable operating lease agreement with Green Bay Central Joint Venture for the office at 777 Central Avenue. The terms of the lease were for payments of \$6,360 per month for the first 12 months, increasing to \$6,750 for the final 12 months. There is an option to renew the lease for another 5 years with monthly rent starting at \$6,850 and increasing to \$7,250 for the final 12 months. Total cost of the lease was \$76,950 for the year ended March 31, 2011. The future minimum lease payments for this lease are as follows:

Year ending March 31	Amount
2013	\$ 78,150
2014	78,750
2015	79,350
2016	79,950
2017	80,550
2018 to Dec. 31, 2017	60,750

On May 18, 2009, the Township entered into a copier lease for the Township Assessor’s Office. The terms of the operating lease agreement with Northshore Business Technology is for a term of 39 months and a monthly payment of \$275.41 until September 18, 2012.

In the fiscal year ended March 31, 2011, the Township entered into an operating lease with the Pace Municipal Vehicle Program for 3 transportation vans. The monthly payments are \$100 per month per vehicle and the lease can be cancelled at any time with a 30 day notice.

NOTE 6– RETIREMENT FUND COMMITMENTS

Plan Description. The employer’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 8.71 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2011 was \$45,186.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 45,186	100%	\$ -
12/31/2010	52,390	100%	-
12/31/2009	32,523	100%	-

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012**

NOTE 6– RETIREMENT FUND COMMITMENTS (Cont'd)

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent 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 your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 83.24 percent funded. The actuarial accrued liability for benefits was \$1,114,915 and the actuarial value of assets as \$928,088, resulting in an underfunded actuarial accrued liability (UAAL) of \$186,827. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$518,779 and the ratio of the UAAL to the covered payroll was 36 percent.

The schedule 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.

NOTE 7 - RISK MANAGEMENT

Significant losses are covered by commercial insurance provided by the Township Officials of Illinois Risk Management Association for all major programs: property, liability and workers' compensation. During the fiscal year ended March 31, 2012, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between March 31, 2012, and the date of this audit report requiring disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MORAIN TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll [(b-a)/c]
12/31/2011	\$ 928,088	\$ 1,114,915	\$ 186,827	83.24%	\$ 518,779	0%
12/31/2010	828,827	985,384	156,557	84.11%	505,206	0%
12/31/2009	851,598	817,153	(34,445)	104.22%	556,905	0%

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MORAINÉ TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2012

	2012	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 1,183,745	\$ 1,232,635
Personal property replacement taxes	30,684	27,024
Earnings on investments	16,000	16,467
Charges for services	8,000	6,146
Other	4,000	750
	<u>1,242,429</u>	<u>1,283,022</u>
<u>Expenditures:</u>		
Administration:		
Personnel Services:		
Salaries	257,000	246,742
Health insurance	46,600	41,169
Social Security & Medicare	47,000	43,120
Municipal retirement	16,000	14,683
Unemployment insurance	7,300	7,203
Other	500	266
	<u>374,400</u>	<u>353,183</u>
Contractual Services:		
Accounting	5,000	3,511
Automotive	1,000	594
Workshops/dues/subscriptions	2,500	2,449
Rent	30,500	25,908
Legal	5,000	-
Telephone	2,000	1,854
Utilities	4,000	3,064
Janitor	4,200	4,045
Maintenance/pest control	750	604
Printing/publishing	7,900	4,460
Property, liability & worker's compensation insurance	6,500	4,688
Grants	295,000	214,500
Other services	100	-
	<u>364,450</u>	<u>265,677</u>
Commodities:		
Operating supplies	1,500	-
Office supplies	2,100	2,732
	<u>3,600</u>	<u>2,732</u>

MORAIN TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2012

	2012	
	Original and Final Budget	Actual
Other:		
Elections	\$ 1,000	\$ -
Events	500	114
Miscellaneous	500	118
<u>Total Other</u>	<u>2,000</u>	<u>232</u>
<u>Total Administration</u>	<u>744,450</u>	<u>621,824</u>
Assessor:		
Personnel Services:		
Salaries	319,000	316,925
Health insurance	66,000	60,075
Municipal retirement	30,000	28,848
<u>Total Personnel Services</u>	<u>415,000</u>	<u>405,848</u>
Contractual Services:		
Accounting	5,000	3,509
Automotive	5,000	2,786
Rent	30,500	25,833
Telephone	2,500	1,799
Utilities	3,500	2,900
Legal	2,000	100
Janitor	3,500	3,232
Maintenance/pest control	1,000	519
Printing/publishing	7,900	4,581
Insurance	6,500	4,688
Other services	500	-
<u>Total Contractual Services</u>	<u>67,900</u>	<u>49,947</u>
Commodities:		
Operating supplies	1,500	-
Office supplies	3,500	2,669
<u>Total Commodities</u>	<u>5,000</u>	<u>2,669</u>
Other:		
Workshops	8,000	5,092
Events	500	-
Miscellaneous	500	-
<u>Total Other</u>	<u>9,000</u>	<u>5,092</u>
<u>Total Assessor</u>	<u>496,900</u>	<u>463,556</u>

MORAIN TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2012

	2012	
	Original and Final Budget	Actual
Cemeteries:		
Contractual Services:		
Maintenance & operations	\$ 20,000	\$ 8,726
Outside services	20,000	16,381
<u>Total Contractual Services</u>	<u>40,000</u>	<u>25,107</u>
<u>Total Cemeteries</u>	<u>40,000</u>	<u>25,107</u>
Capital Outlay:		
Equipment:		
Administration	2,000	330
Assessor	20,000	16,298
<u>Total Capital Outlay</u>	<u>22,000</u>	<u>16,628</u>
Provision for Contingencies	35,800	-
<u>Total Expenditures</u>	<u>1,339,150</u>	<u>1,127,115</u>
<u>Net Change in Fund Balance</u>	<u>\$ (96,721)</u>	<u>\$ 155,907</u>

MORAIN TOWNSHIP
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2012

	2012	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 102,235	\$ 131,201
Personal property replacement taxes	2,650	2,928
Earnings on investments	2,100	253
Charges for Services:		
Door to door services	8,000	7,506
Contributions - Community chest	9,000	9,308
Grants	35,000	35,000
Reimbursements	-	260
Miscellaneous income	-	2,377
<u>Total Revenues</u>	<u>158,985</u>	<u>188,833</u>
<u>Expenditures:</u>		
Administration:		
Personnel Services:		
Salaries	52,000	51,514
Health insurance	14,600	12,306
Social Security & Medicare	4,000	3,941
Municipal retirement	5,000	4,698
Unemployment insurance	800	788
<u>Total Personnel Services</u>	<u>76,400</u>	<u>73,247</u>
Contractual Services:		
Accounting	5,000	3,510
Rent	30,500	25,883
Utilities	3,000	2,751
Telephone	2,200	1,783
Printing/publishing	6,900	4,386
Legal services	5,000	100
Automotive	500	232
Insurance	9,000	7,048
Janitorial services	4,200	4,070
Maintenance/pest control	1,000	769
Outside services	100	-
<u>Total Contractual Services</u>	<u>67,400</u>	<u>50,532</u>
Commodities:		
Operating supplies	1,000	409
Office supplies	1,500	1,487
<u>Total Commodities</u>	<u>2,500</u>	<u>1,896</u>

MORAIN TOWNSHIP
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2012

	2012	
	Original and Final Budget	Actual
Other Expenditures:		
Workshops/dues	\$ 1,200	\$ 758
Events	500	-
Miscellaneous	500	36
<u>Total Other Expenditures</u>	<u>2,200</u>	<u>794</u>
<u>Total Administration</u>	<u>148,500</u>	<u>126,469</u>
Other Programs:		
General/emergency assistance	40,000	8,615
Senior/youth services	18,000	8,494
Door to door services	28,000	27,511
Taxi services	35,000	30,189
Community chest	9,000	13,742
<u>Total Other Programs</u>	<u>130,000</u>	<u>88,551</u>
Capital Outlay:		
Administration:		
Equipment	1,500	2,820
<u>Total Capital Outlay</u>	<u>1,500</u>	<u>2,820</u>
Provision for Contingencies	17,000	-
<u>Total Expenditures</u>	<u>297,000</u>	<u>217,840</u>
<u>Net Change in Fund Balance</u>	<u>\$ (138,015)</u>	<u>\$ (29,007)</u>