

**MORaine TOWNSHIP
HIGHLAND PARK, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
MARCH 31, 2013**

**MORAINÉ TOWNSHIP
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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

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

1875 Hicks Road
Rolling Meadows, Illinois 60008

SINCE 1917

Independent Auditors' Report

Board of Trustees
Moraine Township
Highland Park, IL

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Moraine Township, Highland Park, Illinois (the "Township") as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's 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. 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 entity'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 entity'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, as of March 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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.

Evans, Marshall & Pease, P.C.

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

August 9, 2013
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, 2013.

Financial Highlights

- The Township's total net position was \$2,113,253 as of March 31, 2012. The net position increased to \$2,266,222 as of March 31, 2013, a 7.24% increase.
- As of the close of the current fiscal year, the Township's governmental funds reported a combined ending fund balance of \$2,078,140, an increase of \$135,917 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 position 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:

MORAIN 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 position (deficit) and statement of activities	Balance sheet, statement of revenues, expenditures and changes in fund balance (deficit)	Statement of net position, statement of revenues, expenditures and changes in net position and statement of cash flows	Statement of fiduciary net position
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 position 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 position and how it has changed throughout the year. Net position – 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 position is an indicator 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 position:

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 3,640,672	\$ 3,405,582
Capital assets (less depreciation)	<u>280,944</u>	<u>171,030</u>
Total Assets	<u>3,828,754</u>	<u>3,576,612</u>
Liabilities:		
Current liabilities	<u>1,562,532</u>	<u>1,463,359</u>
Total Liabilities	<u>1,562,532</u>	<u>1,463,359</u>
Net position:		
Net investment in capital assets	188,082	171,030
Restricted	4,307	13,700
Unrestricted	<u>2,073,833</u>	<u>1,928,523</u>
Total Net Position	<u>\$ 2,266,222</u>	<u>\$ 2,113,253</u>

Statement of Activities:

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program Revenues:		
Charges for Services:		
Door to Door Services	\$ 15,501	\$ 13,652
Operating Grants and Contributions	<u>43,448</u>	<u>44,308</u>
Total Program Revenues	<u>58,949</u>	<u>57,960</u>
General Revenues:		
Property Taxes	1,402,844	1,363,836
Personal Property Replacement Taxes	29,695	29,952
Interest	11,824	16,720
Other	<u>7,645</u>	<u>3,387</u>
Total General Revenues	<u>1,452,008</u>	<u>1,413,895</u>
Total Revenues	<u>1,510,957</u>	<u>1,471,855</u>
Expenditures:		
Administration	787,324	748,368
Assessor	472,758	477,079
Other	<u>97,906</u>	<u>126,204</u>
Total Expenses	<u>1,357,988</u>	<u>1,351,651</u>
Changes in Net Position	<u>\$ 152,969</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 \$1,510,957 for governmental activities. Local taxes (predominantly real estate taxes) were \$1,432,539 of the total. Investments earned \$11,824. Miscellaneous income (e.g. charges for services and donations) made up the balance.

Total costs for all governmental programs totaled \$1,357,988. Of this total, \$787,324 was for administration and programs, \$472,758 was for the assessor's office, \$97,906 was for depreciation and other services.

As noted earlier net position 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, 2013. The assets exceeded the liabilities resulting in a net position balance of \$2,266,222 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 \$385,060 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, 2013 the Township has \$188,082 invested in capital assets (net of depreciation), including land improvements, furniture and equipment. The current year additions included office equipment and a cemetery drainage project for a total of \$27,967. 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, 2013. 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 Anne Flanigan Bassi, Township Supervisor, Moraine Township, 777 Central Avenue, Highland Park, IL 60035.

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MORAIN TOWNSHIP
STATEMENT OF NET POSITION
MARCH 31, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 2,069,595
Property taxes receivable	1,469,295
Corporate replacement tax receivable	7,018
Grant receivables	76,280
Prepaid items	18,484
	3,640,672
 Capital assets:	
Construction in progress	26,323
Land improvements	25,424
Leasehold improvements	158,522
Furniture and equipment	70,675
	280,944
 Less: Accumulated depreciation	(92,862)
	188,082
 Total Assets	3,828,754
LIABILITIES	
Current liabilities:	
Accounts payable	11,298
Payroll liabilities	5,659
Unearned grant revenue	76,280
Unearned property tax revenue	1,469,295
	1,562,532
 Total Liabilities	1,562,532
NET POSITION	
Net investment in capital assets	188,082
Restricted	4,307
Unrestricted	2,073,833
	2,266,222
 Total Net Position	\$ 2,266,222

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

MORAINÉ TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2013

Functions/ Programs	Expenses	Program Revenues		Excess (Deficiency) of Revenues Over Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Administration	\$ 787,324	\$ -	\$ -	\$ (787,324)
Assessor	472,758	-	-	(472,758)
Cemeteries	15,465	-	-	(15,465)
General/Emergency assistance	6,301	-	-	(6,301)
Senior/Youth services	6,337	-	-	(6,337)
Door to door services	20,569	15,501	40,000	34,932
Taxi services	25,356	-	-	(25,356)
Community chest	12,963	-	3,448	(9,515)
Depreciation - unallocated	10,915	-	-	(10,915)
Total Governmental Activities	\$ 1,357,988	\$ 15,501	\$ 43,448	(1,299,039)

General Revenues:

Taxes:

Personal property replacement taxes	29,695
Property taxes, levied for general purposes	1,402,844
Unrestricted investment earnings	11,824
Other	7,645
Total General Revenues	1,452,008
Change in Net Position	152,969
Net Position, Beginning	2,113,253
Net Position, Ending	\$ 2,266,222

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

MORAINÉ TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2013

	Town Fund	General Assistance Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,959,144	\$ 110,451	\$ 2,069,595
Property tax receivable	1,335,723	133,572	1,469,295
Corporate replacement tax receivable	6,423	595	7,018
Grant receivables	31,280	45,000	76,280
Prepaid items	13,735	4,749	18,484
Due from other funds	342	-	342
	<u>342</u>	<u>-</u>	<u>342</u>
Total Assets	<u>\$ 3,346,647</u>	<u>\$ 294,367</u>	<u>\$ 3,641,014</u>
LIABILITIES			
Accounts payable	\$ 5,855	\$ 5,443	\$ 11,298
Payroll liabilities payable	4,879	780	5,659
Due to other funds	-	342	342
Unearned grant revenue	31,280	45,000	76,280
Unearned property tax revenue	1,335,723	133,572	1,469,295
	<u>1,335,723</u>	<u>133,572</u>	<u>1,469,295</u>
Total Liabilities	<u>1,377,737</u>	<u>185,137</u>	<u>1,562,874</u>
FUND EQUITY			
Fund Balances:			
Nonspendable - prepaid items	13,735	4,749	18,484
Restricted - Community Chest	-	4,307	4,307
Unassigned	1,955,175	100,174	2,055,349
	<u>1,955,175</u>	<u>100,174</u>	<u>2,055,349</u>
Total Fund Balances	<u>1,968,910</u>	<u>109,230</u>	<u>2,078,140</u>
Total Liabilities and Fund Balances	<u>\$ 3,346,647</u>	<u>\$ 294,367</u>	<u>\$ 3,641,014</u>

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

MORAIN TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

Total fund balances-governmental funds (Exhibit C) \$ 2,078,140

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 Prepaid items the assets of the Township as a whole.

Cost of capital assets:		
Construction in progress	\$	26,323
Land improvements		25,424
Leasehold improvements		158,522
Furniture & equipment		70,675
		280,944
Accumulated depreciation		(92,862)
		188,082
Total net position - governmental activities (Exhibit A)		\$ 2,266,222

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, 2013

	Town Fund	General Assistance Fund	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 1,284,023	\$ 118,821	\$ 1,402,844
Personal property replacement taxes	27,129	2,566	29,695
Earnings on investments	11,712	112	11,824
Charges for services	6,531	8,970	15,501
Donations	-	3,448	3,448
Grants	-	40,000	40,000
Other	263	7,382	7,645
<u>Total Revenues</u>	<u>1,329,658</u>	<u>181,299</u>	<u>1,510,957</u>
<u>Expenditures</u>			
Administration			
Personnel services	366,441	76,706	443,147
Contractual services	285,346	50,942	336,288
Commodities	3,112	2,291	5,403
Other	999	833	1,832
Assessor			
Personnel services	401,398	-	401,398
Contractual services	50,002	-	50,002
Commodities	3,015	-	3,015
Other	5,410	-	5,410
Cemeteries			
Contractual services	15,465	-	15,465
General/Emergency Assistance	-	6,301	6,301
Senior/Youth services	-	6,337	6,337
Door to Door services	-	20,569	20,569
Taxi services	-	25,356	25,356
Community chest	-	12,963	12,963
Capital outlay	41,278	276	41,554
<u>Total Expenditures</u>	<u>1,172,466</u>	<u>202,574</u>	<u>1,375,040</u>
<u>Net Change in Fund Balances</u>	<u>157,192</u>	<u>(21,275)</u>	<u>135,917</u>
<u>Fund Balance, Beginning of Year</u>	<u>1,811,718</u>	<u>130,505</u>	<u>1,942,223</u>
<u>Fund Balance, End of Year</u>	<u>\$ 1,968,910</u>	<u>\$ 109,230</u>	<u>\$ 2,078,140</u>

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

MORAINÉ 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) \$ 135,917

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	\$ (10,915)	
Capital outlay	<u>27,967</u>	
		<u>17,052</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 152,969</u></u>

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

**MORaine TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

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 Position 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, 2013**

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, 2013**

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 position (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 April 26, 2012.

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, 2013**

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), Moraineors, 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 Moraine revenue source received within the General Assistance fund for Community Chest that falls into this category–

**MORaine TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

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, 2013, the carrying amount of the Township's deposits totaled \$2,069,595, and the bank balances totaled \$2,117,647. 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, 2013, 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 November 15, 2012.

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 3 - PROPERTY TAXES (Cont'd)

	2013		2012	
Assessed Valuation	\$ 2,226,204,874		\$ 2,388,864,369	
	2013 Levy		2012 Levy	
	Rate	Extension	Rate	Extension
Corporate	0.060	\$ 1,335,723	0.054	\$ 1,289,987
General Assistance	0.006	133,572	0.005	119,443
TOTAL	0.066	\$ 1,469,295	0.059	\$ 1,409,430

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013
Governmental Activities:				
Construction in progress	\$ -	\$ 26,323	\$ -	\$ 26,323
Land Improvements	25,424	-	-	25,424
Leasehold Improvements	158,522	-	-	158,522
Furniture and Equipment	69,031	1,644	-	70,675
Subtotal	252,977	27,967	-	280,944
Accumulated Depreciation				
Land Improvements	15,801	1,394	-	17,195
Leasehold Improvements	11,018	4,079	-	15,097
Furniture and Equipment	55,128	5,442	-	60,570
Subtotal	81,947	10,915	-	92,862
Net Capital Assets	\$ 171,030	\$ 17,052	\$ -	\$ 188,082

Depreciation was charged to functions as follows:

Governmental Activities:	
Unallocated	\$ 10,915
Total Governmental Activities Depreciation Expense	\$ 10,915

**MORAIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

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 \$78,150 for the year ended March 31, 2013. The future minimum lease payments for this lease are as follows:

Year ending March 31	Amount
2014	\$ 78,750
2015	79,350
2016	79,950
2017	80,550
4/1/17 thru 12/31/17	60,750

In the fiscal year ended March 31, 2013, 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 Township’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 10.28 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 2012 was \$56,460.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$56,460	100%	\$0*
12/31/11	45,186	100	0*
12/31/10	52,390	100	0*

**MORaine TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 6– RETIREMENT FUND COMMITMENTS (Cont'd)

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 88.00 percent funded. The actuarial accrued liability for benefits was \$1,251,169 and the actuarial value of assets was \$1,101,061, resulting in an underfunded actuarial accrued liability (UAAL) of \$150,108. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$549,224 and the ratio of the UAAL to the covered payroll was 27 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, 2013, 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, 2013, and the date of this audit report requiring disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MORAINÉ TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
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]
12/31/2012	\$ 1,101,061	\$ 1,251,169	\$ 150,108	88.00%	\$ 549,224	27.33%
12/31/2011	928,088	1,114,915	186,827	83.24%	518,779	36.01%
12/31/2010	828,827	985,384	156,557	84.11%	505,206	30.99%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,149,425. On a market basis, the funded ratio would be 91.87%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Moraine Township. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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MORAINÉ TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	2013	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 1,292,664	\$ 1,284,023
Personal property replacement taxes	27,428	27,129
Earnings on investments	12,000	11,712
Charges for services	8,000	6,531
Other	4,000	263
	<u>1,344,092</u>	<u>1,329,658</u>
<u>Expenditures:</u>		
Administration:		
Personnel Services:		
Salaries	260,000	252,986
Health insurance	51,800	44,289
Social Security & Medicare	48,400	42,855
Municipal retirement	19,000	17,754
Unemployment insurance	5,800	8,253
Other	500	304
	<u>385,500</u>	<u>366,441</u>
Contractual Services:		
Accounting	5,000	3,475
Automotive	1,000	432
Workshops/dues/subscriptions	3,000	1,657
Rent	30,500	26,518
Legal	2,000	8,303
Telephone	2,000	1,915
Utilities	4,000	2,321
Janitor	4,800	4,120
Maintenance/pest control	750	1,151
Printing/publishing	6,900	4,891
Insurance	6,500	4,688
Grants	375,000	225,875
Other services	100	-
	<u>441,550</u>	<u>285,346</u>
Commodities:		
Operating supplies	1,000	-
Office supplies	2,500	3,112
	<u>3,500</u>	<u>3,112</u>

MORAIN TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	2013	
	Original and Final Budget	Actual
Other:		
Elections	\$ 3,000	\$ 496
Events	500	452
Miscellaneous	500	51
<u>Total Other</u>	<u>4,000</u>	<u>999</u>
<u>Total Administration</u>	<u>834,550</u>	<u>655,898</u>
Assessor:		
Personnel Services:		
Salaries	326,350	307,207
Health insurance	69,500	62,316
Municipal retirement	30,900	31,875
<u>Total Personnel Services</u>	<u>426,750</u>	<u>401,398</u>
Contractual Services:		
Accounting	5,400	3,475
Automotive	3,500	2,900
Rent	31,600	26,033
Telephone	2,000	1,911
Utilities	3,500	2,579
Legal	2,000	-
Janitor	3,500	3,357
Maintenance/pest control	1,000	221
Printing/publishing	6,900	4,838
Insurance	6,500	4,688
Other services	500	-
<u>Total Contractual Services</u>	<u>66,400</u>	<u>50,002</u>
Commodities:		
Operating supplies	900	-
Office supplies	2,500	3,015
<u>Total Commodities</u>	<u>3,400</u>	<u>3,015</u>
Other:		
Workshops	7,250	5,342
Events	500	68
Miscellaneous	1,000	-
<u>Total Other</u>	<u>8,750</u>	<u>5,410</u>
<u>Total Assessor</u>	<u>505,300</u>	<u>459,825</u>

MORAIN TOWNSHIP
TOWN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	2013	
	Original and Final Budget	Actual
Cemeteries:		
Contractual Services:		
Maintenance & operations	\$ 20,000	\$ 10,855
Outside services	20,000	4,610
<u>Total Contractual Services</u>	<u>40,000</u>	<u>15,465</u>
<u>Total Cemeteries</u>	<u>40,000</u>	<u>15,465</u>
Capital Outlay:		
Equipment:		
Administration	2,000	1,053
Assessor	22,000	13,902
Cemetery	-	26,323
<u>Total Capital Outlay</u>	<u>24,000</u>	<u>41,278</u>
Provision for Contingencies	40,000	-
<u>Total Expenditures</u>	<u>1,443,850</u>	<u>1,172,466</u>
<u>Net Change in Fund Balance</u>	<u>\$ (99,758)</u>	<u>\$ 157,192</u>

MORAIN TOWNSHIP
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	2013	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 97,300	\$ 118,821
Personal property replacement taxes	2,065	2,566
Earnings on investments	2,000	112
Charges for Services:		
Door to door services	8,000	8,970
Contributions - Community chest	8,000	3,448
Grants	40,000	40,000
Miscellaneous income	-	7,382
<u>Total Revenues</u>	<u>157,365</u>	<u>181,299</u>
<u>Expenditures:</u>		
Administration:		
Personnel Services:		
Salaries	54,000	53,664
Health insurance	14,600	12,573
Social Security & Medicare	4,200	4,105
Municipal retirement	6,000	5,579
Unemployment insurance	1,000	785
<u>Total Personnel Services</u>	<u>79,800</u>	<u>76,706</u>
Contractual Services:		
Accounting	5,000	3,475
Rent	30,500	26,083
Utilities	3,000	2,439
Telephone	2,200	1,844
Printing/publishing	6,900	4,838
Legal services	2,000	100
Automotive	500	250
Insurance	9,000	7,048
Janitorial services	4,800	4,490
Maintenance/pest control	750	330
Outside services	100	45
<u>Total Contractual Services</u>	<u>64,750</u>	<u>50,942</u>
Commodities:		
Operating supplies	1,000	337
Office supplies	2,000	1,954
<u>Total Commodities</u>	<u>3,000</u>	<u>2,291</u>

MORAIN TOWNSHIP
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2013

	2013	
	Original and Final Budget	Actual
Other Expenditures:		
Workshops/dues	\$ 1,200	\$ 765
Events	500	68
Miscellaneous	500	-
<u>Total Other Expenditures</u>	<u>2,200</u>	<u>833</u>
<u>Total Administration</u>	<u>149,750</u>	<u>130,772</u>
Other Programs:		
General/emergency assistance	40,000	6,301
Senior/youth services	15,000	6,337
Door to door services	26,000	20,569
Taxi services	30,000	25,356
Community chest	14,000	12,963
<u>Total Other Programs</u>	<u>125,000</u>	<u>71,526</u>
Capital Outlay:		
Administration:		
Equipment	1,500	276
<u>Total Capital Outlay</u>	<u>1,500</u>	<u>276</u>
Provision for Contingencies	40,000	-
<u>Total Expenditures</u>	<u>316,250</u>	<u>202,574</u>
<u>Net Change in Fund Balance</u>	<u>\$ (158,885)</u>	<u>\$ (21,275)</u>