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Moraine Township, Illinois

Annual Financial Report
For the Year Ended March 31, 2017

MORAINÉ TOWNSHIP, ILLINOIS

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Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Township Supervisor and
the Members of the Moraine Township Board
Highland Park, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Moraine Township, Illinois as of and for the year ended March 31, 2017, which collectively comprise the Township's basic financial statements as listed in the accompanying 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 of 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 financial statement 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.

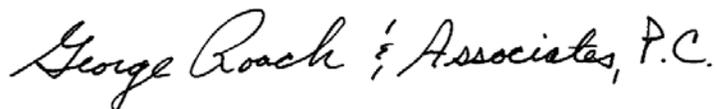
Opinions

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 Moraine Township, Illinois as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 required supplementary 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.



George Roach & Associates, P.C.
Crystal Lake, Illinois
June 6, 2017

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

The following section of Moraine Township's annual financial report is intended to provide readers with a narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2017. The Management of the Township encourages readers to consider the information presented herein to enhance their understanding of the Township's activities and financial operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

Government-wide financial statements

The government-wide financial statements are prepared using the full accrual basis of accounting and are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector businesses. The statement of net position presents financial information on all of the Township's assets plus deferred outflows, liabilities plus deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year.

Both of the government-wide financial statements (pages 15 & 16) distinguish functions of the Township that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a portion of the costs through user fees and charges. The governmental activities of the Township include general government, services for youth and family, seniors, transportation, cemeteries and assistance for residents in need.

Fund financial statements

All of the funds of the Township are governmental funds. The fund financial statements are prepared using the modified accrual basis of accounting. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the

MORAINES TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

fiscal year. The fund financial statements report the Township's operations in more detail than the government-wide statements by providing information about the Township's two funds.

Both the governmental fund balance sheet (page 17) and the governmental fund statement of revenues, expenditures, and changes in fund balances (page 18) provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to the financial statements

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplementary information consists of more detailed data on budget and actual revenues and expenditures.

Required Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning Moraine Township's progress in funding its obligation to provide pension benefits to its employees. Additionally, required supplementary information regarding a statement of revenues, expenditures, and changes in fund balance, plus budget vs. actual for each major fund is presented in this section.

The Township adopts an annual budget for all funds, which is submitted to Lake County. A budgetary comparison statement has been provided for the Town Fund and General Assistance fund to demonstrate comparison with the budgeted appropriation.

FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year, the Township's governmental activities reported a combined ending net position of \$3,144,284, an increase of \$58,681 in comparison with the prior fiscal year (page 16).

Of this \$3,144,284 net position:

- \$1,966,229 is the Township's investment in net fixed assets. The Township's total net fixed assets increased by \$1,667,808 with the purchase of the new building and decreased by \$30,473 due to depreciation expense.

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

FINANCIAL HIGHLIGHTS (CONTINUED)

- \$276,386 includes resources restricted for general assistance and community chest.
- \$225,327 represents an increase of net position to reflect actuarially-computed Deferred Pension Outflows in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and a decrease in net position in the amount of \$67,073 for Pension Liability and Deferred Pension Inflows.

At March 31, 2017, the Township's governmental funds reported combined ending fund balances of \$1,019,801 (page 18), a decrease of \$1,417,669 from the prior year. This decrease is comprised of (\$1,542,340) in the Town Fund, and an increase of \$124,671 in General Assistance and Community Chest Funds (page 18). Excluding the purchase of the new building (\$1,667,808), the Town Fund would have had an increase in fund balance of \$125,467.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$3,144,284 for the year ended March 31, 2017. A portion of the Township's net position reflects its investment in capital assets; \$1,966,229. The Township uses these capital assets to provide services, and consequently these assets are not available to liquidate liabilities or for other spending. The remaining net position balance is \$1,178,055, of which \$276,386 is restricted and \$901,669 is unrestricted. The unrestricted balance includes illiquid, actuarially-computed deferred outflows of \$225,327, in accordance with Governmental Accounting Standards Board Statement No. 68. Deferred outflows, which are added to assets to arrive at total net position, are not available to liquidate liabilities or for other spending.

MORAINES TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Moraine Township Net Position

	Governmental Activities	
	3/31/2016	3/31/2017
Current Assets	\$ 3,916,760	\$ 2,478,739
Fixed Assets	328,894	1,966,229
Total Assets	<u>\$ 4,245,654</u>	<u>\$ 4,444,968</u>
Deferred Outflows	<u>\$ 378,214</u>	<u>\$ 225,327</u>
Total Liabilities	<u>\$ 178,238</u>	<u>\$ 211,766</u>
Deferred Inflows	<u>1,360,027</u>	<u>1,314,245</u>
Net Position:		
Net Investment in Capital Assets	328,894	1,966,229
Restricted	151,715	276,386
Unrestricted	<u>2,604,994</u>	<u>901,669</u>
Total Net Position	<u>\$ 3,085,603</u>	<u>\$ 3,144,284</u>

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Moraine Township Changes in Net Position

	Governmental Activities	
	3/31/2016	3/31/2017
Revenues		
Program Revenues		
Charges for Services	\$ 16,983	\$ 12,213
Charges for Services - Rent	-	46,582
Operating Grants	71,000	65,000
Monetary Donations	47,306	75,841
General Revenues		
Property Taxes	1,345,031	1,371,802
Replacement Taxes	29,530	35,286
Interest	10,491	7,542
Total Revenues	<u>1,520,341</u>	<u>1,614,266</u>
Expenses		
General Government	335,756	347,604
Community Assistance and Services	77,828	64,692
Assessor	479,028	475,658
Transportation Services	221,801	202,674
Agency Grants	225,000	225,000
Cemeteries	37,029	24,471
Enrollment Services	670	-
Rental expense	-	24,028
Pension expense - GASB 68	41,965	160,985
Depreciation - unallocated	19,361	30,473
Total Expenses	<u>1,438,438</u>	<u>1,555,585</u>
Increase/(Decrease) in Net Assets	81,903	58,681
Net Position - Beginning of Year	<u>2,642,497</u>	<u>2,642,497</u>
Restatement for GASB 68	<u>361,203</u>	<u>361,203</u>
Net Position - Beginning as restated	<u>3,003,700</u>	<u>3,085,603</u>
Net Position - End of Year	<u>\$ 3,085,603</u>	<u>\$ 3,144,284</u>

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Governmental activities increased the Township's net position by \$58,681.

Key elements of the increase to net position by governmental activities are as follows:

- Revenue increased due to rental income, taxes and donations/contributions.
- Levy reallocation: The Township Board of Trustees has frozen or reduced the property tax levy every year since 2012. In addition, the portion of the levy allocated to General Assistance has increased from 8% to 23% since 2012. This reallocation is aimed at directing more resources, assistance, services and programs for residents in need.
- Total expenses for Governmental Activities of \$1,555,585 represents an increase of \$117,147 over the prior fiscal year.
 - Of this increase, \$119,020 is an actuarially-computed accrual required to comply with the Governmental Accounting Standards Board Statement No. 68 referenced above and \$11,112 represents depreciation. This accrual is not a current-year expenditure, but rather a set-aside for estimated future net pension outflows.
 - Fiscal year cash expenditures decreased \$12,985 during the year, and \$24,028 of rental expense was offset by \$46,582 of rental income.

Allocations among programs and departments varied:

- Township expenditures of \$207,753 funding programs, services and administration of general assistance, emergency assistance, senior and youth services to residents in need increased only slightly from the prior fiscal year.
- Community Chest expenditures of \$35,453 reflect a slight decrease from the prior fiscal year as more in-kind food donations were received from community food drives. Included in Community Chest is the continuation of a school vacation food assistance for income-qualified families of school children.

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Expenditures for the Township's paratransit van service and taxi coupons for seniors and disabled residents totaled \$202,674, representing a 9% decrease as efficiencies in the program are implemented. This expense was partially offset by rider fees of \$11,713 and a generous \$65,000 grant from the Healthcare Foundation of Highland Park. The Foundation grant enables the Township to keep rider fees affordable for all residents, enabling residents who do not drive to age in place and continue to be contributing citizens in our community.
- Expenditures for the Office of Assessor decreased \$3,370 compared with the prior fiscal year.
- Moraine Township owns and maintains two cemeteries; fiscal year maintenance costs were \$24,021.

Moraine Township Community Chest Fund ended the fiscal year with a cash balance of \$81,420 due to a successful fund-raising event at Sunset Foods in Highland Park, and several generous and unexpected contributions from businesses and the community. Moraine Township served over 6,000 resident-visits to our Food Pantry from April 1, 2016 through March 31, 2017.

- A generous community, and almost 40 weekly volunteers, and hundreds of other volunteers, make it possible for Moraine Township to provide residents in need fresh produce, eggs, cheese, frozen meat, shelf-stable food and toiletries at the Food Pantry. In the Township's Food Pantry alone, volunteers contribute over 4,000 hours per year.
- Five area stores (Sunset Foods Highland Park, Target Highland Park, Whole Foods Market Deerfield, Fresh Thyme Deerfield and Heinen's in Bannockburn) make weekly donations of fresh produce, frozen meat, shelf-stable food and toiletries to the Food Pantry.
- Food drives by schools, religious organizations, businesses and civic organizations and other governmental units keep the Food Pantry's shelves stocked year-round.
- Coldwell Banker, Highland Park Ford Lincoln and American Legion Highland Park Post #145 partnered with the Township to provide Thanksgiving meals for Food Pantry Clients.

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

TOWNSHIP PROGRAM HIGHLIGHTS APRIL 1, 2016 THROUGH MARCH 31, 2017

Moraine Township provided over 15,000 services or responses to resident inquiries during the 12-month period ended March 31, 2017, not including services provided by the Township Assessor's office.

- **VITA:** Moraine Township partnered with the Internal Revenue Service for the second consecutive year to offer free income tax preparation to low-and-moderate-income taxpayers, as part of the IRS Volunteer Income Tax Assistance Program (VITA). The program served 153 taxpayers during the 2017 filing season.
- **Health Insurance Enrollment:** Moraine Township volunteers continued assisting residents with enrollment for health insurance under the Affordable Care Act during open enrollment, and through the year for Medicaid-eligible residents and people who lost insurance during the year.
- **Utility Assistance:** Moraine Township assisted over 250 income-qualified residents obtain utility assistance through Share the Warmth and LIHEAP (Low Income Heat Electric Assistance) Programs, in addition to direct summer electric assistance to income-qualified senior households.
- **Cemeteries:** Moraine Township owns and maintains two cemeteries. Township cemetery services include burials, deed transfers, and responses to other inquiries.
- **Housing:** Township assisted 76 residents with housing issues and information.
- **Social Service Assistance:** Miscellaneous other social services include assisting residents with renewal of Benefit Access programs, Illinois Department of Human Service program assistance, and Social Security and Health Department issues.
- **Volunteers:** In addition to hundreds of regular and casual Food Pantry volunteers, other Township volunteers helped residents enroll in health insurance and prepare income tax returns. These services account for more than 2,000 estimated volunteer hours during the fiscal year, including 40+ hours of annual training per volunteer to be certified to provide assistance.

MORAINÉ TOWNSHIP, ILLINOIS

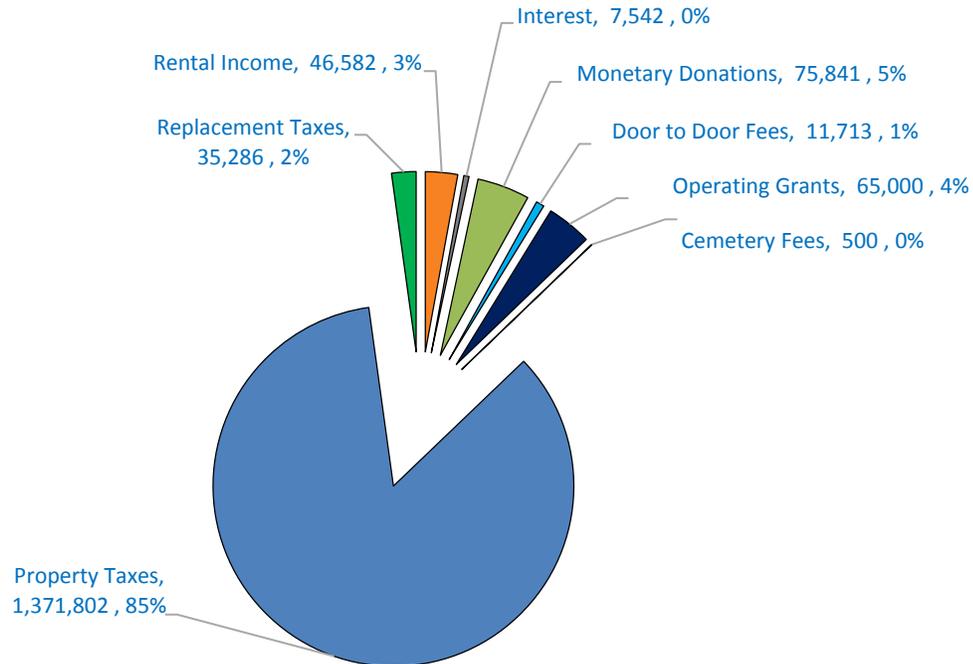
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

2017 REVENUES

ROUNDED TO THE NEAREST PERCENT



FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the fiscal year.

At March 31, 2017, the Township's governmental funds reported combined ending fund balances of \$1,019,802, a decrease of \$1,417,668 in comparison with the prior year due to the purchase of the new building.

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (CONTINUED)

The Town Fund is the chief operating fund of the Township. At March 31, 2017, the fund balance of the Town Fund was \$743,415. This represents a decrease of \$1,542,340, compared to the prior fiscal year, again primarily related to the purchase of the new building for \$1,667,808.

TOWN FUND BUDGETARY HIGHLIGHTS

Expenditures in the Town Fund of \$2,788,728, were greater than revenues by \$1,542,340, however the Town Fund expenditures were \$236,152 under the amended appropriation of \$3,024,880.

CAPITAL ASSETS

The Township's capital fixed assets for its governmental activities as of March 31, 2017, amount to \$1,966,229 (net of accumulated depreciation). This investment in fixed assets includes land improvements, leasehold improvements, buildings, furniture and other equipment.

Major fixed asset events during the current fiscal year included the purchase of a building which will serve as the Township office and Food Pantry, replacing the facility currently rented for \$81,000 per year. Half of the new building is currently rented to a not-for-profit organization through August 2017, at which time the Township will buildout the space to fit its needs and move. Purchase of the building will reduce future operating expenses. The following is a summary of current year fixed asset additions and balances.

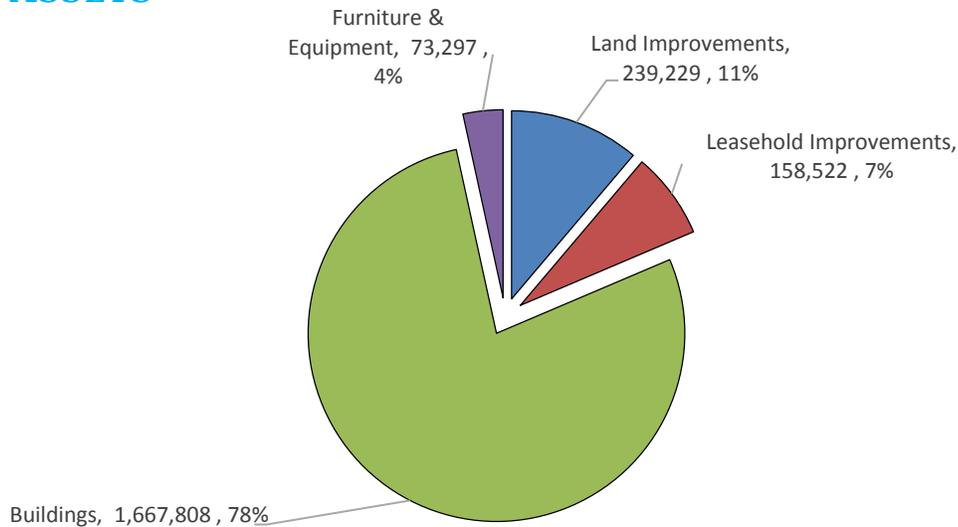
	Balance			Balance
Fixed Assets	March 31, 2016	Increases	Decreases	March 31, 2017
Land Improvements	\$ 239,229	\$ -	\$ -	\$ 239,229
Leasehold Improvements	158,522	-	-	158,522
Buildings	-	1,667,808	-	1,667,808
Furniture & Equipment	73,297	-	-	73,297
Total Fixed Assets	471,048	1,667,808	-	2,138,856
Less: Accumulated Depreciation	142,154	30,473	-	172,627
Fixed Assets (Net)	\$ 328,894	\$ 1,637,335	\$ -	\$ 1,966,229

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

FIXED ASSETS



ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Township for the 2016 levy is \$2,365,697,184. That represents an increase in EAV of \$144,459,497 over the prior year's EAV. Property tax revenues recorded in these financial statements are from the 2015 levy paid to the Township in 2016 and reflected in the financial statements for the Fiscal Year Ended March 31, 2017. Property tax receivable and deferred property tax amounts reported in these financial statements are from the 2016 levy, to be paid to the Township in 2017.

Moraine Township froze its 2015 property tax levies and reduced the 2014 and 2016 levies by 5%. The Township's tax rate has declined in each year of the summary below. A summary of the assessed valuations and extensions for tax years 2016, 2015, and 2014 is as follows: (Note that 2015 was a quadrennial reassessment year).

MORAINÉ TOWNSHIP, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended March 31, 2017

ASSESSED VALUATIONS, EXTENDED TAX RATE PERCENTAGE ALLOCATIONS, EXTENDED TAX RATES AND TAX EXTENSIONS

Tax Levy Year	2016		2015		2014	
Assessed Valuation						
Lake County	\$	2,365,697,184	\$	2,221,237,687	\$	2,103,025,036
Tax Rates and Percentage						
Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
Corporate	0.043328	77.36	0.049748	88.82	0.054208	82.01
General Assistance	0.012682	22.64	0.012831	22.91	0.011888	17.99
Totals	0.056010	100.00	0.062579	111.73	0.066096	100.00
Property Tax Extensions						
Funds		2016		2015		2014
Corporate	\$	1,025,009	\$	1,105,021	\$	1,140,008
General Assistance		300,018		285,007		250,008
Totals	\$	1,325,027	\$	1,390,028	\$	1,390,016

DESCRIPTION OF CURRENT OR EXPECTED CONDITIONS

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Township in the near future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Supervisor, Moraine Township, 777 Central Avenue, Highland Park, Illinois, 60035.

BASIC FINANCIAL STATEMENTS

MORAINÉ TOWNSHIP, ILLINOIS

Government-wide Statement of Net Position

Year Ended March 31, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,062,619
Property tax receivable	1,312,027
Corporate replacement tax receivable	8,463
Accounts receivable	829
Grants and donations receivable	75,037
Prepaid items	19,764
Fixed assets - net	1,966,229
Total Assets	4,444,968
Deferred Outflows of Resources	
Deferred pension outflows	225,327
Total Deferred Outflows of Resources	225,327
Liabilities	
Accounts payable	81,911
Pension liability	64,855
Unearned grant revenue	65,000
Total Liabilities	211,766
Deferred Inflows of Resources	
Unavailable property tax revenue	1,312,027
Deferred pension inflows	2,218
Total Deferred Inflows of Resources	1,314,245
Net Position	
Net investment in capital assets	1,966,229
Restricted - general assistance	194,966
Restricted - community chest	81,420
Unrestricted	901,669
Total Net Position	\$ 3,144,284

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Government-wide Statement of Activities

Year ended March 31, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Administration:				
Town	\$ 169,090	\$ -	\$ -	\$ (169,090)
General Assistance	178,514	-	-	(178,514)
Assessor	475,658	-	-	(475,658)
Cemeteries	24,471	500	-	(23,971)
Agency Grants	225,000	-	-	(225,000)
General/Emergency assistance	29,239	-	-	(29,239)
Door to door services	180,066	11,713	65,000	(103,353)
Taxi services	22,608	-	-	(22,608)
Community Chest	35,453	-	75,841	40,388
Rental	24,028	46,582	-	22,554
Pension expense - GASB 68	160,985	-	-	(160,985)
Depreciation - unallocated	30,473	-	-	(30,473)
Total Governmental Activities	\$ 1,555,585	\$ 58,795	\$ 140,841	\$ (1,355,949)
General Revenues:				
Property taxes				1,371,802
Replacement tax				35,286
Investment Income				7,542
Total Revenues				1,414,630
Changes in Net Position				58,681
Net Position, Beginning				3,085,603
Total Net Position, Ending				\$ 3,144,284

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Governmental Funds - Balance Sheet

Year Ended March 31, 2017

	Town Fund	General Assistance Fund	Total
Assets			
Cash	\$ 793,805	\$ 268,814	\$ 1,062,619
Prepaid items	12,023	7,741	19,764
Interfund receivables	9,154	-	9,154
Accounts receivable	829	-	829
Grants and donations receivable	65,000	10,037	75,037
Personal property replacement tax receivable	6,728	1,735	8,463
Property tax receivable, net	1,012,009	300,018	1,312,027
Total Assets	\$ 1,899,548	\$ 588,345	\$ 2,487,893
Liabilities			
Accounts payable	\$ 79,124	\$ 2,787	\$ 81,911
Interfund payables	-	9,154	9,154
Unearned grant revenue	65,000	-	65,000
Total Liabilities	144,124	11,941	156,065
Deferred Inflows of Resources			
Unavailable property tax revenue	1,012,009	300,018	1,312,027
Total Deferred Inflows of Resources	1,012,009	300,018	1,312,027
Fund Balance			
Nonspendable	12,023	7,741	19,764
Restricted	-	268,645	268,645
Committed	-	-	-
Assigned	-	-	-
Unassigned	731,392	-	731,392
Total Fund Balance	743,415	276,386	1,019,801
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,899,548	\$ 588,345	\$ 2,487,893

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 2017

	Town Fund	General Assistance Fund	Total
Revenues			
Property taxes	\$ 1,087,341	\$ 284,461	\$ 1,371,802
Replacement taxes	28,051	7,235	35,286
Van user fees	11,713	-	11,713
Cemetery revenue	500	-	500
Grants and donations	65,000	75,841	140,841
Rental income	46,582	-	46,582
Interest income	7,201	341	7,542
Total Revenues	1,246,388	367,878	1,614,266
Expenditures			
Administrative	193,117	178,086	371,203
Assessor	452,727	-	452,727
Transportation	202,674	-	202,674
Assistance programs	-	64,692	64,692
Cemeteries	24,021	-	24,021
Agency grants	225,000	-	225,000
Capital outlay	1,691,189	428	1,691,617
Total Expenditures	2,788,728	243,206	3,031,934
Net Changes in Fund Balance	(1,542,340)	124,672	(1,417,668)
Fund Balance			
Fund Balance, Beginning	2,285,755	151,714	2,437,469
Total Fund Balance, Ending	\$ 743,415	\$ 276,386	\$ 1,019,801

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

*Reconciliations of the Governmental Fund Statements to the
Statement of Net Position and the Statement of Activities
Year Ended March 31, 2017*

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balances -Total Governmental Funds	\$ 1,019,801
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets net of depreciation	1,966,229
Deferred Outflows and Net Pension Liabilities are not reported in the funds	
Net Pension liabilities	(64,855)
Deferred pension inflows	(2,218)
Deferred pension outflows	225,327
Total Net Position of Governmental Activities	<u><u>\$ 3,144,284</u></u>

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

Excess (Deficiency) of Revenue Over Expenditures Governmental Funds	\$ (1,417,668)
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life.	
Capitalized assets	1,667,808
Depreciation expense	(30,473)
Change in Deferred Outflows and Net Pension Liabilities are not reported in the funds	(160,986)
Changes in Net Position Governmental Funds	<u><u>\$ 58,681</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC
FINANCIAL STATEMENTS

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Moraine Township, Illinois (Township) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

REPORTING ENTITY –

The Township is located in Highland Park, Illinois and is governed by a board of trustees. The Township is primarily funded through a tax levy, Illinois Replacement Tax, operating grants, user fees, and charitable donations. Revenue is used to operate and staff Township services. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Township, the Community Chest is a blended component unit and included in these financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION –

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MORaine TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to Township patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgements are recorded only when payment is due. Moraine Township does not currently have long-term debt outstanding.

Primary sources of revenue are property taxes, state-shared revenue, and interest associated with the current fiscal period. All are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Program revenues include van rider fees that are reported as charges for services in the government-wide financial statements. Transportation grants are reported as operating grants in the government-wide financial statements.

The following fund types are used by the Township:

Governmental Funds

General Fund – The Town Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The General Assistance Fund is a Special Revenue Fund.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

THE TOWNSHIP REPORTS ALL THE FUNDS AS MAJOR GOVERNMENTAL FUNDS –

The Town Fund and the General Assistance Fund are both considered major funds by the Township.

FINANCIAL STATEMENT AMOUNTS –

Bank Deposits and Investments - The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The Township maintains a cash and investment pool which is available for use by the Town and General Assistance Funds.

The Township's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans. The cash and investments reflected in the combined balance sheet consist of demand accounts.

Receivables and Payables - In general, outstanding balances between funds are reported as "Interfund receivables" and "Interfund payables." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. The 2016 levy was passed by the Board on November 10, 2016.

Capital Assets - Capital assets are defined by the Township as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	10-50 years
Equipment, furniture, and fixtures	5-20 years

Compensated Absences - (Vacation Leave) - It is the Township's policy to permit employees to accumulate up to five days of earned but unused vacation pay benefits with permission from their supervisor. There is no liability for unpaid accumulated vacation leave in the current year.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A liability for these amounts is reported in the governmental fund - General Fund only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, debt issued is reported as another financing source and payments are reported as debt service expenditures.

The Township has a pension plan covering salaried employees and employees working in excess of 1,000 hours annually. Employees are covered by the Illinois Municipal Retirement Fund.

The budget represents departmental appropriations as authorized by the Township's appropriation ordinance and includes revisions authorized by the Township Board to reflect changes in departmental programs. At March 31, 2017, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The budget is prepared on the modified accrual basis. The 2016-2017 appropriations ordinance was adopted May 12, 2016. An amended appropriation ordinance was adopted on September 22, 2016, primarily to appropriate funds for the purchase, maintenance and improvements for the Town Hall and Food Pantry.

FUND BALANCE CLASSIFICATION –

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable –

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Township has classified prepaid items as being Nonspendable.

Restricted –

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

Committed –

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Township Board. These amounts cannot be used for any other purpose unless the Township Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Township did not have any committed resources as of March 31, 2017.

Assigned –

This classification includes amounts that are constrained by the Township's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Township Board or through the Township Board delegating this responsibility to the Township Supervisor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the Town Fund.

Unassigned –

This classification includes the residual fund balance for the Town Fund and the amount established for minimum funding which represents the portion of the Town Fund balance that has been established by the board to be used for debt service or in emergency situations.

The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Township would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

EQUITY CLASSIFICATIONS USED IN THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Investment in Capital Assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Restricted Net Position - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – all other net position is reported in this category.

IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Statement No. 68 – In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014, therefore, the Township implemented this Statement in fiscal year ending March 31, 2016.

NOTE – 2 CASH AND INVESTMENTS

The Township's investment policies are governed by state statutes whereby Township money must be deposited in FDIC insured banks located within the state. Permissible investments include demand accounts and certificates of deposits. The carrying cash balance of the Township is \$1,062,619 and the bank balance is \$1,071,458. Of the bank balance in the Township's name, \$521,564 is FDIC insured, \$549,701 is collateralized and the remaining \$193 is uncollateralized for the Township in the bank's trust department.

Interest Rate Risk – The Township limits its interest rate risk by having demand deposits.

Custodial Credit Risk – The Township limits its credit risk by holding its deposits in FDIC insured institutions with collateral backing its deposits. Of the Township's cash and deposits on March 31, 2017, \$193 is uninsured and uncollateralized.

Concentration of Credit Risk - The Township places no limit on the amount held in any one institution.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT

IMRF PLAN DESCRIPTION

The Township'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 Township's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

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

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

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	15
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	<u>9</u>
Total	31

CONTRIBUTIONS

As set by statute, the Township's Regular Plan Members are required to contribute 4.5% 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 Township's annual contribution rate for calendar year 2016 was 7.99%. For the fiscal year ended March 31, 2017, the Township contributed \$39,429 to the plan. The Township 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Township's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2016

Actuarial Valuation Date	12/31/2016	
Measurement Date of the Net Pension Liability	12/31/2016	
Fiscal Year End	3/31/2017	
Membership		
Number of		
- Retirees and Beneficiaries	15	
- Inactive, Non-Retired Members	7	
- Active Members	9	
- Total	<u>31</u>	
Covered Valuation Payroll (1)	\$ 494,388	
Net Pension Liability		
Total Pension Liability/(Asset)	\$ 3,449,675	
Plan Fiduciary Net Position	<u>3,384,820</u>	
Net Pension Liability/(Asset)	\$ 64,855	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.12%	
Net Pension Liability as a Percentage of Covered Valuation Payroll	13.12%	
Development of the Single Discount Rate as of December 31, 2016		
Long-Term Expected Rate of Investment Return	7.50%	
Long-Term Municipal Bond Rate (2)	3.78%	
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116	
Resulting Single Discount Rate based on the above development	7.50%	
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.49%	
Total Pension Expense/(Income)	\$ 190,825	
Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 89,175	\$ -
Changes in assumptions	905	2,218
Net difference between projected and actual earnings on pension plan investments	<u>144,907</u>	<u>-</u>
Total	<u>\$ 234,987</u>	<u>\$ 2,218</u>

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68. (2) "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Services's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of December 29, 2016, the most recent available on or before the measurement date.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios -- Current Period Calendar Year Ended December 31, 2016

A. Total pension liability

1. Service Cost	\$ 62,280
2. Interest on the Total Pension Liability	244,772
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	12,834
5. Changes of assumptions	(3,580)
6. Benefit payments, including refunds of employee contributions	(206,939)
7. Net change in total pension liability	109,367
8. Total pension liability – beginning	3,340,308
9. Total pension liability – ending	<u>\$ 3,449,675</u>

B. Plan fiduciary net position

1. Contributions – employer	\$ 39,501
2. Contributions – employee	22,247
3. Net investment income	227,752
4. Benefit payments, including refunds of employee contributions	(206,939)
5. Other (Net Transfer)	20,927
6. Net change in plan fiduciary net position	103,488
7. Plan fiduciary net position – beginning	3,281,332
8. Plan fiduciary net position – ending	<u>\$ 3,384,820</u>

C. Net pension liability/(asset)

\$ 64,855

D. Plan fiduciary net position as a percentage of the total pension liability

98.12%

E. Covered Valuation payroll

\$ 494,388

F. Net pension liability as a percentage of covered valuation payroll

13.12%

Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 3,841,568	\$ 3,449,675	\$ 3,131,314
Plan Fiduciary Net Position	3,384,820	3,384,820	3,384,820
Net Pension Liability/(Asset)	<u>\$ 456,748</u>	<u>\$ 64,855</u>	<u>\$ (253,506)</u>

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the year ended March 31, 2017, the Township recognized pension expense of \$39,429. At March 31, 2017, the Township reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual	\$ 89,175	\$ -
Changes of assumptions	905	2,218
Net difference between projected and actual earnings on pension plan investments	<u>144,907</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>234,987</u>	<u>2,218</u>
Pension Contributions made subsequent To the measurement date	<u>9,660</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 225,327</u>	<u>\$ 2,218</u>

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

Year Ending <u>December 31</u>	Net Deferred <u>Outflows of Resources</u>
2017	\$ 133,038
2018	49,604
2019	47,391
2020	2,736
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 232,769</u>

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 3 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date: December 31, 2016

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based on 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to

Other Information:

Notes There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 4 – CHANGES IN FIXED ASSETS

	Balance			Balance
Fixed Assets	April 1, 2016	Increases	Decreases	March 31, 2017
Land Improvements	\$ 239,229	\$ -	\$ -	\$ 239,229
Buildings	-	1,667,808	-	1,667,808
Leasehold Improvements	158,522	-	-	158,522
Equipment & Furniture	73,297	-	-	73,297
Total Fixed Assets	471,048	1,667,808	-	2,138,856
Less: Accumulated				
Depreciation	142,154	30,473	-	172,627
Fixed Assets (Net)	\$ 328,894	\$ 1,637,335	\$ -	\$ 1,966,229

Depreciation by Governmental Activity

Unallocated \$ 30,473

Total Governmental Activities **\$ 30,473**

NOTE 5 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Township has adopted GASB Statement No. 65, which redefined how certain financial statement elements are presented in the statement of financial position. The elements are classified as follows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has \$225,327 of deferred pension outflows in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources (\$1,312,027) reported in the governmental funds for unavailable revenues are all from property taxes to be received in the following year and (\$2,218) of deferred pension inflows.

NOTE 7 – LEASE OBLIGATIONS

In January 2009, the Township entered into an 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 \$80,895 for the year ended March 31, 2017. The future minimum lease payments for this lease are as follows:

Minimum future lease payments are:

	Total
4/1/17 thru 12/31/17	<u>\$ 60,750</u>

NOTE 8 – BLENDED COMPONENT UNIT

The Community Chest Fund is a 501(c)3 legally separate entity that is encompassed within the General Assistance Fund of the Township due to the relationship that it has with the Township.

NOTE 9 – 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 other recognized or non-recognized subsequent events that have occurred between March 31, 2017 and the date of this audit report requiring disclosure in the financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Financial Statements

Year ended March 31, 2017

NOTE 10 – CONTINGENCIES

The Township is aware of pending litigation for a 2015 tax objection and has created an allowance within the property tax receivable reported, in the amount of \$13,000, to account for this settlement.

REQUIRED SUPPLEMENTARY INFORMATION

MORAINÉ TOWNSHIP, ILLINOIS

Town Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended March 31, 2017

	Original Budget	Final Budget	Modified Accrual Basis
Revenues			
Property taxes	\$ 1,105,000	\$ 1,105,000	\$ 1,087,341
Replacement taxes	27,880	27,880	28,051
Cemetery revenue	500	500	500
Grants	65,000	65,000	65,000
Van user revenue	16,500	16,500	11,713
Rental Income	-	48,135	46,582
Interest income	10,000	10,000	7,201
Total Revenues	1,224,880	1,273,015	1,246,388
Expenditures			
Administrative			
Personnel			
Salaries - officers & staff	110,000	110,000	115,276
Health insurance	5,000	5,000	5,438
Social security & medicare	8,750	8,750	8,926
Municipal retirement	6,750	6,750	6,447
Total personnel	130,500	130,500	136,087
Contractual services			
Accounting & auditing	4,300	4,300	3,173
Auto expense/milage	200	200	-
Insurance (TORIMA)	700	700	703
Legal services	4,000	4,000	5,756
Maintenance/pest control	250	250	272
Outside services	2,750	2,750	720
Printing/publishing	750	750	264
Facilities/rent	12,083	12,083	12,054
Special events	500	500	388
Telephone	750	750	805
Newsletter	750	750	-
Utilities	1,000	1,000	1,165
Website	500	500	1,013
Workshops/dues/subscriptions	1,500	1,500	2,339
Janitorial services	1,500	1,500	1,451
Miscellaneous expense	50	50	225
Equipment maintenance	-	-	1,813
Building maintenance	-	-	22,215
Contingencies, office of the Supervisor	10,000	10,000	-
Total contractual services	41,583	41,583	54,356

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Town Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended March 31, 2017

Revenues	Original Budget	Final Budget	Modified Accrual Basis
Administrative (continued)			
Commodities			
Operating supplies	\$ 900	\$ 900	\$ 580
VITA supplies	-	-	214
Office supply/postage	1,000	1,000	1,880
Total commodities	1,900	1,900	2,674
Capital outlay			
Equipment	300	300	-
Total capital outlay	300	300	-
Total Administrative	174,283	174,283	193,117
Assessor Personnel			
Salaries	303,999	303,999	301,647
Social security & medicare	48,500	24,500	23,354
Health insurance	24,500	48,500	45,995
Municipal retirement	23,000	23,000	21,432
Total personnel	399,999	399,999	392,428
Contractual services			
Accounting & auditing	10,500	10,500	7,478
Auto expense/milage	2,500	2,500	2,014
Insurance (TORIMA)	3,000	3,000	3,516
Legal services	1,500	1,500	684
Maintenance/pest control	250	250	202
Outside services	1,000	1,000	1,057
Facilities/rent	26,582	26,582	26,843
Special events	3,000	500	1,009
Telephone	500	3,500	3,210
Newsletter	3,500	2,000	-
Utilities	2,000	2,750	2,594
Website	2,750	2,000	108
Workshops/dues/subscriptions	2,000	3,500	5,070
Janitorial services	3,500	3,000	3,270
Miscellaneous expense	1,000	1,000	42
Contingencies, office of the Supervisor	20,000	20,000	-
Total contractual services	83,582	83,582	57,097

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Town Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended March 31, 2017

Revenues	Original Budget	Final Budget	Modified Accrual Basis
Assessor (continued)			
Commodities			
Operating supplies	\$ 1,500	\$ 1,500	\$ 2,019
Office supply/postage	2,000	2,000	1,183
Total commodities	<u>3,500</u>	<u>3,500</u>	<u>3,202</u>
Capital outlay			
Equipment	20,000	20,000	22,931
Total capital outlay	<u>20,000</u>	<u>20,000</u>	<u>22,931</u>
Total Assessor	<u>507,081</u>	<u>507,081</u>	<u>475,658</u>
Transportation			
Personnel			
Salaries	146,800	146,800	107,680
Health insurance	11,500	11,500	12,626
Social security & medicare	11,500	11,500	8,892
Municipal retirement	6,500	6,500	4,388
Total personnel	<u>176,300</u>	<u>176,300</u>	<u>133,586</u>
Contracual services			
Accounting & auditing	11,100	11,100	7,990
Auto expense/milage	100	100	71
Insurance (TORIMA)	4,500	4,500	4,922
Legal services	1,500	1,500	761
Maintenance/pest control	100	100	148
Outside services	1,250	1,250	801
Printing/publishing	250	250	3,433
Facilities/rent	9,666	9,666	9,683
Special events	500	500	361
Telephone	1,400	1,400	1,298
Newsletter	2,000	2,000	-
Utilities	750	750	962
Van operations & maintenance	20,000	20,000	12,488
Website	2,000	2,000	163
Workshops/dues/subscriptions	250	250	-
Janitorial services	1,500	1,500	1,451
Equipment maintenance	-	-	400
Miscellaneous expense	100	100	65
Contingencies, office of the Supervisor	10,000	10,000	-
Total contracual services	<u>66,966</u>	<u>66,966</u>	<u>44,997</u>

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Town Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended March 31, 2017

Revenues	Original Budget	Final Budget	Modified Accrual Basis
Transportation (continued)			
Commodities			
Operating supplies	\$ 2,000	\$ 1,500	\$ 262
Office supply/postage	1,500	2,000	1,221
Total commodities	3,500	3,500	1,483
Capital outlay			
Equipment	500	500	-
Total capital outlay	500	500	-
Other programs			
Taxi program	20,000	20,000	22,608
Total other programs	20,000	20,000	22,608
Total Transportation	267,266	267,266	202,674
Cemeteries			
Personnel			
Salaries	15,000	15,000	10,041
Social security & medicare	1,100	1,100	794
Municipal retirement	1,100	1,100	734
Total personnel	17,200	17,200	11,569
Contractual services			
Auto expense/milage	100	100	60
Insurance (TORIMA)	1,300	1,300	1,406
Legal services	2,000	2,000	-
Maintenance & operations	20,000	20,000	10,565
Outside services	2,500	2,500	9
Printing/publishing	500	500	-
Special events	250	250	-
Supplies	100	100	-
Utilities	300	300	312
Website	500	500	-
Workshops/dues/subscriptions	500	500	100
Contingencies, office of the Supervisor	5,000	5,000	-
Total contractual services	33,050	33,050	12,452
Capital outlay			
Equipment	-	-	450
Total capital outlay	-	-	450
Total Cemeteries	50,250	50,250	24,471

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

Town Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended March 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Accrual Basis</u>
Revenues			
Elections (continued)			
Contractual services			
Website	\$ 1,000	\$ 1,000	\$ -
Total contractual services	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Elections	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Agency Grants			
Contractual services			
Grants	225,000	225,000	225,000
Committed funds	75,000	-	-
Total Agency Grants	<u>300,000</u>	<u>225,000</u>	<u>225,000</u>
Capital Outlay			
Capital Outlay - Building	-	1,800,000	1,667,808
Total Capital Outlay	<u>-</u>	<u>1,800,000</u>	<u>1,667,808</u>
Total Expenditures	<u>1,299,880</u>	<u>3,024,880</u>	<u>2,788,728</u>
Net Change in Fund Balance	<u>\$ (75,000)</u>	<u>\$ (1,751,865)</u>	<u>\$ (1,542,340)</u>

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

General Assistance Fund - Statement of Revenues, Expenditures and Changes in Fund Balances

- Budget and Actual

Year Ended March 31, 2017

	Original Budget	Final Budget	Modified Accrual Basis
Revenues			
Property taxes	\$ 285,000	\$ 285,000	\$ 284,461
Replacement taxes	6,120	6,120	7,235
Interest income	-	-	340
Contributions - community chest	45,000	45,000	75,841
Total Revenues	336,120	336,120	367,877
Expenditures			
Administrative			
Personnel			
Salaries - officers & staff	90,950	98,450	88,600
Health insurance	16,000	16,000	13,714
Social security & medicare	7,000	7,750	6,797
Municipal retirement	7,000	7,000	6,488
Total personnel	120,950	129,200	115,599
Contractual services			
Accounting & auditing	11,100	11,100	7,989
Auto expense/milage	100	100	20
Insurance (TORIMA)	5,500	5,500	6,554
Legal services	1,000	1,000	100
Maintenance/pest control	900	900	1,011
Outside services	1,500	1,500	234
Printing/publishing	6,500	6,500	74
Facilities/rent	32,220	32,220	32,315
Janitorial services	7,500	7,500	7,247
Special events	500	500	19
Telephone	2,000	2,000	1,944
Utilities	2,750	2,750	3,374
Website	4,000	4,000	330
Workshops/dues/subscriptions	1,000	1,000	58
Miscellaneous expense	100	100	16
Contingencies, office of the Supervisor	25,000	25,000	-
Total contractual services	101,670	101,670	61,285

The accompanying notes are an integral part of these financial statements.

MORAINÉ TOWNSHIP, ILLINOIS

General Assistance Fund - Statement of Revenues, Expenditures and Changes in Fund Balances

- Budget and Actual

Year Ended March 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Modified Accrual Basis</u>
Administrative (continued)			
Commodities			
Operating supplies	\$ 2,000	\$ 2,000	\$ 132
Office supply/postage	1,000	1,000	1,070
Total commodities	<u>3,000</u>	<u>3,000</u>	<u>1,202</u>
Capital outlay			
Equipment	500	500	428
Total capital outlay	<u>500</u>	<u>500</u>	<u>428</u>
Total Administrative	<u>226,120</u>	<u>234,370</u>	<u>178,514</u>
Assistance programs			
General assistance	10,000	10,000	16,114
Emergency assistance	20,000	20,000	13,125
Senior/youth services	35,000	35,000	-
Community chest	45,000	45,000	35,453
Total Assistance Programs	<u>110,000</u>	<u>110,000</u>	<u>64,692</u>
Total Expenditures	<u>336,120</u>	<u>344,370</u>	<u>243,206</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (8,250)</u>	<u>\$ 124,671</u>

The accompanying notes are an integral part of these financial statements.

MORAIN TOWNSHIP, ILLINOIS
Multi-year Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Calendar Years

(Schedule to be built prospectively from 2015)

Calendar Year Ending	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 62,280	\$ 60,557								
Interest on the Total Pension Liability	244,772	215,742								
Benefit Changes	-	-								
Difference between Expected and Actual Experience	12,834	313,585								
Assumption Changes	(3,580)	3,497								
Benefit Payments and Refunds	(206,939)	(198,715)								
Net Change in Total Pension Liability	109,367	394,666								
Total Pension Liability - Beginning	3,340,308	2,945,642								
Total Pension Liability - Ending (a)	\$ 3,449,675	\$ 3,340,308								
Plan Fiduciary Net Position										
Employer Contributions	39,501	43,983								
Employee Contributions	22,247	23,387								
Pension Plan Net Investment Income	227,752	15,125								
Benefit Payments and Refunds	(206,939)	(198,715)								
Other	20,927	306,792								
Net Change in Plan Fiduciary Net Position	103,488	190,572								
Plan Fiduciary Net Position - Beginning	3,281,332	3,090,760								
Plan Fiduciary Net Position - Ending (b)	\$ 3,384,820	\$ 3,281,332								
Net Pension Liability/(Asset) - Ending (a) - (b)	64,855	58,976								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.12%	98.23%								
Covered Valuation Payroll	\$ 494,388	\$ 511,428								
Net Pension Liability as a Percentage of Covered Valuation Payroll	13.12%	11.53%								

MORAINÉ TOWNSHIP, ILLINOIS
Multi-year Schedule of Pension Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 43,983	\$ 43,983	-	\$ 511,428	8.60%
2016	39,502 *	39,429	73	494,388	7.98%

* Estimated based on a contribution rate of 7.99% and covered valuation payroll of \$494,388.

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Required Supplementary Information
Year ended March 31, 2017

NOTE 1 - BUDGETARY INFORMATION

The accounting policies of Moraine Township include the preparation of financial statements on the modified accrual basis of accounting. The Township also prepares its budget on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, debt service expenditures, and claims and judgments are recognized only when payment is due.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The Township procedures in establishing the budgetary data reflected in the General Fund Financial Statements are presented below:

1. Prior to June 15th the Township Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on proceeding April 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at a public meeting to obtain taxpayers comments.
3. The budget is legally enacted through passage of an ordinance prior to June 30th.
4. The Township Treasurer, in conjunction with the Township Board, is authorized to expend the unexpensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
5. The original budget was passed on May 12, 2016 and amended on September 22, 2016.

MORAINÉ TOWNSHIP, ILLINOIS

Notes to Required Supplementary Information
Year ended March 31, 2017

NOTE 1 - BUDGETARY INFORMATION (CONCLUDED)

6. Formal budgetary integration is not employed as a management control device during the year for any fund.
7. Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
8. Expenditures cannot legally exceed appropriations at the fund level.
9. All appropriations lapse at year-end.
10. The budget for Town Fund and General Assistance Fund were adopted on May 12, 2016 and amended on September 22, 2016.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No funds had expenditures exceeding the appropriations.