

**TOWN OF MAINE
(AN ILLINOIS TOWNSHIP)**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
TOWN OF MAINE
Park Ridge, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of TOWN OF MAINE (An Illinois Township) as of and for the year ended February 28, 2011, which collectively comprise the Township's financial statements, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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 TOWN OF MAINE as of February 28, 2011, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWN OF MAINE'S financial statements as a whole. The individual fund financial statements of revenues and expenditures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

GIBBERT & ASSOCIATES, P. C.

Hawthorn Woods, Illinois
May 23, 2011

A Professional Corporation

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2011

Our discussion and analysis of the Town of Maine's financial performance provides an overview of the Township's financial activities for the fiscal year ended February 28, 2011. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net assets increased by \$398,282 for 2011 as compared to an increase of \$801,089 for 2010. The Township reported an excess of revenues over expenditures of \$313,146 for 2011 compared to \$616,507 for 2010.

USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. For governmental activities these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets—the difference between assets and liabilities—as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2011

Governmental funds—Most of the Township’s basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting and a current financial resources measurement focus, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township’s programs. We illustrate the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds with reconciliation at the bottom of the fund financial statements.

THE TOWNSHIP AS A WHOLE

Net Assets

As table I shows, the Township’s combined net assets showed an increase from \$7,267 million to \$7.665 million. The Township did not incur any changes in net assets greater than 10 percent.

Governmental Activities:

	Table 1 Net Assets (in thousands)		% Inc. (Dec.)
	<u>2011</u>	<u>2010</u>	
Current and other assets	\$10,982	\$10,449	5.1%
Capital assets/bond	<u>4,373</u>	<u>4,288</u>	2.0
Total assets	<u>15,355</u>	<u>14,737</u>	
Other liabilities	<u>7,690</u>	<u>7,470</u>	2.9
Total liabilities	<u>7,690</u>	<u>7,470</u>	
Net assets:			
Invested in capital assets net of debt	4,373	4,288	2.0
Unrestricted	<u>3,292</u>	<u>2,979</u>	10.5
Total net assets	<u>\$7,665</u>	<u>7,267</u>	

Overall, the Township’s total assets increased 4.2%, total liabilities increased by 2.9%, and total net assets increased by 5.5% over last year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2011

Changes in Net Assets

Overall the Township's "Net Assets" increased by approximately \$398,282. Explanations for this increase are given for individual items whose change is in excess of \$100,000 or an item which has an increase or decrease of greater than 10% from the prior year. These items include the following:

- Fees for services increased due to greater participation in the services provided by the Township
- Property and replacement tax decrease was due to reduction in taxes collected by county
- Grants and contributions decrease was due to a reduction in Department of Commerce and Economic Opportunity grant to the Road and Bridge Fund.
- Interest income decrease due to drop in rates and availability of funds

Table 2
 Changes in Net Assets
 (in thousands)

	<u>2011</u>	<u>2010</u>	% Inc. (Decr.)
Revenues:			
Program revenues:			
Charges for services	\$ 25	\$ 16	56.2
Grants and contributions	58	74	(21.6)
General revenues			
Property and replacement taxes	5,765	6,178	(6.7)
Interest	51	60	(15.0)
Other general revenue	70	69	1.5
Total revenues	<u>5,969</u>	<u>6,397</u>	
Program expenses:			
General government	3,245	3,251	(.2)
General assistance	871	792	9.9
Road and bridge	1,455	1,553	(6.3)
Total expenses	<u>5,571</u>	<u>5,596</u>	
Increase (decrease) In net assets	<u>\$ 398</u>	<u>\$801</u>	
Ending net assets	<u>\$7,665</u>	<u>\$7,267</u>	

Overall, the Township's total revenues decreased 6.7%, total expenses decreased by .4%, and ending net assets increased by 5.5% over last year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2011

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Table 3 presents the cost of each of the Township's programs-general, general assistance and road and bridge-as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of those functions.

Table 3
 Governmental Activities
 (in thousands)

	Total Cost of Services		% Incr (Decr)	Net Cost of Services		% Incr (Decr)
	2011	2010		2011	2010	
General	\$3,245	\$3,251	(.2)	\$3,220	\$3,235	(.5)
General assistance	871	791	10.1	813	718	13.2
Road and bridge	<u>1,455</u>	<u>1,553</u>	(6.3)	<u>1,455</u>	<u>1,553</u>	(6.3)
	<u>\$5,571</u>	<u>\$5,595</u>		<u>\$5,488</u>	<u>\$5,506</u>	

Overall, the Township's governmental activities' total costs decreased .4% over last year and net costs decreased by .3%.

THE TOWNSHIP'S FUNDS

The Township's total governmental fund balance increased by \$313,146. The general fund increased by \$401,324, the general assistance fund increased by \$63,912 and the road and bridge fund decreased by \$152,090. The general fund actual revenues in excess of expenditures was \$559,284 over the budget amount for the year, the general assistance fund was \$147,358 over the budget amount for the year and the road and bridge fund was \$252,589 under the budget amount for the year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of February 28, 2011 the Township had \$7.68 million of cost, prior to depreciation, invested in capital assets. This represents a net increase of \$381 thousand or 5.2% more than last year. Further information can be found in the notes to the financial statements.

Table 5
Capital Assets
(in thousands)

	<u>2011</u>	<u>2010</u>
Land	\$ 565	\$ 565
Buildings	2,347	2,347
Machinery and equipment	1,516	1,507
Roads and infrastructure	<u>3,250</u>	<u>2,876</u>
Totals	<u>\$7,678</u>	<u>7,295</u>

The majority of the increase is attributable to road construction and equipment purchase by the Road and Bridge Fund.

Debt

The Township had no outstanding debt at the end of fiscal year 2011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budgeted revenues for fiscal year 2011/2012 were consistent with the prior year.

The Township office has some material repairs and maintenance that need to be completed in fiscal year 2011/2012. These include new furnaces and air conditioning units, generator, resurfacing the parking lot and redoing the front entrance. The 2011/2012 budget will be increased to accommodate for these items.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customer and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township's office at 1700 Ballard Road, Park Ridge, IL 60068 or telephone at 847-297-2510.

TOWN OF MAINE
STATEMENT OF NET ASSETS
YEAR ENDED FEBRUARY 28, 2011

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 3,843,958
Receivable - property taxes	7,055,539
Other assets	<u>82,045</u>
Total Current Assets	<u>10,981,542</u>
Non - Current Assets	
Capital assets not subject to depreciation (land)	565,000
Other capital assets, net of depreciation	<u>3,808,406</u>
Total Non - Current Assets	<u>4,373,406</u>
TOTAL ASSETS	<u><u>15,354,948</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	79,443
Service agency grants payable	350,000
Accrued expenses	230,913
Deferred revenue	<u>7,029,282</u>
Total Current Liabilities	<u>7,689,638</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,373,406
Unrestricted	<u>3,291,904</u>
TOTAL NET ASSETS	<u><u>\$ 7,665,310</u></u>

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

TOWN OF MAINE
 STATEMENT OF ACTIVITIES
 YEAR ENDED FEBRUARY 28, 2011

	<u>Program revenues</u>			Total
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS				
Governmental Activities				
General Government	\$ 3,245,032	\$ 24,787	\$ 0	\$ (3,220,245)
General Assistance	871,164	0	57,987	(813,177)
Road and Bridge	<u>1,454,795</u>	<u>0</u>	<u>0</u>	<u>(1,454,795)</u>
Total Governmental Activities	\$ 5,570,991	\$ 24,787	\$ 57,987	(5,488,217)
GENERAL REVENUES				
Taxes				
Property taxes levied for general purposes				5,613,537
Replacement taxes for general purposes				151,768
Social security reimbursement				40,022
Interest earned				51,331
Other				<u>29,841</u>
TOTAL GENERAL REVENUES				<u>5,886,499</u>
CHANGE IN NET ASSETS				398,282
NET ASSETS				
BEGINNING OF YEAR				<u>7,267,028</u>
END OF YEAR				<u>\$ 7,665,310</u>

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

TOWN OF MAINE
GOVERNMENTAL FUNDS BALANCE SHEETS
FEBRUARY 28, 2011

	<u>General Town Fund</u>	<u>General Assistance Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,612,860	\$ 535,930	\$ 695,168	\$ 3,843,958
Receivables - property taxes	4,031,976	962,941	2,060,622	7,055,539
Receivables - other	3,432	1,757	0	5,189
Prepaid expenses	<u>43,325</u>	<u>6,014</u>	<u>27,517</u>	<u>76,856</u>
Total assets	<u><u>6,691,593</u></u>	<u><u>1,506,642</u></u>	<u><u>2,783,307</u></u>	<u><u>10,981,542</u></u>
Liabilities				
Accounts payable	35,474	19,868	24,101	79,443
Service agency grants payable	350,000	0	0	350,000
Accrued wages	61,685	13,158	18,811	93,654
Accrued vacation pay	91,133	19,047	27,079	137,259
Deferred revenue	<u>4,015,869</u>	<u>959,013</u>	<u>2,054,400</u>	<u>7,029,282</u>
Total liabilities	<u><u>4,554,161</u></u>	<u><u>1,011,086</u></u>	<u><u>2,124,391</u></u>	<u><u>7,689,638</u></u>
Fund balance	<u><u>2,137,432</u></u>	<u><u>495,556</u></u>	<u><u>658,916</u></u>	<u><u>3,291,904</u></u>
Total liabilities and fund balance	<u><u>\$ 6,691,593</u></u>	<u><u>\$ 1,506,642</u></u>	<u><u>\$ 2,783,307</u></u>	<u><u>\$ 10,981,542</u></u>

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

TOWN OF MAINE

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
YEAR ENDED FEBRUARY 28, 2011**

Total fund balances for governmental funds \$ 3,291,904

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not
financial resources and are not reported in the funds 4,373,406

Net assets of governmental activities \$ 7,665,310

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

TOWN OF MAINE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED FEBRUARY 28, 2011

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>General</u>	<u>Road and</u>	
	<u>Town Fund</u>	<u>Assistance</u>	<u>Bridge</u>	
Revenues				
Property tax	\$ 3,427,382	\$ 820,878	\$ 1,365,277	\$ 5,613,537
Replacement tax	75,882	0	75,886	151,768
Social security reimbursement	0	40,022	0	40,022
Interest income	43,002	187	8,142	51,331
Client fees	24,787	0	0	24,787
Other income	22,814	57,987	7,027	87,828
Total revenues	<u>3,593,867</u>	<u>919,074</u>	<u>1,456,332</u>	<u>5,969,273</u>
Expenditures				
Administration	1,467,066	523,552	210,055	2,200,673
Assessor	154,398	0	0	154,398
Clerk	175,963	0	0	175,963
Emergency management	72,266	0	0	72,266
MainStay/Youth/Family services	586,689	0	0	586,689
Senior and adult services	386,161	0	0	386,161
Mental health/community services	350,000	0	0	350,000
Assistance	0	331,610	0	331,610
General road maintenance	0	0	447,034	447,034
Permanent roads	0	0	747,251	747,251
Equipment and buildings	0	0	71,726	71,726
Other	0	0	132,356	132,356
Total expenditures	<u>3,192,543</u>	<u>855,162</u>	<u>1,608,422</u>	<u>5,656,127</u>
Excess (deficiency) of revenues over expenditures	401,324	63,912	(152,090)	313,146
Fund balance				
Beginning of year	<u>1,736,108</u>	<u>431,644</u>	<u>811,006</u>	<u>2,978,758</u>
End of year	<u>\$ 2,137,432</u>	<u>\$ 495,556</u>	<u>\$ 658,916</u>	<u>\$ 3,291,904</u>

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

TOWN OF MAINE

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2011**

Net change in fund balances - Total governmental funds (Statement of revenues, expenditures and changes in fund balances)	\$ 313,146
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation of capital assets is not considered an expenditures in the fund financial statements	(296,198)
Purchase of capital assets are treated as an expenditures in the fund financial statements	<u>381,334</u>
Change in net assets - Statement of Activities	<u>\$ 398,282</u>

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

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Introduction

The accounting and reporting policies of the Township included in the accompanying general purpose financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The Township's combined financial statements include the accounts of all Township operations. The criteria for including organizations as component units within the Township's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate
- The Board of Trustees holds the corporate powers of the organization
- The Board of Trustees appoints a voting majority of the organization's board
- The Board of Trustees is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Board of Trustees
- There is fiscal dependency by the organization on the Board of Trustees

Based on the aforementioned criteria, the Township has no component units.

Changes in Accounting Methods

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Managements' Discussion and Analysis for State and Local Governments (GASB 34). Town of Maine made the decision to implement GASB 34 effective March 1, 2004.

The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the Township at year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities.

The reporting model for GASB 34 classifies funds as either governmental activities, business activities, or fiduciary funds. Further, all non-fiduciary funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Both new statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Township used the modified accrual basis of accounting.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Presentation – Government – Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Township does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and income items that are not specifically related to a function are reported as general revenues.

Interfund receivables and payables are eliminated in the Statement of Net Assets.

Basis of Presentation - Fund Accounting - The accounts of the Township are organized on the basis of Funds, each of which is considered a separate entity. The operations of each Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts and disbursements. Township resources are allocated to and accounted for in individual Funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various Funds are summarized by type in the financial statements. The Township uses the following fund types.

Government Fund Types:

General Town Fund – The General Town Fund is the general operating fund of the Township and accounts for all revenues and expenditures of the Township not encompassed within other funds. All general tax revenues and other receipts that are allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Town Fund.

General Assistance Fund – The General Assistance Fund provides benefits to financially disadvantaged residents of the Township.

Road and Bridge – The Road and Bridge Fund maintains the roads and related infrastructure owned by the Township.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Presentation – Major Funds

The Township reports the following major governmental funds:

The General Town Fund, which accounts for the Township's primary operation activities.

The General Assistance Fund, which accounts for the operations of the services to residents of the Township.

The Road and Bridge Fund which accounts for the maintenance of roads and related infrastructure.

Basis of Accounting – In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and 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 is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues 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.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance the Township's operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers all revenues 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 the accrual method.

The Township reports deferred revenues on its Statement of Net Assets and its Governmental Funds Balance Sheet. For government-wide financial statements, deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues occur when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Township before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and the revenue is recognized accordingly.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts, and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred, but are merely used to facilitate effective budget control and cash planning and management. Encumbrance accounting where a portion of the applicable appropriation is reserved for open purchase orders is not employed by the Township.

Budget Basis of Accounting

Revenues are budgeted in the year the receipt is expected; and expenditures are budgeted in the year that the expenditure is incurred. The budget and actual financial statements are reported on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Township. Six compensated personal days per calendar year are granted to all full time employees and any unused days at the end of a calendar year will lapse. Sick days accrued at the rate of one-half day per month. Upon termination of employment all accrued vacation benefits will be paid but any unused personal and/or sick days will not be paid. The estimated liability for vested compensated absences is recorded as an expenditure and liability in the respective funds.

Risk Management

The Town of Maine is subject to risks from acts of God, errors and omissions, job related illnesses or injuries to employees, thefts, damage to or destruction of property, and torts. These risks are covered by commercial insurance policies which are reviewed annually by Township officials. The Township believes the insurance coverage is adequate to cover potential risks.

Cash and cash equivalents

The Township has funds in several checking accounts, certificates of deposit, repurchase agreements and the State of Illinois Public Treasurers' Investment Pool. All of these funds are considered as cash and cash equivalents.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Capital Assets

Capital assets include property, plant, equipment and infrastructure assets reported in the government – wide financial statements. Purchased or constructed capital assets are recorded at cost or estimated historical costs. Donated assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not increase the value of the assets are not capitalized.

Depreciation is provided using the straight – line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Machinery and equipment	5-10
Roads and related infrastructure	25

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Township officials to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND EQUIVALENTS:

At February 28, 2011, the carrying value of the Township's cash and cash equivalents was as follows:

Bank deposits-

Covered by Federal Deposit Insurance Corporation or collateralized with securities held by the Township or its agent in the Township's name	\$3,679,982
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State of Illinois Public Treasurers' Investment Pool	<u>163,976</u>
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\$3,843,958

The market value of these items equals the carrying value at February 28, 2011.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

2. CASH AND EQUIVALENTS (continued):

Under Illinois law, the Township is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks insured up to \$250,000 by the Federal Depository Insurance Corporation and savings and loan associations insured up to \$250,000 by the Federal Savings and Loan Insurance Corporation.
- Short-term obligations (less than 180 days) of U. S. corporations with assets over \$500 million rated in the three highest classifications by at least two valuing agencies.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase those same types of obligations.
- Illinois Public Treasurer's Investment Pool.
- Repurchase agreements which meet instrument transaction requirements of Illinois law.

3. SERVICE AGENCY GRANTS PAYABLE:

During the year ended February 28, 2011 Service Agency allocation grants were approved by the Board of Trustees as follows:

Avenues to Independence	\$43,000
North Shore Senior Center	1,000
CEDA	8,500
Glenkirk	2,000
WINGS	3,000
Children's Advocacy Center	2,500
Center Of Concern	26,000
RCL-Resource Comm. Living	3,000
Harbour	4,000
Miracle House	1,500
Park Ridge Senior Center	1,000
Community Volunteers	500
NW Center Against Sex Assault	1,000
Peer Services	2,000
Lifespan	7,000
Maine Center	200,000
NW Suburban Day Care	40,000
Older Adult Services/Home Meals	4,000
	<u>\$350,000</u>

All of the above amounts are scheduled to be paid during the fiscal year ending February 28, 2012.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

4. CAPITAL ASSETS:

Capital asset activity for the year ended February 28, 2011 was as follows:

	Balance February 29, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance February 28, <u>2011</u>
Capital assets not subject to depreciation				
Land	\$ <u>565,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>565,000</u>
Capital assets subject to depreciation				
Buildings	2,346,925	0	0	2,346,925
Machinery and equipment	1,507,842	7,708	0	1,515,550
Roads and related infrastructure	<u>2,876,225</u>	<u>373,626</u>	<u>0</u>	<u>3,249,851</u>
Total assets subject to depreciation	<u>6,730,992</u>	<u>381,334</u>	<u>0</u>	<u>7,112,326</u>
Less accumulated depreciation for				
Buildings	1,490,633	58,674	0	1,549,307
Machinery and equipment	1,102,476	112,511	0	1,214,987
Roads and related infrastructure	<u>414,613</u>	<u>125,013</u>	<u>0</u>	<u>539,626</u>
Total accumulated depreciation	<u>3,007,722</u>	<u>296,198</u>	<u>0</u>	<u>3,303,920</u>
Net capital assets subject to depreciation	<u>3,723,270</u>	<u>85,136</u>	<u>0</u>	<u>3,808,406</u>
Net capital assets	<u>\$4,288,270</u>	<u>\$ 85,136</u>	<u>\$ 0</u>	<u>\$4,373,406</u>

Depreciation was charged to primary government as follows:

General Town	\$ 52,489
General Assistance	16,002
Road and Bridge	<u>227,707</u>
Total depreciation	<u>\$296,198</u>

5. PENSION/RETIREMENT PROGRAMS:

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 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.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

5. PENSION/RETIREMENT PROGRAMS (continued):

As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 was 13.03 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 15.86 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.

For the calendar year ending December 31 2010, the employer's actual contributions for pension cost for the Regular were \$254,492. Its required contribution for calendar year 2010 was \$309,766.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actuarial Valuation Pension	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Obligation
<u>Date</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/10	309,766	82%	\$0
12/31/09	249,372	100%	0
12/31/08	186,873	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the 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 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 50.38 percent funded. The actuarial accrued liability for benefits was \$3,863,016 and the actuarial value of assets was \$1,946,220, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,916,796. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$1,953,127 and the ratio of the UAAL to the covered payroll was 98 percent.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2011

5. PENSION/RETIREMENT PROGRAMS (continued):

The schedule of funding progress, presented as RSI on page 25 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.

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,157,220. On a market basis, the funded ratio would be 55.84 %

In February, 1991, the Township adopted the U.S. Conference of Mayors Deferred Compensation Program for the voluntary participation of all eligible Township employees, elected officials and independent contractors. The Township makes no contributions to this plan.

6. PROPERTY TAXES:

The Township's property tax is levied each calendar year on all taxable real property located in the Township. The Township must file its tax levy ordinance by the last Tuesday of December of each year. The levy was approved on April 27, 2010. Taxes levied in one year become due and payable in two installments on March 1 and August 1 during the following year. Property taxes attach as an enforceable lien on property as of January 1. Taxes for 2010 are included in revenue for the year ended February 28, 2011 and taxes for 2011 are included in deferred revenue. The taxes are billed and collected by Cook County, who then remits to the Township its respective share of collections.

7. CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject the Township to concentrations of credit risk include cash deposits with a commercial bank. The Township cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of the \$250,000 insured by the FDIC are fully collateralized by assets of the financial institutions.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MAINE
GENERAL TOWN FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax	\$ 3,300,000	\$ 3,300,000	\$ 3,427,382	\$ 127,382
Replacement tax			75,882	75,882
Interest income	25,000	25,000	43,002	18,002
Client fees	17,000	17,000	24,787	7,787
Other income	98,000	98,000	22,814	(75,186)
Total revenues	<u>3,440,000</u>	<u>3,440,000</u>	<u>3,593,867</u>	<u>153,867</u>
Expenditures				
Administration	1,683,314	1,709,914	1,467,066	242,848
Assessor	224,200	224,200	154,398	69,802
Clerk	190,361	190,361	175,963	14,398
Emergency management	87,916	87,916	72,266	15,650
MainStay/Youth/Family services	620,179	620,179	586,689	33,490
Senior and adult services	415,390	415,390	386,161	29,229
Mental health/community service:	350,000	350,000	350,000	0
Contingencies	26,600	0	0	0
Total expenditures	<u>3,597,960</u>	<u>3,597,960</u>	<u>3,192,543</u>	<u>405,417</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (157,960)</u>	<u>\$ (157,960)</u>	401,324	<u>\$ 559,284</u>
Fund balance				
Beginning of year			<u>1,736,108</u>	
End of year			<u>\$ 2,137,432</u>	

TOWN OF MAINE
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax	\$ 800,000	\$ 800,000	\$ 820,878	\$ 20,878
Social security reimbursement	40,000	40,000	40,022	22
Interest income	250	250	187	(63)
Other income	70,000	70,000	57,987	(12,013)
Total revenues	<u>910,250</u>	<u>910,250</u>	<u>919,074</u>	<u>8,824</u>
Expenditures				
Administration	586,396	589,696	523,552	66,144
Assistance	404,000	404,000	331,610	72,390
Contingencies	3,300	0	0	0
Total expenditures	<u>993,696</u>	<u>993,696</u>	<u>855,162</u>	<u>138,534</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (83,446)</u>	<u>\$ (83,446)</u>	63,912	<u>\$ 147,358</u>
Fund balance				
Beginning of year			<u>431,644</u>	
End of year			<u>\$ 495,556</u>	

TOWN OF MAINE
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax	\$ 1,848,750	\$ 1,848,750	\$ 1,365,277	\$ (483,473)
Replacement tax	70,000	70,000	75,886	5,886
Interest income	2,500	2,500	8,142	5,642
Other income	6,000	6,000	7,027	1,027
Total revenues	<u>1,927,250</u>	<u>1,927,250</u>	<u>1,456,332</u>	<u>(470,918)</u>
Expenditures				
Administration	259,150	259,150	210,055	49,095
General road maintenance	418,000	418,000	447,034	(29,034)
Permanent roads	884,500	884,500	747,251	137,249
Equipment and buildings	103,100	103,100	71,726	31,374
Other	147,000	147,000	132,356	14,644
Contingencies	15,000	15,001	0	15,001
Total expenditures	<u>1,826,750</u>	<u>1,826,751</u>	<u>1,608,422</u>	<u>218,329</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 100,500</u>	<u>\$ 100,499</u>	(152,090)	<u>\$ (252,589)</u>
Fund balance				
Beginning of year			<u>811,006</u>	
End of year			<u>\$ 658,916</u>	

TOWN OF MAINE
DEFERRED COMPENSATION
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED FEBRUARY 28, 2011

Actuarial Valuation Date	Actuarial Accrued			Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	Actuarial Value of Assets (a)	Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2010	1,946,220	3,863,016	1,916,796	50.38%	1,953,127	98.14%
12/31/2009	1,555,149	3,418,526	1,863,377	45.49%	1,845,729	100.96%
12/31/2008	1,487,055	3,494,976	2,007,921	42.55%	1,766,287	113.68%

ADDITIONAL INFORMATION

TOWN OF MAINE
GENERAL TOWN FUND
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
Revenues			
Property tax	\$ 3,300,000	\$ 3,427,382	\$ 127,382
Replacement tax	0	75,882	75,882
Interest income	25,000	43,002	18,002
Client fees	17,000	24,787	7,787
Other income	<u>98,000</u>	<u>22,814</u>	<u>(75,186)</u>
Total revenues	<u>3,440,000</u>	<u>3,593,867</u>	<u>153,867</u>
Expenditures			
Administration	1,709,914	1,467,066	242,848
Assessor	224,200	154,398	69,802
Clerk	190,361	175,963	14,398
Emergency management	87,916	72,266	15,650
MainStay/Youth/Family services	620,179	586,689	33,490
Senior and adult services	415,390	386,161	29,229
Mental health/community services	350,000	350,000	0
Contingencies	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>3,597,960</u>	<u>3,192,543</u>	<u>405,417</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (157,960)</u>	<u>\$ 401,324</u>	<u>\$ 559,284</u>

TOWN OF MAINE
GENERAL ASSISTANCE FUND
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
Revenues			
Property tax	\$ 800,000	\$ 820,878	\$ 20,878
Social security reimbursement	40,000	40,022	22
Interest income	250	187	(63)
Other income	<u>70,000</u>	<u>57,987</u>	<u>(12,013)</u>
Total revenues	<u>910,250</u>	<u>919,074</u>	<u>8,824</u>
Expenditures			
Administration	589,696	523,552	66,144
Assistance	404,000	331,610	72,390
Contingencies	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>993,696</u>	<u>855,162</u>	<u>138,534</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (83,446)</u>	<u>\$ 63,912</u>	<u>\$ 147,358</u>

TOWN OF MAINE
ROAD AND BRIDGE FUND
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 28, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues			
Property tax	\$ 1,848,750	\$ 1,365,277	\$ (483,473)
Replacement tax	70,000	75,886	5,886
Interest income	2,500	8,142	5,642
Other income	<u>6,000</u>	<u>7,027</u>	<u>1,027</u>
Total revenues	<u>1,927,250</u>	<u>1,456,332</u>	<u>(470,918)</u>
Expenditures			
Administration	259,150	210,055	49,095
General road maintenance	418,000	447,034	(29,034)
Permanent roads	884,500	747,251	137,249
Equipment and buildings	103,100	71,726	31,374
Other	147,000	132,356	14,644
Contingencies	<u>15,001</u>	<u>0</u>	<u>15,001</u>
Total expenditures	<u>1,826,751</u>	<u>1,608,422</u>	<u>218,329</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 100,499</u>	<u>\$ (152,090)</u>	<u>\$ (252,589)</u>