

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

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
FEBRUARY 29, 2012**

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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 29, 2012, 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 29, 2012, 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 25, 2012

A Professional Corporation

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 29, 2012

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 29, 2012. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net assets increased by \$1,233,445 for 2012 as compared to an increase of \$398,282 for 2011. The Township reported an excess of revenues over expenditures of \$1,211,699 for 2012 compared to \$313,146 for 2011.

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 29, 2012

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 \$7.665 million to \$8.899 million. The majority of the increase was caused by the timing of taxes received from Cook County. Other liabilities increased also because of the timing of taxes received which caused an increase in deferred revenue.

Governmental Activities:

	Table 1 Net Assets (in thousands)		% Inc. (Dec.)
	<u>2012</u>	<u>2011</u>	
Current and other assets	\$13,354	\$10,982	21.6%
Capital assets/bond	<u>4,395</u>	<u>4,373</u>	.5
Total assets	<u>17,749</u>	<u>15,355</u>	
Other liabilities	<u>8,850</u>	<u>7,690</u>	15.1
Total liabilities	<u>8,850</u>	<u>7,690</u>	
Net assets:			
Invested in capital assets net of debt	4,395	4,373	.5
Other	<u>4,504</u>	<u>3,292</u>	36.8
Total net assets	<u>\$8,899</u>	<u>7,665</u>	

Overall, the Township's total assets increased 15.6%, total liabilities increased by 15.1%, and total net assets increased by 16.1% over last year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 29, 2012

Changes in Net Assets

Overall the Township's "Net Assets" increased by approximately \$1,233,400. 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:

Grant income increased from receipt of Road and Bridge 2010 grants.

Property and replacement tax increase resulted from the timing of taxes received from Cook County.

Other income increased due to a new program of collecting fees for vehicle stickers is and the collection of 30% of county traffic citations issued within the Township.

Road and Bridge expenses decreased mainly due the reduction in labor and supplies used for snow removal.

Table 2
Changes in Net Assets
(in thousands)

	<u>2012</u>	<u>2011</u>	<u>% Inc. (Decr.)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 26	\$ 25	4.0
Grants and contributions	67	58	15.5
General revenues			
Property and replacement taxes	6,523	5,765	13.1
Interest	40	51	(21.6)
Other general revenue	111	70	58.6
Total revenues	<u>6,767</u>	<u>5,969</u>	
Program expenses:			
General government	3,381	3,245	4.2
General assistance	945	871	8.5
Road and bridge	1,208	1,455	(17.0)
Total expenses	<u>5,534</u>	<u>5,571</u>	
Increase (decrease)			
In net assets	<u>\$ 1,233</u>	<u>\$398</u>	
Ending net assets	<u>\$8,899</u>	<u>\$7,665</u>	

Overall, the Township's total revenues increased 13.4%, total expenses decreased by .7 % and ending net assets increased by 16.1% over last year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 29, 2012

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)
	2012	2011		2012	2011	
General	\$3,381	\$3,245	4.2	\$3,355	\$3,220	4.2
General assistance	945	871	8.5	877	813	7.9
Road and bridge	<u>1,208</u>	<u>1,455</u>	(17.0)	<u>1,208</u>	<u>1,455</u>	(17.0)
	<u>\$5,534</u>	<u>\$5,571</u>		<u>\$5,440</u>	<u>\$5,488</u>	

Overall, the Township's governmental activities' total costs decreased .7% over last year and net costs decreased by .9%.

THE TOWNSHIP'S FUNDS

The Township's total governmental fund balance increased by \$1,211,699. The general fund increased by \$712,628, the general assistance fund increased by \$137,358 and the road and bridge fund increased by \$361,713. The general fund actual revenues in excess of expenditures was \$964,223 over the budget amount for the year, the general assistance fund was \$240,195 over the budget amount for the year and the road and bridge fund was \$289,264 over the budget amount for the year.

TOWN OF MAINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 29, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of February 29, 2012 the Township had \$8.0 million of cost, prior to depreciation, invested in capital assets. This represents a net increase of \$297 thousand or 3.9% more than last year. Further information can be found in the notes to the financial statements.

Table 5
Capital Assets
(in thousands)

	<u>2012</u>	<u>2011</u>
Land	\$ 565	\$ 565
Buildings	2,347	2,347
Machinery and equipment	1,535	1,516
Roads and infrastructure	<u>3,528</u>	<u>3,250</u>
Totals	<u>\$7,975</u>	<u>7,678</u>

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

Debt

The Township had no outstanding debt at the end of fiscal year 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budgeted revenues for fiscal year 2012/2013 were consistent with the prior year.

The Township office has some material repairs and maintenance that need to be completed in fiscal year 2012/2013. These include a new flat roof on the east side and a new shingle roof on the sloped roof. The parking lot needs to be resurfaced and re-striped. The age of many of the computers are reaching the end of their life span and will need to be replaced.

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 29, 2012

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,928,883
Receivable - property taxes	7,337,122
Other assets	<u>88,090</u>
Total Current Assets	<u>13,354,095</u>
Non - Current Assets	
Capital assets not subject to depreciation (land)	565,000
Other capital assets, net of depreciation	<u>3,830,152</u>
Total Non - Current Assets	<u>4,395,152</u>
TOTAL ASSETS	<u><u>17,749,247</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	94,602
Service agency grants payable	334,500
Accrued expenses	253,059
Deferred revenue	<u>8,168,331</u>
Total Current Liabilities	<u>8,850,492</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,395,152
Non spendable	84,658
Restricted for general assistance	623,215
Restricted for road and bridge	989,169
Unassigned	<u>2,806,561</u>
TOTAL NET ASSETS	<u><u>\$ 8,898,755</u></u>

See accompanying notes to the financial statements.

TOWN OF MAINE
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2012

	<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	\$ 3,380,933	\$ 26,281	\$ 0	\$ (3,354,652)
General Assistance	945,420	0	67,786	(877,634)
Road and Bridge	<u>1,207,551</u>	<u>0</u>	<u>0</u>	<u>(1,207,551)</u>
Total Governmental Activities	<u>\$ 5,533,904</u>	<u>\$ 26,281</u>	<u>\$ 67,786</u>	<u>(5,439,837)</u>
GENERAL REVENUES				
Taxes				
Property taxes levied for general purposes				6,380,801
Replacement taxes for general purposes				142,115
Social security reimbursement				62,659
Interest earned				39,827
Other				<u>47,880</u>
TOTAL GENERAL REVENUES				<u>6,673,282</u>
CHANGE IN NET ASSETS				1,233,445
NET ASSETS				
BEGINNING OF YEAR				<u>7,665,310</u>
END OF YEAR				<u>\$ 8,898,755</u>

See accompanying notes to the financial statements.

TOWN OF MAINE
GOVERNMENTAL FUNDS BALANCE SHEETS
YEAR ENDED FEBRUARY 29, 2012

	<u>General Town Fund</u>	<u>General Assistance Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 3,860,726	\$ 810,124	\$ 1,258,033	\$ 5,928,883
Receivables - property taxes	4,197,354	1,007,987	2,131,781	7,337,122
Receivables - other	3,432	0	0	3,432
Prepaid expenses	<u>43,499</u>	<u>9,699</u>	<u>31,460</u>	<u>84,658</u>
Total assets	<u>8,105,011</u>	<u>1,827,810</u>	<u>3,421,274</u>	<u>13,354,095</u>
Liabilities				
Accounts payable	47,209	28,338	19,055	94,602
Service agency grants payable	334,500	0	0	334,500
Accrued wages	73,334	16,215	24,719	114,268
Accrued vacation pay	94,342	20,989	23,460	138,791
Deferred revenue	<u>4,705,566</u>	<u>1,129,354</u>	<u>2,333,411</u>	<u>8,168,331</u>
Total liabilities	<u>5,254,951</u>	<u>1,194,896</u>	<u>2,400,645</u>	<u>8,850,492</u>
Fund balances				
Nonspendable	43,499	9,699	31,460	84,658
Restricted for general assistance	0	623,215	0	623,215
Restricted for road and bridge	0	0	989,169	989,169
Unassigned	<u>2,806,561</u>	<u>0</u>	<u>0</u>	<u>2,806,561</u>
Total fund balances	<u>2,850,060</u>	<u>632,914</u>	<u>1,020,629</u>	<u>4,503,603</u>
Total liabilities and fund balance	<u>\$ 8,105,011</u>	<u>\$ 1,827,810</u>	<u>\$ 3,421,274</u>	<u>\$ 13,354,095</u>

See accompanying notes to the financial statements.

TOWN OF MAINE

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
YEAR ENDED FEBRUARY 29, 2012**

Total fund balances for governmental funds	\$ 4,503,603
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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	<u>4,395,152</u>
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Net assets of governmental activities	<u>\$ 8,898,755</u>
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See accompanying notes to the financial statements.

TOWN OF MAINE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED FEBRUARY 29, 2012

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>General</u>	<u>Road and</u>	
	<u>Town Fund</u>	<u>Assistance</u>	<u>Bridge</u>	<u>Total</u>
Revenues				
Property tax	\$ 3,897,597	\$ 936,057	\$ 1,547,147	\$ 6,380,801
Replacement tax	71,056	0	71,059	142,115
Social security reimbursement	0	62,659	0	62,659
Interest income	36,509	274	3,044	39,827
Client fees	26,281	0	0	26,281
Other income	33,926	67,786	13,954	115,666
Total revenues	<u>4,065,369</u>	<u>1,066,776</u>	<u>1,635,204</u>	<u>6,767,349</u>
Expenditures				
Administration	1,584,077	568,213	205,799	2,358,089
Assessor	155,639	0	0	155,639
Clerk	182,310	0	0	182,310
Emergency management	92,947	0	0	92,947
MainStay/Youth/Family services	595,230	0	0	595,230
Senior and adult services	408,038	0	0	408,038
Mental health/community services	334,500	0	0	334,500
Assistance	0	361,205	0	361,205
General road maintenance	0	0	312,286	312,286
Permanent roads	0	0	596,350	596,350
Equipment and buildings	0	0	32,788	32,788
Other	0	0	126,268	126,268
Total expenditures	<u>3,352,741</u>	<u>929,418</u>	<u>1,273,491</u>	<u>5,555,650</u>
Excess (deficiency) of revenues over expenditures	712,628	137,358	361,713	1,211,699
Fund balance				
Beginning of year	<u>2,137,432</u>	<u>495,556</u>	<u>658,916</u>	<u>3,291,904</u>
End of year	<u>\$ 2,850,060</u>	<u>\$ 632,914</u>	<u>\$ 1,020,629</u>	<u>\$ 4,503,603</u>

See accompanying notes to the financial statements.

TOWN OF MAINE

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 29, 2012**

Net change in fund balances - Total governmental funds (Statement of revenues, expenditures and changes in fund balances)	\$ 1,211,699
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	(278,131)
Purchase of capital assets are treated as an expenditures in the fund financial statements	303,501
Disposal of capital assets are treated as a reduction of expenditures in the fund financial statements	<u>(3,624)</u>
Change in net assets - Statement of Activities	<u>\$ 1,233,445</u>

See accompanying notes to the financial statements.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

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 February 2009 the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement No. 54 is effective for financial statements beginning after June 15, 2010. The Township has implemented GASB No. 54 for the year ended February 29, 2012.

The objective of GASB No. 54 is to enhance the usefulness of fund balance information by clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The Fund balance is divided into five classifications as follows:

Nonspendable – includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Restricted – includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation.

Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts.

Assigned – amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

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

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.

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.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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 measurable and available; and expenditures are budgeted in the year that the liability is incurred. The budget and actual financial statements are reported on the modified accrual 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.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond the Township's fiscal year end are recorded as prepaid expenses.

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. The Township's capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 29, 2012, 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	\$2,296,627
State of Illinois Public Treasurers' Investment Pool	<u>3,632,256</u>
	<u>\$5,928,883</u>

The market value of these items equals the carrying value at February 29, 2012.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

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. PREPAID EXPENSES:

Prepaid expenses consist of prepaid insurance at February 29, 2012.

4. SERVICE AGENCY GRANTS PAYABLE:

During the year ended February 29, 2012 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
Salvation Army	2,000
Community Volunteers	500
NW Center Against Sex Assault	1,500
Peer Services	2,000
Lifespan	5,000
Maine Center	185,000
NW Suburban Day Care	40,000
Older Adult Services/Home Meals	4,000
	<u>\$334,500</u>

All of the above amounts are scheduled to be paid during the fiscal year ending February 28, 2013.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

5. CAPITAL ASSETS:

Capital asset activity for the year ended February 29, 2012 was as follows:

	Balance February 28, 2011	Increases	Decreases	Balance February 29, 2012
Capital assets not subject to depreciation				
Land	\$ 565,000	\$ 0	\$ 0	\$ 565,000
Capital assets subject to depreciation				
Buildings	2,346,925	0	0	2,346,925
Machinery and equipment	1,515,550	25,560	6,216	1,534,894
Roads and related infrastructure	3,249,851	277,941	0	3,527,792
Total assets subject to depreciation	7,112,326	303,501	6,216	7,409,611
Less accumulated depreciation for				
Buildings	1,549,307	58,674	0	1,607,981
Machinery and equipment	1,214,987	82,050	2,592	1,294,445
Roads and related infrastructure	539,626	137,407	0	677,033
Total accumulated depreciation	3,303,920	278,131	2,592	3,579,459
Net capital assets subject to depreciation	3,808,406	25,370	3,624	3,830,152
Net capital assets	\$4,373,406	\$ 25,370	\$3,624	\$4,395,152

Depreciation was charged to primary government as follows:

General Town	\$ 53,752
General Assistance	16,002
Road and Bridge	208,377
Total depreciation	\$278,131

6. 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 29, 2012

6. 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 2011 was 13.85 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.

The required contribution for calendar year 2011 was \$280,242.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	280,242	100%	\$0
12/31/10	309,766	82%	0
12/31/09	249,372	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% 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 at December 31, 2009 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 51.69 percent funded. The actuarial accrued liability for benefits was \$3,853,546 and the actuarial value of assets was \$1,991,792, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,861,754. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$2,023,410 and the ratio of the UAAL to the covered payroll was 92 percent.

TOWN OF MAINE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

6. 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, 2011 is \$1,834,036. On a market basis, the funded ratio would be 47.59%

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.

7. 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 November 22, 2011. 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 2011 are included in revenue for the year ended February 29, 2012 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.

8. 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.

9. RISK MANAGEMENT:

The Township is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees and natural disasters. The Township purchases insurance to cover above as well as employee health, dental and life insurance.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MAINE
GENERAL TOWN FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2012

	<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	\$ 3,897,597	\$ 597,597
Replacement tax	75,000	75,000	71,056	(3,944)
Interest income	20,000	20,000	36,509	16,509
Client fees	22,000	22,000	26,281	4,281
Other income	<u>23,000</u>	<u>23,000</u>	<u>33,926</u>	<u>10,926</u>
Total revenues	<u>3,440,000</u>	<u>3,440,000</u>	<u>4,065,369</u>	<u>625,369</u>
Expenditures				
Administration	1,708,513	1,729,513	1,584,077	145,436
Assessor	242,100	242,100	155,639	86,461
Clerk	197,200	197,200	182,310	14,890
Emergency management	108,000	108,000	92,947	15,053
MainStay/Youth/Family services	660,419	660,419	595,230	65,189
Senior and adult services	419,873	419,873	408,038	11,835
Mental health/community services	334,500	334,500	334,500	0
Contingencies	<u>90,000</u>	<u>69,000</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>3,760,605</u>	<u>3,760,605</u>	<u>3,352,741</u>	<u>338,864</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (320,605)</u>	<u>\$ (320,605)</u>	712,628	<u>\$ 964,233</u>
Fund balance				
Beginning of year			<u>2,137,432</u>	
End of year			<u>\$ 2,850,060</u>	

See independent auditors' report.

TOWN OF MAINE
GENERAL ASSISTANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budget</u>
Revenues				
Property tax	\$ 800,000	\$ 800,000	\$ 936,057	\$ 136,057
Social security reimbursement	40,000	40,000	62,659	22,659
Interest income	250	250	274	24
Other income	<u>65,000</u>	<u>65,000</u>	<u>67,786</u>	<u>2,786</u>
Total revenues	<u>905,250</u>	<u>905,250</u>	<u>1,066,776</u>	<u>161,526</u>
Expenditures				
Administration	625,285	625,285	568,213	57,072
Assistance	372,502	382,802	361,205	21,597
Contingencies	<u>10,300</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>1,008,087</u>	<u>1,008,087</u>	<u>929,418</u>	<u>78,669</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (102,837)</u>	<u>\$ (102,837)</u>	137,358	<u>\$ 240,195</u>
Fund balance				
Beginning of year			<u>495,556</u>	
End of year			<u>\$ 632,914</u>	

See independent auditors' report.

TOWN OF MAINE**ROAD AND BRIDGE FUND****SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****YEAR ENDED FEBRUARY 29, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property tax	\$ 1,848,750	\$ 1,848,750	\$ 1,547,147	\$ (301,603)
Replacement tax	70,000	70,000	71,059	1,059
Interest income	2,500	2,500	3,044	544
Other income	<u>6,000</u>	<u>6,000</u>	<u>13,954</u>	<u>7,954</u>
Total revenues	<u>1,927,250</u>	<u>1,927,250</u>	<u>1,635,204</u>	<u>(292,046)</u>
Expenditures				
Administration	250,300	250,300	205,799	44,501
General road maintenance	422,000	422,000	312,286	109,714
Permanent roads	920,000	920,000	596,350	323,650
Equipment and buildings	100,000	100,000	32,788	67,212
Other	147,500	147,500	126,268	21,232
Contingencies	<u>15,000</u>	<u>15,001</u>	<u>0</u>	<u>15,001</u>
Total expenditures	<u>1,854,800</u>	<u>1,854,801</u>	<u>1,273,491</u>	<u>581,310</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 72,450</u>	<u>\$ 72,449</u>	361,713	<u>\$ 289,264</u>
Fund balance				
Beginning of year			<u>658,916</u>	
End of year			<u>\$ 1,020,629</u>	

See independent auditors' report.

TOWN OF MAINE
DEFERRED COMPENSATION
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED FEBRUARY 29, 2012

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)			
12/31/2011	1,991,792	3,853,546	1,861,754	51.69%	2,023,410	92.01%
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%

See independent auditors' report.

ADDITIONAL INFORMATION

TOWN OF MAINE
GENERAL TOWN FUND
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2012

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
Revenues			
Property tax	\$ 3,300,000	\$ 3,897,597	\$ 597,597
Replacement tax	75,000	71,056	(3,944)
Interest income	20,000	36,509	16,509
Client fees	22,000	26,281	4,281
Other income	<u>23,000</u>	<u>33,926</u>	<u>10,926</u>
Total revenues	<u>3,440,000</u>	<u>4,065,369</u>	<u>625,369</u>
Expenditures			
Administration	1,729,513	1,584,077	145,436
Assessor	242,100	155,639	86,461
Clerk	197,200	182,310	14,890
Emergency management	108,000	92,947	15,053
MainStay/Youth/Family services	660,419	595,230	65,189
Senior and adult services	419,873	408,038	11,835
Mental health/community services	334,500	334,500	0
Contingencies	<u>69,000</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>3,760,605</u>	<u>3,352,741</u>	<u>338,864</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (320,605)</u>	<u>\$ 712,628</u>	<u>\$ 964,233</u>

See independent auditors' report.

TOWN OF MAINE**GENERAL ASSISTANCE FUND****STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues			
Property tax	\$ 800,000	\$ 936,057	\$ 136,057
Social security reimbursement	40,000	62,659	22,659
Interest income	250	274	24
Other income	<u>65,000</u>	<u>67,786</u>	<u>2,786</u>
Total revenues	<u>905,250</u>	<u>1,066,776</u>	<u>161,526</u>
Expenditures			
Administration	625,285	568,213	57,072
Assistance	382,802	361,205	21,597
Contingencies	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>1,008,087</u>	<u>929,418</u>	<u>78,669</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (102,837)</u>	<u>\$ 137,358</u>	<u>\$ 240,195</u>

See independent auditors' report.

TOWN OF MAINE**ROAD AND BRIDGE FUND****STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues			
Property tax	\$ 1,848,750	\$ 1,547,147	\$ (301,603)
Replacement tax	70,000	71,059	1,059
Interest income	2,500	3,044	544
Other income	<u>6,000</u>	<u>13,954</u>	<u>7,954</u>
Total revenues	<u>1,927,250</u>	<u>1,635,204</u>	<u>(292,046)</u>
Expenditures			
Administration	250,300	205,799	44,501
General road maintenance	422,000	312,286	109,714
Permanent roads	920,000	596,350	323,650
Equipment and buildings	100,000	32,788	67,212
Other	147,500	126,268	21,232
Contingencies	<u>15,001</u>	<u>0</u>	<u>15,001</u>
Total expenditures	<u>1,854,801</u>	<u>1,273,491</u>	<u>581,310</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 72,449</u>	<u>\$ 361,713</u>	<u>\$ 289,264</u>

See independent auditors' report.