

**Morton Grove Park District
Morton Grove, Illinois
Comprehensive Annual Financial Report
For The Year Ended April 30, 2010**

Submitted By:
Department of Finance

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July 9, 2010

To the Village of Morton Grove Residents and the
Board of Commissioners of the Morton Grove Park District:

We are pleased to submit the Comprehensive Annual Financial Report of the Morton Grove Park District for the fiscal year ended April 30, 2010. The management of the Morton Grove Park District is responsible for the compilation and accuracy of the financial, investment and statistical information contained in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Morton Grove Park District.

In developing and evaluating the Morton Grove Park District's accounting system, we consider the adequacy of internal accounting controls. We design these controls to provide reasonable assurance regarding safekeeping of assets and the reliability of financial records. Because the cost of internal controls should not outweigh their benefits, the Morton Grove Park District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Independent Audit

State statutes require an annual audit by independent certified public accountants within six months of the close of each fiscal year. Knutte and Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Morton Grove Park District's financial statements for the year ended April 30, 2010. The auditor's report on the general purpose financial statements is included in the financial section of this report.

Management Discussion and Analysis

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Morton Grove Park District Profile

The Morton Grove Park District is a separate independent unit of local government incorporated in 1951 to provide recreational services and opportunities to the residents of the community. The District is governed by an elected Board of Commissioners and operates under Illinois Statutes for Park Districts. The five members of the Board of Commissioners are elected at large for six-year and four-year terms. They appoint the Director as the chief administrative officer who oversees the day-to-day operations of the District. The District has 27 full-time employees and over 175 part-time and seasonal employees who work for one of five departments; Parks Maintenance, Recreation, Administration & Finance, Human Resources or Facilities. Each of these department activities is coordinated by a department head who reports directly to the Director.

The District consists of 14 parks on 70 acres of land. The District controls all funds included in the annual report.

Services provided by the use of these funds include recreation programs, park management, capital development, and general administration. Special facilities operated by the District include the Prairie View Community Center, four fieldhouses, the Morton Grove Historical Museum, two outdoor swimming pools, one waterslide, a spray ground, ten outdoor tennis courts and an assortment of baseball diamonds, football and soccer fields, playgrounds and picnic areas. Funds are provided for these services by taxes, user fees, bond issuance, interest income, donations, and other sources.

The Morton Grove Park District is a separate reporting entity as defined by GASB Statement Number 14. The Board of the District is a separate and distinct board that is not controlled by any other governmental unit. Also, the District does not have significant influence on or direct oversight responsibility for any other governmental unit that should be included in these financial statements.

Under these considerations the Maine-Niles Association for Special Recreation, a joint venture, the Village of Morton Grove and the Morton Grove Library, have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

Major Initiatives

Current Year Projects:

In preparing the Fiscal 2009-2010 budget, the District identified several major facilities and programs that needed to be either redeveloped or expanded to meet the needs of the citizens and to enhance the quality of recreation within the community. The District budgeted \$750,000 for expenditures in the Capital Projects fund in 2009-10 to accomplish these tasks.

Capital expenditures budgeted for and completed in 2009-2010 include completion of Frank Hren Park, new maintenance vehicles, new exercise equipment to upgrade the health club, significant upgrades to playground features at Jacobs and Palma Lane Parks, new HVAC units for the Prairie View Community Center, repaving the PVCC parking lot and a water heater upgrade at Oriole pool.

Future Year Projects:

In 2007, the District revised and adopted a Five-Year Capital Projects guide. The purpose of this Capital Guide was (1) to provide a means for examining basic issues, needs, challenges, and opportunities currently affecting the district or likely to impact the district in the future; (2) to evaluate alternative strategies for addressing these issues and challenges and selecting the ones most beneficial to the district (3) to provide a means to prioritize these needs in conjunction with funding available through the district's annual budget and capital improvements program. Every two years the Guide is updated to reflect changing issues and needs, as well as completed projects.

Future projects include new playgrounds at Overhill and Oriole parks, a completely redeveloped website, updated parks maintenance equipment and an aquatic long range reserve.

Department Focus

Recreation Programming:

In an effort to recognize and provide for the continually changing needs of the Community, the District seeks to constantly maintain and enhance its level of recreational programming. During the current fiscal year, the District has created and developed new recreation programs such as Team Wallyball, Geo Caching 101, Backyard Gardening for Birds and Butterflies, Abs and Stretch and Wedding Dance Workshops. These programs have all been well received by residents and have provided additional revenue to the District. A Car Show was also held for the first time in conjunction with a concert at Harrer Park that drew a significant amount of interest from the community.

Website

For the Fall 2010, the District contracted with Weblinx, Inc. of Oswego to create a new, more attractive and functional website. The website at www.mortongroveparks.com is an effective tool to communicate to residents and nonresidents about District programs, events and general information. Included in this website is on-line real-time registration system for programs. The current website and on-line registration has been a success over the past 8 years. The new site will build additional informational pages that will allow instant access to happenings at the District.

Finance

During the current fiscal year, the District Finance Department spent additional time and effort analyzing investment returns. With economic times driving investment returns to the lowest points in the past decade and the District relying on investment income more emphasis was placed on seeking higher returns while still investing in secure instruments. A change in investment strategy allowing a greater portion of excess cash be placed outside local community banks in CDARS and MaxSafe programs gave a boost to the overall investment results. The District invested over \$2 million in certificates of deposit during 2009-10.

The Finance Department took advantage of lowering expenses by consolidating several banking services through a partnership with MB Financial bank. Credit card processing and investment trust services were consolidated into MB Financial reducing fees and saving the District over \$4,000.

During the fiscal year, a marketing agreement with MB Financial was negotiated for a 3 year term giving MB some exclusive rights to market its name at District events and sites. The contract totaled \$42,000 or \$14,000 per year. Part of this money has been designated for residents who may require financial aid to participate in programs.

During the fiscal year, three separate operating audits were conducted. A payroll audit was conducted on all employees during the summer, a fixed asset audit was conducted in conjunction with the District's fixed asset software called AssetMax and an expense audit was conducted on operating purchases and the section 125 account. District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits requires estimates and judgements by management.

Risk Management

The District is a member of the Park District Risk Management Agency (PDRMA), an intergovernmental risk management pool comprised of park districts, special recreation associations and forest preserve districts.

PDRMA was established in 1984 to jointly provide liability, property, and worker's compensation insurance to each of its members.

As a member of PDRMA, the District takes very seriously its loss prevention program. The District has established a "**Safety Team**" that meets monthly to discuss guidelines set forth by PDRMA, reviews accident and loss reports, updates certificates of insurance and monitors ADA requirements.

It is a policy of the District that the Safety Team will establish annual goals related to risk management. The goals set forth during this year included updating procedures to be in compliance with the Cook County Spa and Safety Act, update the District's Emergency Response Plan and conduct several building evacuations for practice in case of emergency situation.

Annually, PDRMA reviews each member's loss prevention program. In 2010, the District received a high rating for all its efforts in the loss prevention area.. Staff will continue to strive to make the District as safe as possible for both the users and the employees.

Awards & Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Morton Grove Park District for its comprehensive annual financial report for the fiscal year ended April 30, 2010. This was the 10th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administration and Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation. We would also like to thank the members of the Park Board of Commissioners for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

Finance Manager

Les A. Preuss

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Morton Grove Park District
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**MORTON GROVE PARK DISTRICT
LIST OF PRINCIPAL OFFICIALS
April 30, 2010**

BOARD OF PARK COMMISSIONERS

Jerry Coursey
Kevin Lochner
Betty Ann Fergus
Eileen M. Coursey
Dominic Burdi

President
Vice President
Treasurer
Secretary
Commissioner

Brian Sullivan
Director

Kelly Norris-Smith
Facility and Recreation Manager

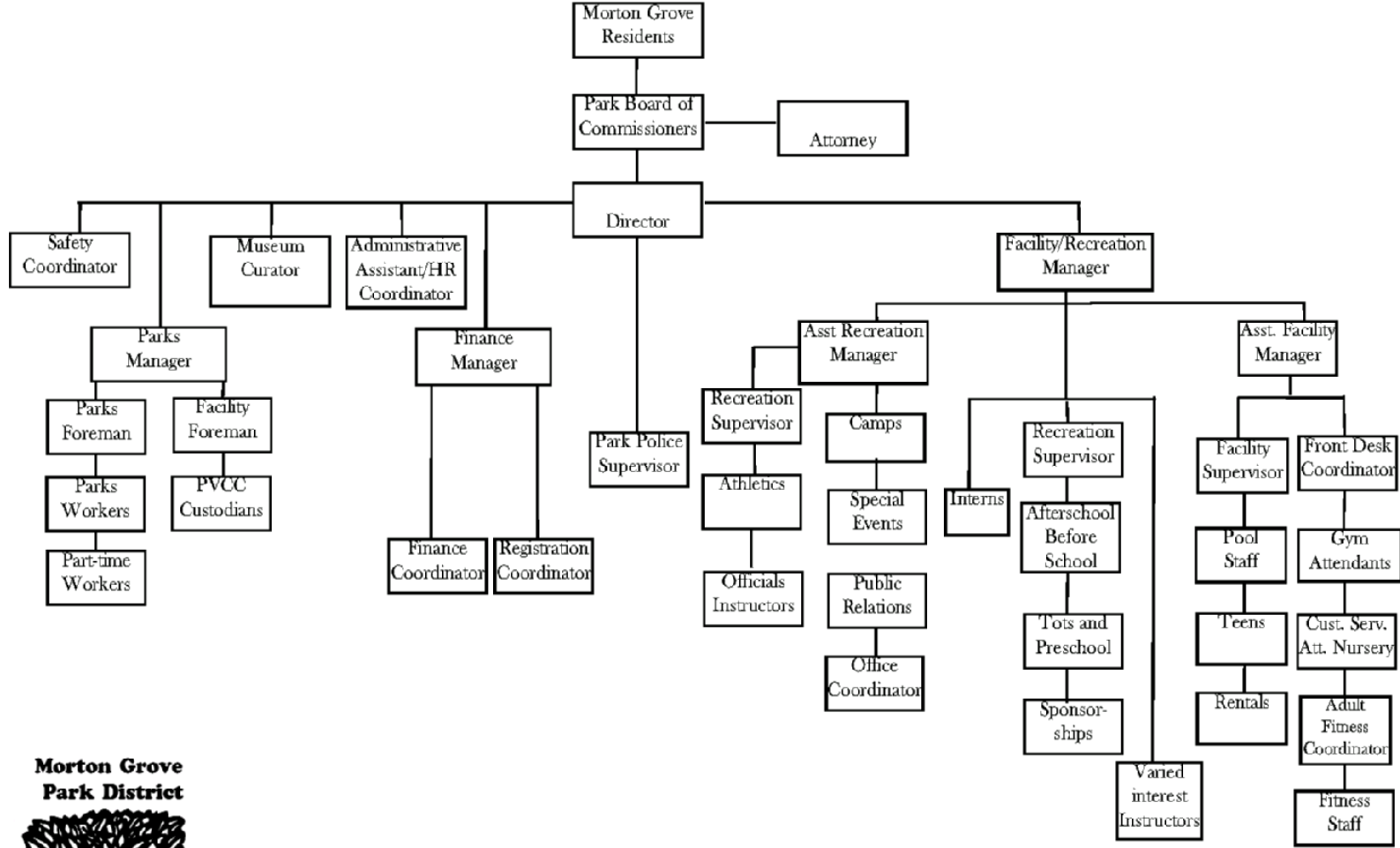
Les Preuss
Finance Manager

Sue Braubach
Assistant Recreation Manager

Greg Jayne
Parks Manager

Laurie Larson
Human Resource Generalist

Morton Grove Park District Organizational Chart



Updated 11/08



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Certified Public Accountants
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Darien, Illinois 60561
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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Morton Grove Park District
Morton Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morton Grove Park District as of and for the year ended April 30, 2010, which collectively comprise the District's financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Morton Grove Park District, as of April 30, 2010, 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.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Morton Grove Park District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended April 30, 2010 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 combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended April 30, 2010 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Morton Grove Park District. The information had not been audited by us and, accordingly, we express no opinion on such matters.

Knuttle & Associates, P.C.

Morton Grove Park District Management's Discussion and Analysis

Introduction

The following Management's Discussion and Analysis (MD&A) of the Morton Grove Park's (MGPD) financial performance provides an introduction to the financial statements of the MGPD for the years ended April 30, 2010 and 2009. Since MD&A is designed to focus on current activities, resulting changes and current known facts, please read it in conjunction with the transmittal letter (pages IV – VIII), the financial statements and required supplementary information.

Financial Highlights

- Ø The District's total assets exceeded its total liabilities at the close of the most recent fiscal year by \$18,350,794. Of this amount, \$6,246,193 is unrestricted and available to meet ongoing and future obligations.
- Ø The District's total net assets increased by \$1,603,092 or 9.6% over fiscal year 2009.
- Ø Combined taxes, real estate and replacement, levied and collected were \$2,954,279 as compared to prior year of \$2,913,101 for an increase of \$41,178 an increase of 1.4%.
- Ø The District completed the Development Project / Implementation and Billing Requirements for the Frank Hren Park Grant to the Illinois Department of Natural Resources. The grant was for \$400,000.
- Ø As of April 30, 2010, the Morton Grove Park District's combined fund balance of all governmental funds was \$4,734,469, an increase of \$859,428 in comparison with the prior year.
- Ø The District's bonds payable increased to 1,500,000; due and payable December 1st, 2010 and 2011.
- Ø For fiscal year end April 30, 2010 the MGPD had an operating surplus of \$144,095, the tenth consecutive surplus.
- Ø The MGPD was awarded by the Government Finance Officers Association the Certificate of Achievement for Financial Reporting for its audit report of April 30, 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Morton Grove Park District basic financial statements. The information is organized into government-wide financial statements, fund financial statements, notes to the financial statements and required supplemental information. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Morton Grove Park District finances, in a manner similar to a private-sector business. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting which means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level. The Statement of Net Assets and The Statement of Activities provide the basis for answering the question “Is the Park District better or worse off financially as a result of the year’s activities?”

The *Statement of Net Assets* presents information on all the Morton Grove Park District’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents expenses of major programs and matches direct program revenues with each. To the extent that direct charges and grants do not cover a program’s cost, it is paid from general taxes and other resources. The statement simplifies the user’s analysis to determine what extent programs are self supporting and/or subsidized by general revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District’s most significant funds rather than the District as a whole, and therefore provide additional information that won’t be found in the statement of net assets or the statement of activities. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental Funds are reported in the fund financial statements and encompass the essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with the fund statements providing a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spend able resources and balances of spend able resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spend able resources for the near-term.

Reconciliation between Government -Wide and Fund Statements

Because the focus of governmental funds is narrower than that of the government -wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the governmental -wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Following are some of the major differences between the two statements:

- Capital asset and long-term debt are included on the government -wide statement but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government -wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government -wide statements but are other financing sources on the governmental fund statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government -wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information showing budgetary comparisons of non-major funds and information about infrastructure assets of the District. Statistical information is also provided on a multi-year basis which may be useful and informative to report users. Supplementary and statistical information can be found on pages 59 through 77 of this report.

Government -Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At year-end, net assets for the Morton Grove Park District were \$ 18,350,794 .

A condensed version of the Statement of Net Assets at April 30, 2010 is as follows:

Table 1
Governmental Activities
Statement of Net Assets

	<u>2010</u>	<u>2009</u>
ASSETS:		
<i>Current Assets</i>	\$6,690,872	\$5,831,380
Capital Assets	<u>13,605,601</u>	<u>13,434,965</u>
TOTAL ASSETS:	\$20,296,473	\$19,266,345
LIABILITIES:		
Current Liabilities	\$ 1,195,679	\$2,518,646
Non-Current Liabilities	<u>750,000</u>	<u>0</u>
TOTAL LIABILITIES	\$ 1,945,679	\$2,518,646
NET ASSETS:		
Invested in Capital Assets, Net of Debt	\$12,105,601	\$12,709,965
Unrestricted	<u>6,245,193</u>	<u>4,037,734</u>
TOTAL NET ASSETS:	\$ 18,350,794	\$16,747,699

The governmental activities end-of-the year total net assets of \$18,350,794 reflect an increase of \$1,603,092 from the beginning of the year's net assets.

A summary of statement of changes in net assets for the year ended April 30, 2010 is as follows:

**Table 2
Governmental Activities
Changes in Net Assets**

	<u>2010</u>	<u>2009</u>
REVENUES		
Recreational Program Revenues	\$1,302,791	\$ 1,339,113
General Revenues	<u>3,134,317</u>	<u>3,451,566</u>
TOTAL REVENUES	\$4,437,108	\$ 4,790,679
EXPENSES		
Recreational Program Expenses	\$ 1,274,869	\$ 897,283
General Expenses	2,886,562	3,229,812
Unfunded Pension Obligation	0	786,295
Prior Year Pension Adjustment	<u>(1,327,415)</u>	<u>541,220</u>
TOTAL EXPENSES	<u>\$2,834,016</u>	<u>\$5,454,610</u>
CHANGE IN NET ASSETS	<u>\$ 1,603,092</u>	<u>\$ (663,931)</u>

The reason for the change in net assets was the recording of the unfunded pension liability.

The total cost of all governmental activities in 2009-10 was \$4.2 million. Revenues to fund these activities consisted of \$1.3 million from those who directly benefited from or contributed to the programs, and \$3.0 million financed through taxes. Revenue also included interest, grants and miscellaneous income that totaled \$.03 million.

The general financial condition of the Morton Grove District is solid with a high percentage of operating expenditures being funded solely from current revenues. **All governmental funds currently maintain surplus fund balances**. During the past ten (10) years, the total District operating funds have had operating surpluses. The Prairie View Community Center, within the recreation fund, currently has a slight deficit from operations. This deficit will be reduced in future years through increases in memberships, increases in fees and charges.

Revenues for the General Government and Recreation functions totaled \$4,790,679 in 2008-09. Property taxes produced 61 percent of general revenues compared to 58 percent in the prior year. Comparative data on revenues by functions presented below:

**Table 3
Governmental Activities
Revenues**

Revenue by Function	2009-10 Amount	2008-09 Amount	Increase (Decrease)	2009-10 Percent of Total
General Revenues				
Property Taxes	\$ 2,813,324	\$ 2,735,692	\$ 77,632	63.40%
Replacement Tax	161,568	177,409	\$ (15,841)	3.64%
Interest Income	20,867	94,171	\$ (73,304)	0.47%
Operating Grants	7,035	138,878	\$ (131,843)	0.16%
Other	42,274	22,422	\$ 19,852	0.95%
Total General Revenues	3,045,068	3,168,572	\$ (123,504)	68.63%
General Government Charges for Services				
	89,249	88,726		2.01%
Recreation Program Revenues				
Recreation Programs	860,266	850,195	\$ 10,071	19.39%
Pool Revenue	184,886	220,425	\$ (35,539)	4.17%
Community Center	257,639	268,493	\$ (10,854)	5.81%
Total Recreation Program Revenues	1,302,791	1,339,113	\$ (36,322)	29.36%
Total Revenue	\$ 4,437,108	\$ 4,596,411	\$ (159,303)	100.00%

A decrease in grant revenue from the previous year caused the largest decline in overall revenues. Grant revenue changes significantly from year to year depending on the availability of State funds. Investment returns also are significantly lower as interest rates were at 10 year lows. Pool revenues in 2009 were affected by an extremely cool summer. The pools were closed completely 15 days total.

Expenses for the General Government and Recreation functions in 2009-10 totaled \$4,161,431. This is a decrease over the previous fiscal year by the recording of the Unfunded Pension Obligation. A summary of expenses is listed below:

**Table 4
Governmental Activities
Expenses**

<u>Function</u>	<u>Amount</u>	<u>Percent</u>
General Government	\$ 2,858,794	68.70%
Recreation	1,274,869	30.64%
Unfunded Pension	-	0.00%
Interest on LT Debt	27,768	0.67%
 Total Expenses	 \$ 4,161,431	 100.00%

Financial Analysis of the Government’s Funds

Fund balances for the General, Recreation, Capital Projects and Debt Service fund types continue to remain strong after the current year operations. Several years ago, the Board of Park Commissioners adopted a surplus retention policy with the objective to protect the District's financial condition by maintaining an adequate surplus amount in each fund in case any emergencies or unforeseen conditions arise. To accomplish this, the District strives to maintain in each fund a balance as a specified percentage of the annual appropriation for each fund, on average 25 – 30%. At fiscal year-end April 2010, the surplus fund retention was 33.2% of the 2010-11 operating budget. The District’s Finance Manager will recommend to the Park District Board to transfer a portion (\$125,000) of the surplus to the Capital fund.

The increase in the General Government fund balance and the recreation fund is the result of the District’s senior operating staff doing an excellent job of managing their individual budgets. The increase in the Capital Projects fund is the result of a new 2-year \$1,500,000 bond issue received in December 2009.

Fund Balances categorized by fund type over the preceding year are as follows:

**Table 5
Governmental Activities
Fund Balances**

Fund	2009-10 Amount	2008-09 Amount	Increase (Decrease) from Previous year	2008-09 Percent of Total
General	\$ 527,806	\$ 565,402	\$ (37,596)	11.15%
Recreation	185,670	237,601	\$ (51,931)	3.92%
Debt Service	295,709	329,087	\$ (33,378)	6.25%
Capital Projects	3,212,075	2,279,707	\$ 932,368	67.84%
Other Governmental Funds	513,209	463,244	\$ 49,965	10.84%
Total	\$ 4,734,469	\$ 3,875,041	\$ 859,428	100.00%

The General Fund and Recreation Fund decreases were due to a \$210,000 transfer to the Capital Fund. The Capital Projects Fund increased significantly due a new \$1,500,000 bond issue. All funds remain strong.

Assets

The capital assets of the District are those assets used in the performance of general governmental and recreational functions. As of April 30, 2010 total assets for the District were \$20,296,473 of which net capital assets amounted to \$13,605,601 and other assets were \$6,690,872. This compares to capital assets of \$13,434,965 and other assets of \$5,831,380 in the previous fiscal year. This amount represents the original cost or estimated historical cost value of the assets adjusted by depreciation of the assets since their acquisition.

For more detailed information on capital asset activity see note 3 on page 31.

Liabilities

As of April 30, 2010 total liabilities for the District were \$1,945,679 of which \$1,195,679 is current and \$750,000 is non-current. This compares to \$2,518,746 of current liabilities in the previous fiscal year. Included in the current District liabilities and the non-current liabilities are \$750,000 of bonds payable due December 1st, and 2010.

Debt Administration

A useful indicator of the District's debt position is the ratio of general obligation bonded debt to the District's total assessed valuation and the amount of debt per capita.

In December 2009, \$1,500,000 of general obligation limited tax bonds was sold. These bonds are due in two installments on December 1, 2010 and 2011. The interest rate per annum is 2.49 percent. Interest is due semi-annually on June 1, and December 1, 2010 and 2011.

A comparison, including overlapping debt as of April 30, 2010, is as follows

**Table 6
Governmental Activities
Outstanding Debt**

	Percent of Debt to		
	Outstanding G.O. Bonded Debt	Assessed Valuation	Outstanding Debt Per Capita
Total G.O. Bonded Debt for the District	\$ 1,500,000	1.682%	\$ 65.22
Overlapping Debt for All Government Units	87,666,620	98.318%	3,811.59
Total Direct and Overlapping Debt	\$ 89,166,620	100.000%	\$ 3,876.81

Under current state statutes, the District's aggregate indebtedness cannot exceed the legal debt limit of 2.875% of the value of the taxable property within the District. As of April 30, 2010, the District's aggregate outstanding debt totaled \$1,500,000, well below the limit set by law.

Readers desiring more detailed information on long-term debt activity should go to Note 4 Long-Term Debt on page 32 of the Notes to the Financial Statements.

Overall Financial Position / Results of Operations

The Morton Grove Park District's overall financial position as of April 30, 2010 remains solid. All District fund balances are healthy with the total operating (without capital) balance of \$1,522,394 or 33.82% of the 2010-11 operating budget. As noted above, total district long-term debt is \$750,000. This debt is scheduled for payment in December 2011. This debt reduction is funded through the annual tax levy. During the 2009-10 operating year, all governmental fund types had excess revenues over expenditures (see page 17) except for the Recreation, Retirement and Debt funds. These funds had planned operating deficits based on excess fund balances.

The \$137,062 excess revenues over expenses in the operating funds improved the overall financial position of District moving forward into 2010-11. The District's managers did an excellent job controlling expenses while still

providing residents excellent programs with clean and safe facilities during a time when increased revenues from tax bases are limited to small increases in the CPI.

Economic Factors and the Budget

With the sudden downturn in the economy in 2009, the District continues to brace for a possible negative impact on recreation programming revenues for 2010-2011. With this in mind, the 2010-11 budget had no increases and staff received no raises. The District's summer camp programs have already reflected lower than expected numbers with parents staying home with kids instead of putting them in programs.

On the positive side, current economic conditions have kept increases for utility costs and supplies flat, while health care and IMRF costs have risen moderately.

The CPI for 2009 was .1%, which the Morton Grove Park District uses in developing its tax levy request, is a limiting factor in the maximum amount of additional tax the District receives in the following year. For this reason the 2011 Budget was flat.

Significant / Unusual Transactions and Balances

One of the Morton Grove Park District's most significant transactions during the year was the completion of Frank Hren Park . This \$1.2 million dollar project adds new soccer fields, walking paths and play areas for local residents. The District has received a \$400,000 grant from the Illinois Department of Natural Resources Open Space Land Acquisition Program. The park was completed in April of 2010 with the dedication scheduled for September 2010. The District also contracted for a complete roof replacement at Prairie View Community Center. This project will cost over \$350,000.

The Morton Grove Park District contracts with Maine-Niles Association of Special Recreation (M-NASR) to provide professional help and programs to physically and mentally challenged individuals living within the district. The total payments to M-NASR were \$142,000 in 2009-10. The District also leases administrative office space to M-NASR at its Prairie View Community Center location at 6834 W. Dempster. Annual rent received from M-NASR is \$88,000.

None of the current Morton Grove Park District fund balances are restricted or limited, and all funds are available for future operating use.

During fiscal year (2009-10) the District transferred \$210,000 of excess operating fund balances to the capital fund. These funds are planned for pool improvements in the District's aquatic plan. The transfer was approved by the District Commissioners and transferred in September 2009.

Significant Variations to Budget

Significant positive variations to budget in 2009-10 were administrative expenses in the Corporate fund and investment interest earned. The Morton Grove Park District was without an Executive Director for 10 months

of the fiscal year. This caused a significant positive variance in administrative salaries along with benefits such as health premiums. There was also significant savings in utility expenses this year due to long term contracts through energy consultants.

Investment income fell well below budget. When the budget was planned back in January of 2009, it was anticipated that interest would rise moderately as the economy would improve. Rates actually went down.

Risk Management

The District is a member of the Park District Risk Management Agency (PDRMA), an intergovernmental risk management pool comprised of park districts, special recreation associations and forest preserve districts.

PDRMA was established in 1984 to jointly provide liability, property, and worker's compensation insurance to each of its members.

Over the years, the coverage structure has varied. Currently, PDRMA is totally self-insured for its general, automobile, and public official's liability and has a self-insured retention of \$100,000 for property and \$300,000 for workers' compensation. Claims, which exceed the self-insured retention for property and workers' compensation, become covered by the excess insurance carrier. Under the current coverage structure, the district's only potential exposure would be a \$1,000 deductible for any property damage incurred or a liability judgment in excess of \$16,500,000

As a member of PDRMA, the District is required to establish a loss prevention program in accordance with the guidelines set forth by PDRMA. Annually, PDRMA reviews each member's loss prevention program and the members receive a rating. In 2008, the District received a rating of "Excellent - Level A" -- the highest possible rating. During this writing, PDRMA is conducting a district-wide audit. Staff will continue to strive to make the district as safe as possible for both the users and the employees

Capital Projects Fund

The capital projects fund received \$1,500,000 of new bond proceeds in December 2009 for use during 2010 and 2011. During 2010-11 scheduled projects include new playground equipment Oriole, Overhill and Prairie View parks, repaving parking lots, a complete restructuring of the website, new fitness equipment for the health club and new maintenance vehicles.

Contacting the Park District Management

This financial report is designed to provide a general overview of the District's finances. If you have any questions about this report or require additional information, please contact Les A. Preuss, Finance Manager at Morton Grove Park District, 6834 West Dempster Street, Morton Grove, Illinois 60053.

**Morton Grove Park District
Statement of Net Assets
April 30, 2010**

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 5,223,615
Property Taxes Receivable	1,442,790
Accounts Receivable	16,316
Prepaid Expenses	8,151
Total Current Assets	<u>6,690,872</u>
Non-Current Assets	
Capital Assets	
Capital Assets Not Being Depreciated	3,823,714
Other Capital Assets, Net of Depreciation	9,781,887
Total Non Current Assets	<u>13,605,601</u>
TOTAL ASSETS	<u>20,296,473</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	118,751
Bonds Payable	750,000
Deposits Payable	9,525
Accrued Payroll Liabilities	198,295
Unearned Program Revenue	119,108
Total Current Liabilities	<u>1,195,679</u>
Non-Current Liabilities	
Bonds Payable	750,000
Total Non-Current Liabilities	<u>750,000</u>
TOTAL LIABILITIES	<u>1,945,679</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	12,105,601
Unrestricted	6,245,193
TOTAL NET ASSETS	<u><u>\$ 18,350,794</u></u>

See Accompanying Notes To The Financial Statements .

**Morton Grove Park District
Statement of Activities
For the Year Ended April 30, 2010**

	Program Revenues		Net (Expenses)	
	Charges For	Operating Grants	Revenues and	
Expenses	Services	and Contributions	Changes in	
			Net Assets	
			Governmental	
			Activities	
FUNCTIONS/PROGRAMS				
Governmental Activities				
General Government	\$ 2,858,794	\$ 89,249	\$ 7,035	\$ (2,762,510)
Recreation	1,274,869	1,302,791	0	27,922
Interest on Long Term Debt	27,768	0	0	(27,768)
Total Governmental Activities	\$ 4,161,431	\$ 1,392,040	\$ 7,035	(2,762,356)

GENERAL REVENUES

Taxes	
Property taxes levied for general purposes	2,813,324
Replacement taxes for general purposes	161,568
Interest Income	20,867
Other	42,274
TOTAL GENERAL REVENUES	3,038,033

CHANGE IN NET ASSETS 275,677

NET ASSETS

BEGINNING OF YEAR	16,747,702
PRIOR PERIOD ADJUSTMENT	1,327,415
BEGINNING OF YEAR, RESTATED	<u>18,075,117</u>
END OF YEAR	<u>\$ 18,350,794</u>

See Accompanying Notes To The Financial Statements.

**Morton Grove Park District
Balance Sheet
Governmental Funds
April 30, 2009**

	General	Recreation	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 676,927	\$ 384,792	\$ 309,975	\$ 3,224,372	\$ 627,549	\$ 5,223,615
Property Taxes Receivable	388,681	313,154	334,956	0	405,999	1,442,790
Accounts Receivable	8,007	8,105	0	0	204	16,316
Prepaid Expenditures	5,850	2,301	0	0	0	8,151
Due From Other Funds	29,608	1,301	0	0	0	30,909
TOTAL ASSETS	1,109,073	709,653	644,931	3,224,372	1,033,752	6,721,781
LIABILITIES						
Accounts Payable	20,802	24,814	0	12,297	60,838	118,751
Deposits Payable	9,350	175	0	0	0	9,525
Accrued Payroll Liabilities	135,339	59,316	0	0	3,640	198,295
Deferred Revenue:						
Property Tax Revenue	408,382	327,964	349,222	0	425,156	1,510,724
Program Revenue	7,394	111,714	0	0	0	119,108
Due To Other Funds	0	0	0	0	30,909	30,909
TOTAL LIABILITIES	581,267	523,983	349,222	12,297	520,543	1,987,312
FUND BALANCES						
Unreserved, Undesignated	527,806	0	0	0	0	527,806
Unreserved, Reported in						
Special Revenue Funds	0	185,670	0	0	513,209	698,879
Debt Service Fund	0	0	295,709	0	0	295,709
Capital Projects	0	0	0	3,212,075	0	3,212,075
TOTAL FUND BALANCES	527,806	185,670	295,709	3,212,075	513,209	4,734,469
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,109,073	\$ 709,653	\$ 644,931	\$ 3,224,372	\$ 1,033,752	
Amounts reported for governmental activities in the statement of net assets are different because:						
Deferred Property Taxes are not reported in the government-wide statements.						1,510,724
Bonds Payable are not reported as liabilities in the fund financial statements.						(1,500,000)
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.						13,605,601
NET ASSETS OF GOVERNMENTAL FUNDS						\$ 18,350,794

See Accompanying Notes To The Financial Statements.

**Morton Grove Park District
All Governmental Fund Types
Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended April 30, 2010**

	General	Recreation	Debt Service	Capital Projects	Other Governmental Funds	TOTAL
REVENUES						
Property Taxes	\$ 688,140	\$ 574,042	\$ 719,390	\$ 0	\$ 811,139	\$ 2,792,711
Replacement Taxes	127,571	33,997	0	0	0	161,568
Recreation Program	0	860,266	0	0	0	860,266
Pools	0	184,886	0	0	0	184,886
Community Center	0	257,639	0	0	0	257,639
Rental Income	89,249	0	0	0	0	89,249
Miscellaneous Income	0	0	0	7,035	0	7,035
Interest	17,072	1,680	0	0	2,115	20,867
Other	35,487	5,167	0	0	1,620	42,274
TOTAL REVENUES	957,519	1,917,677	719,390	7,035	814,874	4,416,495
EXPENDITURES						
Administration	350,625	645,667	0	0	0	996,292
Park Maintenance	434,490	0	0	0	0	434,490
Recreation Program	0	555,244	0	0	0	555,244
Pools	0	347,739	0	0	0	347,739
Community Center	0	420,959	0	0	0	420,959
Special Recreation	0	0	0	0	142,143	142,143
Audit	0	0	0	0	12,350	12,350
Liability	0	0	0	0	150,570	150,570
Museum	0	0	0	0	58,754	58,754
Retirement	0	0	0	0	305,937	305,937
Police	0	0	0	0	95,155	95,155
Debt Service: Principal	0	0	725,000	0	0	725,000
Debt Service: Interest	0	0	27,768	0	0	27,768
Capital Improvements	0	0	0	784,667	0	784,667
TOTAL EXPENDITURES	785,115	1,969,608	752,768	784,667	764,909	5,057,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	172,404	(51,931)	(33,378)	(777,632)	49,965	(640,572)
OTHER FINANCING SOURCES						
Issuance of Debt	0	0	0	1,500,000	0	1,500,000
Net of Transfers	(210,000)	0	0	210,000	0	0
TOTAL OTHER FINANCING SOURCES	(210,000)	0	0	1,710,000	0	1,500,000
NET CHANGE IN FUND BALANCES	(37,596)	(51,931)	(33,378)	932,368	49,965	859,428
FUND BALANCES, BEGINNING OF YEAR	565,402	237,601	329,087	2,279,707	463,244	3,875,041
END OF YEAR	\$ 527,806	\$ 185,670	\$ 295,709	\$ 3,212,075	\$ 513,209	\$ 4,734,469

See Accompanying Notes To The Financial Statements.

Morton Grove Park District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended April 30, 2010

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$ 859,428
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation of Capital Assets is not considered an expenditure in the fund financial statements	(603,386)
Purchase of Capital Assets is considered an expenditure in the fund financial statements.	774,022
Property tax revenues in the Statement of Activities that do not provide current financial resources are reported as deferred property tax revenue in the fund financial statements.	20,613
Proceeds from the Issuance of Debt are considered Other Financing Sources in the fund financial statements.	(1,500,000)
Payments of bond principal are treated as an expenditure in the fund financial statements.	<u>725,000</u>
Change in Net Assets of Governmental Activities (Statement of Activities)	<u><u>\$ 275,677</u></u>

See Accompanying Notes To The Financial Statements.

**Morton Grove Park District
Notes To The Financial Statements
For the Year Ended April 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Morton Grove Park District (Park District) was incorporated in 1951. The Park District operates under a Board-Manager form of government, providing recreation and other services to the residents of Morton Grove which include: recreation programs, park management, capital development, and general administration.

The accounting and reporting policies of the Park District included in the accompanying basic 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.

A. Reporting Entity

The Park District follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Park District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the Park District is not required to be included as a component unit of any other entity.

B. Changes in Accounting Methods

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The Morton Grove Park District has implemented GASB 34 effective May 1, 2002.

Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Changes in Accounting Methods (Continued)

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 governmental activities of the Park District at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the Park District's governmental activities.

The reporting model for GASB 34 classifies funds as governmental activities. 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 Park District used the modified accrual basis accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

C. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Park District 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 other income items that are not specifically related to a function are reported as general revenues.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the Park District are financed. The Park District's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. A brief explanation of the Park District's governmental funds follows:

General Fund

The General Fund is the general operating fund of the Park District. It is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Funds included in this fund category are:

Recreation	Paving and Lighting
Special Recreation	Museum
Audit	Retirement
Liability Insurance	Police Protection

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities.

MAJOR FUNDS

The Park District reports the following major governmental funds:

- The General Fund, which accounts for the park district's primary operating activities.
- The Recreation Fund, which accounts for the operations of the recreation programs offered to residents. Financing is provided by a specific annual property tax levy to the extent user charges are not sufficient to provide such financing.
- The Debt Service Fund, which accounts for the payment of long-term debt principal, interest and related costs.
- The Capital Projects Fund, which accounts for park development and improvement projects.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

NON-MAJOR FUNDS

The Park District reports the following non-major funds:

- Special Recreation
- Audit
- Liability Insurance
- Paving and Lighting
- Museum
- Retirement
- Police Protection

D. 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 the 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 is 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 Park District'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.

Property taxes, investment earnings, and charges for services are the primary revenue sources susceptible to accrual. The Park District considers property taxes available if they are due and collected by year end. Class registration fees received by the Park District are recognized as revenue when the class starts. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The Park District reports unearned revenues on its Statement of Net Assets and deferred revenues on its Governmental Funds Balance Sheet. For governmental fund financial statements, deferred revenues occur when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the Park District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Park District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds Balance Sheet and revenue is recognized accordingly.

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases and decreases in net total assets.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions, which will not be currently liquidated using expendable available financial resources, are included as liabilities in the government-wide financial statements, but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated. Historically, the expenditures have been recorded to the general and recreation funds.

F. Use of Estimates

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

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Data

The Board of Commissioners followed these procedures in establishing the budgetary data reflected in the financial statements. The Director submits to the Board of Commissioners a proposed operating budget for the upcoming fiscal year commencing May 1. The operating budget includes proposed expenditures and the means for financing. The Park District's budgetary operations are governed by the appropriation law detailed in the Illinois Park District Code and administered by the Finance Manager. Notice is given, and public meetings are conducted, to obtain taxpayer comments. The Board may add to, subtract from, or change appropriations, but may not change the form of the budget. Prior to the end of the first quarter of each fiscal year, the budget is legally enacted through the passage of an annual combined budget and appropriation ordinance.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are legally adopted on a basis consistent with GAAP. Expenditures may not legally exceed appropriations at the fund level. Any expenditures in excess of the legally adopted appropriation must be approved by the Park District Board through a supplemental appropriation. No supplemental appropriations were required during fiscal year ending April 30, 2010.

After the first six months of any fiscal year, the Park District Board may, by a two-thirds vote, amend the initially approved appropriation ordinance. Unused appropriations lapse at the end of the fiscal year. Expenditures legally may not exceed the total of appropriations and beginning fund balance at the fund level.

Management can make transfers between individual expenditure categories of a fund, however, Board of Commissioners approval is required in order for management to make transfers between individual funds. The level of legal control is at the individual fund level.

H. Budget Basis of Accounting

Budgetary information for individual funds is prepared on the same basis as the basic financial statements. The budget is prepared in accordance with the Illinois Park District Code and is derived from the combined annual budget and appropriation ordinance of the Park District. Working budgets are prepared for all governmental fund types, with the exception of the Capital Projects Fund. All budgets are prepared based on the annual fiscal year of the Park District. Budgetary funds are controlled by an integrated budgetary accounting system in accordance, where applicable, with various legal requirements that govern the Park District.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash, Cash Equivalents, and Investments

The Park District considers all highly liquid investments, including investments in the Illinois Governmental Cash Investment Fund, with an initial maturity date within three months of the date acquired by the Park District and investment pools to be cash equivalents.

J. Interfund Receivables/Payables

Amounts due to and due from other funds arise during the course of the Park District's operations because of numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that these transactions have not been repaid as of April 30, 2010, an interfund receivable and payable has been recorded.

K. Transfers

During the normal course of Park operations, transfers between funds arise to reimburse individual funds for expenditures/expenses incurred for the benefit of other funds. Further information on interfund transfers can be found in Note 9.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond April 30, 2010 are recorded as prepaid items.

M. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the Park has adopted a capitalization threshold of \$1,000 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Prior to May 1, 2002, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government wide financial statements prospectively from the date of implementation.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	45 years
Improvements	10 to 20 years
Machinery and Equipment	5 to 15 years
Vehicles	5 to 10 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

N. Compensated Absences

The Park District's policy is to provide vacation leave to eligible employees at the rate of 6 days in the first year, 10 days annually in years 2 through 5 of employment, 15 days annually in years 6 through 10, and 20 days annually thereafter. Employees may carry forward up to 5 vacation days. All accumulated vacation leave is paid upon termination of employment.

Sick leave is provided to eligible employees at the rate of 6 days annually to be used in the calendar year after the year earned. Sick leave not used by the end of the year is accumulated for the length of employment with the Park District. In the event of illness, the employee may use any or all accumulated sick time. Upon termination of employment, eligible employees are entitled to 50% of accumulated sick time, to a maximum of 30 days.

Compensated absences are reported in governmental funds only if the liability has matured (for example, unused reimbursable leave following the resignation or retirement of the employee).

The current liability for accrued payroll liabilities at April 30, 2010 is expected to be liquidated with expendable available financial resources in the general and recreation funds and is therefore reported as an expenditure and a fund liability of the fund that will pay it. This amount represents payroll accrued at the balance sheet date and vacation pay that has been earned by employees to date.

Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Liabilities

In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

P. Property Taxes

The Park District's property taxes are levied each calendar year on all taxable real property located within the Park District and accrued as deferred revenue in the fiscal year of levy. Property taxes due within the current fiscal year and collected by year end are recorded as revenue.

The Cook County Assessor is responsible for assessment of all taxable real property within Cook County.

The Cook County Clerk computes the annual tax for each parcel of real property and prepares tax books used by the Cook County Collector as the basis for issuing tax bills to Cook County taxpayers.

The Cook County Collector collects all property taxes and submits them to the County Treasurer, who remits them to the Park District. Taxes must be levied by the last Tuesday in December and are payable in two installments, on March 1 and August 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the levy year.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Equity Classifications

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets – consists of capital assets, net of accumulated depreciation and related debt.
- Restricted net assets – consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of restricted or invested in capital assets.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance may further be classified as reserved and unreserved.

NOTE 2 – DEPOSITS AND INVESTMENTS

At April 30, 2010, the carrying amount of the Park District's deposits was \$2,355,792 not including a petty cash fund of \$1,055 and the bank balance was \$2,296,805. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

The following table categorizes the Park District's cash and cash equivalents according to levels of custodial credit risk.

A. Bank Deposits

	Bank Balances	Carrying Amount
Category:		
Deposits covered by depository insurance or collateralized, with securities held by the Park District or by its agent in the Park District's name.	\$ 1,019,769	\$ 1,102,341
Deposits which are collateralized, with securities held by the pledging financial institution's trust department or agent in the Park District's name.	1,277,036	1,253,451
Deposits which are uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.	0	0
Total Bank Deposits	\$ 2,296,805	\$ 2,355,792

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District may, upon adoption of an ordinance, elect to invest in:

- Its own general obligation bonds.
- Its own tax anticipation warrants, bearing interest at a rate not to exceed 4% per annum.
- Bonds or other interest-bearing obligations of the United States or State of Illinois.
- Savings accounts or certificates of deposit of any state or national bank that are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).
- Treasury notes and other securities issued by agencies of the United States.
- Bonds, notes, certificates of indebtedness, treasury bills, or other securities guaranteed by the full faith and credit of the United States.
- Certificates of deposit or time deposits constituting direct obligations of any bank, as defined in the Illinois Banking Act.
- Short-term obligations of corporations organized in the United States with assets exceeding \$500 million, if:
 1. such obligations are rated at the time of purchase within the highest standard rating services by at least two rating agencies' and which mature not later than 180 days from the date of purchase;
 2. no more than 25% of any fund is invested in such obligations at any time; and
 3. such purchases do not exceed 10% of the corporation's outstanding obligations.
- Shares or other securities of any state or federally chartered savings and loan association, the shares of investment certificates of which are insured by the Federal Savings and Loan Insurance Corporation.
- The Illinois Governmental Cash Investment Fund.

The District's investments are not subject to categorization and consist of the following: At April 30, 2010, investments consist of an investment in the Bank of America/Merrill Lynch, similar in nature to the Illinois Funds, created in 1975 by the Illinois General Assembly. The fund is subject to an annual audit by an outside audit firm and conducts an annual internal audit. This pooled investment with other municipalities is similar in nature to a money market fund and consists primarily of certificates of deposit, U.S. Government securities, commercial paper, and corporate bonds. Because individual securities are not owned by the Park District, amounts invested in the Illinois Funds are not categorized. The District's value in the pool is based on the average maturity of the pool's investments. Further, the fair value of the Park District's position in the pool is equal to the value of its pool shares.

	Fair Value	Carrying Amount
	<u> </u>	<u> </u>
Investment in Bank of America/Merrill Lynch (Rating unavailable at time of issue)	<u>\$ 2,866,768</u>	<u>\$ 2,866,768</u>

Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Policies for Investments

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the District’s deposits may not be returned to it. The District’s investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the District’s name.

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

NOTE 3 – CAPITAL ASSETS

A summary of the changes in capital assets for the year follows. Total depreciation expense for the year charged for governmental activities was \$603,386.

	Capital Assets				Capital Assets
	May 1, 2009	Reclassify	Additions	Deletions	April 30, 2010
Assets Not Subject to Depreciation					
Land	\$ 2,606,678	\$ 0	\$ 0	\$ 0	\$ 2,606,678
Construction in Progress	580,476	0	636,560	0	1,217,036
	<u>3,187,154</u>	<u>0</u>	<u>636,560</u>	<u>0</u>	<u>3,823,714</u>
Assets Subject to Depreciation					
Vehicles	441,116	(40,213)	0	0	400,903
Buildings	10,945,584	0	87,244	0	11,032,828
Machinery and Equipment	2,580,752	40,213	47,179	(24,626)	2,643,518
Improvements	3,367,671	0	3,039	0	3,370,710
	<u>17,335,123</u>	<u>0</u>	<u>137,462</u>	<u>(24,626)</u>	<u>17,447,959</u>
Less Accumulated Depreciation					
Vehicles	(217,506)	(99)	(46,820)	0	(264,425)
Buildings	(3,432,904)	(419)	(223,273)	0	(3,656,596)
Machinery and Equipment	(1,350,937)	(122)	(157,476)	24,626	(1,483,909)
Improvements	(2,085,965)	(572)	(174,605)	0	(2,261,142)
	<u>(7,087,312)</u>	<u>(1,212)</u>	<u>(602,174)</u>	<u>24,626</u>	<u>(7,666,072)</u>
TOTAL NET CAPITAL ASSETS	<u>\$ 13,434,965</u>	<u>\$ (1,212)</u>	<u>\$ 171,848</u>	<u>\$ 0</u>	<u>\$ 13,605,601</u>

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 4 - LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended April 30, 2010.

	Debt Payable April 30, 2009	New Debt	Payments	Debt Payable April 30, 2010	Due Within One Year
General Obligation Bonds:					
Issue Dated Dec. 1, 2007	\$ 725,000	\$ 0	\$ 725,000	\$ 0	\$ 0
Issue Dated Dec. 1, 2009	0	1,500,000	0	1,500,000	750,000
Total	<u>\$ 725,000</u>	<u>\$ 1,500,000</u>	<u>\$ 725,000</u>	<u>\$ 1,500,000</u>	<u>\$ 750,000</u>

General Obligation Bonds are issued to provide funds for the acquisition and construction of major capital improvements. Bonds currently outstanding are as follows:

General Obligation Bonds, Series 2009

\$1,500,000 original issue dated December 1, 2009 with payments due December 1 of 2010 and 2011, with interest calculated at 2.49%.

Annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

	Principal	Interest	Total
For the year ending April 30, 2010	\$ 750,000	\$ 37,350	\$ 787,350
April 30, 2011	750,000	18,675	768,675
Total	<u>\$ 1,500,000</u>	<u>\$ 56,025</u>	<u>\$ 1,556,025</u>

NOTE 5 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Effective May 1, 1999, the District implemented GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". This statement establishes accounting and financial reporting standards for the Internal Revenue Code Section 457 deferred compensation plans of state and local governments. The statement requires that all amounts deferred under a Section 457 plan maintained by the District be held in trust for the exclusive benefit of plan participants. The District's deferred compensation plan has been placed in a trust through its administrators, Citistreet/MetLife. The assets of this trust, previously reported in the financial statements, have been removed from the financial statements since the District no longer acts in a fiduciary role. In addition, the corresponding liability has also been removed.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 6 - JOINT VENTURE

The District is a member of the Maine Niles Association of Special Recreation, which was organized by six area park districts and one Village in order to provide special recreation programs to physically and mentally challenged individuals and to share the expenses of such programs on a cooperative basis.

The Maine Niles Association of Special Recreation's Board of Directors consists of one representative from each participating park district. The Board of Directors is the governing body of M-NASR and is responsible for establishing all major policies and changes therein and for approving all budget, capital outlay, programming and master plans. The audited financial statements of M-NASR are available at 6834 West Dempster, Morton Grove, IL 60053.

The following is a summary of the Maine Niles Association of Special Recreation's financial statements for the year ended December 31, 2009:

Balance Sheet		Statement of Revenues and Expenditures	
Assets			
Cash & Investments	\$ 397,672	Park Districts' Portions	\$ 1,757,841
Accounts Receivable	26,800	Other revenue	<u>80,230</u>
Prepaid Expenses	12,958		
Other assets	<u>101,738</u>	Total revenues	1,838,071
	<u>\$ 539,168</u>	Expenditures	<u>1,826,108</u>
<u>Liabilities</u>		Operating Income	<u>\$ 11,963</u>
Current liabilities	<u>105,391</u>		
<u>Net Assets</u>			
Total Net Assets	<u>\$ 433,777</u>		

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 7 - EXPENDITURES OVER BUDGET

For the year ending April 30, 2010, expenditures were over budget in the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Appropriation</u>
Capital Projects	750,000	784,667	775,000
Retirement	288,000	305,937	296,000

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

The following interfund accounts exist at April 30, 2010:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 29,608	\$ 0
Recreation	1,301	0
Retirement	0	30,909

NOTE 9 – INTERFUND TRANSFERS

During the normal course of Park operations, transfers between funds arise to reimburse individual fund for expenditures incurred for the benefit of other funds. During the year, the General Fund transfer out \$210,000 to the Capital Projects fund.

NOTE 10 - RISK MANAGEMENT

The Morton Grove Park District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and net income losses.

Since January 1, 1984 the Morton Grove Park District has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve districts, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials', employment practices liability, and workers compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the property/casualty coverage in effect for the period January 1, 2010 through January 1, 2011.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits	Insurance Company	Policy Number
1. Property					
Property/Bldg/Contents				PDRMA Reinsurers:	P070109
All losses per occurrence	\$1,000	\$1,000,000	\$1,000,000,000/all members	Various Reinsurers	P091654-011
All losses annual aggregate		\$3,000,000	Declaration 11	through the Public Entity	
			\$250,000,000/occurrence/annual		
Flood/except Zones A&V	\$1,000	\$100,000	aggregate	Property	
			\$200,000,000/occurrence/annual		
Flood, Zones A&V	\$1,000	\$250,000	aggregate	Reinsurance	
			\$100,000,000/occurrence/annual		
Earthquake Shock	\$1,000	\$100,000	aggregate	Program (PEPIP)	
Auto Physical Damage					
Comprehensive and Collision	\$1,000	\$1,000,000	Included		
Course of					
Construction/Builders Risk	\$1,000	Included	\$25,000,000		
Business interruption, Rental			\$100,000,000/reported values		
Income, Tax Income Combined	\$1,000		\$500,000/\$2,500,000/non-reported values		
Service Interruption	24 hours	N/A	\$10,000,000		
			OTHER SUB-LIMITS APPLY- REFER TO COVERAGE DOCUMENT		
Boiler and Machinery			\$100,000,000 Equip. Breakdown	Travelers	BM210525L478
Property Damage	\$1,000	\$9,000	Property damage - included	Indemnity Co. of	
Business Income	48 hours	N/A	Included	Illinois	
			OTHER SUB-LIMITS APPLY- REFER TO COVERAGE DOCUMENT		
Fidelity and Crime	\$1,000	\$24,000	\$2,000,000	National Union	01-423-88-11
Seasonal Employees	\$1,000	\$9,000	\$1,000,000	Fire Insurance Co.	
Blanket Bond	\$1,000	\$24,000	\$2,000,000		
2. Workers Compensation					
EMPLOYERS LIABILITY	N/A	\$500,000	Statutory	PDRMA Reinsurers:	WC010110
		\$500,000	\$3,500,000 Employers Liability	Government Entities	GEM-0003-
				Mutual, Safety National	A10001
				Casualty Corp	SP-4041466
3. Liability					
General	None	\$500,000	\$21,500,000/occurrence/annual	PDRMA Reinsurers:	L010110
Auto Liability	None	Included	aggregate	Government Entities	GEM-0003-
			\$21,500,000/occurrence/annual		
Employment Practices	None	Included	aggregate	Mutual, Markel	A10001
Public Officials' Liability	None	Included		Everest Reinsurance Co.	71RE200001-101
Law Enforcement Liability	None	Included	Included		
Uninsured/Underinsured Motorists	None	Included	\$1,000,000/occurrence		
4. Pollution Liability					
Liability- third party	None	\$25,000	\$5,000,000/occurrence	XL Environmental	PEC 2535802
Property- first party	\$1,000	\$24,000	\$10,000,000 general aggregate	Insurance	

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Coverage	Member Deductible	PDRMA Self-Insured Retention	Limits	Insurance Company	Policy Number
5. <u>Outbreak Expense</u>	24 Hours	N/A	\$15,000 per day \$450,000 per location \$1 million aggregate policy limit	Markel	
6. <u>Volunteer Medical Accident</u>	None	\$5,000	\$5,000 medical expense and AD&D excess of any other collectible insurance	Self-Insured	
7. <u>Underground Storage Tank Liability</u>	None	N/A	\$10,000, follows Illinois Leaking Underground Tank Fund	Self-Insured	
8. <u>Unemployment Compensation</u>	N/A	N/A	Statutory	Self-funded	

Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the Morton Grove Park District.

As a member of PDRMA's Property/Casualty Program, the Morton Grove Park District is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the Morton Grove Park District and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the Morton Grove Park District's governing body. The Morton Grove Park District is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by PDRMA.

Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Program Council. PDRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The following represents a summary of PDRMA's balance sheet at December 31, 2009 and the statement of revenues and expenses for the period ending December 31, 2009. The Morton Grove Park District's portion of the overall equity of the pool is 1.137% or \$336,659.

Assets	\$	48,983,630
Liabilities		19,377,129
Member Balances		29,606,501
Revenues		15,335,883
Expenditures		19,134,589

Since 95% of PDRMA's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the Member Balances are adjusted annually as more recent loss information becomes available.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 11 – PDRMA HEALTH PROGRAM

On February 1, 1990 the Morton Grove Park District became a member of the Park District Risk Management Agency (PDRMA) Health Program, a health insurance pool of park districts, special recreation associations, and public service organizations through which medical, vision, dental, life and prescription drug coverages are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over \$200,000. Until January 1, 2001 the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

Members can choose to provide any combination of coverages available to their employees, and pay premiums accordingly.

As a member of the PDRMA Health Program, the Morton Grove Park District is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote on each. The relationship between the member agency and the PDRMA Health Program is governed by a contract and by-laws that have been adopted by resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health program upon dissolution of the pool. They will share any surplus of the pool based on a decision by the Health Program Council.

The following represents a summary of PDRMA's balance sheet at December 31, 2009 and the statement of revenues and expenses for the period ending December 31, 2009.

Assets	\$	10,463,230
Liabilities		2,844,691
Member Balances		7,618,539
Revenues		16,117,195
Expenditures		15,737,135

A large percentage of PDRMA's liabilities are reserves for losses and loss adjustment expenses, which are based on an actuarial estimate of the ultimate losses incurred.

NOTE 12 - DEFICIT FUND BALANCE

At April 30, 2010, none of the funds has a deficit fund balance.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

In the Government-Wide Financial Statements, a prior period adjustment was required to properly reflect the implementation of GASB Statement No.50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.

NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after April 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 9, 2010.

**Morton Grove Park District
Notes To The Financial Statements (Continued)
For the Year Ended April 30, 2010**

NOTE 15 – PENSION COMMITMENT

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

Funding Policy. As set by statute, the Park District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate from calendar year 2009 was 11.14 percent of annual covered payroll. The Park District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2009, The Park District’s annual pension cost of \$146,128 for the Regular plan was equal to the District’s required and actual contributions.

Actual Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 146,128	100%	\$ 0
12/31/2008	133,891	100%	0
12/31/2007	113,172	100%	0

The required contribution was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Park District Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investment over a five-year period with a 15% corridor between the actuarial and market value of assets. The District Regular plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 23 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 69.21 percent funded. The actuarial accrued liability for benefits was \$5,036,004 and the actuarial value of assets was \$3,485,277, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,550,727. The covered payroll (annual payroll of active employees covered by the plan) was \$1,311,745 and the ratio of the UAAL to the covered payroll was 118 percent. In conjunction with December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

**Morton Grove Park District
 Required Supplementary Information
 For the Year Ended April 30, 2010**

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Morton Grove Park District
 EMPLOYER NUMBER: 00948R
 REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ 3,485,277	\$ 5,036,004	\$ 1,550,727	69.21%	\$ 1,311,745	118.22%
12/31/2008	3,588,394	4,915,809	1,327,415	73.00%	1,242,035	106.87%
12/31/2007	3,822,583	4,363,703	541,120	87.60%	1,147,793	47.14%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$3,392,033. On a market basis, the funded ratio would be 67.36%.

MAJOR FUNDS

General Fund - The General Fund is used for resources traditionally associated with governments that are not required to be accounted for in another fund. The basis of budgeting for the General Fund is the same as Generally Accepted Accounting Principles (GAAP).

Recreation Fund - The Recreation Fund accounts for the operations of the recreation programs. Financing is provided primarily from an annual property tax levy, and from fees charged for programs and activities. The basis of budgeting for the Recreation Fund is the same as Generally Accepted Accounting Principles (GAAP).

Debt Service Fund - The Debt Service Fund represents accounts for the accumulation of resources for the payment of bond principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources acquired through bond issue which are to be used for improvements to existing park facilities and for maintenance supplies and staff for the general upkeep of all parks within the District.

**Morton Grove Park District
General Fund
Budgetary Comparison Schedule
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 667,730	\$ 667,730	\$ 688,140	\$ 20,410
Replacement Taxes	132,720	132,720	127,571	(5,149)
Rental Income	88,000	88,000	89,249	1,249
Interest	61,000	61,000	17,072	(43,928)
Other	14,947	14,947	35,487	20,540
TOTAL REVENUES	<u>964,397</u>	<u>964,397</u>	<u>957,519</u>	<u>(6,878)</u>
EXPENDITURES				
Administration	518,092	518,092	350,625	167,467
Park Maintenance	446,305	446,305	434,490	11,815
TOTAL EXPENDITURES	<u>964,397</u>	<u>964,397</u>	<u>785,115</u>	<u>179,282</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>172,404</u>	<u>172,404</u>
TRANSFERS OUT	<u>0</u>	<u>0</u>	<u>(210,000)</u>	<u>(210,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>(37,596)</u>	<u>\$ (37,596)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>565,402</u>	
END OF YEAR			<u>\$ 527,806</u>	

**Morton Grove Park District
Recreation Fund
Budgetary Comparison Schedule
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 539,500	\$ 539,500	\$ 574,042	\$ 34,542
Replacement Taxes	48,780	48,780	33,997	(14,783)
Interest	14,000	14,000	1,680	(12,320)
Other	4,290	4,290	5,167	877
SUBTOTAL REVENUES	<u>606,570</u>	<u>606,570</u>	<u>614,886</u>	<u>8,316</u>
TOTAL RECREATION PROGRAMS	<u>907,247</u>	<u>907,247</u>	<u>860,266</u>	<u>(46,981)</u>
POOLS				
Token Sales	114,000	114,000	75,411	(38,589)
Daily Receipts	68,613	68,613	48,949	(19,664)
Swim Lessons	21,367	21,367	17,994	(3,373)
Rentals	3,625	3,625	3,376	(249)
Day Camp	18,784	18,784	4,266	(14,518)
Concession Income	2,300	2,300	4,347	2,047
Other	49,413	49,413	30,543	(18,870)
TOTAL POOLS	<u>278,102</u>	<u>278,102</u>	<u>184,886</u>	<u>(93,216)</u>
COMMUNITY CENTER				
Merchandise	2,500	2,500	5,919	3,419
Rentals	27,270	27,270	27,355	85
Concession	500	500	802	302
Court Fees	10,075	10,075	10,230	155
Membership Fees	230,055	230,055	184,647	(45,408)
Guest Fees	29,700	29,700	21,959	(7,741)
Other	10,620	10,620	6,727	(3,893)
TOTAL COMMUNITY CENTER	<u>310,720</u>	<u>310,720</u>	<u>257,639</u>	<u>(53,081)</u>
TOTAL REVENUES	<u>2,102,639</u>	<u>2,102,639</u>	<u>1,917,677</u>	<u>(184,962)</u>
EXPENDITURES				
Administration	694,518	694,518	645,667	48,851
Recreation Programs	575,295	575,295	555,244	20,051
Pools	378,484	378,484	347,739	30,745
Community Center	454,342	454,342	420,959	33,383
TOTAL EXPENDITURES	<u>2,102,639</u>	<u>2,102,639</u>	<u>1,969,608</u>	<u>133,031</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>(51,931)</u>	<u>\$ (51,931)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>237,601</u>	
END OF YEAR			<u>\$ 185,670</u>	

**Morton Grove Park District
General Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
ADMINISTRATION:				
SALARIES AND WAGES				
Administrative Manager	\$ 35,153	\$ 35,153	\$ 13,262	\$ 21,891
Administrative Assistant	26,659	26,659	24,860	1,799
Superintendent of Finance	34,840	34,840	35,698	(858)
Secretary	7,520	7,520	7,533	(13)
Finance Coordinator	22,145	22,145	23,158	(1,013)
TOTAL SALARIES AND WAGES	126,317	126,317	104,511	21,806
MATERIALS AND SUPPLIES				
Commodities Purchases	12,850	12,850	11,910	940
Rentals and Repairs	1,800	1,800	0	1,800
Bank Charges	500	500	16	484
TOTAL MATERIALS AND SUPPLIES	15,150	15,150	11,926	3,224
INSURANCE				
Health Insurance Premiums	160,003	160,003	121,359	38,644
TOTAL INSURANCE	160,003	160,003	121,359	38,644
UTILITIES				
Electricity	75,000	75,000	32,615	42,385
Heating Fuel	31,000	31,000	3,229	27,771
Water	100	100	268	(168)
Telephone	18,325	18,325	16,676	1,649
TOTAL UTILITIES	124,425	124,425	52,788	71,637
CONTRACTUAL SERVICES				
Legal Services	11,500	11,500	16,955	(5,455)
Legal Publications	500	500	686	(186)
Consulting Services	3,000	3,000	1,790	1,210
Technical Assistance	20,000	20,000	18,516	1,484
Maintenance Agreement	7,000	7,000	3,306	3,694
TOTAL CONTRACTUAL SERVICES	42,000	42,000	41,253	747
SUBTOTAL CARRIED FORWARD	\$ 467,895	\$ 467,895	\$ 331,838	\$ 136,057

**Morton Grove Park District
General Fund
Schedule of Expenditures - Budget and Actual (Continued)
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
SUBTOTAL FORWARDED	\$ 467,895	\$ 467,895	\$ 331,838	\$ 136,057
EQUIPMENT/REPAIR				
Office	1,200	1,200	700	500
Computer Hardware	4,000	4,000	1,922	2,078
Computer Software	3,000	3,000	0	3,000
TOTAL EQUIPMENT/REPAIR	8,200	8,200	2,622	5,578
ADDITION/LEASE EXPENSES				
Salaries - Maintenance	9,307	9,307	0	9,307
Landscape Improvements	500	500	0	500
Maintenance Supplies	500	500	0	500
TOTAL ADDITION/LEASE EXPENSES	10,307	10,307	0	10,307
MISCELLANEOUS				
Commissioners' Expenditures	11,190	11,190	7,277	3,913
Employee Travel	2,000	2,000	544	1,456
Dues and Subscriptions	7,000	7,000	743	6,257
Donations Expenditures	2,000	2,000	0	2,000
PDRMA Award	1,500	1,500	0	1,500
Employee Recognition	6,000	6,000	5,398	602
Educational Expenditures	2,000	2,000	2,203	(203)
TOTAL MISCELLANEOUS	31,690	31,690	16,165	15,525
TOTAL ADMINISTRATION	\$ 518,092	\$ 518,092	\$ 350,625	\$ 167,467

**Morton Grove Park District
General Fund
Schedule of Expenditures - Budget and Actual (Continued)
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
PARK MAINTENANCE:				
SALARIES AND WAGES				
Parks Manager	\$ 24,665	\$ 24,665	\$ 35,871	\$ (11,206)
Maintenance	301,290	301,290	300,255	1,035
TOTAL SALARIES AND WAGES	325,955	325,955	336,126	(10,171)
MATERIALS AND SUPPLIES				
Equipment Repair	20,500	20,500	18,315	2,185
Equipment Rental	500	500	876	(376)
Materials and Supplies	26,900	26,900	24,600	2,300
Motor Vehicle Fund	16,000	16,000	14,811	1,189
TOTAL MATERIALS AND SUPPLIES	63,900	63,900	58,602	5,298
CONTRACTUAL SERVICES				
Maintenance Agreement	14,500	14,500	8,925	5,575
Communication Services	0	0	787	(787)
Professional Services	4,000	4,000	3,251	749
TOTAL CONTRACTUAL SERVICES	18,500	18,500	12,962	5,538
EQUIPMENT/REPAIR				
Maintenance	1,000	1,000	567	433
Safety	750	750	740	10
Buildings	1,000	1,000	90	910
Fence	1,000	1,000	186	814
TOTAL EQUIPMENT/REPAIR	3,750	3,750	1,583	2,167
BUILDING AND LANDSCAPE				
General Park Improvements	7,000	7,000	3,383	3,617
Building Permits and Improvements	1,000	1,000	0	1,000
Landscaping	22,000	22,000	18,770	3,230
TOTAL BUILDING AND LANDSCAPE	30,000	30,000	22,153	7,847
MISCELLANEOUS				
Educational Services	1,500	1,500	1,107	393
Uniforms	2,700	2,700	1,957	743
TOTAL MISCELLANEOUS	4,200	4,200	3,064	1,136
TOTAL PARK MAINTENANCE	446,305	446,305	434,490	11,815
TOTAL ADMINISTRATIVE	518,092	518,092	350,625	167,467
TOTAL EXPENDITURES	\$ 964,397	\$ 964,397	\$ 785,115	\$ 179,282

**Morton Grove Park District
Recreation Fund
Schedule of Expenditures - Budget and Actual
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
ADMINISTRATION				
Administrative and Clerical Salaries	\$ 518,612	\$ 518,612	\$ 476,253	\$ 42,359
Bank Charges	20,000	20,000	19,545	455
Commodities Purchases	12,300	12,300	6,872	5,428
Office Equipment Repairs and Rental	2,750	2,750	7,196	(4,446)
Health and Accident Insurance	40,086	40,086	47,486	(7,400)
Electricity	12,500	12,500	26,315	(13,815)
Fuel and Heating	17,750	17,750	12,550	5,200
Telephone	8,500	8,500	6,715	1,785
Water	150	150	1,496	(1,346)
Legal Publications	6,500	6,500	6,797	(297)
Brochures	29,700	29,700	26,509	3,191
Office Equipment	2,000	2,000	0	2,000
Commissioners Expense and Seminars	11,190	11,190	4,862	6,328
Staff Travel and Seminars	3,780	3,780	1,926	1,854
Photography	1,000	1,000	100	900
Uniforms	700	700	255	445
Scholarships	5,000	5,000	0	5,000
Employee Recognition	2,000	2,000	790	1,210
TOTAL ADMINISTRATION	694,518	694,518	645,667	48,851
RECREATION PROGRAMS				
Program Expenditures	575,295	575,295	555,244	20,051
TOTAL RECREATION PROGRAMS	575,295	575,295	555,244	20,051
SUBTOTAL CARRIED FORWARD	\$ 1,269,813	\$ 1,269,813	\$ 1,200,911	\$ 68,902

**Morton Grove Park District
Recreation Fund
Schedule of Expenditures - Budget and Actual (Continued)
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
SUBTOTAL FORWARDED	\$ 1,269,813	\$ 1,269,813	\$ 1,200,911	\$ 68,902
POOLS				
Salaries	223,460	223,460	194,882	28,578
Technical Assistance	700	700	1,637	(937)
Lifeguard Suits	5,289	5,289	4,978	311
Chemicals	12,400	12,400	13,270	(870)
Utilities	95,600	95,600	89,396	6,204
Maintenance of Pool and Buildings	8,500	8,500	11,450	(2,950)
New Equipment and Maintenance	1,700	1,700	2,423	(723)
Special Events	1,500	1,500	839	661
Commodities Purchases	200	200	3,381	(3,181)
Supplies	29,135	29,135	25,483	3,652
TOTAL POOLS	378,484	378,484	347,739	30,745
SUBTOTAL CARRIED FORWARD	\$ 1,648,297	\$ 1,648,297	\$ 1,548,650	\$ 99,647

**Morton Grove Park District
Recreation Fund
Schedule of Expenditures - Budget and Actual (Continued)
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
SUBTOTAL FORWARDED	<u>\$ 1,648,297</u>	<u>\$ 1,648,297</u>	<u>\$ 1,548,650</u>	<u>\$ 99,647</u>
COMMUNITY CENTER				
Administrative and Other Salaries	174,801	174,801	162,507	12,294
Maintenance	91,753	91,753	95,794	(4,041)
Commodities Purchases	4,300	4,300	5,201	(901)
Printing - Marketing	18,500	18,500	15,394	3,106
Pro Shop Merchandise Expense	50	50	20	30
Court Equipment	200	200	530	(330)
Office and Fitness Center Equipment	6,200	6,200	4,793	1,407
Utilities and Telephone	68,432	68,432	64,800	3,632
Contractual Service	22,000	22,000	14,530	7,470
Maintenance Supplies Expense	27,000	27,000	21,827	5,173
Maintenance Equipment	3,000	3,000	2,181	819
Building Repairs and Improvements	10,000	10,000	5,700	4,300
Court and Racquet Supplies	5,180	5,180	2,999	2,181
Seminars	1,000	1,000	0	1,000
Employee's Travel Allowance	0	0	0	0
Insurance	19,776	19,776	22,501	(2,725)
Towel Purchases	500	500	0	500
Uniforms	1,650	1,650	2,182	(532)
TOTAL COMMUNITY CENTER	<u>454,342</u>	<u>454,342</u>	<u>420,959</u>	<u>33,383</u>
TOTAL EXPENDITURES	<u>\$ 2,102,639</u>	<u>\$ 2,102,639</u>	<u>\$ 1,969,608</u>	<u>\$ 133,031</u>

**Morton Grove Park District
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 752,770	\$ 752,770	\$ 719,390	\$ (33,380)
TOTAL REVENUES	<u>752,770</u>	<u>752,770</u>	<u>719,390</u>	<u>(33,380)</u>
EXPENDITURES				
Debt Service				
Principal	725,000	725,000	725,000	0
Interest	<u>27,770</u>	<u>27,770</u>	<u>27,768</u>	<u>2</u>
TOTAL EXPENDITURES	<u>752,770</u>	<u>752,770</u>	<u>752,768</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>(33,378)</u>	<u>\$ (33,378)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>329,087</u>	
END OF YEAR			<u>\$ 295,709</u>	

**Morton Grove Park District
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous Income	\$ 0	\$ 0	\$ 7,035	\$ 7,035
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>7,035</u>	<u>7,035</u>
EXPENDITURES				
Capital Improvements	<u>750,000</u>	<u>750,000</u>	<u>784,667</u>	<u>(34,667)</u>
TOTAL EXPENDITURES	<u>750,000</u>	<u>750,000</u>	<u>784,667</u>	<u>(34,667)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(750,000)</u>	<u>(750,000)</u>	<u>(777,632)</u>	<u>(27,632)</u>
OTHER FINANCING SOURCES				
Issuance of Debt	0	0	1,500,000	1,500,000
Transfers In	<u>0</u>	<u>0</u>	<u>210,000</u>	<u>210,000</u>
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>1,710,000</u>	<u>1,710,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>	<u>932,368</u>	<u>\$ 1,682,368</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,279,707</u>	
END OF YEAR			<u>\$ 3,212,075</u>	

NON MAJOR FUNDS

Special Recreation - The Special Recreation Fund accounts for revenues derived from a specific annual property tax levy and expenditures of these monies to the Maine Niles Association of Special Recreation to provide special recreation programs for the physically and mentally challenged.

Audit - The Audit Fund accounts for revenues derived from a specific annual property tax levy and expenditures of these monies for the annual audit of the District.

Liability Insurance - The Liability Insurance Fund accounts for the operation of the Park District's insurance and risk management activities. Financing is provided from an annual property tax levy.

Paving and Lighting - The Paving and Lighting Fund accounts for revenues derived from a specific annual property tax levy and expenditures of these monies for paving and lighting improvements throughout the

Museum - The Museum Fund was established to account for the revenue and expenditures of the Museum. An annual tax levy in conjunction with program revenue is used to finance the fund.

Retirement - The Retirement Fund accounts for the Park District's participation in the Illinois Municipal Retirement Fund and contributions to employee social security benefits. Financing is provided by a specific annual property tax levy which produces a sufficient amount to pay the Park District's contributions to the fund on behalf of its employees.

Police Protection - The Police Fund accounts for revenues derived from a specific annual property tax levy and expenditures of these monies for police service for the parks.

**Morton Grove Park District
Non-Major Funds
Combining Balance Sheet
April 30, 2010**

	Special Revenue Funds							Total
	Special Recreation	Audit	Liability Insurance	Paving and Lighting	Museum	Retirement	Police Protection	
ASSETS								
Cash	\$ 106,303	\$ 11,987	\$ 124,109	\$ 22,342	\$ 65,816	\$ 231,157	\$ 65,835	\$ 627,549
Property Taxes Receivable	71,397	6,583	82,359	3,038	37,091	149,882	55,649	405,999
Accounts Receivable	0	0	0	0	204	0	0	204
TOTAL ASSETS	177,700	18,570	206,468	25,380	103,111	381,039	121,484	1,033,752
LIABILITIES								
Accounts Payable	30,710	0	5,694	0	315	23,894	225	60,838
Accrued Payroll Liabilities	0	0	1,462	0	974	0	1,204	3,640
Deferred Property Tax Revenue	74,114	7,262	87,115	3,038	37,838	157,355	58,434	425,156
Due To Other Funds	0	0	0	0	0	30,909	0	30,909
TOTAL LIABILITIES	104,824	7,262	94,271	3,038	39,127	212,158	59,863	520,543
FUND BALANCES								
Fund Balances - Unreserved	72,876	11,308	112,197	22,342	63,984	168,881	61,621	513,209
TOTAL FUND BALANCES	72,876	11,308	112,197	22,342	63,984	168,881	61,621	513,209
TOTAL LIABILITIES AND FUND BALANCES	\$ 177,700	\$ 18,570	\$ 206,468	\$ 25,380	\$ 103,111	\$ 381,039	\$ 121,484	\$ 1,033,752

**Morton Grove Park District
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended April 30, 2010**

	Special Revenue Funds							Total
	Special Recreation	Audit	Liability Insurance	Paving and Lighting	Museum	Retirement	Police Protection	
REVENUES								
Property Taxes	\$ 157,074	\$ 13,165	\$ 157,766	\$ 8,267	\$ 72,548	\$ 295,149	\$ 107,170	\$ 811,139
Interest	0	0	0	0	0	2,115	0	2,115
Miscellaneous	0	0	0	0	1,620	0	0	1,620
TOTAL REVENUES	157,074	13,165	157,766	8,267	74,168	297,264	107,170	814,874
EXPENDITURES								
Contributions to MNASR	117,803	0	0	0	0	0	0	117,803
Inclusion Programming	24,340	0	0	0	0	0	0	24,340
Audit	0	12,350	0	0	0	0	0	12,350
Liability	0	0	150,570	0	0	0	0	150,570
Paving and Lighting	0	0	0	0	0	0	0	0
Museum	0	0	0	0	58,754	0	0	58,754
Retirement	0	0	0	0	0	305,937	0	305,937
Police	0	0	0	0	0	0	95,155	95,155
TOTAL EXPENDITURES	142,143	12,350	150,570	0	58,754	305,937	95,155	764,909
NET CHANGE IN FUND BALANCE	14,931	815	7,196	8,267	15,414	(8,673)	12,015	49,965
FUND BALANCES, BEGINNING OF YEAR	57,945	10,493	105,001	14,075	48,570	177,554	49,606	463,244
END OF YEAR	\$ 72,876	\$ 11,308	\$ 112,197	\$ 22,342	\$ 63,984	\$ 168,881	\$ 61,621	\$ 513,209

**Morton Grove Park District
Special Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 147,000	\$ 147,000	\$ 157,074	\$ 10,074
TOTAL REVENUES	<u>147,000</u>	<u>147,000</u>	<u>157,074</u>	<u>10,074</u>
EXPENDITURES				
Contributions to MNASR	115,000	115,000	117,803	(2,803)
Inclusion Programming	32,000	32,000	24,340	7,660
TOTAL EXPENDITURES	<u>147,000</u>	<u>147,000</u>	<u>142,143</u>	<u>4,857</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	14,931	<u>\$ 14,931</u>
FUND BALANCE, BEGINNING OF YEAR			<u>57,945</u>	
END OF YEAR			<u>\$ 72,876</u>	

**Morton Grove Park District
 Audit Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 13,000	\$ 13,000	\$ 13,165	\$ 165
TOTAL REVENUES	<u>13,000</u>	<u>13,000</u>	<u>13,165</u>	<u>165</u>
EXPENDITURES				
Audit	<u>13,000</u>	<u>13,000</u>	<u>12,350</u>	<u>650</u>
TOTAL EXPENDITURES	<u>13,000</u>	<u>13,000</u>	<u>12,350</u>	<u>650</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	815	<u>\$ 815</u>
FUND BALANCE, BEGINNING OF YEAR			<u>10,493</u>	
END OF YEAR			<u>\$ 11,308</u>	

**Morton Grove Park District
 Liability Insurance Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 151,500	\$ 151,500	\$ 157,766	\$ 6,266
Interest	1,000	1,000	0	(1,000)
TOTAL REVENUES	<u>152,500</u>	<u>152,500</u>	<u>157,766</u>	<u>5,266</u>
EXPENDITURES				
Salaries and Wages	77,905	77,905	70,627	7,278
Liability Insurance	40,262	40,262	49,903	(9,641)
Workmen's Compensation	29,000	29,000	24,232	4,768
Contractual Services	333	333	0	333
Safety Training and Subscriptions	5,000	5,000	5,808	(808)
TOTAL EXPENDITURES	<u>152,500</u>	<u>152,500</u>	<u>150,570</u>	<u>1,930</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	7,196	<u>\$ 7,196</u>
FUND BALANCE, BEGINNING OF YEAR			<u>105,001</u>	
END OF YEAR			<u>\$ 112,197</u>	

**Morton Grove Park District
Paving and Lighting Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 5,000	\$ 5,000	\$ 8,267	\$ 3,267
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>8,267</u>	<u>3,267</u>
EXPENDITURES				
Paving and Lighting	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	8,267	<u>\$ 8,267</u>
FUND BALANCE, BEGINNING OF YEAR			<u>14,075</u>	
END OF YEAR			<u>\$ 22,342</u>	

**Morton Grove Park District
Museum Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 66,000	\$ 66,000	\$ 72,548	\$ 6,548
Miscellaneous	0	0	1,620	(1,620)
TOTAL REVENUES	<u>66,000</u>	<u>66,000</u>	<u>74,168</u>	<u>8,168</u>
EXPENDITURES				
Salaries and Wages	44,890	44,890	42,306	2,584
Materials and Supplies	6,500	6,500	5,624	876
Utilities	3,572	3,572	5,562	(1,990)
Contractual Services	2,610	2,610	3,125	(515)
Building and Landscape	4,300	4,300	1,700	2,600
Miscellaneous	1,500	1,500	436	1,064
Equipment	2,628	2,628	0	2,628
TOTAL EXPENDITURES	<u>66,000</u>	<u>66,000</u>	<u>58,754</u>	<u>7,246</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	15,414	<u>\$ 15,414</u>
FUND BALANCE, BEGINNING OF YEAR			<u>48,570</u>	
END OF YEAR			<u>\$ 63,984</u>	

**Morton Grove Park District
Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 288,000	\$ 288,000	\$ 295,149	\$ 7,149
Interest	0	0	2,115	2,115
TOTAL REVENUES	<u>288,000</u>	<u>288,000</u>	<u>297,264</u>	<u>9,264</u>
EXPENDITURES				
District IMRF Contributions	130,000	130,000	156,764	(26,764)
District FICA Contributions	158,000	158,000	149,173	8,827
TOTAL EXPENDITURES	<u>288,000</u>	<u>288,000</u>	<u>305,937</u>	<u>(17,937)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	(8,673)	<u>\$ (8,673)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>177,554</u>	
END OF YEAR			<u>\$ 168,881</u>	

**Morton Grove Park District
Police Protection Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended April 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 98,000	\$ 98,000	\$ 107,170	\$ 9,170
TOTAL REVENUES	<u>98,000</u>	<u>98,000</u>	<u>107,170</u>	<u>9,170</u>
EXPENDITURES				
Salaries and Wages	74,451	74,451	87,000	(12,549)
Materials and Supplies	5,425	5,425	5,626	(201)
Utilities	2,840	2,840	2,448	392
Equipment	7,284	7,284	0	7,284
Miscellaneous	8,000	8,000	81	7,919
TOTAL EXPENDITURES	<u>98,000</u>	<u>98,000</u>	<u>95,155</u>	<u>2,845</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	12,015	<u>\$ 12,015</u>
FUND BALANCE, BEGINNING OF YEAR			<u>49,606</u>	
END OF YEAR			<u>\$ 61,621</u>	

Morton Grove Park District
Schedule of Changes in Capital Assets Used in the Operation of
Governmental Activities by Function and Activity
April 30, 2010

FUNCTION AND ACTIVITY	Capital Assets	Reclassify	Additions	Deletions	Capital Assets
	May 1, 2009				April 30, 2010
RECREATION					
Assets Not Subject to Depreciation					
Land	\$ 2,606,678	\$ 0	\$ 0	\$ 0	\$ 2,606,678
Construction in Progress	580,476	0	636,560	0	1,217,036
	<u>3,187,154</u>	<u>0</u>	<u>636,560</u>	<u>0</u>	<u>3,823,714</u>
Assets Subject to Depreciation					
Vehicles	441,116	(40,213)	0	0	400,903
Buildings	10,945,584	0	87,244	0	11,032,828
Machinery and Equipment	2,580,752	40,213	47,179	(24,626)	2,643,518
Improvements	3,367,671	0	3,039	0	3,370,710
	<u>17,335,123</u>	<u>0</u>	<u>137,462</u>	<u>(24,626)</u>	<u>17,447,959</u>
Less					
Accumulated Depreciation					
Vehicles	(217,506)	(99)	(46,820)	0	(264,425)
Buildings	(3,432,904)	(419)	(223,273)	0	(3,656,596)
Machinery and Equipment	(1,350,937)	(122)	(157,476)	24,626	(1,483,909)
Improvements	(2,085,965)	(572)	(174,605)	0	(2,261,142)
	<u>(7,087,312)</u>	<u>(1,212)</u>	<u>(602,174)</u>	<u>24,626</u>	<u>(7,666,072)</u>
TOTAL NET CAPITAL ASSETS	<u>\$ 13,434,965</u>	<u>\$ (1,212)</u>	<u>\$ 171,848</u>	<u>\$ 0</u>	<u>\$ 13,605,601</u>