

**VILLAGE OF MORTON, ILLINOIS**  
Morton, Illinois

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
April 30, 2015

Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

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## INDEPENDENT AUDITORS' REPORT

Honorable President and Board of Trustees  
Village of Morton, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morton, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morton, Illinois as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter – Restatement**

As discussed in Note 18 to the financial statements, beginning net position for governmental activities and beginning fund balance for the Motor Fuel Tax Fund have been restated to correct an error in previously reported accounts receivable and revenues. Our opinions are not modified with respect to this matter.

### **Emphasis of a Matter – Implementation of a New Standard**

During fiscal year ended April 30, 2015, the Village of Morton, Illinois adopted *GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. GASB Statement No. 67 impacted financial reporting by improving financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency (see Note 11). Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and historical pension and postemployment benefit information on pages IV through XI and 53 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morton's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Honorable President and Board of Trustees  
Village of Morton, Illinois

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Morton, Illinois' basic financial statements for the years ended April 30, 2014 and 2013, and have issued our reports thereon dated October 17, 2014 and September 10, 2013, respectively, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The 2014 and 2013 data in the enterprise fund comparative statements for the years ended April 30, 2014 and 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 and 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 and 2013 data in the enterprise fund comparative statements are fairly stated in all material respects in relation to the basic financial statements for the years ended April 30, 2014 and 2013, respectively.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
October 27, 2015

**VILLAGE OF MORTON, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2015**

(Unaudited)

As management of the Village of Morton, Illinois (Village), we offer readers of the Village's financial statements this narrative overview and analysis of the Village's financial activities for the fiscal year ended April 30, 2015. We encourage readers to consider the information presented here in conjunction with the Village's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The results of operations of the Village yielded an increase in net position of \$4.7 million (4.2 percent) during fiscal year 2015. Net position for governmental activities increased \$2.0 million. Net position for the business-type activities increased \$2.7 million.
- Revenues for the business-type activities decreased 12.9 percent to \$15.1 million while expenses decreased 8.0 percent to \$12.2 million.
- The General Fund reported an excess of revenue versus expenditures of \$864,958 before the transfer of funds and other financing sources and uses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Village of Morton's basic financial statements. The Village's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Village's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the Village of Morton, Illinois is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public works, public safety, and transportation. The business-type activities of the Village are water and sewage distribution and collection, storm water management, and gas distribution.

The government-wide financial statements can be found on pages 1-3.

## **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 Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 presented for governmental activities in the government-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.

The Village maintains 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet (pages 4-5) and in the governmental fund statement of revenues, expenditures and changes in fund balances (page 6) for the General Fund, the Illinois Municipal Retirement Fund, and the Motor Fuel Tax Fund, all of which are considered major funds. Data from the other 5 governmental funds are combined into a single column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 66-67.

The Village adopts an annual appropriated budget for various funds. A budgetary comparison statement has been provided for the major funds on pages 53-54.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund statements provide separate information for the Municipal Gas Fund, the Waterworks and Sewerage Fund, and Storm Water Fund, all of which are considered major funds. The basic enterprise fund statements can be found on pages 8-11.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for enterprise funds. The basic fiduciary fund financial statements can be found on pages 12-13.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-51.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's assets exceeded liabilities and deferred inflows of resources by \$119,148,430 as of April 30, 2015, an increase of \$4,777,338 from 2014.

#### CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>						
Current assets	\$ 13,950,372	\$ 14,146,474	\$ 21,124,444	\$ 18,120,327	\$ 35,074,816	\$ 32,266,801
Long-term notes receivable	1,866,667	-	-	-	1,866,667	-
Capital assets	<u>51,679,748</u>	<u>50,134,098</u>	<u>38,210,948</u>	<u>38,846,854</u>	<u>89,890,696</u>	<u>88,980,952</u>
Total assets	<u>67,496,787</u>	<u>64,280,572</u>	<u>59,335,392</u>	<u>56,967,181</u>	<u>126,832,179</u>	<u>121,247,753</u>
<b>Liabilities:</b>						
Current liabilities	1,825,766	2,121,631	609,998	998,798	2,435,764	3,120,429
Noncurrent liabilities	<u>3,043,157</u>	<u>1,646,925</u>	<u>226,222</u>	<u>195,360</u>	<u>3,269,379</u>	<u>1,842,285</u>
Total liabilities	<u>4,868,923</u>	<u>3,768,556</u>	<u>836,220</u>	<u>1,194,158</u>	<u>5,705,143</u>	<u>4,962,714</u>
<b>Deferred inflows of resources</b>	<u>1,978,606</u>	<u>1,913,947</u>	<u>-</u>	<u>-</u>	<u>1,978,606</u>	<u>1,913,947</u>
<b>Net position:</b>						
Net investment in capital assets	50,509,945	48,425,169	38,210,948	38,846,854	88,720,893	87,272,023
Restricted	4,258,035	3,342,658	-	-	4,258,035	3,342,658
Unrestricted	<u>5,881,278</u>	<u>6,830,242</u>	<u>20,288,224</u>	<u>16,926,169</u>	<u>26,169,502</u>	<u>23,756,411</u>
<b>Total net position</b>	<u>\$ 60,649,258</u>	<u>\$ 58,598,069</u>	<u>\$ 58,499,172</u>	<u>\$ 55,773,023</u>	<u>\$ 119,148,430</u>	<u>\$ 114,371,092</u>

By far the largest part of the Village's net position (74.5 percent) reflects its net investment in capital assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Village's net position (3.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$26,169,502 may be used to meet the government's ongoing obligations to citizens and creditors.

At April 30, 2015, the Village had cash balances for the governmental activities of \$9.6 million and \$19.3 million for the business-type activities for a total cash balance of \$28.9 million. Governmental activities increased the Village's restated beginning net position by \$1,978,797, while business-type activities increased the Village's net position by \$2,726,149. Details of the changes in net position are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,708,411	\$ 1,967,616	\$ 15,073,330	\$ 16,533,012	\$ 16,781,741	\$ 18,500,628
Operating grants and contributions	148,914	251,325	-	-	148,914	251,325
Capital grants and contributions	-	154,391	-	792,734	-	947,125
General revenues:						
Property taxes	1,902,393	1,836,123	-	-	1,902,393	1,836,123
Sales taxes	4,502,861	4,280,944	-	-	4,502,861	4,280,944
Telecommunication taxes	546,702	598,860	-	-	546,702	598,860
Utility franchise fees	1,257,070	1,405,669	-	-	1,257,070	1,405,669
Income taxes	1,561,418	1,585,157	-	-	1,561,418	1,585,157
Motor fuel taxes	483,820	486,765	-	-	483,820	486,765
Gain on sale of capital assets	11,465	278,364	-	-	11,465	278,364
Other	812,304	712,421	63,163	59,019	875,467	771,440
Total revenues	<u>12,935,358</u>	<u>13,557,635</u>	<u>15,136,493</u>	<u>17,384,765</u>	<u>28,071,851</u>	<u>30,942,400</u>
<b>Expenses:</b>						
General government	1,979,604	2,054,487	-	-	1,979,604	2,054,487
Public works	279,829	298,859	-	-	279,829	298,859
Public safety	5,873,717	5,892,120	-	-	5,873,717	5,892,120
Transportation	2,919,349	3,196,243	-	-	2,919,349	3,196,243
Interest	43,931	50,055	-	-	43,931	50,055
Water/sewer	-	-	4,797,247	4,730,092	4,797,247	4,730,092
Storm water	-	-	721,324	682,654	721,324	682,654
Gas	-	-	6,751,904	7,926,991	6,751,904	7,926,991
Total expenses	<u>11,096,430</u>	<u>11,491,764</u>	<u>12,270,475</u>	<u>13,339,737</u>	<u>23,366,905</u>	<u>24,831,501</u>
Increase in net position before transfers	1,838,928	2,065,871	2,866,018	4,045,028	4,704,946	6,110,899
Transfers	<u>139,869</u>	<u>237,090</u>	<u>(139,869)</u>	<u>(237,090)</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>1,978,797</u>	<u>2,302,961</u>	<u>2,726,149</u>	<u>3,807,938</u>	<u>4,704,946</u>	<u>6,110,899</u>
Net position, beginning of year, as previously reported	58,598,069	56,295,108	55,773,023	51,965,085	114,371,092	108,260,193
Prior period adjustment	<u>72,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,392</u>	<u>-</u>
Net position, beginning of year, as restated	<u>58,670,461</u>	<u>56,295,108</u>	<u>55,773,023</u>	<u>51,965,085</u>	<u>114,443,484</u>	<u>108,260,193</u>
<b>Net position, end of year</b>	<u>\$ 60,649,258</u>	<u>\$ 58,598,069</u>	<u>\$ 58,499,172</u>	<u>\$ 55,773,023</u>	<u>\$ 119,148,430</u>	<u>\$ 114,371,092</u>

Charges for services for the business-type activities decreased by 8.8 percent or \$1.5 million. Other general revenues for the business-type activities, which represent investment earnings, increased 7.0 percent or \$4,144.

Public works expenses decreased \$19,030 (6.4 percent).

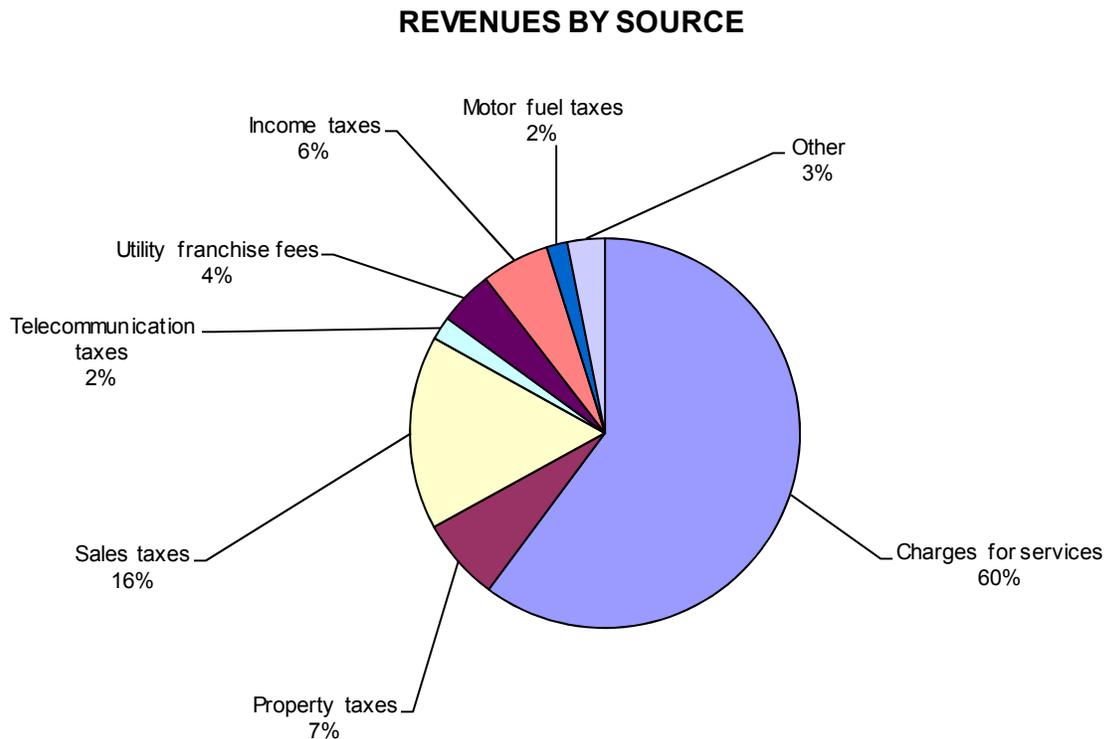
Public safety expenses decreased \$18,403 (.3 percent).

Transportation expenses decreased 8.7 percent or \$276,894.

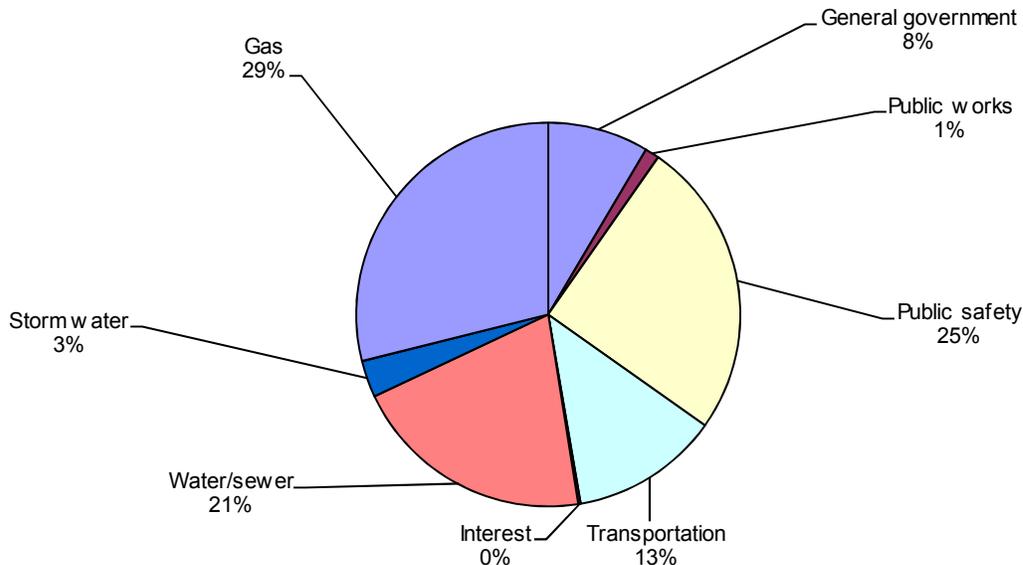
Water/sewer expenses increased 1.4 percent or \$67,155. Commodities increased \$130,269, and other operating expenses decreased \$45,969.

Gas expenses decreased \$1,175,087 (14.3 percent). Purchases of gas decreased \$1.1 million and other operating expenses decreased by \$158,765.

Below is a graphical analysis of the Village's revenues and expenses for fiscal year 2015:



## EXPENSES BY FUNCTION



### Financial Analysis of the Village's Funds

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

As of April 30, 2015, the Village's governmental funds reported combined ending fund balances of \$13,510,563 an increase of \$1,983,748 from the prior year fund balance, as restated.

The Village's chief operating fund, the general fund, carried an unassigned fund balance of \$5,943,015 at April 30, 2015, which represents approximately 48.8 percent of fiscal year 2015 expenditures in the general fund. Total fund equity in the general fund increased \$1,326,292 from 2014 to 2015. This increase is the result of an excess of revenues over expenditures of \$864,958, operating transfers in of \$632,607, transfers out of \$182,738, and \$11,465 from the sale of capital assets.

Fund balance in the Illinois Municipal Retirement Fund increased by \$65,336 and the fund balance in the Motor Fuel Tax Fund increased by \$486,359.

The Municipal Gas Fund generated operating income of \$1,118,917 which is 13.5 percent lower than 2014 and ended the year with a net gain of \$1,153,556.

The Waterworks and Sewerage Fund generated operating income of \$1,317,571, which is 12.1 percent lower than 2014 and ended the year with a net gain of \$1,535,837. Operating revenues were 1.8 percent lower than the prior year while operating expenses increased 1.4 percent.

The Storm Water Fund generated operating income of \$354,851 and ended the year with a net gain of \$36,756. Operating revenues increased 6.5 percent, while operating expenses increased 5.7 percent.

**Budgetary Highlights**

There were no budget amendments during fiscal year 2015. Budgeted expenditures for the General Fund were \$14,495,876 while actual expenditures were \$12,182,308.

**Capital Asset Administration**

The Village’s investment in capital assets net of accumulated depreciation for its governmental and business-type activities as of April 30, 2015 was \$89,890,696. This investment in capital assets includes land, land improvements, buildings and structures, machinery and equipment, vehicles, infrastructure assets (streets and water, sewer and gas distribution systems), as detailed below:

**CAPITAL ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,353,513	\$ 1,964,683	\$ 422,494	\$ 422,494	\$ 2,776,007	\$ 2,387,177
Land improvements	539,603	529,029	-	-	539,603	529,029
Buildings and structures	8,808,563	8,739,763	674,989	674,989	9,483,552	9,414,752
Machinery and equipment	6,221,128	5,819,949	3,990,642	3,951,173	10,211,770	9,771,122
Infrastructure assets	59,328,313	54,838,964	64,153,646	62,806,961	123,481,959	117,645,925
Construction in progress	<u>250,075</u>	<u>2,063,095</u>	<u>840,257</u>	<u>1,353,845</u>	<u>1,090,332</u>	<u>3,416,940</u>
Total capital assets	77,501,195	73,955,483	70,082,028	69,209,462	147,583,223	143,164,945
Accumulated depreciation	<u>25,821,447</u>	<u>23,821,385</u>	<u>31,871,080</u>	<u>30,362,608</u>	<u>57,692,527</u>	<u>54,183,993</u>
<b>Capital assets, net</b>	<u>\$ 51,679,748</u>	<u>\$ 50,134,098</u>	<u>\$ 38,210,948</u>	<u>\$ 38,846,854</u>	<u>\$ 89,890,696</u>	<u>\$ 88,980,952</u>

Additional details regarding the Village’s capital asset activity can be found in Note 5 on pages 28-30.

Major capital events during fiscal year 2015 included the following:

- Courtland Ave. improvements
- Sanitary Sewer Lining
- Combined Sewer Separation (Phase 4 of 6)
- Various street overlay projects
- Detroit St. Widening – Engineering

### **Economic Factors and Next Year's Budgets and Rates**

There should be no noticeable changes in assessed valuations, tax rates, and other continuing revenues.

### **Long-Term Debt**

The Village had a \$1,169,803 loan with a bank outstanding as of April 30, 2015. The purpose of this loan was to finance the fire station located at 300 W. Courtland. See Note 7 to the Financial Statements on page 31 for further information.

The Village had a \$2,000,000 note payable outstanding as of April 30, 2015. The purpose of this note was to finance the purchase of property located at 180 Detroit Avenue. See Note 7 to the Financial Statements on page 32 for further information.

**VILLAGE OF MORTON, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**April 30, 2015**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS</b>			
Cash on hand and in bank	\$ 9,625,129	\$ 19,274,731	\$ 28,899,860
Investments	19	-	19
Property taxes receivable	1,978,606	-	1,978,606
Due from state of Illinois	1,796,900	-	1,796,900
Other accounts receivable, net of allowance for doubtful accounts of \$86,000	204,998	1,497,274	1,702,272
Notes receivable	133,333	-	133,333
Inventories	22,269	288,794	311,063
Prepays	189,118	63,645	252,763
Total current assets	13,950,372	21,124,444	35,074,816
<b>NONCURRENT ASSETS</b>			
Notes receivable	1,866,667	-	1,866,667
Capital assets not depreciated	2,603,588	1,262,751	3,866,339
Capital assets, net of depreciation	49,076,160	36,948,197	86,024,357
Total noncurrent assets	53,546,415	38,210,948	91,757,363
<b>TOTAL ASSETS</b>	<b>\$ 67,496,787</b>	<b>\$ 59,335,392</b>	<b>\$ 126,832,179</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 308,870	\$ 476,012	\$ 784,882
Compensated absences	270,456	-	270,456
Pension contribution payable	597,270	-	597,270
Utility tax payable	-	3,350	3,350
Customer deposits	7,000	130,636	137,636
Current portion of long term debt	630,170	-	630,170
Unearned revenue	12,000	-	12,000
Total current liabilities	1,825,766	609,998	2,435,764
<b>NONCURRENT LIABILITIES</b>			
Long-term debt	2,539,633	-	2,539,633
Other postemployment benefits	503,524	226,222	729,746
Total noncurrent liabilities	3,043,157	226,222	3,269,379
Total liabilities	4,868,923	836,220	5,705,143
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent year's property taxes	1,978,606	-	1,978,606
<b>NET POSITION</b>			
Net investment in capital assets	50,509,945	38,210,948	88,720,893
Restricted for:			
General government	1,982,131	-	1,982,131
Transportation	2,275,904	-	2,275,904
Unrestricted	5,881,278	20,288,224	26,169,502
Total net position	60,649,258	58,499,172	119,148,430
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 67,496,787</b>	<b>\$ 59,335,392</b>	<b>\$ 126,832,179</b>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS  
STATEMENT OF ACTIVITIES  
Year Ended April 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>PRIMARY GOVERNMENT</b>		
Governmental activities:		
General government	\$ 1,979,604	\$ 817,087
Public works	279,829	-
Public safety	5,873,717	891,324
Transportation	2,919,349	-
Interest	43,931	-
	<hr/>	<hr/>
Total governmental activities	11,096,430	1,708,411
Business-type activities:		
Gas	6,751,904	7,874,781
Water/sewer	4,797,247	6,122,374
Storm water	721,324	1,076,175
	<hr/>	<hr/>
Total business-type activities	12,270,475	15,073,330
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 23,366,905</u></b>	<b><u>\$ 16,781,741</u></b>

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ -	\$ (1,162,517)	\$ -	\$ (1,162,517)
-	-	(279,829)	-	(279,829)
148,914	-	(4,833,479)	-	(4,833,479)
-	-	(2,919,349)	-	(2,919,349)
-	-	(43,931)	-	(43,931)
<u>148,914</u>	<u>-</u>	<u>(9,239,105)</u>	<u>-</u>	<u>(9,239,105)</u>
-	-	-	1,122,877	1,122,877
-	-	-	1,325,127	1,325,127
-	-	-	354,851	354,851
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,802,855</u>	<u>2,802,855</u>
<u>\$ 148,914</u>	<u>\$ -</u>	<u>(9,239,105)</u>	<u>2,802,855</u>	<u>(6,436,250)</u>
General revenues:				
		1,902,393	-	1,902,393
		4,502,861	-	4,502,861
		125,991	-	125,991
		301,861	-	301,861
		546,702	-	546,702
		204,189	-	204,189
		1,257,070	-	1,257,070
		1,561,418	-	1,561,418
		483,820	-	483,820
		37,522	63,163	100,685
		142,741	-	142,741
		11,465	-	11,465
Transfers		139,869	(139,869)	-
Total general revenues and transfers		<u>11,217,902</u>	<u>(76,706)</u>	<u>11,141,196</u>
Change in net position		<u>1,978,797</u>	<u>2,726,149</u>	<u>4,704,946</u>
<b>NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>		58,598,069	55,773,023	114,371,092
<b>PRIOR PERIOD ADJUSTMENT</b>		<u>72,392</u>	<u>-</u>	<u>72,392</u>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>		<u>58,670,461</u>	<u>55,773,023</u>	<u>114,443,484</u>
<b>Net position - ending</b>		<u>\$ 60,649,258</u>	<u>\$ 58,499,172</u>	<u>\$ 119,148,430</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**April 30, 2015**

<b>ASSETS</b>	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Illinois Municipal Retirement Fund</b>	<b>Motor Fuel Tax Fund</b>		
<b>ASSETS</b>					
Cash on hand and in bank	\$ 4,624,574	\$ 640,408	\$ 2,364,614	\$ 1,995,533	\$ 9,625,129
Investments	-	-	19	-	19
Property taxes receivable	1,413,628	564,978	-	-	1,978,606
Due from state of Illinois	1,651,651	10,049	37,834	97,366	1,796,900
Other accounts receivable, net of allowance for doubtful accounts of \$86,000	190,610	-	-	14,388	204,998
Inventories	22,269	-	-	-	22,269
Prepays	189,118	-	-	-	189,118
Notes receivable	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,091,850</u>	<u>\$ 1,215,435</u>	<u>\$ 2,402,467</u>	<u>\$ 2,107,287</u>	<u>\$ 15,817,039</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund		
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 304,820	\$ -	\$ -	\$ 4,050	\$ 308,870
Customer deposits	7,000	-	-	-	7,000
Unearned revenue	12,000	-	-	-	12,000
Total liabilities	323,820	-	-	4,050	327,870
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Subsequent year's property taxes	1,413,628	564,978	-	-	1,978,606
<b>FUND BALANCES</b>					
Fund balances:					
Nonspendable:					
Inventory	22,269	-	-	-	22,269
Prepaid items	189,118	-	-	-	189,118
Long term receivables	2,000,000	-	-	-	2,000,000
Restricted for:					
General government	-	621,470	-	1,360,661	1,982,131
Transportation	-	-	2,275,904	-	2,275,904
Committed to:					
General government	-	-	-	635,457	635,457
Public safety	-	-	-	5,462	5,462
Assigned to:					
General government	-	28,987	-	101,657	130,644
Building additions	200,000	-	-	-	200,000
Transportation	-	-	126,563	-	126,563
Unassigned	5,943,015	-	-	-	5,943,015
Total fund balances	8,354,402	650,457	2,402,467	2,103,237	13,510,563
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 10,091,850</b>	<b>\$ 1,215,435</b>	<b>\$ 2,402,467</b>	<b>\$ 2,107,287</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
					51,679,748
Liabilities not payable from current available resources:					
Pension contribution payable					(597,270)
Notes payable					(3,169,803)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
					(773,980)
<b>Net position of governmental activities</b>					<b>\$ 60,649,258</b>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year Ended April 30, 2015

	<u>Major Funds</u>			<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Illinois</u> <u>Municipal</u> <u>Retirement</u> <u>Fund</u>	<u>Motor Fuel</u> <u>Tax Fund</u>		
<b>REVENUES</b>					
Property taxes	\$ 1,331,157	\$ 571,236	\$ -	\$ -	\$ 1,902,393
Sales taxes	4,071,066	-	-	431,795	4,502,861
Municipal motel taxes	-	-	-	301,861	301,861
Income taxes	1,561,418	-	-	-	1,561,418
Telecommunications taxes	546,702	-	-	-	546,702
TV franchise taxes	204,189	-	-	-	204,189
Utility franchise fees	1,257,070	-	-	-	1,257,070
Motor fuel taxes	-	-	483,820	-	483,820
Replacement taxes	75,723	50,268	-	-	125,991
Federal grant revenue	36,447	-	-	-	36,447
Charges for services and sales	1,263,083	-	-	-	1,263,083
Licenses, fines, fees, and permits	445,328	-	-	-	445,328
Interest income	21,656	2,213	8,239	5,414	37,522
Other revenue	2,233,427	-	-	21,781	2,255,208
Total revenues	<u>13,047,266</u>	<u>623,717</u>	<u>492,059</u>	<u>760,851</u>	<u>14,923,893</u>
<b>EXPENDITURES</b>					
Current:					
General and administration	910,518	558,381	-	342,958	1,811,857
Public works	266,824	-	-	-	266,824
Public safety	5,334,538	-	-	2,132	5,336,670
Transportation	1,466,734	-	-	-	1,466,734
Capital expenditures	3,620,637	-	5,700	-	3,626,337
Debt service:					
Principal	539,126	-	-	-	539,126
Interest	43,931	-	-	-	43,931
Total expenditures	<u>12,182,308</u>	<u>558,381</u>	<u>5,700</u>	<u>345,090</u>	<u>13,091,479</u>
Excess of revenues over expenditures	<u>864,958</u>	<u>65,336</u>	<u>486,359</u>	<u>415,761</u>	<u>1,832,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	632,607	-	-	-	632,607
Transfers out	(182,738)	-	-	(310,000)	(492,738)
Proceeds from sale of capital assets	11,465	-	-	-	11,465
Total other financing sources (uses)	<u>461,334</u>	<u>-</u>	<u>-</u>	<u>(310,000)</u>	<u>151,334</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>1,326,292</u>	<u>65,336</u>	<u>486,359</u>	<u>105,761</u>	<u>1,983,748</u>
<b>FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					
	7,028,110	585,121	1,843,716	1,997,476	11,454,423
<b>PRIOR PERIOD ADJUSTMENT</b>					
	-	-	72,392	-	72,392
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>					
	<u>7,028,110</u>	<u>585,121</u>	<u>1,916,108</u>	<u>1,997,476</u>	<u>11,526,815</u>
<b>FUND BALANCES, END OF YEAR</b>					
	<u>\$ 8,354,402</u>	<u>\$ 650,457</u>	<u>\$ 2,402,467</u>	<u>\$ 2,103,237</u>	<u>\$ 13,510,563</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended April 30, 2015**

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

Net change in fund balances - total governmental funds	<u>\$ 1,983,748</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures that have been capitalized	3,660,753
Depreciation expense	<u>(2,110,353)</u>
	<u>1,550,400</u>

The net effect of various miscellaneous transactions involving capital assets is to decrease net position.

Proceeds from sale of capital assets	(2,011,465)
Gain on sale of capital assets	11,465
Loss on disposal of capital assets	<u>(4,750)</u>
	<u>(2,004,750)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Employer pension contributions payable	(2,223)
Other postemployment liabilities	(68,691)
Compensated absences	<u>(18,813)</u>
	<u>(89,727)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Debt service expense - principal is not included as an expense in the statement of activities.

Debt service - principal	<u>539,126</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,978,797</u></b>
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The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
April 30, 2015**

	<u>Municipal Gas Fund</u>	<u>Waterworks and Sewerage Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash on hand and in bank	\$ 9,220,477	\$ 8,875,688	\$ 1,178,566	\$ 19,274,731
Accounts receivable:				
Customers	672,882	693,727	130,665	1,497,274
Inventory	288,794	-	-	288,794
Prepays	13,673	49,972	-	63,645
Total current assets	<u>10,195,826</u>	<u>9,619,387</u>	<u>1,309,231</u>	<u>21,124,444</u>
 <b>CAPITAL ASSETS, NET</b>	 <u>1,986,126</u>	 <u>25,913,053</u>	 <u>10,311,769</u>	 <u>38,210,948</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 12,181,952</u>	 <u>\$ 35,532,440</u>	 <u>\$ 11,621,000</u>	 <u>\$ 59,335,392</u>
 <b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 280,514	\$ 192,563	\$ 2,935	\$ 476,012
Utility tax payable	3,350	-	-	3,350
Customer deposits	90,951	39,685	-	130,636
Total current liabilities	<u>374,815</u>	<u>232,248</u>	<u>2,935</u>	<u>609,998</u>
 <b>NONCURRENT LIABILITIES</b>				
Other postemployment benefits	52,212	165,323	8,687	226,222
Total liabilities	<u>427,027</u>	<u>397,571</u>	<u>11,622</u>	<u>836,220</u>
 <b>NET POSITION</b>				
Net investment in capital assets	1,986,126	25,913,053	10,311,769	38,210,948
Unrestricted	9,768,799	9,221,816	1,297,609	20,288,224
Total net position	<u>11,754,925</u>	<u>35,134,869</u>	<u>11,609,378</u>	<u>58,499,172</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 12,181,952</u>	 <u>\$ 35,532,440</u>	 <u>\$ 11,621,000</u>	 <u>\$ 59,335,392</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**ENTERPRISE FUNDS**  
**Year Ended April 30, 2015**

	<u>Municipal Gas Fund</u>	<u>Waterworks and Sewerage Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for service and sales	\$ 7,776,143	\$ 5,979,121	\$ 1,062,723	\$ 14,817,987
Less cost of gas purchased	<u>5,471,123</u>	<u>-</u>	<u>-</u>	<u>5,471,123</u>
Gross profit on sales	2,305,020	5,979,121	1,062,723	9,346,864
Penalties and fees	<u>94,678</u>	<u>108,197</u>	<u>13,452</u>	<u>216,327</u>
Total operating revenues	<u>2,399,698</u>	<u>6,087,318</u>	<u>1,076,175</u>	<u>9,563,191</u>
<b>OPERATING EXPENSES</b>				
Personal services	705,502	1,700,622	235,680	2,641,804
Contractual services	202,867	1,034,458	98,715	1,336,040
Commodities	74,386	662,449	31,532	768,367
Other operating expenses	155,895	315,318	19,712	490,925
Depreciation	<u>142,131</u>	<u>1,056,900</u>	<u>335,685</u>	<u>1,534,716</u>
Total operating expenses	<u>1,280,781</u>	<u>4,769,747</u>	<u>721,324</u>	<u>6,771,852</u>
Operating income	<u>1,118,917</u>	<u>1,317,571</u>	<u>354,851</u>	<u>2,791,339</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	30,679	27,972	4,512	63,163
Miscellaneous income	3,960	35,056	-	39,016
Miscellaneous expense	<u>-</u>	<u>(27,500)</u>	<u>-</u>	<u>(27,500)</u>
Total nonoperating revenues	<u>34,639</u>	<u>35,528</u>	<u>4,512</u>	<u>74,679</u>
Income before operating transfers	1,153,556	1,353,099	359,363	2,866,018
<b>NET TRANSFERS IN (OUT)</b>	<u>-</u>	<u>182,738</u>	<u>(322,607)</u>	<u>(139,869)</u>
<b>CHANGE IN NET POSITION</b>	1,153,556	1,535,837	36,756	2,726,149
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>10,601,369</u>	<u>33,599,032</u>	<u>11,572,622</u>	<u>55,773,023</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 11,754,925</u>	<u>\$ 35,134,869</u>	<u>\$ 11,609,378</u>	<u>\$ 58,499,172</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
Year Ended April 30, 2015**

	<u>Municipal Gas Fund</u>	<u>Waterworks and Sewerage Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 8,584,801	\$ 6,259,237	\$ 1,082,956	\$ 15,926,994
Cash payments to employees	(484,178)	(1,160,284)	(180,855)	(1,825,317)
Cash payments to suppliers	<u>(6,542,377)</u>	<u>(2,663,866)</u>	<u>(260,325)</u>	<u>(9,466,568)</u>
Net cash provided by operating activities	<u>1,558,246</u>	<u>2,435,087</u>	<u>641,776</u>	<u>4,635,109</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Customer deposits, net	(2,477)	(1,280)	-	(3,757)
Nonoperating miscellaneous income	3,960	7,556	-	11,516
Transfers, net	<u>-</u>	<u>182,738</u>	<u>(322,607)</u>	<u>(139,869)</u>
Net cash provided by (used in) noncapital financing activities	<u>1,483</u>	<u>189,014</u>	<u>(322,607)</u>	<u>(132,110)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	<u>(57,228)</u>	<u>(801,798)</u>	<u>(260,897)</u>	<u>(1,119,923)</u>
Net cash used in capital and related financing activities	<u>(57,228)</u>	<u>(801,798)</u>	<u>(260,897)</u>	<u>(1,119,923)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	<u>30,679</u>	<u>27,972</u>	<u>4,512</u>	<u>63,163</u>
Net cash provided by investing activities	<u>30,679</u>	<u>27,972</u>	<u>4,512</u>	<u>63,163</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,533,180	1,850,275	62,784	3,446,239
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,687,297</u>	<u>7,025,413</u>	<u>1,115,782</u>	<u>15,828,492</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,220,477</u>	<u>\$ 8,875,688</u>	<u>\$ 1,178,566</u>	<u>\$ 19,274,731</u>

	<b><u>Municipal Gas Fund</u></b>	<b><u>Waterworks and Sewerage Fund</u></b>	<b><u>Storm Water Fund</u></b>	<b><u>Total</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ <u>1,118,917</u>	\$ <u>1,317,571</u>	\$ <u>354,851</u>	\$ <u>2,791,339</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	142,131	1,056,900	335,685	1,534,716
Effects of changes in operating assets and liabilities:				
Accounts receivable	715,405	171,919	6,781	894,105
Inventory	(113,179)	-	-	(113,179)
Prepays	(1,804)	(6,598)	-	(8,402)
Accounts payable and accrued liabilities	<u>(303,224)</u>	<u>(104,705)</u>	<u>(55,541)</u>	<u>(463,470)</u>
Total adjustments	<u>439,329</u>	<u>1,117,516</u>	<u>286,925</u>	<u>1,843,770</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 1,558,246</u></b>	<b><u>\$ 2,435,087</u></b>	<b><u>\$ 641,776</u></b>	<b><u>\$ 4,635,109</u></b>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>				
Capital asset additions in accounts payable - prior year	<u>\$ -</u>	<u>\$ 151,845</u>	<u>\$ 69,268</u>	<u>\$ 221,113</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
April 30, 2015**

	<b><u>Pension Trust Funds</u></b>
<b>ASSETS</b>	
Cash on hand and in bank	\$ 1,439,005
Investments	9,682,058
Due from state of Illinois	10,396
Employer contributions receivable	<u>601,379</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 11,732,838</u></b>
<b>LIABILITIES</b>	<b>\$ 750</b>
<b>NET POSITION HELD IN TRUST FOR PENSION</b>	
<b>BENEFITS</b> (See Schedule of Funding Progress)	<u>11,732,088</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 11,732,838</u></b>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended April 30, 2015**

	<b><u>Pension Trust Funds</u></b>
<b>ADDITIONS</b>	
Plan members' contributions	\$ 178,871
Employer contributions	627,463
Interest income	129,435
Net increase in fair value of investments	402,199
Replacement taxes	<u>52,002</u>
Total additions	<u>1,389,970</u>
 <b>DEDUCTIONS</b>	
Benefits paid	489,208
Administrative expenses	<u>7,990</u>
Total deductions	<u>497,198</u>
 <b>NET INCREASE</b>	 892,772
 <b>NET POSITION HELD IN TRUST FOR PENSION</b>	
<b>BENEFITS</b>	
Beginning of year	<u>10,839,316</u>
End of year	<u>\$ 11,732,088</u>

The accompanying notes are an integral part of the basic financial statements.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Morton is a governmental entity located in central Illinois and has a population of approximately 16,525. Revenues are substantially generated as a result of taxes assessed and allocated to the Village of Morton (examples would be property taxes, sales taxes, income taxes, and motor fuel taxes) and charges for services performed for constituents of the Village. The Village of Morton revenues are therefore primarily dependent on the economy within its territorial boundaries. The Village operates under an elected Mayor-Board form of government. The Village's major operations include maintaining the Village hall, municipal gas and waterworks and sewerage utilities, law enforcement, street construction and maintenance, and general administrative services.

The accounting policies of the Village of Morton conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the Village of Morton, Illinois, is a primary government in that it is a village with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The Village has developed criteria to determine whether other entities are component units of the Village. Component units are legally separate organizations for which the elected officials of the Village of Morton are financially accountable. The Village of Morton would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village of Morton (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on the Village of Morton, the Village is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

There are no component units of the Village of Morton, Illinois nor is the Village of Morton, Illinois dependent on any other entity.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for budgetary purposes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Certain taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The accounts of the Village are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses.

Governmental Funds

Governmental Funds are those through which governmental functions of the Village are financed. The acquisition, use, and balances of the Village's expendable resources and the related liabilities are accounted for through governmental funds. The Village reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and capital improvement costs that are not paid through other funds.

Illinois Municipal Retirement Fund

The Illinois Municipal Retirement Fund was established to account for the activities resulting from the Village's participation in the Illinois Municipal Retirement Fund and Social Security Fund. Financing is provided by a dedicated annual real estate tax levy which produces a sufficient amount to pay the Village's contributions to the funds on behalf of the Village employees.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Governmental Funds (Continued)

Motor Fuel Tax Fund

The Motor Fuel Tax Fund was established to account for the operations of the Village's Street Department in connection with road construction and maintenance projects as authorized by the Illinois Department of Transportation. Financing is provided by the Village's share of the state motor fuel tax.

Additional governmental fund types which are combined as nonmajor funds are as follows:

Special Revenue Funds - The Special Revenue Funds are utilized to account for revenues derived from specific sources (other than Trust Funds) which are usually required by law or regulation to be accounted for in separate funds.

Enterprise Funds

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports the following major enterprise funds:

Municipal Gas Fund

The Municipal Gas Fund was established to account for the provision of gas services to the residents and businesses of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Waterworks and Sewerage Fund

The Waterworks and Sewerage Fund was established to account for the provision of water and sewer services to the residents and businesses of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Enterprise Funds (Continued)

Storm Water Fund

The Storm Water Fund was established to account for the provision of storm water services to the residents and businesses of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Village reports the following fund types:

Pension Trust Funds - The Pension Trust Funds account for the activities of the Police Pension and Fire Pension, which accumulate resources for pension benefit payments to qualified police and fire employees.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Village of Morton considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents. At April 30, 2015, there were no cash equivalents included in cash.

**Investments**

Investments are stated at fair value.

**Accounts Receivable**

Ambulance/paramedic customers and utility customers are billed monthly for the prior month's service plus penalties, if applicable. Unbilled charges have been accrued in customer accounts receivable at April 30 each year. The Village uses the allowance method for ambulance/paramedic customers and the direct write-off method for removing utility accounts receivable. An allowance for uncollectible accounts of \$86,000 has been established for the ambulance/paramedic customer's accounts receivable at April 30, 2015. An allowance for uncollectible utility accounts receivable has not been established as management has determined the amount of such allowance would not be material.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

The Village's inventories are valued at the lower of cost or market, which is determined using the first-in, first-out (FIFO) method. Cost is recorded at the time of purchase.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the Village's government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 for the Municipal Gas, Waterworks and Sewerage, and Storm Water Funds. These assets purchased in all the other funds are capitalized if more than \$2,000 per item. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Fixed asset records are used by the Village primarily to assure accountability.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Category of Asset</u>	<u>Estimated Life</u>
Infrastructure	20-40 years
Land improvements	20 years
Buildings	15-50 years
Machinery, equipment, vehicles, furniture, and fixtures	5-30 years
Distribution system	5-50 years
Sewerage system	5-50 years

**Long-Term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**Deferred Outflows of Resources**

The Village reports decreases in net position or fund balance that relate to future periods as deferred outflows of resources in a separate section of its statements of net position or combining fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

The Village's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has one type of item which occurs related to revenue recognition, because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year, as it is not legally available as of fiscal year end.

**Compensated Absences**

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. The portion of these benefits attributable to the Enterprise Funds has been determined to be immaterial by management and no accrual has been made. The earned, but unused vacation benefits which are expected to be liquidated with expendable available financial resources of the Governmental Funds are reported as expenditures and as a fund liability of the fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as liabilities only in the government-wide statements.

**Fund Balance Classification**

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village has classified inventory and prepaids as nonspendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village has classified state and federal grants as being restricted because their use is restricted by granting agencies. The Village has also classified property, replacement, and motor fuel taxes as being restricted because their use is restricted by state laws and regulations.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village Board. These amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. The Village has classified hotel and motel taxes and funds in the Fire Department Fund and Fire and Paramedic Equipment Fund as being committed because their use is formally committed by the Village Board.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classification (Continued)**

- Assigned: This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Village Board delegating this responsibility to a Board member or the Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**Net Position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of April 30, 2015, there were no unspent bond proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Budget Process**

The Village adopts an annual appropriation ordinance in accordance with Chapter 65, Section 5/8-2-9, of the Illinois Compiled Statutes. The ordinance covers the fiscal year ending April 30. During any fiscal year the Village Board may adopt a supplemental appropriation ordinance in an amount not in excess of the aggregate of any additional revenue available to the Village, or estimated to be received by the Village subsequent to the adoption of the annual appropriation ordinance for that fiscal year.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget Process (Continued)**

Such supplemental appropriation ordinance shall only affect revenue that was not available for appropriation when that annual appropriation ordinance was adopted. However, the Village Board at any time after the first half of each fiscal year by a two-thirds vote of all the members, may make transfers within any department or other separate agency of the Village, of sums of money appropriated for one corporate object or purpose to another corporate object or purpose, but no appropriation for any object or purpose shall thereby be reduced below an amount sufficient to cover all obligations incurred or to be incurred against such appropriation. The legal level of control is at the fund level. The appropriations lapse at the end of each fiscal year.

This legal requirement relates only to expenditures. The Village also formally adopts an operating budget for certain funds containing estimated revenues and expenditures for the period. Budgeted revenues as reported in the financial statements are taken from the Village's operating budget, or in some cases, from the tax levy ordinance, while the appropriated expenditures are taken from the appropriation ordinance. The budget, as reflected in the financial statements, represents the original budget. There were no supplemental appropriations. However, there were budgetary transfers.

The Village Board, at least ten days prior to the adoption of the annual appropriation ordinance, shall make the proposed appropriation ordinance conveniently available to public inspection and shall hold at least one public hearing thereon. Notice of this hearing shall be given publication in one or more newspapers published locally, at least 10 days prior to the time of the public hearing.

Subsequent to the public hearing and before final action is taken on the appropriation ordinance, the Village Board may revise, alter, increase or decrease the items contained therein.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS**

The investment and deposit of Village monies is governed by the provisions of the Illinois Compiled Statutes and the Village's investment policy. In accordance with these provisions, all Village monies must be invested in one or more of the following:

1. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the Statutes and as shall have complied with the requirements thereof;
2. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Deposit Insurance Corporation;
3. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
4. Short-term discount obligations of the Federal National Mortgage Association; and

The deposit and investment of the funds held by the Police Pension Fund are governed by the provisions of the Illinois Pension Code and policies established by the Police Pension Board. In addition to the types of investments listed above, the Police Pension Fund may also invest in the following:

1. Interest bearing bonds or tax anticipation warrants of certain local governments within the state of Illinois;
2. Direct obligations of the state of Israel subject to certain conditions and limitations;
3. Money market mutual funds meeting certain criteria;
4. General accounts of life insurance companies authorized to transact business in Illinois;
5. Other types of investments as permitted by the Illinois Pension Code.

During the year ended April 30, 2015, the Village complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to it. The Village's deposit policy requires funds on deposit in excess of FDIC limits be secured by some form of collateral, witnessed by a written agreement, and held at an independent third party institution in the name of the Village. The policy for the Police Pension Fund also requires its deposits to be insured or collateralized.

At April 30, 2015, the Village's bank balance was \$31,050,506, all of which was covered by federal depository insurance or collateral pledged to the Village, and as such was not exposed to custodial credit risk. The carrying amount of these deposits was \$30,439,811.

**Investments**

As of April 30, 2015, the Village held the following investments:

Certificates of deposit - included as deposits above	\$ 101,386
U.S. Government securities	159,043
Mutual funds	<u>9,421,648</u>
<b>Total</b>	<b><u>\$ 9,682,077</u></b>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations.

State law limits investments as previously described. The Village has no investment policy that would further limit its investment choices. As of April 30, 2015, each of the Village's mutual funds were rated as either four or five stars by Morningstar.

**Custodial Credit Risk - Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's policy is that securities are held by an independent third party custodian evidenced by safekeeping receipts and a written custodial agreement. Under the policy for the Police Pension Fund all investments must be registered in the name of the fund.

All investments are held in the name of the Village or the Police Pension Fund.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's policy limits most investments to maturities not more than two years from the date of purchase. The policy for the Police Pension Fund does not address interest rate risk.

As of April 30, 2015, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Certificates of deposit - Pension Trust Funds	\$ 101,386	\$ 101,386	\$ -
U.S. Government securities - Village	19	19	-
U.S. Government securities - Police Pension	<u>159,024</u>	<u>-</u>	<u>159,024</u>
<b>Total</b>	<u>\$ 260,429</u>	<u>\$ 101,405</u>	<u>\$ 159,024</u>

**Concentration of Credit Risk**

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village will minimize concentration of credit risk by diversifying the portfolio so that potential losses on individual securities will be minimized.

The Village places no limit on the amount the Village may invest in one issuer. As of April 30, 2015, the Village was not exposed to concentration risk.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Reconciliation**

Below is a reconciliation of the Village's deposits and investments as reported in the April 30, 2015 financial statements.

	<b><u>Government- Wide Statement of Net Position</u></b>	<b><u>Statement of Fiduciary Net Position</u></b>	<b><u>Total</u></b>
Cash on hand and in bank	\$ 28,899,860	\$ 1,439,005	\$ 30,338,865
Investments	<u>19</u>	<u>9,682,058</u>	<u>9,682,077</u>
<b>Total</b>	<b><u>\$ 28,899,879</u></b>	<b><u>\$ 11,121,063</u></b>	<b><u>\$ 40,020,942</u></b>
Cash on hand			\$ 440
Carrying amount of deposits (including certificates of deposit)			30,439,811
Carrying amount of U.S. Government securities			159,043
Carrying amount of mutual funds			<u>9,421,648</u>
<b>Total</b>			<b><u>\$ 40,020,942</u></b>

**NOTE 3 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. Due dates, by statute, are June 1 and September 1 of the following year. Occasionally, tax bills are mailed late and due dates for payments are extended accordingly. Pursuant to the Board of Trustees resolution, property tax levies passed in December 2014 are allocated and will be recognized as revenue in fiscal year 2016.

The general property taxes receivable and the related deferred inflow of resources at April 30, 2015 are based on the Village's 2014 extended tax levy.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 4 - RECEIVABLES AND PAYABLES**

Receivables and payables as of April 30, 2015 for the Village's major funds and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Nonmajor Funds</u>	<u>Municipal Gas Fund</u>	<u>Waterworks and Sewerage Fund</u>	<u>Storm Water Fund</u>
Due from state of Illinois:							
Replacement taxes	\$ 16,638	\$ 10,049	\$ -	\$ -	\$ -	\$ -	\$ -
Telecommunications taxes	137,264	-	-	-	-	-	-
Sales taxes	989,379	-	-	97,366	-	-	-
Income taxes	508,370	-	-	-	-	-	-
Motor fuel taxes	-	-	37,834	-	-	-	-
	<u>\$1,651,651</u>	<u>\$ 10,049</u>	<u>\$ 37,834</u>	<u>\$ 97,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable:							
Ambulance/paramedic customers, net of allowance of \$86,000	\$ 160,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility customers	-	-	-	-	672,882	693,727	130,665
Municipal motel taxes	-	-	-	14,388	-	-	-
Other	30,089	-	-	-	-	-	-
	<u>\$ 190,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,388</u>	<u>\$ 672,882</u>	<u>\$ 693,727</u>	<u>\$ 130,665</u>
Accounts payable and accrued liabilities:							
Accounts payable	\$ 190,379	\$ -	\$ -	\$ 4,050	\$ 267,661	\$ 155,838	\$ 2,935
Health claims payable	114,441	-	-	-	12,853	36,725	-
	<u>\$ 304,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,050</u>	<u>\$ 280,514</u>	<u>\$ 192,563</u>	<u>\$ 2,935</u>

The Village entered into a promissory note agreement in the amount of \$2,000,000 for the sale of the property located at 180 Detroit Avenue. The Village will receive equal annual installments of \$133,333 over a 15 year period beginning November 2015. The note bears no interest.

As of April 30, 2015, components of the note receivable were as follows:

Total lease receivable payments	\$ 2,000,000
Amount representing interest	<u>-</u>
	<u>\$ 2,000,000</u>

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2015 was as follows:

	<b>Balance at April 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at April 30, 2015</b>
<b>Governmental activities:</b>				
Land	\$ 1,964,683	\$ 388,830	\$ -	\$ 2,353,513
Land improvements	529,029	10,574	-	539,603
Buildings and structures	10,739,763	68,800	(2,000,000)	8,808,563
Machinery and equipment	5,819,949	516,220	(115,041)	6,221,128
Infrastructure assets	54,838,964	4,489,349	-	59,328,313
Construction in progress	<u>2,063,095</u>	<u>212,449</u>	<u>(2,025,469)</u>	<u>250,075</u>
 Total capital assets	 <u>75,955,483</u>	 <u>5,686,222</u>	 <u>(4,140,510)</u>	 <u>77,501,195</u>
 Less accumulated depreciation for:				
Land improvements	352,730	18,513	-	371,243
Buildings and structures	1,848,277	209,068	-	2,057,345
Machinery and equipment	3,736,054	376,823	(110,291)	4,002,586
Infrastructure assets	<u>17,884,324</u>	<u>1,505,949</u>	<u>-</u>	<u>19,390,273</u>
 Total accumulated depreciation	 <u>23,821,385</u>	 <u>2,110,353</u>	 <u>(110,291)</u>	 <u>25,821,447</u>
 <b>Governmental capital assets, net</b>	 <u>\$ 52,134,098</u>	 <u>\$ 3,575,869</u>	 <u>\$ (4,030,219)</u>	 <u>\$ 51,679,748</u>

The sources of acquisitions for the governmental activities are capital expenditures from the General and Tourism and Convention Funds.

In the previous fiscal year, the Village had issued a note payable for \$2,000,000 from the owner of property at 180 Detroit Avenue in order to purchase the property. This was not previously carried on the Village's books. Beginning balances for governmental capital assets above and long-term debt in Note 7 have been corrected.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance at April 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2015</u>
<b>Business-type activities:</b>				
Gas:				
Land	\$ 122,495	\$ -	\$ -	\$ 122,495
Buildings	64,942	-	-	64,942
Vehicles	216,526	-	-	216,526
Equipment	669,226	11,290	-	680,516
Distribution system	5,800,347	45,938	-	5,846,285
Furniture and fixtures	<u>69,466</u>	<u>-</u>	<u>-</u>	<u>69,466</u>
Total capital assets	<u>6,943,002</u>	<u>57,228</u>	<u>-</u>	<u>7,000,230</u>
Less accumulated depreciation for:				
Buildings	58,854	1,623	-	60,477
Vehicles	201,539	4,733	-	206,272
Equipment	438,142	48,262	-	486,404
Distribution system	4,103,972	87,513	-	4,191,485
Furniture and fixtures	<u>69,466</u>	<u>-</u>	<u>-</u>	<u>69,466</u>
Total accumulated depreciation	<u>4,871,973</u>	<u>142,131</u>	<u>-</u>	<u>5,014,104</u>
Gas capital assets, net	<u>2,071,029</u>	<u>(84,903)</u>	<u>-</u>	<u>1,986,126</u>
Water/Sewer:				
Land	299,999	-	-	299,999
Construction in progress	1,077,645	23,044	(295,356)	805,333
Buildings	610,047	-	-	610,047
Equipment	2,722,901	54,423	(26,244)	2,751,080
Distribution system	13,320,112	710,325	-	14,030,437
Sewerage system	<u>27,987,851</u>	<u>157,517</u>	<u>-</u>	<u>28,145,368</u>
Total capital assets	<u>46,018,555</u>	<u>945,309</u>	<u>(321,600)</u>	<u>46,642,264</u>
Less accumulated depreciation for:				
Buildings	417,061	15,601	-	432,662
Equipment	2,213,714	148,451	(26,244)	2,335,921
Distribution system	5,199,938	289,381	-	5,489,319
Sewerage system	<u>11,867,842</u>	<u>603,467</u>	<u>-</u>	<u>12,471,309</u>
Total accumulated depreciation	<u>19,698,555</u>	<u>1,056,900</u>	<u>(26,244)</u>	<u>20,729,211</u>
Water/Sewer capital assets, net	<u>26,320,000</u>	<u>(111,591)</u>	<u>(295,356)</u>	<u>25,913,053</u>

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance at April 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2015</u>
<b>Business-type activities</b>				
(continued):				
Storm Water:				
Construction in progress	\$ 276,200	\$ 34,924	\$ (276,200)	\$ 34,924
Equipment	273,054	-	-	273,054
Distribution system	<u>15,698,651</u>	<u>432,905</u>	<u>-</u>	<u>16,131,556</u>
Total capital assets	<u>16,247,905</u>	<u>467,829</u>	<u>(276,200)</u>	<u>16,439,534</u>
Less accumulated depreciation for:				
Equipment	190,148	34,444	-	224,592
Distribution system	<u>5,601,932</u>	<u>301,241</u>	<u>-</u>	<u>5,903,173</u>
Total accumulated depreciation	<u>5,792,080</u>	<u>335,685</u>	<u>-</u>	<u>6,127,765</u>
Storm Water capital assets, net	<u>10,455,825</u>	<u>132,144</u>	<u>(276,200)</u>	<u>10,311,769</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 38,846,854</u>	<u>\$ (64,350)</u>	<u>\$ (571,556)</u>	<u>\$ 38,210,948</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 145,410
Public safety	515,309
Transportation	<u>1,449,634</u>
<b>Total depreciation expense - governmental activities</b>	<u>\$ 2,110,353</u>
Business-type activities:	
Gas	\$ 142,131
Water/Sewer	1,056,900
Storm Water	<u>335,685</u>
<b>Total depreciation expense - business-type activities</b>	<u>\$ 1,534,716</u>

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 6 - COMPENSATED ABSENCES**

At April 30, 2015, the compensated absences of the Village were \$270,456. The changes for the year ended April 30, 2015 are as follows:

	<b><u>Balance May 1, 2014</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance April 30, 2015</u></b>	<b><u>Due Within One Year</u></b>
Compensated absences	<u>\$ 251,643</u>	<u>\$ 292,385</u>	<u>\$ 273,572</u>	<u>\$ 270,456</u>	<u>\$ 270,456</u>

Compensated absences are generally liquidated by the fund from which the respective employees are paid.

**NOTE 7 - LONG TERM DEBT**

**Note Payable**

The Village entered into a promissory note agreement in fiscal year 2014 in the amount of \$2,000,000 for the purchase of property located at 180 Detroit Avenue. The Village will pay equal annual installments of \$133,333 over a 15 year period beginning October 2015. The note bears no interest.

Activity on the note during fiscal year 2015 is as follows:

<b><u>Balance May 1, 2014</u></b>	<b><u>Issued</u></b>	<b><u>Repayments</u></b>	<b><u>Balance April 30, 2015</u></b>	<b><u>Due Within One Year</u></b>
<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 133,333</u>

This loan will be repaid from the General Fund.

Based on the amount drawn at year end, the future payment schedule is estimated as follows:

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Years ending April 30:			
2016	\$ 133,333	\$ -	\$ 133,333
2017	133,333	-	133,333
2018	133,333	-	133,333
2019	133,333	-	133,333
2020	133,333	-	133,333
2021-2025	666,665	-	666,665
2026-2030	<u>666,670</u>	<u>-</u>	<u>666,670</u>
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 7 - LONG TERM DEBT (CONTINUED)**

**Bank Loan**

At April 30, 2015, the Village had a loan with a bank in the amount of \$4,500,000, of which \$1,169,803 was outstanding. The loan is due 10 years from the date of the first principal advance and requires monthly payments of interest at 2.75 percent. The purpose of the loan is to finance the construction of a new fire station for the Village.

Activity on the loan during fiscal year 2015 is as follows:

<u>Balance</u> <u>May 1, 2014</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>April 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
\$ 1,708,929	\$ _____ -	\$ 539,126	\$ 1,169,803	\$ 496,837

This loan will be repaid from the General Fund.

Based on the amount drawn at year end, the future payment schedule is estimated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending April 30:			
2016	\$ 496,837	\$ 27,281	\$ 524,118
2017	542,004	12,109	554,113
2018	<u>130,962</u>	<u>659</u>	<u>131,621</u>
	<u>\$ 1,169,803</u>	<u>\$ 40,049</u>	<u>\$ 1,209,852</u>

**NOTE 8 - LEASE**

During fiscal years 1997 and 2013, the Village purchased houses for \$93,734 and \$154,471, respectively. The houses are currently being leased to tenants. During fiscal year 2009, the Village purchased land and built the Courtland Fire Station. A portion of this building is currently being leased to tenants. The cost of the houses and fire station is included in the governmental activities' capital assets at April 30, 2015.

As of April 30, 2015, the houses and a portion of the fire station are being leased for monthly rental payments of \$300, and \$200, respectively, and expire at various times through July 1, 2015. Total rental income for the year ended April 30, 2015 was \$6,000.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The Village'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 Village's 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](http://www.imrf.org).

**Funding Policy**

As set by statute, employees participating in IMRF are required to contribute 7.5 and 4.5 percent of their annual covered salary for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its employees. The Village contribution rate for calendar year 2014 was 13.75 and 11.94 percent of annual covered payroll for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively. The Village 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 are set by statute.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Annual Pension Cost**

The required contribution for calendar year 2014 was \$18,805 and \$469,498 for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively.

**Three Year Trend Information for SLEP**

<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/14	\$ 18,805	100%	\$-0-
12/31/13	16,753	100	-0-
12/31/12	-	100	-0-

**Three Year Trend Information for Other Qualifying Employees**

<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/14	\$ 469,498	100%	\$-0-
12/31/13	475,854	100	-0-
12/31/12	406,385	100	-0-

The required contributions for 2014 were determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of the plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period with a 20 percent corridor between the actuarial and market value of assets. The Village's plans' unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29-year basis.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Funded Status and Funding Progress**

As of December 31, 2014, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees' plans, respectively, were 0.00 and 83.13 percent funded. The actuarial accrued liability for the benefits was \$-0- and \$12,999,035, respectively, and the actuarial value of assets was \$(116,252) and \$10,806,572, respectively, resulting in an underfunded actuarial accrued liability (UAAL) of \$116,252 and \$2,192,463, respectively. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$-0- and \$3,932,141, respectively, and the ratios of the UAAL to the covered payroll were -0- and 56 percent, respectively.

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

**NOTE 10 - POLICE AND FIRE PENSION PLAN**

In addition to IMRF, the Village has two pension plans covering employees of the police and fire departments. The following brief descriptions of the two pension funds are provided for general information purposes only. Participants should refer to their appropriate plan agreement for more complete information.

**Plan Descriptions**

On July 25, 1963, the Village of Morton adopted the provisions of Chapter 40, Section 5/3 of the Illinois Compiled Statutes concerning police officers' pension. The Village levies a special tax to establish adequate funds for the payments of future benefits. The Village accounts for the plan as a pension trust fund.

The Police Pension Plan is a single-employer defined benefit pension plan which covers the police officers of the Village. The Police Pension Plan, which is administered by the Village, provides retirement, death, and disability benefits to plan members and their beneficiaries. Police officers attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held one year prior to the last day. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Notwithstanding the above, no pension in effect or granted for a police officer with 20 or more years of service after July 1, 1999 is to be less than \$600 per month. This increased to \$800 per month on January 1, 2000 and \$1,000 per month on January 1, 2001. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - POLICE AND FIRE PENSION PLAN (CONTINUED)**

**Plan Descriptions (Continued)**

The Village is served by a volunteer fire department whose members are not eligible for IMRF or for benefits of the pension plan outlined above. Ordinance 635 enacted April 21, 1975 provides for a nominal retirement benefit to eligible firemen. The Village has established a Firemen's Pension Fund and has made cash transfers from the General Fund to meet its funding requirements.

The Firemen's Pension Plan is a single-employer defined benefit pension plan which covers members of the Morton Volunteer Fire Department. The Firemen's Pension Plan, which is administered by the Village, provides retirement and death benefits to plan members and their beneficiaries. Firemen attaining the age of 60 or more with 5 or more years of creditable service are entitled to receive a retirement benefit of \$5 per month for each year of creditable service. Early retirement is available for firemen age 55 or older with 10 years of service and receive a reduced benefit.

Membership of the Police Pension Plan and the Firefighters' Pension Plan consisted of the following at April 30, 2014 and May 1, 2015, respectively, the date of the latest actuarial valuations:

	<u>Police</u>	<u>Firefighters</u>
Retirees and beneficiaries receiving benefits	9	24
Terminated plan members entitled to but not yet receiving benefits	1	22
Active plan members	23	65
<b>Total</b>	<b>33</b>	<b>111</b>
<b>Number of participating employers</b>	<b>1</b>	<b>1</b>

Financial information for the Pension Trust Funds are recorded only in the Village's financial statements.

**Funding Policy**

Police Pension Plan - Police officers are required to contribute 9.91 percent of their base salary to the Police Pension Plan. If a police officer leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan at an actuarially determined rate.

Firefighters' Pension Plan - The Village is required to contribute amounts necessary to finance the plan at an actuarially determined rate.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - POLICE AND FIRE PENSION PLAN (CONTINUED)**

**Recognition of Contributions and Benefits Paid**

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Village has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Annual Pension Cost and Net Pension Obligation (Asset)**

**Police Pension Plan**

The Village's annual pension cost and net pension obligation (asset) to the Police Pension Plan for April 30, 2014 (the date of the latest actuarial valuation) were as follows:

Annual Required Contribution (ARC)	\$	642,179
Interest on net pension asset		(61,764)
Adjustment to ARC		<u>48,863</u>
Annual pension cost		629,278
Contributions made		<u>643,343</u>
Increase in net pension asset		(14,065)
Net pension obligation (asset), beginning of year		<u>(1,111,886)</u>
<b>Net pension obligation (asset), end of year</b>		<b><u>\$ (1,125,951)</u></b>

The required contribution for 2014 was determined as part of the April 30, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions at April 30, 2014 included a 5.5 percent investment rate of return, projected salary increases of 5.0 percent, wage inflation of 3.5 percent, and post-retirement benefit increases of 3.0 percent annually for Tier 1 employees and the lesser of ½ CPI or 3 percent annually for Tier 2 employees (assumed increase is 1.5 percent annually). The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was 30 years.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - POLICE AND FIRE PENSION PLAN (CONTINUED)**

**Annual Pension Cost and Net Pension Obligation (Asset) (Continued)**

**Police Pension Plan (Continued)**

As of April 30, 2014, the most recent actuarial valuation date, the plan was 65.5 percent funded. The actuarial accrued liability for benefits was \$16,622,206 and the actuarial value of assets was \$10,884,650, resulting in an unfunded actuarial liability (UAAL) of \$5,737,556. The covered payroll (annual payroll of active employees covered by the plan) was \$1,545,699 and the ratio of the UAAL to the covered payroll was 371.2 percent.

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

Net position available for benefits at April 30, 2015 is \$11,365,204. Total pension expense, under this plan, for the year ended April 30, 2015 was \$467,212.

**Firefighters' Pension Plan**

As of May 1, 2015, the plan was 56.7 percent funded. The actuarial accrued liability for benefits was \$671,322 and the actuarial value of assets was \$380,526, resulting in an unfunded actuarial liability (UAAL) of \$290,796.

Net position available for benefits at April 30, 2015 is \$366,884. Total pension expense, under this plan, for the year ended April 30, 2015 was \$29,986.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - POLICE AND FIRE PENSION PLAN (CONTINUED)**

**FINANCIAL STATEMENTS – POLICE PENSION FUND**

**Statement of Plan Net Position**

<b>Assets:</b>	
Cash on hand and in bank	\$ 1,173,507
Investments	9,580,672
Due from state of Illinois	10,396
Employer contributions receivable	<u>601,379</u>
<b>Total assets</b>	<b>11,365,954</b>
<b>Liabilities</b>	<u>750</u>
<b>Net position</b>	<b><u>\$ 11,365,204</u></b>

**Statement of Changes in Plan Net Position**

<b>Additions:</b>	
Plan members' contributions	\$ 178,871
Employer contributions	597,269
Interest income	128,285
Net increase in fair value of investments	402,199
Replacement taxes	<u>52,002</u>
<b>Total additions</b>	<b><u>1,358,626</u></b>
<b>Deductions:</b>	
Benefits paid	459,222
Administrative expenses	<u>7,990</u>
<b>Total deductions</b>	<b><u>467,212</u></b>
<b>Net increase in plan net position</b>	<b><u>\$ 891,414</u></b>

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 10 - POLICE AND FIRE PENSION PLAN (CONTINUED)**

**FINANCIAL STATEMENTS – FIREFIGHTERS’ PENSION FUND**

**Statement of Plan Net Position**

Cash on hand and in bank	\$	265,498
Investments		<u>101,386</u>
Net position		<u>\$ 366,884</u>

**Statement of Changes in Plan Net Position**

Additions:		
Employer contributions	\$	30,194
Interest income		<u>1,150</u>
Total additions		31,344
Deductions:		
Benefits paid		<u>29,986</u>
<b>Net increase in plan net position</b>		<u><u>\$ 1,358</u></u>

**NOTE 11 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS**

The Village has adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The Statement enhances the Village’s footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed in Note 10 previously.

**Plan Administration**

The Police Pension Plan and Firemen’s Pension Plan are Single Employer defined benefit pension plans. Each plan is administered by the Village which acts as the administrator of the plan.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 11 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Plan Administration (Continued)**

The Board for the Police Pension Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are members of the system who are elected by a majority of the police officers who are members of the system, and a fifth trustee who is retired pensioner who is elected by a majority of retired police officers. Each Trustee serves a two year term. Each person employed by the Village Police Department as a full-time police officer becomes a member of the Plan as a condition of his or her employment. All police officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

The Board for the Firefighters' Pension Plan consists of two Trustees who are elected by a majority of the firefighters who are members of the system. Each person who volunteers for the Volunteer Fire Department as a firefighter becomes a member of the Plan as a condition of his or her employment. All firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

**Investment Policy**

The Village Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in accordance with the items outlined in Note 2.

The following are the adopted asset allocation policies for each plan as of April 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Police</u>	<u>Firefighters</u>
Equity	65%	0%
Cash	35%	100%
	<u>100%</u>	<u>100%</u>

**Concentrations**

As of April 30, 2015, more than 5 percent of the Police Pension Plan investments are in Vanguard 500 index Admiral Fund, Vanguard Total Stock Market Index, and Hartford Floating Rate Y. These investments represent 8 percent, 5 percent, and 6 percent of the Plan's total net position, respectively. The Firefighters' Pension Plan did not hold investments in any one organization that represent five percent or more of the Plan's fiduciary net position.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 11 - GASB 67 - FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Money-Weighted Rate of Return on Investments**

For the year ended April 30, 2015 the annual money weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.85% for the Police Pension Plan and 0.00% for the Firefighters' Pension Plan. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the Plans as of April 30, 2015 were as follows:

	<u><b>Police</b></u>	<u><b>Firefighters</b></u>
Total Pension Liability	\$ 19,240,438	\$ 921,278
Plan Fiduciary Net Position	<u>(11,365,204)</u>	<u>(366,884)</u>
<b>Net Pension Liability</b>	<u><b>\$ 7,875,234</b></u>	<u><b>\$ 554,394</b></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.07%	39.82%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation updated to April 30, 2015 using the following actuarial assumptions applied to all measurement periods:

	<u><b>Police</b></u>	<u><b>Firefighters</b></u>
Valuation Date	4/30/14	4/30/15
Inflation	3.00%	3.00%
Projected Salary Increases	2.00%	0.00%
Investment Rate of Return	5.50%	3.50%
Mortality Rate	RP-2000 Blue Collar Mortality Table, sex distinct, adjusted for mortality improvements to 2025 using projection scale AA for healthy mortality.	RP-2000 Blue Collar Mortality Table improvement projection to 2014 using Scale AA
Date of Actuarial Experience Study	4/30/2014	4/30/2015

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 11 - GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)**

**Actuarial Assumptions** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rate of return for each major asset class included in the pension plans' target asset allocations as of April 30, 2015 are summarized in the following table:

	<b><u>Long-Term Expected Real Rate of Return</u></b>	
	<b><u>Police</u></b>	<b><u>Firefighters</u></b>
Cash	5.50%	3.50%
U.S. Government Bonds	3.62%	N/A

**Discount Rate**

The discount rate used to measure the total pension liability was 5.33% for the Police Pension Plan and 3.50% for the Firefighters' Pension Plan. The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Pension Plans calculated using the discount rates listed above, as well as what the Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<b><u>1% Decrease</u></b>	<b><u>Current Rate</u></b>	<b><u>1% Increase</u></b>
<b>Police</b>			
Discount Rate	4.33%	5.33%	6.33%
Net Pension Liability	\$11,335,385	\$7,875,234	\$5,118,453
<b>Firefighters</b>			
Discount Rate	2.50%	3.50%	4.50%
Net Pension Liability	\$697,193	\$554,395	\$430,760

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

In addition to the pension benefits described in Notes 9, 10, and 11, the Village provides medical insurance for certain retired employees. All employees who meet the IMRF or police pension retirement eligibility requirements and qualified for health insurance benefits prior to retirement may participate in the medical insurance program, which covers both active and retired members. All employees must pay the full monthly premium in order to continue their coverage after retirement. Monthly premiums are as follows:

	<u><b>Premium Rate</b></u>
Single	\$ 835.53
Retiree and spouse	1,671.06

The Village Board determines the benefits to be provided and contribution requirements. The Village currently funds these benefits on a pay-as-you-go basis and has not established a separate trust fund. Retiree health coverage is implicitly more expensive than active health coverage. This higher cost of coverage creates a liability assigned to the Village. For fiscal year 2015, four retirees were receiving benefits through the Village's health insurance plan.

The Village's implicit contributions for fiscal year 2015 were \$87,511.

**Annual OPEB Cost and Net Obligation**

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Village, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Annual OPEB Cost and Net Obligation (Continued)**

The annual required contribution was determined as follows:

Normal cost	\$ 98,085
Amortization of unfunded actuarial accrued liability	92,587
Interest cost	<u>7,627</u>
<b>Total annual required contribution</b>	<b><u>\$ 198,299</u></b>
Annual required contribution	\$ 198,299
Contributions made (estimated implicit)	(87,511)
Interest on net OPEB obligation to end of year	25,209
Net OPEB obligation amortization adjustment to the annual required contribution	<u>(36,444)</u>
Increase in net OPEB obligation	99,553
Net OPEB obligation - beginning of year	<u>630,193</u>
<b>Net OPEB obligation - end of year</b>	<b><u>\$ 729,746</u></b>

The Village's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 187,063	46.8%	\$ 729,746
2014	189,683	27.7	630,193
2013	183,362	39.4	493,037

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Funded Status and Funding Progress**

As of May 1, 2015, the most recent actuarial valuation date, the OPEB was -0- percent funded. The actuarial accrued liability for benefits was \$1,665,064 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,665,064. The covered payroll (annual payroll of active employees covered by the OPEB) was \$5,232,421 and the ratio of the UAAL to the covered payroll was 31.8 percent.

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

In the May 1, 2015 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.0 percent discount rate. The UAAL is being amortized as a level dollar amount over 30 years based on an open group. The remaining amortization period at April 30, 2015 was 25 years.

The following simplifying assumptions were also made in accordance with alternative measurement method permitted by GASB Statement No. 45.

*Retirement age for general employees* - Each employee is assumed to retire at age 61 or upon meeting the minimum age/service requirement, whichever is later. If the employee is currently over the age of 61 and has met the minimum age/service requirement, the employee is assumed to retire immediately.

*Retirement age for public safety employees* - Each employee is assumed to retire at age 58 or upon meeting the minimum age/service requirement, whichever is later. If the employee is currently over the age of 58 and has met the minimum age/service requirement, the employee is assumed to retire immediately.

*Mortality* - Life expectancies were based on mortality tables from the Society of Actuaries RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014.

*Turnover* - Assumptions were used to project annual terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates below represent the probability of termination in the next 12 months.

<u>Age</u>	<u>Rates</u>
25	6.8%
35	3.2
45	1.6

*Healthcare cost trend rate* - The expected rate of increase in healthcare insurance premiums was based on the plan's actual experience along with a combination of national trend surveys and professional judgment. A rate of 9 percent initially, reduced to an ultimate rate of 5 percent after 9 years, was used.

*Discount rate* - The expected long-term discount rate of 4.0 percent was used.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 13 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets, natural disasters, and medical and dental claims of its employees and their dependents.

The Village has elected to self-fund its health and dental insurance. Actuarial information regarding future costs on present employees is unavailable at this time; however, an estimate of this amount was made from information provided by the claims administrator and self-insurance program consultant. A liability of \$164,019 and \$162,229 for claims incurred but not paid and claims incurred but not reported as of April 30, 2015 and 2014, respectively, has been recorded in the financial statements. Claims liabilities and expenditures/expenses are recorded in the funds from which the respective employees' salaries and wages are paid. Changes in claims liabilities in 2015 and 2014 were:

	<b>Beginning of Year <u>Liability</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claims <u>Paid</u></b>	<b>Balance at <u>Year End</u></b>
2015	\$ <u>162,229</u>	\$ <u>1,125,615</u>	\$ <u>1,123,825</u>	\$ <u>164,019</u>
2014	\$ <u>161,888</u>	\$ <u>982,356</u>	\$ <u>982,015</u>	\$ <u>162,229</u>

Under this program, the Village has insurance coverage with an insurance company when individual claims exceed \$55,000, subject to a no maximum limit per covered person per lifetime, and coverage of \$1,000,000 when aggregate claims exceed \$1,785,406. The Village provides coverage up to a maximum of \$1,000 per individual for dental claims per year. Settled claims have not exceeded this aggregate commercial coverage in any of the past three fiscal years.

The Village purchases commercial insurance coverage for other risks of loss.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 14 - INTERFUNDS**

There were no interfund receivable or payable balances at April 30, 2015.

The following is a schedule of interfund transfers made during the year ended April 30, 2015:

	<u>Transfer From</u>	<u>Transfer To</u>
General Fund:		
Nonmajor Funds	\$ 310,000	\$ -
Waterworks and Sewerage Fund	-	182,738
Storm Water Fund	322,607	-
Nonmajor Funds:		
General Fund	-	310,000
Waterworks and Sewerage Fund:		
General Fund	182,738	-
Storm Water Fund:		
General Fund	<u>-</u>	<u>322,607</u>
<b>Total interfund transfers</b>	<u>\$ 815,345</u>	<u>\$ 815,345</u>

Transfers are made between the General Fund, Storm Water Fund, and Waterworks and Sewerage Fund to account for jointly funded capital projects.

Transfers are made from the General Fund to the nonmajor funds (Fire and Paramedic Equipment Fund) to help fund future capital asset purchases.

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent to April 30, 2015, the Levine vs. the Village of Morton lawsuit has been settled. The total settlement is \$200,000, of which \$25,000 is the responsibility of the Village. The remaining amount will be paid for by insurance. The Village's portion is not material to the financial statements and will be recognized as expense in fiscal year 2016.

Additionally, subsequent to April 30, 2015, The Village has entered into various contracts totaling approximately \$2,630,000 for the construction, purchase, and improvements of various projects. At April 30, 2015, no expenses had been incurred for these projects.

**NOTE 16 - COMMITMENTS**

The Village has committed to a \$1,000,000 match towards the Downtown Plaza project if the Morton Community Foundation can raise \$1,000,000 toward the \$2,000,000 project. Construction is anticipated to begin during the Village's 2016 fiscal year. The Foundation continues to solicit funds for the community portion of the construction costs and anticipates the funds will be raised in sufficient time to meet the cash flow needs of the project.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 17 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES**

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may affect portions of these financial statements in future periods. Listed below are the statements and short summary of the standard's objective. The Village has not assessed the impact of adopting these standards at this time.

New accounting standards effective for the April 30, 2016 financial statements include:

GASB Statement No. 68, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 27, issued June 2012. This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68, issued November 2013. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

New accounting standards effective for the April 30, 2017 financial statements include:

GASB Statement No. 72, Fair Value Measurement and Application, issued February 2015. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, issued June 2015. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, issued June 2015. The objective of this statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. generally accepted accounting principles.

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2015**

**NOTE 17 - FUTURE CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)**

New accounting standards effective for the April 30, 2018 financial statements include:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans, issued June 2015. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

New accounting standards effective for the April 30, 2019 financial statements include:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, issued June 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**NOTE 18 - RESTATEMENT**

The Village determined that it had not recorded a receivable in relation to the Motor Fuel Tax Fund for the year ending April 30, 2014. In the primary government governmental activities, and the Motor Fuel Tax Fund, revenues were understated as the Village had not recognized this item. Beginning net position/fund balance has thereby been restated as follows:

	<b>Total Governmental Activities</b>
Net position, beginning of year, as previously reported	\$ 58,598,069
Adjustment for revenue	<u>72,392</u>
<b>Net position, beginning of year, as restated</b>	<b><u>\$ 58,670,461</u></b>
	<b>Motor Fuel Tax Fund</b>
Fund balance, beginning of year, as previously reported	\$ 1,843,716
Adjustment for revenue	<u>72,392</u>
<b>Fund balance, beginning of year, as restated</b>	<b><u>\$ 1,916,108</u></b>

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

**VILLAGE OF MORTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL -**  
**MAJOR GOVERNMENTAL FUNDS**  
**Year Ended April 30, 2015**

	<u>General Fund</u>			<u>Illinois Municipal Retirement Fund</u>			<u>Motor Fuel Tax Fund</u>		
	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>									
Property taxes	\$ 1,320,950	\$ 1,331,157	\$ 10,207	\$ 580,000	\$ 571,236	\$ (8,764)	\$ -	\$ -	\$ -
Sales taxes	3,735,000	4,071,066	336,066	-	-	-	-	-	-
Income taxes	1,550,000	1,561,418	11,418	-	-	-	-	-	-
Telecommunications taxes	600,000	546,702	(53,298)	-	-	-	-	-	-
TV franchise taxes	200,000	204,189	4,189	-	-	-	-	-	-
Utility franchise fees	1,317,950	1,257,070	(60,880)	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	380,000	483,820	103,820
Replacement taxes	55,000	75,723	20,723	33,000	50,268	17,268	-	-	-
Federal grant revenue	20,000	36,447	16,447	-	-	-	-	-	-
Other grants	377,500	90,685	(286,815)	-	-	-	-	-	-
Charges for services and sales	1,301,000	1,263,083	(37,917)	-	-	-	-	-	-
Licenses, fines, fees, and permits	289,700	445,328	155,628	-	-	-	-	-	-
Interest income	20,000	21,656	1,656	1,000	2,213	1,213	5,000	8,239	3,239
Other revenue	85,500	2,142,742	2,057,242	-	-	-	-	-	-
Total revenues	<u>10,872,600</u>	<u>13,047,266</u>	<u>2,174,666</u>	<u>614,000</u>	<u>623,717</u>	<u>9,717</u>	<u>385,000</u>	<u>492,059</u>	<u>107,059</u>
<b>EXPENDITURES</b>									
Current:									
General and administration	1,651,720	910,518	741,202	657,125	558,381	98,744	-	-	-
Public works	420,200	266,824	153,376	-	-	-	-	-	-
Public safety	5,892,956	5,334,538	558,418	-	-	-	-	-	-
Transportation	1,723,500	1,466,734	256,766	-	-	-	100,000	-	100,000
Capital expenditures	4,217,500	3,620,637	596,863	-	-	-	-	5,700	(5,700)
Debt service:									
Principal	545,000	539,126	5,874	-	-	-	-	-	-
Interest	45,000	43,931	1,069	-	-	-	-	-	-
Total expenditures	<u>14,495,876</u>	<u>12,182,308</u>	<u>2,313,568</u>	<u>657,125</u>	<u>558,381</u>	<u>98,744</u>	<u>100,000</u>	<u>5,700</u>	<u>94,300</u>
Excess (deficiency) of revenues over expenditures	<u>(3,623,276)</u>	<u>864,958</u>	<u>4,488,234</u>	<u>(43,125)</u>	<u>65,336</u>	<u>108,461</u>	<u>285,000</u>	<u>486,359</u>	<u>201,359</u>

**OTHER FINANCING SOURCES  
(USES)**

Operating transfers in	3,402,000	632,607	(2,769,393)	-	-	-	-	-	-
Operating transfers out	(3,680,000)	(182,738)	3,497,262	-	-	-	-	-	-
Sale of capital assets	<u>10,000</u>	<u>11,465</u>	<u>1,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(268,000)</u>	<u>461,334</u>	<u>729,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (3,891,276)</u>	<u>1,326,292</u>	<u>\$ 5,217,568</u>	<u>\$ (43,125)</u>	<u>65,336</u>	<u>\$ 108,461</u>	<u>\$ 285,000</u>	<u>486,359</u>	<u>\$ 201,359</u>
<b>FUND BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>		7,028,110			585,121			1,843,716	
<b>PRIOR PERIOD ADJUSTMENT</b>		<u>-</u>			<u>-</u>			<u>72,392</u>	
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>		<u>7,028,110</u>			<u>585,121</u>			<u>1,916,108</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 8,354,402</u>			<u>\$ 650,457</u>			<u>\$ 2,402,467</u>	

**VILLAGE OF MORTON, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**April 30, 2015**

**Basis of Accounting**

The budget is prepared on the modified accrual basis for all budgeted funds. The budget reflected represents the original and final budget. There were no supplemental appropriations.

**VILLAGE OF MORTON, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT  
REQUIRED SUPPLEMENTARY INFORMATION -  
ANALYSIS OF FUNDING PROGRESS  
Year Ended April 30, 2015**

**SLEP**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
December 31, 2014	\$ (116,252)	\$ -	\$ 116,252	0.00%	\$ -	0.00%
December 31, 2013	(129,311)	-	129,311	0.00	-	0.00
December 31, 2012	(177,407)	-	177,407	0.00	-	0.00

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$(55,445). On a market basis, the funded ratio would be 0.00 percent.

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

**Other Qualifying Employees**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
December 31, 2014	\$ 10,806,572	\$ 12,999,035	\$ 2,192,463	83.13%	\$ 3,932,141	55.76%
December 31, 2013	10,320,359	12,349,330	2,028,971	83.57	3,871,878	52.40
December 31, 2012	8,822,643	11,435,438	2,612,795	77.15	3,735,154	69.95

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$12,626,220. On a market basis, the funded ratio would be 97.13 percent.

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

**VILLAGE OF MORTON, ILLINOIS  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
Year Ended April 30, 2015**

Three-year trend information for the fiscal periods ended April 30 is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
May 1, 2014	\$ -	\$ 1,665,064	\$ 1,665,064	0.0%	\$ 5,232,421	31.8%
May 1, 2013	-	1,890,908	1,890,908	0.0	4,969,374	38.1
May 1, 2012	-	1,806,626	1,806,626	0.0	4,824,635	37.4

**VILLAGE OF MORTON, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
APRIL 30, 2015**

**Retirement System – Defined Benefit Plans**

The following presents the changes in the employer's net pension liability:

	<u>Year Ended April 30, 2015</u>	
	<u>Police</u>	<u>Firefighters'</u>
Total Pension Liability		
Service cost	\$ 565,318	\$ 14,120
Interest on total pension liability	972,208	31,661
Assumption changes	243,916	-
Benefit payments	<u>(459,222)</u>	<u>(29,986)</u>
Net change in total pension liability	1,322,220	15,795
Total pension liability-beginning	<u>17,918,218</u>	<u>905,483</u>
Total pension liability-ending (A)	<u>\$ 19,240,438</u>	<u>\$ 921,278</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 597,269	\$ 30,194
Member contributions	178,871	-
Investment income net of investment expenses	530,484	1,150
Other	52,002	-
Benefit payments	(459,222)	(29,986)
Administrative expense	<u>(7,990)</u>	<u>-</u>
Net change in plan fiduciary net position	891,414	1,358
Plan fiduciary net position, beginning	<u>10,473,790</u>	<u>365,526</u>
Plan fiduciary net position, ending(B)	<u>\$ 11,365,204</u>	<u>\$ 366,884</u>
Net pension liability, ending (A)-(B)	\$ 7,875,234	\$ 554,394
Plan fiduciary net position as a percentage of the total pension liability	59.07%	39.82%
Covered employee payroll	\$ 1,622,984	\$ -
Net pension liability as a percentage of covered employee payroll	485.23%	0.00%

Additional years will be added to this schedule annually until 10 years of data is presented.

**VILLAGE OF MORTON, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
APRIL 30, 2015**

The following information presents a schedule of contributions:

**Police Pension**

<b><u>Fiscal Year Ended April 30</u></b>	<b><u>Actuarially Determined Contribution</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Contribution Deficiency (Excess)</u></b>	<b><u>Covered Payroll</u></b>	<b><u>Actual Contribution as a % of Covered Payroll</u></b>
2015	\$594,586	\$597,269	(\$2,683)	\$1,622,984	36.8%
2014	642,179	643,343	(1,164)	1,545,699	41.5
2013	608,308	645,570	(37,262)	1,442,567	42.7
2012	564,015	626,716	(62,701)	1,287,524	43.8
2011	544,942	691,493	(146,551)	1,092,813	49.9
2010	577,843	729,280	(151,437)	1,195,486	48.3
2009	551,312	710,845	(159,533)	1,147,139	48.1
2008	507,306	580,575	(73,269)	1,141,834	44.4
2007	263,138	513,241	(250,103)	1,052,741	25.0
2006	229,944	501,401	(271,457)	1,051,115	21.9

**Firefighter's Pension**

<b><u>Fiscal Year Ended April 30</u></b>	<b><u>Actuarially Determined Contribution</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Contribution Deficiency (Excess)</u></b>	<b><u>Covered Payroll</u></b>	<b><u>Actual Contribution as a % of Covered Payroll</u></b>
2015	\$34,357	\$30,193	\$4,164	N/A	N/A
2014	34,357	30,193	4,164	N/A	N/A
2013	33,911	30,987	2,924	N/A	N/A
2012	18,261	31,367	(13,106)	N/A	N/A
2011	17,894	26,875	(8,981)	N/A	N/A
2010	17,572	26,155	(8,583)	N/A	N/A

Additional years will be added to this schedule annually until 10 years of data is presented.

**VILLAGE OF MORTON, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
APRIL 30, 2015**

**ILLINOIS MUNICIPAL RETIREMENT FUND – Other Qualifying Employees**

<b>Actuarial Valuation Date</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (arc)</b>	<b>Percentage Contributed</b>
12/31/2014	\$469,498	\$469,498	100%
12/31/2013	475,854	475,854	100%
12/31/2012	406,385	406,385	100%

**ILLINOIS MUNICIPAL RETIREMENT FUND – SLEP**

<b>Actuarial Valuation Date</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (arc)</b>	<b>Percentage Contributed</b>
12/31/2014	\$18,805	\$18,805	100%
12/31/2013	16,753	16,753	100%
12/31/2012	-	-	100%

**OTHER POST-EMPLOYMENT BENEFITS**

Four year trend information for the fiscal periods ended April 30 is as follows:

<b>Actuarial Valuation Date</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contribution</b>	<b>Covered Payroll</b>
04/30/2015	\$87,511	\$198,299	44.1%	\$5,232,421
04/30/2014	52,528	198,476	26.5%	4,969,374
04/30/2013	72,247	190,172	38.0%	4,824,635

**VILLAGE OF MORTON, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 APRIL 30, 2015**

**Police Pension Plan**

<b><u>Fiscal Year Ended April 30</u></b>	<b><u>Employer Contributions</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Percentage Contributed</u></b>
2015	\$597,269	\$594,586	100.0%
2014	643,343	642,179	100.2
2013	645,570	608,308	106.1
2012	626,716	564,015	111.1
2011	691,493	544,942	126.9
2010	729,280	577,843	126.2
2009	710,845	551,312	128.9
2008	580,575	507,306	114.4
2007	513,241	263,138	195.0
2006	501,401	229,944	218.1

**Firefighters Pension Plan**

<b><u>Fiscal Year Ended April 30</u></b>	<b><u>Employer Contributions</u></b>	<b><u>Annual Required Contribution (ARC)</u></b>	<b><u>Percentage Contributed</u></b>
2015	\$30,193	\$34,357	87.9%
2014	30,193	34,357	87.9
2013	30,987	33,911	91.2
2012	31,367	18,261	171.8
2011	26,875	17,894	150.2
2010	26,155	17,572	148.8

**VILLAGE OF MORTON, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS  
APRIL 30, 2015**

The following presents the annual money-weighted rate of return, net of investment expenses:

**Police Pension**

<u>Fiscal Year Ended</u>	<u>Rate</u>
<u>April 30</u>	
2015	3.85%

**Firefighters' Pension**

<u>Fiscal Year Ended</u>	<u>Rate</u>
<u>April 30</u>	
2015	0.00%

Additional years will be added to this schedule until 10 years of data is presented.

**VILLAGE OF MORTON, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
APRIL 30, 2015**

**Police Pension Plan**

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability-(AAL)</b>	<b>(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(5) Covered Payroll</b>	<b>UAAL (Overfunded) as a Percentage of Covered Payroll (4) / (5)</b>
April 30, 2015	\$11,365,249	\$19,240,438	\$7,875,234	59.1%	\$1,622,984	485.2%
April 30, 2014	10,473,790	17,918,218	7,444,428	58.5	1,545,699	481.6
April 30, 2013	10,207,605	15,352,535	5,144,930	66.5	1,442,567	356.7
April 30, 2012	9,483,443	14,560,834	5,077,391	65.1	1,287,524	394.4
April 30, 2011	8,743,425	13,400,313	4,656,888	65.2	1,092,813	426.1
April 30, 2010	8,413,892	13,924,245	5,510,353	60.4	1,195,486	460.9
April 30, 2009	7,732,841	13,107,331	5,374,490	59.0	1,147,139	468.5
April 30, 2008	7,067,474	11,693,129	4,625,655	60.4	1,141,834	405.1
April 30, 2007	6,363,159	8,550,190	2,187,031	74.4	1,052,741	207.7
April 30, 2006	5,814,751	7,541,129	1,726,378	77.1	1,051,115	164.2

**Firefighter's Pension Plan**

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability-(AAL)</b>	<b>(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(5) Covered Payroll</b>	<b>UAAL (Overfunded) as a Percentage of Covered Payroll (4) / (5)</b>
April 30, 2015	\$366,883	\$921,278	\$554,395	39.8%	N/A	N/A
May 1, 2014	365,526	905,483	539,957	40.4	N/A	N/A
May 1, 2013	383,033	480,000	99,967	79.8	N/A	N/A
May 1, 2012	372,622	472,014	99,392	78.0	N/A	N/A
May 1, 2011	361,664	463,541	101,877	78.0	N/A	N/A

**OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF MORTON, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
FUND DESCRIPTIONS  
April 30, 2015**

**CONVENTION AND TOURISM FUND**

The Convention and Tourism Fund was established to account for the collection of revenues from the Hotel/Motel tax. Funds may be expended for the promotion of tourism and other authorized uses.

**FIRE DEPARTMENT FUND**

The Fire Department Fund was established to account for day to day expenditures, small tools, and supplies at the Village fire station. Revenues are derived from interest on cash balances and donations.

**DISASTER EMERGENCY FUND**

The Disaster Emergency Fund was established to account for a contingency established to provide for the removal of all types of debris, including trees and landscape materials, from areas affected by a natural disaster.

**BUSINESS DISTRICT TAX FUND**

The Business District Tax Fund accounts for the Business District Retailers' Occupation Tax and Business District Service Occupation Tax imposed within the Morton Business District. This revenue is used to carry out the Morton Business District Development and Redevelopment Plan.

**FIRE AND PARAMEDIC EQUIPMENT FUND**

The Fire and Paramedic Equipment Fund accounts for the financial resources to be used for the replacement of equipment and vehicles of the Fire Department and Paramedic Department. This fund is used to accumulate monies until such time as enough resources are available to purchase the equipment or vehicle.

**VILLAGE OF MORTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
April 30, 2015**

	<b>Convention and Tourism Fund</b>	<b>Fire Department Fund</b>	<b>Disaster Emergency Fund</b>	<b>Business District Tax Fund</b>	<b>Fire and Paramedic Equipment Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>						
Cash on hand and in banks	\$ 564,689	\$ 5,462	\$ 153,012	\$ 1,272,370	\$ -	\$ 1,995,533
Accounts receivable	<u>14,388</u>	<u>-</u>	<u>-</u>	<u>97,366</u>	<u>-</u>	<u>111,754</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 579,077</u></b>	<b><u>\$ 5,462</u></b>	<b><u>\$ 153,012</u></b>	<b><u>\$ 1,369,736</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,107,287</u></b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 4,050	\$ -	\$ -	\$ -	\$ -	\$ 4,050
	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,050</u>
<b>FUND BALANCE</b>						
Restricted for:						
General government	-	-	-	1,360,661	-	1,360,661
Committed to:						
General government	482,445	-	153,012	-	-	635,457
Public safety	-	5,462	-	-	-	5,462
Assigned to:						
General government	<u>92,582</u>	<u>-</u>	<u>-</u>	<u>9,075</u>	<u>-</u>	<u>101,657</u>
Total fund balance	<u>575,027</u>	<u>5,462</u>	<u>153,012</u>	<u>1,369,736</u>	<u>-</u>	<u>2,103,237</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 579,077</u></b>	<b><u>\$ 5,462</u></b>	<b><u>\$ 153,012</u></b>	<b><u>\$ 1,369,736</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,107,287</u></b>

**VILLAGE OF MORTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended April 30, 2015**

	<u>Convention and Tourism Fund</u>	<u>Fire Department Fund</u>	<u>Disaster Emergency Fund</u>	<u>Business District Tax Fund</u>	<u>Fire and Paramedic Equipment Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>						
Sales taxes	\$ -	\$ -	\$ -	\$ 431,795	\$ -	\$ 431,795
Municipal motel taxes	301,861	-	-	-	-	301,861
Interest income	1,805	-	-	3,609	-	5,414
Other revenue	20,000	1,781	-	-	-	21,781
Total revenues	<u>323,666</u>	<u>1,781</u>	<u>-</u>	<u>435,404</u>	<u>-</u>	<u>760,851</u>
<b>EXPENDITURES</b>						
Current:						
General and administration	285,298	-	-	57,660	-	342,958
Public safety	-	2,132	-	-	-	2,132
Total expenditures	<u>285,298</u>	<u>2,132</u>	<u>-</u>	<u>57,660</u>	<u>-</u>	<u>345,090</u>
Excess (deficiency) of revenues over expenditures	38,368	(351)	-	377,744	-	415,761
<b>OTHER FINANCING USES</b>						
Transfers out	-	-	-	-	(310,000)	(310,000)
Excess (deficiency) of revenues over expenditures and other financing uses	38,368	(351)	-	377,744	(310,000)	105,761
<b>FUND BALANCES, BEGINNING OF YEAR</b>						
	<u>536,659</u>	<u>5,813</u>	<u>153,012</u>	<u>991,992</u>	<u>310,000</u>	<u>1,997,476</u>
<b>FUND BALANCES, END OF YEAR</b>						
	<u>\$ 575,027</u>	<u>\$ 5,462</u>	<u>\$ 153,012</u>	<u>\$ 1,369,736</u>	<u>\$ -</u>	<u>\$ 2,103,237</u>

**VILLAGE OF MORTON, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Actual</u>
<b><u>BUDGETARY FUNDS</u></b>		
<b>CONVENTION AND TOURISM FUND</b>		
General and administration	\$ <u>433,100</u>	\$ <u>285,298</u>
<b>MORTON BUSINESS DISTRICT TAX ALLOCATION FUND</b>		
General and administration	\$ <u>242,000</u>	<u>57,660</u>
<b>FIRE AND PARAMEDIC EQUIPMENT FUND</b>		
Public safety	\$ <u>100,000</u>	<u>-</u>
<b><u>NONBUDGETARY FUNDS</u></b>		
<b>FIRE DEPARTMENT FUND</b>		
Public safety		<u>2,132</u>
<b>DISASTER EMERGENCY FUND</b>		
General and administration		<u>-</u>
<b>TOTAL - NONMAJOR GOVERNMENTAL FUNDS</b>		<u>\$ 345,090</u>

**VILLAGE OF MORTON, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Actual</u>
<b>PRESIDENT AND BOARD OF TRUSTEES</b>		
Personal services	\$ 16,000	\$ 15,200
Contractual services	13,590	7,340
Commodities	300	48
Other expense	1,000	634
Contingency	<u>100,000</u>	<u>-</u>
Total President and Board of Trustees	<u>130,890</u>	<u>23,222</u>
<b>BOARD OF FIRE AND POLICE COMMISSIONERS</b>		
Personal services	1,050	969
Contractual services	14,075	13,133
Other expense	100	-
Contingency	<u>100,000</u>	<u>-</u>
Total Board of Fire and Police Commissioners	<u>115,225</u>	<u>14,102</u>
<b>GENERAL ADMINISTRATION</b>		
Personal services	87,850	59,804
Contractual services	198,550	174,136
Commodities	693,000	424,353
Other expense	2,950	40,577
Contingency	100,000	-
Capital outlays	<u>643,300</u>	<u>392,353</u>
Total General Administration	<u>1,725,650</u>	<u>1,091,223</u>
<b>COMMUNITY DEVELOPMENT</b>		
Personal services	116,000	105,590
Contractual services	103,655	67,407
Commodities	3,500	1,327
Other expense	100	-
Contingency	100,000	-
Capital outlays	<u>3,000</u>	<u>3,284</u>
Total Community Development	<u>326,255</u>	<u>177,608</u>
<b>PUBLIC WORKS</b>		
Personal services	240,200	223,372
Contractual services	58,800	28,841
Commodities	21,200	14,611
Contingency	100,000	-
Capital outlays	<u>2,500</u>	<u>8,282</u>
Total Public Works	<u>422,700</u>	<u>275,106</u>

**VILLAGE OF MORTON, ILLINOIS  
GENERAL FUND (CONTINUED)  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Actual</u>
<b>POLICE DEPARTMENT</b>		
Personal services	\$ 3,274,476	\$ 3,136,652
Contractual services	293,560	277,934
Other expenses	600	12
Commodities	123,300	123,039
Contingency	100,000	-
Capital outlays	<u>157,000</u>	<u>100,474</u>
Total Police Department	<u>3,948,936</u>	<u>3,638,111</u>
<b>FIRE DEPARTMENT</b>		
Personal services	285,600	90,527
Contractual services	195,255	354,790
Commodities	55,500	51,090
Other expenses	5,000	971
Contingency	100,000	-
Capital outlays	<u>25,000</u>	<u>10,399</u>
Total Fire Department	<u>666,355</u>	<u>507,777</u>
<b>PARAMEDIC GROUP</b>		
Personal services	1,164,200	1,153,633
Contractual services	108,965	80,895
Commodities	86,500	64,995
Contingency	100,000	-
Capital outlays	<u>255,000</u>	<u>228,127</u>
Total Paramedic Group	<u>1,714,665</u>	<u>1,527,650</u>
<b>STREET DEPARTMENT</b>		
Personal services	709,100	648,784
Contractual services	538,200	428,471
Commodities	376,200	389,479
Contingency	100,000	-
Capital outlays	<u>3,131,700</u>	<u>2,877,718</u>
Total Street Department	<u>4,855,200</u>	<u>4,344,452</u>
<b>DEBT SERVICE</b>		
Principal	545,000	539,126
Interest	<u>45,000</u>	<u>43,931</u>
Total Debt Service	<u>590,000</u>	<u>583,057</u>
<b>TOTAL GENERAL FUND</b>	<u>\$ 14,495,876</u>	<u>\$ 12,182,308</u>

**VILLAGE OF MORTON, ILLINOIS**  
**ENTERPRISE FUNDS**  
**MUNICIPAL GAS FUND**  
**THREE-YEAR COMPARATIVE STATEMENT OF OPERATIONS**  
**Years Ended April 30, 2015, 2014, and 2013**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>			
Sale of gas	\$ 7,776,143	\$ 9,112,019	\$ 7,226,523
Less cost of gas purchased	<u>5,471,123</u>	<u>6,549,929</u>	<u>4,027,595</u>
Gross profit on gas sales	2,305,020	2,562,090	3,198,928
Penalties and fees	<u>94,678</u>	<u>108,179</u>	<u>79,863</u>
Total operating revenues	<u>2,399,698</u>	<u>2,670,269</u>	<u>3,278,791</u>
<b>OPERATING EXPENSES</b>			
Personal services	705,502	659,436	671,167
Contractual services	202,867	180,174	176,191
Commodities	74,386	74,144	82,748
Other operating expenses	155,895	314,660	195,428
Depreciation	<u>142,131</u>	<u>148,648</u>	<u>147,908</u>
Total operating expenses	<u>1,280,781</u>	<u>1,377,062</u>	<u>1,273,442</u>
Operating income	1,118,917	1,293,207	2,005,349
<b>NONOPERATING REVENUES</b>			
Interest income	30,679	28,615	20,496
Miscellaneous income	<u>3,960</u>	<u>4,351</u>	<u>1,857</u>
<b>NET INCOME FOR THE YEAR</b>	<u>\$ 1,153,556</u>	<u>\$ 1,326,173</u>	<u>\$ 2,027,702</u>

**VILLAGE OF MORTON, ILLINOIS  
ENTERPRISE FUNDS  
WATERWORKS AND SEWERAGE FUND  
THREE-YEAR COMPARATIVE STATEMENT OF OPERATIONS  
Years Ended April 30, 2015, 2014, and 2013**

	<u>2015</u>		<u>2014</u>		<u>2013</u>	
	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Water Operations</u>	<u>Wastewater Operations</u>
<b>OPERATING REVENUES</b>						
Water sales	\$ 3,099,089	\$ -	\$ 3,161,742	\$ -	\$ 3,203,086	\$ -
Sewer charges	-	2,857,421	-	2,908,779	-	2,967,637
Meter sales	22,611	-	18,352	-	21,120	-
Fees, licenses, permits	39,915	68,282	30,152	82,061	39,790	62,382
Total operating revenues	<u>3,161,615</u>	<u>2,925,703</u>	<u>3,210,246</u>	<u>2,990,840</u>	<u>3,263,996</u>	<u>3,030,019</u>
 <b>OPERATING EXPENSES</b>						
Personal services	971,699	728,923	1,029,567	723,833	974,021	682,410
Contractual services	540,448	494,010	453,566	558,043	382,455	381,016
Commodities	478,951	183,498	412,075	120,105	386,173	150,563
Other operating expenses	118,346	196,972	195,023	166,264	77,677	211,138
Depreciation	371,407	685,493	361,927	682,189	326,353	672,983
Total operating expenses	<u>2,480,851</u>	<u>2,288,896</u>	<u>2,452,158</u>	<u>2,250,434</u>	<u>2,146,679</u>	<u>2,098,110</u>
Net operating income	680,764	636,807	758,088	740,406	1,117,317	931,909
 <b>NONOPERATING REVENUES (EXPENSES) AND NET TRANSFERS</b>						
Interest income	13,986	13,986	12,072	12,072	8,971	8,971
Miscellaneous income	17,528	17,528	48,632	48,632	10,087	10,087
Miscellaneous expense	(13,750)	(13,750)	(13,750)	(13,750)	(16,250)	(16,250)
Capital contributions	-	-	370,635	370,635	-	-
Operating transfers, net	91,369	91,369	(86,039)	(86,039)	(13,298)	(13,298)
 <b>NET INCOME FOR THE YEAR</b>	 <u>\$ 789,897</u>	 <u>\$ 745,940</u>	 <u>\$ 1,089,638</u>	 <u>\$ 1,071,956</u>	 <u>\$ 1,106,827</u>	 <u>\$ 921,419</u>
 <b>COMBINED NET INCOME FOR THE YEAR</b>		 <u>\$ 1,535,837</u>		 <u>\$ 2,161,594</u>		 <u>\$ 2,028,246</u>

**VILLAGE OF MORTON, ILLINOIS  
ENTERPRISE FUNDS  
STORM WATER FUND  
THREE-YEAR COMPARATIVE STATEMENT OF OPERATIONS  
Years Ended April 30, 2015, 2014, and 2013**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>			
Storm water charges	\$ 1,062,723	\$ 1,010,113	\$ 966,359
Other fees	<u>13,452</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>1,076,175</u>	<u>1,010,113</u>	<u>966,359</u>
 <b>OPERATING EXPENSES</b>			
Personal services	235,680	233,749	210,477
Contractual services	98,715	46,509	62,368
Commodities	31,532	28,407	24,154
Other operating expenses	19,712	49,478	1,378
Depreciation	<u>335,685</u>	<u>324,511</u>	<u>315,353</u>
Total operating expenses	<u>721,324</u>	<u>682,654</u>	<u>613,730</u>
Operating income	354,851	327,459	352,629
 <b>NONOPERATING REVENUES</b>			
Operating transfers, net	(322,607)	(65,012)	(15,321)
Capital contributions	-	51,464	-
Interest income	4,512	6,260	6,355
Miscellaneous income	<u>-</u>	<u>-</u>	<u>8,645</u>
 <b>NET INCOME FOR THE YEAR</b>	 <u>\$ 36,756</u>	 <u>\$ 320,171</u>	 <u>\$ 352,308</u>

**VILLAGE OF MORTON, ILLINOIS  
FIDUCIARY FUNDS  
FUND DESCRIPTIONS  
April 30, 2015**

**PENSION TRUST FUNDS**

**Police Pension Fund**

The Police Pension Fund was established to account for the accumulation of resources to be used to fund future retirement benefits of employees of the Village's police force. Revenues are provided by the Village's employer contributions and contributions by employees, as determined by an annual actuarial study, and from income earned on investment of accumulated plan assets. The Village funds its contribution primarily through a special levy of annual property taxes.

**Firemen's Pension Fund**

The Firemen's Pension Fund was established to account for the accumulation of resources to be used to fund a nominal future retirement benefit to eligible firemen. The fund was established with cash transfers from the General Fund and revenues are now provided chiefly from income earned on investment of accumulated plan assets.

**VILLAGE OF MORTON, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**April 30, 2015**

	<u>Pension Trust Funds</u>		
	<u>Police Pension Fund</u>	<u>Firemen's Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash on hand and in bank	\$ 1,173,507	\$ 265,498	\$ 1,439,005
Investments	9,580,672	101,386	9,682,058
Due from State of Illinois	10,396	-	10,396
Employer contributions receivable	<u>601,379</u>	<u>-</u>	<u>601,379</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 11,365,954</u>	 <u>\$ 366,884</u>	 <u>\$ 11,732,838</u>
 <b>LIABILITIES</b>			
Due to employee	\$ 750	\$ -	\$ 750
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b> (See Schedule of Funding Progress)	 <u>11,365,204</u>	 <u>366,884</u>	 <u>11,732,088</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$ 11,365,954</u>	 <u>\$ 366,884</u>	 <u>\$ 11,732,838</u>

**VILLAGE OF MORTON, ILLINOIS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended April 30, 2015**

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police Pension Fund</u>	<u>Firemen's Pension Fund</u>	
<b>ADDITIONS</b>			
Contributions:			
Plan members' contributions	\$ 178,871	\$ -	\$ 178,871
Employer contributions	<u>597,269</u>	<u>30,194</u>	<u>627,463</u>
Total contributions	<u>776,140</u>	<u>30,194</u>	<u>806,334</u>
Investment earnings:			
Interest income	128,285	1,150	129,435
Net increase in fair value of investments	<u>402,199</u>	<u>-</u>	<u>402,199</u>
Total investment earnings	<u>530,484</u>	<u>1,150</u>	<u>531,634</u>
Replacement taxes	<u>52,002</u>	<u>-</u>	<u>52,002</u>
Total additions	<u>1,358,626</u>	<u>31,344</u>	<u>1,389,970</u>
<b>DEDUCTIONS</b>			
Benefits paid	459,222	29,986	489,208
Administrative expenses	<u>7,990</u>	<u>-</u>	<u>7,990</u>
Total deductions	<u>467,212</u>	<u>29,986</u>	<u>497,198</u>
<b>CHANGE IN NET POSITION</b>	891,414	1,358	892,772
<b>NET POSITION - BEGINNING</b>	<u>10,473,790</u>	<u>365,526</u>	<u>10,839,316</u>
<b>NET POSITION - ENDING</b>	<u>\$ 11,365,204</u>	<u>\$ 366,884</u>	<u>\$ 11,732,088</u>