

*Village of Morton
Morton, IL*

*Annual Financial Report
April 30, 2019*



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Eric Hjerpe, CPA
Brett Tennison, CPA, MBA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Morton, IL

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Morton, IL, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morton, IL, as of April 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary 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 budgetary comparative information and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparative information and the combining fund financial statements are the responsibility of management and were derived from and relate 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 budgetary comparative information and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The defined benefit plan information, the schedule of assessed calculations, rates, extensions, and collections, and the schedule of legal debt margin have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hjerpe & Tennison CPAs, LLC

Pekin, Illinois

October 22, 2019

Village of Morton
Statement of Net Position - Modified Cash Basis
April 30, 2019

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 9,490,173	\$ 24,210,476	\$ 33,700,649
Accounts receivable	168,498	300,354	468,852
Notes receivable	133,333	-	133,333
Inventories	32,653	152,826	185,479
Total current assets	<u>9,824,657</u>	<u>24,663,656</u>	<u>34,488,313</u>
Noncurrent Assets			
Notes receivable	1,333,335	-	1,333,335
Land	2,645,490	422,494	3,067,984
Construction in progress	1,969,005	1,363,573	3,332,578
Capital assets, net of depreciation	47,658,758	38,048,606	85,707,364
Total noncurrent assets	<u>53,606,588</u>	<u>39,834,673</u>	<u>93,441,261</u>
Total Assets	<u>63,431,245</u>	<u>64,498,329</u>	<u>127,929,574</u>
LIABILITIES			
Current Liabilities			
Accounts payable	-	5,603	5,603
Accrued liabilities	2,676	-	2,676
Customer deposits	8,500	134,346	142,846
Total current liabilities	<u>11,176</u>	<u>139,949</u>	<u>151,125</u>
Non current liabilities			
Current portion of note payable	133,333	-	133,333
Notes payable	1,333,335	-	1,333,335
Total noncurrent liabilities	<u>1,466,668</u>	<u>-</u>	<u>1,466,668</u>
Total Liabilities	<u>1,477,844</u>	<u>139,949</u>	<u>1,617,793</u>
NET POSITION			
Net investment in capital assets	52,273,253	39,834,673	92,107,926
Restricted	3,800,159	-	3,800,159
Unrestricted	5,879,989	24,523,707	30,403,696
Total net position	<u>\$ 61,953,401</u>	<u>\$ 64,358,380</u>	<u>\$ 126,311,781</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Activities - Modified Cash Basis
For the Year Ending April 30, 2019

Functions/Program	Program Revenues				Net (Expenses) Revenues and Change in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,140,749	\$ 669,121	\$ 58,089	\$ -	\$ (1,413,539)	\$ -	\$ (1,413,539)
Public works	224,220	18,452	-	-	(205,768)	-	(205,768)
Public safety	5,988,434	836,919	16,381	-	(5,135,134)	-	(5,135,134)
Transportation	4,969,241	-	-	-	(4,969,241)	-	(4,969,241)
Culture and recreation	17,285	-	-	-	(17,285)	-	(17,285)
Total governmental activities	<u>13,339,929</u>	<u>1,524,492</u>	<u>74,470</u>	<u>-</u>	<u>(11,740,967)</u>	<u>-</u>	<u>(11,740,967)</u>
Business - type activities:							
Municipal gas	2,569,495	3,082,844	-	-	-	513,349	513,349
Water and sewer	6,756,920	5,996,357	-	-	-	(760,563)	(760,563)
Storm water	962,576	1,073,002	-	-	-	110,426	110,426
Total business-type activities	<u>10,288,991</u>	<u>10,152,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,788)</u>	<u>(136,788)</u>
Total primary government	<u>\$ 23,628,920</u>	<u>\$ 11,676,695</u>	<u>\$ 74,470</u>	<u>\$ -</u>	<u>(11,740,967)</u>	<u>(136,788)</u>	<u>(11,877,755)</u>
General revenues:							
Taxes							
Property tax					1,891,966	-	1,891,966
Sales tax					4,563,038	-	4,563,038
Income Tax					1,579,346	-	1,579,346
Utility franchise tax					1,226,418	-	1,226,418
TV franchise tax					237,894	-	237,894
Telecommunication tax					367,616	-	367,616
Municipal hotel tax					274,840	-	274,840
Replacement tax					162,539	-	162,539
Motor fuel tax					414,142	-	414,142
Investment revenue					133,932	348,424	482,356
Gain (loss) on asset disposal					18,325	2,150	20,475
Miscellaneous income					47,995	133,665	181,660
Total general revenues					<u>10,918,051</u>	<u>484,239</u>	<u>11,402,290</u>
Transfers					<u>(520,000)</u>	<u>520,000</u>	<u>-</u>
Change in net position					<u>(1,342,916)</u>	<u>867,451</u>	<u>(475,465)</u>
Net position, beginning of year					<u>63,295,468</u>	<u>63,490,929</u>	<u>126,786,397</u>
Change in inventories					<u>849</u>	<u>-</u>	<u>849</u>
Net position, end of year					<u>\$ 61,953,401</u>	<u>\$ 64,358,380</u>	<u>\$ 126,311,781</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ending April 30, 2019

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:				
Cash	\$ 5,875,179	\$ 2,242,093	\$ 1,372,901	\$ 9,490,173
Accounts receivable	168,498	-	-	168,498
Inventory	32,653	-	-	32,653
Total assets	<u>\$ 6,076,330</u>	<u>\$ 2,242,093</u>	<u>\$ 1,372,901</u>	<u>\$ 9,691,324</u>
LIABILITIES:				
Accrued liabilities	\$ 2,676	\$ -	\$ -	\$ 2,676
Customer deposits	8,000	-	500	8,500
Total liabilities	<u>10,676</u>	<u>-</u>	<u>500</u>	<u>11,176</u>
FUND BALANCES:				
Nonspendable:				
Inventory	32,653	-	-	32,653
Restricted for:				
General government	153,012	-	1,372,401	1,525,413
Transportation	-	2,242,093	-	2,242,093
Committed to:				
Public safety	7,333	-	-	7,333
Assigned to:				
Public safety	58,863	-	-	58,863
Transportation	93,223	-	-	93,223
Unassigned	5,720,570	-	-	5,720,570
Total fund balance	<u>6,065,654</u>	<u>2,242,093</u>	<u>1,372,401</u>	<u>9,680,148</u>
Total liabilities resources, and fund balance	<u>\$ 6,076,330</u>	<u>\$ 2,242,093</u>	<u>\$ 1,372,901</u>	<u>\$ 9,691,324</u>

See independent auditor's report and accompanying notes.

Village of Morton
Reconciliation of the Statement of Assets, Liabilities, and Fund Balance -
Governmental Funds to the Statement of Net Position - Modified Cash Basis
April 30, 2019

Total Fund Balances - Governmental Funds		\$ 9,680,148
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term receivables are not due and receivable in the current period and therefore are not reported in the governmental funds		1,466,668
Capital assets used in governmental activities are not reported in the governmental funds balance sheet		
Capital Assets	89,089,530	
Less accumulated depreciation	<u>(36,816,277)</u>	
		52,273,253
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		(1,466,668)
		<hr/>
Net Position of Governmental Activities		<u><u>\$ 61,953,401</u></u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ending April 30, 2019

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUE:				
Taxes:				
Property tax	\$ 901,752	\$ -	\$ 990,214	\$ 1,891,966
Sales tax	4,563,038	-	-	4,563,038
Income Tax	1,579,346	-	-	1,579,346
Utility franchise tax	1,226,418	-	-	1,226,418
TV franchise tax	237,894	-	-	237,894
Telecommunication tax	367,616	-	-	367,616
Municipal hotel tax	-	-	274,840	274,840
Replacement tax	129,275	-	33,264	162,539
Motor fuel tax	-	414,142	-	414,142
Charges for service	1,228,440	-	-	1,228,440
Licenses and permits	245,892	-	-	245,892
Fines	50,160	-	-	50,160
Grant revenue	74,470	-	-	74,470
Other revenue	27,995	-	20,000	47,995
Investment revenue	83,801	31,742	18,389	133,932
Total revenue	<u>10,716,097</u>	<u>445,884</u>	<u>1,336,707</u>	<u>12,498,688</u>
EXPENDITURES:				
Current:				
General government	849,280	-	934,969	1,784,249
Public works	210,123	-	-	210,123
Public safety	5,549,747	-	-	5,549,747
Transportation	1,941,492	884,471	-	2,825,963
Recreation	17,285	-	-	17,285
Capital Outlay	1,613,241	-	-	1,613,241
Debt Service				
Principal	133,333	-	-	133,333
Total expenditures	<u>10,314,501</u>	<u>884,471</u>	<u>934,969</u>	<u>12,133,941</u>
Excess revenue over (under) expenditures	<u>401,596</u>	<u>(438,587)</u>	<u>401,738</u>	<u>364,747</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	205,882	-	405,882
Transfers out	(725,882)	-	(200,000)	(925,882)
Insurance proceeds	113,859	-	-	113,859
Proceeds from sale of assets	137,108	-	-	137,108
Intergovernmental agreements	(57,045)	-	-	(57,045)
Total financing sources	<u>(331,960)</u>	<u>205,882</u>	<u>(200,000)</u>	<u>(326,078)</u>
Net change in fund balance	69,636	(232,705)	201,738	38,669
Fund balance - beginning	5,995,169	2,474,798	1,170,663	9,640,630
Change in inventories	849	-	-	849
Fund balance - ending	<u>\$ 6,065,654</u>	<u>\$ 2,242,093</u>	<u>\$ 1,372,401</u>	<u>\$ 9,680,148</u>

See independent auditor's report and accompanying notes.

Village of Morton
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed,
and Changes in Fund Balances - Governmental Funds to the Statement of Activities -
Modified Cash Basis
April 30, 2019

Amounts reported for governmental activities in the Statement of Activities differ as follows:

Net change in fund balances - total governmental funds	\$	38,669
Repayment of notes receivable related to capital assets is a proceeds from the sale of assets in the governmental funds, but the repayment reduces the notes receivable asset in the Statement of Net Position.		(133,333)
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.		
Capital outlay		1,613,241
Depreciation expense		<u>(3,009,375)</u>
		(1,396,134)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase in net position		14,549
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		133,333
		<u>133,333</u>
Change in Net Position of Governmental Funds	<u>\$</u>	<u>(1,342,916)</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2019

	<u>Municipal Gas Fund</u>	<u>Water and Wastewater Fund</u>	<u>Storm Water Fund</u>	<u>911 Consolidated Center Fund</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash	\$ 13,899,053	\$ 9,098,329	\$ 1,131,477	\$ 81,617	\$ 24,210,476
Accounts receivables	187,682	97,346	15,326	-	300,354
Inventories	152,826	-	-	-	152,826
Total current assets	<u>14,239,561</u>	<u>9,195,675</u>	<u>1,146,803</u>	<u>81,617</u>	<u>24,663,656</u>
Noncurrent Assets					
Land	122,495	299,999	-	-	422,494
Construction in progress	-	281,067	644,123	438,383	1,363,573
Capital assets, net depreciation	1,772,480	25,583,024	10,693,102	-	38,048,606
Total noncurrent assets	<u>1,894,975</u>	<u>26,164,090</u>	<u>11,337,225</u>	<u>438,383</u>	<u>39,834,673</u>
Total Assets	<u>16,134,536</u>	<u>35,359,765</u>	<u>12,484,028</u>	<u>520,000</u>	<u>64,498,329</u>
LIABILITIES					
Current Liabilities					
Accounts payable	5,603	-	-	-	5,603
Customer deposits	93,326	41,020	-	-	134,346
Total current liabilities	<u>98,929</u>	<u>41,020</u>	<u>-</u>	<u>-</u>	<u>139,949</u>
Total Liabilities	<u>98,929</u>	<u>41,020</u>	<u>-</u>	<u>-</u>	<u>139,949</u>
NET POSITION					
Net investment in capital assets	1,894,975	26,164,090	11,337,225	438,383	39,834,673
Unrestricted	14,140,632	9,154,655	1,146,803	81,617	24,523,707
Total net position	<u>\$ 16,035,607</u>	<u>\$ 35,318,745</u>	<u>\$ 12,484,028</u>	<u>\$ 520,000</u>	<u>\$ 64,358,380</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis
Proprietary Funds
For the Year Ending April 30, 2019

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Operating Revenues					
Charges for service and sales	\$ 7,543,078	\$ 5,950,069	\$ 1,073,002	\$ -	\$ 14,566,149
Less: cost of gas	(4,524,842)	-	-	-	(4,524,842)
Gross profit	3,018,236	5,950,069	1,073,002	-	10,041,307
Penalties and fees	64,608	46,288	-	-	110,896
Total operating revenue	<u>3,082,844</u>	<u>5,996,357</u>	<u>1,073,002</u>	<u>-</u>	<u>10,152,203</u>
Operating Expenses					
Personnel	1,094,034	1,943,153	230,278	-	3,267,465
Contractual services	1,207,544	3,022,305	296,772	-	4,526,621
Commodities	64,477	700,618	35,900	-	800,995
Other	27,820	59,031	1,500	-	88,351
Total expenses	<u>2,393,875</u>	<u>5,725,107</u>	<u>564,450</u>	<u>-</u>	<u>8,683,432</u>
Operating income (loss) before depreciation	688,969	271,250	508,552	-	1,468,771
Depreciation	175,620	1,112,995	398,126	-	1,686,741
Operating income (loss)	<u>513,349</u>	<u>(841,745)</u>	<u>110,426</u>	<u>-</u>	<u>(217,970)</u>
Nonoperating Revenue (Expenses)					
Interest revenue	194,058	132,314	22,052	-	348,424
Other revenue	295	117,942	15,428	-	133,665
Insurance proceeds	-	81,182	-	-	81,182
Gain (loss) on sale of capital asset	2,150	-	-	-	2,150
Transfers in	-	-	-	520,000	520,000
Total nonoperating revenues (expenses)	<u>196,503</u>	<u>331,438</u>	<u>37,480</u>	<u>520,000</u>	<u>1,085,421</u>
Change in net position	709,852	(510,307)	147,906	520,000	867,451
Net position, beginning	15,325,755	35,829,052	12,336,122	-	63,490,929
Net position, ending	<u>\$ 16,035,607</u>	<u>\$ 35,318,745</u>	<u>\$ 12,484,028</u>	<u>\$ 520,000</u>	<u>\$ 64,358,380</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ending April 30, 2019

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Cash flows from operating activities:					
Cash received from customers	\$ 3,549,837	\$ 6,328,146	\$ 1,145,717	\$ -	\$ 11,023,700
Other cash receipts	64,608	46,288	-	-	110,896
Payments to suppliers	(1,758,295)	(4,846,378)	(407,146)	-	(7,011,819)
Payments to employees	(737,256)	(878,729)	(157,304)	-	(1,773,289)
Net cash provided by (used in) operating activities	<u>1,118,894</u>	<u>649,327</u>	<u>581,267</u>	<u>-</u>	<u>2,349,488</u>
Cash flows from non-capital financing activities:					
Operating transfers in	-	-	-	520,000	520,000
Nonoperating miscellaneous income	295	31,224	15,428	-	46,947
Net cash provided by (used in) non-capital financing activities	<u>295</u>	<u>31,224</u>	<u>15,428</u>	<u>520,000</u>	<u>566,947</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(156,672)	(588,222)	(796,525)	(404,195)	(1,945,614)
Net cash provided by (used in) capital and related financing	<u>(156,672)</u>	<u>(588,222)</u>	<u>(796,525)</u>	<u>(404,195)</u>	<u>(1,945,614)</u>
Cash flows from investing activities:					
Interest received on investments	194,058	132,314	22,052	-	348,424
Net cash provided by (used in) investing activities	<u>194,058</u>	<u>132,314</u>	<u>22,052</u>	<u>-</u>	<u>348,424</u>
Net increase (decrease) in cash and cash equivalents	1,156,575	224,643	(177,778)	115,805	1,319,245
Cash and cash equivalents at the beginning of the year	12,742,478	8,873,686	1,309,255	(34,188)	22,891,231
Cash and cash equivalents at the end of the year	<u>\$ 13,899,053</u>	<u>\$ 9,098,329</u>	<u>\$ 1,131,477</u>	<u>\$ 81,617</u>	<u>\$ 24,210,476</u>
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income	\$ 513,349	\$ (841,745)	\$ 110,426	\$ -	\$ (217,970)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation	175,620	1,112,995	398,126	-	1,686,741
Change in assets and liabilities					
(Increase) in accounts receivable	530,126	377,699	72,715	-	980,540
(Increase) decrease in inventory	(77,406)	-	-	-	(77,406)
Incr.(decrease) in accounts payable	(24,270)	-	-	-	(24,270)
Incr (decrease) in customer deposits	1,475	378	-	-	1,853
Total adjustments	<u>605,545</u>	<u>1,491,072</u>	<u>470,841</u>	<u>-</u>	<u>2,567,458</u>
Net cash provided by (used in) operating activities	<u>\$ 1,118,894</u>	<u>\$ 649,327</u>	<u>\$ 581,267</u>	<u>\$ -</u>	<u>\$ 2,349,488</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2019

	Pension Trust Funds
ASSETS	
Current Assets	
Cash	\$ 698,581
Investments	13,550,888
Accounts receivables	21,780
Total Assets	14,271,249
 NET POSITION	
Held in trust for pension benefits	14,271,249
Total net position	\$ 14,271,249

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Changes in Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ending April 30, 2019

	Pension Trust Funds
Additions	
Employer contributions	
Property tax	\$ 670,227
Replacement tax	44,286
Other	40,050
Plan members' contributions	175,953
Net investment revenue	
Interest revenue	108,670
Investment revenue	
Dividends and capital gains	177,310
Realized gains (losses)	2,449,305
Total additions	3,665,801
 Deductions	
Benefits paid	650,422
Administrative expenses	68,667
Total deductions	719,089
 Change in net position	 2,946,712
Net position, beginning	11,324,537
Net position, ending	\$ 14,271,249

See independent auditor's report and accompanying notes.

Village of Morton
Notes to the Basic Financial Statements
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Morton is a governmental entity located in central Illinois. 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's revenues are therefore primarily dependent on the economy within its territorial boundaries. The Village operates under an elected Major-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 following is a summary of the more significant accounting policies affecting the financial statement presentation.

A. THE FINANCIAL REPORTING ENTITY

For financial reporting purposes, the Village of Morton has included all funds, organizations, agencies, boards, commissions and authorities for which the Village is financially accountable. The Village has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Village. The Village of Morton has no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meet the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net assets; and unrestricted net assets. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. It does not include the unspent proceeds of capital debt. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted resources as they are needed.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which are considered a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities arising from cash transactions, fund equity, cash receipts and disbursements. Village resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The focus of the fund financial statements is on major funds. All major individual governmental funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or it meeting the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Governmental Fund Types

Governmental Funds are those through which governmental functions of the Village are financed. The acquisition, use, and balance of the Village's expendable resources 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. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid for from the General Fund. During the year, the qualifications of the special revenue funds were reviewed. The Emergency Management Fund did not meet the qualifications of separate reporting special revenue fund and will be combined into the General Fund for the current and subsequent financial statements.

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 Illinois state motor fuel tax.

The Village also reports other governmental funds, which are individually nonmajor in total. They are the Convention and Tourism Fund, the Illinois Municipal Retirement Fund, Social Security Fund, and the Business District Tax Fund.

Proprietary Fund Types

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

The Village complies with all Financial Accounting Standards Board statements currently in effect for proprietary fund activities. The Village reports the following major proprietary 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 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.

Storm Water Fund - The Storm Water 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.

911 Consolidated Center Fund - The 911 Consolidated Center Fund was established to account for the construction of an addition to the police station to house a new 911 call center and to account for the rental revenues received from area municipalities for the use of the call center. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. The Village reports the following fiduciary fund type:

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for good or services received but not yet paid or other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Village utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental fund would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Proprietary funds distinguish operation revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and maintenance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. CASH, DEPOSITS, AND CASH EQUIVALENTS

Governmental Funds

Governmental funds record cash and certificates of deposits together and use the title "cash and deposits". Deposits are carried at cost.

Proprietary Funds

Proprietary funds use the title "cash and cash equivalents". Cash equivalents consist of short-term, highly liquid investments which have a maturity term of three months or less. Cash equivalents include savings accounts and short-term certificates of deposit. Certificates of deposit with terms longer than three months are recorded as investments.

E. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers are loans and transfers of money between the separate funds of the Village. In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities the internal balances and activity in the fund statements has been combined and eliminated or reclassified.

F. INVESTMENTS

Investments are stated at cost.

G. ACCOUNTS RECEIVABLE

The Village's accounts receivable results from bills sent to residents for services rendered that have yet to be received by the end of the fiscal year. Ambulance/paramedic customers and utility customers are billed monthly for the prior month's services plus penalties, if applicable. The Village uses the direct write off method for all of its accounts receivables.

H. 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.

I. CAPITAL ASSETS

The Village's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. CAPITAL ASSETS - Continued

Depreciation of exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Village has no written policy for capitalization thresholds or useful lives, but uses the following guidelines for asset capitalization. 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. The assets purchased in all the other funds are capitalized if more than \$2,000 per item.

Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

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

J. ACCOUNTS PAYABLE

The balance the Village reports as account payable as of April 30, 2019 arises from taxes/fees based on customer services revenue which have not yet been paid as of the end of the fiscal year. The Village also reports customer deposit liabilities for resident deposits collected for services provided.

K. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position and statement of assets, liabilities, and fund balance will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

L. ACCUMULATED UNPAID VACATION, SICK PAY, AND COMPENSATORY TIME

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits; however, accrued compensated absences at April 30, 2019 are not recorded by the Village under the modified cash basis of accounting.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Village currently uses the method suggested by GASB which is to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. The Village has no set policy for this allocation of expenditures.

Fund Financial Statements

Governmental Funds

In the governmental fund financial statements, fund balances are classified as:

Nonspendable - amounts that cannot be spent either because they are either (a) in a nonspendable form or (b) they are legally or contractually required to be maintained intact.

Restricted - amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (which as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village has classified property taxes as restricted because their use is restricted by state laws and regulations. The Village also has restricted cash balances classified as restricted fund balance due to the funds being restricted by creditors.

Committed - amounts that can be used only for specific purposes pursuant to constraints imposed by a 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.

Assigned - amounts that are constrained by the Village's intent to be used for 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 the General Fund.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS - Continued

Unassigned – the residual funds balance of the General Fund and any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

As of the end of the fiscal year, the Village had no policy for the allocation of expenditures when all the above fund balances are available. Currently the method suggested by GASB 54 has been applied in which the amounts will first be spent out of the committed funds, and then the assigned funds, and finally the unassigned funds unless the Village Board has provided otherwise in its commitment or assignment actions.

As of April 30, 2019, the governmental fund financial statements reported fund balances as restricted due to property tax revenues received but not yet expended for their levied purposes. The restricted purposes for these balances are as presented on the face of the governmental fund financial statements.

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements as previously described.

O. 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 tax levy must be filed with the County Clerk by the last Tuesday in December each year. The Board adopts the levy in December. 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 2018 are allocated and will be recognized as revenue in the fiscal year 2020. The property tax revenues collected and reported for the fiscal year ended April 30, 2019 are from the 2017 tax levy.

NOTE 2 – CASH AND DEPOSITS

The investments and deposits of the Village is governed by the provisions of the Illinois Compiled Statutes. The Village does not have a policy for allowable investments and deposits nor a policy to limit allowable deposits or investments. In accordance with the provisions of the Illinois Compiled Statutes, 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 2 – CASH AND DEPOSITS – Continued

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, subject to certain conditions and limitations;
3. Money market mutual funds meeting certain criteria;
4. General accounting 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, 2019, the Village complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

Custodial Credit Risk - Cash

Custodial credit risk is defined as the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The policy for the Police Pension Fund requires its deposits to be insured or collateralized. The Village has no other policy for custodial credit risk

As of April 30, 2019, the Village's carrying value of deposits was \$34,399,230. \$604,656 of the carrying balance was covered by FDIC insurance, \$33,794,577 was covered by additional securities held by the financial institution in the Village's name.

NOTE 3 – INVESTMENTS

As of April 30, 2019, the Village held the following investments:

Certificates of deposit	\$ 270,337
Mutual funds	2,131,000
Corporate bonds	4,285,659
Fixed income funds	4,862,848
Common Stock	<u>2,001,044</u>
Total	<u>\$ 13,550,888</u>

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, 2019, 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 in the name of the fund. All investments are held in the name of the Village or the Police Pension Fund.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 3 – INVESTMENTS – Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Village does not have a policy for interest rate risk and the policy for the Police Pension Fund does not address interest rate risk. As of April 30, 2019, the Village had the following investment and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity in Years</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
<u>Certificates of Deposit</u>			
Volunteer Firefighters Pension Fund	\$ 70,337	\$ 70,337	\$ -
Police Pension Fund	200,000	-	200,000
	<u>\$ 270,337</u>	<u>\$ 70,337</u>	<u>\$ 200,000</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, 2019, the Village was not exposed to concentration risk.

NOTE 4 – INTERFUND TRANSACTIONS

The interfund transfers made during the April 30, 2019 fiscal year are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 200,000	\$ 725,882
Business District Tax Fund	-	100,000
Social Security Fund	-	100,000
Motor Fuel Tax Fund	205,882	-
911 Consolidated Center Fund	520,000	-
	<u>\$ 925,882</u>	<u>\$ 925,882</u>

Transfers made between the General and Social Security Fund and the General Fund and Business District Tax Fund were operating transfers to cover fund expenditures. The transfer from the General Fund to the Motor Fuel Tax Fund was for road maintenance expenses paid from the Motor Fuel Tax Fund.

As of April 30, 2019, the Township had no interfund balances.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended April 30, 2019.

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Capital assets, not being depreciated				
Land	\$ 2,645,490	\$ -	\$ -	\$ 2,645,490
Construction in progress	544,168	1,424,837	-	1,969,005
Subtotal	<u>3,189,658</u>	<u>1,424,837</u>	<u>-</u>	<u>4,614,495</u>
Capital assets, being depreciated				
Land improvements	4,481,849	-	-	4,481,849
Infrastructure	63,926,797	-	-	63,926,797
Buildings and structures	8,808,563	-	-	8,808,563
Machinery and equipment	7,108,321	224,904	(75,399)	7,257,826
Subtotal	<u>84,325,530</u>	<u>224,904</u>	<u>(75,399)</u>	<u>84,475,035</u>
Less: accumulated depreciation				
Land improvements	(864,826)	(243,106)	-	(1,107,932)
Infrastructure	(24,983,668)	(2,075,642)	-	(27,059,310)
Buildings and structures	(2,686,889)	(209,455)	-	(2,896,344)
Machinery and equipment	(5,324,967)	(481,172)	53,448	(5,752,691)
Subtotal	<u>(33,860,350)</u>	<u>(3,009,375)</u>	<u>53,448</u>	<u>(36,816,277)</u>
Total net capital assets, being depreciated	<u>50,465,180</u>	<u>(2,784,471)</u>	<u>(21,951)</u>	<u>47,658,758</u>
Total net capital assets	<u>\$ 53,654,838</u>	<u>\$ (1,359,634)</u>	<u>\$ (21,951)</u>	<u>52,273,253</u>
Less: related long-term debt obligations				<u>-</u>
Net investment in capital assets				<u>\$ 52,273,253</u>

Depreciation expense for 2019 was charged to functions/programs of the primary government as follows:

<u>Governmental Activity</u>	
General government	\$ 299,455
Public works	14,097
Public safety	552,546
Transportation	2,143,277
	<u>\$ 3,009,375</u>

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 5 – CAPITAL ASSETS - Continued

<u>Business-type Activities</u>	Beginning Balances	Additions	Deletions	Ending Balances
<u>Municipal Gas:</u>				
Capital assets, not being depreciated				
Land	\$ 122,495	\$ -	\$ -	\$ 122,495
Subtotal	<u>122,495</u>	<u>-</u>	<u>-</u>	<u>122,495</u>
Capital assets, being depreciated				
Distribution system	5,846,285	-	-	5,846,285
Buildings	160,142	-	-	160,142
Machinery and equipment	1,219,291	158,822	(15,015)	1,363,098
Subtotal	<u>7,225,718</u>	<u>158,822</u>	<u>(15,015)</u>	<u>7,369,525</u>
Less: accumulated depreciation				
Distribution system	(4,436,157)	(77,013)	-	(4,513,170)
Buildings	(69,702)	(3,174)	-	(72,876)
Machinery and equipment	(930,581)	(95,433)	15,015	(1,010,999)
Subtotal	<u>(5,436,440)</u>	<u>(175,620)</u>	<u>15,015</u>	<u>(5,597,045)</u>
Total net capital assets, being depreciated	<u>1,789,278</u>	<u>(16,798)</u>	<u>-</u>	<u>1,772,480</u>
Total net capital assets	<u>\$ 1,911,773</u>	<u>\$ (16,798)</u>	<u>\$ -</u>	<u>1,894,975</u>
Less: related long-term debt obligations				-
Net investment in capital assets				<u>\$ 1,894,975</u>
<u>Waterworks and Sewerage:</u>				
Capital assets, not being depreciated				
Land	\$ 299,999	\$ -	\$ -	\$ 299,999
Construction in progress	7,945	273,122	-	281,067
Subtotal	<u>307,944</u>	<u>273,122</u>	<u>-</u>	<u>581,066</u>
Capital assets, being depreciated				
Distribution system	15,212,113	-	-	15,212,113
Sewerage system	31,294,148	-	-	31,294,148
Buildings	888,381	-	-	888,381
Machinery and equipment	2,795,680	430,101	(239,225)	2,986,556
Subtotal	<u>50,190,322</u>	<u>430,101</u>	<u>(239,225)</u>	<u>50,381,198</u>
Less: accumulated depreciation				
Distribution system	(6,436,508)	(323,378)	-	(6,759,886)
Sewerage system	(14,359,086)	(666,027)	-	(15,025,113)
Buildings	(503,632)	(26,839)	-	(530,471)
Machinery and equipment	(2,624,585)	(96,751)	238,632	(2,482,704)
Subtotal	<u>(23,923,811)</u>	<u>(1,112,995)</u>	<u>238,632</u>	<u>(24,798,174)</u>
Total net capital assets, being depreciated	<u>26,266,511</u>	<u>(682,894)</u>	<u>(593)</u>	<u>25,583,024</u>
Total net capital assets	<u>\$ 26,574,455</u>	<u>\$ (409,772)</u>	<u>\$ (593)</u>	<u>26,164,090</u>
Less: related long-term debt obligations				-
Net investment in capital assets				<u>\$ 26,164,090</u>

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 5 – CAPITAL ASSETS - Continued

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Storm Water				
Capital assets, not being depreciated				
Construction in progress	\$ 218,837	\$ 425,286	\$ -	\$ 644,123
Subtotal	<u>218,837</u>	<u>425,286</u>	<u>-</u>	<u>644,123</u>
Capital assets, being depreciated				
Distribution system	17,543,609	-	-	17,543,609
Machinery and equipment	288,492	371,239	(165,643)	494,088
Subtotal	<u>17,832,101</u>	<u>371,239</u>	<u>(165,643)</u>	<u>18,037,697</u>
Less: accumulated depreciation				
Distribution system	(6,858,411)	(341,731)	-	(7,200,142)
Machinery and equipment	(253,701)	(56,395)	165,643	(144,453)
Subtotal	<u>(7,112,112)</u>	<u>(398,126)</u>	<u>165,643</u>	<u>(7,344,595)</u>
Total net capital assets, being depreciated	<u>10,719,989</u>	<u>(26,887)</u>	<u>-</u>	<u>10,693,102</u>
Total net capital assets	<u>\$ 10,938,826</u>	<u>\$ 398,399</u>	<u>\$ -</u>	<u>11,337,225</u>
Less: related long-term debt obligations				<u>-</u>
Net investment in capital assets				<u>\$ 11,337,225</u>

NOTE 6 – LONG-TERM DEBT

Note Payable

The Village of Morton 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, and will be repaid by the General Fund.

A summary of changes in the note for the year ended April 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable	<u>\$ 1,600,001</u>	<u>\$ -</u>	<u>\$ (133,333)</u>	<u>\$ 1,466,668</u>	<u>\$ 133,333</u>

Annual debt service requirements are as follows:

<u>Years Ended April 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	133,333	-	133,333
2021	133,333	-	133,333
2022	133,333	-	133,333
2023	133,333	-	133,333
2024	133,333	-	133,333
2025-2029	666,665	-	666,665
2030	133,338	-	133,338
	<u>\$ 1,466,668</u>	<u>\$ -</u>	<u>\$ 1,466,668</u>

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 7 – OPERATING LEASES

The Village currently leases a portion of a building for use as a satellite fire and paramedic facility. The lease agreement terms state that the usage of the facility is on a monthly rent basis of \$1,085.50 per month, and the Village is responsible for utilities in the amount of \$1,085 per year. At such time as the Village vacates the space, any prepaid utility charges will be refunded. The term of the agreement expires on January 31, 2020.

The Village also owns various parcels of vacant land which is rented to local farmers for the raising of crops on a per acre basis. The rent charged is between \$150 and \$175 per acre and the total received during the fiscal year was \$4,954.

NOTE 8 – LEGAL DEBT MARGIN

Illinois state statute limits the amount of indebtedness to 8.625% of the Village's assessed valuation. The following is the Village's debt margin as of April 30, 2019:

Assessed Valuation - 2018 Tax Year	<u>\$ 492,603,023</u>
Statutory Debt Limitation for Non-Home Rule Municipalities 8.625% Assessed Valuation	<u>\$ 42,487,011</u>
Total Government Debt Applicable to the Legal Debt Limitation	<u>\$ -</u>

NOTE 9 – DEFINED BENEFIT PENSION PLAN

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

Funding Policy. As set by statute, Village of Morton's plan members 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 employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees.

The employer annual required contribution rate for calendar year 2018 was 13.28 and 9.89 percent of annual covered payroll for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively. Village of Morton also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2018 was \$3,836 and \$402,868 for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 9 – DEFINED BENEFIT PENSION PLAN – Continued

Three Year Trend Information for SLEP

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2018	\$3,836	100%	\$0
12/31/2017	\$8,537	100%	\$0
12/31/2016	\$12,323	100%	\$0

Three Year Trend Information for Other Qualifying Employees

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2018	\$402,868	100%	\$0
12/31/2017	\$429,218	100%	\$0
12/31/2016	\$454,726	100%	\$0

Participation in the plans as of December 31, 2017 was as follows:

	SLEP	IMRF
Retirees and beneficiaries	1	46
Inactive, non-retired members	0	20
Active members	0	58
Total	1	124

Additional plan information, including a schedule of funding progress, can be found in the other information section of the financial statements.

NOTE 10 – POLICE AND FIREMEN PENSION PLAN

In addition to IMRF, the Village of Morton 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 Description – Police Pension

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. For police officers hired prior to January 1, 2011 attaining the age of 50, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,000 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participant as the survivor. For police officers hired on or after January 1, 2011 attaining the age of 55, the normal retirement benefit is equal to 1.5 % of the final average salary times benefit service (maximum of 30 years).

The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participant as the survivor.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 10 – POLICE AND FIREMEN PENSION PLAN – Continued

Plan Description – Firemen Pension

The Village of Morton 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 Firemen Pension Plan covers members of the Morton Volunteer Fire Department. The Firemen Pension Plan, which is administered by the Village, provides post-retirement payments to firemen attaining the age of 60 or more with 5 or more years of creditable service. Qualified firemen are entitled to receive a payment of \$5 per month for each year of creditable service. Early payments are available for firemen age 55 or older with 10 years of service at a reduced benefit.

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 paid. Benefits and refunds are recognized when paid in accordance with terms or the plan.

Plan Administration

The Police and Firemen Pension Plans are single-employer defined benefit pension plans. Each plan is administered by the Village which acts as the administrator of the plans. The Board of 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 Firemen 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 Voluntary 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 emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income).

Concentrations

As of April 30, 2019, more than 5 percent of the Police Pension Plan investments is in Northern Institutional Government Select, representing 35 percent of the Plan's total net position. The Firemen Pension Plan did not hold investments in any one organization that represented 5 percent or more of the Plan's fiduciary position.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2019

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

The Village of Morton also 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:

	Premium Rate
Single	\$ 1,037
Single and child(ren)	\$ 1,867
Married	\$ 2,074
Family	\$ 2,801

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 2019, three retirees were receiving benefits through the Village's health insurance plan.

NOTE 12 – INTERGOVERNMENTAL AGREEMENT

Illinois state statute requires any Village which receives an allocation of replacement taxes under the Illinois Local Library Act to pay to the public library a proportionate share of the tax received. For the fiscal year ended April 30, 2019, the amount paid to the Morton Public Library District for this intergovernmental agreement was \$57,045 from the General Fund.

NOTE 13 – RISK MANAGEMENT

The Village of Morton 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. Claims expenditure/expenses are recorded in the funds from which the respective employees' salaries and wages are paid.

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 \$1,779,139. 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 years.

The Village of Morton is also 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 purchases commercial insurance coverage for these risks of loss. Settled claims have not exceeded the aggregate commercial coverage in any of the past three years.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 22, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

**Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes:				
Property tax	\$ 909,500	\$ 909,500	\$ 901,752	\$ (7,748)
Sales tax	4,175,000	4,175,000	4,563,038	388,038
Income Tax	1,480,000	1,480,000	1,579,346	99,346
Utility franchise tax	1,246,000	1,246,000	1,226,418	(19,582)
TV franchise tax	220,000	220,000	237,894	17,894
Telecommunication tax	400,000	400,000	367,616	(32,384)
Replacement tax	128,000	128,000	129,275	1,275
Charges for service	1,198,700	1,198,700	1,228,440	29,740
Licenses and permits	239,400	239,400	245,892	6,492
Fines	63,800	63,800	50,160	(13,640)
Grant revenue	93,175	93,175	74,470	(18,705)
Other revenue	26,500	26,500	27,995	1,495
Investment revenue	40,000	40,000	83,801	43,801
Total revenues	10,220,075	10,220,075	10,716,097	496,022
EXPENDITURES:				
CURRENT				
General and administration				
General administration				
Personnel	69,325	69,325	92,910	23,585
Contractual services	200,650	200,650	181,448	(19,202)
Commodities	364,100	364,100	350,552	(13,548)
Other	2,500	2,500	1,467	(1,033)
Total	636,575	636,575	626,377	(10,198)
President and board				
Personnel	17,000	17,000	15,200	(1,800)
Contractual services	9,150	9,150	8,780	(370)
Commodities	3,800	3,800	1,967	(1,833)
Other	500	500	547	47
Total	30,450	30,450	26,494	(3,956)
Board of fire and police commissioners				
Personnel	1,080	1,080	969	(111)
Contractual services	9,100	9,100	7,476	(1,624)
Other	100	100	-	(100)
Total	10,280	10,280	8,445	(1,835)
Community development				
Personnel	116,080	116,080	115,636	(444)
Contractual services	74,070	74,070	71,337	(2,733)
Commodities	1,700	1,700	991	(709)
Total	191,850	191,850	187,964	(3,886)
Total general and administration	869,155	869,155	849,280	(19,875)
Public Works				
General administration				
Personnel	109,320	109,320	121,542	12,222
Contractual services	60,800	60,800	66,541	5,741
Commodities	19,700	19,700	22,025	2,325
Other	-	-	15	15
Total public works	189,820	189,820	210,123	20,303

See notes to the supplementary information.

**Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Public Safety				
Police department				
Personnel	2,993,350	2,993,350	2,749,536	(243,814)
Contractual services	655,020	655,020	591,174	(63,846)
Commodities	109,550	109,550	115,295	5,745
Other	5,300	5,300	3,677	(1,623)
Total	<u>3,763,220</u>	<u>3,763,220</u>	<u>3,459,682</u>	<u>(303,538)</u>
Fire department				
Personnel	262,480	262,480	211,941	(50,539)
Contractual services	259,054	259,054	234,433	(24,621)
Commodities	39,600	39,600	40,479	879
Other	35,000	35,000	2,517	(32,483)
Total	<u>596,134</u>	<u>596,134</u>	<u>489,370</u>	<u>(106,764)</u>
Paramedic group				
Personnel	1,348,020	1,348,020	1,344,757	(3,263)
Contractual services	92,700	92,700	73,070	(19,630)
Commodities	75,500	75,500	68,684	(6,816)
Other	100	100	325	225
Total	<u>1,516,320</u>	<u>1,516,320</u>	<u>1,486,836</u>	<u>(29,484)</u>
Total public safety	<u>5,875,674</u>	<u>5,875,674</u>	<u>5,435,888</u>	<u>(439,786)</u>
Transportation				
Street department				
Personnel	668,940	668,940	665,523	(3,417)
Contractual services	592,500	592,500	1,093,826	501,326
Commodities	189,300	189,300	182,143	(7,157)
Total transportation	<u>1,450,740</u>	<u>1,450,740</u>	<u>1,941,492</u>	<u>490,752</u>
Culture & Recreation				
Memorial Plaza				
Contractual services	21,500	21,500	14,294	(7,206)
Commodities	2,500	2,500	2,991	491
Total culture & recreation	<u>24,000</u>	<u>24,000</u>	<u>17,285</u>	<u>(6,715)</u>
CAPITAL OUTLAY				
Land	100,000	100,000	-	(100,000)
Infrastructure	1,930,000	1,930,000	1,105,526	(824,474)
Buildings	3,000	3,000	319,311	316,311
Equipment	290,500	290,500	188,404	(102,096)
Total capital outlay	<u>2,323,500</u>	<u>2,323,500</u>	<u>1,613,241</u>	<u>(710,259)</u>
DEBT SERVICE				
Principal	-	-	133,333	133,333
Total debt service	<u>-</u>	<u>-</u>	<u>133,333</u>	<u>133,333</u>
Total expenditures	<u>10,732,889</u>	<u>10,732,889</u>	<u>10,200,642</u>	<u>(532,247)</u>
Excess (deficiency) of revenues over expenditures	<u>(512,814)</u>	<u>(512,814)</u>	<u>515,455</u>	<u>1,028,269</u>

See notes to the supplementary information.

**Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	(725,882)	(725,882)
Proceeds from the sale of assets	7,500	7,500	137,108	129,608
Intergovernmental agreements	(70,000)	(70,000)	(57,045)	12,955
Total other financing sources (uses)	<u>137,500</u>	<u>137,500</u>	<u>(445,819)</u>	<u>(583,319)</u>
Net Change in Fund Balance	(375,314)	(375,314)	69,636	444,950
Fund Balance - Beginning	5,995,169	5,995,169	5,995,169	-
Decrease in inventories	849	849	849	-
Fund Balance - Ending	<u>\$ 5,620,704</u>	<u>\$ 5,620,704</u>	<u>\$ 6,065,654</u>	<u>\$ 444,950</u>

See notes to the supplementary information.

**Village of Morton
Budgetary Comparison Schedule
Major Fund - Motor Fuel Tax Fund
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Taxes:				
Motor fuel tax	\$ 430,000	\$ 430,000	\$ 414,142	\$ (15,858)
Investment revenue	19,000	19,000	31,742	12,742
Total revenues	<u>449,000</u>	<u>449,000</u>	<u>445,884</u>	<u>(3,116)</u>
<u>EXPENDITURES:</u>				
CURRENT				
Transportation				
Street department				
Contractual services	884,000	884,000	884,471	471
Total transportation	<u>884,000</u>	<u>884,000</u>	<u>884,471</u>	<u>471</u>
Excess (deficiency of revenues over expenditures)	<u>(435,000)</u>	<u>(435,000)</u>	<u>(438,587)</u>	<u>(3,587)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	205,882	205,882
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>205,882</u>	<u>205,882</u>
Net Change in Fund Balance	(435,000)	(435,000)	(232,705)	202,295
Fund Balance - Beginning	<u>2,474,798</u>	<u>2,474,798</u>	<u>2,474,798</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,039,798</u>	<u>\$ 2,039,798</u>	<u>\$ 2,242,093</u>	<u>\$ 202,295</u>

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
General Fund
For the Year Ending April 30, 2019

	General Fund	Disaster Emergency Fund	Total General Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash	\$ 5,722,167	\$ 153,012	\$ 5,875,179
Accounts receivable	168,498	-	168,498
Inventory	32,653	-	32,653
Total assets	<u>\$ 5,923,318</u>	<u>\$ 153,012</u>	<u>\$ 6,076,330</u>
LIABILITIES:			
Accrued liabilities	\$ 2,676	\$ -	\$ 2,676
Customer deposits	8,000	-	8,000
Total liabilities	<u>10,676</u>	<u>-</u>	<u>10,676</u>
FUND BALANCES:			
Nonspendable:			
Inventory	32,653	-	32,653
Restricted for:			
General government	-	153,012	153,012
Committed to:			
Public safety	7,333	-	7,333
Assigned to:			
Public safety	58,863	-	58,863
Transportation	93,223	-	93,223
Unassigned	5,720,570	-	5,720,570
Total fund balance	<u>5,912,642</u>	<u>153,012</u>	<u>6,065,654</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,923,318</u>	<u>\$ 153,012</u>	<u>\$ 6,076,330</u>

See notes to the supplementary information.

Village of Morton
Combining Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance - Modified Cash Basis
General Fund
For the Year Ending April 30, 2019

	General Fund	Disaster Emergency Fund	Total General Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUE:			
Taxes:			
Property tax	\$ 901,752	\$ -	\$ 901,752
Sales tax	4,563,038	-	4,563,038
Income Tax	1,579,346	-	1,579,346
Utility franchise tax	1,226,418	-	1,226,418
TV franchise tax	237,894	-	237,894
Telecommunication tax	367,616	-	367,616
Replacement tax	129,275	-	129,275
Charges for service	1,228,440	-	1,228,440
Licenses and permits	245,892	-	245,892
Fines	50,160	-	50,160
Grant revenue	74,470	-	74,470
Other revenue	27,995	-	27,995
Investment revenue	83,801	-	83,801
	<u>10,716,097</u>	<u>-</u>	<u>10,716,097</u>
EXPENDITURES:			
Current:			
General and administration	849,280	-	849,280
Public works	210,123	-	210,123
Public safety	5,549,747	-	5,549,747
Transportation	1,941,492	-	1,941,492
Culture & recreation	17,285	-	17,285
Capital Outlay	1,613,241	-	1,613,241
Debt Service			
Principal	133,333	-	133,333
	<u>10,314,501</u>	<u>-</u>	<u>10,314,501</u>
Excess revenue over (under) expenditures	<u>401,596</u>	<u>-</u>	<u>401,596</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	200,000	-	200,000
Transfers out	(725,882)	-	(725,882)
Insurance proceeds	113,859	-	113,859
Proceeds from sale of assets	137,108	-	137,108
Intergovernmental agreements	(57,045)	-	(57,045)
	<u>(331,960)</u>	<u>-</u>	<u>(331,960)</u>
Net change in fund balance	69,636	-	69,636
Fund balance - beginning	5,842,157	153,012	5,995,169
Decrease in inventories	849	-	849
Fund balance - ending	<u>\$ 5,912,642</u>	<u>\$ 153,012</u>	<u>\$ 6,065,654</u>

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ending April 30, 2019

	<u>Tourism and Convention Fund</u>	<u>Social Security Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Business District Tax Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:					
Cash	\$ 287,453	\$ 123,902	\$ 345,977	\$ 615,569	\$ 1,372,901
Total assets	<u>\$ 287,453</u>	<u>\$ 123,902</u>	<u>\$ 345,977</u>	<u>\$ 615,569</u>	<u>\$ 1,372,901</u>
LIABILITIES:					
Customer deposits	\$ -	\$ -	\$ -	\$ 500	\$ 500
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
FUND BALANCES:					
Restricted for:					
General government	<u>287,453</u>	<u>123,902</u>	<u>345,977</u>	<u>615,069</u>	<u>1,372,401</u>
Total fund balance	<u>287,453</u>	<u>123,902</u>	<u>345,977</u>	<u>615,069</u>	<u>1,372,401</u>
Total liabilities and fund balance	<u>\$ 287,453</u>	<u>\$ 123,902</u>	<u>\$ 345,977</u>	<u>\$ 615,569</u>	<u>\$ 1,372,901</u>

See notes to the supplementary information.

Village of Morton
Combining Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ending April 30, 2019

	Tourism and Convention Fund	Social Security Fund	Illinois Municipal Retirement Fund	Business District Tax Fund	Total Nonmajor Governmental Funds
REVENUE:					
Taxes:					
Property tax	\$ -	\$ 446,183	\$ 99,147	\$ 444,884	\$ 990,214
Municipal hotel tax	274,840	-	-	-	274,840
Replacement tax	-	26,549	6,715	-	33,264
Other revenue	20,000	-	-	-	20,000
Investment revenue	4,411	3,306	6,260	4,412	18,389
Total revenue	<u>299,251</u>	<u>476,038</u>	<u>112,122</u>	<u>449,296</u>	<u>1,336,707</u>
EXPENDITURES:					
Current:					
General and administration	377,311	304,065	189,768	63,825	934,969
Total expenditures	<u>377,311</u>	<u>304,065</u>	<u>189,768</u>	<u>63,825</u>	<u>934,969</u>
Excess revenue over (under) expenditures	<u>(78,060)</u>	<u>171,973</u>	<u>(77,646)</u>	<u>385,471</u>	<u>401,738</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	-	(100,000)	-	(100,000)	(200,000)
Total financing sources	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(200,000)</u>
Net change in fund balance	(78,060)	71,973	(77,646)	285,471	201,738
Fund balance - beginning	<u>365,513</u>	<u>51,929</u>	<u>423,623</u>	<u>329,598</u>	<u>1,170,663</u>
Fund balance - ending	<u>\$ 287,453</u>	<u>\$ 123,902</u>	<u>\$ 345,977</u>	<u>\$ 615,069</u>	<u>\$ 1,372,401</u>

See notes to the supplementary information.

**Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Tourism and Convention Fund				
REVENUES:				
Taxes:				
Municipal hotel tax	\$ 290,000	\$ 290,000	\$ 274,840	\$ (15,160)
Other revenue	20,000	20,000	20,000	-
Investment revenue	2,200	2,200	4,411	2,211
Total revenues	<u>312,200</u>	<u>312,200</u>	<u>299,251</u>	<u>(12,949)</u>
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	38,520	38,520	6,970	(31,550)
Contractual services	248,800	248,800	209,168	(39,632)
Commodities	2,550	2,550	133	(2,417)
Other	172,200	172,200	161,040	(11,160)
Total general and administration	<u>462,070</u>	<u>462,070</u>	<u>377,311</u>	<u>(84,759)</u>
Net Change in Fund Balance	(149,870)	(149,870)	(78,060)	71,810
Fund Balance - Beginning	365,513	365,513	365,513	-
Fund Balance - Ending	<u>\$ 215,643</u>	<u>\$ 215,643</u>	<u>\$ 287,453</u>	<u>\$ 71,810</u>
Social Security Fund				
REVENUES:				
Taxes:				
Property tax	\$ 450,000	\$ 450,000	\$ 446,183	\$ (3,817)
Replacement tax	20,000	20,000	26,549	6,549
Investment revenue	1,000	1,000	3,306	2,306
Total revenues	<u>471,000</u>	<u>471,000</u>	<u>476,038</u>	<u>5,038</u>
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	333,950	333,950	304,065	(29,885)
Total general and administration	<u>333,950</u>	<u>333,950</u>	<u>304,065</u>	<u>(29,885)</u>
Excess (deficiency of revenues over expenditures)	<u>137,050</u>	<u>137,050</u>	<u>171,973</u>	<u>34,923</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	100,000	100,000	100,000	-
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	237,050	237,050	71,973	34,923
Fund Balance - Beginning	51,929	51,929	51,929	-
Fund Balance - Ending	<u>\$ 288,979</u>	<u>\$ 288,979</u>	<u>\$ 123,902</u>	<u>\$ 34,923</u>

See notes to the supplementary information.

**Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds - continued
For the Year Ending April 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Illinois Municipal Retirement Fund				
REVENUES:				
Taxes:				
Property tax	\$ 100,000	\$ 100,000	\$ 99,147	\$ (853)
Replacement tax	17,500	17,500	6,715	(10,785)
Investment revenue	1,000	1,000	6,260	5,260
Total revenues	<u>118,500</u>	<u>118,500</u>	<u>112,122</u>	<u>(6,378)</u>
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	212,000	212,000	189,768	(22,232)
Total general and administration	<u>212,000</u>	<u>212,000</u>	<u>189,768</u>	<u>(22,232)</u>
Net Change in Fund Balance	(93,500)	(93,500)	(77,646)	15,854
Fund Balance - Beginning	423,623	423,623	423,623	-
Fund Balance - Ending	<u>\$ 330,123</u>	<u>\$ 330,123</u>	<u>\$ 345,977</u>	<u>\$ 15,854</u>
Business District Tax Fund				
REVENUES:				
Taxes:				
Property tax	\$ 413,000	\$ 413,000	\$ 444,884	\$ 31,884
Investment revenue	2,750	2,750	4,412	1,662
Total revenues	<u>415,750</u>	<u>415,750</u>	<u>449,296</u>	<u>33,546</u>
EXPENDITURES:				
CURRENT				
General and administration				
Contractual services	850	850	27,064	26,214
Other	100,000	100,000	36,761	(63,239)
Total general and administration	<u>100,850</u>	<u>100,850</u>	<u>63,825</u>	<u>(37,025)</u>
CAPITAL OUTLAY				
Land improvements	200,000	200,000	-	(200,000)
Total capital outlay	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total expenditures	<u>300,850</u>	<u>300,850</u>	<u>63,825</u>	<u>(237,025)</u>
Excess (deficiency of revenues over expenditures)	<u>114,900</u>	<u>114,900</u>	<u>385,471</u>	<u>270,571</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	14,900	14,900	285,471	270,571
Fund Balance - Beginning	329,598	329,598	329,598	-
Fund Balance - Ending	<u>\$ 344,498</u>	<u>\$ 344,498</u>	<u>\$ 615,069</u>	<u>\$ 270,571</u>

See notes to the supplementary information.

Village of Morton
Notes to the Supplementary Information
April 30, 2019

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.

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.

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.

NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

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.

Illinois Municipal Retirement - The Illinois Municipal Retirement was established to account for the activities resulting from the Village's participation in the Illinois Municipal Retirement 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 fund on behalf of the Village employees.

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

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

EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2019, the Village had expenditures exceeding appropriations in the Motor Fuel Tax Fund by \$471.

Village of Morton
Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis
Water and Wastewater Fund
For the Year Ending April 30, 2019

	Water Operations	Wastewater Operations	Total
Operating Revenues			
Charges for service and sales	\$ 2,960,448	\$ 2,989,621	\$ 5,950,069
Penalties and fees	33,698	12,590	46,288
Total operating revenue	2,994,146	3,002,211	5,996,357
 Operating Expenses			
Personnel	1,130,725	812,428	1,943,153
Contractual services	2,025,412	996,893	3,022,305
Commodities	585,003	115,615	700,618
Other	469	58,562	59,031
Total expenses	3,741,609	1,983,498	5,725,107
Operating income (loss) before depreciation	(747,463)	1,018,713	271,250
Depreciation	(323,378)	(789,617)	(1,112,995)
Operating income (loss)	(1,070,841)	229,096	(841,745)
 Non-Operating Revenue (Expenses)			
Interest revenue	66,157	66,157	132,314
Other revenue	2,608	115,334	117,942
Insurance proceeds	-	81,182	81,182
Total non-operating revenues (expenses)	68,765	262,673	331,438
Change in net position	\$ (1,002,076)	\$ 491,769	\$ (510,307)

Village of Morton
Combining Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2019

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Total Pension Trust Funds
ASSETS			
Current Assets			
Cash	\$ 389,241	\$ 309,340	\$ 698,581
Investments	13,480,551	70,337	13,550,888
Accounts receivables	21,780	-	21,780
Total Assets	13,891,572	379,677	14,271,249
 NET POSITION			
Held in trust for pension benefits	13,891,572	379,677	14,271,249
Total net position	\$ 13,891,572	\$ 379,677	\$ 14,271,249

Village of Morton
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ending April 30, 2019

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Pension Trust Funds
Additions			
Employer contributions			
Property tax	\$ 670,227	\$ -	\$ 670,227
Replacement tax	44,286	-	44,286
Other	-	40,050	40,050
Plan members' contributions	175,953	-	175,953
Interest revenue	104,401	4,269	108,670
Investment revenue			
Dividends and capital gains	177,310	-	177,310
Realized gains (losses)	2,449,305	-	2,449,305
Total additions	<u>3,621,482</u>	<u>44,319</u>	<u>3,665,801</u>
Deductions			
Benefits paid	619,942	30,480	650,422
Administrative expenses	67,167	1,500	68,667
Total deductions	<u>687,109</u>	<u>31,980</u>	<u>719,089</u>
Change in net position	2,934,373	12,339	2,946,712
Net position, beginning	<u>10,957,199</u>	<u>367,338</u>	<u>11,324,537</u>
Net position, ending	<u>\$ 13,891,572</u>	<u>\$ 379,677</u>	<u>\$ 14,271,249</u>

OTHER INFORMATION

**Village of Morton
Other Information
Defined Benefit Plan Information
April 30, 2019**

DEFINED BENEFIT PLAN INFORMATION

Annual Pension Costs. The required contribution for 2018 was determined as part of the December 31, 2016, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2016, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 3.50% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of Village of Morton's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Village of Morton's Regular and Sheriff's Law Enforcement Personnel plans' unfunded actuarial accrued liability at December 31, 2016 is being amortized as a level percentage of projected payroll on an open 25 year basis.

Funded Status and Funding Progress. As of December 31, 2018, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees' plan were 0.00 and 87.11 percent funded. The actuarial accrued liability for benefits was \$0 and \$13,188,272, respectively, and the actuarial value of assets was (\$76,804) and \$11,488,219, respectively, resulting in an underfunded actuarial accrued liability (UAAL) of (\$76,804) and \$1,700,053, respectively. The covered payroll for calendar year 2018 (annual payroll of active employees covered by the plan) was \$0 and \$4,073,493, respectively, and the ratio of the UAAL to covered payroll was 0 and 42 percent, respectively.

Schedule of Employer Contributions

Sheriff's Law Enforcement Personnel

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2018	\$ (76,804)	\$ -	\$ 76,804	0.00%	\$ -	0.00%
12/31/2017	8,765	-	(8,765)	0.00%	-	0.00%
12/31/2016	(52,868)	-	52,868	0.00%	-	0.00%

Other Qualifying Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2018	\$ 11,488,219	\$ 13,188,272	\$ 1,700,053	87.11%	\$ 4,073,493	41.73%
12/31/2017	11,457,691	12,525,349	1,067,658	91.48%	4,119,174	25.92%
12/31/2016	10,925,912	12,600,215	1,674,303	86.71%	4,175,630	40.10%

On a market value basis, the actuarial value of assets as of December 31, 2018 is (\$111,118) for Sheriff's Law Enforcement Personnel and \$10,281,787 for other qualifying employees. On a market basis, the funded ratio would be 0.00% and 77.96%, respectively.

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% funded.

**Village of Morton
Other Information
April 30, 2019**

**Assessed Valuations, Rates, Extensions, and Collections
Tax Year 2018, 2017, 2016**

	Tax Year		
	2018	2017	2016
Assessed Valuation	<u>\$ 492,603,023</u>	<u>\$ 491,901,723</u>	<u>\$ 482,355,115</u>
<u>Actual Tax Rates (per \$100 assessed valuation):</u>			
Corporate	0.22846	0.18459	0.24339
Illinois Municipal Retirement Fund	0.00914	0.02033	0.02074
Police Pension	0.14739	0.13743	0.12460
Social Security	0.06091	0.09149	0.04147
	<u>0.44590</u>	<u>0.43384</u>	<u>0.43020</u>
<u>Tax Extensions:</u>			
Corporate	\$ 1,125,302	\$ 908,001	\$ 1,173,618
Illinois Municipal Retirement Fund	45,024	100,004	100,040
Police Pension	726,048	676,021	600,870
Social Security	300,045	450,041	199,984
	<u>\$ 2,196,419</u>	<u>\$ 2,134,067</u>	<u>\$ 2,074,512</u>
<u>Taxes Collected:</u>			
Corporate		\$ 900,218	\$ 1,160,081
Illinois Municipal Retirement Fund		99,147	98,888
Police Pension		670,227	593,940
Social Security		446,183	197,679
		<u>\$ 2,115,775</u>	<u>\$ 2,050,588</u>
Percentage of Taxes Collected		<u>99.14%</u>	<u>98.85%</u>