

*Village of Morton
Morton, IL*

*Annual Financial Report
April 30, 2020*



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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, 2020, 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, 2020, 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 and the schedule of assessed calculations, rates, extensions, and collections 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

January 25, 2021

Village of Morton
Statement of Net Position - Modified Cash Basis
April 30, 2020

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current assets			
Cash, deposits, and cash equivalents	\$ 9,990,654	\$ 26,240,887	\$ 36,231,541
Accounts receivable	173,752	121,212	294,964
Due from employee	1,717	-	1,717
Notes receivable	133,333	-	133,333
Inventories	19,250	91,680	110,930
Total current assets	<u>10,318,706</u>	<u>26,453,779</u>	<u>36,772,485</u>
Noncurrent assets			
Notes receivable	1,200,002	-	1,200,002
Land	2,705,490	422,494	3,127,984
Capital assets, net of depreciation	47,227,409	38,008,020	85,235,429
Total noncurrent assets	<u>51,132,901</u>	<u>38,430,514</u>	<u>89,563,415</u>
Total assets	<u>61,451,607</u>	<u>64,884,293</u>	<u>126,335,900</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	28,601	28,601
Customer deposits	27,250	136,266	163,516
Total current liabilities	<u>27,250</u>	<u>164,867</u>	<u>192,117</u>
Non current liabilities			
Current portion of note payable	133,333	-	133,333
Notes payable	1,200,002	-	1,200,002
Total noncurrent liabilities	<u>1,333,335</u>	<u>-</u>	<u>1,333,335</u>
Total liabilities	<u>1,360,585</u>	<u>164,867</u>	<u>1,525,452</u>
NET POSITION			
Net investment in capital assets	49,932,899	38,430,514	88,363,413
Restricted	3,158,893	-	3,158,893
Unrestricted	6,999,230	26,288,912	33,288,142
Total net position	<u>\$ 60,091,022</u>	<u>\$ 64,719,426</u>	<u>\$ 124,810,448</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ending April 30, 2020

Functions/Program	Program Revenues			Net (Expenses) Revenues and Change in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 2,148,928	\$ 610,201	\$ 82,749	\$ (1,455,978)	\$ -	\$ (1,455,978)
Public works	153,349	21,833	-	(131,516)	-	(131,516)
Public safety	5,962,024	830,552	38,948	(5,092,524)	-	(5,092,524)
Transportation	6,746,362	-	-	(6,746,362)	-	(6,746,362)
Culture and recreation	17,051	-	-	(17,051)	-	(17,051)
Total governmental activities	15,027,714	1,462,586	121,697	(13,443,431)	-	(13,443,431)
Business - type activities:						
Municipal gas	2,761,823	3,097,043	-	-	335,220	335,220
Water and sewer	6,079,959	6,095,994	-	-	16,035	16,035
Storm water	1,431,924	1,158,015	-	-	(273,909)	(273,909)
911 Consolidated Center	41,467	27,706	-	-	(13,761)	(13,761)
Total business-type activities	10,315,173	10,378,758	-	-	63,585	63,585
Total primary government	\$ 25,342,887	\$ 11,841,344	\$ 121,697	(13,443,431)	63,585	(13,379,846)
General revenues:						
Taxes						
Property tax				1,923,940	-	1,923,940
Sales tax				5,012,822	-	5,012,822
Income tax				1,763,087	-	1,763,087
Utility franchise tax				1,092,261	-	1,092,261
TV franchise tax				229,734	-	229,734
Telecommunication tax				322,644	-	322,644
Municipal hotel tax				249,508	-	249,508
Replacement tax				213,520	-	213,520
Motor fuel tax				591,170	-	591,170
Investment revenue				99,930	280,148	380,078
Gain (loss) on asset disposal				40,668	12,600	53,268
Miscellaneous income				55,171	4,713	59,884
Total general revenues				11,594,455	297,461	11,891,916
Change in net position				(1,848,976)	361,046	(1,487,930)
Net position, beginning of year				61,953,401	64,358,380	126,311,781
Change in inventories				(13,403)	-	(13,403)
Net position, end of year				\$ 60,091,022	\$ 64,719,426	\$ 124,810,448

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
April 30, 2020

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:				
Cash and deposits	\$ 6,984,023	\$ 1,635,254	\$ 1,371,377	\$ 9,990,654
Accounts receivable	173,752	-	-	173,752
Due from employee	1,717	-	-	1,717
Inventory	19,250	-	-	19,250
Total assets	<u>\$ 7,178,742</u>	<u>\$ 1,635,254</u>	<u>\$ 1,371,377</u>	<u>\$ 10,185,373</u>
LIABILITIES:				
Customer deposits	\$ 26,500	\$ -	\$ 750	\$ 27,250
Total liabilities	<u>26,500</u>	<u>-</u>	<u>750</u>	<u>27,250</u>
FUND BALANCES:				
Nonspendable:				
Inventory	19,250	-	-	19,250
Restricted for:				
General government	153,012	-	1,370,627	1,523,639
Transportation	-	1,635,254	-	1,635,254
Committed to:				
Public safety	7,333	-	-	7,333
Assigned to:				
Public safety	62,517	-	-	62,517
Transportation	93,223	-	-	93,223
Unassigned	6,816,907	-	-	6,816,907
Total fund balance	<u>7,152,242</u>	<u>1,635,254</u>	<u>1,370,627</u>	<u>10,158,123</u>
Total liabilities resources, and fund balance	<u>\$ 7,178,742</u>	<u>\$ 1,635,254</u>	<u>\$ 1,371,377</u>	<u>\$ 10,185,373</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, 2020

Total Fund Balances - Governmental Funds		\$ 10,158,123
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		1,333,335
Capital assets used in governmental activities are not reported in the governmental funds balance sheet		
Capital assets	89,705,596	
Less accumulated depreciation	<u>(39,772,697)</u>	
		49,932,899
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		(1,333,335)
		<u> </u>
Net Position of Governmental Activities		<u><u>\$ 60,091,022</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 Fiscal Year Ending April 30, 2020

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUE:				
Taxes:				
Property tax	\$ 1,118,313	\$ -	\$ 805,627	\$ 1,923,940
Sales tax	5,012,822	-	-	5,012,822
Income tax	1,763,087	-	-	1,763,087
Utility franchise tax	1,092,261	-	-	1,092,261
TV franchise tax	229,734	-	-	229,734
Telecommunication tax	322,644	-	-	322,644
Municipal hotel tax	-	-	249,508	249,508
Replacement tax	179,805	-	33,715	213,520
Motor fuel tax	-	591,170	-	591,170
Charges for service	1,177,729	-	-	1,177,729
Licenses and permits	201,861	-	-	201,861
Fines	82,996	-	-	82,996
Grant revenue	121,697	-	-	121,697
Other revenue	26,948	-	28,223	55,171
Investment revenue	65,499	18,178	16,253	99,930
Total revenue	11,395,396	609,348	1,133,326	13,138,070
EXPENDITURES:				
Current:				
General government	878,631	-	892,350	1,770,981
Public works	139,025	-	-	139,025
Public safety	5,432,542	-	-	5,432,542
Transportation	3,309,473	1,216,187	-	4,525,660
Recreation	17,051	-	-	17,051
Capital outlay	547,709	-	142,750	690,459
Debt Service				
Principal	133,333	-	-	133,333
Total expenditures	10,457,764	1,216,187	1,035,100	12,709,051
Excess revenue over (under) expenditures	937,632	(606,839)	98,226	429,019
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	-	-	100,000
Transfers out	-	-	(100,000)	(100,000)
Proceeds from sale of assets	137,253	-	-	137,253
Intergovernmental agreements	(74,894)	-	-	(74,894)
Total financing sources	162,359	-	(100,000)	62,359
Net change in fund balance	1,099,991	(606,839)	(1,774)	491,378
Fund balance - beginning	6,065,654	2,242,093	1,372,401	9,680,148
Change in inventories	(13,403)	-	-	(13,403)
Fund balance - ending	\$ 7,152,242	\$ 1,635,254	\$ 1,370,627	\$ 10,158,123

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
For the Fiscal Year Ending April 30, 2020

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

Net change in fund balances - total governmental funds	\$ 491,378
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Repayment of notes receivable related to capital assets are reported as 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)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	690,459	
Depreciation expense	<u>(3,067,561)</u>	
		(2,377,102)

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase in net position	36,748
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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
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Change in Net Position of Governmental Funds	<u><u>\$ (1,848,976)</u></u>
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See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2020

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 14,803,771	\$ 10,097,965	\$ 1,338,382	\$ 769	\$ 26,240,887
Accounts receivable	54,174	53,738	13,300	-	121,212
Inventories	91,680	-	-	-	91,680
Total current assets	<u>14,949,625</u>	<u>10,151,703</u>	<u>1,351,682</u>	<u>769</u>	<u>26,453,779</u>
Noncurrent assets					
Land	122,495	299,999	-	-	422,494
Capital assets, net depreciation	1,583,377	25,046,311	10,871,794	506,538	38,008,020
Total noncurrent assets	<u>1,705,872</u>	<u>25,346,310</u>	<u>10,871,794</u>	<u>506,538</u>	<u>38,430,514</u>
Total assets	<u>16,655,497</u>	<u>35,498,013</u>	<u>12,223,476</u>	<u>507,307</u>	<u>64,884,293</u>
LIABILITIES					
Current liabilities					
Accounts payable	28,601	-	-	-	28,601
Customer deposits	95,526	40,740	-	-	136,266
Total current liabilities	<u>124,127</u>	<u>40,740</u>	<u>-</u>	<u>-</u>	<u>164,867</u>
Total liabilities	<u>124,127</u>	<u>40,740</u>	<u>-</u>	<u>-</u>	<u>164,867</u>
NET POSITION					
Net investment in capital assets	1,705,872	25,346,310	10,871,794	506,538	38,430,514
Unrestricted	14,825,498	10,110,963	1,351,682	769	26,288,912
Total net position	<u>\$ 16,531,370</u>	<u>\$ 35,457,273</u>	<u>\$ 12,223,476</u>	<u>\$ 507,307</u>	<u>\$ 64,719,426</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis
Proprietary Funds
For the Fiscal Year Ending April 30, 2020

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Operating Revenues					
Charges for service and sales	\$ 6,155,816	\$ 6,049,043	\$ 1,158,015	\$ 27,706	\$ 13,390,580
Less: cost of gas	(3,141,746)	-	-	-	(3,141,746)
Gross profit	3,014,070	6,049,043	1,158,015	27,706	10,248,834
Penalties and fees	82,973	46,951	-	-	129,924
Total operating revenue	3,097,043	6,095,994	1,158,015	27,706	10,378,758
Operating Expenses					
Personnel	1,100,170	1,932,482	221,999	-	3,254,651
Contractual services	1,383,260	2,367,561	717,693	24,000	4,492,514
Commodities	71,374	537,103	25,801	-	634,278
Other	17,916	49,405	1,000	-	68,321
Total expenses	2,572,720	4,886,551	966,493	24,000	8,449,764
Operating income (loss) before depreciation	524,323	1,209,443	191,522	3,706	1,928,994
Depreciation	189,103	1,193,408	465,431	17,467	1,865,409
Operating income (loss)	335,220	16,035	(273,909)	(13,761)	63,585
Nonoperating Revenue (Expenses)					
Interest revenue	160,543	105,368	13,169	1,068	280,148
Other revenue	-	4,525	188	-	4,713
Gain (loss) on sale of capital assets	-	12,600	-	-	12,600
Total nonoperating revenues (expenses)	160,543	122,493	13,357	1,068	297,461
Change in net position	495,763	138,528	(260,552)	(12,693)	361,046
Net position, beginning	16,035,607	35,318,745	12,484,028	520,000	64,358,380
Net position, ending	<u>\$ 16,531,370</u>	<u>\$ 35,457,273</u>	<u>\$ 12,223,476</u>	<u>\$ 507,307</u>	<u>\$ 64,719,426</u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Fiscal Year Ending April 30, 2020

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Cash flows from operating activities:					
Cash received from customers	\$ 3,149,778	\$ 6,092,371	\$ 1,160,041	\$ 27,706	\$ 10,429,896
Other cash receipts	82,973	46,951	-	-	129,924
Payments to suppliers	(1,772,010)	(4,056,195)	(816,729)	(24,000)	(6,668,934)
Payments to employees	(716,566)	(830,356)	(149,764)	-	(1,696,686)
Net cash provided by (used in) operating activities	744,175	1,252,771	193,548	3,706	2,194,200
Cash flows from non-capital financing activities:					
Nonoperating miscellaneous income	-	17,125	188	-	17,313
Net cash provided by (used in) non-capital financing activities	-	17,125	188	-	17,313
Cash flows from capital and related financing activities:					
Purchase of capital assets	-	(375,628)	-	(85,622)	(461,250)
Net cash provided by (used in) capital and related financing activities	-	(375,628)	-	(85,622)	(461,250)
Cash flows from investing activities:					
Interest received on investments	160,543	105,368	13,169	1,068	280,148
Net cash provided by (used in) investing activities	160,543	105,368	13,169	1,068	280,148
Net increase (decrease) in cash and cash equivalents	904,718	999,636	206,905	(80,848)	2,030,411
Cash and cash equivalents at the beginning of the year	13,899,053	9,098,329	1,131,477	81,617	24,210,476
Cash and cash equivalents at the end of the year	\$ 14,803,771	\$ 10,097,965	\$ 1,338,382	\$ 769	\$ 26,240,887
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income	\$ 335,220	\$ 16,035	\$ (273,909)	\$ (13,761)	\$ 63,585
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation	189,103	1,193,408	465,431	17,467	1,865,409
Change in assets and liabilities					
(Increase)/Decrease in assets					
Accounts receivable	133,508	43,608	2,026	-	179,142
Inventory	61,146	-	-	-	61,146
Increase/(Decrease) in liabilities					
Accounts payable	22,998	-	-	-	22,998
Customer deposits	2,200	(280)	-	-	1,920
Total adjustments	408,955	1,236,736	467,457	17,467	2,130,615
Net cash provided by (used in) operating activities	\$ 744,175	\$ 1,252,771	\$ 193,548	\$ 3,706	\$ 2,194,200

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2020

	Pension Trust Funds
ASSETS	
Current assets	
Cash	\$ 698,336
Investments	13,887,280
Accounts receivables	518
Total assets	<u>14,586,134</u>
 NET POSITION	
Held in trust for pension benefits	<u>14,586,134</u>
Total net position	<u><u>\$ 14,586,134</u></u>

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Changes in Net Position - Modified Cash Basis
Fiduciary Funds
For the Fiscal Year Ending April 30, 2020

	Pension Trust Funds
Additions	
Employer contributions	
Property tax	\$ 720,531
Replacement tax	61,465
Other	45,559
Plan members' contributions	272,528
Interest revenue	141,803
Investment revenue	
Dividends and capital gains	219,288
Realized gains (losses)	(317,444)
Total additions	<u>1,143,730</u>
 Deductions	
Benefits paid	769,126
Administrative expenses	59,719
Total deductions	<u>828,845</u>
 Change in net position	314,885
Net position, beginning	14,271,249
Net position, ending	<u><u>\$ 14,586,134</u></u>

See independent auditor's report and accompanying notes.

Village of Morton
Notes to the Basic Financial Statements
April 30, 2020

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, waterworks, wastewater utilities; law enforcement; street construction and maintenance; and general administrative services.

The following is a summary of the 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, 2020

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 by 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

The same element of the individual governmental or enterprise fund that met the 10% test is 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 Tourism and Convention Fund, Social Security Fund, Illinois Municipal Retirement Fund, and 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, 2020

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 Wastewater Fund – The Waterworks and Wastewater 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 storm water systems for 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 – Modified Cash Basis and Statement of Activities – Modified Cash Basis, 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). The fund financial statements are presented using the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting defined in (a) below:

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

- 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 expenses for goods 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 funds 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.

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. As of April 30, 2020, the Village did not have any certificates of deposit.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. CASH, DEPOSITS, AND CASH EQUIVALENTS – Continued

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 – Modified Cash Basis and Statement of Activities – Modified Cash Basis the internal balances and activity in the fund statements has been combined and eliminated.

F. INVESTMENTS

Investments are stated at cost. As of April 30, 2020, the Village holds investments in the Police Pension Fund. Further detail can be found at Note 3.

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. In the General Fund inventories consist of gasoline held for consumption and recorded as an asset when purchases and expended when consumed. In the Municipal Gas Fund inventories consist of natural gas purchased for resale to Village residents. The natural gas is recorded as an asset when purchases and cost of sales when sold.

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 – Modified Cash Basis. 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, 2020

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 – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. 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. Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

<u>Category of Asset</u>	<u>Threshold</u>	<u>Estimated Life</u>
Internal use software, computers, etc.	\$5,000	3 years
Furniture and fixtures	\$5,000	5-10 years
Machinery, vehicles, and equipment	\$10,000	5-10 years
Infrastructure	\$25,000	20-75 years
Building and building improvements	\$25,000	15-50 years
Land improvements	\$25,000	20-30 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounting for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

J. ACCOUNTS PAYABLE AND CUSTOMER DEPOSITS

The balance the Village reports as account payable as of April 30, 2020 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. 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, 2020 are not recorded by the Village under the modified cash basis of accounting.

L. 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. 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, 2020, 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.

N. 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 2019 are allocated and will be recognized as revenue in the fiscal year 2021. The property tax revenues collected and reported for the fiscal year ended April 30, 2020 are from the 2018 tax levy.

NOTE 2 – CASH, DEPOSITS AND CASH EQUIVALENTS

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, 2020

NOTE 2 – CASH, DEPOSITS AND CASH EQUIVALENTS – 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, 2020, 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. Financial institutions holding deposits and investments of the Village hold pledged securities to provide collateralization for deposits in excess of the FDIC limit. At April 30, 2020 the Village's cash and cash equivalents with financial institutions were \$37,506,097 and the carrying balances were \$36,929,877 due to outstanding transactions. As of April 30, 2020, \$604,808 of the bank balance was covered by FDIC insurance and the remaining balance was covered by the financial institution in the Village's name.

NOTE 3 – INVESTMENTS

As of April 30, 2020, the Village held the following investments in the Police Pension Trust Fund:

Certificates of deposit	\$ 200,000
Mutual funds	3,710,243
Corporate bonds	4,598,275
Fixed income funds	457,731
Common Stock	4,921,031
Total	<u>\$ 13,887,280</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, 2020, 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, 2020

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, 2020, 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>			
Police Pension Fund	\$ 200,000	\$ -	\$ 200,000

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, 2020, the Village was not exposed to concentration risk.

NOTE 4 – INTERFUND TRANSACTIONS

During the April 30, 2020 fiscal year the Village made a \$100,0000 operating transfer between the General Fund and the Business District Tax Fund. As of April 30, 2020, the Village had no interfund balances.

NOTE 5 – NOTES RECEIVABLE

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

A summary of changes in the note receivable for the year ended April 30, 2020 is as follows:

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 1,466,668	\$ -	\$ (133,333)	\$ 1,333,335	\$ 133,333

Annual revenue receivable for the note are as follows:

<u>Years Ended April 30:</u>	<u>Total</u>
2021	\$ 133,333
2022	133,333
2023	133,333
2024	133,333
2025	133,333
2026-2030	666,670
	<u>\$ 1,333,335</u>

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended April 30, 2020.

<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	\$ 60,000	\$ -	\$ 2,705,490
Construction in progress	1,969,005	-	(1,969,005)	-
Subtotal	<u>4,614,495</u>	<u>60,000</u>	<u>(1,969,005)</u>	<u>2,705,490</u>
Capital assets, being depreciated				
Land improvements	4,481,849	82,750	-	4,564,599
Infrastructure	63,926,797	1,642,409	-	65,569,206
Buildings and structures	8,808,563	326,596	-	9,135,159
Machinery and equipment	7,257,826	616,209	(142,893)	7,731,142
Subtotal	<u>84,475,035</u>	<u>2,667,964</u>	<u>(142,893)</u>	<u>87,000,106</u>
Less: accumulated depreciation				
Land improvements	(1,107,932)	(246,863)	-	(1,354,795)
Infrastructure	(27,059,310)	(2,130,384)	-	(29,189,694)
Buildings and structures	(2,896,344)	(217,786)	-	(3,114,130)
Machinery and equipment	(5,752,691)	(472,528)	111,141	(6,114,078)
Subtotal	<u>(36,816,277)</u>	<u>(3,067,561)</u>	<u>111,141</u>	<u>(39,772,697)</u>
Total net capital assets, being depreciated	<u>47,658,758</u>	<u>(399,597)</u>	<u>(31,752)</u>	<u>47,227,409</u>
Total net capital assets	<u>\$ 52,273,253</u>	<u>\$ (339,597)</u>	<u>\$ (2,000,757)</u>	<u>49,932,899</u>
Less: related long-term debt obligations				-
Net investment in capital assets				<u>\$ 49,932,899</u>

Depreciation expense for 2020 was charged to functions/programs of the primary government as follows:

<u>Governmental Activity</u>	
General government	\$ 303,053
Public works	14,324
Public safety	529,482
Transportation	2,220,702
Total	<u>\$ 3,067,561</u>

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 6 – CAPITAL ASSETS - Continued

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<u>Municipal Gas:</u>				
Capital assets, not being depreciated				
Land	\$ 122,495	\$ -	\$ -	\$ 122,495
Capital assets, being depreciated				
Distribution system	5,846,285	-	-	5,846,285
Buildings	160,142	-	-	160,142
Machinery and equipment	1,363,098	-	-	1,363,098
Subtotal	7,369,525	-	-	7,369,525
Less: accumulated depreciation				
Distribution system	(4,513,170)	(73,666)	-	(4,586,836)
Buildings	(72,876)	(3,173)	-	(76,049)
Machinery and equipment	(1,010,999)	(112,264)	-	(1,123,263)
Subtotal	(5,597,045)	(189,103)	-	(5,786,148)
Total net capital assets, being depreciated	1,772,480	(189,103)	-	1,583,377
Total net capital assets	\$ 1,894,975	\$ (189,103)	\$ -	1,705,872
Less: related long-term debt obligations				-
Net investment in capital assets				\$ 1,705,872
<u>Water and Wastewater:</u>				
Capital assets, not being depreciated				
Land	\$ 299,999	\$ -	\$ -	\$ 299,999
Construction in progress	281,067	-	(281,067)	-
Subtotal	581,066	-	(281,067)	299,999
Capital assets, being depreciated				
Distribution system	15,212,113	31,913	-	15,244,026
Sewerage system	31,294,148	281,067	-	31,575,215
Buildings	888,381	-	-	888,381
Machinery and equipment	2,986,556	343,715	-	3,330,271
Subtotal	50,381,198	656,695	-	51,037,893
Less: accumulated depreciation				
Distribution system	(6,759,886)	(323,162)	-	(7,083,048)
Sewerage system	(15,025,113)	(674,995)	-	(15,700,108)
Buildings	(530,471)	(25,180)	-	(555,651)
Machinery and equipment	(2,482,704)	(170,071)	-	(2,652,775)
Subtotal	(24,798,174)	(1,193,408)	-	(25,991,582)
Total net capital assets, being depreciated	25,583,024	(536,713)	-	25,046,311
Total net capital assets	\$ 26,164,090	\$ (536,713)	\$ (281,067)	25,346,310
Less: related long-term debt obligations				-
Net investment in capital assets				\$ 25,346,310

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 6 – CAPITAL ASSETS - Continued

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<u>Storm Water:</u>				
Capital assets, not being depreciated				
Construction in progress	\$ 644,123	\$ -	\$ (644,123)	\$ -
Capital assets, being depreciated				
Distribution system	17,543,609	644,123	-	18,187,732
Machinery and equipment	494,088	-	-	494,088
Subtotal	18,037,697	644,123	-	18,681,820
Less: accumulated depreciation				
Distribution system	(7,200,142)	(381,275)	-	(7,581,417)
Machinery and equipment	(144,453)	(84,156)	-	(228,609)
Subtotal	(7,344,595)	(465,431)	-	(7,810,026)
Total net capital assets, being depreciated	10,693,102	178,692	-	10,871,794
Total net capital assets	<u>\$ 11,337,225</u>	<u>\$ 178,692</u>	<u>\$ (644,123)</u>	10,871,794
Less: related long-term debt obligations				-
Net investment in capital assets				<u>\$ 10,871,794</u>
 <u>911 Consolidated Center</u>				
Capital assets, not being depreciated				
Construction in progress	\$ 438,383	\$ 85,622	\$ (524,005)	\$ -
Capital assets, being depreciated				
Building	-	524,005	-	524,005
Less: accumulated depreciation				
Building	-	(17,467)	-	(17,467)
Total net capital assets, being depreciated	-	506,538	-	506,538
Total net capital assets	<u>\$ 438,383</u>	<u>\$ 592,160</u>	<u>\$ (524,005)</u>	506,538
Less: related long-term debt obligations				-
Net investment in capital assets				<u>\$ 506,538</u>

NOTE 7 – NOTES 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 7 – NOTES PAYABLE - Continued

A summary of changes in the note for the year ended April 30, 2020 is as follows:

Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
\$ 1,466,668	\$ -	\$ (133,333)	\$ 1,333,335	\$ 133,333

Annual debt service requirements are as follows:

Years Ended April 30:	Total
2021	\$ 133,333
2022	133,333
2023	133,333
2024	133,333
2025	133,333
2026-2030	666,670
	<u>\$ 1,333,335</u>

NOTE 8 – 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 \$2,217 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, 2023.

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 9 – LEGAL DEBT MARGIN

The Village's legal debt margin as set forth by State Statute is limited to 8.625% of total taxable assessed value which approximates \$42,549,673. The debt subject to the debt limitation is based on the type of debt that is issued. As such, proprietary fund debt is not included. As of April 30, 2020, the Village has no debt subject to legal debt margin.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description. Village of Morton's defined benefit pension plan for regular employees and for Sheriff's Law Enforcement Personnel 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN – Continued

The employer annual required contribution rate for calendar year 2019 was 13.28 and 8.24 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 2019 was \$0 and \$326,296 for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively.

Three Year Trend Information for SLEP

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2019	\$0	100%	\$0
12/31/2018	\$3,836	100%	\$0
12/31/2017	\$8,537	100%	\$0

Three Year Trend Information for Other Qualifying Employees

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2019	\$326,296	100%	\$0
12/31/2018	\$402,868	100%	\$0
12/31/2017	\$429,218	100%	\$0

Participation in the plans as of December 31, 2019 was as follows:

	<u>SLEP</u>	<u>IMRF</u>
Retirees and beneficiaries	1	49
Inactive, non-retired members	0	21
Active members	0	55
Total	<u>1</u>	<u>125</u>

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

NOTE 11 – 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 11 – POLICE AND FIREMEN PENSION PLAN – Continued

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.

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.

Plan Description – Firemen Pension – Continued

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 when 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 11 – POLICE AND FIREMEN PENSION PLAN - Continued

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, 2020, the Police Pension Fund and the Volunteer Firefighter's Pension Fund did not hold investments in any one organization that represented 5 percent or more of the Plan's fiduciary position.

NOTE 12 – 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:

	<u>Premium Rate</u>
Single	\$ 981
Single and child(ren)	1,765
Married	1,961
Family	2,647

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. For fiscal year 2020, two retirees were receiving benefits through the Village's health insurance plan.

NOTE 13 – 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, 2020, the amount paid to the Morton Public Library District for this intergovernmental agreement was \$74,894 from the General Fund.

NOTE 14 – 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 \$2,312,879. 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.

Village of Morton
Notes to the Basic Financial Statements - Continued
April 30, 2020

NOTE 14 – RISK MANAGEMENT - Continued

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.

In early March 2020, the COVID-19 virus was declared a global pandemic. Management's evaluations of the current finances show no concern for the ongoing operations of the Village of Morton. Management has been and will continue to monitor the situation and evaluate options during this time to continue to serve its residents during the pandemic while complying with various governmental mandates. No adjustments have been made to these financial statements as a result.

NOTE 15 – CONSTRUCTION COMMITMENT

In December 2020 the Village contracted with a construction company for a water plant upgrade to one of the Village's water treatment facilities in the amount of \$10,848,000. Construction began in December 2020 and has a targeted completion of spring 2022.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 25, 2021, 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 Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<u>REVENUES:</u>			
Taxes:			
Property tax	\$ 1,014,360	\$ 1,118,313	\$ 103,953
Sales tax	4,560,000	5,012,822	452,822
Income tax	1,550,000	1,763,087	213,087
Utility franchise tax	1,180,400	1,092,261	(88,139)
TV franchise tax	230,000	229,734	(266)
Telecommunication tax	343,000	322,644	(20,356)
Replacement tax	130,000	179,805	49,805
Charges for service	1,223,800	1,177,729	(46,071)
Licenses and permits	225,800	201,861	(23,939)
Fines	58,400	82,996	24,596
Grant revenue	83,175	121,697	38,522
Other revenue	28,500	26,948	(1,552)
Investment revenue	80,000	65,499	(14,501)
Total revenues	<u>10,707,435</u>	<u>11,395,396</u>	<u>687,961</u>
<u>EXPENDITURES:</u>			
CURRENT			
General and administration			
General administration			
Personnel	130,820	153,072	22,252
Contractual services	191,100	177,225	(13,875)
Commodities	372,100	333,820	(38,280)
Other	126,552	1,172	(125,380)
Total	<u>820,572</u>	<u>665,289</u>	<u>(155,283)</u>
President and board			
Personnel	16,000	15,400	(600)
Contractual services	9,150	7,442	(1,708)
Commodities	6,800	2,004	(4,796)
Other	5,120	1,319	(3,801)
Total	<u>37,070</u>	<u>26,165</u>	<u>(10,905)</u>
Board of fire and police commissioners			
Personnel	1,080	969	(111)
Contractual services	1,000	375	(625)
Other	318	-	(318)
Total	<u>2,398</u>	<u>1,344</u>	<u>(1,054)</u>
Community development			
Personnel	87,240	99,244	12,004
Contractual services	77,470	83,216	5,746
Commodities	1,700	2,953	1,253
Other	17,041	420	(16,621)
Total	<u>183,451</u>	<u>185,833</u>	<u>2,382</u>
Total general and administration	<u>1,043,491</u>	<u>878,631</u>	<u>(164,860)</u>

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Public Works			
General administration			
Personnel	44,800	55,934	11,134
Contractual services	69,100	58,866	(10,234)
Commodities	18,800	24,225	5,425
Total public works	146,420	139,025	(7,395)
Public Safety			
Police department			
Personnel	2,769,353	2,599,917	(169,436)
Contractual services	642,423	592,115	(50,308)
Commodities	109,450	106,095	(3,355)
Other	106,800	2,062	(104,738)
Total	3,628,026	3,300,189	(327,837)
Fire department			
Personnel	266,760	334,621	67,861
Contractual services	269,300	254,525	(14,775)
Commodities	41,000	30,509	(10,491)
Other	107,206	31	(107,175)
Total	684,266	619,686	(64,580)
Paramedic group			
Personnel	1,366,870	1,344,457	(22,413)
Contractual services	111,900	85,828	(26,072)
Commodities	74,000	82,057	8,057
Other	100,000	325	(99,675)
Total	1,652,770	1,512,667	(140,103)
Total public safety	5,965,062	5,432,542	(532,520)
Transportation			
Street department			
Personnel	686,900	675,139	(11,761)
Contractual services	776,300	2,436,827	1,660,527
Commodities	171,900	197,507	25,607
Total transportation	1,735,100	3,309,473	1,574,373
Culture & Recreation			
Memorial Plaza			
Personnel	3,000	2,911	(89)
Contractual services	11,700	12,549	849
Commodities	2,500	1,591	(909)
Total culture & recreation	18,920	17,051	(1,869)
CAPITAL OUTLAY			
Land	150,000	-	(150,000)
Infrastructure	1,885,000	-	(1,885,000)
Buildings	6,500	30,575	24,075
Equipment	688,300	517,134	(171,166)
Total capital outlay	2,729,800	547,709	(2,182,091)

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
DEBT SERVICE			
Principal	-	133,333	133,333
Total debt service	-	133,333	133,333
Total expenditures	11,638,793	10,457,764	(1,181,029)
Excess (deficiency of revenues over expenditures)	(931,358)	937,632	1,868,990
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	224,000	100,000	(124,000)
Proceeds from the sale of assets	2,500	137,253	134,753
Intergovernmental agreements	(65,000)	(74,894)	(9,894)
Total other financing sources (uses)	161,500	162,359	859
Net Change in Fund Balance	(769,858)	1,099,991	1,869,849
Fund Balance - Beginning	6,065,654	6,065,654	-
Decrease in inventories	(13,403)	(13,403)	-
Fund Balance - Ending	<u>\$ 5,282,393</u>	<u>\$ 7,152,242</u>	<u>\$ 1,869,849</u>

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - Motor Fuel Tax Fund
For the Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
<u>REVENUES:</u>			
Taxes:			
Motor fuel tax	\$ 425,000	\$ 591,170	\$ 166,170
Investment revenue	25,000	18,178	(6,822)
Total revenues	450,000	609,348	159,348
<u>EXPENDITURES:</u>			
CURRENT			
Transportation			
Contractual services	1,600,000	1,216,187	(383,813)
Other	100,000	-	(100,000)
Total transportation	1,700,000	1,216,187	(483,813)
Net Change in Fund Balance	(1,250,000)	(606,839)	643,161
Fund Balance - Beginning	2,242,093	2,242,093	-
Fund Balance - Ending	\$ 992,093	\$ 1,635,254	\$ 643,161

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
General Fund
April 30, 2020

	General Fund	Disaster Emergency Fund	Total General Fund
ASSETS:			
Cash and deposits	\$ 6,831,011	\$ 153,012	\$ 6,984,023
Accounts receivable	173,752	-	173,752
Due from employees	1,717	-	1,717
Inventory	19,250	-	19,250
Total assets	<u>\$ 7,025,730</u>	<u>\$ 153,012</u>	<u>\$ 7,178,742</u>
LIABILITIES:			
Customer deposits	\$ 26,500	\$ -	\$ 26,500
Total liabilities	<u>26,500</u>	<u>-</u>	<u>26,500</u>
FUND BALANCES:			
Nonspendable:			
Inventory	19,250	-	19,250
Restricted for:			
General government	-	153,012	153,012
Committed to:			
Public safety	7,333	-	7,333
Assigned to:			
Public safety	62,517	-	62,517
Transportation	93,223	-	93,223
Unassigned	6,816,907	-	6,816,907
Total fund balance	<u>6,999,230</u>	<u>153,012</u>	<u>7,152,242</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,025,730</u>	<u>\$ 153,012</u>	<u>\$ 7,178,742</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 Fiscal Year Ending April 30, 2020

	General Fund	Disaster Emergency Fund	Total General Fund
REVENUE:			
Taxes:			
Property tax	\$ 1,118,313	\$ -	\$ 1,118,313
Sales tax	5,012,822	-	5,012,822
Income tax	1,763,087	-	1,763,087
Utility franchise tax	1,092,261	-	1,092,261
TV franchise tax	229,734	-	229,734
Telecommunication tax	322,644	-	322,644
Replacement tax	179,805	-	179,805
Charges for service	1,177,729	-	1,177,729
Licenses and permits	201,861	-	201,861
Fines	82,996	-	82,996
Grant revenue	121,697	-	121,697
Other revenue	26,948	-	26,948
Investment revenue	65,499	-	65,499
Total revenue	<u>11,395,396</u>	<u>-</u>	<u>11,395,396</u>
EXPENDITURES:			
Current:			
General and administration	878,631	-	878,631
Public works	139,025	-	139,025
Public safety	5,432,542	-	5,432,542
Transportation	3,309,473	-	3,309,473
Culture & recreation	17,051	-	17,051
Capital outlay	547,709	-	547,709
Debt Service			
Principal	133,333	-	133,333
Total expenditures	<u>10,457,764</u>	<u>-</u>	<u>10,457,764</u>
Excess revenue over (under) expenditures	<u>937,632</u>	<u>-</u>	<u>937,632</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	100,000	-	100,000
Proceeds from sale of assets	137,253	-	137,253
Intergovernmental agreements	(74,894)	-	(74,894)
Total financing sources	<u>162,359</u>	<u>-</u>	<u>162,359</u>
Net change in fund balance	1,099,991	-	1,099,991
Fund balance - beginning	5,912,642	153,012	6,065,654
Decrease in inventories	(13,403)	-	(13,403)
Fund balance - ending	<u>\$ 6,999,230</u>	<u>\$ 153,012</u>	<u>\$ 7,152,242</u>

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
April 30, 2020

	Tourism and Convention Fund	Social Security Fund	Illinois Municipal Retirement Fund	Business District Tax Fund	Total Nonmajor Governmental Funds
ASSETS:					
Cash and deposits	\$ 232,688	\$ 160,975	\$ 231,278	\$ 746,436	\$ 1,371,377
Total assets	<u>\$ 232,688</u>	<u>\$ 160,975</u>	<u>\$ 231,278</u>	<u>\$ 746,436</u>	<u>\$ 1,371,377</u>
LIABILITIES:					
Customer deposits	\$ -	\$ -	\$ -	\$ 750	\$ 750
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>
FUND BALANCES:					
General government	232,688	160,975	231,278	745,686	1,370,627
Total fund balance	<u>232,688</u>	<u>160,975</u>	<u>231,278</u>	<u>745,686</u>	<u>1,370,627</u>
Total liabilities and fund balance	<u>\$ 232,688</u>	<u>\$ 160,975</u>	<u>\$ 231,278</u>	<u>\$ 746,436</u>	<u>\$ 1,371,377</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 Fiscal Year Ending April 30, 2020

	Tourism and Convention Fund	Social Security Fund	Illinois Municipal Retirement Fund	Business District Tax Fund	Total Nonmajor Governmental Funds
REVENUE:					
Taxes:					
Property tax	\$ -	\$ 297,764	\$ 44,682	\$ 463,181	\$ 805,627
Municipal hotel tax	249,508	-	-	-	249,508
Replacement tax	-	28,760	4,955	-	33,715
Other revenue	25,913	-	-	2,310	28,223
Investment revenue	3,204	1,186	4,744	7,119	16,253
Total revenue	<u>278,625</u>	<u>327,710</u>	<u>54,381</u>	<u>472,610</u>	<u>1,133,326</u>
EXPENDITURES:					
Current:					
General and administration	250,640	290,637	169,080	181,993	892,350
Capital outlay	82,750	-	-	60,000	142,750
Total expenditures	<u>333,390</u>	<u>290,637</u>	<u>169,080</u>	<u>241,993</u>	<u>1,035,100</u>
Excess revenue over (under) expenditures	<u>(54,765)</u>	<u>37,073</u>	<u>(114,699)</u>	<u>230,617</u>	<u>98,226</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	-	-	-	(100,000)	(100,000)
Total financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net change in fund balance	(54,765)	37,073	(114,699)	130,617	(1,774)
Fund balance - beginning	<u>287,453</u>	<u>123,902</u>	<u>345,977</u>	<u>615,069</u>	<u>1,372,401</u>
Fund balance - ending	<u>\$ 232,688</u>	<u>\$ 160,975</u>	<u>\$ 231,278</u>	<u>\$ 745,686</u>	<u>\$ 1,370,627</u>

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds
For the Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Tourism and Convention Fund			
REVENUES:			
Taxes:			
Municipal hotel tax	\$ 300,000	\$ 249,508	\$ (50,492)
Other revenue	20,000	25,913	5,913
Investment revenue	4,500	3,204	(1,296)
Total revenues	324,500	278,625	(45,875)
EXPENDITURES:			
CURRENT			
General and administration			
Personnel	27,470	23,189	(4,281)
Contractual services	215,500	51,751	(163,749)
Commodities	2,550	43	(2,507)
Other	246,242	175,657	(70,585)
Total general and administration	491,762	250,640	(241,122)
CAPITAL OUTLAY			
Equipment	-	82,750	82,750
Total capital outlay	-	82,750	82,750
Total expenditures	491,762	333,390	(241,122)
Net Change in Fund Balance	(167,262)	(54,765)	195,247
Fund Balance - Beginning	287,453	287,453	-
Fund Balance - Ending	\$ 120,191	\$ 232,688	\$ 195,247
Social Security Fund			
REVENUES:			
Taxes:			
Property tax	\$ 300,000	\$ 297,764	\$ (2,236)
Replacement tax	18,000	28,760	10,760
Other revenue	1,000	1,186	186
Total revenues	319,000	327,710	8,710
EXPENDITURES:			
CURRENT			
General and administration			
Personnel	194,200	290,637	96,437
Total general and administration	213,620	290,637	77,017
Excess (deficiency of revenues over expenditures)	105,380	37,073	(68,307)
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	-	100,000
Total other financing sources (uses)	(100,000)	-	100,000
Net Change in Fund Balance	5,380	37,073	31,693
Fund Balance - Beginning	123,902	123,902	-
Fund Balance - Ending	\$ 129,282	\$ 160,975	\$ 31,693

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds - Continued
For the Fiscal Year Ending April 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Over (Under)
Illinois Municipal Retirement Fund			
REVENUES:			
Taxes:			
Property tax	\$ 45,000	\$ 44,682	\$ (318)
Replacement tax	5,500	4,955	(545)
Other revenue	4,000	4,744	744
Total revenues	<u>54,500</u>	<u>54,381</u>	<u>(119)</u>
EXPENDITURES:			
CURRENT			
General and administration			
Personnel	312,100	169,080	(143,020)
Total general and administration	<u>353,310</u>	<u>169,080</u>	<u>(184,230)</u>
Net Change in Fund Balance	(298,810)	(114,699)	184,111
Fund Balance - Beginning	345,977	345,977	-
Fund Balance - Ending	<u>\$ 47,167</u>	<u>\$ 231,278</u>	<u>\$ 184,111</u>
Business District Tax Fund			
REVENUES:			
Taxes:			
Property tax	\$ 420,000	\$ 463,181	\$ 43,181
Other revenue	-	2,310	2,310
Investment revenue	2,500	7,119	4,619
Total revenues	<u>422,500</u>	<u>472,610</u>	<u>50,110</u>
EXPENDITURES:			
CURRENT			
General and administration			
Contractual services	200,500	134,647	(65,853)
Other	272,550	47,346	(225,204)
Total general and administration	<u>473,050</u>	<u>181,993</u>	<u>(291,057)</u>
CAPITAL OUTLAY			
Land	150,000	60,000	(90,000)
Land improvements	75,000	-	(75,000)
Total capital outlay	<u>225,000</u>	<u>60,000</u>	<u>(165,000)</u>
Total expenditures	<u>698,050</u>	<u>241,993</u>	<u>(456,057)</u>
Excess (deficiency of revenues over expenditures)	<u>(275,550)</u>	<u>230,617</u>	<u>506,167</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	(100,000)	-
Proceeds from the sale of assets	150,000	-	(150,000)
Total other financing sources (uses)	<u>50,000</u>	<u>(100,000)</u>	<u>(150,000)</u>
Net Change in Fund Balance	(225,550)	130,617	356,167
Fund Balance - Beginning	615,069	615,069	-
Fund Balance - Ending	<u>\$ 389,519</u>	<u>\$ 745,686</u>	<u>\$ 356,167</u>

See notes to the supplementary information.

Village of Morton
Notes to the Supplementary Information
April 30, 2020

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

Tourism and Convention Fund – The Tourism and Convention 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, 2020, the Village had expenditures exceeding appropriations in the Social Security Fund of \$77,017.

Village of Morton
Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis
Water and Wastewater Fund
For the Fiscal Year Ending April 30, 2020

	Water Operations	Wastewater Operations	Total
Operating Revenues			
Charges for service and sales	\$ 3,037,482	\$ 3,011,561	\$ 6,049,043
Penalties and fees	29,159	17,792	46,951
Total operating revenue	<u>3,066,641</u>	<u>3,029,353</u>	<u>6,095,994</u>
Operating Expenses			
Personnel	1,115,574	816,908	1,932,482
Contractual services	1,325,041	1,042,520	2,367,561
Commodities	379,819	157,284	537,103
Other	991	48,414	49,405
Total expenses	<u>2,821,425</u>	<u>2,065,126</u>	<u>4,886,551</u>
Operating income (loss) before depreciation	245,216	964,227	1,209,443
Depreciation	<u>(323,162)</u>	<u>(870,246)</u>	<u>(1,193,408)</u>
Operating income (loss)	<u>(77,946)</u>	<u>93,981</u>	<u>16,035</u>
Non-Operating Revenue (Expenses)			
Interest revenue	52,684	52,684	105,368
Other revenue	4,525	-	4,525
Gain (loss) on sale of capital assets	12,600	-	12,600
Total non-operating revenues (expenses)	<u>69,809</u>	<u>52,684</u>	<u>122,493</u>
Change in net position	<u>\$ (8,137)</u>	<u>\$ 146,665</u>	<u>\$ 138,528</u>
		Net position, beginning	<u>35,318,745</u>
		Net position, ending	<u>\$ 35,457,273</u>

Village of Morton
Combining Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2020

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Total Pension Trust Funds
ASSETS			
Current assets			
Cash	\$ 305,227	\$ 393,109	\$ 698,336
Investments	13,887,280	-	13,887,280
Accounts receivable	518	-	518
Total assets	<u>14,193,025</u>	<u>393,109</u>	<u>14,586,134</u>
NET POSITION			
Held in trust for pension benefits	<u>14,193,025</u>	<u>393,109</u>	<u>14,586,134</u>
Total net position	<u><u>\$ 14,193,025</u></u>	<u><u>\$ 393,109</u></u>	<u><u>\$ 14,586,134</u></u>

Village of Morton
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Fiscal Year Ending April 30, 2020

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Pension Trust Funds
Additions			
Employer contributions			
Property tax	\$ 720,531	\$ -	\$ 720,531
Replacement tax	61,465	-	61,465
Other	-	45,559	45,559
Plan members' contributions	272,528	-	272,528
Interest revenue	138,564	3,239	141,803
Investment revenue			
Dividends and capital gains	219,288	-	219,288
Realized gains (losses)	(317,444)	-	(317,444)
Total additions	<u>1,094,932</u>	<u>48,798</u>	<u>1,143,730</u>
Deductions			
Benefits paid	733,760	35,366	769,126
Administrative expenses	59,719	-	59,719
Total deductions	<u>793,479</u>	<u>35,366</u>	<u>828,845</u>
Change in net position	301,453	13,432	314,885
Net position, beginning	<u>13,891,572</u>	<u>379,677</u>	<u>14,271,249</u>
Net position, ending	<u>\$ 14,193,025</u>	<u>\$ 393,109</u>	<u>\$ 14,586,134</u>

OTHER INFORMATION

Village of Morton
Other Information (Unaudited)
Defined Benefit Plan Information
April 30, 2020

DEFINED BENEFIT PLAN INFORMATION

Annual Pension Costs. The required contribution for 2019 was determined as part of the December 31, 2017, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2017, 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, 2017 is being amortized as a level percentage of projected payroll on an open 24 year basis.

Funded Status and Funding Progress. As of December 31, 2019, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees' plan were 0.00 and 87.54 percent funded. The actuarial accrued liability for benefits was \$0 and \$11,824,812 respectively, and the actuarial value of assets was \$76,804 and \$10,351,518, respectively, resulting in an underfunded actuarial accrued liability (UAAL) of \$76,804 and \$1,473,294, respectively. The covered payroll for calendar year 2019 (annual payroll of active employees covered by the plan) was \$0 and \$3,959,901, respectively, and the ratio of the UAAL to covered payroll was 0 and 37 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)
12/31/2019	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
12/31/2018	(76,804)	-	76,804	0.00%	-	0.00%
12/31/2017	8,765	-	8,765	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)
12/31/2019	\$10,351,518	\$ 11,824,812	\$ 1,473,294	87.54%	\$ 3,959,901	37.21%
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%

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$0 for Sheriff's Law Enforcement Personnel and \$11,513,405 for other qualifying employees. On a market basis, the funded ratio would be 0.00% and 97.37%, 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 (Unaudited)
For the Fiscal Year Ending April 30, 2020

Assessed Valuations, Rates, Extensions, and Collections			
Tax Year 2019, 2018, 2017			
	Tax Year		
	2019	2018	2017
Assessed Valuation	<u>\$ 493,329,538</u>	<u>\$ 492,603,023</u>	<u>\$ 491,901,723</u>
<u>Actual Tax Rates (per \$100 assessed valuation):</u>			
Corporate	0.25197	0.22846	0.18459
Illinois Municipal Retirement Fund	0.00913	0.00914	0.02033
Police Pension	0.14798	0.14739	0.13743
Social Security	0.04663	0.06091	0.09149
	<u>0.45571</u>	<u>0.44590</u>	<u>0.43384</u>
<u>Tax Extensions:</u>			
Corporate	\$ 1,242,845	\$ 1,125,302	\$ 908,001
Illinois Municipal Retirement Fund	45,041	45,024	100,004
Police Pension	729,980	726,048	676,021
Social Security	230,040	300,045	450,041
	<u>\$ 2,247,906</u>	<u>\$ 2,196,419</u>	<u>\$ 2,134,067</u>
<u>Taxes Collected:</u>			
Corporate		\$ 1,116,751	\$ 900,218
Illinois Municipal Retirement Fund		44,682	99,147
Police Pension		720,531	670,227
Social Security		297,764	446,183
		<u>\$ 2,179,728</u>	<u>\$ 2,115,775</u>
Percentage of Taxes Collected		<u>99.24%</u>	<u>99.14%</u>