WOLF TESAR
& COMPANY, P.C.
Certified Public Accountants

Village of Morton
Morton, IL

Annual Financial Report

April 30, 2018

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WOLF TESAR & COMPANY, P.C.
Certified Public Accountants

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, 2018, 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, 2018, 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.

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Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morton's basic financial statements. The budgetary comparative information and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

Wolf Tesar + Company, P.C.

Pekin, Illinois

October 15, 2018

Village of Morton
Statement of Net Position - Modified Cash Basis
April 30, 2018

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash	$ 9,486,001	$ 22,925,419	$ 32,411,420
Accounts receivable	213,393	1,280,894	1,494,287
Due from employee	816	-	816
Internal balances	34,188	(34,188)	(0)
Notes receivable	133,333	-	133,333
Inventories	31,804	75,420	107,224
Total current assets	9,899,535	24,247,545	34,147,080
Noncurrent Assets			
Notes receivable	1,466,668	-	1,466,668
Land	2,645,490	422,494	3,067,984
Construction in progress	544,168	260,970	805,138
Capital assets, net of depreciation	50,465,180	38,775,778	89,240,958
Total noncurrent assets	55,121,506	39,459,242	94,580,748
Total Assets	65,021,041	63,706,787	128,727,828
LIABILITIES			
Current Liabilities			
Accounts payable	-	29,873	29,873
Customer deposits	6,750	132,493	139,243
Current portion of note payable	133,333	-	133,333
Total current liabilities	140,083	162,366	302,449
Non current liabilities			
Notes payable	1,466,668	-	1,466,668
Total noncurrent liabilities	1,466,668	-	1,466,668
Total Liabilities	1,606,751	162,366	1,769,117
DEFERRED INFLOWS OF RESOURCES			
Deferred insurance proceeds	118,822	53,492	172,314
Total deferred inflows of resources	118,822	53,492	172,314
NET POSITION			
Net investment in capital assets	53,654,838	39,459,242	93,114,080
Restricted	3,830,277	-	3,830,277
Unrestricted	5,810,353	24,031,687	29,842,040
Total net position	$ 63,295,468	$ 63,490,929	$ 126,786,397

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Activities - Modified Cash Basis
For the Year Ending April 30, 2018

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Program Revenues: Capital Grants and Contribution	Net (Expenses) Revenues and Change in Net Position Primary Government: Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 2,048,203	$ 509,003	$ 188,088	$ 87,231	$ (1,263,881)	$ -	$ (1,263,881)
Public works	310,857	29,587	-	-	(281,270)	-	(281,270)
Public safety	5,706,918	956,740	28,254	-	(4,721,924)	-	(4,721,924)
Transportation	5,648,413	-	-	1,280	(5,647,133)	-	(5,647,133)
Culture and recreation	16,880	-	-	-	(16,880)	-	(16,880)
Interest expense	354	-	-	-	(354)	-	(354)
Total governmental activities	13,731,625	1,495,330	216,342	88,511	(11,931,442)	-	(11,931,442)
Business - type activities:							
Municipal gas	2,238,445	3,478,504	-	-	-	1,240,059	1,240,059
Water and sewer	5,941,994	6,409,985	-	-	-	467,991	467,991
Storm water	990,021	1,159,475	-	-	-	169,454	169,454
Total business-type activities	9,170,460	11,047,964	-	-	-	1,877,504	1,877,504
Total primary government	$ 22,902,085	$ 12,543,294	$ 216,342	$ 88,511	(11,931,442)	1,877,504	(10,053,938)
General revenues:							
Taxes							
Property tax					1,878,450	-	1,878,450
Sales tax					4,375,394	-	4,375,394
Income Tax					1,723,088	-	1,723,088
Utility franchise tax					1,261,064	-	1,261,064
TV franchise tax					248,224	-	248,224
Telecommunication tax					396,105	-	396,105
Municipal hotel tax					279,441	-	279,441
Replacement tax					159,206	-	159,206
Motor fuel tax					426,382	-	426,382
Investment revenue					88,400	219,368	307,768
Gain (loss) on asset disposal					8,370	-	8,370
Miscellaneous income					94,259	9,147	103,406
Total general revenues					10,938,383	228,515	11,166,898
Change in net position					(993,059)	2,106,019	1,112,960
Net position, beginning of year					64,271,917	61,384,910	125,656,827
Change in inventories					16,610	-	16,610
Net position, end of year					$ 63,295,468	$ 63,490,929	$ 126,786,397

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ending April 30, 2018

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS:				
Cash	$ 5,839,790	$ 2,474,798	$ 1,171,413	$ 9,486,001
Accounts receivable	213,393	-	-	213,393
Due from employee	816	-	-	816
Due from other funds	34,188	-	-	34,188
Inventory	31,804	-	-	31,804
Total assets	$ 6,119,991	$ 2,474,798	$ 1,171,413	$ 9,766,202
LIABILITIES:				
Customer deposits	$ 6,000	$ -	$ 750	$ 6,750
Total liabilities	6,000	-	750	6,750
DEFERRED INFLOWS OF RESOURCES				
Deferred insurance proceeds	118,822	-	-	118,822
Total deferred inflows of resources	118,822	-	-	118,822
FUND BALANCES:				
Nonspendable:				
Inventory	31,804	-	-	31,804
Restricted for:				
General government	153,012	-	1,170,663	1,323,675
Transportation	-	2,474,798	-	2,474,798
Committed to:				
Public safety	7,579	-	-	7,579
Assigned to:				
Public safety	52,964	-	-	52,964
Transportation	87,973	-	-	87,973
Unassigned	5,661,837	-	-	5,661,837
Total fund balance	5,995,169	2,474,798	1,170,663	9,640,630
Total liabilities, deferred inflows of resources, and fund balance	$ 6,119,991	$ 2,474,798	$ 1,171,413	$ 9,766,202

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, 2018

Total Fund Balances - Governmental Funds		$ 9,640,630
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		1,600,001
Capital assets used in governmental activities are not reported in the governmental funds balance sheet		
Capital Assets	87,515,188	
Less accumulated depreciation	(33,860,350)	
		53,654,838
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		(1,600,001)
Net Position of Governmental Activities		$ 63,295,468

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ending April 30, 2018

	General Fund	Motor Fuel Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUE:				
Taxes:				
Property tax	$ 1,161,586	$ -	$ 716,864	$ 1,878,450
Sales tax	4,375,394	-	-	4,375,394
Income Tax	1,723,088	-	-	1,723,088
Utility franchise tax	1,261,064	-	-	1,261,064
TV franchise tax	248,224	-	-	248,224
Telecommunication tax	396,105	-	-	396,105
Municipal hotel tax	-	-	279,441	279,441
Replacement tax	140,471	-	18,735	159,206
Motor fuel tax	-	426,382	-	426,382
Charges for service	1,239,688	-	-	1,239,688
Licenses and permits	183,338	-	-	183,338
Fines	72,304	-	-	72,304
Grant revenue	216,342	-	87,231	303,573
Other revenue	23,466	-	26,906	50,372
Investment revenue	52,751	23,497	12,152	88,400
Total revenue	11,093,821	449,879	1,141,329	12,685,029
EXPENDITURES:				
Current:				
General government	799,424	-	892,032	1,691,456
Public works	298,814	-	-	298,814
Public safety	5,113,675	-	-	5,113,675
Transportation	2,896,625	685,668	-	3,582,293
Recreation	16,880	-	-	16,880
Capital Outlay	972,700	-	131,450	1,104,150
Debt Service				
Principal	227,782	-	-	227,782
Interest	354	-	-	354
Total expenditures	10,326,254	685,668	1,023,482	12,035,404
Excess revenue over (under) expenditures	767,567	(235,789)	117,847	649,625
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	-	350,000	450,000
Transfers out	(350,000)	-	(100,000)	(450,000)
Proceeds from sale of assets	141,703	-	-	141,703
Intergovernmental agreements	(55,446)	-	-	(55,446)
Total financing sources	(163,743)	-	250,000	86,257
Net change in fund balance	603,824	(235,789)	367,847	735,882
Fund balance - beginning	5,374,735	2,710,587	802,816	8,888,138
Change in inventories	16,610	-	-	16,610
Fund balance - ending	$ 5,995,169	$ 2,474,798	$ 1,170,663	$ 9,640,630

See independent auditor's report and accompanying notes.

Village of Morton
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
April 30, 2018

Amounts reported for governmental activities in the Statement of Activities differ as follows:		
Net change in fund balances - total governmental funds		$ 735,882
Repayment of notes receivable related to capital assets is a proceeds from the sale of assets in the governmental funds, but the repayment reduces the notes receivable asset in the Statement of Net Position.		(133,333)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	1,104,150	
Depreciation expense	(2,972,707)	
		(1,868,557)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase in net position		45,167
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		227,782
Change in Net Position of Governmental Funds		$ (993,059)

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2018

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
ASSETS					
Current Assets					
Cash	$ 12,742,478	$ 8,873,686	$ 1,309,255	$ -	$ 22,925,419
Accounts receivables	717,808	475,045	88,041	-	1,280,894
Inventories	75,420	-	-	-	75,420
Total current assets	13,535,706	9,348,731	1,397,296	-	24,281,733
Noncurrent Assets					
Land	122,495	299,999	-	-	422,494
Construction in progress	-	7,945	218,837	34,188	260,970
Capital assets, net depreciation	1,789,278	26,266,511	10,719,989	-	38,775,778
Total noncurrent assets	1,911,773	26,574,455	10,938,826	34,188	39,459,242
Total Assets	15,447,479	35,923,186	12,336,122	34,188	63,740,975
LIABILITIES					
Current Liabilities					
Accounts payable	29,873	-	-	-	29,873
Customer deposits	91,851	40,642	-	-	132,493
Due to other funds	-	-	-	34,188	34,188
Total current liabilities	121,724	40,642	-	34,188	196,554
Total Liabilities	121,724	40,642	-	34,188	196,554
DEFERRED INFLOWS OF RESOURCES					
Deferred insurance proceeds	$ -	$ 53,492	$ -	$ -	$ 53,492
Total deferred inflows of resources	-	53,492	-	-	53,492
NET POSITION					
Net investment in capital assets	1,911,773	26,574,455	10,938,826	34,188	39,459,242
Unrestricted	13,413,982	9,254,597	1,397,296	(34,188)	24,031,687
Total net position	$ 15,325,755	$ 35,829,052	$ 12,336,122	$ -	$ 63,490,929

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis
Proprietary Funds
For the Year Ending April 30, 2018

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Operating Revenues					
Charges for service and sales	$ 7,645,190	$ 6,386,229	$ 1,158,955	$ -	$ 15,190,374
Less: cost of gas	(4,205,223)	-	-	-	(4,205,223)
Gross profit	3,439,967	6,386,229	1,158,955	-	10,985,151
Penalties and fees	38,537	23,756	520	-	62,813
Total operating revenue	3,478,504	6,409,985	1,159,475	-	11,047,964
Operating Expenses					
Personnel	830,491	1,907,255	247,266	-	2,985,012
Contractual services	1,144,472	2,124,242	369,243	-	3,637,957
Commodities	72,258	731,998	34,393	-	838,649
Other	27,768	63,904	1,000	-	92,672
Total expenses	2,074,989	4,827,399	651,902	-	7,554,290
Operating income (loss) before depreciation	1,403,515	1,582,586	507,573	-	3,493,674
Depreciation	163,456	1,114,595	338,119	-	1,616,170
Operating income (loss)	1,240,059	467,991	169,454	-	1,877,504
Nonoperating Revenue (Expenses)					
Interest revenue	124,953	80,531	13,884	-	219,368
Other revenue	2,882	4,926	1,339	-	9,147
Total nonoperating revenues (expenses)	127,835	85,457	15,223	-	228,515
Change in net position	1,367,894	553,448	184,677	-	2,106,019
Net position, beginning	13,957,861	35,275,604	12,151,445	-	61,384,910
Net position, ending	$ 15,325,755	$ 35,829,052	$ 12,336,122	$ -	$ 63,490,929

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ending April 30, 2018

	Municipal Gas Fund	Water and Wastewater Fund	Storm Water Fund	911 Consolidated Center Fund	Total
Cash flows from operating activities:					
Cash received from customers	$ 3,344,987	$ 6,421,679	$ 1,165,941	$ -	$ 10,932,607
Other cash receipts	38,537	77,248	520	-	116,305
Payments to suppliers	(1,500,831)	(3,912,442)	(465,580)	-	(5,878,853)
Payments to employees	(554,140)	(914,957)	(186,322)	-	(1,655,419)
Net cash provided by (used in) operating activities	1,328,553	1,671,528	514,559	-	3,514,640
Cash flows from non-capital financing activities:					
Nonoperating miscellaneous income	2,882	4,926	1,339	-	9,147
Net cash provided by (used in) non-capital financing activities	2,882	4,926	1,339	-	9,147
Cash flows from capital and related financing activities:					
Purchase of capital assets	(97,130)	(268,601)	(428,420)	(34,188)	(828,339)
Net cash provided by (used in) capital and related financing activities	(97,130)	(268,601)	(428,420)	(34,188)	(828,339)
Cash flows from investing activities:					
Interest received on investments	124,953	80,531	13,884	-	219,368
Net cash provided by (used in) investing activities	124,953	80,531	13,884	-	219,368
Net increase (decrease) in cash and cash equivalents	1,359,258	1,488,384	101,362	(34,188)	2,914,816
Cash and cash equivalents at the beginning of the year	11,383,220	7,385,302	1,207,893	-	19,976,415
Cash and cash equivalents at the end of the year	$ 12,742,478	$ 8,873,686	$ 1,309,255	$ (34,188)	$ 22,891,231
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income	$ 1,240,059	$ 467,991	$ 169,454	$ -	$ 1,877,504
Adjustments to reconcile operating income to net cash provided by (used in) operating activities					
Depreciation	163,456	1,114,595	338,119	-	1,616,170
Change in assets and liabilities					
(Increase) in accounts receivable	(93,330)	35,858	6,986	-	(50,486)
(Increase) decrease in inventory	10,956	-	-	-	10,956
Incr.(decrease) in accounts payable	9,062	-	-	-	9,062
Incr (decrease) in customer deposits	(1,650)	(408)	-	-	(2,058)
Incr (decrease) in deferred revenue	-	53,492	-	-	53,492
Total adjustments	88,494	1,203,537	345,105	-	1,637,136
Net cash provided by (used in) operating activities	$ 1,328,553	$ 1,671,528	$ 514,559	$ -	$ 3,514,640

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2018

	Pension Trust Funds
ASSETS	
Current Assets	
Cash	$ 388,203
Investments	10,936,334
Total Assets	11,324,537
NET POSITION	
Held in trust for pension benefits	11,324,537
Total net position	$ 11,324,537

See independent auditor's report and accompanying notes.

Village of Morton
Statement of Changes in Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ending April 30, 2018

	Pension Trust Funds
Additions	
Employer contributions	
Property tax	$ 593,940
Replacement tax	39,864
Other	31,569
Plan members' contributions	160,775
Net investment revenue	
Interest revenue	71,110
Investment revenue	
Dividends and capital gains	138,637
Realized gains (losses)	(14,418)
Total additions	1,021,477
Deductions	
Benefits paid	638,838
Administrative expenses	64,232
Total deductions	703,070
Change in net position	318,407
Prior Period Adjustment	(1,250,678)
Net position, beginning	12,256,808
Net position, ending	$ 11,324,537

See independent auditor's report and accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the more significant accounting policies affecting the financial statement presentation.

A. THE FINANCIAL REPORTING ENTITY

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

Fund Financial Statements

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

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

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

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

Governmental Fund Types

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

General Fund – The General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid for from the General Fund. During the year, the qualifications of the special revenue funds were reviewed. The Emergency Management Fund did not meet the qualifications of separate reporting special revenue fund and will be combined into the General Fund for the current and subsequent financial statements.

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

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

Proprietary Fund Types

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. BASIS OF PRESENTATION - Continued

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

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

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

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

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

Fiduciary Fund Types

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

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

a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

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

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

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

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.

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 and Statement of Activities the internal balances and activity in the fund statements has been combined and eliminated or reclassified.

F. INVESTMENTS

Investments are stated at cost.

G. ACCOUNTS RECEIVABLE

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

H. INVENTORIES

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

I. CAPITAL ASSETS

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

Government-Wide Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. CAPITAL ASSETS - Continued

The Village has no written policy for capitalization thresholds or useful lives, but uses the following guidelines for asset capitalization. Capital assets are defined by the Village as assets with an initial, individual cost of more than $10,000 for the Municipal Gas, Waterworks and Sewerage, and Storm Water Funds. The assets purchased in all the other funds are capitalized if more than $2,000 per item.

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

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

J. ACCOUNTS PAYABLE

The balance the Village reports as account payable as of April 30, 2018 arises from taxes/fees based on customer services revenue which have not yet been paid as of the end of the fiscal year. The Village also reports customer deposit liabilities for resident deposits collected for services provided.

K. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position and statement of assets, liabilities, and fund balance will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The statements only report a deferred inflow of resources, insurance proceeds for damage to property which was repaired in the subsequent fiscal year.

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

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits; however, accrued compensated absences at April 30, 2018 are not recorded by the Village under the modified cash basis of accounting.

M. USE OF ESTIMATES

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components

1. *Net investment in capital assets*. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Fund Financial Statements

Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Village Board. These amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned - amounts that are constrained by the Village's intent to be used for specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Village Board delegating this responsibility to a Board member or the Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

N. NET POSITION AND FUND BALANCE CLASSIFICATIONS - Continued

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

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

As of April 30, 2018, the governmental fund financial statements reported fund balances as restricted due to property tax revenues received but not yet expended for their levied purposes. The restricted purposes for these balances are as presented on the face of the governmental fund financial statements.

Proprietary Funds

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

O. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 in the year in which the taxes are levied. The tax levy must be filed with the County Clerk by the last Tuesday in December each year. The Board adopts the levy in December. Due dates, by statute, are June 1 and September 1 of the following year. Occasionally, tax bills are mailed late and due dates for payments are extended accordingly. Pursuant to the Board of Trustees resolution, property tax levies passed in December 2016 are allocated and will be recognized as revenue in the fiscal year 2018.

NOTE 2 – CASH AND DEPOSITS

The investments and deposits of the Village is governed by the provisions of the Illinois Compiled Statutes. The Village does not have a policy for allowable investments and deposits nor a policy to limit allowable deposits or investments. In accordance with the provisions of the Illinois Compiled Statutes, all Village monies must be invested in one or more of the following:

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

NOTE 2 – CASH AND DEPOSITS – Continued

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

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

During the year ended April 30, 2018, the Village complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

Custodial Credit Risk - Cash

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

As of April 30, 2018, the Village's carrying value of deposits was $32,799,623. $604,342 of the carrying balance was covered by FDIC insurance, $33,453,815 was coved by additional securities held by the financial institution in the Village's name.

NOTE 3 – INVESTMENTS

As of April 30, 2018, the Village held the following investments:

Certificates of deposit	$ 1,602,042
Mutual funds	1,019,186
Corporate bonds	2,840,248
Fixed income funds	70,788
Core equities	5,404,070
Total	$ 10,936,334

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, 2018, 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.

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, 2018, the Village had the following investment and maturities:

Investment Type	Fair Value	Investment Maturity in Years	
		Less Than 1	1 - 5
Certificates of Deposit			
Volunteer Firefighters Pension Fund	$ 102,042	$ 102,042	$ -
Police Pension Fund	1,500,000	1,300,000	200,000
	$ 1,602,042	$ 1,402,042	$ 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, 2018, the Village was not exposed to concentration risk.

NOTE 4 – INTERFUND TRANSACTIONS

The interfund transfers made during the April 30, 2018 fiscal year are as follows:

	Transfer In	Transfer Out
General Fund	$ -	$ 250,000
Business District Tax Fund	-	100,000
Social Security Fund	350,000	-
	$ 350,000	$ 350,000

Transfers made between the General and Social Security Fund and the General Fund and Business District Tax Fund were operating transfers.

The interfund balance as of April 30, 2018 was due to an overdraw of funds on the pooled checking account and is as follows:

	Due From	Due To
General Fund	$ 34,188	$ -
911 Consolidated Center Fund	-	34,188
	$ 34,188	$ 34,188

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended April 30, 2018.

Governmental Activities	Beginning Balances	Additions	Disposals	Ending Balances
Capital assets, not being depreciated				
Land	$ 2,645,490	$ -	$ -	$ 2,645,490
Construction in progress	1,931,543	896,295	(2,283,670)	544,168
Subtotal	4,577,033	896,295	(2,283,670)	3,189,658
Capital assets, being depreciated				
Land improvements	4,350,400	131,449	-	4,481,849
Infrastructure	61,643,127	2,283,670	-	63,926,797
Buildings and structures	8,808,563	-	-	8,808,563
Machinery and equipment	7,122,684	76,406	(90,769)	7,108,321
Subtotal	81,924,774	2,491,525	(90,769)	84,325,530
Less: accumulated depreciation				
Land improvements	(621,659)	(243,167)	-	(864,826)
Infrastructure	(22,984,149)	(1,999,519)	-	(24,983,668)
Buildings and structures	(2,477,041)	(209,848)	-	(2,686,889)
Machinery and equipment	(4,895,563)	(520,173)	90,769	(5,324,967)
Subtotal	(30,978,412)	(2,972,707)	90,769	(33,860,350)
Total net capital assets, being depreciated	50,946,362	(481,182)	-	50,465,180
Total net capital assets	$ 55,523,395	$ 415,113	$ (2,283,670)	53,654,838
Less: related long-term debt obligations				-
Net investment in capital assets				$ 53,654,838

Depreciation expense for 2018 was charged to functions/programs of the primary government as follows:

Governmental Activity	
General government	$ 301,300
Public works	12,044
Public safety	593,243
Transportation	2,066,120
	$ 2,972,707

NOTE 5 – CAPITAL ASSETS - Continued

Business-type Activities	Beginning Balances	Additions	Deletions	Ending Balances
Municipal Gas:				
Capital assets, not being depreciated				
Land	$ 122,495	$ -	$ -	$ 122,495
Subtotal	122,495	-	-	122,495
Capital assets, being depreciated				
Distribution system	5,846,285	-	-	5,846,285
Buildings	160,142	-	-	160,142
Machinery and equipment	1,177,407	97,130	(55,246)	1,219,291
Subtotal	7,183,834	97,130	(55,246)	7,225,718
Less: accumulated depreciation				
Distribution system	(4,355,133)	(81,024)	-	(4,436,157)
Buildings	(65,310)	(4,392)	-	(69,702)
Machinery and equipment	(907,787)	(78,040)	55,246	(930,581)
Subtotal	(5,328,230)	(163,456)	55,246	(5,436,440)
Total net capital assets, being depreciated	1,855,604	(66,326)	-	1,789,278
Total net capital assets	$ 1,978,099	$ (66,326)	$ -	1,911,773
Less: related long-term debt obligations				-
Net investment in capital assets				$ 1,911,773
Waterworks and Sewerage:				
Capital assets, not being depreciated				
Land	$ 299,999	$ -	$ -	$ 299,999
Construction in progress	66,679	213,368	(272,102)	7,945
Subtotal	366,678	213,368	(272,102)	307,944
Capital assets, being depreciated				
Distribution system	15,151,858	60,255	-	15,212,113
Sewerage system	31,054,699	239,449	-	31,294,148
Buildings	888,381	-	-	888,381
Machinery and equipment	2,768,052	27,628	-	2,795,680
Subtotal	49,862,990	327,332	-	50,190,322
Less: accumulated depreciation				
Distribution system	(6,111,895)	(324,613)	-	(6,436,508)
Sewerage system	(13,692,877)	(666,209)	-	(14,359,086)
Buildings	(475,577)	(28,055)	-	(503,632)
Machinery and equipment	(2,528,867)	(95,718)	-	(2,624,585)
Subtotal	(22,809,216)	(1,114,595)	-	(23,923,811)
Total net capital assets, being depreciated	27,053,774	(787,263)	-	26,266,511
Total net capital assets	$ 27,420,452	$ (573,895)	$ (272,102)	26,574,455
Less: related long-term debt obligations				-
Net investment in capital assets				$ 26,574,455

NOTE 5 – CAPITAL ASSETS - Continued

Business-type Activities	Beginning Balances	Additions	Deletions	Ending Balances
Storm Water				
Capital assets, not being depreciated				
Construction in progress	$ 199,728	$ 428,420	$ (409,311)	$ 218,837
Subtotal	199,728	428,420	(409,311)	218,837
Capital assets, being depreciated				
Distribution system	17,134,298	409,311	-	17,543,609
Machinery and equipment	288,492	-	-	288,492
Subtotal	17,422,790	409,311	-	17,832,101
Less: accumulated depreciation				
Distribution system	(6,530,199)	(328,212)	-	(6,858,411)
Machinery and equipment	(243,794)	(9,907)	-	(253,701)
Subtotal	(6,773,993)	(338,119)	-	(7,112,112)
Total net capital assets, being depreciated	10,648,797	71,192	-	10,719,989
Total net capital assets	$ 10,848,525	$ 499,612	$ (409,311)	10,938,826
Less: related long-term debt obligations				-
Net investment in capital assets				$ 10,938,826

NOTE 6 – LONG-TERM DEBT

Note Payable

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

A summary of changes in the note for the year ended April 30, 2018 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Note Payable	$ 1,733,334	$ -	$ (133,333)	$ 1,600,001	$ 133,333

Annual debt service requirements are as follows:

Years Ended April 30:	Principal	Interest	Total
2019	$ 133,333	$ -	$ 133,333
2020	133,333	-	133,333
2021	133,333	-	133,333
2022	133,333	-	133,333
2023	133,333	-	133,333
2024-2028	666,665	-	666,665
2029-2030	266,671	-	266,671
	$ 1,600,001	$ -	$ 1,600,001

NOTE 6 – LONG-TERM DEBT - Continued

As of April 30, 2018, the Village has a bank loan in the amount of $4,500,000, all of which was paid off. The loan is due 10 years from the date of the first principal advance and requires monthly payments of interest at 2.75%. The loan financed the construction of a new fire station for the Village. The loan was paid off during the fiscal year.

A summary of changes in the note for the year ended April 30, 2018 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Bank Loan	$ 139,616	$ -	$ (139,616)	$ -	$ -

NOTE 7 – OPERATING LEASES

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

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

NOTE 8 – LEGAL DEBT MARGIN

Illinois state statute limits the amount of indebtedness to 8.625% of the Village's assessed valuation. The following is the Village's debt margin as of April 30, 2018:

Assessed Valuation - 2017 Tax Year	$ 491,901,723
Statutory Debt Limitation for Non-Home Rule Municipalities 8.625% Assessed Valuation	$ 42,426,524
Total Government Debt Applicable to the Legal Debt Limitation	$ -

NOTE 9 – DEFINED BENEFIT PENSION PLAN

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

Funding Policy. As set by statute, Village of Morton's plan members are required to contribute 7.5 and 4.5 percent of their annual covered salary for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees.

NOTE 9 – DEFINED BENEFIT PENSION PLAN - Continued

The employer annual required contribution rate for calendar year 2017 was 13.36 and 10.42 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 2017 was $8,537 and $429,218 for Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees, respectively.

Three Year Trend Information for SLEP

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2017	$8,537	100%	$0
12/31/2016	$12,323	100%	$0
12/31/2015	$13,707	100%	$0

Three Year Trend Information for Other Qualifying Employees

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2017	$429,218	100%	$0
12/31/2016	$454,726	100%	$0
12/31/2015	$447,682	100%	$0

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

	SLEP	IMRF
Retirees and beneficiaries	1	42
Inactive, non-retired members	0	21
Active members	0	62
Total	1	125

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

NOTE 10 – POLICE AND FIREMEN PENSION PLAN

In addition to IMRF, the Village of Morton has two pension plans covering employees of the police and fire departments. The following brief descriptions of the two pension funds are proved 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.

NOTE 10 – 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. The Village has established a Firemen Pension Fund and has made cash transfers from the General fund to meet its funding requirements.

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

Recognition of Contributions and Benefits Paid

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized paid. Benefits and refunds are recognized when paid in accordance with terms or the plan.

Plan Administration

The Police and Firemen Pension Plans are single-employer defined benefit pension plans. Each plan is administered by the Village which acts as the administrator of the plans. The Board of the Police Pension Plan consists of five Trustees, two of whom are appointed by the mayor, two of whom are members of the system who are elected by a majority of the police officers who are members of the system, and a fifth trustee who is retired pensioner who is elected by a majority of retired police officers. Each Trustee serves a two-year term.

Each person employed by the Village Police Department as a full-time police officer becomes a member of the Plan as a condition of his or her employment. All police officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

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

NOTE 10 – 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, 2018, more than 5 percent of the Police Pension Plan investments are in Vanguard 500 Index Admiral Fund, Vanguard Growth Index Admiral Fund, Vanguard Total Stock Market Admiral, Vanguard Value Index Admiral Fund, and Morton Community Bank. These investments represent 8 percent, 7 percent, 6 percent, 6 percent, and 7 percent of the Plan's total net position, respectively. The Firemen Pension Plan did not hold investments in any one organization that represented 5 percent or more of the Plan's fiduciary position.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

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

	Premium Rate
Single	$ 961
Single and child(ren)	$ 1,729
Married	$ 1,921
Family	$ 2,594

The Village Board determines the benefits to be provided and contribution requirements. The Village currently funds these benefits on a pay-as-you-go basis and has not established a separate trust fund. Retiree health coverage is implicitly more expensive than active health coverage. This higher cost of coverage creates a liability assigned to the Village. For fiscal year 2018, three retirees were receiving benefits through the Village's health insurance plan.

NOTE 12 – INTERGOVERNMENTAL AGREEMENT

Illinois state statute requires any Village which receives an allocation of replacement taxes under the Illinois Local Library Act to pay to the public library a proportionate share of the tax received. For the fiscal year ended April 30, 2018, the amount paid to the Morton Public Library District for this intergovernmental agreement was $55,446 from the General Fund.

NOTE 13 – RISK MANAGEMENT

The Village of Morton has elected to self-fund its health and dental insurance. Actuarial information regarding future costs on present employees is unavailable at this time; however, an estimate of this amount was made from information provided by the claims administrator and self-insurance program consultant. Claims expenditure/expenses are recorded in the funds from which the respective employees' salaries and wages are paid.

NOTE 13 – RISK MANAGEMENT – Continued

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

The Village of Morton is also exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets, natural disasters, and medical and dental claims of its employees and their dependents. The Village purchases commercial insurance coverage for these risks of loss. Settled claims have not exceeded the aggregate commercial coverage in any of the past three years.

NOTE 14 – RESTATEMENT

Effective for the fiscal year ended April 30, 2018, the Village of Morton separated the Social Security activity from the Illinois Municipal Retirement Fund into its own fund. This change in reporting had the following impact on the previously reported fund balance

	Illinois Municial Retirement Fund	Social Security Fund	Total
Fund Balance April 30, 2017, previously reported	$ 341,276	$ -	$ 341,276
Segregation of fund presentation	206,129	(206,129)	-
Fund Balance, April 30, 2017, restated	$ 547,405	$ (206,129)	$ 341,276

NOTE 15 – PRIOR PERIOD ADJUSTMENT

For the fiscal year ending April 30, 2018, to further comply with the modified cash basis of accounting for financial statements, the Village of Morton changed the presentation of investments from the fair market value to cost basis. This change in valuation resulted in a decrease in the value of the Police Pension Fund's assets by $1,250,678, which accordingly, decreased the fund's net position by the same amount.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 15, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES:				
Taxes:				
Property tax	$ 1,175,700	$ 1,175,700	$ 1,161,586	$ (14,114)
Sales tax	4,075,000	4,075,000	4,375,394	300,394
Income Tax	1,550,000	1,550,000	1,723,088	173,088
Utility franchise tax	1,247,400	1,247,400	1,261,064	13,664
TV franchise tax	210,000	210,000	248,224	38,224
Telecommunication tax	475,000	475,000	396,105	(78,895)
Replacement tax	88,200	88,200	140,471	52,271
Charges for service	1,187,150	1,187,150	1,239,688	52,538
Licenses and permits	185,300	185,300	183,338	(1,962)
Fines	64,400	64,400	72,304	7,904
Grant revenue	204,310	204,310	216,342	12,032
Other revenue	28,500	28,500	23,466	(5,034)
Investment revenue	16,000	16,000	52,751	36,751
Total revenues	10,506,960	10,506,960	11,093,821	586,861
EXPENDITURES:				
CURRENT				
General and administration				
General administration				
Personnel	94,773	94,773	73,516	(21,257)
Contractual services	175,110	175,110	166,837	(8,273)
Commodities	335,200	335,200	352,129	16,929
Other	106,000	106,000	1,450	(104,550)
Total	711,083	711,083	593,932	(117,151)
President and board				
Personnel	16,000	16,000	16,067	67
Contractual services	7,450	7,450	8,295	845
Commodities	800	800	1,273	473
Other	2,975	2,975	1,425	(1,550)
Total	27,225	27,225	27,060	(165)
Board of fire and police commissioners				
Personnel	1,075	1,075	727	(348)
Contractual services	11,200	11,200	375	(10,825)
Other	1,338	1,338	-	(1,338)
Total	13,613	13,613	1,102	(12,511)
Community development				
Personnel	120,435	120,435	107,652	(12,783)
Contractual services	74,270	74,270	68,835	(5,435)
Commodities	2,200	2,200	828	(1,372)
Other	19,791	19,791	15	(19,776)
Total	216,696	216,696	177,330	(39,366)
Total general and administration	968,617	968,617	799,424	(169,193)
Public Works				
General administration				
Personnel	227,300	227,300	231,820	4,520
Contractual services	59,300	59,300	50,709	(8,591)
Commodities	16,700	16,700	16,285	(415)
Other	30,330	30,330	-	(30,330)
Total public works	333,630	333,630	298,814	(34,816)

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Public Safety				
Police department				
Personnel	2,818,900	2,818,900	2,777,632	(41,268)
Contractual services	281,822	281,822	355,072	73,250
Commodities	105,000	105,000	79,163	(25,837)
Other	105,300	105,300	5,161	(100,139)
Total	3,311,022	3,311,022	3,217,028	(93,994)
Fire department				
Personnel	264,366	264,366	223,475	(40,891)
Contractual services	242,350	242,350	203,907	(38,443)
Commodities	39,100	39,100	37,861	(1,239)
Other	57,082	57,082	2,339	(54,743)
Total	602,898	602,898	467,582	(135,316)
Paramedic group				
Personnel	1,446,279	1,446,279	1,213,828	(232,451)
Contractual services	111,200	111,200	139,255	28,055
Commodities	75,000	75,000	75,907	907
Other	100,000	100,000	75	(99,925)
Total	1,732,479	1,732,479	1,429,065	(303,414)
Total public safety	5,646,399	5,646,399	5,113,675	(532,724)
Transportation				
Street department				
Personnel	614,367	614,367	598,688	(15,679)
Contractual services	616,885	616,885	2,055,640	1,438,755
Commodities	263,500	263,500	242,282	(21,218)
Other	100,000	100,000	15	(99,985)
Total transportation	1,594,752	1,594,752	2,896,625	1,301,873
Culture & Recreation				
Memorial Plaza				
Contractual services	11,200	11,200	13,707	2,507
Commodities	1,200	1,200	3,173	1,973
Other	1,790	1,790	-	(1,790)
Total culture & recreation	14,190	14,190	16,880	2,690
CAPITAL OUTLAY				
Land	100,000	100,000	-	(100,000)
Infrastructure	2,800,000	2,800,000	896,295	(1,903,705)
Buildings	4,000	4,000	-	(4,000)
Equipment	87,000	87,000	76,405	(10,595)
Total capital outlay	2,991,000	2,991,000	972,700	(2,018,300)
DEBT SERVICE				
Principal	140,044	140,044	227,782	87,738
Interest	660	660	354	(306)
Total debt service	140,704	140,704	228,136	87,432
Total expenditures	11,689,292	11,689,292	10,326,254	(1,363,038)
Excess (deficiency of revenues over expenditures	(1,182,332)	(1,182,332)	767,567	1,949,899

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - General Fund - Continued
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(350,000)	(350,000)	(350,000)	-
Proceeds from the sale of assets	10,000	10,000	141,703	131,703
Intergovernmental agreements	-	-	(55,446)	(55,446)
Total other financing sources (uses)	(240,000)	(240,000)	(163,743)	76,257
Net Change in Fund Balance	(1,422,332)	(1,422,332)	603,824	2,026,156
Fund Balance - Beginning	5,374,735	5,374,735	5,374,735	-
Decrease in inventories	16,610	16,610	16,610	-
Fund Balance - Ending	$ 3,969,013	$ 3,969,013	$ 5,995,169	$ 2,026,156

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Major Fund - Motor Fuel Tax Fund
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
REVENUES:				
Taxes:				
Motor fuel tax	$ 430,000	$ 430,000	$ 426,382	$ (3,618)
Other revenue	1,866,000	1,866,000	-	(1,866,000)
Investment revenue	5,000	5,000	23,497	18,497
Total revenues	2,301,000	2,301,000	449,879	(1,851,121)
EXPENDITURES:				
CURRENT				
Transportation				
Street department				
Contractual services	1,310,000	1,310,000	685,668	(624,332)
Other	100,000	100,000	-	(100,000)
Total transportation	1,410,000	1,410,000	685,668	(724,332)
Total expenditures	1,410,000	1,410,000	685,668	(724,332)
Net Change in Fund Balance	891,000	891,000	(235,789)	(1,126,789)
Fund Balance - Beginning	2,710,587	2,710,587	2,710,587	-
Fund Balance - Ending	$ 3,601,587	$ 3,601,587	$ 2,474,798	$ (1,126,789)

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
General Fund
For the Year Ending April 30, 2018

	General Fund	Disaster Emergency Fund	Total General Fund
ASSETS:			
Cash	$ 5,686,778	$ 153,012	$ 5,839,790
Accounts receivable	213,393	-	213,393
Due from employees	816		816
Due from other funds	34,188	-	34,188
Inventory	31,804	-	31,804
Total assets	$ 5,966,979	$ 153,012	$ 6,119,991
LIABILITIES:			
Customer deposits	$ 6,000	$ -	$ 6,000
Total liabilities	6,000	-	6,000
DEFERRED INFLOW OF RESOURCES:			
Deferred insurance proceeds	118,822	-	118,822
	118,822	-	118,822
FUND BALANCES:			
Nonspendable:			
Inventory	31,804	-	31,804
Restricted for:			
General government	-	153,012	153,012
Committed to:			
Public safety	7,579	-	7,579
Assigned to:			
Public safety	52,964	-	52,964
Transportation	87,973	-	87,973
Unassigned	5,661,837	-	5,661,837
Total fund balance	5,842,157	153,012	5,995,169
Total liabilities, deferred inflows of resources, and fund balance	$ 5,966,979	$ 153,012	$ 6,119,991

See notes to the supplementary information.

Village of Morton
Combining Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis
General Fund
For the Year Ending April 30, 2018

	General Fund	Disaster Emergency Fund	Total General Fund
REVENUE:			
Taxes:			
Property tax	$ 1,161,586	$ -	$ 1,161,586
Sales tax	4,375,394	-	4,375,394
Income Tax	1,723,088	-	1,723,088
Utility franchise tax	1,261,064	-	1,261,064
TV franchise tax	248,224	-	248,224
Telecommunication tax	396,105	-	396,105
Replacement tax	140,471	-	140,471
Charges for service	1,239,688	-	1,239,688
Licenses and permits	183,338	-	183,338
Fines	72,304	-	72,304
Grant revenue	216,342	-	216,342
Other revenue	23,466	-	23,466
Investment revenue	52,751	-	52,751
Total revenue	11,093,821	-	11,093,821
EXPENDITURES:			
Current:			
General and administration	799,424	-	799,424
Public works	298,814	-	298,814
Public safety	5,113,675	-	5,113,675
Transportation	2,896,625	-	2,896,625
Culture & recreation	16,880	-	16,880
Capital Outlay	972,700	-	972,700
Debt Service			
Principal	227,782	-	227,782
Interest	354	-	354
Total expenditures	10,326,254	-	10,326,254
Excess revenue over (under) expenditures	767,567	-	767,567
OTHER FINANCING SOURCES (USES):			
Transfers in	100,000	-	100,000
Transfers out	(350,000)	-	(350,000)
Proceeds from sale of assets	141,703	-	141,703
Intergovernmental agreements	(55,446)	-	(55,446)
Total financing sources	(163,743)	-	(163,743)
Net change in fund balance	603,824	-	603,824
Fund balance - beginning	5,221,723	153,012	5,374,735
Decrease in inventories	16,610	-	16,610
Fund balance - ending	$ 5,842,157	$ 153,012	$ 5,995,169

See notes to the supplementary information.

Village of Morton
Combining Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ending April 30, 2018

	Tourism and Convention Fund	Social Security Fund	Illinois Municipal Retirement Fund	Business District Tax Fund	Total Nonmajor Governmental Funds
ASSETS:					
Cash	$ 365,513	$ 51,929	$ 423,623	$ 330,348	$ 1,171,413
Total assets	$ 365,513	$ 51,929	$ 423,623	$ 330,348	$ 1,171,413
LIABILITIES:					
Customer deposits	$ -	$ -	$ -	$ 750	$ 750
Total liabilities	-	-	-	750	750
FUND BALANCES:					
Restricted for:					
General government	365,513	51,929	423,623	329,598	1,170,663
Total fund balance	365,513	51,929	423,623	329,598	1,170,663
Total liabilities and fund balance	$ 365,513	$ 51,929	$ 423,623	$ 330,348	$ 1,171,413

See notes to the supplementary information.

Village of Morton
Combining Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ending April 30, 2018

	Tourism and Convention Fund	Social Security Fund	Illinois Municipal Retirement Fund	Business District Tax Fund	Total Nonmajor Governmental Funds
REVENUE:					
Taxes:					
Property tax	$ -	$ 197,679	$ 98,888	$ 420,297	$ 716,864
Municipal hotel tax	279,441	-	-	-	279,441
Replacement tax	-	12,058	6,677	-	18,735
Grant revenue	-	-	-	87,231	87,231
Other revenue	26,906	-	-	-	26,906
Investment revenue	2,778	1,319	5,278	2,777	12,152
Total revenue	309,125	211,056	110,843	510,305	1,141,329
EXPENDITURES:					
Current:					
General and administration	282,249	302,998	234,625	72,160	892,032
Capital Outlay	-	-	-	131,450	131,450
Total expenditures	282,249	302,998	234,625	203,610	1,023,482
Excess revenue over (under) expenditures	26,876	(91,942)	(123,782)	306,695	117,847
OTHER FINANCING SOURCES (USES):					
Transfers in	-	350,000	-	-	350,000
Transfers out	-	-	-	(100,000)	(100,000)
Total financing sources	-	350,000	-	(100,000)	250,000
Net change in fund balance	26,876	258,058	(123,782)	206,695	367,847
Fund balance - beginning	338,637	(206,129)	547,405	122,903	802,816
Fund balance - ending	$ 365,513	$ 51,929	$ 423,623	$ 329,598	$ 1,170,663

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Tourism and Convention Fund				
REVENUES:				
Taxes:				
Municipal hotel tax	$ 300,000	$ 300,000	$ 279,441	$ (20,559)
Other revenue	25,200	25,200	26,906	1,706
Investment revenue	1,700	1,700	2,778	1,078
Total revenues	326,900	326,900	309,125	(17,775)
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	79,360	79,360	63,700	(15,660)
Contractual services	89,600	89,600	68,654	(20,946)
Commodities	3,500	3,500	1,552	(1,948)
Other	200,220	200,220	148,343	(51,877)
Total general and administration	372,680	372,680	282,249	(90,431)
Total expenditures	372,680	372,680	282,249	(90,431)
Net Change in Fund Balance	(45,780)	(45,780)	26,876	72,656
Fund Balance - Beginning	338,637	338,637	338,637	-
Fund Balance - Ending	$ 292,857	$ 292,857	$ 365,513	$ 72,656
Social Security Fund				
REVENUES:				
Taxes:				
Property tax	$ 200,000	$ 200,000	$ 197,679	$ (2,321)
Replacement tax	17,500	17,500	12,058	(5,442)
Investment revenue	1,000	1,000	1,319	319
Total revenues	218,500	218,500	211,056	(7,444)
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	308,600	308,600	302,998	(5,602)
Other	28,030	28,030	-	(28,030)
Total general and administration	336,630	336,630	302,998	(33,632)
Total expenditures	336,630	336,630	302,998	(33,632)
Excess (deficiency of revenues over expenditures	(118,130)	(118,130)	(91,942)	26,188
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
Total other financing sources (uses)	350,000	350,000	350,000	-
Net Change in Fund Balance	231,870	231,870	258,058	26,188
Fund Balance - Beginning	(206,129)	(206,129)	(206,129)	-
Fund Balance - Ending	$ 25,741	$ 25,741	$ 51,929	$ 26,188

See notes to the supplementary information.

Village of Morton
Budgetary Comparison Schedule
Nonmajor Funds - continued
For the Year Ending April 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Illinois Municipal Retirement Fund				
REVENUES:				
Taxes:				
Property tax	$ 100,000	$ 100,000	$ 98,888	$ (1,112)
Replacement tax	17,500	17,500	6,677	(10,823)
Investment revenue	1,000	1,000	5,278	4,278
Total revenues	118,500	118,500	110,843	(7,657)
EXPENDITURES:				
CURRENT				
General and administration				
Personnel	280,300	280,300	234,625	(45,675)
Other	30,860	30,860	-	(30,860)
Total general and administration	311,160	311,160	234,625	(76,535)
Total expenditures	311,160	311,160	234,625	(76,535)
Net Change in Fund Balance	(192,660)	(192,660)	(123,782)	68,878
Fund Balance - Beginning	547,405	547,405	547,405	-
Fund Balance - Ending	$ 354,745	$ 354,745	$ 423,623	$ 68,878
Business District Tax Fund				
REVENUES:				
Taxes:				
Property tax	$ 417,000	$ 417,000	$ 420,297	$ 3,297
Grant revenue	-	-	87,231	87,231
Investment revenue	1,500	1,500	2,777	1,277
Total revenues	418,500	418,500	510,305	91,805
EXPENDITURES:				
CURRENT				
General and administration				
Contractual services	2,000	2,000	6,464	4,464
Commodities	-	-	64	64
Other	143,200	143,200	65,632	(77,568)
Total general and administration	145,200	145,200	72,160	(73,040)
CAPITAL OUTLAY				
Land improvements	230,000	230,000	131,450	(98,550)
Total capital outlay	230,000	230,000	131,450	(98,550)
Total expenditures	375,200	375,200	203,610	(171,590)
Excess (deficiency of revenues over expenditures	43,300	43,300	306,695	263,395
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	(100,000)	-
Net Change in Fund Balance	(56,700)	(56,700)	206,695	263,395
Fund Balance - Beginning	122,903	122,903	122,903	-
Fund Balance - Ending	$ 66,203	$ 66,203	$ 329,598	$ 263,395

See notes to the supplementary information.

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. However, there were budgetary transfers.

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

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

NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

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

Illinois Municipal Retirement - The Illinois Municipal Retirement was established to account for the activities resulting from the Village's participation in the Illinois Municipal Retirement Fund. Financing is provided by a dedicated annual real estate tax levy which produces a sufficient amount to pay the Village's contributions to the fund on behalf of the Village employees. In the prior year, this fund was "Illinois Municipal Retirement Fund & Social Security Fund". In the current year the revenues and expenditures for Social Security activity was reported in a separate fund.

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.

Village of Morton
Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis
Water and Wastewater Fund
For the Year Ending April 30, 2018

	Water Operations	Wastewater Operations	Total
Operating Revenues			
Charges for service and sales	$ 3,259,397	$ 3,126,832	$ 6,386,229
Penalties and fees	20,656	3,100	23,756
Total operating revenue	3,280,053	3,129,932	6,409,985
Operating Expenses			
Personnel	1,155,101	752,154	1,907,255
Contractual services	1,220,724	903,518	2,124,242
Commodities	622,766	109,232	731,998
Other	1,938	61,966	63,904
Total expenses	3,000,529	1,826,870	4,827,399
Operating income (loss) before depreciation	279,524	1,303,062	1,582,586
Depreciation	(331,561)	(783,034)	(1,114,595)
Operating income (loss)	(52,037)	520,028	467,991
Non-Operating Revenue (Expenses)			
Interest revenue	40,266	40,265	80,531
Other revenue	4,750	176	4,926
Total non-operating revenues (expenses)	45,016	40,441	85,457
Change in net position	$ (7,021)	$ 560,469	$ 553,448

Village of Morton
Combining Statement of Net Position - Modified Cash Basis
Fiduciary Funds
April 30, 2018

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Total Pension Trust Funds
ASSETS			
Current Assets			
Cash	$ 122,907	$ 265,296	$ 388,203
Investments	10,834,292	102,042	10,936,334
Total Assets	10,957,199	367,338	11,324,537
NET POSITION			
Held in trust for pension benefits	10,957,199	367,338	11,324,537
Total net position	$ 10,957,199	$ 367,338	$ 11,324,537

Village of Morton
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ending April 30, 2018

	Police Pension Fund	Volunteer Firefighter's Pension Fund	Pension Trust Funds
Additions			
Employer contributions			
Property tax	$ 593,940	$ -	$ 593,940
Replacement tax	39,864	-	39,864
Other	-	31,569	31,569
Plan members' contributions	160,775	-	160,775
Interest revenue	67,917	3,193	71,110
Investment revenue			
Dividends and capital gains	138,637	-	138,637
Realized gains (losses)	(14,418)	-	(14,418)
Total additions	986,715	34,762	1,021,477
Deductions			
Benefits paid	599,506	39,332	638,838
Administrative expenses	63,732	500	64,232
Total deductions	663,238	39,832	703,070
Change in net position	323,477	(5,070)	318,407
Prior period adjustment	(1,250,678)	-	(1,250,678)
Net position, beginning	11,884,400	372,408	12,256,808
Net position, ending	$ 10,957,199	$ 367,338	$ 11,324,537

OTHER INFORMATION

DEFINED BENEFIT PLAN INFORMATION

Annual Pension Costs. The required contribution for 2017 was determined as part of the December 31, 2015, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2015, 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, 2015 is being amortized as a level percentage of projected payroll on an open 26 year basis.

Funded Status and Funding Progress. As of December 31, 2017, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel (SLEP) and other qualifying employees' plan were 0.00 and 91.48 percent funded. The actuarial accrued liability for benefits was $0 and $12,525,349, respectively, and the actuarial value of assets was $8,765 and $11,457,691, respectively, resulting in an underfunded actuarial accrued liability (UAAL) of $8,765 and $1,067,658, respectively. The covered payroll for calendar year 2017 (annual payroll of active employees covered by the plan) was $0 and $4,119,174, respectively, and the ratio of the UAAL to covered payroll was 0 and 26 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)
12/31/2017	$8,765	$0	($8,765)	0.00%	$0	0.00%
12/31/2016	($52,868)	0	$52,868	0.00%	0	0.00%
12/31/2015	(78,037)	0	78,037	0.00%	0	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)
12/31/2017	$ 11,457,691	$12,525,349	$ 1,067,658	91.48%	$4,119,174	25.92%
12/31/2016	$ 10,925,912	$12,600,215	$ 1,674,303	86.71%	$4,175,630	40.10%
12/31/2015	11,218,536	13,220,605	2,002,069	84.86%	4,099,648	48.84%

On a market value basis, the actuarial value of assets as of December 31, 2017 is $50,277 for Sheriff's Law Enforcement Personnel and $12,707,014 for other qualifying employees. On a market basis, the funded ratio would be 0.00% and 101.45%, respectively.

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

Village of Morton
Other Information
April 30, 2018

Assessed Valuations, Rates, Extensions, and Collections
Tax Year 2017, 2016, 2015

	Tax Year		
	2017	2016	2015
Assessed Valuation	$ 491,901,723	$ 482,355,115	$ 466,614,263
Actual Tax Rates (per $100 assessed valuation):			
Corporate	0.18459	0.24339	0.26594
Illinois Municipal Retirement Fund	0.02033	0.02074	0.02144
Police Pension	0.13743	0.12460	0.12476
Social Security	0.09149	0.04147	0.02144
	0.43384	0.43020	0.43358
Tax Extensions:			
Corporate	$ 908,001	$ 1,173,618	$ 1,240,914
Illinois Municipal Retirement Fund	100,004	100,040	100,042
Police Pension	676,021	600,870	582,148
Social Security	450,041	199,984	100,042
	$ 2,134,067	$ 2,074,512	$ 2,023,146
Taxes Collected:			
Corporate		$ 1,160,081	$ 1,229,562
Illinois Municipal Retirement Fund		98,888	99,127
Police Pension		593,940	576,823
Social Security		197,679	99,127
		$ 2,050,588	$ 2,004,639
Percentage of Taxes Collected		98.85%	99.09%