

VILLAGE OF MORTON GROVE, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

VILLAGE OF MORTON GROVE, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2021

Prepared by:

Finance Department

Hanna Sullivan, Finance Director

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village including:

- List of Principal Officials
- Organization Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF MORTON GROVE, ILLINOIS

Principal Officials

December 31, 2021

LEGISLATIVE

Daniel DiMaria, Village President
(Term Ends April 2023)

Eileen Scanlon Harford, Village Clerk
(Term Ends April 2023)

TRUSTEES

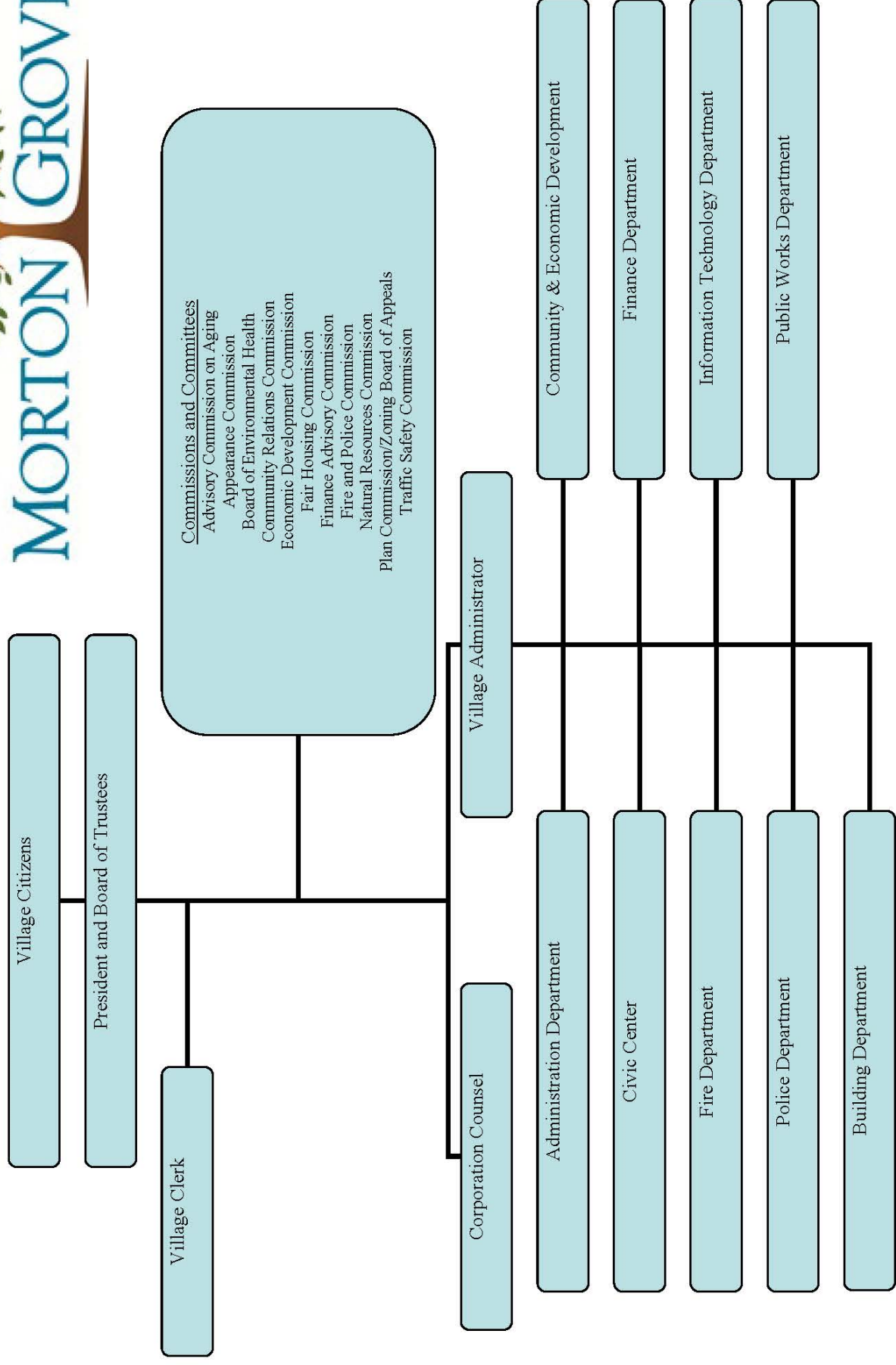
Bill Grear, Term Ends April 2023
Rita Minx, Term Ends April 2022
Connie Travis, Term Ends April 2023
John THill, Term Ends April 2022
Janine Witko, Term Ends April 2022
Saba Khan, Term Ends April 2023

ADMINISTRATIVE

(Appointments End December 31, 2021)

Ralph Czerwinski, Village Administrator
Hanna Sullivan, Finance Director
Teresa Hoffman Liston, Corporation Counsel
Ralph Ensign, Fire Chief
Michael Simo, Police Chief
Joseph Dahm, Public Works Director
Lauren Plahm, Adjudication Hearing Officer
Addis Greenberg, LLC, Village Prosecutor

Village of Morton Grove Organization Chart



October 13, 2022

The Citizens of the Village of Morton Grove,
Village President Dan DiMaria, Board of Trustees,
& Other Interested Parties

The Annual Comprehensive Financial Report of the Village of Morton Grove, Illinois for the year ended December 31, 2021, is hereby submitted as mandated by both local ordinance and state statute. These mandates require that the Village annually issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

Management staff assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management staff has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements will be free of any material misstatements. As management staff, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Lauterbach & Amen LLP, a firm of independent certified public accountants. The independent auditor concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion on the Village of Morton Grove's financial statements for the year ended December 31, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Village of Morton Grove

The Village of Morton Grove, incorporated in 1895, is a near north suburb of Chicago, located ten miles northeast of O'Hare International Airport. The Village encompasses an area of five square miles and has a population of 23,089 residents according to the 2010 census. The Village is a diversified and balanced community of residential areas, completed by commercial and light to medium manufacturing districts. Village residents are served by five elementary and two secondary school districts.

The Village of Morton Grove is governed as a home rule community under Illinois law and operates under a President/Trustee form of government with a full time Administrator. The home rule status was confirmed by a special referendum held on March 18, 1980.

As a home rule municipality, the Village is permitted to carry out its own governing procedures, except where specifically prohibited by the State Legislature. The Village President and six members Board of Trustees are elected at large for four-year terms. The President, with concurrence from the Board, appoints the Village Administrator and all Department Directors. The Village Administrator is the Chief Administrative Officer who oversees the day-to-day operations of the Village. The Village has eight departments: police, fire, public works, community and economic development, health and human services, code enforcement, finance, and administration.

The Village of Morton Grove Annual Comprehensive Financial Report includes all of its governmental operation funds, pension trust funds (the Morton Grove Firefighters' Pension Fund, Morton Grove Police Pension Fund, and the General Pension Fund). The accompanying financial statements include only those funds of the Village, as there is no other organization for which it has financial accountability. The pension funds are determined to be pension trust funds due to their fiduciary and fiscal relationships with the Village as their sole purpose is to provide retirement benefits to the Village's civilian employees, sworn firefighters and police officers. The Public Library is no longer reported as a discrete component unit with the implementation of GASB Statement No 61.

The annual budget serves as the foundation for the Village's financial planning and control. Budgetary appropriations for the operations of various Village departments are established through the adoption of an annual Budget Ordinance by the Village Board of Trustees.

On November 10, 1997, the Village Board of Trustees approved Ordinance 97-53 that changed the fiscal year end date from April 30 to December 31. This was done to align property tax receipts with the year they are intended to finance and allow the budget preparation process to begin when municipal operations are generally at a more manageable level.

Local Economy

The Village of Morton Grove's principal growth took place during the late 50's and early 60's when the population increase from 7,427 to 20,533 residents. The Village primarily consists of residential land uses. Significant industrial, office and commercial land uses are also located in the community. Little vacant land remains for commercial and office development or light manufacturing. Approximately twenty percent (20%) of the Village's land area is Cook County Forest Preserve property.

Although the Village's population has stabilized several years ago, it remains a vibrant economic community and is a desirable place to live. The unemployment rate remained relatively stable over the years: however, it had risen to 8.4% in 2020 due to the economic impact of the Covid 19 pandemic but has reduced to 1.7% in 2021.

Residents in Morton Grove enjoy a pleasant suburban environment with an easy commute into the City of Chicago for work or entertainment.

The median income for a household in the village was \$87,063, and the median income for a family was \$110,549. Males had a median income of \$76,200 versus \$64,155 for females. The per capita income for the Village was \$38,381. About 5.2% of families and 7.14% of the population were below the poverty line, including 8.7% of those families with children under age 18 and 3.2% of those ages 65 or over.

There are several factors that impact the local finances of the Village. These factors include desirability of goods and services provided by the local business community and action taken by the Village Board. During the calendar year the Village recognized changes in the local economic climate. The sales tax trend continues to improve. Building permits and business license revenues are also showing growth.

The economy in Morton Grove has shown growth for the last couple of years. In the spring of 2020 spread of the coronavirus prompted the Illinois governor to issue an executive order which closed most businesses for several months. This impacted Village revenues, especially sales and local taxes. 2021 saw revenues return to pre-covid levels with some additional growth from new businesses.

Several important revenue sources are affected by economic conditions beyond the Village's control. The State continues to reduce the amount of shared revenues transmitted to the Village. Additionally, property tax receipts collected by the Cook County are in flux as the billing and payment deadline dates are often delayed further making it difficult to anticipate the cash flow and plan for the outstanding debt service.

Local governments are still being faced with the difficult choices of reducing service levels, assessing staffing levels, and maintaining adequate reserves. The Village of Morton Grove has re-evaluated every aspect of the Village's operations for opportunities for new revenues and cost containment. Some of the positive cost containment results were due to staff reductions with limited backfill, procurement savings realized through a municipal partnering initiative in joint proposals for goods and services, reductions in general operating expenses as a result of re-evaluating many budgeted items and cost-sharing through new intergovernmental agreements with neighboring communities.

The Village Board, Management and staff is pleased to report that they have been successful in achieving their primary goal of maintaining service levels to the greatest extent possible while taking measures to reduce their expenditures.

A number of infrastructure improvements have been completed throughout the Village in recent years. These improvements are most prominent in the Village's two tax increment financing districts (TIF). The Lehigh/Ferris tax increment district has been designated for transit-oriented development which has fostered new condominium and town home development. A main Village arterial street has also been improved along with water main improvements which allow for needed infrastructure upgrades.

Long-Term Financial Planning

An analysis of long-range issues invariably focuses on the Village's infrastructure. Approximately \$30 million of streets, alleys, bridges, water mains, and storm sewers are deployed throughout the Village. Routine maintenance and restoration are a significant expense each year. The continued viability of this infrastructure network is a priority for the Village Board.

In response to the long-range need to finance infrastructure work, the Village is very active in the area of economic development. The Village works to attract new businesses to the community while retaining and strengthening existing establishments. The Village has been active in its use of tax increment financing (TIF) and private activity bonds assistance to promote economic development. The ultimate goal is for the resulting economic growth to provide additional sales tax and other resources to help support the existing tax base of the Village.

Major Initiatives and Accomplishments

The Village provided the framework goals to provide outstanding services and programs in a fiscally prudent environment. The goals included continuing to improve the operating budget and financial practices to promote efficient service delivery, fiscal responsibility and transparency, continuing to improve operations, maximize quality of service and efficiency, enhancing the Village's community planning and economic development efforts, develop intergovernmental relationships, enhancing the Village communication program to promote dissemination of information to customers and improving the capital improvement program in an effective and fiscally-responsible manner.

The Village created the new Sawmill Station tax increment financing district in 2019 to support the development of a 32-acre shopping plaza that was mostly vacant. The redevelopment is in process with several new businesses opening in 2020. Additional new businesses opened in 2021 and an apartment complex was also developed. The Village issued \$18 million dollars in TIF revenue bonds for project funding. It is important to note these are not general obligation bonds and will only be paid from revenues generated by the TIF.

The Village formed the Morton Grove Niles Water Commission with the Village of Niles in 2017 for the purpose of constructing a pipeline to allow the Village to purchase water from the Village of Evanston which will be a significant savings over the current water rates the Village pays to the City of Chicago. The Village began taking some water from Evanston in December 2018 and transitioned fully to Evanston water in early 2020.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the thirty-second consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and the cooperation and assistance of the staffs of the other departments of the Village.

Finally, appreciation is expressed to the Village Administrator, Village President and Board of Trustees for their leadership and support in planning and conducting the fiscal affairs of the Village in a responsible manner.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Hanna Sullivan', followed by a period.

Hanna Sullivan
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Morton Grove
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

October 13, 2022

The Honorable Village President
Members of the Board of Trustees
Village of Morton Grove, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morton Grove, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Morton Grove Police Pension Fund and Morton Grove Firefighters' Pension Fund as of December 31, 2021 and the respective changes in financial position, thereof for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Morton Grove Police Pension Fund and Morton Grove Firefighters' Pension Fund, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morton Grove, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

As management of the Village of Morton Grove, Illinois (“the Village”) or (“Morton Grove”), we offer readers of the Village’s financial statements this narrative overview and analysis of the financial activities of the Village for the calendar year ended December 31, 2021.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

USING THIS ANNUAL REPORT

The accounting standards reflected in this report are designed to provide two perspectives of the Village’s financial performance; a focus on the Village as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the Village’s financial accountability.

The Statement of Net Position and the Statement of Activities provided information about the activities of the Village as a whole and present a longer-term view of the Village’s finances. For governmental activities, these statements tell how these services were financed in the short term as well as what is available for future spending. Fund financial statements also report the Village’s operations in more detail than the government-wide statements by providing information about the Village’s most significant funds. The remaining statements provide financial information about fiduciary activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position reports information on all of the Village’s assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Village’s financial position is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village’s property tax base and the condition of the Village’s infrastructure, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the Village’s net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the Village’s basic services, including general government, police, fire, public works, economic development, senior services, emergency 911 services, fire alarm, tax increment financing districts, motor fuel taxes and related expenditures, and capital projects. Sales tax, property tax levies, and shared state income taxes finance the majority of these services. Business-type activities of the Village consist of the municipal water and sewer system, solid waste, and municipal parking operations.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

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

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

The Village maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Lehigh/Ferris TIF Fund, the Waukegan Road TIF Fund, the Sawmill Station TIF Fund and the Capital Projects Fund, all of which are considered to be Major Funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in a later section of this report.

The Village adopts an Annual Budget for all funds. A budgetary comparison schedule has been provided where appropriate to demonstrate compliance with these budgets.

PROPRIETARY FUNDS

The Village maintains one type of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. The Village uses an Enterprise Fund to account for its municipal water and sewer operations, solid waste function, municipal parking lots and the Morton Grove Days festival.

Proprietary Funds provide the same type of information as the Government-Wide Financial Statement, only in more detail. The Proprietary Fund financial statement provides separate information for the Water and Sewer Fund, which is considered to be a major fund of the Village. Individual fund information for non-major enterprise funds is found in combining statements in a later section of this report.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

FIDUCIARY FUNDS

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Municipal Employees' Retirement Fund, Police Pension Fund and Firefighters' Pension Fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for Proprietary Funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's Illinois Municipal Retirement Fund, Sherriff's Law Enforcement Personnel Plan, Municipal Employee's Retirement Fund, Police and Firefighters' Pension Fund, and the Retiree Benefit Plan. The required supplementary information also contains budget to actual comparison schedule for the General Fund, Lehigh/Ferris TIF Fund, and the Sawmill Station TIF Fund. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

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VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis and subsequent financial statements show a radically different net position for the Village than in previous years. It is important to recognize that this change is attributable to the Village of Morton Grove implementing GASB pronouncement 68 in 2015, which established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for defined-benefit pension plans. This pronouncement has had a significant impact not only on the Village of Morton Grove but every government agency that issues financial statements in accordance with GAAP. Similarly, in 2018 the Village implemented GASB 75, which established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses related to Other Post-Employment Benefits.

The following tables show the net position of the Village of Morton Grove, December 31, 2021, compared to December 31, 2020:

Village of Morton Grove Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 50,382,711	46,770,792	4,268,949	4,467,125	54,651,660	51,237,917
Capital Assets	54,808,506	54,619,854	10,324,186	9,867,899	65,132,692	64,487,753
Other Assets	271,717	16,568	47,405	—	319,122	16,568
Total Assets	105,462,934	101,407,214	14,640,540	14,335,024	120,103,474	115,742,238
Deferred Outflows of Resources	6,661,180	9,800,215	288,217	448,253	6,949,397	10,248,468
Total Assets/ Deferred Outflows	112,124,114	111,207,429	14,928,757	14,783,277	127,052,871	125,990,706
Long-Term Debt	108,542,489	116,265,755	9,120,385	7,776,468	117,662,874	124,042,223
Other Liabilities	5,984,862	4,948,991	1,044,230	500,604	7,029,092	5,449,595
Total Liabilities	114,527,351	121,214,746	10,164,615	8,277,072	124,691,966	129,491,818
Deferred Inflows of Resources	39,203,402	35,856,986	380,671	651,793	37,147,920	36,508,779
Total Liabilities/ Deferred Inflows	153,730,753	157,071,732	10,545,286	8,928,865	161,839,886	166,000,597
Net Position						
Net Investment in Capital Assets	48,274,626	45,731,628	8,068,151	7,393,385	56,342,777	53,125,013
Restricted	23,356,381	23,426,347	—	—	23,356,381	23,426,347
Unrestricted (Deficit)	(113,237,646)	(115,022,278)	(3,684,680)	(1,538,973)	(116,922,326)	(116,561,251)
Total Net Position	(41,606,639)	(45,864,303)	4,383,471	5,854,412	(37,223,168)	(40,009,891)

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

A reconciliation between the governmental funds at the fund level and the entity wide governmental activities is located after the Balance Sheet – Governmental Funds.

The Village's net position, investment in capital assets of \$56,342,777, reflects infrastructure, land, buildings and improvements, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must provide from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$23,356,381, of the Village's net position represents resources that are subject to external restrictions on how they may be used, including restrictions for future street improvements, debt service payments, public safety, and future capital development.

NORMAL IMPACTS

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

- a. 1) *Net Results of Activities* – which will impact (increase/decrease) current assets and unrestricted net position.
- a. 2) *Borrowing for Capital* – which will increase current assets and long-term debt outstanding.
- a. 3) *Spending Borrowed Proceeds on New Capital* – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.
- a. 4) *Spending Nonborrowed Current Assets on New Capital* – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.
- a. 5) *Principal Payment on Debt* – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.
- a. 6) *Reduction of Capital Assets through Depreciation* – which will reduce capital assets and reduce net investment in capital assets.

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VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

Following is a table that summarizes the change in net position of the Village at the close of the fiscal year, with a comparison to the preceding fiscal year.

Village of Morton Grove Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 4,559,550	4,928,241	10,173,290	10,125,482	14,732,840	15,053,723
Operating Grants/Contrib.	1,422,960	1,358,021	—	—	1,422,960	1,358,021
Capital Grants/Contrib.	1,744,786	543,737	—	—	1,744,786	543,737
General Revenues						
Taxes	33,134,740	29,887,744	—	—	33,134,740	29,887,744
Investment Income	1,094,698	207,119	726	9,545	1,095,424	216,664
Miscellaneous	92,414	1,034,799	246,733	190,922	339,147	1,225,721
Total Revenues	42,049,148	37,959,661	10,420,749	10,325,949	52,469,897	48,285,610
Expenses						
General Government	10,215,501	3,008,128	—	—	10,215,501	3,008,128
Public Safety	18,888,660	20,431,755	—	—	18,888,660	20,431,755
Streets and Sidewalks	4,163,917	4,085,760	—	—	4,163,917	4,085,760
Vehicle and Maintenance	928,257	742,774	—	—	928,257	742,774
Health and Human Services	13,876	11,448	—	—	13,876	11,448
Community Development	1,326,585	8,126,273	—	—	1,326,585	8,126,273
Building and Inspection Services	1,198,685	814,303	—	—	1,198,685	814,303
Interest on Long-Term Debt	1,056,003	433,278	—	—	1,056,003	433,278
Water and Sewer	—	—	9,891,226	7,276,909	9,891,226	7,276,909
Solid Waste	—	—	1,924,023	1,814,565	1,924,023	1,814,565
Municipal Parking	—	—	(301)	62	(301)	62
Morton Grove Days	—	—	76,742	36,143	76,742	36,143
Total Expenses	37,791,484	37,653,719	11,891,690	9,127,679	49,683,174	46,781,398
Change in Net Position	4,257,664	305,942	(1,470,941)	1,198,270	2,786,723	1,504,212
Net Position - Beginning	(45,864,303)	(46,170,245)	5,854,412	4,656,142	(40,009,891)	(41,514,103)
Net Position - Ending	(41,606,639)	(45,864,303)	4,383,471	5,854,412	(37,223,168)	(40,009,891)

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

NORMAL IMPACTS

There are eight basic (normal) impacts on revenues and expenses are reflected below:

Revenues:

- a. 1) *Economic Condition* – which can reflect a declining, stable, or growing economic environment and has a substantial impact on state income, sales, and utility tax revenue as well as public spending habits for building permits, elective user fees, and level of consumption.
- a. 2) *Increase/Decrease in Village-Approved Rates* – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, water, sewer, impact fees, building fees, home rule sales tax, etc.)
- a. 3) *Changing Patterns in Intergovernmental and Grant Revenue (both Recurring and Nonrecurring)* – certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically, while nonrecurring (or one-time) grants are less predictable and often distorting on their impact on year-to-year comparisons.
- a. 4) *Market Impacts on Investment Income* – the Village’s investment policy is managed using similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

- a. 5) *Introduction of New Programs* – within the functional expense categories (general government, public works, public safety, etc.), individual programs may be added or deleted to meet changing community needs.
- a. 6) *Change in Authorized Personnel* – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Personnel costs (salary and related benefits).
- a. 7) *Salary Increases (Annual Adjustments and Merit)* – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.
- a. 8) *Inflation* – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

GOVERNMENTAL ACTIVITIES

Revenues:

Revenues for governmental activities totaled \$37,959,661 at December 31, 2021.

- a. Property tax continues to be the Village's largest revenue source totaling \$14,370,115 representing 34.17% of total governmental activity revenue. Sales tax revenue was \$9,601,236 or 22.83% of total governmental activity revenue. Charges for Services revenue was \$4,559,550 or 10.84% of total governmental activity revenue. State income tax revenue was \$3,089,256 or 7.35% of total governmental activity revenue. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, and others) was \$4,161,780 or 9.90% of total governmental activity revenue. Telecommunication tax was \$353,708 or 0.84% of total governmental activity revenue. A utility tax (Electric, Gasoline & Natural gas tax) was \$1,558,645 or 3.71% of total governmental activity revenue.

Comparison with Prior Year.

- a. Property tax revenue decreased by \$445,953 or 3.01% from prior year due to a decrease in the incremental property tax received by the Sawmill TIF fund. Sales tax revenue increased by \$2,323,812 or 31.93% from prior year due to the opening of new businesses in the Sawmill TIF District and the continued recovery from the impact of the Covid-19 pandemic. Charges for Services revenue decreased by \$368,691 or 7.48% from prior year. State income tax revenue increased by \$560,530 or 22.17% from prior year due to local economic recovery and a population increase. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, food & beverage, and others) increased by \$865,577 or 26.26% from prior year. Food and beverage and hotel/motel tax increased due to recovery from the pandemic. Food and beverage also increased due to the opening of several new restaurants. Other taxes such as local use and real estate transfer taxes saw an increase as well. Telecommunication decreased by \$101,871 or 22.36% from prior year. The Village has seen telecommunications tax decline for the last few years due to changes in how service is provided. Utility taxes (Electric, Gasoline & Natural gas tax) increased by \$44,901 or 2.97% from prior year. Utility taxes have declined over the last several years due to more efficient use by customers, but the revenues are also largely tied to the weather.

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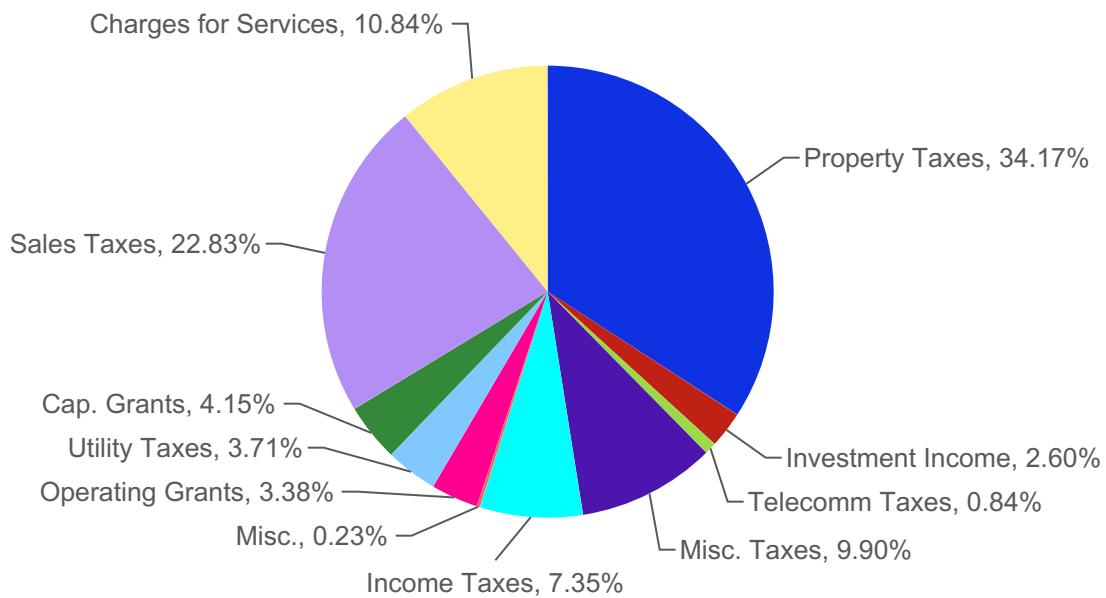
VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

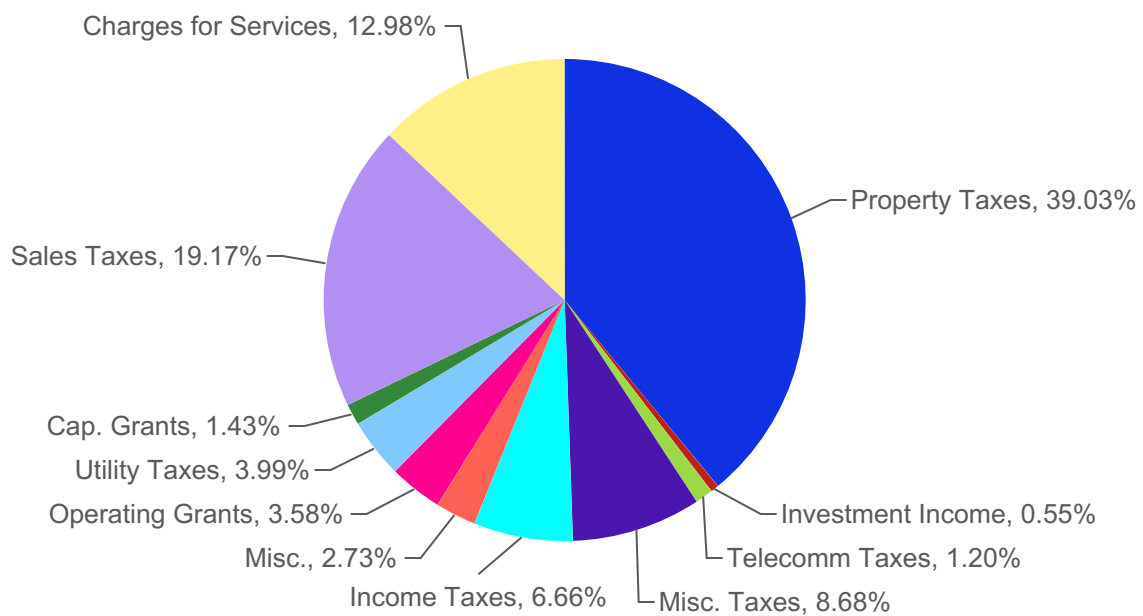
The following table graphically depicts the major revenue sources of the Village.

**Revenues by Source - Governmental Activities
December 31, 2021**



Prior Year Revenue by Source – Governmental Activities – For Comparison

**Revenues by Source - Governmental Activities
December 31, 2020**



VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

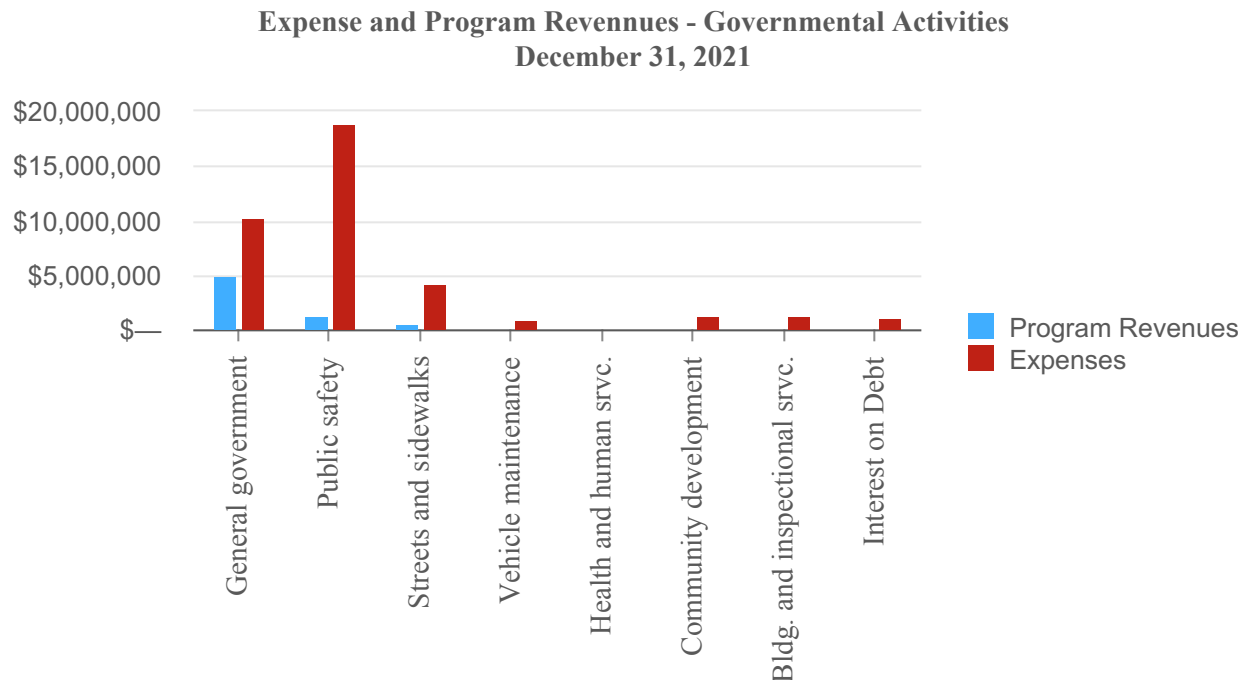
December 31, 2021

Expenses

Expenses for governmental activities were \$37,791,484 at December 31, 2021, and \$37,653,719 at December 31, 2020, a decrease of \$9,664,719 or 20.42%

The increase in expense for governmental activities is due to a large amount of project funding in the Sawmill Station TIF District was done in 2020.

The 'Expense and Program Revenues' table identifies those governmental functions where program expenses exceed revenues. These deficits are expected as those governmental functions are primarily support by General Revenues (for instance Property Taxes and Sales Taxes) rather than the Program Revenues.



BUSINESS-TYPE ACTIVITIES

Business-Type activities posted program revenues of \$10,173,290, while the costs of all business-type activities totaled \$11,891,690. Revenues exceeded expenses by \$1,718,400 prior to interest and miscellaneous income of \$247,459. This was due to a reduction in expense for the cost of water due to the transition to the Morton Grove Niles Water Commission for water purchased.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

Revenues

In 2021 the Village water rate charged to customers of \$10.81 per 1,000 Gallon remained unchanged. Water and Sewer Fund charges for services increased by \$84,171 or 1.05%.

The Village created the Solid Waste Fund to account for the financial activity of the Village residential waste collection and disposal program. In May 2010, the Village's staff assumed responsibility for billing and residents are charged for waste removal and disposal as part of their bi-monthly water bill. In 2021 Solid Waste operating revenues decreased by \$65,608 or 3.14%.

The Village created the Municipal Parking Fund to account for the Village parking lots and monies received from permit sales. The Village staff is responsible for customers who signed a yearly lease for parking spaces near the Metra Station in Morton Grove. Due to the pandemic many workers worked from home during 2021. Operating revenues for 2021 decreased by \$5,801 or 50.77%.

In 2017 the Village created the Morton Grove Days Fund to account for the annual festival held over the Fourth of July. Operating revenues for 2021 increased by \$35,046 as the event could not be held in 2020.

Expenses

Total expenses for Water and Sewer Fund activities totaled \$9,891,226, an increase of \$2,614,317, or 335.93% from prior year. In 2020 the Village was finishing a transition in water supply which required additional expense during conversion and enhancement of the water system. In 2021 the Village started to see the full savings of the water transition.

Total expenses for Solid Waste Fund activities totaled \$1,924,023, an increase of \$109,458, or 6.03%, from prior year because of administrative costs.

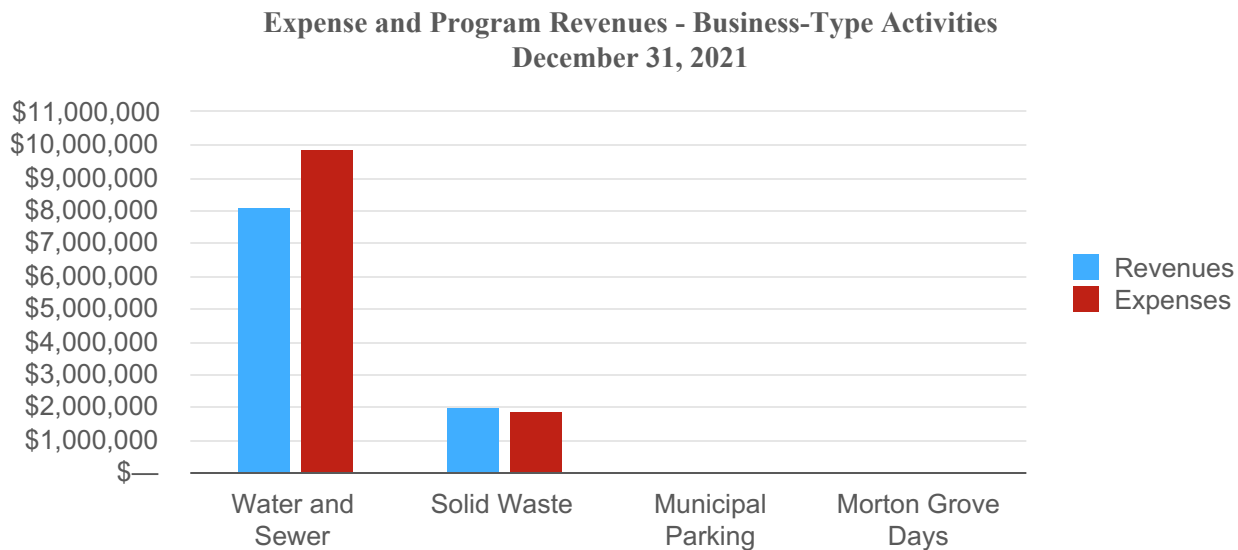
Total expenses from Municipal Parking Fund activities decreased \$363 due to the parking lot not being utilized because of the pandemic.

The expenses from the Morton Grove Days Fund were \$76,742 but will be reimbursed by the Morton Grove Days Commission.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

The focus of the Village's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported combining ending fund balances of \$36,015,696, which is an increase of \$2,166,249, from last year's total of \$33,849,447. This is due to the increase in General Fund revenues including an ARPA (American Recovery Plan Act) grant of about \$1,500,000.

General Fund: The General Fund reported a surplus for the year of \$2,200,112. Revenues were more than the budgeted amount due to the receipt of ARPA grant money and the economic recovery from the impact of the Covid-19 pandemic. Expenditures were also less than budget but increased from the prior year. The Village remained conservative with expenditures as the revenues were recovering.

The General Fund is the chief operating fund of the Village. At December 31, 2021, unassigned fund balance in the General Fund was \$12,626,851, which represents 91.54% of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance in General Fund represents 40.44% of total General Fund expenditures.

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

Lehigh Ferris TIF Fund: Reported a fund balance increase of \$405,197 due to an increase in TIF property tax revenue.

Sawmill Station TIF Fund: This was a new fund in 2019 and reported a decrease of \$698,385 due to a decrease in TIF property tax revenue.

Debt Service Fund: Reported a fund balance decrease of \$155,344 because of debt service payments.

Capital Projects Fund: Reported a fund balance decrease of \$209,200 as a result of capital projects from 2020 being deferred until 2021.

PROPRIETARY FUNDS

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water and Sewer Fund a major proprietary fund. The Village reports three non-major proprietary funds, the Solid Waste Fund, the Municipal Parking Fund, and the Morton Grove Days Fund. The Water and Sewer Fund accounts for all of the operations of the municipal water system. In 2019 the Village began transitioning from purchasing water from the City of Chicago to purchasing water through the Morton Grove Niles Water Commission, which purchases water from the City of Evanston. The change will give Morton Grove better control over the cost of water. Water is then sold to all residential municipal customers at a rate of \$10.81 with an additional sewer rate of 1.15 per thousand gallons. Rates for commercial customers vary based on the gallons of water consumed. The difference between the purchase and sales rates is intended to finance the operations of the water system, including labor costs, supplies, repair, and replacement, and required infrastructure maintenance.

CAPITAL ASSETS

The Village's investment in net capital assets for its governmental and business type activities as of December 31, 2021, was \$65,132,692 (net of accumulated depreciation). This investment in capital assets includes land (right of way), construction in progress, buildings and improvements, machinery, equipment and vehicles, and infrastructure. The minimum capital threshold remained at \$10,000. For more information regarding the Village's capital assets, please refer to Note 3 in the notes to the financial statements.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land (Right of Way)	\$ 43,972,244	43,972,244	300,495	—	44,272,739	43,972,244
Construction in Progress	110,186	147,669	45,164	12,889	155,350	160,558
Buildings and Improvements	3,676,910	3,874,435	8,199,596	7,917,675	11,876,506	11,792,110
Machinery, Equipment and Vehicles	2,180,152	1,755,985	1,778,931	1,937,335	3,959,083	3,693,320
Infrastructure	4,869,014	4,869,521	—	—	4,869,014	4,869,521
Total	54,808,506	54,619,854	10,324,186	9,867,899	65,132,692	64,487,753

VILLAGE OF MORTON GROVE, ILLINOIS

Management Discussion and Analysis

December 31, 2021

LONG-TERM DEBT

At year-end, the Village had total outstanding debt of \$26,610,000, as compared to \$28,960,000 the previous year. In 2019 the Village issued \$18,635,000 of Sawmill Station TIF Revenue bonds. These bonds are not general obligation and are only payable from revenues generated by the Sawmill Station TIF.

The following is a comparative statement of outstanding debt (excluding intergovernmental agreements).

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General Obligation Bonds \$	5,935,600	8,094,200	2,039,400	2,230,800	7,975,000	10,325,000
TIF Revenue Bonds	18,635,000	18,635,000	—	—	18,635,000	18,635,000
Total	24,570,600	26,729,200	2,039,400	2,230,800	26,610,000	28,960,000

For information related to the Village's long-term debt, please refer to Note 3 in the notes to the financial statements.

Economic Factors and Future Prospects

In the spring of 2020, the spread of the coronavirus caused the Governor of Illinois to issue an executive order closing many businesses for several months. This had a dramatic effect on some revenues, particularly sales taxes. The Village has seen economic recovery in 2021 with the addition of new businesses, especially in the Sawmill TIF District. The Village continues to have conservative approaches to estimating revenues and strong expenditure management by the departments have allowed the Village to improve its financial condition. The Village took steps to reduce expenditures for 2020 in light of the economic situation. The President signed the American Rescue Plan Act in 2021. This Act provides for federal funding to local governments to replace lost revenue due to the pandemic and provide for investment in infrastructure. The Village received the first half of the anticipated \$3 million dollars in grants. This money was used in 2021 to purchase a fire truck and several police vehicles. The Village is still considering the best use of the remaining 2021 grant and the 2022 grant funds, focusing on one time expenditures such as public safety equipment and roads. Some challenges that will be considered during the development of 2023 budget are rising personnel costs, including health insurance, funding capital projects, and funding the public safety pensions.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director, Village of Morton Grove, 6101 Capulina, Morton Grove, Illinois, 60053.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements

- Fund Financial Statements

 - Governmental Funds

 - Proprietary Funds

 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial state.

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position

December 31, 2021

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position December 31, 2021

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Current Assets			
Cash and Investments	\$ 24,643,454	1,726,195	26,369,649
Receivables - Net of Allowances	18,339,330	2,557,220	20,896,550
Internal Balances	46,769	(46,769)	—
Prepays/Land Held for Resale	7,353,158	32,303	7,385,461
Total Current Assets	50,382,711	4,268,949	54,651,660
Noncurrent Assets			
Capital Assets			
Nondepreciable	44,082,430	345,659	44,428,089
Depreciable	61,601,010	21,960,681	83,561,691
Accumulated Depreciation	(50,874,934)	(11,982,154)	(62,857,088)
Total Capital Assets	54,808,506	10,324,186	65,132,692
Other Assets			
Net Pension Asset - IMRF	240,439	47,405	287,844
Net Pension Asset - SLEP	31,278	—	31,278
Total Other Assets	271,717	47,405	319,122
Total Noncurrent Assets	55,080,223	10,371,591	65,451,814
Total Assets	105,462,934	14,640,540	120,103,474
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	196,432	38,729	235,161
Deferred Items - MERF	368,117	154,999	523,116
Deferred Items - Police Pension	3,712,894	—	3,712,894
Deferred Items - Firefighters' Pension	309,586	—	309,586
Deferred Items - RBP	2,028,648	94,489	2,123,137
Unamortized Loss on Refunding	45,503	—	45,503
Total Deferred Outflows of Resources	6,661,180	288,217	6,949,397
Total Assets and Deferred Outflows of Resources	112,124,114	14,928,757	127,052,871

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 2,247,153	748,852	2,996,005
Accrued Interest Payable	458,634	3,872	462,506
Deposits Payable	455,958	23,582	479,540
Other Liabilities	283,556	35,465	319,021
Current Portion of Long-Term Debt	2,539,561	232,459	2,772,020
Total Current Liabilities	5,984,862	1,044,230	7,029,092
Noncurrent Liabilities			
Compensated Absences Payable	811,910	102,636	914,546
Net Pension Liability - MERF	14,860,542	6,257,182	21,117,724
Net Pension Liability - Police Pension	29,536,741	—	29,536,741
Net Pension Liability - Firefighters' Pension	24,538,625	—	24,538,625
Total OPEB Liability - RBP	15,272,085	711,332	15,983,417
General Obligations Bonds Payable - Net	4,476,183	2,049,235	6,525,418
Tax Increment Financing Revenue Bonds Payable - Net	18,799,524	—	18,799,524
Intergovernmental Agreement Payable	246,879	—	246,879
Total Noncurrent Liabilities	108,542,489	9,120,385	117,662,874
Total Liabilities	114,527,351	10,164,615	124,691,966
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	11,380,348	—	11,380,348
Deferred Items - IMRF	763,923	150,616	914,539
Deferred Items - SLEP	19,707	—	19,707
Deferred Items - Police Pension	12,199,156	—	12,199,156
Deferred Items - Firefighters' Pension	9,901,066	—	9,901,066
Deferred Items - RBP	4,939,202	230,055	5,169,257
Total Deferred Inflows of Resources	39,203,402	380,671	39,584,073
Total Liabilities and Deferred Inflows of Resources	153,730,753	10,545,286	164,276,039
NET POSITION			
Net Investment in Capital Assets	48,274,626	8,068,151	56,342,777
Restricted			
IMRF	18,571	—	18,571
Public Safety	1,731,590	—	1,731,590
Streets and Sidewalks	2,181,901	—	2,181,901
Community Development	18,043,891	—	18,043,891
Capital Improvements	1,380,428	—	1,380,428
Unrestricted (Deficit)	(113,237,646)	(3,684,680)	(116,922,326)
Total Net Position	(41,606,639)	4,383,471	(37,223,168)

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2021

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 10,215,501	3,268,836	—	—
Public Safety	18,888,660	1,275,917	—	—
Streets and Sidewalks	4,163,917	14,797	1,422,960	1,744,786
Vehicle and Maintenance	928,257	—	—	—
Health and Human Services	13,876	—	—	—
Community Development	1,326,585	—	—	—
Building and Inspection Services	1,198,685	—	—	—
Interest on Long-Term Debt	1,056,003	—	—	—
Total Governmental Activities	37,791,484	4,559,550	1,422,960	1,744,786
Business-Type Activities				
Water and Sewer	9,891,226	8,110,402	—	—
Solid Waste	1,924,023	2,022,217	—	—
Municipal Parking	(301)	5,625	—	—
Morton Grove Days	76,742	35,046	—	—
Total Business-Type Activities	11,891,690	10,173,290	—	—
Total Primary Government	49,683,174	14,732,840	1,422,960	1,744,786

General Revenues

Taxes

Property Taxes

Telecommunication/Utility Taxes

Utility Taxes

Home Rule Sales Taxes

Other Taxes

Intergovernmental - Unrestricted

Personal Property Replacement Taxes

Sales Taxes

State Income Taxes

Local Use Taxes

Investment Income

Miscellaneous

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(6,946,665)	—	(6,946,665)
(17,612,743)	—	(17,612,743)
(981,374)	—	(981,374)
(928,257)	—	(928,257)
(13,876)	—	(13,876)
(1,326,585)	—	(1,326,585)
(1,198,685)	—	(1,198,685)
(1,056,003)	—	(1,056,003)
(30,064,188)	—	(30,064,188)
—	(1,780,824)	(1,780,824)
—	98,194	98,194
—	5,926	5,926
—	(41,696)	(41,696)
—	(1,718,400)	(1,718,400)
(30,064,188)	(1,718,400)	(31,782,588)
14,370,115	—	14,370,115
353,708	—	353,708
1,558,645	—	1,558,645
2,735,920	—	2,735,920
2,485,692	—	2,485,692
754,446	—	754,446
6,865,316	—	6,865,316
3,089,256	—	3,089,256
921,642	—	921,642
1,094,698	726	1,095,424
92,414	246,733	339,147
34,321,852	247,459	34,569,311
4,257,664	(1,470,941)	2,786,723
(45,864,303)	5,854,412	(40,009,891)
(41,606,639)	4,383,471	(37,223,168)

VILLAGE OF MORTON GROVE, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2021

	General
<hr/>	
ASSETS	
Cash and Investments	\$ 5,502,951
Receivables - Net of Allowances	
Property Taxes	10,483,034
Other Taxes	2,136,770
Accounts	1,031,648
Loan to Developer	—
IRMA Excess Surplus	1,901,923
IPBC Terminal Reserve	1,634,739
Due from Other Funds	2,974,671
Advances to Other Funds	1,148,930
Prepays	192
Land Held for Resale	—
	<hr/>
Total Assets	<u>26,814,858</u>
LIABILITIES	
Accounts Payable	1,797,198
Deposits Payable	449,156
Other Liabilities	283,556
Due to Other Funds	7,370
Advance from Other Funds	—
Total Liabilities	<u>2,537,280</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	10,483,034
Total Liabilities and Deferred Inflows of Resources	<u>13,020,314</u>
FUND BALANCES	
Nonspendable	1,149,122
Restricted	18,571
Unassigned	12,626,851
Total Fund Balances	<u>13,794,544</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>26,814,858</u>

Special Revenue					
Lehigh/ Ferris Tax Increment Financing	Sawmill Station Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals
8,995,839	5,065,767	(436,956)	1,398,054	4,117,799	24,643,454
1,024	—	897,314	—	—	11,381,372
—	—	49,188	8,198	358,704	2,552,860
—	3,450	—	—	—	1,035,098
3,370,000	—	—	—	—	3,370,000
—	—	—	—	—	1,901,923
—	—	—	—	—	1,634,739
44,364	—	—	—	7,370	3,026,405
—	—	—	—	—	1,148,930
—	—	—	—	—	192
3,816,304	—	—	—	—	3,816,304
16,227,531	5,069,217	509,546	1,406,252	4,483,873	54,511,277
122,089	3,288	475	25,824	298,279	2,247,153
—	6,802	—	—	—	455,958
—	—	—	—	—	283,556
—	1,971,748	—	—	1,000,518	2,979,636
—	1,148,930	—	—	—	1,148,930
122,089	3,130,768	475	25,824	1,298,797	7,115,233
—	—	897,314	—	—	11,380,348
122,089	3,130,768	897,789	25,824	1,298,797	18,495,581
—	—	—	—	—	1,149,122
16,105,442	1,938,449	—	1,380,428	3,913,491	23,356,381
—	—	(388,243)	—	(728,415)	11,510,193
16,105,442	1,938,449	(388,243)	1,380,428	3,185,076	36,015,696
16,227,531	5,069,217	509,546	1,406,252	4,483,873	54,511,277

VILLAGE OF MORTON GROVE, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

December 31, 2021

Total Governmental Fund Balances	\$ 36,015,696
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	54,808,506
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A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.

Net Pension Asset - IMRF	240,439
Net Pension Asset - SLEP	31,278

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Deferred Items - IMRF	(567,491)
Deferred Items - SLEP	(19,707)
Deferred Items - MERF	368,117
Deferred Items - Police Pension	(8,486,262)
Deferred Items - Firefighters' Pension	(9,591,480)
Deferred Items - RBP	(2,910,554)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences Payable	(1,014,888)
Net Pension Liability - MERF	(14,860,542)
Net Pension Liability - Police Pension	(29,536,741)
Net Pension Liability - Firefighters' Pension	(24,538,625)
Total OPEB Liability - RBP	(15,272,085)
General Obligation Bonds Payable - Net	(6,579,383)
Tax Increment Financing Revenue Bonds Payable - Net	(18,799,524)
Unamortized Loss on Refunding	45,503
Intergovernmental Agreement Payable	(480,262)
Accrued Interest Payable	(458,634)

Net Position of Governmental Activities	<u>(41,606,639)</u>
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VILLAGE OF MORTON GROVE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2021**

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended December 31, 2021

	<u>General</u>
Revenues	
Taxes	\$ 16,853,991
Intergovernmental	12,039,137
Charges for Services	1,354,516
Licenses and Permits	1,914,320
Fines and Forfeitures	541,451
Investment Income	1,080,516
Miscellaneous	75,414
Total Revenues	<u>33,859,345</u>
Expenditures	
General Government	3,747,707
Public Safety	22,483,966
Streets and Sidewalks	2,652,560
Vehicle Maintenance	928,257
Health and Human Services	13,876
Community Development	180,359
Building and Inspection Services	1,215,633
Capital Outlay	—
Debt Service	
Principal Retirement	—
Interest and Fiscal Charges	—
Total Expenditures	<u>31,222,358</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,636,987</u>
Other Financing Sources (Uses)	
Transfers In	—
Transfers Out	(436,875)
	<u>(436,875)</u>
Net Change in Fund Balances	2,200,112
Fund Balances - Beginning	<u>11,594,432</u>
Fund Balances - Ending	<u><u>13,794,544</u></u>

Special Revenue		Debt Service	Capital Projects	Nonmajor	Totals
Lehigh/ Ferris Tax Increment Financing	Sawmill Station Tax Increment Financing				
3,493,708	208,472	947,909	—	—	21,504,080
—	—	182,867	99,802	2,574,361	14,896,167
—	—	—	—	651,502	2,006,018
—	—	—	—	—	1,914,320
—	—	—	—	—	541,451
326	12,678	(1,290)	1,588	880	1,094,698
17,000	—	—	—	—	92,414
3,511,034	221,150	1,129,486	101,390	3,226,743	42,049,148
—	—	—	—	—	3,747,707
—	—	—	—	808,468	23,292,434
—	—	—	—	862,897	3,515,457
—	—	—	—	—	928,257
—	—	—	—	—	13,876
202,147	12,570	—	—	931,509	1,326,585
—	—	—	—	—	1,215,633
2,108,890	—	—	310,590	—	2,419,480
660,000	—	1,498,600	—	—	2,158,600
134,800	906,965	223,105	—	—	1,264,870
3,105,837	919,535	1,721,705	310,590	2,602,874	39,882,899
405,197	(698,385)	(592,219)	(209,200)	623,869	2,166,249
—	—	436,875	—	—	436,875
—	—	—	—	—	(436,875)
—	—	436,875	—	—	—
405,197	(698,385)	(155,344)	(209,200)	623,869	2,166,249
15,700,245	2,636,834	(232,899)	1,589,628	2,561,207	33,849,447
16,105,442	1,938,449	(388,243)	1,380,428	3,185,076	36,015,696

VILLAGE OF MORTON GROVE, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities For the Fiscal Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 2,166,249
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Amounts reported for governmental activities in the Statement of Activities
are different because:

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 Outlays	1,431,542
Depreciation Expense	(1,242,890)
Disposals - Cost	(637,906)
Disposals - Accumulated Depreciation	637,906

The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(301,506)
Change in Deferred Items - SLEP	(7,469)
Change in Deferred Items - MERF	21,557
Change in Deferred Items - Police Pension	(3,649,794)
Change in Deferred Items - Firefighters' Pension	(2,000,283)
Change in Deferred Items - RBP	(193,095)

The issuance of long-term debt provides current financial resources to
governmental funds, While the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	164,246
Change in Net Pension Liability - IMRF	517,111
Change in Net Pension Asset - SLEP	14,710
Change in Net Pension Liability - MERF	(5,953,546)
Change in Net Pension Liability - Police Pension	5,284,691
Change in Net Pension Liability - Firefighters' Pension	5,848,246
Change in Total OPEB Liability - RBP	(428,414)
Amortization of Premium on Debt Issuance	227,637
Amortization of Loss on Refunding	(22,751)
Retirement of Debt	2,377,442

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

3,981

Changes in Net Position of Governmental Activities

4,257,664

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position - Proprietary Funds

December 31, 2021

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position - Proprietary Funds December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Nonmajor	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 46,609	1,679,586	1,726,195
Receivables - Net of Allowances			
Accounts	2,488,609	68,611	2,557,220
Prepays	—	32,303	32,303
Total Current Assets	2,535,218	1,780,500	4,315,718
Noncurrent Assets			
Capital Assets			
Nondepreciable	345,659	—	345,659
Depreciable	21,960,681	—	21,960,681
Accumulated Depreciation	(11,982,154)	—	(11,982,154)
Total Capital Assets	10,324,186	—	10,324,186
Other Assets			
Net Pension Asset - IMRF	47,405	—	47,405
Total Noncurrent Assets	10,371,591	—	10,371,591
Total Assets	12,906,809	1,780,500	14,687,309
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	38,729	—	38,729
Deferred Items - MERF	154,999	—	154,999
Deferred Items - RBP	94,489	—	94,489
	288,217	—	288,217
Total Assets/Deferred Outflows of Resources	13,195,026	1,780,500	14,975,526

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Nonmajor	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 568,988	179,864	748,852
Accrued Interest Payable	3,872	—	3,872
Deposits Payable	23,582	—	23,582
Other Liabilities	—	35,465	35,465
Due to Other Funds	—	46,769	46,769
Current Portion of Long-Term Debt	232,459	—	232,459
Total Current Liabilities	828,901	262,098	1,090,999
Noncurrent Liabilities			
Compensated Absences Payable	102,636	—	102,636
Net Pension Liability - MERF	6,257,182	—	6,257,182
Total OPEB Liability - RBP	711,332	—	711,332
General Obligations Bonds Payable - Net	2,049,235	—	2,049,235
Total Noncurrent Liabilities	9,120,385	—	9,120,385
Total Liabilities	9,949,286	262,098	10,211,384
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	150,616	—	150,616
Deferred Items - RBP	230,055	—	230,055
	380,671	—	380,671
Total Liabilities/Deferred Inflows of Resources	10,329,957	262,098	10,592,055
NET POSITION			
Net Investment in Capital Assets	8,068,151	—	8,068,151
Unrestricted (Deficit)	(5,203,082)	1,518,402	(3,684,680)
Total Net Position	2,865,069	1,518,402	4,383,471

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position - Proprietary Funds For the Fiscal Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Nonmajor	Totals
Operating Revenues			
Charges for Services	\$ 8,094,990	2,062,888	10,157,878
Operating Expenses			
Operations	9,315,661	2,000,464	11,316,125
Depreciation and Amortization	482,631	—	482,631
Total Operating Expenses	9,798,292	2,000,464	11,798,756
Operating Income (Loss)	(1,703,302)	62,424	(1,640,878)
Nonoperating Revenues (Expenses)			
Connection Fees	15,412	—	15,412
Investment Income	706	20	726
Other Income	246,733	—	246,733
Interest Expense	(92,934)	—	(92,934)
	169,917	20	169,937
Change in Net Position	(1,533,385)	62,444	(1,470,941)
Net Position - Beginning	4,398,454	1,455,958	5,854,412
Net Position - Ending	2,865,069	1,518,402	4,383,471

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Nonmajor	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 9,393,941	2,071,298	11,465,239
Payments to Employees	(1,596,410)	—	(1,596,410)
Payments to Suppliers	(6,501,297)	(1,858,732)	(8,360,029)
	1,296,234	212,566	1,508,800
Cash Flows from Noncapital Financing Activities			
Interfund Loans	—	27,947	27,947
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(965,997)	—	(965,997)
Interest Expense	(92,934)	—	(92,934)
Payment of Principal	(191,400)	—	(191,400)
	(1,250,331)	—	(1,250,331)
Cash Flows from Investing Activities			
Investment Income	706	20	726
Net Change in Cash and Cash Equivalents	46,609	240,533	287,142
Cash and Cash Equivalents - Beginning	—	1,439,053	1,439,053
Cash and Cash Equivalents - Ending	46,609	1,679,586	1,726,195
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(1,703,302)	62,424	(1,640,878)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	482,631	—	482,631
Other Income	262,145	—	262,145
Other Expenses - Pension Related	1,415,500	—	1,415,500
(Increase) Decrease in Current Assets	1,036,806	8,410	1,045,216
Increase (Decrease) in Current Liabilities	(197,546)	141,732	(55,814)
Net Cash Provided by Operating Activities	1,296,234	212,566	1,508,800

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Fiduciary Net Position December 31, 2021

	Pension Trust
ASSETS	
Cash and Cash Equivalents	\$ 1,184,118
Investments	
U.S. Government Obligations	9,269,916
U.S. Agency Obligations	12,147,894
Municipal Bonds	3,653,547
Corporate Bonds	12,242,401
Money Market Mutual Funds	3,584,556
Equities	46,714,644
Receivables	
Accrued Interest	178,828
Prepays	4,286
Total Assets	97,889,633
LIABILITIES	
Accounts Payable	29,237
NET POSITION	
Net Position Restricted for Pensions	97,860,396

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2021

	Pension Trust
Additions	
Contributions - Employer	\$ 6,073,985
Contributions - Plan Members	1,016,870
Total Contributions	<u>7,090,855</u>
Investment Income	
Interest Earned	2,895,690
Net Change in Fair Value	7,845,837
	<u>10,741,527</u>
Less Investment Expenses	(209,112)
Net Investment Income	<u>10,532,415</u>
Total Additions	<u>17,623,270</u>
Deductions	
Administration	133,060
Benefits and Refunds	8,309,640
Total Deductions	<u>8,442,700</u>
Change in Fiduciary Net Position	9,180,570
Net Position Restricted for Pensions	
Beginning	<u>88,679,826</u>
Ending	<u><u>97,860,396</u></u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Morton Grove (the Village) is a municipal corporation governed by an elected president and a six-member Board of Trustees.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Morton Grove
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Municipal Employees' Retirement Fund (MERF)

The Village's municipal employees participate in the Municipal Employees' Retirement Fund (MERF). MERF functions for the benefit of these employees and is governed by the Village Board of Trustees. The Village and MERF participants are obligated to fund all MERF costs based upon actuarial valuations. The Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, MERF is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's municipal employees that are not members of the Police Pension Employees Retirement System or the Firefighters' Pension Employees Retirement System and because of the fiduciary nature of such activities. MERF is reported as a pension trust fund.

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the Pension Board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the Village President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, streets and sidewalks, vehicle and maintenance, health and human services, community development, building and inspection services, and general administrative services are classified as governmental activities. The Village's water and sewer, solid waste, municipal parking, and Morton Grove Days services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column; and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, water and sewer, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, Investment Income, etc.).

The Village allocates indirect costs paid from the General Fund to other funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village can electively add funds, as major funds, which either have debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.

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

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds - Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains eight special revenue funds. The Lehigh/Ferris Tax Increment Financing Fund, a major fund, is used to account for tax increment revenue and other financial resources received along with the costs related to the Village's Tax Increment Financing (TIF) District. The fund entails the TIF District along Lehigh and Ferris Avenues. The TIF District is authorized by state law and is created to promote redevelopment of certain parcels declared as "blighted" into a higher and more productive land use. The Sawmill Station Tax Increment Financing Fund, also a major fund, is used to account for tax increment revenue and other financial resources received along with the costs related to the Village's Tax Increment Financing (TIF) District. The fund entails the TIF District at Waukegan Road and Dempster Street. The TIF District is authorized by state law and is created to promote redevelopment of certain parcels declared as "blighted" into a higher and more productive land use.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village treats the Capital Projects Fund as a major fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The Village maintains four enterprise funds. The Water and Sewer Fund, a major fund, accounts for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and billing and collection. The Solid Waste Fund, a nonmajor fund, is used to account for the operation of the Village waste collection services. All activities necessary to provide such services mainly involve the collection and disposition of waste and recyclable items. The Municipal Parking Fund, a nonmajor fund, is used to account for the operation of the Village parking lots and monies received from permit sales. All activities necessary to provide such services are accounted for in this fund, including but not limited to operations, maintenance and improvements. The Morton Grove Days Fund, also a nonmajor fund, is used to account for the operation of the Village annual festival held over the Fourth of July.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments. The Municipal Employees' Retirement Fund is used to account for the accumulation of resources to be used for retirement and disability pensions for the Village's municipal employees. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's Fire Department.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows 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.

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70.

A sixty-day availability period is used for revenue recognition for all other governmental fund revenues, except for sales and related taxes, utility taxes, and use taxes which use a ninety-day availability period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise fees, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise fees, and grants. Business-type activities report utility charges as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays - Land Held for Resale

Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets and traffic signals are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION - Continued

Capital Assets - Continued

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 50 Years
Vehicles and Equipment	3 - 15 Years
Infrastructure	10 - 50 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION - Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the department level) for the General, Special Revenue, Debt Service, and Capital Projects Funds on the modified accrual basis and for the Enterprise and Pension Trust Funds on the accrual basis. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level for all funds. All annual appropriations lapse at fiscal year-end.

All departments of the Village submit requests for appropriation to the Village Administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year-end. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The administrator is authorized to transfer budgeted amounts between departments within the General Fund and at the fund level for all other funds; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

DEFICIT FUND BALANCES/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
Debt Service	\$ 388,243
Commuter Parking Facility	22,727
Economic Development	705,688
Morton Grove Days	60,786

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
911 Emergency Telephone System	\$ 6,022
Municipal Employees' Retirement	1,760,967
Police Pension	133,080
Firefighters' Pension	214,532

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds, and the Illinois Metropolitan Investment Fund.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits and Investments. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$13,386,980 and the bank balances totaled \$13,899,958. Additionally, at year-end the Village has \$9,862,736 invested in the Illinois Funds, \$286,746 invested in IMET, and \$2,833,187 invested in money market mutual funds. The Illinois Funds and IMET are measured at net asset value per share as determined by the pool.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government or in pools. The Illinois Funds and IMET are rated AAAM by Standard and Poor's.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. However, securities may be sold prior to maturity if the sale minimizes the loss of principal in a declining credit market, a security swap would improve the quality, yield or target duration of the portfolio or for liquidity needs of the portfolio. Investments reserve funds may be purchased with maturities to match future projects or liability requirements. The average maturity for Illinois Funds is less than one year and for IMET is one to three years.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy does not address custodial credit risk for deposits. At year-end, \$484,670 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

In the case of investments, this 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. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name. At year-end, the Village's investment in the Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy does not address concentration of credit risk. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Municipal Employees Retirement Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the Fund has no deposits and only holds investments in annuity contracts.

Interest Rate Risk. The Fund's investment policy does not address interest rate risk.

Credit Risk. The Fund's investment policy does not address credit risk.

Custodial Credit Risk. For deposits, the Fund's investment policy does not address custodial credit risk. For an investment, the Fund's investment policy does not address custodial credit risk. The annuity contracts are not subject to custodial credit risk.

Concentration Risk. The Fund's investment policy does not address concentration risk. At year-end, the Fund's investment in annuity contracts of \$10,023,905 represents 100% of the overall investment portfolio and are valued using significant other observable inputs to calculate the fair value measurement (Level 2 inputs).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Municipal Employees Retirement Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued

Concentration Risk - Continued. The Fund's investment policy establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Annuity Contracts	100%	3.9%

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$258,646 and the bank balances totaled \$258,646. The Fund also has \$2,512,637 invested in money market mutual funds.

Investments. The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2021:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Obligations	\$ 7,472,173	—	3,945,344	3,526,829	—
U.S. Agency Obligations	578,394	—	398,705	84,104	95,585
Municipal Bonds	662,227	242,348	276,975	91,919	50,985
Corporate Bonds	9,165,498	289,037	5,188,539	2,990,444	697,478
Totals	17,878,292	531,385	9,809,563	6,693,296	844,048

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Investments - Continued. The Fund has the following recurring fair value measurements as of December 31, 2021:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 7,472,173	7,472,173	—	—
U.S. Agency Obligations	578,394	578,394	—	—
Municipal Bonds	662,227	—	662,227	—
Corporate Bonds	9,165,498	—	9,165,498	—
Equity Securities				
Equities	18,442,611	18,442,611	—	—
Common Stock	8,909,443	8,909,443	—	—
Total Investments by Fair Value Level	45,230,346	35,402,621	9,827,725	—

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk. The Fund's investment policy limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government or in municipal or corporate bonds. The investments in U.S. Agency obligations, municipal bonds and corporate bonds were rated AAA to Baa2 by Standard & Poor's and Moody's Investor Services.

Custodial Credit Risk. In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2021, \$8,646 of the Fund's deposits was not covered by federal depository or equivalent insurance.

The Fund's investment policy does not address custodial credit risk for investments.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

Concentration Credit Risk. The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$18,442,611 invested in equities and \$8,909,443 invested in common stock. At year-end, the Fund does not have any investments over 5 percent of net plan pension available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Return
Fixed Income	45.00%	0.30%
Large Cap Domestic Equity	27.00%	4.3%
Equity	20.00%	4.60%
International Equity	8.00%	5.00%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$925,472 and the bank balances totaled \$925,472. The Fund also has \$1,071,919 invested in money market mutual funds.

Investments. The fair value and maturities of the Fund's investments at year-end are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Obligations	\$ 1,797,743	200,438	972,383	624,922	—
U.S. Agency Obligations	11,569,500	379,250	3,336,828	7,853,422	—
Municipal Bonds	2,991,320	269,403	1,577,946	853,029	290,942
Corporate Bonds	3,076,903	151,276	1,428,943	1,496,684	—
Totals	19,435,466	1,000,367	7,316,100	10,828,057	290,942

The Fund has the following recurring fair value measurements as of December 31, 2021:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 1,797,743	1,797,743	—	—
U.S. Agency Obligations	11,569,500	11,569,500	—	—
Municipal Bonds	2,991,320	—	2,991,320	—
Corporate Bonds	3,076,903	—	3,076,903	—
Equity Securities				
Equities	28,272,033	28,272,033	—	—
Total Investments by Fair Value Level	47,707,499	41,639,276	6,068,223	—

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued

Interest Rate Risk. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk. The Fund's investment policy limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government or in municipal or corporate bonds. The investments in the U.S. Agency obligations, municipal bonds and corporate bonds were rated AAA to A3 by Standard & Poor's and Moody's Investor Services.

Custodial Credit Risk. In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2021, all of the Fund's deposits were covered by federal depository or equivalent insurance.

The Fund's investment policy does not address custodial credit risk for investments.

Concentration Credit Risk. The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$28,272,033 invested in equities. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Equity	31.00%	4.60%
Developed Market Equity (non-U.S.)	16.00%	4.89%
Emerging Market Equity	8.00%	5.56%
Private Equity	5.00%	7.70%
Public Credit	3.00%	1.54%
Private Credit	5.00%	4.62%
Cash Equivalents	0.00%	(0.35%)
Core Investment Grade Bonds	15.00%	0.98%
Long-Term Treasuries	3.00%	1.18%
TIPS	4.00%	0.13%
Real Estate	5.00%	3.96%
Infrastructure	5.00%	4.54%

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued

Concentration Credit Risk - Continued. Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2020 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically.

LOAN RECEIVABLE - DEVELOPER

In December 2010, the Village executed a loan of \$1,700,000 to a developer in return for the developer agreeing to build and operate a senior living facility in the Lehigh/Ferris TIF District. The loan will be repaid upon sale or refinancing the development. In addition, the Village will reimburse the developer up to \$1,100,000 from new incremental taxes generated by the development during the life of the TIF District.

In December 2016, the Village sold a parcel of land within the Lehigh Ferris TIF district to a developer for \$1,670,000. The developer has signed a note and mortgage in favor of the Village for 100% of the purchase price. The Village will reduce the note and mortgage in accordance with the redevelopment agreement for a portion of the increased taxes received by the Village for the first 15 years or until the note is paid in full, whichever is sooner.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 43,972,244	—	—	43,972,244
Construction in Progress	147,669	110,186	147,669	110,186
	44,119,913	110,186	147,669	44,082,430
Depreciable Capital Assets				
Buildings and Improvements	19,898,493	90,683	—	19,989,176
Vehicles and Equipment	8,069,282	852,350	637,906	8,283,726
Infrastructure	32,802,116	525,992	—	33,328,108
	60,769,891	1,469,025	637,906	61,601,010
Less Accumulated Depreciation				
Buildings and Improvements	16,024,058	288,208	—	16,312,266
Vehicles and Equipment	6,313,297	428,183	637,906	6,103,574
Infrastructure	27,932,595	526,499	—	28,459,094
	50,269,950	1,242,890	637,906	50,874,934
Total Net Depreciable Capital Assets	10,499,941	226,135	—	10,726,076
Total Net Capital Assets	54,619,854	336,321	147,669	54,808,506

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 294,147
Public Safety	300,283
Public Works	648,460
	<u>1,242,890</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Not Being Depreciated				
Land	\$ —	300,495	—	300,495
Construction in Progress	12,889	32,275	—	45,164
	12,889	332,770	—	345,659
Other Capital Assets				
Buildings and Improvements	17,313,527	565,312	—	17,878,839
Equipment	4,013,927	67,915	—	4,081,842
	21,327,454	633,227	—	21,960,681
Less Accumulated Depreciation				
Buildings and Improvements	9,395,852	283,391	—	9,679,243
Equipment	2,076,592	226,319	—	2,302,911
	11,472,444	509,710	—	11,982,154
Total Other Capital Assets	9,855,010	123,517	—	9,978,527
Total Capital Assets	9,867,899	456,287	—	10,324,186

Depreciation expense was charged to business-type activities as follows:

Water and Sewer	<u>\$ 509,710</u>
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VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts of cash shortages. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Sawmill Station Tax Increment Financing	\$ 1,927,384
General	Nonmajor Governmental	1,000,518
General	Nonmajor Business-Type	46,769
Lehigh/Ferris Tax Increment Financing	Sawmill Station Tax Increment Financing	44,364
Nonmajor Governmental	General	<u>7,370</u>
		<u>3,026,405</u>

INTERFUND ADVANCES

Significant advances were advanced from the General Fund as initial costs of the Waukegan TIF. This amount will be repaid from future incremental property tax revenues. Interfund advances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Sawmill Station Tax Increment Financing	<u>\$ 1,148,930</u>

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Debt Service	General	<u>\$ 436,875</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,415,000 General Obligation Bonds of 2014, due in annual installments of \$470,000 to \$475,000, plus interest at 2.395% through December 15, 2021.	Debt Service	\$ 475,000	—	475,000	—
\$10,010,000 General Obligation Bonds of 2015, due in annual installments of \$560,000 to \$1,840,000, plus interest at 4.00% through December 15, 2024.	Lehigh/ Ferris Tax Increment Financing Debt Service	1,615,000	—	660,000	955,000
		3,165,000	—	780,000	2,385,000
\$5,455,000 General Obligation Refunding Bonds of 2019, due in annual installments of \$385,000 to \$730,000, plus interest at 2.00% to 5.00% through December 15, 2029.	Debt Service	2,839,200	—	243,600	2,595,600
	Water and Sewer	2,230,800	—	191,400	2,039,400
		10,325,000	—	2,350,000	7,975,000

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Tax Increment Financing Revenue Bonds

The Village issues TIF revenue bonds for which the Village pledges income from specific revenue source to pay debt service. The TIF revenue bonds payments are only made when incremental revenue is received by the Village. TIF revenue bonds currently outstanding are as follows:

	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$18,635,000 Senior Lien Tax Increment Revenue Bonds of 2019, due in annual installments of \$495,000 to \$1,885,000, including interest at 4.25% to 5.00% through January 1, 2039.	Sawmill Station Tax Increment Financing	\$ 18,635,000	—	—	18,635,000

Intergovernmental Agreement - School District 70

In 2000, the Village entered into an intergovernmental agreement with Morton Grove School District 70. The agreement calls for the Village to remit to the school district a portion of the proposed tax revenue due to projected growth in the equalized assessed valuation for existing properties located in the Lehigh/Ferris TIF and existing on the date when the TIF was formed. Payments are made December 31 of each year and shall continue until the conclusion of the TIF at which time all future growth in the equalized assessed valuation will be released for distribution of property tax revenues to the overlapping taxing jurisdictions. During the year ended December 31, 2021, the Village made total intergovernmental payments of \$218,842 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

Fiscal Year	Governmental Activities School District 70
2022	\$ 233,383
2023	246,879
Totals	480,262

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,179,134	164,246	328,492	1,014,888	202,978
Net Pension Liability/(Asset)					
IMRF	276,672	—	517,111	(240,439)	—
MERF	8,906,996	5,953,546	—	14,860,542	—
Police Pension	34,821,432	—	5,284,691	29,536,741	—
Firefighters' Pension	30,386,871	—	5,848,246	24,538,625	—
Total OPEB Liability - RBP	14,843,671	428,414	—	15,272,085	—
General Obligation Bonds	8,094,200	—	2,158,600	5,935,600	2,103,200
Unamortized Bond Premium	862,280	—	218,497	643,783	—
Tax Increment Financing Revenue Bonds	18,635,000	—	—	18,635,000	—
Unamortized Bond Premium	173,664	—	9,140	164,524	—
Intergovernmental Agreement Payable	699,104	—	218,842	480,262	233,383
	<u>118,879,024</u>	<u>6,546,206</u>	<u>14,583,619</u>	<u>110,841,611</u>	<u>2,539,561</u>
Business-Type Activities					
Compensated Absences	123,539	9,512	4,756	128,295	25,659
Net Pension Liability					
IMRF	62,272	—	109,677	(47,405)	—
MERF	3,750,380	2,506,802	—	6,257,182	—
Total OPEB Liability - RBP	1,581,871	—	870,539	711,332	—
General Obligation Bonds	2,230,800	—	191,400	2,039,400	206,800
Unamortized Bond Premium	243,714	—	27,079	216,635	—
	<u>7,992,576</u>	<u>2,516,314</u>	<u>1,203,451</u>	<u>9,305,439</u>	<u>232,459</u>

For governmental activities, the General Fund makes payments on the compensated absences, the net pension liabilities/(asset), and the total OPEB liability. The Debt Service Fund and the Lehigh/Ferris Tax Increment Financing Fund make payments on the general obligation bonds. The intergovernmental agreement payable is being paid by the Economic Development Fund.

For business-type activities, the Water and Sewer Fund makes payments on the compensated absences, the net pension liability/(asset), the total OPEB liability, and the general obligation bonds.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities	
	General		Tax Increment Financing		General	
	Obligation Bonds		Revenue Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,103,200	265,399	—	895,150	206,800	83,364
2023	1,007,200	160,239	495,000	884,631	217,800	73,024
2024	1,061,200	109,879	610,000	861,150	228,800	62,134
2025	305,200	64,519	640,000	834,588	239,800	50,694
2026	319,200	49,259	675,000	806,644	250,800	38,703
2027	333,200	33,299	780,000	775,725	261,800	26,163
2028	397,600	16,639	820,000	741,725	312,400	13,073
2029	408,800	8,687	860,000	706,025	321,200	6,825
2030	—	—	980,000	663,250	—	—
2031	—	—	1,035,000	612,875	—	—
2032	—	—	1,095,000	559,625	—	—
2033	—	—	1,235,000	501,375	—	—
2034	—	—	1,300,000	438,000	—	—
2035	—	—	1,375,000	371,125	—	—
2036	—	—	1,530,000	298,500	—	—
2037	—	—	1,615,000	219,875	—	—
2038	—	—	1,705,000	136,875	—	—
2039	—	—	1,885,000	47,125	—	—
Totals	5,935,600	707,920	18,635,000	10,354,263	2,039,400	353,980

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Noncommitment Debt

Industrial Revenue Bonds

On December 14, 2007, the Village approved the sale of \$30,000,000 Cultural Facility Variable Rate Demand Revenue Bonds, Series 2007 to be used for the construction of a Holocaust Museum in Skokie, Illinois by a not-for-profit agency. These bonds are industrial revenue bonds and are secured solely by the property financed. The bonds are payable solely by the property owners. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements.

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 54,808,506
Plus: Unamortized Loss on Refunding	45,503
Less Capital Related Debt:	
General Obligation Bond of 2015	(3,340,000)
General Obligation Refunding Bond of 2019	(2,595,600)
Unamortized Bond Premium	<u>(643,783)</u>
Net Investment in Capital Assets	<u><u>48,274,626</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	10,324,186
Less Capital Related Debt:	
General Obligation Refunding Bond of 2019	(2,039,400)
Unamortized Bond Premium	<u>(216,635)</u>
Net Investment in Capital Assets	<u><u>8,068,151</u></u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

	General	Special Revenue		Debt Service	Capital Projects	Nonmajor	Totals
		Lehigh/ Ferris Tax Increment Financing	Sawmill Station Tax Increment Financing				
Nonspendable							
Advances to Other Funds	\$ 1,148,930	—	—	—	—	—	1,148,930
Prepays	192	—	—	—	—	—	192
	1,149,122	—	—	—	—	—	1,149,122
Restricted							
IMRF	18,571	—	—	—	—	—	18,571
Public Safety	—	—	—	—	—	1,731,590	1,731,590
Streets and Sidewalks	—	—	—	—	—	2,181,901	2,181,901
Community Development	—	16,105,442	1,938,449	—	—	—	18,043,891
Capital Improvements	—	—	—	—	1,380,428	—	1,380,428
	18,571	16,105,442	1,938,449	—	1,380,428	3,913,491	23,356,381
Unassigned	12,626,851	—	—	(388,243)	—	(728,415)	11,510,193
Total Fund Balances	13,794,544	16,105,442	1,938,449	(388,243)	1,380,428	3,185,076	36,015,696

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters.

Intergovernmental Risk Management Agency

These risks (except employee health) are covered by the Village's participation in Intergovernmental Risk Management Association (IRMA), an organization of municipalities and special villages in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/ litigation management services; unemployment claim administration/litigation management services; unemployment claim administration; extensive risk management/ loss control consulting and training programs; and a risk information system and financial reporting service for its members.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Intergovernmental Risk Management Agency - Continued

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level. Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors. The Village paid an original contribution that was based on the Village's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience.

The Village has a contractual obligation to fund any deficit of IRMA attributable to a membership year during which the Village was a member. Supplemental contributions may be required to fund these deficits. No supplemental contributions were due at December 31, 2021. The Village has recorded a prepaid for the excess surplus balance of \$1,901,923 in the General Fund as of December 31, 2021.

Intergovernmental Personnel Benefit Cooperative

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by its members to their officers and employees and to the officers and employees of certain other governmental, quasi-governmental and nonprofit public service entities. Risk of loss is retained by the Village, except that IPBC purchases excess coverage policies. The Village had terminal reserve net of any deficits of other subaccounts as of June 30, 2021 (most recent available) of \$1,634,739. This amount was declared as a dividend to the Village and, therefore, has been recorded as a prepaid in the General Fund.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are three officers, a Benefit Administrator and a Treasurer. The Village does not exercise any control over activities of IPBC beyond its representation on the Board of Directors.

CONTINGENT LIABILITIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

Financial Impact of COVID-19

In March of 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

JOINTLY GOVERNED ORGANIZATION

Regional Emergency Dispatch Center

The Regional Emergency Dispatch Center (the Center) is a governmental joint venture of Illinois municipalities which is used to account for the resources involved in dispatching fire and medical emergency services to a seven-community area. The fund is supported by contributions by the eight-member departments.

Management consists of a Board of Directors comprised of one elected officer from each member. There is also a Joint Chiefs Authority which is comprised of the fire chief from each member, which takes care of day-to-day activities.

The Village does not exercise any control over the activities of the Center beyond its representation on the Board of Directors and Joint Chiefs Authority. Annual contributions are determined each year based on the estimated number of fire calls for the upcoming year. Each year, the members sign a contract which denotes the amount of the contribution for the year. The Board of Directors has the power to levy a special assessment should a deficit or emergency arise.

Complete separate financial statements for the Center may be obtained at the Center's office located at 1842 Shermer Road, Northbrook, Illinois 60062.

COMMITMENTS

Economic Development and Redevelopment Agreement - Gary D. McGrath Audi

On December 9, 2013, the Village entered into a redevelopment agreement with Gary D. McGrath, a local auto dealership owner. The agreement calls for Mr. McGrath to provide new jobs, substantial new property taxes, sales taxes, and economic development for the Village. The Village will waive certain permit fees, contribute \$250,000 to the construction costs, and share sales tax revenue generated by the Audi dealership as follows: the dealership will receive 75% of sales taxes paid to the Village for the first ten years after the dealership opens up to a maximum of \$5,000,000. Amounts paid under the terms of the agreement were \$535,389 for year ended December 31, 2021.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

Solid Waste Agency of Northern Cook County (SWANCC) The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members. SWANCC is governed by a Board of Directors which consists of the mayor or president from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts provides for the issuance of debt, adopts by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements for SWANCC can be obtained from the SWANCC's administrative office at 77 W. Hintz Road, Suite 200, Wheeling, Illinois 60090.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants rents and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the contract, the Village made payments totaling \$404,238 to SWANCC in 2021, which includes payment for debt contribution. The Village does not have an equity interest in SWANCC at December 31, 2021.

Commencing in 2008, the annual expense will be subject to change based upon the actual tonnage of refuse disposed of and current SWANCC costs. Beginning in 2004, the cost of brush collection was transferred to the residents. The Village continues to pay tipping fees averaging about \$33,197 a month or \$404,238 a year.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

JOINT VENTURES - Continued

Morton Grove-Niles Water Commission (MGNWC)

The Village entered into an intergovernmental agreement in 2017 with the Village of Niles regarding establishment in the Morton Grove-Niles Water Commission (MGNWC). The Villages have authorized and expended public funds to pay for the assessment and feasibility studies and reports, the preliminary engineering and design work, other consulting services and related legal work, and other costs associated with jointly acquiring, developing, constructing and operating a common source of supply of water and a related waterworks system prior to and after the formation of the Commission (the "Costs of the Project"), including the proposed Commission Waterworks System improvements and the formation of the Commission, even if the Connection Project is never constructed or water is never supplied by the Commission to the Villages or the Commission is dissolved. The Villages agree to pay their respective one-half share of the costs of the project as those costs come due until the Commission issues debt or generates revenue for the purpose of reimbursing the Villages for the costs of the project, but such reimbursement period shall not exceed five calendar years.

The Village expended \$2,857,510 in 2021. At December 31, 2021 the outstanding receivable of \$7,326,277 is due from the Commission.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The Village contributes to five defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by the IMRF, the Municipal Employees' Retirement Fund (MERF), a single-employer plan, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for MERF, the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the Village at 6101 Capulina Avenue, Morton Grove, Illinois 60053-2985. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amount of pension expense recognized for the pension plans is:

	Pension Expenses/ (Revenues)	Net Pension Liabilities/ (Assets)	Deferred Outflows	Deferred Inflows
IMRF				
Village	\$ 62,030	(287,844)	235,161	914,539
Library	14,058	(93,209)	76,149	296,144
SLEP	(7,241)	(31,278)	—	19,707
MERF	(226,998)	11,294,997	523,116	—
Police Pension	1,493,764	29,536,741	3,712,894	12,199,156
Firefighters' Pension	(902,639)	24,538,625	309,586	9,901,066
	432,974	64,958,032	4,856,906	23,330,612

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees, including the Library's, (other than those covered by the Police Pension or Firefighters' Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF - Regular Plan. IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Sheriff's Law Enforcement Personnel (SLEP). SLEP members having accumulated at least 30 years of SLEP service and terminating IMRF on or after July 1, 1998, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by State statutes.

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

	Regular Plan	SLEP Plan
Inactive Plan Members Currently Receiving Benefits	21	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	59	—
Active Plan Members	81	—
Total	161	2

A detailed breakdown of the IMRF Regular Plan membership for inactive members for the Village and Library is unavailable. The above numbers include all inactive members.

Contributions. As set by statute, the Village's Regular Plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2021, the Village's contribution was 8.15% of covered payroll. The Village's SLEP Plan members are required to contribute 7.50% of their annual covered salary. For the year-ended December 31, 2021, the Village's contribution was 0.00% of covered payroll.

Net Pension (Asset). The Village's net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	
Regular Plan	7.25%
SLEP	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	-0.60%
Domestic Equities	39.00%	1.90%
International Equities	15.00%	3.15%
Real Estate	10.00%	3.30%
Blended	10.00%	1.70% - 5.50%
Cash and Cash Equivalents	1.00%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)			
Village	\$ 994,726	(287,844)	(1,249,222)
Library	322,111	(93,209)	(404,521)
Totals	1,316,837	(381,053)	(1,653,743)

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension (Asset) - Regular Plan

	Village	Library	Totals
Total Pension Liability			
Service Cost	\$ 381,224	123,448	504,672
Interest on the Total Pension Liability	596,252	190,003	786,255
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	39,324	12,734	52,058
Changes of Assumptions	—	—	—
Benefit Payments, including Refunds of Employee Contributions	(133,805)	(43,329)	(177,134)
Net Change in Total Pension Liability	882,995	282,856	1,165,851
Total Pension Liability - Beginning	7,930,372	2,750,755	10,681,127
Total Pension Liability - Ending	8,813,367	3,033,611	11,846,978
Plan Fiduciary Net Position			
Contributions - Employer	335,291	108,573	443,864
Contributions - Employees	185,130	59,949	245,079
Net Investment Income	1,187,114	384,409	1,571,523
Benefit Payments, including Refunds of Employee Contributions	(133,805)	(43,329)	(177,134)
Other (Net Transfer)	(63,947)	(20,707)	(84,654)
Net Change in Plan Fiduciary Net Position	1,509,783	488,895	1,998,678
Plan Net Position - Beginning	7,591,428	2,637,925	10,229,353
Plan Net Position - Ending	9,101,211	3,126,820	12,228,031
Employer's Net Pension Liability	(287,844)	(93,209)	(381,053)

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension (Asset) - SLEP Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2020	\$ 105,393	121,961	(16,568)
Changes for the Year:			
Service Cost	—	—	—
Interest on the Total Pension Liability	7,314	—	7,314
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	1,208	—	1,208
Changes of Assumptions	—	—	—
Contributions - Employer	—	—	—
Contributions - Employees	—	—	—
Net Investment Income	—	22,914	(22,914)
Benefit Payments, Including Refunds of Employee Contributions	(9,010)	(9,010)	—
Other (Net Transfer)	—	318	(318)
Net Changes	(488)	14,222	(14,710)
Balances at December 31, 2021	104,905	136,183	(31,278)

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$62,030 for the Regular Plan and pension revenue of \$7,241 for the SLEP Plan. The Library recognized \$14,058 of pension expense for the Regular Plan. The Village and Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Regular Plan	Village		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 159,526	(31,232)	51,657	(10,113)	169,838
Change in Assumptions	75,635	(95,552)	24,492	(30,941)	(26,366)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(787,755)	—	(255,090)	(1,042,845)
Total Deferred Amounts Related to IMRF	235,161	(914,539)	76,149	(296,144)	(899,373)

SLEP Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ —	—	—
Change in Assumptions	—	—	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(19,707)	19,707
Total Deferred Amounts Related to IMRF	—	(19,707)	19,707

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Regular Plan			SLEP Plan Net Deferred (Inflows) of Resources
	Village Net Deferred Outflows/ (Inflows) of Resources	Library Net Deferred Outflows/ (Inflows) of Resources	Totals Net Deferred Outflows/ (Inflows) of Resources	
2022	\$ (147,343)	(47,712)	(195,055)	(4,274)
2023	(237,233)	(76,821)	(314,054)	(7,716)
2024	(183,016)	(59,264)	(242,280)	(4,838)
2025	(113,650)	(36,802)	(150,452)	(2,879)
2026	1,864	604	2,468	—
Thereafter	—	—	—	—
Totals	(679,378)	(219,995)	(899,373)	(19,707)

Municipal Employees' Retirement Fund (MERF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard (1,000 hours) were enrolled in MERF as participating members through January 1, 2005. The plan is closed to new members. Pension benefits vest after ten years of service. Participating members who retire after 30 years of creditable service or at or after age 60 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of average compensation for each of the first 15 years of service, plus 2% of average compensation for each year of service in excess of 15 years. Average compensation is defined as the average of the four calendar years (within the preceding ten years of participation) during which the participant received the highest compensation.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Municipal Employees' Retirement Fund (MERF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	33
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>15</u>
Total	<u><u>65</u></u>

Contributions. As set by statute, the Village's participating members are required to contribute 2.00% of their annual salary to MERF. The Village is required to contribute the remaining amounts necessary to fund MERF as specified by the plan. The employer contribution for the year ended December 31, 2021 was 69.16% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	4.50%
Salary Increases	4.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Rates are from a December 31, 2017 IMRF Actuarial Valuation.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Municipal Employees' Retirement Fund (MERF) - Continued

Discount Rate

The discount rate used to measure the total pension liability for the Municipal Employees' Retirement Fund was 4.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Net Pension Liability	\$ 13,608,254	11,294,997	9,303,036

VILLAGE OF MORTON GROVE, ILLINOIS**Notes to the Financial Statements
December 31, 2021****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued****Municipal Employees' Retirement Fund (MERF) - Continued****Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 24,167,743	11,510,367	12,657,376
Changes for the Year:			
Service Cost	272,631	—	272,631
Interest on the Total Pension Liability	1,018,303	—	1,018,303
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	1,225,934	—	1,225,934
Changes of Assumptions	(2,489,368)	—	(2,489,368)
Contributions - Employer	—	1,166,015	(1,166,015)
Contributions - Employees	—	28,170	(28,170)
Net Investment Income	—	195,694	(195,694)
Benefit Payments, Including Refunds of Employee Contributions	(3,077,519)	(3,077,519)	—
Other (Net Transfer)	—	—	—
Net Changes	(3,050,019)	(1,687,640)	(1,362,379)
Balances at December 31, 2021	21,117,724	9,822,727	11,294,997

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Municipal Employees' Retirement Fund (MERF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension revenue of \$226,998. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ —	—	—
Change in Assumptions	—	—	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	523,116	—	523,116
Total Deferred Amounts Related to IMRF	523,116	—	523,116

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ 204,282
2023	155,743
2024	107,113
2025	55,978
2026	—
Thereafter	—
Total	523,116

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2021, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	57
Inactive Plan Members Entitled to but not yet Receiving Benefits	8
Active Plan Members	<u>48</u>
Total	<u><u>113</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2021, the Village's contribution was 57.31% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.75% - 12.93%
Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates.

Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, the same as the prior year valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability \$	40,075,342	29,536,741	20,925,289

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 77,875,350	43,053,918	34,821,432
Changes for the Year:			
Service Cost	1,162,292	—	1,162,292
Interest on the Total Pension Liability	5,114,734	—	5,114,734
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(2,129,838)	—	(2,129,838)
Changes of Assumptions	—	—	—
Contributions - Employer	—	3,128,661	(3,128,661)
Contributions - Employees	—	608,088	(608,088)
Net Investment Income	—	5,745,538	(5,745,538)
Benefit Payments, Including Refunds of Employee Contributions	(4,431,874)	(4,431,874)	—
Other (Net Transfer)	—	(50,408)	50,408
Net Changes	(284,686)	5,000,005	(5,284,691)
Balances at December 31, 2021	77,590,664	48,053,923	29,536,741

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$1,493,764. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 2,377,377	(1,776,631)	600,746
Change in Assumptions	1,335,517	(5,977,100)	(4,641,583)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(4,445,425)	(4,445,425)
Total Deferred Amounts Related to Police Pension	3,712,894	(12,199,156)	(8,486,262)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (1,897,305)
2023	(2,864,526)
2024	(1,984,646)
2025	(1,406,748)
2026	(322,441)
Thereafter	(10,596)
Total	(8,486,262)

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2021, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	51
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Active Plan Members	<u>39</u>
Total	<u><u>93</u></u>

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3percent compounded annually thereafter.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2021, the Village's contribution was 55.91% of covered payroll.

Concentrations. At year-end, the Firefighters' Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.75% - 12.75%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates.

Discount Rate

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

		1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$	34,197,434	24,538,625	16,556,101

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 76,012,779	45,625,908	30,386,871
Changes for the Year:			
Service Cost	1,086,620	—	1,086,620
Interest on the Total Pension Liability	4,929,221	—	4,929,221
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(3,805,756)	—	(3,805,756)
Changes of Assumptions	—	—	—
Contributions - Employer	—	2,945,324	(2,945,324)
Contributions - Employees	—	408,782	(408,782)
Net Investment Income	—	4,786,877	(4,786,877)
Benefit Payments, Including Refunds of Employee Contributions	(3,877,766)	(3,877,766)	—
Other (Net Transfer)	—	(82,652)	82,652
Net Changes	(1,667,681)	4,180,565	(5,848,246)
Balances at December 31, 2021	74,345,098	49,806,473	24,538,625

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension revenue of \$902,639. December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 309,586	(3,265,718)	(2,956,132)
Change in Assumptions	—	(2,732,229)	(2,732,229)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	—	(3,903,119)	(3,903,119)
Total Deferred Amounts Related to Firefighters' Pension	309,586	(9,901,066)	(9,591,480)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (3,048,287)
2023	(3,375,405)
2024	(2,047,679)
2025	(1,074,983)
2026	(45,126)
Thereafter	—
Total	(9,591,480)

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The Village's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Village. RBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides medical, prescription drug, dental, vision and life insurance coverage to retirees. Retirees pay 50% of the medical insurance premium, if retired on or before 9/4/2007, 40% -50% of the premium, if employee was hired on or before 9/4/2007 not retired on or before 9/4/2007, or retiree pays the full cost of the premium, if employee was hired after 9/4/2007. Coverage ends at age 65 for disabled employees or once retirees are eligible for Medicare.

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	69
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>136</u>
Total	<u><u>205</u></u>

Total OPEB Liability

The Village's total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial assumptions and other inputs - Continued.

Inflation	2.25%
Salary Increases	3.00%
Discount Rate	2.06%
Healthcare Cost Trend Rates	5.00% for HMO and 5.00% for PPO in 2021, and an ultimate rate of 5.00% for 2022 and later years
Retirees' Share of Benefit-Related Costs	50% of projected health insurance premiums for retirees

The discount rate was based on The Bond Buyer 20-Bond GO Index.

Mortality rates were based on the Sex District Raw Rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2020	<u>\$ 16,425,542</u>
Changes for the Year:	
Service Cost	465,141
Interest on the Total OPEB Liability	340,632
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	—
Changes of Assumptions or Other Inputs	(531,897)
Benefit Payments	(716,001)
Net Changes	<u>(442,125)</u>
Balance at December 31, 2021	<u>15,983,417</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 2.06%, while the prior valuation used 2.12%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

		1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB Liability	\$	17,818,429	15,983,417	14,465,432

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using current Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$	13,990,142	15,983,417	18,437,259

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Village recognized OPEB expense of \$312,941. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements

December 31, 2021

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ —	(4,011,791)	(4,011,791)
Change in Assumptions	2,123,137	(1,157,466)	965,671
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Deferred Amounts Related to OPEB	2,123,137	(5,169,257)	(3,046,120)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (492,832)
2023	(492,832)
2024	(492,832)
2025	(422,696)
2026	(529,510)
Thereafter	(615,418)
Total	(3,046,120)

SUBSEQUENT EVENT

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$3,102,186 to be received in two installments. On September 10, 2021 the Village received their first installment of \$1,551,093. As of the date of these financial statements, the Village has not received their second installment.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Personnel Plan
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Personnel Plan
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefit Plan
- Budgetary Comparison Schedules
 - General Fund
 - Lehigh/Ferris Tax Increment Financing - Special Revenue Fund
 - Sawmill Station Tax Increment Financing - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF MORTON GROVE, ILLINOIS

Illinois Municipal Retirement Fund Schedule of Employer Contributions December 31, 2021

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	Totals	\$ 289,298	\$ 289,298	\$ —	\$ 3,950,495	7.32%
12/31/2016	Totals	379,476	379,476	—	3,994,494	9.50%
12/31/2017	Totals	399,637	402,175	2,538	4,381,980	9.18%
12/31/2018	Totals	436,714	436,714	—	4,767,619	9.16%
12/31/2019	Totals	380,669	380,669	—	4,960,169	7.67%
12/31/2020	Totals	441,898	441,898	—	5,229,483	8.45%
12/31/2021	Village	335,291	335,291	—	4,113,992	8.15%
	Library	108,573	108,573	—	1,332,187	8.15%
	Total	443,864	443,864	—	5,446,179	8.15%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Sheriff's Law Enforcement Personnel Plan Schedule of Employer Contributions December 31, 2021

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ —	\$ 1,005	\$ 1,005	\$ —	0.00%
2016	—	883	883	—	0.00%
2017	—	309	309	—	0.00%
2018	—	218	218	—	0.00%
2019	—	—	—	—	0.00%
2020	—	170	170	—	0.00%
2021	—	—	—	—	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Municipal Employees' Retirement Fund Schedule of Employer Contributions December 31, 2021

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 919,720	\$ 921,727	\$ 2,007	\$ 2,044,912	45.07%
2016	987,061	969,391	(17,670)	2,237,983	43.32%
2017	1,268,797	1,298,923	30,126	2,299,435	56.49%
2018	1,409,528	1,409,558	30	1,744,800	80.79%
2019	1,116,194	1,116,194	—	1,756,617	63.54%
2020	1,140,546	1,140,546	—	1,726,023	66.08%
2021	1,166,015	1,166,015	—	1,685,968	69.16%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	Fair Market Value
Inflation	2.50%
Salary Increases	0
Investment Rate of Return	4.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	December 31, 2017 IMRF Actuarial Valuation

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions

December 31, 2021

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,942,614	\$ 1,746,014	\$ (196,600)	\$ 4,017,422	43.46%
2016	2,114,444	1,819,397	(295,047)	4,131,663	44.04%
2017	2,230,643	2,090,649	(139,994)	4,363,550	47.91%
2018	2,574,244	2,309,955	(264,289)	4,516,274	51.15%
2019	2,677,108	2,695,291	18,183	4,574,078	58.93%
2020	2,855,067	2,866,069	11,002	4,957,898	57.81%
2021	3,300,156	3,128,661	(171,495)	5,459,135	57.31%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.75% - 12.93%
Investment Rate of Return	7.00%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Firefighters' Pension Fund Schedule of Employer Contributions December 31, 2021

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,140,182	\$ 1,914,705	\$ (225,477)	\$ 3,707,686	51.64%
2015	2,180,622	1,949,493	(231,129)	4,101,744	47.53%
2016	2,190,316	2,165,900	(24,416)	4,000,016	54.15%
2017	2,471,332	2,291,587	(179,745)	4,140,017	55.35%
2018	2,647,365	2,660,276	12,911	4,165,612	63.86%
2019	2,759,557	2,770,449	10,892	4,256,869	65.08%
2020	2,851,644	2,856,837	5,193	4,138,829	69.03%
2021	3,100,730	2,945,324	(155,406)	5,267,644	55.91%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.25%
Salary Increases	3.75% - 12.75%
Investment Rate of Return	7.00%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

December 31, 2021

	12/31/15	12/31/16
Total Pension Liability		
Service Cost	\$ 429,566	434,382
Interest	409,549	455,091
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	(186,773)	8,925
Change of Assumptions	—	(10,936)
Benefit Payments, Including Refunds of Member Contributions	(39,656)	(53,756)
Net Change in Total Pension Liability	612,686	833,706
Total Pension Liability - Beginning	5,272,987	5,885,673
Total Pension Liability - Ending	5,885,673	6,719,379
Plan Fiduciary Net Position		
Contributions - Employer	\$ 389,954	379,476
Contributions - Members	177,773	179,752
Net Investment Income	22,516	316,372
Benefit Payments, Including Refunds of Member Contributions	(39,656)	(53,756)
Other (Net Transfer)	(242,491)	(54,719)
Net Change in Plan Fiduciary Net Position	308,096	767,125
Plan Net Position - Beginning	4,239,209	4,547,305
Plan Net Position - Ending	4,547,305	5,314,430
Employer's Net Pension Liability/(Asset)	\$ 1,338,368	1,404,949
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	79.09%
Covered Payroll	\$ 3,950,495	3,994,494
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	33.88%	35.17%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/17	12/31/18	12/31/19	12/31/20	Village	Library	Totals
					12/31/21	
457,409	455,106	499,164	501,927	381,224	123,448	504,672
514,005	555,728	635,548	704,489	596,252	190,003	786,255
—	—	—	—	—	—	—
(39,758)	101,443	(76,652)	222,835	39,324	12,734	52,058
(230,696)	317,739	—	(152,482)	—	—	—
(189,365)	(97,670)	(93,474)	(123,548)	(133,805)	(43,329)	(177,134)
511,595	1,332,346	964,586	1,153,221	882,995	282,856	1,165,851
6,719,379	7,230,974	8,563,320	9,527,906	7,930,372	2,750,755	10,681,127
7,230,974	8,563,320	9,527,906	10,681,127	8,813,367	3,033,611	11,846,978
402,175	436,714	378,956	441,898	335,291	108,573	443,864
201,543	214,543	223,207	235,332	185,130	59,949	245,079
832,655	(214,824)	1,153,230	1,112,644	1,187,114	384,409	1,571,523
(189,365)	(97,670)	(93,474)	(123,548)	(133,805)	(43,329)	(177,134)
21,236	(7,504)	(25,673)	12,848	(63,947)	(20,707)	(84,654)
1,268,244	331,259	1,636,246	1,679,174	1,509,783	488,895	1,998,678
5,314,430	6,582,674	6,913,933	8,550,179	7,591,428	2,637,925	10,229,353
6,582,674	6,913,933	8,550,179	10,229,353	9,101,211	3,126,820	12,228,031
648,300	1,649,387	977,727	451,774	(287,844)	(93,209)	(381,053)
91.03%	80.74%	89.74%	95.77%	103.27 %	103.07 %	103.22 %
4,381,980	4,767,619	4,960,169	5,229,483	4,113,992	1,332,187	5,446,179
14.79%	34.60%	19.71%	8.64%	(7.00%)	(7.00%)	(7.00%)

VILLAGE OF MORTON GROVE, ILLINOIS

Sheriff's Law Enforcement Personnel Plan

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

December 31, 2021

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ —
Interest	7,550
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	830
Change of Assumptions	415
Benefit Payments, Including Refunds of Member Contributions	<u>(7,982)</u>
Net Change in Total Pension Liability	813
Total Pension Liability - Beginning	<u>104,794</u>
Total Pension Liability - Ending	<u><u>105,607</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,005
Contributions - Members	—
Net Investment Income	495
Benefit Payments, Including Refunds of Member Contributions	<u>(7,982)</u>
Other (Net Transfer)	5,184
Net Change in Plan Fiduciary Net Position	<u>(1,298)</u>
Plan Net Position - Beginning	<u>102,524</u>
Plan Net Position - Ending	<u><u>101,226</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ 4,381</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.85%
Covered Payroll	\$ —
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	0.00%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
—	7,593	—	—	—	—
7,564	—	7,406	7,317	7,296	7,314
—	—	—	—	—	—
885	934	1,039	1,146	1,235	1,208
(509)	(2,603)	2,304	—	648	—
(8,154)	(8,319)	(8,491)	(8,666)	(8,839)	(9,010)
(214)	(2,395)	2,258	(203)	340	(488)
105,607	105,393	102,998	105,256	105,053	105,393
105,393	102,998	105,256	105,053	105,393	104,905
883	309	218	—	170	—
—	—	—	—	—	—
6,953	20,468	(9,000)	21,207	17,609	22,914
(8,154)	(8,319)	(8,491)	(8,666)	(8,839)	(9,010)
768	(2,199)	3,305	633	1,880	318
450	10,259	(13,968)	13,174	10,820	14,222
101,226	101,676	111,935	97,967	111,141	121,961
101,676	111,935	97,967	111,141	121,961	136,183
3,717	(8,937)	7,289	(6,088)	(16,568)	(31,278)
96.47%	108.68%	93.07%	105.80%	115.72%	129.82%
—	—	—	—	—	—
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

VILLAGE OF MORTON GROVE, ILLINOIS

Municipal Employees' Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2021

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 283,482
Interest	868,067
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	(745,910)
Change of Assumptions	7,685,672
Benefit Payments, Including Refunds of Member Contributions	<u>(1,213,649)</u>
Net Change in Total Pension Liability	6,877,662
Total Pension Liability - Beginning	<u>18,959,198</u>
Total Pension Liability - Ending	<u><u>25,836,860</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 921,727
Contributions - Members	44,270
Net Investment Income	215,747
Benefit Payments, Including Refunds of Member Contributions	(1,213,649)
Administrative Expense	—
Net Change in Plan Fiduciary Net Position	<u>(31,905)</u>
Plan Net Position - Beginning	<u>8,338,149</u>
Plan Net Position - Ending	<u><u>8,306,244</u></u>
Employer's Net Pension Liability	<u><u>\$ 17,530,616</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.15%
Covered Payroll	\$ 2,044,912
Employer's Net Pension Liability as a Percentage of Covered Payroll	857.28%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
287,787	179,636	187,540	151,748	413,276	272,631
1,237,559	1,206,931	1,032,847	1,026,174	1,049,975	1,018,303
—	—	—	—	—	—
1,426,704	(627,124)	(667,891)	518,148	(1,417,988)	1,225,934
(499,817)	(3,827,913)	(281,528)	983,788	—	(2,489,368)
(534,905)	(647,877)	(1,128,079)	(753,736)	(984,372)	(3,077,519)
1,917,328	(3,716,347)	(857,111)	1,926,122	(939,109)	(3,050,019)
25,836,860	27,754,188	24,037,841	23,180,730	25,106,852	24,167,743
27,754,188	24,037,841	23,180,730	25,106,852	24,167,743	21,117,724
969,391	1,298,923	1,409,558	1,116,194	1,140,546	1,166,015
41,532	41,076	36,311	34,885	40,600	28,170
235,292	196,453	210,246	235,316	246,769	195,694
(534,905)	(647,877)	(1,128,079)	(753,736)	(984,372)	(3,077,519)
—	—	—	—	—	—
711,310	888,575	528,036	632,659	443,543	(1,687,640)
8,306,244	9,017,554	9,906,129	10,434,165	11,066,824	11,510,367
9,017,554	9,906,129	10,434,165	11,066,824	11,510,367	9,822,727
18,736,634	14,131,712	12,746,565	14,040,028	12,657,376	11,294,997
32.49%	41.21%	45.01%	44.08%	47.63%	46.51%
2,237,893	2,299,435	1,744,800	1,756,617	1,726,023	1,685,968
837.24%	614.57%	730.55%	799.27%	733.33%	669.94%

VILLAGE OF MORTON GROVE, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2021

	12/31/14
Total Pension Liability	
Service Cost	\$ 999,888
Interest	4,067,424
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	1,780,289
Change of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(3,284,173)
Net Change in Total Pension Liability	3,563,428
Total Pension Liability - Beginning	55,964,162
Total Pension Liability - Ending	59,527,590
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,746,014
Contributions - Members	399,590
Net Investment Income	1,972,181
Benefit Payments, Including Refunds of Member Contributions	(3,284,173)
Administrative Expenses	(47,891)
Net Change in Plan Fiduciary Net Position	785,721
Plan Net Position - Beginning	31,379,333
Plan Net Position - Ending	32,165,054
Employer's Net Pension Liability	\$ 27,362,536
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.03%
Covered Payroll	\$ 4,017,422
Employer's Net Pension Liability as a Percentage of Covered Payroll	681.10%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
1,204,804	1,307,855	1,386,849	1,253,363	1,275,666	1,122,225	1,162,292
3,656,752	4,075,261	4,383,166	4,559,077	4,704,702	4,679,886	5,114,734
—	—	—	—	540,254	—	—
4,148,200	87,939	60,088	455,002	1,328,505	2,143,581	(2,129,838)
3,982,348	3,094,358	(3,467,390)	1,299,164	856,322	(7,716,150)	—
(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)	(3,856,789)	(4,286,231)	(4,431,874)
9,656,920	5,138,827	(1,146,005)	3,906,047	4,848,660	(4,056,689)	(284,686)
59,527,590	69,184,510	74,323,337	73,177,332	77,083,379	81,932,039	77,875,350
69,184,510	74,323,337	73,177,332	77,083,379	81,932,039	77,875,350	77,590,664
1,819,397	2,090,649	2,309,955	2,695,291	2,796,467	2,866,069	3,128,661
412,809	429,569	446,618	465,264	562,561	546,002	608,088
(160,038)	2,247,993	3,925,557	(1,247,471)	5,536,105	5,486,429	5,745,538
(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)	(3,856,789)	(4,286,231)	(4,431,874)
(42,462)	(38,664)	(39,863)	(42,905)	(63,298)	(39,103)	(50,408)
(1,305,478)	1,302,961	3,133,549	(1,790,380)	4,975,046	4,573,166	5,000,005
32,165,054	30,859,576	32,162,537	35,296,086	33,505,706	38,480,752	43,053,918
30,859,576	32,162,537	35,296,086	33,505,706	38,480,752	43,053,918	48,053,923
38,324,934	42,160,800	37,881,246	43,577,673	43,451,287	34,821,432	29,536,741
44.60%	43.27%	48.23%	43.47%	46.97%	55.29%	61.93%
4,131,663	4,363,550	4,516,274	4,574,078	4,806,496	4,957,898	5,459,135
927.59%	966.20%	838.77%	952.71%	904.01%	702.34%	541.05%

VILLAGE OF MORTON GROVE, ILLINOIS

Firefighter's Pension Fund Schedule of Changes in the Employer's Net Pension Liability December 31, 2021

	<u>12/31/14</u>
Total Pension Liability	
Service Cost	\$ 1,067,954
Interest	3,811,312
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	(661,128)
Change of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(2,406,899)
Net Change in Total Pension Liability	1,811,239
Total Pension Liability - Beginning	52,834,148
Total Pension Liability - Ending	<u>54,645,387</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,914,705
Contributions - Members	376,279
Net Investment Income	1,695,835
Benefit Payments, Including Refunds of Member Contributions	(2,441,253)
Administrative Expenses	(42,228)
Net Change in Plan Fiduciary Net Position	1,503,338
Plan Net Position - Beginning	28,456,082
Plan Net Position - Ending	<u>29,959,420</u>
Employer's Net Pension Liability	<u>\$ 24,685,967</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.83%
Covered Payroll	\$ 3,707,686
Employer's Net Pension Liability as a Percentage of Covered Payroll	665.81%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
1,356,812	1,330,866	1,408,988	1,269,097	1,181,800	1,150,422	1,086,620
3,181,468	3,963,235	4,297,744	4,498,745	4,722,128	4,967,267	4,929,221
—	—	—	—	249,141	—	—
928,412	1,812,111	45,639	594,173	(464,577)	225,642	(3,805,756)
11,295,766	1,479,863	(3,623,699)	(2,526,497)	(3,595,005)	—	—
(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)	(3,359,746)	(3,504,222)	(3,877,766)
14,232,348	5,864,165	(924,318)	622,347	(1,266,259)	2,839,109	(1,667,681)
54,645,387	68,877,735	74,741,900	73,817,582	74,439,929	73,173,670	76,012,779
68,877,735	74,741,900	73,817,582	74,439,929	73,173,670	76,012,779	74,345,098
1,949,493	2,165,900	2,291,587	2,660,276	2,770,449	2,856,837	2,945,324
387,408	384,004	381,401	398,444	407,251	412,917	408,782
363,152	2,091,840	4,195,751	(1,486,352)	6,182,115	5,927,901	4,786,877
(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)	(3,359,746)	(3,504,222)	(3,877,766)
(60,860)	(69,879)	(43,591)	(38,658)	(38,489)	(40,260)	(82,652)
109,083	1,849,955	3,772,158	(1,679,461)	5,961,580	5,653,173	4,180,565
29,959,420	30,068,503	31,918,458	35,690,616	34,011,155	39,972,735	45,625,908
30,068,503	31,918,458	35,690,616	34,011,155	39,972,735	45,625,908	49,806,473
38,809,232	42,823,442	38,126,966	40,428,774	33,200,935	30,386,871	24,538,625
43.65%	42.70%	48.35%	45.69%	54.63%	60.02%	66.99%
4,101,744	4,000,016	4,140,017	4,165,612	4,256,869	4,138,829	5,267,644
946.16%	1070.58%	920.94%	970.54%	779.94%	734.19%	465.84%

VILLAGE OF MORTON GROVE, ILLINOIS

Municipal Employees' Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2021

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	2.80%
2015	2.89%
2016	2.82%
2017	2.55%
2018	2.09%
2019	2.21%
2020	2.21%
2021	1.85%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Police Pension Fund

Schedule of Investment Returns

December 31, 2021

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.12%
2015	(0.46%)
2016	7.43%
2017	6.53%
2018	(3.58%)
2019	18.03%
2020	14.47%
2021	13.44%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

**Firefighters' Pension Fund
Schedule of Investment Returns
December 31, 2021**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.00%
2015	1.21%
2016	6.87%
2017	13.10%
2018	(4.15%)
2019	18.03%
2020	14.74%
2021	10.50%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF MORTON GROVE, ILLINOIS

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

December 31, 2021

	2018	2019	2020	2021
Total OPEB Liability				
Service Cost	\$ 464,133	416,857	521,557	465,141
Interest	645,426	726,622	586,296	340,632
Changes in Benefit Terms	—	—	—	—
Differences Between Expected and Actual Experience	—	—	(5,421,913)	—
Change of Assumptions or Other Inputs	(1,234,624)	3,516,883	(152,402)	(531,897)
Benefit Payments	(850,550)	(957,152)	(1,011,321)	(716,001)
Net Change in Total OPEB Liability	(975,615)	3,703,210	(5,477,783)	(442,125)
Total OPEB Liability - Beginning	19,175,730	18,200,115	21,903,325	16,425,542
Total OPEB Liability - Ending	18,200,115	21,903,325	16,425,542	15,983,417
Covered Payroll	\$ 14,073,710	16,538,783	17,034,946	17,054,019
Payroll	129.32 %	132.44%	96.42%	93.72%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018 through 2021.

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 16,794,480	16,794,480	16,853,991
Intergovernmental	8,187,000	8,187,000	12,039,137
Charges for Services	1,578,650	1,578,650	1,354,516
Licenses and Permits	2,201,500	2,201,500	1,914,320
Fines and Forfeitures	816,500	816,500	541,451
Investment Income	810,000	810,000	1,080,516
Miscellaneous	1,602,500	1,602,500	75,414
Total Revenues	31,990,630	31,990,630	33,859,345
Expenditures			
General Government	4,184,268	4,184,268	3,747,707
Public Safety	21,535,751	21,535,751	22,483,966
Streets and Sidewalks	2,856,325	2,856,325	2,652,560
Vehicle and Maintenance	923,530	923,530	928,257
Health and Human Services	105,010	105,010	13,876
Community Development	237,750	237,750	180,359
Building and Inspection Services	1,686,075	1,686,075	1,215,633
Total Expenditures	31,528,709	31,528,709	31,222,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	461,921	461,921	2,636,987
Other Financing (Uses)			
Transfers Out	(461,738)	(461,738)	(436,875)
Net Change in Fund Balance	183	183	2,200,112
Fund Balance - Beginning			11,594,432
Fund Balance - Ending			13,794,544

VILLAGE OF MORTON GROVE, ILLINOIS**Lehigh/Ferris Tax Increment Financing - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,400,000	2,400,000	3,493,708
Investment Income	25,000	25,000	326
Miscellaneous	—	—	17,000
Total Revenues	2,425,000	2,425,000	3,511,034
Expenditures			
Community Development			
Personnel Services			
Contractual Services	286,810	286,810	202,147
Other	500	500	—
Capital Outlay	2,232,000	2,232,000	2,108,890
Debt Service			
Principal Retirement	660,000	660,000	660,000
Interest and Fiscal Charges	134,800	134,800	134,800
Total Expenditures	3,314,110	3,314,110	3,105,837
Net Change in Fund Balance	(889,110)	(889,110)	405,197
Fund Balance - Beginning			15,700,245
Fund Balance - Ending			16,105,442

VILLAGE OF MORTON GROVE, ILLINOIS

Sawmill Station Tax Increment Financing - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Taxes			
Property Taxes	\$ —	—	208,472
Intergovernmental			
Sales Taxes	15,000	15,000	—
Investment Income	—	—	12,678
Total Revenues	15,000	15,000	221,150
Expenditures			
Community Development			
Contractual Services	3,300,000	3,300,000	12,570
Debt Service			
Interest and Fiscal Charges	—	—	906,965
Total Expenditures	3,300,000	3,300,000	919,535
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,285,000)	(3,285,000)	(698,385)
Other Financing Sources			
Debt Issuance	3,200,000	3,200,000	—
Net Change in Fund Balance	(85,000)	(85,000)	(698,385)
Fund Balance - Beginning			2,636,834
Fund Balance - Ending			1,938,449

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedule - Major Enterprise Fund
- Combining Statements - Nonmajor Enterprise Funds
- Budgetary Comparison Schedules - Nonmajor Enterprise Funds
- Combining Statements - Fiduciary Funds
- Budgetary Comparison Schedules - Fiduciary Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Lehigh/Ferris Tax Increment Financing Fund

The Lehigh/Ferris Tax Increment Financing Fund is used to account for tax increment revenue and other financial resources received along with the costs related to the Village's Tax Increment Financing (TIF) District. The Fund entails the TIF District along Lehigh and Ferris Avenues. The TIF District is authorized by state law and is created to promote redevelopment of certain parcels declared as "blighted" into a higher and more productive land use.

Sawmill Station Tax Increment Financing Fund

The Sawmill Station Tax Increment Financing Fund is used to account for tax increment revenue and other financial resources received along with the costs related to the Village's Tax Increment Financing (TIF) District. The Fund entails the TIF District at Waukegan Road and Dempster. The TIF District is authorized by state law and is created to promote redevelopment of certain parcels declared as "blighted" into a higher and more productive land use.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for monies received from the state levied tax on the sale of fuels and the expenditures for capitalized construction, improvements or general maintenance to the Village roadway system.

Commuter Parking Facility Fund

The Commuter Parking Facility Fund is used to account for the cost of major improvements and general maintenance to the commuter parking facility on Lehigh Avenue. Revenues are primarily received from the daily parking fee imposed on the users of the facility.

INDIVIDUAL FUND DESCRIPTIONS - Continued

SPECIAL REVENUE FUNDS - CONTINUED

911 Emergency Telephone System Fund

The 911 Emergency Telephone System Fund is used to account for telephone surcharge fees collected for the 911 emergency telephone system. The funds are to be disbursed for the purchase and subsequent maintenance of that system.

Economic Development Fund

The Economic Development Fund is used to account for the expenditures related to promoting economic development throughout the Village. The Fund also accounts for non-TIF redevelopment costs including those that support an existing TIF but whose redevelopment is not directly within a TIF established district.

Fire Alarm Fund

The Fire Alarm Fund is used to account for expenditures related to fire alarm costs for the Regional Emergency Dispatch Center. The funds are to be disbursed for the purchase and subsequent maintenance of fire alarms.

Seizure Fund

The Seizure Fund is used to account for expenditures related to public safety. Revenues are primarily received from the seizure of assets within the Village limits.

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

INDIVIDUAL FUND DESCRIPTIONS - Continued

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been 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 purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and billing, and collection.

Solid Waste Fund

The Solid Waste Fund is used to account for the operations of the Village waste collection services. All activities unnecessary to provide such services mainly involve the collection and disposition of waste and recyclable items.

Municipal Parking Fund

The Municipal Parking Fund is used to account for the operation of the Village parking lots and monies received from permit sales. All activities necessary to provide such services are accounted for in this fund, including but not limited to operations, maintenance and improvements.

Morton Grove Days Fund

The Morton Grove Days Fund is used to account for the operation of the Village annual festival held over the Fourth of July.

PENSION TRUST FUNDS

Municipal Employees' Retirement Fund

The Municipal Employees' Retirement Fund is used to account for the accumulation of resources to be used for retirement and disability pensions for the Village's municipal employees.

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

INDIVIDUAL FUND DESCRIPTIONS - Continued

PENSION TRUST FUNDS - CONTINUED

Firefighter's Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

VILLAGE OF MORTON GROVE, ILLINOIS**General Fund****Schedule of Revenues - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Taxes			
Property Taxes	\$ 9,852,480	9,852,480	9,720,026
Telecommunications Tax	550,000	550,000	353,708
Home Rule Sales Tax	2,500,000	2,500,000	2,735,920
Utility Taxes	1,600,000	1,600,000	1,558,645
Other Taxes	2,292,000	2,292,000	2,485,692
	16,794,480	16,794,480	16,853,991
Intergovernmental			
Personal Property Replacement Tax	350,000	350,000	685,122
Sales Tax	4,500,000	4,500,000	5,598,331
State Income Tax	2,400,000	2,400,000	3,089,256
Local Use Tax	800,000	800,000	921,642
Grants	137,000	137,000	1,744,786
	8,187,000	8,187,000	12,039,137
Charges for Services			
Cable Franchise Fee	355,000	355,000	334,598
Miscellaneous	1,223,650	1,223,650	1,019,918
	1,578,650	1,578,650	1,354,516
Licenses and Permits	2,201,500	2,201,500	1,914,320
Fines and Forfeitures	816,500	816,500	541,451
Investment Income	810,000	810,000	1,080,516
Miscellaneous	1,602,500	1,602,500	75,414
Total Revenues	31,990,630	31,990,630	33,859,345

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
General Government			
Legislative			
Personnel Services	\$ 63,300	63,300	49,922
Contractual Services	55,200	55,200	39,940
Commodities	2,500	2,500	920
	121,000	121,000	90,782
Administration			
Building & Property Maintenance	611,450	611,450	518,595
Contractual Services	49,975	49,975	38,158
Commodities	3,000	3,000	2,847
	664,425	664,425	559,600
Finance			
Personnel Services	573,200	573,200	654,276
Contractual Services	1,762,706	1,762,706	1,381,487
Commodities	8,500	8,500	7,666
Less Administrative Fees			
Water and Sewer Fund	(246,285)	(246,285)	(246,285)
	2,098,121	2,098,121	1,797,144
Management and Information Services			
Personnel Services	232,900	232,900	236,976
Contractual Services	426,042	426,042	380,295
Commodities	1,340	1,340	4,615
Capital Outlay	53,500	53,500	49,485
	713,782	713,782	671,371
Legal			
Personnel Services	150,500	150,500	152,731
Contractual Services	199,000	199,000	157,461
	349,500	349,500	310,192
Other Expenditures			
Other	237,440	237,440	318,618
Total General Government	4,184,268	4,184,268	3,747,707

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	Amounts
Public Safety			
Police			
Personnel Services	\$ 7,177,400	7,177,400	7,445,482
Contractual Services	4,080,541	4,080,541	3,972,610
Commodities	133,715	133,715	101,935
Capital Outlay	176,000	176,000	175,830
	11,567,656	11,567,656	11,695,857
Fire			
Personnel Services	5,601,300	5,601,300	6,444,593
Contractual Services	3,354,355	3,354,355	3,365,490
Commodities	306,725	306,725	303,990
Capital Outlay	700,000	700,000	671,707
	9,962,380	9,962,380	10,785,780
Civil Preparedness			
Contractual Services	4,715	4,715	2,329
Commodities	1,000	1,000	—
	5,715	5,715	2,329
Total Public Safety	21,535,751	21,535,751	22,483,966
Streets and Sidewalks			
Streets and Sidewalks			
Personnel Services	1,793,200	1,793,200	1,757,943
Contractual Services	739,300	739,300	613,347
Commodities	169,600	169,600	156,647
Capital Outlay	70,000	70,000	60,997
Less Administrative Fees			
Motor Fuel Tax Fund	(341,000)	(341,000)	(341,000)
	2,431,100	2,431,100	2,247,934
Engineering			
Personnel Services	396,600	396,600	392,816
Contractual Services	25,450	25,450	10,769
Commodities	3,175	3,175	1,041
	425,225	425,225	404,626
Total Streets and Sidewalks	2,856,325	2,856,325	2,652,560

VILLAGE OF MORTON GROVE, ILLINOIS**General Fund****Schedule of Expenditures - Budget and Actual - Continued****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Vehicle and Maintenance			
Personnel Services	\$ 441,300	441,300	468,291
Contractual Services	104,370	104,370	100,511
Commodities	377,860	377,860	359,455
Total Vehicle and Maintenance	923,530	923,530	928,257
Health and Human Services			
Personnel Services	26,950	26,950	—
Contractual Services	77,060	77,060	13,876
Commodities	1,000	1,000	—
Total Health and Human Services	105,010	105,010	13,876
Community Development			
Personnel Services	204,100	204,100	130,403
Contractual Services	31,650	31,650	49,783
Commodities	2,000	2,000	173
Total Community Development	237,750	237,750	180,359
Building and Inspection Services			
Building and Inspection Services			
Personnel Services	323,300	323,300	329,623
Contractual Services	531,100	531,100	257,536
Commodities	2,400	2,400	1,044
	856,800	856,800	588,203
Municipal Buildings			
Personnel Services	195,700	195,700	188,932
Contractual Services	254,775	254,775	215,847
Commodities	20,800	20,800	20,757
Capital Outlay	358,000	358,000	201,894
	829,275	829,275	627,430
Total Building and Inspection Services	1,686,075	1,686,075	1,215,633
Total Expenditures	31,528,709	31,528,709	31,222,358

VILLAGE OF MORTON GROVE, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 964,469	964,469	947,909
Intergovernmental			
Sales Taxes	150,000	150,000	182,867
Other	70,000	70,000	—
Investment Income	5,000	5,000	(1,290)
Total Revenues	1,189,469	1,189,469	1,129,486
Expenditures			
Debt Service			
Principal Retirement	1,498,600	1,498,600	1,498,600
Interest and Fiscal Charges	229,155	229,155	223,105
Total Expenditures	1,727,755	1,727,755	1,721,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	(538,286)	(538,286)	(592,219)
Other Financing Sources			
Transfers In	436,625	436,625	436,875
Net Change in Fund Balance	(101,661)	(101,661)	(155,344)
Fund Balance - Beginning			(232,899)
Fund Balance - Ending			(388,243)

VILLAGE OF MORTON GROVE, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
Personal Property Replacement Taxes	\$ 34,100	34,100	69,324
Sales Taxes	25,000	25,000	30,478
Grants	350,000	350,000	—
Investment Income	—	—	1,588
Total Revenues	409,100	409,100	101,390
Expenditures			
Capital Outlay			
Capital Projects			
Street Improvements	1,517,500	1,517,500	310,590
Net Change in Fund Balance	(1,108,400)	(1,108,400)	(209,200)
Fund Balance - Beginning			1,589,628
Fund Balance - Ending			1,380,428

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2021

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2021

	Motor Fuel Tax	Commuter Parking Facility
ASSETS		
Cash and Investments	\$ 2,146,878	—
Receivables - Net of Allowances		
Other Taxes	86,531	—
Due from Other Funds	—	—
Total Assets	2,233,409	—
LIABILITIES		
Accounts Payable	51,508	70
Due to Other Funds	—	22,657
Total Liabilities	51,508	22,727
FUND BALANCES		
Restricted	2,181,901	—
Unassigned	—	(22,727)
Total Fund Balances	2,181,901	(22,727)
Total Liabilities and Fund Balances	2,233,409	—

911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Totals
806,718	—	425,548	738,655	4,117,799
—	272,173	—	—	358,704
—	—	—	7,370	7,370
806,718	272,173	425,548	746,025	4,483,873
231,565	—	7,562	7,574	298,279
—	977,861	—	—	1,000,518
231,565	977,861	7,562	7,574	1,298,797
575,153	—	417,986	738,451	3,913,491
—	(705,688)	—	—	(728,415)
575,153	(705,688)	417,986	738,451	3,185,076
806,718	272,173	425,548	746,025	4,483,873

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended December 31, 2021

	Motor Fuel Tax	Commuter Parking Facility
Revenues		
Intergovernmental	\$ 1,422,960	—
Charges for Services	—	14,797
Investment Income	240	—
Total Revenues	1,423,200	14,797
Expenditures		
Public Safety	—	—
Streets and Sidewalks	847,733	15,164
Community Development	—	—
Total Expenditures	847,733	15,164
Net Change in Fund Balances	575,467	(367)
Fund Balances - Beginning	1,606,434	(22,360)
Fund Balances - Ending	2,181,901	(22,727)

911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Totals
—	1,053,640	—	97,761	2,574,361
429,948	—	206,757	—	651,502
—	151	(1)	490	880
429,948	1,053,791	206,756	98,251	3,226,743
406,022	—	312,618	89,828	808,468
—	—	—	—	862,897
—	931,509	—	—	931,509
406,022	931,509	312,618	89,828	2,602,874
23,926	122,282	(105,862)	8,423	623,869
551,227	(827,970)	523,848	730,028	2,561,207
575,153	(705,688)	417,986	738,451	3,185,076

VILLAGE OF MORTON GROVE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 1,300,000	1,300,000	1,422,960
Investment Income	10,000	10,000	240
Total Revenues	1,310,000	1,310,000	1,423,200
Expenditures			
Streets and Sidewalks			
Contractual Services	98,000	98,000	76,842
Commodities	1,030,000	1,030,000	429,891
Administrative Fees			
General Fund	341,000	341,000	341,000
Total Expenditures	1,469,000	1,469,000	847,733
Net Change in Fund Balance	(159,000)	(159,000)	575,467
Fund Balance - Beginning			1,606,434
Net Position - Ending			2,181,901

VILLAGE OF MORTON GROVE, ILLINOIS

Commuter Parking Facility - Special Revenue Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Restricted Accounts

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Charges for Services			
Parking Fees	\$ 69,300	69,300	14,797
Expenses			
Streets and Sidewalks			
Contractual Services	28,800	28,800	15,162
Commodities	5,600	5,600	2
Administrative Fees			
Water and Sewer Fund	10,500	10,500	—
Total Expenditures	44,900	44,900	15,164
Net Change in Fund Balance	24,400	24,400	(367)
Fund Balance - Beginning			(22,360)
Fund Balance - Ending			(22,727)

VILLAGE OF MORTON GROVE, ILLINOIS

911 Emergency Telephone System - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Charges for Services			
Telecommunications Surcharges	\$ 400,000	400,000	429,948
Expenditures			
Public Safety			
Contractual Services	400,000	400,000	406,022
Net Change in Fund Balance	—	—	23,926
Fund Balance - Beginning			551,227
Fund Balance - Ending			575,153

VILLAGE OF MORTON GROVE, ILLINOIS

Economic Development - Special Revenue Fund Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
Sales Taxes	\$ 835,000	835,000	1,053,640
Investment Income	25,000	25,000	151
Total Revenues	860,000	860,000	1,053,791
Expenditures			
Community Development			
Contractual Services	1,098,842	1,098,842	931,509
Net Change in Fund Balance	(238,842)	(238,842)	122,282
Fund Balance - Beginning			(827,970)
Fund Balance - Ending			(705,688)

VILLAGE OF MORTON GROVE, ILLINOIS

Fire Alarm - Special Revenue Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Charges for Services	\$ 200,000	200,000	206,757
Investment Income	100	100	(1)
Total Operating Revenues	200,100	200,100	206,756
Expenditures			
Public Safety			
Personnel Services	37,700	37,700	3,617
Contractual Services	220,400	220,400	178,695
Commodities	110,000	110,000	105,306
Administrative Fees			
General Fund	25,000	25,000	25,000
Total Expenditures	393,100	393,100	312,618
Net Change in Fund Balance	(193,000)	(193,000)	(105,862)
Fund Balance - Beginning			523,848
Fund Balance - Ending			417,986

VILLAGE OF MORTON GROVE, ILLINOIS

Seizure - Special Revenue Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental	\$ 65,000	65,000	97,761
Investment Income	500	500	490
Total Revenue	65,500	65,500	98,251
Expenditures			
Public Safety			
Contractual Services	326,000	326,000	89,828
Net Change in Fund Balance	(260,500)	(260,500)	8,423
Fund Balance - Beginning			730,028
Fund Balance - Ending			738,451

VILLAGE OF MORTON GROVE, ILLINOIS

Water and Sewer - Enterprise Fund

Scheduling of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	Amounts
Operating Revenue			
Charges for Services			
Water Sales	\$ 7,500,000	7,500,000	7,326,277
Sewer Charges	785,250	785,250	766,201
Miscellaneous	1,815,500	1,815,500	2,512
Total Operating Revenues	10,100,750	10,100,750	8,094,990
Operating Expenses			
Operations			
Personnel Services	2,035,600	2,035,600	3,516,137
Contractual Services	8,266,534	8,266,534	2,143,073
Capital Outlay	2,980,000	2,980,000	13,293
Water Purchases	3,510,000	3,510,000	2,857,510
Commodities	534,685	534,685	539,363
Administrative Fees	153,000	153,000	246,285
Other	5,000	5,000	—
Depreciation and Amortization	350,000	350,000	482,631
Total Operating Expenses	17,834,819	17,834,819	9,798,292
Operating (Loss)	(7,734,069)	(7,734,069)	(1,703,302)
Nonoperating Revenues (Expenses)			
Connection Fees	20,000	20,000	15,412
Investment Income	10,000	10,000	706
Other Income	180,000	180,000	246,733
Interest Expense	(92,954)	(92,954)	(92,934)
	117,046	117,046	169,917
Income (Loss) Before Grants	(7,617,023)	(7,617,023)	(1,533,385)
Capital Grants	4,103,415	4,103,415	—
Change in Net Position	(3,513,608)	(3,513,608)	(1,533,385)
Net Position - Beginning			4,398,454
Net Position - Ending			2,865,069

VILLAGE OF MORTON GROVE, ILLINOIS**Nonmajor Enterprise Funds****Statement of Net Position - Proprietary Funds****December 31, 2021**

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 1,252,450	427,136	—	1,679,586
Receivables - Net of Allowances				
Accounts	66,886	—	1,725	68,611
Prepays	32,303	—	—	32,303
Total Assets	1,351,639	427,136	1,725	1,780,500
LIABILITIES				
Current Liabilities				
Accounts Payable	164,423	(301)	15,742	179,864
Other Liabilities	—	35,465	—	35,465
Due to Other Funds	—	—	46,769	46,769
Total Liabilities	164,423	35,164	62,511	262,098
NET POSITION				
Unrestricted	1,187,216	391,972	(60,786)	1,518,402

VILLAGE OF MORTON GROVE, ILLINOIS**Nonmajor Enterprise Funds****Combining Statement of Revenues, Expenses and Changes in Net Position****For the Fiscal Year Ended December 31, 2021**

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Operating Revenues				
Charges for Services	\$ 2,022,217	5,625	35,046	2,062,888
Operating Expenses				
Operations	1,924,023	(301)	76,742	2,000,464
Operating Income (Loss)	98,194	5,926	(41,696)	62,424
Nonoperating Revenues				
Investment Income	20	—	—	20
Change in Net Position	98,214	5,926	(41,696)	62,444
Net Position - Beginning	1,089,002	386,046	(19,090)	1,455,958
Net Position - Ending	1,187,216	391,972	(60,786)	1,518,402

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended December 31, 2021

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,030,627	5,625	35,046	2,071,298
Payments to Suppliers	(1,795,739)	—	(62,993)	(1,858,732)
	234,888	5,625	(27,947)	212,566
Cash Flows from Noncapital Financing				
Interfund Loans	—	—	27,947	27,947
Cash Flows from Investing Activities				
Investment Income	20	—	—	20
Net Change in Cash and Cash Equivalents	234,908	5,625	—	240,533
Cash and Cash Equivalents - Beginning	1,017,542	421,511	—	1,439,053
Cash and Cash Equivalents - Ending	1,252,450	427,136	—	1,679,586
Reconciliation of Operating Loss to Net Provided (Used) by Operating Activities				
Operating Income (Loss)	98,194	5,926	(41,696)	62,424
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
(Increase) Decrease in Assets	8,410	—	—	8,410
Increase (Decrease) in Liabilities	128,284	(301)	13,749	141,732
Net Cash Provided (Used) by Operating Activities	234,888	5,625	(27,947)	212,566

VILLAGE OF MORTON GROVE, ILLINOIS**Solid Waste - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services			
Waste	\$ 2,025,252	2,025,252	2,022,217
Operating Expenses			
Operations			
Contractual Services	1,682,698	1,682,698	1,559,023
Administrative Fees	365,000	365,000	365,000
Total Operating Expenses	2,047,698	2,047,698	1,924,023
Operating Income (Loss)	(22,446)	(22,446)	98,194
Nonoperating Revenues			
Investment Income	250	250	20
Change in Net Position	(22,196)	(22,196)	98,214
Net Position - Beginning			1,089,002
Net Position - Ending			1,187,216

VILLAGE OF MORTON GROVE, ILLINOIS**Municipal Parking - Enterprise Fund****Scheduling of Revenues, Expenses and Changes in Net Position - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services			
Parking	\$ —	—	5,625
Operating Expenses			
Operations			
Contractual Services	4,800	4,800	(301)
Commodities	1,100	1,100	—
Total Operating Expenses	5,900	5,900	(301)
Operating Income (Loss)	(5,900)	(5,900)	5,926
Nonoperating Revenues			
Investment Income	100	100	—
Change in Net Position	(5,800)	(5,800)	5,926
Net Position - Beginning			386,046
Net Position - Ending			391,972

VILLAGE OF MORTON GROVE, ILLINOIS

Morton Grove Days - Enterprise Fund

Scheduling of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services			
Morton Grove Days	\$ 145,000	145,000	35,046
Operating Expenses			
Operations			
Contractual Services	120,000	120,000	48,264
Commodities	25,000	25,000	28,478
Total Operating Expenses	145,000	145,000	76,742
Change in Net Position	—	—	(41,696)
Net Position - Beginning			(19,090)
Net Position - Ending			(60,786)

VILLAGE OF MORTON GROVE, ILLINOIS**Pension Trust Funds****Combining Statement of Fiduciary Net Position****December 31, 2021**

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
ASSETS				
Cash and Cash Equivalents	\$ —	258,646	925,472	1,184,118
Investments				
U.S. Government Obligations	—	7,472,173	1,797,743	9,269,916
U.S. Agency Obligations	—	578,394	11,569,500	12,147,894
Municipal Bonds	—	662,227	2,991,320	3,653,547
Corporate Bonds	—	9,165,498	3,076,903	12,242,401
Annuity Contracts	10,023,905	—	—	10,023,905
Money Market Mutual Funds	—	2,512,637	1,071,919	3,584,556
Equities	—	18,442,611	28,272,033	46,714,644
Common Stock	—	8,909,443	—	8,909,443
Receivables				
Accounts	6,878	—	—	6,878
Accrued Interest	—	70,265	108,563	178,828
Prepays	—	4,286	—	4,286
Total Assets	10,030,783	48,076,180	49,813,453	107,920,416
LIABILITIES				
Accounts Payable	—	22,257	6,980	29,237
NET POSITION				
Net Position Restricted for Pensions	10,030,783	48,053,923	49,806,473	107,891,179

VILLAGE OF MORTON GROVE, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended December 31, 2021

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
Additions				
Contributions - Employer	\$ 1,166,015	3,128,661	2,945,324	7,240,000
Contributions - Plan Members	193,466	608,088	408,782	1,210,336
Total Contributions	1,359,481	3,736,749	3,354,106	8,450,336
Investment Income				
Interest Earned	221,018	770,832	2,124,858	3,116,708
Net Change in Fair Value	—	5,060,304	2,785,533	7,845,837
	221,018	5,831,136	4,910,391	10,962,545
Less Investment Expenses	(22,397)	(85,598)	(123,514)	(231,509)
Net Investment Income	198,621	5,745,538	4,786,877	10,731,036
Total Additions	1,558,102	9,482,287	8,140,983	19,181,372
Deductions				
Administration	—	50,408	82,652	133,060
Benefits and Refunds	3,064,570	4,431,874	3,877,766	11,374,210
Total Deductions	3,064,570	4,482,282	3,960,418	11,507,270
Change in Fiduciary Net Position	(1,506,468)	5,000,005	4,180,565	7,674,102
Net Position Restricted for Pensions				
Beginning	11,537,251	43,053,918	45,625,908	100,217,077
Ending	10,030,783	48,053,923	49,806,473	107,891,179

VILLAGE OF MORTON GROVE, ILLINOIS**Municipal Employees' Retirement - Pension Trust Fund****Schedule of Changes in the Fiduciary Net Position - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Additions			
Contributions - Employer	\$ 1,140,546	1,140,546	1,166,015
Contributions - Plan Members	204,700	204,700	193,466
Total Contributions	1,345,246	1,345,246	1,359,481
Investment Income			
Interest Earned	240,000	240,000	221,018
Net Change in Fair Value	—	—	—
	240,000	240,000	221,018
Less Investment Expenses	(23,000)	(23,000)	(22,397)
Net Investment Income	217,000	217,000	198,621
Total Additions	1,562,246	1,562,246	1,558,102
Deductions			
Administration	3,000	3,000	—
Benefits and Refunds	1,300,000	1,300,000	3,064,570
Total Deductions	1,303,000	1,303,000	3,064,570
Change in Fiduciary Net Position	259,246	259,246	(1,506,468)
Net Position Restricted for Pensions			
Beginning			11,537,251
Ending			10,030,783

VILLAGE OF MORTON GROVE, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in the Fiduciary Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	Amounts
Additions			
Contributions - Employer	\$ 3,160,394	3,160,394	3,128,661
Contributions - Plan Members	600,000	600,000	608,088
Total Contributions	3,760,394	3,760,394	3,736,749
Investment Income			
Interest Earned	300,000	300,000	770,832
Net Change in Fair Value	1,300,000	1,300,000	5,060,304
	1,600,000	1,600,000	5,831,136
Less Investment Expenses	(65,000)	(65,000)	(85,598)
Net Investment Income	1,535,000	1,535,000	5,745,538
Total Additions	5,295,394	5,295,394	9,482,287
Deductions			
Administration	54,800	54,800	50,408
Benefits and Refunds	4,315,000	4,315,000	4,431,874
Total Deductions	4,369,800	4,369,800	4,482,282
Change in Fiduciary Net Position	925,594	925,594	5,000,005
Net Position Restricted for Pensions			
Beginning			43,053,918
Ending			48,053,923

VILLAGE OF MORTON GROVE, ILLINOIS**Firefighters' Pension - Pension Trust Fund****Schedule of Changes in the Fiduciary Net Position - Budget and Actual****For the Fiscal Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Additions			
Contributions - Employer	\$ 2,976,701	2,976,701	2,945,324
Contributions - Plan Members	400,000	400,000	408,782
Total Contributions	3,376,701	3,376,701	3,354,106
Investment Income			
Interest Earned	400,000	400,000	2,124,858
Net Change in Fair Value	1,100,000	1,100,000	2,785,533
	1,500,000	1,500,000	4,910,391
Less Investment Expenses	(95,000)	(95,000)	(123,514)
Net Investment Income	1,405,000	1,405,000	4,786,877
Total Additions	4,781,701	4,781,701	8,140,983
Deductions			
Administration	62,400	62,400	82,652
Benefits and Refunds	3,712,000	3,712,000	3,877,766
Total Deductions	3,774,400	3,774,400	3,960,418
Change in Fiduciary Net Position	1,007,301	1,007,301	4,180,565
Net Position Restricted for Pensions			
Beginning			45,625,908
Ending			49,806,473

VILLAGE OF MORTON GROVE, ILLINOIS

Consolidated Year-End Financial Report December 31, 2021

CSFA #	Program Name	State	Federal	Other	Totals
444-26-1565	Tobacco Enforcement Program	\$ 2,695	—	—	2,695
494-00-1488	Motor Fuel Tax Program	847,732	—	—	847,732
	Other Grant Programs and Activities	—	1,307,452	15,971	1,323,423
	All Other Costs Not Allocated	—	—	47,509,324	47,509,324
	Totals	850,427	1,307,452	47,525,295	49,683,174

SUPPLEMENTAL SCHEDULES

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements General Obligation Bond of 2015 December 31, 2021

Date of Issue	March 18, 2015
Date of Maturity	December 15, 2024
Authorized Issue	\$10,010,000
Interest Rate	4.00%
Interest Dates	June 15 and December 15
Payable at	December 15
Loan Number	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2022	\$ 1,840,000	159,300	1,999,300
2023	730,000	67,300	797,300
2024	770,000	30,800	800,800
	3,340,000	257,400	3,597,400

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bond of 2019

December 31, 2021

Date of Issue	October 25, 2019
Date of Maturity	December 15, 2029
Authorized Issue	\$5,455,000
Interest Rate	2.00% - 5.00%
Interest Dates	June 15 and December 15
Payable at	December 15
Loan Number	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2022	\$ 470,000	189,463	659,463
2023	495,000	165,963	660,963
2024	520,000	141,213	661,213
2025	545,000	115,213	660,213
2026	570,000	87,962	657,962
2027	595,000	59,462	654,462
2028	710,000	29,712	739,712
2029	730,000	15,512	745,512
	4,635,000	804,500	5,439,500

2,595,600 Debt Service Fund

2,039,400 Water and Sewer Fund

4,635,000

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

Senior Lien Tax Increment Revenue Bond of 2019

December 31, 2021

Date of Issue	October 3, 2019
Date of Maturity	January 1, 2039
Authorized Issue	\$18,635,000
Interest Rate	4.25% - 5.00%
Interest Dates	July 1 and January 1
Payable at	January 1
Loan Number	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2022	\$ —	895,150	895,150
2023	495,000	884,631	1,379,631
2024	610,000	861,150	1,471,150
2025	640,000	834,588	1,474,588
2026	675,000	806,644	1,481,644
2027	780,000	775,725	1,555,725
2028	820,000	741,725	1,561,725
2029	860,000	706,025	1,566,025
2030	980,000	663,250	1,643,250
2031	1,035,000	612,875	1,647,875
2032	1,095,000	559,625	1,654,625
2033	1,235,000	501,375	1,736,375
2034	1,300,000	438,000	1,738,000
2035	1,375,000	371,125	1,746,125
2036	1,530,000	298,500	1,828,500
2037	1,615,000	219,875	1,834,875
2038	1,705,000	136,875	1,841,875
2039	1,885,000	47,125	1,932,125
	18,635,000	10,354,263	28,989,263

STATISTICAL SECTION (Unaudited)

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF MORTON GROVE, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*

December 31, 2021 (Unaudited)

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Net Position by Component - Last Ten Fiscal Years December 31, 2021 (Unaudited)

	2012	2013	2014
Governmental Activities			
Net Investment in Capital Assets	\$ 44,017,021	45,225,759	44,444,400
Restricted	13,415,241	14,644,385	15,893,795
Unrestricted	(20,475,242)	(23,595,025)	(23,603,372)
Total Governmental Activities Net Position	36,957,020	36,275,119	36,734,823
Business-Type Activities			
Net Investment in Capital Assets	4,108,087	4,945,237	5,875,794
Unrestricted	2,044,418	2,835,446	3,765,559
Total Business-Type Activities Net Position	6,152,505	7,780,683	9,641,353
Primary Government			
Net Investment in Capital Assets	48,125,108	50,170,996	50,320,194
Restricted	13,415,241	14,644,385	15,893,795
Unrestricted	(18,430,824)	(20,759,579)	(19,837,813)
Total Primary Government Net Position	43,109,525	44,055,802	46,376,176

* Accrual Basis of Accounting

Note: The Village implemented GAB Statement No. 68 in 2015.

Data Source: Audited Financial Statements

2015	2016	2017	2018	2019	2020	2021
44,953,060	39,217,439	42,544,431	42,539,916	44,113,319	45,731,628	48,274,626
17,293,933	19,744,965	15,640,410	15,740,469	28,358,753	23,426,347	23,356,381
(71,822,364)	(75,847,646)	(79,477,082)	(93,830,870)	(118,642,317)	(115,022,278)	(113,237,646)
(9,575,371)	(16,885,242)	(21,292,241)	(35,550,485)	(46,170,245)	(45,864,303)	(41,606,639)
5,778,164	5,960,197	6,556,655	6,807,293	7,095,776	7,393,385	8,068,151
1,925,554	1,182,811	1,776,058	387,530	(2,439,634)	(1,538,973)	(3,684,680)
7,703,718	7,143,008	8,332,713	7,194,823	4,656,142	5,854,412	4,383,471
50,731,224	45,177,636	49,101,086	49,347,209	51,209,095	53,125,013	56,342,777
17,293,933	19,744,965	15,640,410	15,740,469	28,358,753	23,426,347	23,356,381
(69,896,810)	(74,664,835)	(77,701,024)	(93,443,340)	(121,081,951)	(116,561,251)	(116,922,326)
(1,871,653)	(9,742,234)	(12,959,528)	(28,355,662)	(41,514,103)	(40,009,891)	(37,223,168)

VILLAGE OF MORTON GROVE, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years* December 31, 2021 (Unaudited)

	2012	2013	2014
Expenses			
Governmental Activities			
General Government	\$ 5,634,828	3,826,691	3,749,953
Public Safety	18,526,759	18,773,860	19,225,281
Streets and Highways	3,547,591	5,823,268	4,043,649
Vehicle Maintenance	816,073	846,686	793,103
Health and Human Services	266,405	270,450	282,897
Community Development	470,695	467,393	980,882
Building and Inspection Services	699,282	845,669	794,883
Interest on Long-Term Debt	862,272	805,158	781,321
Total Governmental Activities Expenses	30,823,905	31,659,175	30,651,969
Business-Type Activities			
Waterworks and Sewerage	6,286,120	6,770,519	7,356,131
Solid Waste	1,820,057	1,869,140	1,857,923
Municipal Parking	370	11,721	11,380
Morton Grove Days	—	—	—
Total Business-Type Activities Expenses	8,106,547	8,651,380	9,225,434
Total Primary Government Expenses	38,930,452	40,310,555	39,877,403
Program Revenues			
Governmental Activities			
Charges for Services			
General Government	2,870,140	3,120,247	3,426,448
Public Safety	668,063	905,530	961,296
Other Activities	3,657	8,306	2,403
Operating Grants/Contributions	1,002,278	758,925	829,051
Capital Grants/Contributions	157,618	462,298	158,042
Total Governmental Activities Program Revenues	4,701,756	5,255,306	5,377,240
Business-Type Activities			
Charges for Services			
Waterworks and Sewerage	7,106,948	7,857,661	8,678,471
Solid Waste	1,888,288	1,956,253	1,983,404
Municipal Parking	44,325	54,091	59,633
Morton Grove Days	—	—	—
Capital Grants/Contributions	64,122	59,024	59,473
Total Business-Type Activities Program Revenues	9,103,683	9,927,029	10,780,981
Total Primary Government Program Revenues	13,805,439	15,182,335	16,158,221

2015	2016	2017	2018	2019	2020	2021
5,122,457	4,952,670	5,117,197	4,099,466	5,211,634	3,008,128	10,215,501
25,760,081	26,283,790	24,371,736	20,851,590	26,095,188	20,431,755	18,888,660
7,364,136	6,569,693	5,889,348	8,753,053	3,413,255	4,085,760	4,163,917
701,174	687,317	662,341	696,662	852,620	742,774	928,257
220,531	16,446	9,059	27,957	50,378	11,448	13,876
1,118,066	688,354	1,594,966	3,069,076	9,496,350	8,126,273	1,326,585
714,270	896,333	1,042,263	960,551	1,553,521	814,303	1,198,685
943,022	642,697	584,476	418,766	645,445	433,278	1,056,003
41,943,737	40,737,300	39,271,386	38,877,121	47,318,391	37,653,719	37,791,484
10,269,076	9,499,761	8,168,387	8,477,929	10,788,627	7,276,909	9,891,226
1,869,199	1,788,287	1,835,572	1,868,109	2,100,530	1,814,565	1,924,023
11,348	12,585	11,158	10,769	10,425	62	(301)
—	—	150,433	148,263	141,306	36,143	76,742
12,149,623	11,300,633	10,165,550	10,505,070	13,040,888	9,127,679	11,891,690
54,093,360	52,037,933	49,436,936	49,382,191	60,359,279	46,781,398	49,683,174
3,273,344	2,864,038	2,989,856	3,142,468	3,371,359	3,724,176	3,268,836
1,087,239	1,118,677	1,127,232	1,547,758	1,397,898	1,178,635	1,275,917
8,102	176,970	122,461	120,190	109,215	25,430	14,797
1,077,504	606,115	611,558	602,421	763,393	1,358,021	1,422,960
141,474	63,670	206,238	84,693	173,464	543,737	1,744,786
5,587,663	4,829,470	5,057,345	5,497,530	5,815,329	6,829,999	7,727,296
8,691,690	8,441,426	8,485,210	8,247,849	7,998,846	8,026,231	8,110,402
2,014,617	1,985,744	2,042,578	2,001,847	2,071,104	2,087,825	2,022,217
57,935	58,507	49,120	61,025	55,184	11,426	5,625
—	—	195,763	137,846	123,446	—	35,046
59,601	59,112	58,543	53,419	—	—	—
10,823,843	10,544,789	10,831,214	10,501,986	10,248,580	10,125,482	10,173,290
16,411,506	15,374,259	15,888,559	15,999,516	16,063,909	16,955,481	17,900,586

VILLAGE OF MORTON GROVE, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years* Continued December 31, 2021 (Unaudited)

	2012	2013	2014
Net (Expenses) Revenues			
Governmental Activities	(26,122,149)	(26,403,869)	(25,274,729)
Business-Type Activities	997,136	1,275,649	1,555,547
Total Primary Government Net (Expenses) Revenues	(25,125,013)	(25,128,220)	(23,719,182)
General Revenues and Other Changes in Net Position			
Governmental Activities			
Taxes			
Property	12,620,923	12,559,743	12,444,336
Sales	5,940,931	6,277,412	6,413,855
Utility	1,119,227	1,166,101	1,228,883
Other	2,471,292	2,287,247	2,186,679
Intergovernmental - Unrestricted			
Personal Property Replacement	349,197	387,116	398,843
Income Taxes	2,044,675	2,217,174	2,227,959
Local Use	366,352	400,868	454,615
Investment Income	26,846	12,248	15,843
Miscellaneous	262,112	414,059	363,420
Total Governmental Activities General Revenues	25,201,555	25,721,968	25,734,433
Business-Type Activities			
Investment Income	13,740	2,665	2,966
Miscellaneous	296,582	300,864	284,657
Gain on Disposal of Capital Assets	—	49,000	17,500
Total Business-Type Activities General Revenues	310,322	352,529	305,123
Total Primary Government General Revenues	25,511,877	26,074,497	26,039,556
Changes in Net Position			
Governmental Activities	(920,594)	(681,901)	459,704
Business-Type Activities	1,307,458	1,628,178	1,860,670
Total Primary Government Changes in Net Position	386,864	946,277	2,320,374

* Accrual Basis of Accounting

Data Source: Audited Financial Statements

2015	2016	2017	2018	2019	2020	2021
(36,356,074)	(35,907,830)	(34,214,041)	(33,379,591)	(41,503,062)	(30,823,720)	(30,064,188)
(1,325,780)	(755,844)	665,664	(3,084)	(2,792,308)	997,803	(1,718,400)
(37,681,854)	(36,663,674)	(33,548,377)	(33,382,675)	(44,295,370)	(29,825,917)	(31,782,588)
12,861,602	13,010,453	13,474,303	13,757,494	14,038,228	14,816,068	14,370,115
6,801,069	7,642,127	7,713,258	8,099,670	1,592,759	1,513,744	1,558,645
1,272,845	2,039,489	1,506,508	1,649,183	8,038,598	7,277,424	9,601,236
2,659,951	2,283,702	2,872,210	2,719,557	2,591,256	2,282,852	2,839,400
405,808	402,648	470,075	390,862	481,138	429,849	754,446
2,476,003	2,265,196	2,137,330	2,228,476	2,476,837	2,528,726	3,089,256
517,569	565,191	601,914	683,568	785,168	1,039,081	921,642
17,912	60,078	776,459	304,846	367,036	207,119	1,094,698
236,286	329,075	224,985	599,709	512,282	1,034,799	92,414
27,249,045	28,597,959	29,777,042	30,433,365	30,883,302	31,129,662	34,321,852
2,322	11,330	15,972	32,374	40,392	9,545	726
315,446	173,804	194,279	151,901	213,235	190,922	246,733
6,300	—	—	—	—	—	—
324,068	185,134	210,251	184,275	253,627	200,467	247,459
27,573,113	28,783,093	29,987,293	30,617,640	31,136,929	31,330,129	34,569,311
(9,107,029)	(7,309,871)	(4,436,999)	(2,946,226)	(10,619,760)	305,942	4,257,664
(1,001,712)	(570,710)	875,915	181,191	(2,538,681)	1,198,270	(1,470,941)
(10,108,741)	(7,880,581)	(3,561,084)	(2,765,035)	(13,158,441)	1,504,212	2,786,723

VILLAGE OF MORTON GROVE, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years* December 31, 2021 (Unaudited)

	2012	2013	2014
General Fund			
Nonspendable			
Advance to Other Funds	\$ 1,546,190	1,506,190	1,514,751
Prepaid Items	103,495	—	589,507
Restricted			
Public Safety	116,805	14,559	—
Retirement	—	—	—
Specific Property Tax Levies	7,357	—	—
Unrestricted/Unassigned	5,093,952	5,744,509	5,745,220
Total General Fund	6,867,799	7,265,258	7,849,478
All Other Governmental Funds			
Nonspendable			
Prepaid Items	—	—	—
Advance to Other Funds	35,714	—	44,364
Restricted			
Public Safety	482,443	498,175	805,492
Capital Improvements			
Unspent Bond Proceeds	2,481,828	1,078,056	18
Community Development	12,360,035	13,493,724	14,228,109
Highways and Streets	448,601	637,927	860,194
Debt Service	—	—	—
Unrestricted			
Committed for Commuter Improvements	180,440	105,648	59,855
Assigned for Capital Improvements	543,242	—	—
Unassigned	(1,956,874)	(2,150,549)	(1,905,351)
Total All Other Governmental Funds	14,575,429	13,662,981	14,092,681
Total Governmental Funds	21,443,228	20,928,239	21,942,159

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

2015	2016	2017	2018	2019	2020	2021
2,781,489	3,276,359	1,148,930	1,148,930	1,148,930	1,148,930	1,148,930
192	192	192	192	192	192	192
—	—	—	—	—	—	—
4,961	—	—	66,273	117,759	88,103	18,571
—	—	—	—	—	—	—
5,891,331	6,678,041	10,201,704	11,084,114	10,524,675	10,357,207	12,626,851
8,677,973	9,954,592	11,350,826	12,299,509	11,791,556	11,594,432	13,794,544
297,983	—	—	—	—	—	—
—	44,364	—	—	—	—	—
1,168,217	1,266,779	1,372,686	1,540,143	1,789,486	1,805,103	1,731,590
3,597,581	1,753,252	1,076,628	1,151,649	1,244,392	1,589,628	1,380,428
15,018,344	15,830,847	12,189,640	11,802,511	24,217,393	18,337,079	18,043,891
765,044	841,869	915,002	916,139	989,723	1,606,434	2,181,901
337,367	100,190	118,339	292,204	116,253	—	—
61,734	66,331	23,930	641	—	—	—
—	—	—	—	—	—	—
(2,860,210)	(3,370,901)	(3,314,637)	(3,402,498)	(2,929,184)	(1,083,229)	(1,116,658)
18,386,060	16,532,731	12,381,588	12,300,789	25,428,063	22,255,015	22,221,152
27,064,033	26,487,323	23,732,414	24,600,298	37,219,619	33,849,447	36,015,696

VILLAGE OF MORTON GROVE, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years* December 31, 2021 (Unaudited)

	2012	2013	2014
Revenues			
Taxes	\$ 21,879,247	22,290,504	22,273,754
Intergovernmental	4,010,271	4,290,145	4,250,153
Charges for Services	1,067,979	1,061,973	1,139,875
License and Permits	1,472,977	1,498,507	1,741,148
Fines and Forfeitures	609,450	835,461	827,515
Surcharge Fees	273,226	249,121	246,727
Investment Income	26,846	12,248	15,843
Cable TV	322,937	322,822	340,991
Miscellaneous	240,378	416,493	275,667
Total Revenues	29,903,311	30,977,274	31,111,673
Expenditures			
General Government	2,960,966	2,983,917	2,969,658
Public Safety	16,841,291	16,871,340	17,705,168
Streets and Sidewalks	2,974,086	3,147,491	3,732,439
Vehicle Maintenance	816,073	846,686	793,103
Health and Human Services	263,187	284,289	282,897
Community Development	766,988	765,500	1,322,606
Building and Inspection Services	698,263	858,707	790,256
Capital Outlay	2,342,331	3,431,829	315,560
Debt Service			
Principal Retirement	2,649,987	2,627,833	2,846,995
Interest	859,489	793,459	783,179
Total Expenditures	31,172,661	32,611,051	31,541,861
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,269,350)	(1,633,777)	(430,188)
Other Financing Sources (Uses)			
Transfers In	—	—	—
Transfers (Out)	—	—	—
Issuance of Bonds	—	—	—
Premium on Bonds Issued	—	—	—
Payments to Bond Escrow	—	—	—
Issuance of Installment Note	—	1,060,000	1,415,000
Disposal of Capital Assets	77,800	58,788	29,108
	77,800	1,118,788	1,444,108
Net Change in Fund Balances	(1,191,550)	(514,989)	1,013,920
Debt Service as a Percentage of Noncapital Expenditures	11.36%	11.02%	11.08%

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

2015	2016	2017	2018	2019	2020	2021
23,595,467	20,170,610	20,728,811	21,049,186	20,931,175	20,656,794	21,504,080
4,618,358	8,851,872	8,965,474	9,412,078	10,237,814	11,199,149	14,896,167
1,204,934	1,375,439	1,409,280	1,616,010	2,039,617	1,818,340	2,006,018
1,826,803	1,689,844	1,801,637	1,897,530	2,073,762	2,559,440	1,914,320
717,300	654,226	626,021	778,916	652,083	484,020	541,451
283,028	—	—	—	—	—	—
17,912	60,078	776,459	304,846	367,036	207,119	1,094,698
336,620	368,533	369,732	340,608	—	—	—
236,286	329,075	224,985	599,709	512,282	1,034,799	92,414
32,836,708	33,499,677	34,902,399	35,998,883	36,813,769	37,959,661	42,049,148
3,259,332	3,645,330	3,648,820	3,997,077	3,469,455	3,710,182	3,747,707
18,491,369	18,807,704	19,397,065	20,843,690	21,142,482	21,686,921	23,292,434
3,322,002	3,189,534	3,036,929	3,093,940	3,312,092	3,134,159	3,515,457
701,174	687,317	662,341	696,662	852,620	742,774	928,257
217,248	16,446	9,059	27,957	50,378	11,448	13,876
1,385,112	1,095,015	1,488,315	1,742,062	9,496,350	8,126,273	1,326,585
707,754	896,333	1,062,123	1,148,653	1,744,638	1,205,278	1,215,633
2,173,640	2,714,242	1,483,829	1,873,718	171,947	37,077	2,419,480
1,665,200	2,158,501	3,499,742	1,061,989	2,172,423	2,206,171	2,158,600
932,247	876,035	787,431	645,251	656,313	469,550	1,264,870
32,855,078	34,086,457	35,075,654	35,130,999	43,068,698	41,329,833	39,882,899
(18,370)	(586,780)	(173,255)	867,884	(6,254,929)	(3,370,172)	2,166,249
—	493,658	2,537,988	433,783	436,875	2,551,889	436,875
—	(493,658)	(2,537,988)	(433,783)	(436,875)	(2,551,889)	(436,875)
10,010,000	—	—	—	21,689,800	—	—
1,472,259	—	—	—	527,450	—	—
(6,359,521)	—	—	—	(3,343,000)	—	—
—	—	—	—	—	—	—
17,506	10,070	(2,581,654)	—	—	—	—
5,140,244	10,070	(2,581,654)	—	18,874,250	—	—
5,121,874	(576,710)	(2,754,909)	867,884	12,619,321	(3,370,172)	2,166,249
8.64%	9.10%	12.62%	4.90%	6.71%	6.59%	8.90%

VILLAGE OF MORTON GROVE, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Fiscal Year	Tax Levy Year	Residential Property	Farm
2012	2011	\$ 660,244,991	\$ 103,019
2013	2012	606,992,305	103,019
2014	2013	502,751,427	87,861
2015	2014	498,219,161	89,479
2016	2015	485,947,584	89,446
2017	2016	587,543,773	89,527
2018	2017	583,828,478	89,621
2019	2018	571,197,120	89,590
2020	2019	655,555,241	89,594
2021	2020	650,288,778	89,776

Data Source: Office of the County Clerk

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
\$ 89,873,325	\$ 127,153,891	\$ 217,027,216	1.504	\$ 651,081,713	33.333%
87,545,734	116,476,425	204,022,159	1.231	612,066,538	33.333%
84,511,239	101,866,766	186,378,005	1.451	559,134,071	33.333%
128,260,405	75,359,033	203,619,438	1.505	610,858,375	33.333%
135,675,717	74,127,176	209,802,893	1.504	629,408,742	33.333%
145,322,663	80,042,849	225,365,512	1.300	676,096,604	33.333%
149,799,822	83,035,320	232,835,142	1.331	698,505,496	33.333%
145,556,595	83,493,472	229,050,067	1.385	687,150,270	33.333%
178,702,961	106,433,500	285,136,461	1.178	855,409,469	33.333%
188,653,296	115,862,092	304,515,388	1.161	913,546,255	33.333%

VILLAGE OF MORTON GROVE, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years December 31, 2021 (Unaudited)

	2011	2012	2013
Village Direct Rates			
General	0.597	0.658	0.725
Police Pension	0.182	0.191	0.258
Fire Pension	0.205	0.216	0.284
Bonds and Interest	0.126	0.136	0.143
IMRF	0.021	0.022	0.030
Purchase Agreement	0.002	0.002	0.003
Capital Improvement	0.006	0.006	0.008
Total Direct Rates	1.139	1.231	1.451
Overlapping Rates			
Morton Grove Library	0.349	0.377	0.444
School District #68	2.452	2.723	3.144
School District #69	4.866	5.481	6.214
School District #67	2.449	2.961	3.497
School District #63	2.775	3.100	3.864
School District #70	3.261	3.669	4.351
High School District #207	1.995	2.215	2.722
High School District #219	2.904	3.256	3.707
Community College District #535	0.196	0.219	0.256
Cook County	0.462	0.531	0.560
Cook County Forest Preserve	0.058	0.063	0.069
Consolidated Elections	0.025	0.531	0.031
Metro Water Reclamation District	0.320	0.370	0.417
Morton Grove Park District	0.365	0.382	0.468
Skokie Park District	0.476	0.518	0.581
Glenview Park District	0.538	0.579	0.662
Maine Township	0.149	0.168	0.210
Niles Township	0.042	0.048	0.056
North Shore Mosquito Abatement	0.010	0.010	0.007

Data Source: Office of the County Clerk

2014	2015	2016	2017	2018	2019	2020
0.779	0.710	0.574	0.548	0.495	0.415	0.362
0.265	0.302	0.289	0.338	0.358	0.313	0.341
0.284	0.314	0.287	0.334	0.355	0.312	0.321
0.121	0.122	0.102	0.075	0.141	0.108	0.106
0.041	0.041	0.035	0.035	0.036	0.031	0.030
—	—	—	—	—	—	—
0.015	0.015	0.013	—	—	—	—
1.505	1.504	1.300	1.330	1.385	1.179	1.160
0.458	0.419	0.419	0.421	0.430	0.377	0.371
3.121	2.863	2.863	2.827	2.966	2.735	2.743
5.926	5.696	5.696	5.806	6.010	5.310	5.492
3.427	2.957	2.957	2.962	3.110	2.766	2.746
3.811	3.492	3.492	3.556	3.763	3.245	3.388
4.344	3.797	3.797	3.838	3.958	3.409	3.410
2.739	2.507	2.507	2.529	2.652	2.553	2.639
3.650	3.460	4.460	3.409	3.347	3.017	3.029
0.258	0.231	0.231	0.232	0.025	0.221	0.227
0.568	0.533	0.533	0.496	0.489	0.454	0.453
0.069	0.063	0.063	0.062	0.600	0.059	0.058
—	—	—	0.031	—	0.030	—
0.430	0.406	0.406	0.402	0.396	0.389	0.378
0.463	0.431	0.431	0.444	0.462	0.406	0.537
0.477	0.440	0.440	0.440	0.463	0.411	0.406
0.661	0.563	0.563	0.567	0.651	0.576	0.591
0.210	0.108	0.108	0.105	0.092	0.086	0.076
0.057	0.046	0.046	0.054	0.049	0.052	0.053
0.011	0.010	0.010	0.010	0.010	0.009	0.009

VILLAGE OF MORTON GROVE, ILLINOIS

Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago December 31, 2021 (Unaudited)

Taxpayer	2020 Tax Levy Year			2011 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Schwinge Family Ltd	\$ 16,083,902	1	1.68%	\$ 12,835,238	3	1.35%
CRP Holdings CLP	13,494,950	2	1.41%	21,853,805	1	2.29%
Fareva Morton Grove	10,870,759	3	1.14%			
CMK 9000 Waukegan LLC	10,251,866	4	1.07%			
Fluid Handling LLC	9,733,320	5	1.02%			
Public Storage	9,171,092	6	0.96%	6,114,451	9	0.64%
John Crane Inc	8,952,994	7	0.94%	8,595,916	7	0.90%
Morton Grove Flex Owner	8,944,935	8	0.94%			
CRE North Grove CPIII	8,475,228	9	0.89%			
Menards	8,353,067	10	0.87%	10,445,533	4	1.10%
Tower Real Estate				14,389,488	2	1.51%
Bell & Gossett				9,274,442	5	0.97%
Avon Products Inc.				8,884,854	6	0.93%
Richard Edler				6,283,814	8	0.66%
Kraft				5,784,841	10	0.61%
	<u>104,332,113</u>		<u>10.92%</u>	<u>104,462,382</u>		<u>10.96%</u>

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels and it is possible that some parcels and their valuations have been looked over.

Data Source: Office of the County Clerk

VILLAGE OF MORTON GROVE, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	\$ 9,986,977	\$ 9,756,941	97.70%	\$ —	\$ 9,756,941	97.70%
2013	2012	9,986,976	9,784,931	97.98%	—	9,784,931	97.98%
2014	2013	9,986,976	9,821,777	98.35%	—	9,821,777	98.35%
2015	2014	10,556,998	10,374,750	98.27%	—	10,374,750	98.27%
2016	2015	10,463,024	10,351,433	98.93%	—	10,351,433	98.93%
2017	2016	10,463,012	10,296,872	98.41%	—	10,296,872	98.41%
2018	2017	10,866,072	10,576,641	97.34%	—	10,576,641	97.34%
2019	2018	10,787,170	10,798,888	100.11%	—	10,798,888	100.11%
2020	2019	11,083,920	10,804,349	97.48%	—	10,804,349	97.48%
2021	2020	10,818,484	10,667,935	98.61%	—	10,667,935	98.61%

Note: Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

Data Source: Office of the County Clerk

VILLAGE OF MORTON GROVE, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Installment Notes Payable	Intergovernmental Agreements Payable	Tax Increment Financing Revenue Bonds Payable
2012	\$ 18,958,300	\$ 1,297,954	\$ 3,457,411	\$ —
2013	16,549,300	2,139,121	3,134,950	—
2014	15,487,800	1,768,626	2,785,393	—
2015	19,563,778	1,385,826	2,407,781	—
2016	17,620,627	990,325	2,001,120	—
2017	14,345,795	581,383	1,564,381	—
2018	13,363,163	317,994	1,096,497	—
2019	11,220,577	160,571	902,350	18,817,804
2020	8,956,480	—	699,104	18,808,664
2021	6,579,383	—	480,262	18,799,524

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details of the Village's outstanding debt can be found in the notes to financial statements.

Business-Type Activities		Total Primary Government		Percentage of Personal Income (1)	Per Capita (1)
General Obligation Bonds					
\$	4,766,700	\$	4,766,700	4.54%	\$ 1,223.91
	4,175,700		4,175,700	4.14%	1,117.28
	3,577,200		3,577,200	3.10%	1,015.00
	3,389,475		3,389,475	3.32%	1,149.41
	3,202,841		3,202,841	3.10%	1,013.53
	3,014,007		3,014,007	2.48%	833.11
	2,822,973		2,822,973	2.27%	760.55
	2,670,994		2,670,994	3.96%	1,481.50
	2,474,514		2,474,514	3.54%	1,357.20
	2,256,035		2,256,035	2.72%	1,112.64

VILLAGE OF MORTON GROVE, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Less: Amounts Available for Debt Service	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2012	\$ 18,958,300	\$ 4,766,700	\$ —	\$ 23,725,000	2.70%	\$ 1,019.55
2013	16,549,300	4,175,700	—	20,725,000	2.56%	890.63
2014	15,487,800	3,577,200	46,839	19,018,161	2.76%	817.28
2015	19,563,778	3,389,475	337,367	22,615,886	3.22%	971.89
2016	17,620,627	3,202,841	52,218	20,771,250	2.99%	884.00
2017	14,345,795	3,014,007	86,454	17,273,348	2.12%	737.77
2018	13,363,163	2,822,973	263,754	15,922,382	1.95%	688.03
2019	11,220,577	2,670,994	—	13,891,571	1.74%	609.39
2020	8,956,480	2,474,514	—	11,430,994	1.22%	501.45
2021	6,579,383	2,256,035	—	8,835,418	0.93%	349.65

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

Notes: Details of the Village's outstanding debt can be found in the notes to financial statements. User fees/charges are the main source in repayment of the General Obligation Bonds - Business-Type.

VILLAGE OF MORTON GROVE, ILLINOIS

Schedule of Direct and Overlapping Governmental Activities Debt December 31, 2021 (Unaudited)

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village (1)(2)	Village's Share of Debt
Village of Morton Grove	\$ 25,859,169	100.000%	\$ 25,859,169
Schools			
School District #63	47,620,000	15.40%	7,333,480
School District #67	6,365,000	71.23%	4,533,790
School District #69	35,775,000	16.66%	5,960,115
School District #70	840,000	98.72%	829,248
High School District #207	167,610,000	3.51%	5,883,111
High School District #219	103,680,000	15.96%	16,547,328
Community College District #535	45,110,000	3.72%	1,678,092
Total Schools	407,000,000		42,765,164
Others			
Cook County	2,425,146,750	0.55%	13,338,307
Cook County Forest Preserve	124,980,000	0.55%	687,390
Metropolitan Metro Water Reclamation District of Greater Chicago	2,759,628,416	0.56%	15,453,919
Morton Grove Niles Water Commission	25,000,000	39.76%	9,940,000
Glenview Park District	30,230,000	0.35%	105,805
Skokie Park District	24,097,124	0.50%	120,486
Total Others	5,389,082,290		39,645,907
Total Overlapping Debt	431,097,124		82,411,071
Total Direct and Overlapping Debt	456,956,293		108,270,240

(1) Overlapping debt percentages based on 2020 EAV, the most recent available.

(2) Percentages are calculated by comparing the equalized assess value (EAV) of the overlapping entity that falls within the boundaries of the Village of its total EAV.

Data Source: Cook County Clerk

VILLAGE OF MORTON GROVE, ILLINOIS

Legal Debt Margin

December 31, 2021 (Unaudited)

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois constitution governs computation of legal debt margin.

The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by some home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.

To date the General Assembly has set no limits for home rule municipalities.

VILLAGE OF MORTON GROVE, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2012	23,270	\$ 627,661,710	\$ 26,973	8.90%
2013	23,270	627,661,710	26,973	8.90%
2014	23,270	762,278,660	32,758	8.70%
2015	23,270	805,886,640	34,632	5.80%
2016	23,497	769,282,930	32,740	5.20%
2017	23,413	785,108,129	33,533	3.70%
2018	23,142	773,937,906	33,443	3.70%
2019	22,796	852,342,440	37,390	3.00%
2020	22,796	874,933,276	38,381	8.40%
2021	25,269	1,034,083,287	40,923	N/A

Data Sources: U.S. Bureau of Census, Department of Labor and Village Records

N/A - Not Available

VILLAGE OF MORTON GROVE, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago December 31, 2021 (Unaudited)

Employer	2021			2012		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Xylem	475	1	1.88%			
John Crane Inc	460	2	1.82%	1,350	1	5.80%
Advanced Skin and Mohs Clinic	410	3	1.62%			
Amazon Fresh	300	4	1.19%			
Fareva	300	4	1.19%			
Lakeshore Recycling	225	6	0.89%			
Schwartz Paper Co	200	7	0.79%	445	4	1.91%
Quantum Color Graphics	200	7	0.79%	135	10	0.58%
MG Phamaceutical	176	9	0.70%	250	6	1.07%
Illinois Bone & Joint	175	10	0.69%			
Avon Products Inc				1,100	2	4.73%
ITT Bell & Gossett				750	3	3.22%
Sunstone				412	5	1.77%
Shore Koenig Training Center				210	7	0.90%
Malko Electric				180	8	0.77%
Paul J Krez Electric				180	9	0.77%
	<u>2,921</u>		<u>11.56%</u>	<u>5,012</u>		<u>21.52%</u>

Data Source: Village business licenses, 2021 Illinois Manufacturers Directory and 2021 Illinois Services Directory

VILLAGE OF MORTON GROVE, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2021 (Unaudited)**

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014
General Government			
Administrative	4.0	4.0	4.5
Community Development	1.0	1.0	2.5
Legal	0.5	0.5	0.5
Management Information	1.0	1.0	1.0
Finance	5.0	6.0	6.0
Health and Human Services	—	—	0.5
Family Services	4.5	3.5	2.5
Building/Code Enforcement	2.5	4.0	5.0
Public Safety			
Police			
Officers	45.0	45.0	46.0
Civilians	18.5	21.0	17.0
Fire			
Firefighters and Officers	40.0	42.0	41.0
Civilians	1.5	3.5	3.0
Public Works			
Street Maintenance	17.5	17.5	20.0
Engineering	3.0	3.0	3.0
Vehicle Maintenance	4.0	4.0	4.0
Water and Sewer	12.0	12.0	12.0
Totals	160.0	168.0	168.5

Data Source: Village Budget Office

2015	2016	2017	2018	2019	2020	2021
4.0	4.0	5.0	4.0	4.0	4.0	3.0
2.0	2.0	2.0	2.0	2.0	2.0	2.0
0.5	0.5	0.5	0.5	0.5	0.5	0.5
1.0	1.0	1.5	1.5	1.5	1.5	1.5
6.0	6.0	6.0	6.0	6.0	6.0	5.0
0.5	—	—	—	—	—	—
2.5	2.5	2.5	2.5	2.5	2.5	2.5
4.0	4.0	4.0	3.5	3.0	3.0	3.0
46.0	47.0	47.0	47.0	46.0	46.0	46.0
15.0	15.0	15.0	15.0	15.0	15.0	15.0
39.0	42.0	42.0	42.0	42.0	42.0	42.0
2.5	2.5	2.5	2.5	3.5	4.0	4.0
20.0	19.0	19.0	19.0	19.0	19.0	19.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
13.5	12.5	12.5	12.5	13.5	13.5	13.5
163.5	165.0	166.5	165.0	165.5	166.0	164.0

VILLAGE OF MORTON GROVE, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014
Public Safety			
Police			
Physical Arrests	580	513	551
Parking Violations	6,751	6,465	4,530
Traffic Violations	3,686	3,849	3,072
Fire			
Emergency Responses	3,360	3,470	3,631
Fires Extinguished	48	63	69
Public Works			
Street Resurfacing (Miles)	7	6	2
Potholes Repaired	13	132	160
Water			
New Connections	9	7	9
Water Mains Breaks	70	122	80
Average Daily Consumption	2,745,553	2,601,227	2,869,367
Peak Daily Consumption	4,412,000	4,238,000	3,628,000

Data Source: Various Village Departments

2015	2016	2017	2018	2019	2020	2021
438	430	377	421	503	235	357
3,814	3,736	2,861	4,241	3,677	1,366	1,395
3,292	2,234	2,546	3,688	2,723	1,052	1,522
3,694	3,771	3,927	3,992	3,961	3,530	4,065
39	34	35	61	106	96	83
4	4	1	2	2	—	1
104	109	102	122	87	86	85
—	—	—	—	—	—	—
72	63	69	82	86	79	94
2,698,000	2,681,000	2,547,000	2,787,000	2,777,000	2,816,000	2,609,000
5,086,000	3,650,000	3,381,000	3,898,000	4,123,000	5,573,000	3,982,000

VILLAGE OF MORTON GROVE, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years December 31, 2021 (Unaudited)

Function/Program	2012	2013	2014
Public Safety			
Police			
Stations	1	1	1
Area Patrols	3	3	3
Patrol Units	15	15	15
Fire			
Fire Stations	2	2	2
Fire Engines	2	2	2
Public Works			
Arterial Streets (Miles)	19	19	19
Residential Street (Miles)	86	86	86
Streetlights	372	372	372
Traffic Signals	13	13	13
Water			
Water Mains (Miles)	98.9	98.9	98.9
Fire Hydrants	1,093	1,093	1,093
Storage Capacity (Gallons)	8,550,000	8,550,000	8,550,000
Wastewater			
Sanitary Sewers (3 Miles)	47.9	47.9	47.9
Storm Sewers (3 Miles)	70.6	70.6	70.6
Combined Sewers (Miles)	23.6	23.6	23.6

Data Source: Various Village Departments

2015	2016	2017	2018	2019	2020	2021
1	1	1	1	1	1	1
3	3	3	3	3	3	3
15	15	15	15	15	15	15
2	2	2	2	2	2	2
2	2	2	2	2	2	2
19	19	19	19	19	19	19
86	86	86	86	86	86	86
372	357	357	357	357	357	357
13	13	13	13	13	13	13
98.9	99.0	99.0	99.0	99.0	99.0	99.0
1,093	1,093	1,093	1,093	1,093	1,093	1,093
8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000
47.9	47.9	47.9	40.6	40.6	40.6	40.6
70.6	70.6	70.6	44.8	44.8	44.8	44.8
23.6	23.6	23.6	21.3	21.1	21.1	21.1