

# **Village of Morton Grove**

**Morton Grove, Illinois**



**Comprehensive Annual Financial Report**  
*For the Fiscal Year Ended December 31, 2013*

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2013

Prepared by Finance Department

Remy Navarrete  
Finance Director

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Principal Officials and Officers .....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting .....	iii
Letter of Transmittal .....	iv-viii
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1-3
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS</b>	
Management’s Discussion and Analysis.....	MD&A 1-14
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	4-5
Statement of Activities .....	6-7
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	8-9
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position .....	10
Statement of Revenues, Expenditures and Changes in Fund Balances .....	11-12
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities .....	13
Proprietary Funds	
Statement of Net Position .....	14
Statement of Revenues, Expenses and Changes in Net Position .....	15
Statement of Cash Flows .....	16-17

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

Page(s)

**FINANCIAL SECTION (Continued)**

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)**

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Pension Trust Funds

Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position.....	19

Notes to Financial Statements .....	20-63
-------------------------------------	-------

Required Supplementary Information

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

General Fund .....	64
Lehigh/Ferris Tax Increment Financing Fund .....	65
Waukegan Road Tax Increment Financing Fund .....	66

Schedule of Funding Progress

Illinois Municipal Retirement Fund .....	67
Sherriff's Law Enforcement Personnel Plan .....	68
Municipal Employees' Retirement Fund.....	69
Police Pension Fund .....	70
Firefighters' Pension Fund .....	71
Other Postemployment Benefit Plan .....	72

Schedule of Employer Contributions

Illinois Municipal Retirement Fund .....	73
Sherriff's Law Enforcement Personnel Plan .....	74
Municipal Employees' Retirement Fund.....	75
Police Pension Fund .....	76
Firefighters' Pension Fund .....	77
Other Postemployment Benefit Plan .....	78

Notes to Required Supplementary Information.....	79
--	----

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**TABLE OF CONTENTS (Continued)**

---

Page(s)

**FINANCIAL SECTION (Continued)**

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**MAJOR GOVERNMENTAL FUNDS**

Schedule of Expenditures - Budget and Actual - General Fund.....	80-82
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Debt Service Fund .....	83
Capital Projects Fund .....	84

**NONMAJOR GOVERNMENTAL FUNDS**

Combining Balance Sheet .....	85-86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	87-88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	89
Commuter Parking Facility Fund .....	90
9-1-1 Emergency Telephone System Fund.....	91
Economic Development Fund .....	92
Fire Alarm Fund .....	93
Seizure Fund .....	94

**NONMAJOR PROPRIETARY FUNDS**

Combining Statement of Net Position.....	95
Combining Statement of Revenues, Expenditures and Changes in Net Position .....	96
Combining Statement of Cash Flows.....	97

**FIDUCIARY FUNDS**

**Pension Trust Funds**

Combining Statement of Plan Net Position.....	98
Combining Statement of Changes in Plan Net Position.....	99

# VILLAGE OF MORTON GROVE, ILLINOIS

## TABLE OF CONTENTS (Continued)

---

	<u>Page(s)</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Financial Trends	
Net Position by Component .....	100-101
Change in Net Position.....	102-105
Fund Balances of Governmental Funds .....	106-107
Change in Fund Balances of Governmental Funds .....	108-109
Revenue Capacity	
Assessed and Actual Value of Taxable Property .....	110
Property Tax Rates - Direct and Overlapping Governments .....	111
Principal Property Taxpayers .....	112
Property Tax Levies and Collections .....	113
Debt Capacity	
Ratios of Outstanding Debt by Type .....	114
Ratios of General Bonded Debt Outstanding .....	115
Schedule of Direct and Overlapping Bonded Debt .....	116
Schedule of Legal Debt Margin .....	117
Demographic and Economic Information	
Demographic and Economic Information .....	118
Principal Employers .....	119
Operating Information	
Full-Time Equivalent Employees.....	120
Operating Indicators .....	121
Capital Asset Statistics.....	122
<b>COMPLIANCE SECTION</b>	
REPORT OF INDEPENDENT ACCOUNTANT'S ON COMPLIANCE.....	123

## **INTRODUCTORY SECTION**

VILLAGE OF MORTON GROVE, ILLINOIS  
PRINCIPAL OFFICIALS AND OFFICERS  
December 31, 2013

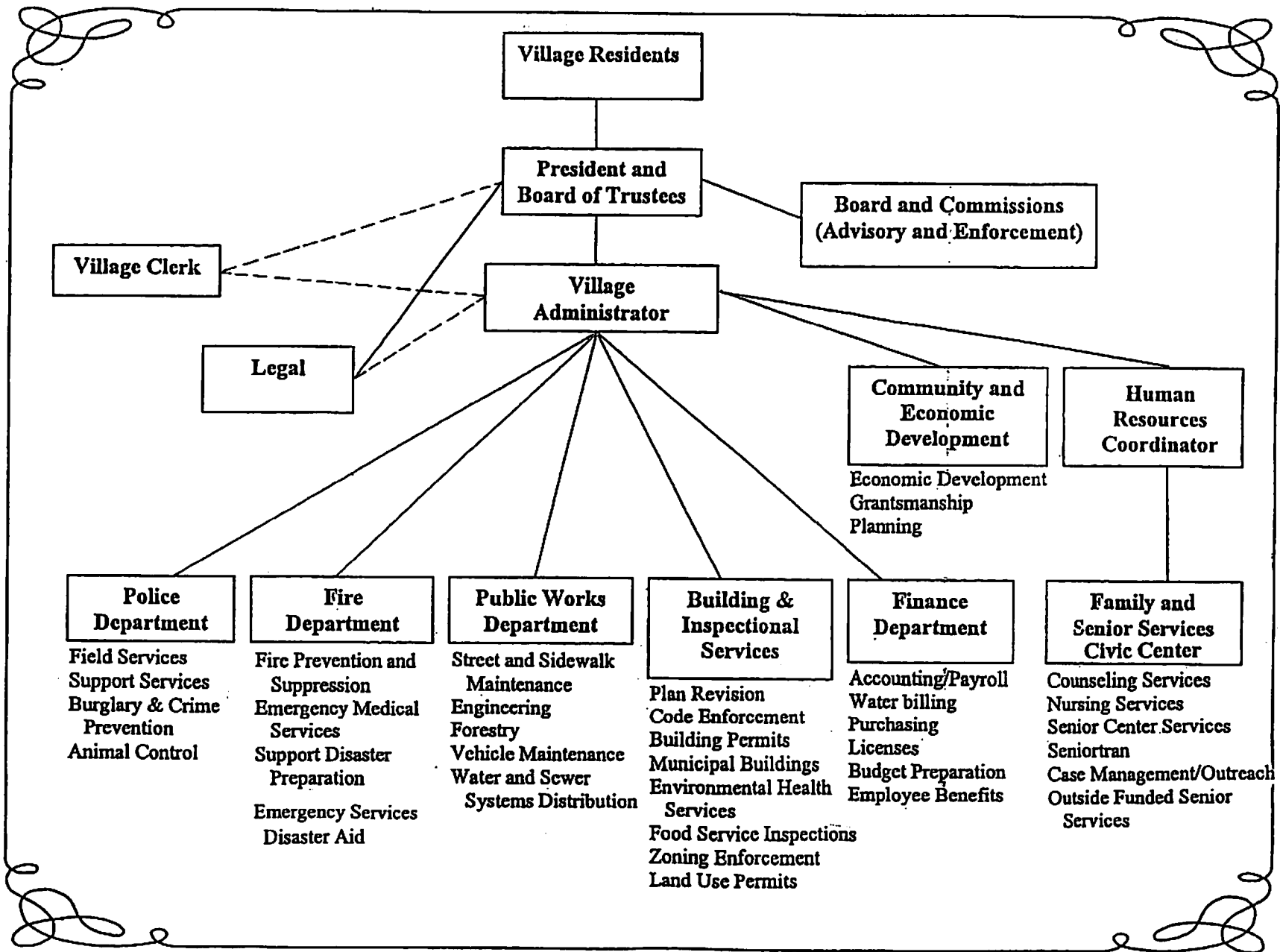
<b>ELECTED</b>	<b>TITLE/POSITION</b>	<b>TERM/APPOINTMENT ENDS</b>
----------------	-----------------------	------------------------------

Daniel DiMaria	Mayor	April 2017
Bill Gear	Trustee	April 2017
Shel Marcus	Trustee	April 2015
John Pietron	Trustee	April 2017
John Thill	Trustee	April 2015
Maria Toth	Trustee	April 2015
Janine Witko	Trustee	April 2015
Ed Ramos	Village Clerk	April 2017

**APPOINTED**

Ryan Horne	Village Administrator	December 31, 2013
Remy Navarrete	Finance Director	December 31, 2013
Nancy Radzevich	Economic Development Director	December 31, 2013
Teresa Hoffman Liston	Corporation Counsel	December 31, 2013
Thomas Friel	Fire Chief	December 31, 2013
Mark Erickson	Police Chief	December 31, 2013
Andrew DeMonte	Public Works Director	December 31, 2013
Jeffrey Greenspan	Adjudication Hearing Officer	December 31, 2013
Frank Tennant	Village Prosecutor	December 31, 2013







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Village of Morton Grove  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



# Village of Morton Grove

**Finance Department**  
**Direct Fax 847/663-3028**

June 16, 2014

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

The Comprehensive Annual Financial Report of the Village of Morton Grove, Illinois for the year ended December 31, 2013, 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 Sikich 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, 2013. 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 23,270 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.

**Richard T. Flickinger Municipal Center**  
**6101 Capulina Avenue • Morton Grove, Illinois 60053-2985**  
**Tel: (847) 965-4100 Fax: (847) 965-4162**



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Board of Trustees and  
Citizens of the Village of Morton Grove

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 Comprehensive Annual Financial Report (CAFR) 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 has risen to 8.9% in 2010 and remained the same until 2012 due to the economic recession with a decrease to 8.7% in 2013.

Board of Trustees and  
Citizens of the Village of Morton Grove

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 \$63,511, and the median income for a family was \$72,778. Males had a median income of \$46,489 versus \$34,730 for females. The per capita income for the village was \$26,973. About 1.9% of families and 2.7% of the population were below the poverty line, including 2.3% of those under age 18 and 4.1% of those ages 65 or over.

Like other communities, the Village of Morton Grove was affected by the prolonged national and regional recession 2008 through 2012 and recovery from which is very slow. Economists have declared this downturn to be a recession as there has been a deterioration of the labor market, and declines in consumer spending, business investments and industrial production. Additionally, the Federal Reserve has lowered interest rates to a current rate between 0-.25 percent in order to attempt to promote the resumption of sustainable economic growth.

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 has stabilized and showed signs of recovery. However building permits and business license revenues still declining and has not returned to levels prior to the economic downturn.

The Village is impacted at the local level by regional, state, and national economic conditions as well as governance of the State of Illinois and weather conditions. Several important revenue sources are affected by economic conditions beyond the Village's control. The delay in income tax revenue from the State of Illinois is currently 4 months behind and is jeopardizing the Village's ability to meet its payment obligations. 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.

The economy is not expected to fully recover for several years. 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 weathered this recession and slow recovery very well. By re-evaluating 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.

Board of Trustees and  
Citizens of the Village of Morton Grove

A number of infrastructure improvements have been completed throughout the Village in recent years. These improvements are most prominent in the Village's two (2) 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 is also scheduled for improvements in the upcoming years which will allow for needed infrastructure upgrades and an improved streetscape.

### ***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 is 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 Waukegan Road tax increment financing district has been successful in removing unsightly properties and promoting a feeling of increased safety and pride in the community.

The Lehigh/Ferris tax increment financing district has made significant progress with the development of several new condominiums and town homes. In November, 2007, the Village issued \$9.2Million General Obligation Bonds to finance infrastructure improvements for the district.

In 2012 Standard and Poor's Rating Services has assigned its 'AA' long-term rating to the Village of Morton Grove, Ill.'s series 2010A and 2010B general obligation bonds, reflecting the Village's:

- Participation in the deep and diverse Chicago metropolitan area economy;
- Very strong income and extremely strong wealth indicators;

Board of Trustees and  
Citizens of the Village of Morton Grove

- Good management practices that have led to maintenance of very strong general fund reserve levels; and
- Financial flexibility due to village's status as a home rule community.

The Village intends to use the \$9.975 Million in bond proceeds to fund the capital equipment and infrastructure improvements in and for the Village, including but not limited to waterworks and sewerage system improvements, street improvements and the purchase of a new ambulance.

*Awards and Acknowledgements*

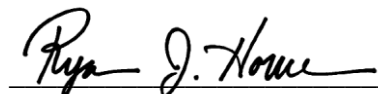
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the twenty-fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. 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 CAFR 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 on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and the cooperation and assistance rendered by the staffs of other operating departments of the Village. I would like to express my appreciation to all of those employees who assisted and contributed to its preparation.

Finally, appreciation is expressed to the 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,



Ryan J. Horne  
Village Administrator



Remy Navarrete  
Finance Director/Treasurer

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**



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Naperville, Illinois 60563

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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

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 (the Village) as of and for the year ended December 31, 2013 and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Morton Grove, Illinois, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The Village adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, during the year ended December 31, 2013. The adoption of this statement resulted in the removal of the Morton Grove Public Library as a component unit of the Village. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2012, the prior year in the period ended December 31, 2013 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Schuch LLP*

Naperville, Illinois  
May 30, 2014

## **GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2013**

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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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-viii of this report.

### **FINANCIAL HIGHLIGHTS**

- The Village's total position increased as a result of this year's operations. Net position of governmental activities decreased by \$681,901, while net position of the business-type activities increased by \$1,628,178 resulting in total ending net position for the year of \$44,055,802.
- During the year, government-wide revenues before transfers for the governmental and business-type activities total \$41,256,832, while expenses totaled \$40,310,555, resulting in the increase in net position of \$946,277.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. 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 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 liabilities, 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).

(See independent auditor's report.)

## **VILLAGE OF MORTON GROVE, ILLINOIS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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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.

#### **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 and the Waukegan Road TIF Fund and the Capital Project 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 statement has been provided where appropriate to demonstrate compliance with these budgets.

(See independent auditor's report.)

## **VILLAGE OF MORTON GROVE, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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### **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 and municipal parking lots.

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.

### **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. These notes can be found beginning with page 20 of this report.

### **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, Sheriff's Law Enforcement Personnel Plan, Municipal Employee's Retirement Fund, Police and Firefighters' Pension Fund, and Other Post-Employment Benefit Employee Pension Obligation. The required supplementary information also contains budget to actual comparison schedule for the General Fund, Lehigh/Ferris TIF Fund and the Waukegan Road TIF Fund. Required supplementary information can be found on pages beginning with page 64 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules for the Village can be found on pages beginning with page 80 of this report.



**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Morton Grove, assets exceeded liabilities by \$44,055,802 at December 31, 2013, compared to \$43,109,525 at December 31, 2012:

<b>Village of Morton Grove Net Position (in thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
<b>Category</b>	<b>12/31/13</b>	<b>12/31/12</b>	<b>12/31/13</b>	<b>12/31/12</b>	<b>12/31/13</b>	<b>12/31/12</b>
Current and other assets	\$ 33,073	\$ 32,878	\$ 5,201	\$ 4,572	\$ 38,274	\$ 37,450
Capital assets	58,072	57,994	8,011	7,767	66,083	65,761
Deferred outflows	56	68	7	14	63	82
<b>Total assets and deferred outflows</b>	<b>91,201</b>	<b>90,940</b>	<b>13,219</b>	<b>12,353</b>	<b>104,420</b>	<b>103,293</b>
Current and other Liabilities	2,285	1,571	939	1,209	3,224	2,780
Long-Term liabilities	42,704	42,475	4,499	4,991	47,203	47,467
Deferred inflows	9,937	9,937	-	-	9,937	9,937
<b>Total liabilities and deferred inflows</b>	<b>54,926</b>	<b>53,983</b>	<b>5,438</b>	<b>6,200</b>	<b>60,364</b>	<b>60,183</b>
Net position:						
Net investment in capital assets	45,226	44,017	4,945	4,108	50,171	48,125
Restricted	14,644	13,415	-	-	14,644	13,415
Unrestricted	(23,595)	(20,475)	2,836	2,045	(20,759)	(18,430)
<b>Total net position</b>	<b>\$ 36,275</b>	<b>\$ 36,957</b>	<b>\$ 7,781</b>	<b>\$ 6,153</b>	<b>\$ 44,056</b>	<b>\$ 43,110</b>

A large portion of the Village's net position, \$50,170,996, reflects its investment in capital assets (for example, 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, \$14,644,385, of the Village's net assets 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 Assets summary presentation:

- 1) *Net Results of Activities* – which will impact (increase/decrease) current assets and unrestricted net position.
- 2) *Borrowing for Capital* – which will increase current assets and long-term debt outstanding.

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

- 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.
- 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.
- 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.
- 6) *Reduction of Capital Assets through Depreciation* – which will reduce capital assets and reduce net investment in capital assets.

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.

<b>Village of Morton Grove Changes in Net Position (in thousands)</b>							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		
<b>Category</b>	<b>12/31/13</b>	<b>12/31/12</b>	<b>12/31/13</b>	<b>12/31/12</b>	<b>12/31/13</b>	<b>12/31/12</b>	
Revenues							
Program revenues							
Charges for services	\$ 4,034	\$ 3,541	\$ 9,868	\$ 9,040	\$ 13,902	\$ 12,581	
Operating Grants	759	1,002	-	-	759	1,002	
Capital Grants	462	158	59	64	521	222	
General revenues							
Taxes	25,296	24,913	-	-	25,296	24,913	
Investment income	12	27	3	14	15	41	
Miscellaneous	414	262	350	296	764	558	
<b>Total revenues</b>	<b>30,977</b>	<b>29,903</b>	<b>10,280</b>	<b>9,414</b>	<b>41,257</b>	<b>39,317</b>	
Expenses							
General government	3,827	5,635			3,827	5,635	
Public safety	18,774	18,527			18,774	18,527	
Streets and sidewalks	5,823	3,548			5,823	3,548	
Vehicle maintenance	847	816			847	816	
Health and human services	270	266			270	266	
Community development	467	471			467	471	
Building and inspectional services	846	700			846	700	
Interest	805	861			805	861	
Water and sewer			6,771	6,286	6,771	6,286	
Solid Waste			1,869	1,821	1,869	1,821	
Municipal Parking			12	-	12	-	
<b>Total expenses</b>	<b>31,659</b>	<b>30,824</b>	<b>8,652</b>	<b>8,107</b>	<b>40,311</b>	<b>38,931</b>	
Change in net position	(682)	(921)	1,628	1,307	946	386	
Prior period adjustment	-	(193)	-	(55)	-	(248)	
Net position - January 1	36,957	38,071	6,153	4,901	43,110	42,972	
<b>Net position - December 31</b>	<b>\$36,275</b>	<b>\$36,957</b>	<b>\$ 7,781</b>	<b>\$ 6,153</b>	<b>\$44,056</b>	<b>\$43,110</b>	

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

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**NORMAL IMPACTS**

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

**Revenues:**

- 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.
- 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.)
- 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.
- 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:**

- 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.
- 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).
- 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.
- 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.

(See independent auditor’s report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**GOVERNMENTAL ACTIVITIES**

*Revenues:*

Revenues for governmental activities totaled \$30,977,274 at December 31, 2013.

- Property tax (and replacement tax) continues to be the Village's largest revenue source totaling \$12,947,113 representing 41.8% of total governmental activity revenue. Sales tax revenue was \$6,277,412 or 20.3% of total governmental activity revenue. Charges for Services revenue was \$4,034,083 or 13.0% of total governmental activity revenue. State income tax revenue was \$2,217,175 or 7.2% of total governmental activity revenue. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, food & beverage, gasoline tax) was \$1,557,303 or 5.0% of total governmental activity revenue. Telecommunication tax was \$884,005 or 2.0% of total governmental activity revenue. A utility tax (Electric & Natural gas tax) was \$1,166,101 or 3.8% of total governmental activity revenue.

Comparison with Prior Year.

- Property tax and replacement tax revenue decreased by \$23,270 or .18% from prior year. Sales tax revenue increased by \$336,481 or 5.66% from prior year. Charges for Services revenue increased by \$492,223 or 13.90% from prior year. State income tax revenue increased by \$172,499 or 8.44% from prior year. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, food & beverage, gasoline tax) decreased by \$46,795 or 2.92% from prior year. Telecommunication decreased by \$76,052 or 7.92% from prior year. A utility tax (Electric & Natural gas tax) increased by \$46,874 or 4.19% from prior year

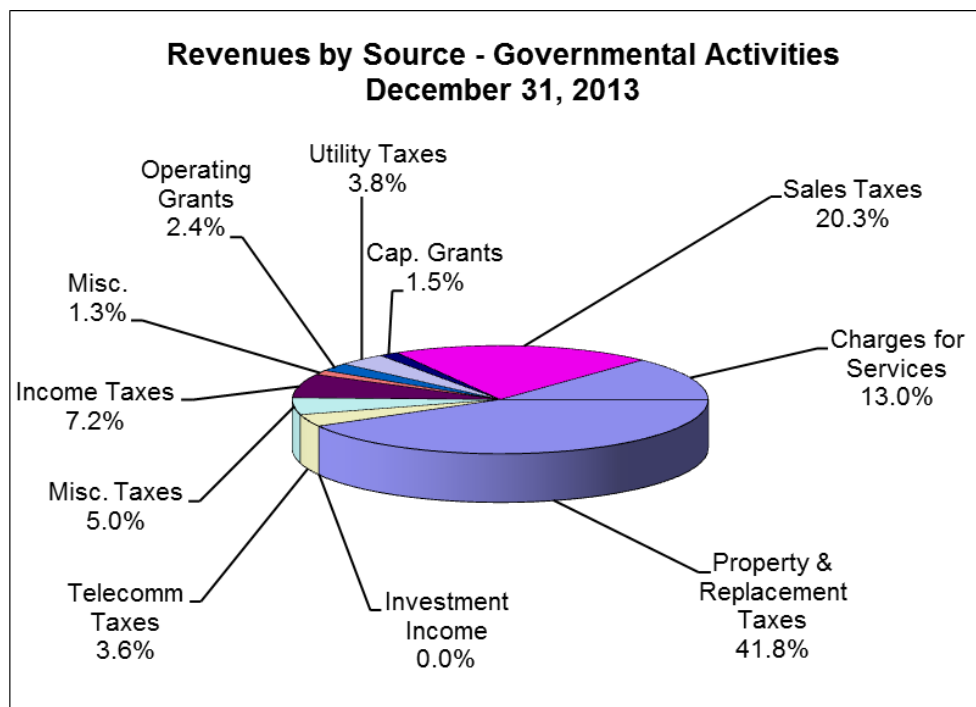
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(See independent auditor's report.)

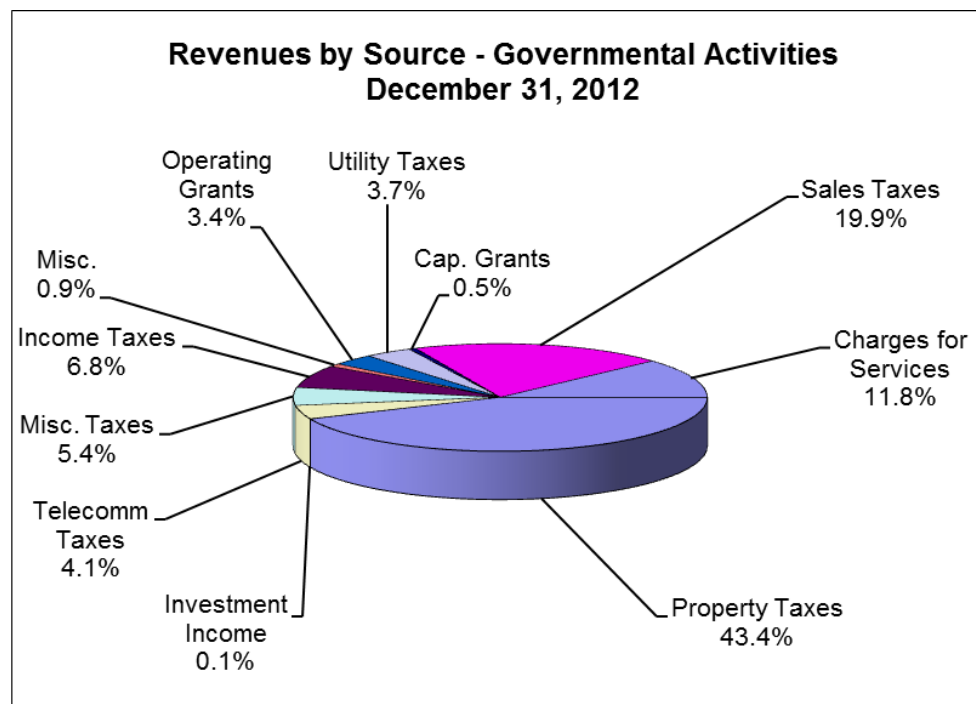
**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

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



Prior Year Revenue by Source – Governmental Activities – For Comparison



(See independent auditor’s report.)

## VILLAGE OF MORTON GROVE, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

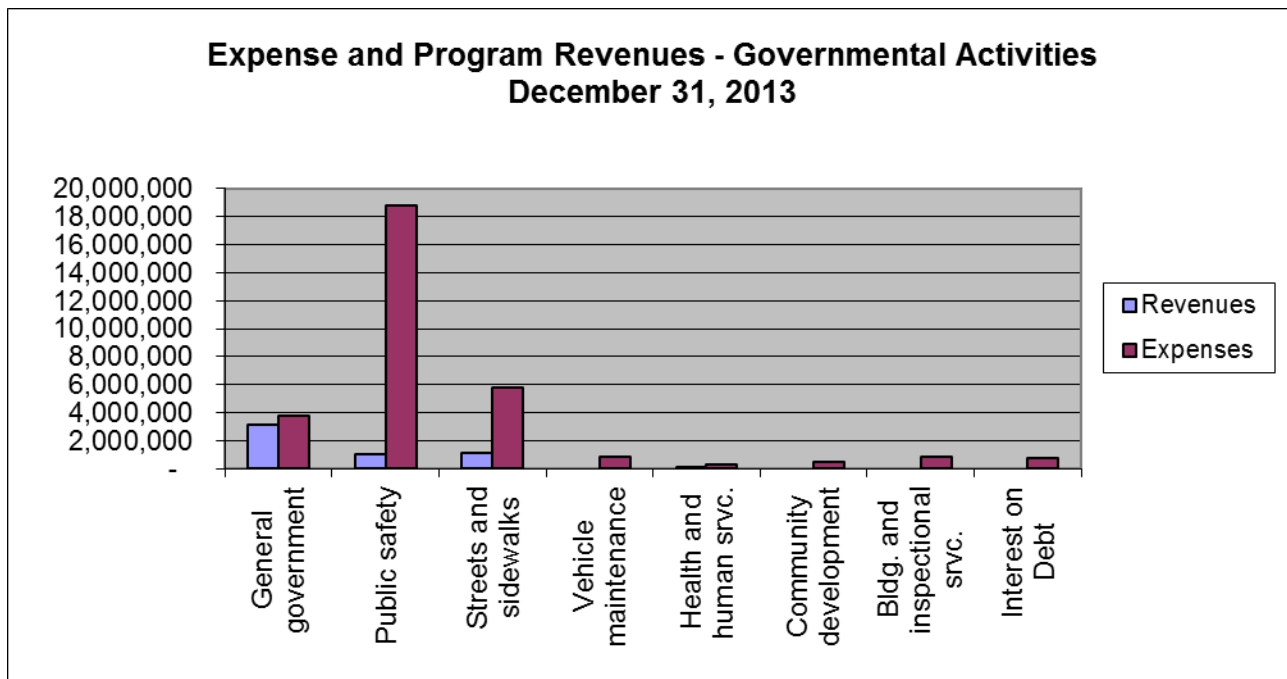
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#### *Expenses*

For the year ended December 31, 2013, expenses for governmental activities were \$31,659,175 at December 31, 2013 and \$30,823,905 at December 31, 2012, an increase of \$835,270, or 2.71%. The key change during the year for the governmental activity expenses is described below:

- Administration, Police, Fire, Street and Sidewalks and Vehicle Maintenance were over budget. The largest budget variances occurred in personal services.

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 total revenues of \$10,220,534, while the costs of all business-type activities totaled \$8,651,380. This results in a surplus of \$1,569,154 prior to net capital grant of \$59,024. In 2012, revenues of \$9,349,883 exceed expenses of \$8,106,547, resulting in a surplus of \$1,243,336 prior to net contribution of \$64,122.

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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*Revenues*

The Village of Morton Grove purchases its water from the City of Chicago. In 2011, the City of Chicago announced a series of rate increases over a 4 year period equal to 70%. Per Village municipal code 7-4-5:

- 7-4-5-A4: whenever the City of Chicago, Illinois, increases its rates or charges for the water sold to the Village of Morton Grove by an amount equal to or more than one percent (1%) of its current rate or charges, the rates to be charged by the village of Morton Grove to its customers for water shall be automatically increased by a like percentage. Said rate increase shall become effective upon the effective date of any rate increase by the city of Chicago.
- 7-4-5-A5: Additional Rate Increases: Beginning January 1, 2012, in addition to the rate increases set forth in subsection A4 of this section, water rates will increase by an additional three percent (3%) per year for the years 2012, 2013, 2014 and 2015

In 2013 the Village water rate increased by 18% resulting in the current water rate charge of \$9.16 per 1,000 Gallon. Water and Sewer Fund operating revenues increased by \$750,713 or 10.56%, due to rate increases.

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 2013 Solid Waste operating revenues increased by \$67,695 or 3.60%.

The Village created the Municipal Parking Fund to account for the Village parking lots and monies received from permit sales. The Village staff are responsible for customers who signed a yearly, quarterly or monthly lease for parking spaces near the Metra Station in Morton Grove. Operating revenues for 2013 increased by \$9,766 or 22.03%. The Parking lot opened January 2011.

*Expenses*

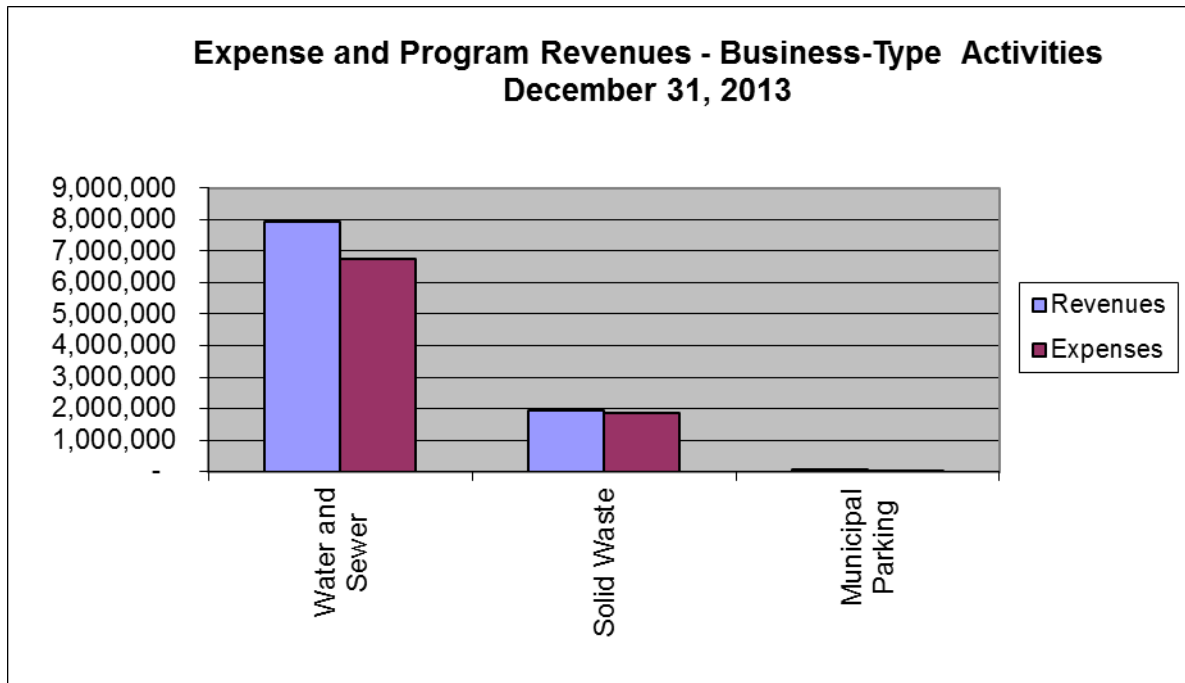
Total expenses for water and sewer fund activities totaled \$6,770,519, an increase of \$484,399, or 7.71% from prior year as a result of an increase in cost of water purchases and other commodities.

Total expenses for solid waste fund activities totaled \$1,869,140, an increase of \$49,083, or 2.70% from prior year as a result of rate increase from Groot for Trash and Leaf collection pickup.

Total expenses from Municipal Parking Fund activities totaled \$11,721 or 3067.84% from prior year as a result of stabilizing the retaining wall on the Village Municipal parking lot.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**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 \$20,928,239, which is \$514,989, or 2.40% lower than last year's total of \$21,443,228. Of this \$20,928,239 total, \$3,593,960 or approximately 17.17% of the fund balance constitutes unassigned fund balance.

**General Fund:** The General Fund reported a surplus for the year of \$397,459. Revenue exceeds budgeted amount such as; home rule sales tax, state income taxes, real estate transfer tax, food and beverage taxes etc. Expenditure under budget due to continuously monitoring the expenses of each department on a monthly basis.

The General Fund is the chief operating fund of the Village. At December 31, 2013, unassigned fund balance in the General Fund was \$5,744,509, which represents 79.07% 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 approximately 24.04% of total General Fund expenditures.

(See independent auditor's report.)



**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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**Lehigh Ferris TIF Fund:** Reported a fund balance increase of \$1,097,975 due to incremental property tax revenue exceeding the expenditures for 2013.

**Waukegan Road TIF Fund:** Reported a fund balance declined of \$376,469 as a result of debt service costs exceeding the incremental property tax revenue.

**Debt Service Fund:** Reported a fund balance increase of \$288,763 as a result of 2013 budget plan to increase the home rule sales tax allocation to pay the debt service costs which exceeded the property tax revenue allocated.

**Capital Projects Fund:** Reported a fund balance decrease of \$1,947,014 primarily as a result of various Capital Project Program implemented in 2013.

**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 two non-major proprietary funds, the Solid Waste Fund and the Municipal Parking Fund. The Water and Sewer Fund accounts for all of the operations of the municipal water system. Water is purchased from the City of Chicago at a rate of \$2.88 per thousand gallons a 15.00% increase from 2012. Water is then sold to all residential municipal customers at a rate of \$10.25 which covers both water and sewer. Rates for commercial customers vary based on the gallons of water consumed. The spread 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, 2013 was \$66,082,653 (net of accumulated depreciation). This investment in capital assets includes land (right of way), buildings, improvements, machinery & equipment, and infrastructure. The minimum capital threshold remained at \$10,000. For more information regarding the Village's capital assets, please refer to Note 4 of this CAFR.

<b>Capital Assets - Net of Depreciation (in thousands)</b>							
		Governmental Activities		Business-Type Activities		Total	
Type of Debt		12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Construction in Progress		\$ -	\$ -	\$ -	\$ 2,082	\$ -	\$ 2,082
Right of Ways		43,972	42,921	-	-	43,972	42,921
Infrastructure		6,547	7,087	-	-	6,547	7,087
Buildings and Improvements		6,276	6,865	7,042	5,112	13,318	11,977
Machinery, Equipment and Vehicles		1,277	1,121	969	573	2,246	1,694
<b>Total</b>		<b>\$58,072</b>	<b>\$57,994</b>	<b>\$ 8,011</b>	<b>\$ 7,767</b>	<b>\$ 66,083</b>	<b>\$ 65,762</b>

(See independent auditor's report.)

## VILLAGE OF MORTON GROVE, ILLINOIS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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#### Debt Administration

In 2012 Standard and Poor classified the Village's credit profile as 'AA/Stable' and therefore assigned its 'AA' long-term rating to the Village. This rating reflects favorably upon the Village's management practices as the Village was rated AA3 by Moody's Investor services in 2009. As the Village is a home rule community, there is no legal limit for outstanding debt. Additional information on the Village's long-term debt can be found in Note 6 on page 37-45 of this report.

#### ▪ Long-Term Debt

At year-end, the Village had total outstanding debt of \$22,864,121, as compared to \$25,022,954 the previous year, a decrease of \$2,158,833, or 9.44% which coupled with principal retirements that reduced the outstanding liability on the bonds.

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

Long Term Debt (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
General Obligation Bonds	\$ 16,549	\$ 18,958	\$ 4,176	\$ 4,767	\$ 20,725	\$ 23,725
Revolving loans	-	-	-	-	-	-
Installment Notes	2,139	1,298	-	-	2,139	1,298
Total Long Term Debt	\$ 18,688	\$ 20,256	\$ 4,176	\$ 4,767	\$ 22,864	\$ 25,023

#### ▪ Economic Factors and Future Prospects

The soft economy and showing little revenues remain the Village's biggest challenge. The Village Board continues to be sensitive to the unknown financial circumstances of residents and businesses by reducing its operating expenditures and limiting tax increases. Some challenges that were considered during the development of 2014 budget;

- *Instability of the National and local economy:* Weak financial markets continue to dictate low interest rates on investments. Real estate remained very slow particularly for Cook County with the .17% foreclosure compared to .13% Illinois and .08% National. Housing foreclosures, declining tax bases, and reduced state pass-through revenues have negatively impacted the fiscal condition of the local economy.
- *Pension liabilities:* Recent changes in pension legislation allowed the municipalities some relief in funding the pension obligation at 90% by 2040. The Village continues to fund the pension based on actuarial results from the Department of Insurance report or the independent actuary the Village and Pensions hired. Additionally, the Village adjusted its actuarial rate for Police and Fire pension return on investment from 7.25% in 2012 to 7.125 in 2013.

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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Total operating revenues budgeted for 2014 are \$53,913,222 (excluding transfers), a 3.58% increase from the 2013 budget, mostly due to tax revenues and charges for services. The General fund revenues are budgeted at \$25,216,197 (excluding transfers), a 1,108,179, or 4.60% increase from 2013 due to a projected slight increase from state shared sales, income and utility taxes. The Village's total 2013 property tax levy payable in 2014 is \$9,677,907, a 0% (zero) increase over the prior year's tax levy.

Total Village spending for the 2014 budget is \$58,527,386 (excluding transfers), a 9.89% increase from the 2013 budget. The majority of the increase distributed fairly evenly throughout contractual, commodities, and other capital spending with personnel costs being slightly ahead of the other categories due to pension contributions and contractually obligated pay increases.

**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.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF NET POSITION**

December 31, 2013

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,163,994	\$ 4,141,009	\$ 9,305,003
Investments	1,759,354	-	1,759,354
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	9,989,548	-	9,989,548
Sales tax	1,593,176	-	1,593,176
State income tax	260,098	-	260,098
Accounts and allotments	1,660,986	1,023,613	2,684,599
Due from other governments	8,600	-	8,600
Loan to developer	1,700,000	-	1,700,000
IRMA excess surplus	773,484	-	773,484
IPBC terminal reserve	591,553	-	591,553
Prepaid expenses	-	36,470	36,470
Land held for resale	9,572,675	-	9,572,675
Capital assets not being depreciated	43,972,244	-	43,972,244
Capital assets (net of accumulated depreciation)	14,099,374	8,011,035	22,110,409
<b>Total assets</b>	<b>91,145,086</b>	<b>13,212,127</b>	<b>104,357,213</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	55,918	6,777	62,695
<b>Total deferred outflows of resources</b>	<b>55,918</b>	<b>6,777</b>	<b>62,695</b>
<b>Total assets and deferred outflows of resources</b>	<b>91,201,004</b>	<b>13,218,904</b>	<b>104,419,908</b>

(This statement is continued on the following page.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

December 31, 2013

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,076,290	\$ 838,636	\$ 1,914,926
Accrued salaries and wages	449,225	38,665	487,890
Other payables	60,852	-	60,852
Accrued interest payable	76,888	8,696	85,584
Deposits - refundable	274,258	5,496	279,754
Unearned revenue	345,445	48,120	393,565
Due to fiduciary funds	2,117	-	2,117
Noncurrent liabilities			
Due within one year	3,257,542	602,946	3,860,488
Due in more than one year	39,446,226	3,895,662	43,341,888
	<hr/>	<hr/>	<hr/>
Total liabilities	44,988,843	5,438,221	50,427,064
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<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - property taxes	9,937,042	-	9,937,042
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	9,937,042	-	9,937,042
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	54,925,885	5,438,221	60,364,106
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Net investment in capital assets	45,225,759	4,945,237	50,170,996
Restricted for			
Public safety	512,734	-	512,734
Community development	13,493,724	-	13,493,724
Highways and streets	637,927	-	637,927
Unrestricted	(23,595,025)	2,835,446	(20,759,579)
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<b>TOTAL NET POSITION</b>	\$ 36,275,119	\$ 7,780,683	\$ 44,055,802
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See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 3,826,691	\$ 3,120,247	\$ -	\$ -
Public safety	18,773,860	905,530	91,359	-
Streets and sidewalks	5,823,268	7,043	667,566	462,298
Vehicle maintenance	846,686	-	-	-
Health and human services	270,450	1,263	-	-
Community development	467,393	-	-	-
Building and inspectional services	845,669	-	-	-
Interest	805,158	-	-	-
Total governmental activities	31,659,175	4,034,083	758,925	462,298
Business-Type Activities				
Water and sewer	6,770,519	7,857,661	-	59,024
Solid waste	1,869,140	1,956,253	-	-
Municipal parking	11,721	54,091	-	-
Total business-type activities	8,651,380	9,868,005	-	59,024
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 40,310,555</b>	<b>\$ 13,902,088</b>	<b>\$ 758,925</b>	<b>\$ 521,322</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	\$ (706,444)	\$ -	\$ (706,444)
	(17,776,971)	-	(17,776,971)
	(4,686,361)	-	(4,686,361)
	(846,686)	-	(846,686)
	(269,187)	-	(269,187)
	(467,393)	-	(467,393)
	(845,669)	-	(845,669)
	(805,158)	-	(805,158)
	(26,403,869)	-	(26,403,869)
	-	1,146,166	1,146,166
	-	87,113	87,113
	-	42,370	42,370
	-	1,275,649	1,275,649
	(26,403,869)	1,275,649	(25,128,220)
General Revenues			
Taxes			
Property	12,559,743	-	12,559,743
Personal property replacement	387,370	-	387,370
Sales	6,277,412	-	6,277,412
Utility	1,166,101	-	1,166,101
Local use	400,868	-	400,868
Telecommunications	884,005	-	884,005
Income	2,217,174	-	2,217,174
Real estate transfer	430,777	-	430,777
Hotel/motel	74,616	-	74,616
Food and beverage	377,911	-	377,911
Gasoline	273,131	-	273,131
Other	246,553	-	246,553
Investment income	12,248	2,665	14,913
Gain on sale of capital assets	-	49,000	49,000
Miscellaneous	414,059	300,864	714,923
Total	25,721,968	352,529	26,074,497
CHANGE IN NET POSITION	(681,901)	1,628,178	946,277
NET POSITION, JANUARY 1	36,957,020	6,152,505	43,109,525
NET POSITION, DECEMBER 31	\$ 36,275,119	\$ 7,780,683	\$ 44,055,802

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2013

	<b>General</b>	<b>Lehigh/Ferris TIF</b>	<b>Waukegan Road TIF</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,299,649	\$ 1,435,488	\$ -	\$ -	\$ 1,113,735	\$ 1,315,122	\$ 5,163,994
Investments	747,748	748,400	-	168,587	-	94,619	1,759,354
Receivables							
Property taxes	8,933,048	1,995	1,559	1,001,447	51,499	-	9,989,548
Sales tax	1,344,770	-	-	147,500	6,250	94,656	1,593,176
State income tax	260,098	-	-	-	-	-	260,098
Accounts and allotments	1,075,536	-	-	-	241,417	344,033	1,660,986
Due from other governments	8,600	-	-	-	-	-	8,600
Due from other funds	1,150,068	-	-	-	-	-	1,150,068
Loan to developer	-	1,700,000	-	-	-	-	1,700,000
Advances to other funds	1,506,190	44,364	-	-	-	-	1,550,554
IRMA excess surplus reserve	773,484	-	-	-	-	-	773,484
IPBC terminal reserve	591,553	-	-	-	-	-	591,553
Land held for resale	-	9,572,675	-	-	-	-	9,572,675
<b>TOTAL ASSETS</b>	<b>\$ 17,690,744</b>	<b>\$ 13,502,922</b>	<b>\$ 1,559</b>	<b>\$ 1,317,534</b>	<b>\$ 1,412,901</b>	<b>\$ 1,848,430</b>	<b>\$ 35,774,090</b>



	General	Lehigh/Ferris TIF	Waukegan Road TIF	Debt Service	Capital Projects	Nonmajor	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and retainage payable	\$ 450,282	\$ 9,198	\$ -	\$ -	\$ 236,978	\$ 379,832	\$ 1,076,290
Accrued salaries and wages	449,225	-	-	-	-	-	449,225
Other payables	60,852	-	-	-	-	-	60,852
Unearned revenue	298,821	-	-	-	46,624	-	345,445
Deposits - refundable	274,258	-	-	-	-	-	274,258
Due to other funds	-	-	339,401	407,115	-	403,552	1,150,068
Due to fiduciary funds	2,117	-	-	-	-	-	2,117
Advances from other funds	-	-	1,428,930	-	-	121,624	1,550,554
Total liabilities	1,535,555	9,198	1,768,331	407,115	283,602	905,008	4,908,809
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	8,889,931	-	-	995,868	51,243	-	9,937,042
Total deferred inflows of resources	8,889,931	-	-	995,868	51,243	-	9,937,042
Total liabilities and deferred inflows of resources	10,425,486	9,198	1,768,331	1,402,983	334,845	905,008	14,845,851
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable							
Advance to other funds	1,506,190	-	-	-	-	-	1,506,190
Restricted for							
Public safety	14,559	-	-	-	-	498,175	512,734
Capital improvements - unspent bond proceeds	-	-	-	-	1,078,056	-	1,078,056
Community development	-	13,493,724	-	-	-	-	13,493,724
Highways and streets	-	-	-	-	-	637,927	637,927
Unrestricted							
Committed for commuter improvements	-	-	-	-	-	105,648	105,648
Unassigned	5,744,509	-	(1,766,772)	(85,449)	-	(298,328)	3,593,960
Total fund balances (deficit)	7,265,258	13,493,724	(1,766,772)	(85,449)	1,078,056	943,422	20,928,239
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,690,744</b>	<b>\$ 13,502,922</b>	<b>\$ 1,559</b>	<b>\$ 1,317,534</b>	<b>\$ 1,412,901</b>	<b>\$ 1,848,430</b>	<b>\$ 35,774,090</b>

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

December 31, 2013

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 20,928,239</b>
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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 governmental funds	58,071,618
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Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds	(76,888)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds payable	(16,549,300)
Installment notes payable	(2,139,121)
Intergovernmental agreement payable	(3,134,950)
Net pension obligation	(16,793,020)
Net other postemployment benefits obligation	(3,420,715)
Compensated absences	(609,900)

The unamortized bond premium is not a current financial resource and, therefore, is not reported in the governmental funds	(63,961)
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The unamortized bond discount is not a current financial resource and, therefore, is not reported in the governmental funds	7,199
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The unamortized loss on bond refunding is shown as a deferred outflow on the statement of net position	55,918
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<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 36,275,119</u></b>
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See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2013

	<b>General</b>	<b>Lehigh/Ferris TIF</b>	<b>Waukegan Road TIF</b>
<b>REVENUES</b>			
Taxes	\$ 20,347,439	\$ 2,299,951	\$ 474,862
Licenses and permits	1,498,507	-	-
Intergovernmental	222,075	-	-
Surcharges	-	-	-
Charges for services	787,420	-	-
Fines	835,461	-	-
Investment income	2,467	4,126	18
Cable TV franchise fees	322,822	-	-
Miscellaneous	264,904	-	-
Total revenues	<u>24,281,095</u>	<u>2,304,077</u>	<u>474,880</u>
<b>EXPENDITURES</b>			
Current			
General government	2,983,917	-	-
Public safety	16,331,849	-	-
Streets and sidewalks	2,445,017	-	-
Vehicle maintenance	846,686	-	-
Health and human services	284,289	-	-
Community development	143,571	125,120	1,616
Building and inspectional services	858,707	-	-
Debt service			
Principal retirement	-	490,000	668,833
Interest and fiscal charges	-	306,628	180,900
Capital outlay			
Capital projects	-	24,354	-
Total expenditures	<u>23,894,036</u>	<u>946,102</u>	<u>851,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>387,059</u>	<u>1,357,975</u>	<u>(376,469)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	260,000	-	-
Transfers (out)	(300,000)	(260,000)	-
Issuance of installment note	-	-	-
Proceeds from sale of capital assets	50,400	-	-
Total other financing sources (uses)	<u>10,400</u>	<u>(260,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	397,459	1,097,975	(376,469)
FUND BALANCES (DEFICIT), JANUARY 1	<u>6,867,799</u>	<u>12,395,749</u>	<u>(1,390,303)</u>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<u><u>\$ 7,265,258</u></u>	<u><u>\$ 13,493,724</u></u>	<u><u>\$ (1,766,772)</u></u>

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor</b>	<b>Total</b>
\$ 1,687,222	\$ 109,850	\$ 376,337	\$ 25,295,661
-	-	-	1,498,507
75,122	241,417	746,374	1,284,988
-	-	249,121	249,121
-	-	274,553	1,061,973
-	-	-	835,461
450	3,852	1,335	12,248
-	-	-	322,822
-	6,168	145,421	416,493
1,762,794	361,287	1,793,141	30,977,274
-	-	-	2,983,917
-	-	539,491	16,871,340
-	-	702,474	3,147,491
-	-	-	846,686
-	-	-	284,289
-	-	495,193	765,500
-	-	-	858,707
1,469,000	-	-	2,627,833
305,031	900	-	793,459
-	3,367,401	40,074	3,431,829
1,774,031	3,368,301	1,777,232	32,611,051
(11,237)	(3,007,014)	15,909	(1,633,777)
300,000	-	-	560,000
-	-	-	(560,000)
-	1,060,000	-	1,060,000
-	-	8,388	58,788
300,000	1,060,000	8,388	1,118,788
288,763	(1,947,014)	24,297	(514,989)
(374,212)	3,025,070	919,125	21,443,228
\$ (85,449)	\$ 1,078,056	\$ 943,422	\$ 20,928,239

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (514,989)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,553,566
Depreciation expense does not require the use of current financial statement resources, and therefore, is not reported as an expenditure in the governmental funds	(1,442,527)
Governmental funds do not report compensated absences; however, they are recognized as a reduction to expenses on the statement of activities	(68,978)
The issuance of long-term debt (installment notes) is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(1,060,000)
The repayment of the principal portion of general obligation bonds payable, revolving notes payable and installment notes payable are reported as debt service expenditures when due in governmental funds but as a reduction of principal outstanding in the statement of activities	2,627,833
The repayment of the principal portion of the intergovernmental agreement payable is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	322,461
The amortization of the refunding loss is not reported in governmental funds, but is reported in the statement of activities	(12,425)
The amortization of the bond premium is not reported in governmental funds, but is reported in the statement of activities	6,450
The amortization of the bond discount is not reported in governmental funds, but is reported in the statement of activities	(2,235)
The change in net pension obligation and asset is not reported in governmental funds, but is reported in the statement of activities	(1,361,389)
The change in net other postemployment benefits obligations are reported only in the statement of activities	(692,677)
Loss on disposal of capital assets (public safety expenses)	(33,502)
The change in the accrued interest payable on long-term debt is reported as interest expense on the statement of activities	(3,489)
<b>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (681,901)</u></b>

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2013

	<b>Water and Sewer</b>	<b>Nonmajor</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,858,550	\$ 282,459	\$ 4,141,009
Receivables	958,429	65,184	1,023,613
Prepaid expenses	-	36,470	36,470
Total current assets	4,816,979	384,113	5,201,092
<b>NONCURRENT ASSETS</b>			
Capital assets - net of accumulated depreciation	8,011,035	-	8,011,035
Total noncurrent assets	8,011,035	-	8,011,035
Total assets	12,828,014	384,113	13,212,127
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	6,777	-	6,777
Total deferred outflows of resources	6,777	-	6,777
Total assets and deferred outflows of resources	12,834,791	384,113	13,218,904
<b>CURRENT LIABILITIES</b>			
Accounts payable	626,856	211,780	838,636
Accrued salaries and wages	38,665	-	38,665
Accrued interest payable	8,696	-	8,696
Refundable deposits	5,496	-	5,496
Unearned revenue	-	48,120	48,120
Compensated absences - current maturities	4,446	-	4,446
Bonds payable - current maturities	598,500	-	598,500
Total current liabilities	1,282,659	259,900	1,542,559
<b>LONG-TERM LIABILITIES</b>			
Compensated absences	40,014	-	40,014
Bonds payable	3,580,087	-	3,580,087
Net other postemployment benefit obligation	275,561	-	275,561
Total long-term liabilities	3,895,662	-	3,895,662
Total liabilities	5,178,321	259,900	5,438,221
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	-	-	-
Total deferred inflows of resources	-	-	-
Total assets and deferred inflows of resources	5,178,321	259,900	5,438,221
<b>NET POSITION</b>			
Net investment in capital assets	4,945,237	-	4,945,237
Unrestricted	2,711,233	124,213	2,835,446
<b>TOTAL NET POSITION</b>	\$ 7,656,470	\$ 124,213	\$ 7,780,683

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Water and Sewer</b>	<b>Nonmajor</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Water sales	\$ 7,044,712	\$ -	\$ 7,044,712
Sewer charges	802,095	-	802,095
Waste charges	-	1,956,253	1,956,253
Meter and connection fees	10,854	-	10,854
Parking charges	-	54,091	54,091
Miscellaneous	111,416	-	111,416
Total operating revenues	7,969,077	2,010,344	9,979,421
<b>OPERATING EXPENSES</b>			
Personal services	1,741,211	-	1,741,211
Contractual services and other charges	734,298	1,880,494	2,614,792
Water purchases	3,228,171	-	3,228,171
Capital outlay	19,417	-	19,417
Commodities	303,574	367	303,941
Administrative fees	109,500	-	109,500
Utilities	75,113	-	75,113
Total operating expenses	6,211,284	1,880,861	8,092,145
OPERATING INCOME BEFORE DEPRECIATION	1,757,793	129,483	1,887,276
Depreciation	340,025	-	340,025
OPERATING INCOME	1,417,768	129,483	1,547,251
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Rental income	189,448	-	189,448
Investment income	1,903	762	2,665
Gain on sale of capital assets	49,000	-	49,000
Interest expense and fiscal agent fees	(219,210)	-	(219,210)
Total non-operating revenues (expenses)	21,141	762	21,903
NET INCOME BEFORE CAPITAL GRANTS	1,438,909	130,245	1,569,154
<b>CAPITAL GRANTS</b>	59,024	-	59,024
CHANGE IN NET POSITION	1,497,933	130,245	1,628,178
NET POSITION (DEFICIT), JANUARY 1	6,158,537	(6,032)	6,152,505
<b>NET POSITION, DECEMBER 31</b>	\$ 7,656,470	\$ 124,213	\$ 7,780,683

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Water and Sewer</b>	<b>Nonmajor</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 7,629,111	\$ 2,013,707	\$ 9,642,818
Receipts from miscellaneous revenues	111,416	-	111,416
Payments to suppliers	(4,450,386)	(1,980,566)	(6,430,952)
Payments to employees	(1,690,229)	-	(1,690,229)
Payments to other funds	(109,500)	-	(109,500)
Net cash from operating activities	1,490,412	33,141	1,523,553
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Payments to other funds	(37,737)	-	(37,737)
Rental receipts	189,448	-	189,448
Net cash from noncapital financing activities	151,711	-	151,711
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Intergovernmental	59,024	-	59,024
Purchase of capital assets	(583,782)	-	(583,782)
Proceeds from sale of capital assets	49,000	-	49,000
Bond principal payments	(599,377)	-	(599,377)
Interest payments	(213,357)	-	(213,357)
Net cash from capital and related financing activities	(1,288,492)	-	(1,288,492)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	1,903	762	2,665
Net cash from investing activities	1,903	762	2,665
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	355,534	33,903	389,437
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	3,503,016	248,556	3,751,572
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 3,858,550</u>	<u>\$ 282,459</u>	<u>\$ 4,141,009</u>

(This statement is continued on the following page.)



**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Water and Sewer</b>	<b>Nonmajor</b>	<b>Total</b>
<hr/>			
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 1,417,768	\$ 129,483	\$ 1,547,251
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	340,025	-	340,025
Changes in operating assets and liabilities			
Receivables	(193,079)	(3,897)	(196,976)
Prepaid expenses	-	(4,623)	(4,623)
Refundable deposits	446	-	446
Accounts payable	(89,813)	(95,082)	(184,895)
Accrued salaries and wages	(55,696)	-	(55,696)
Compensated absences	44,460	-	44,460
Other postemployment benefit obligation	62,218	-	62,218
Deferred revenues	(35,917)	7,260	(28,657)
	<hr/>		
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,490,412</b>	<b>\$ 33,141</b>	<b>\$ 1,523,553</b>
	<hr/>		
<b>SCHEDULE OF NONCASH TRANSACTIONS</b>			
None	\$ -	\$ -	\$ -
	<hr/>		

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS**

December 31, 2013

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**ASSETS**

Cash and cash equivalents	\$ 1,413,385
Investments, at fair value	
Equity mutual funds	31,327,991
Bond index fund	14,005,869
Annuity contracts	9,652,359
U.S. Treasury obligations	2,595,891
U.S. agency obligations	10,292,484
Municipal bonds	108,220
Receivables	
Accrued interest	50,319
Other	49,577
Due from primary government	2,117
Prepaid expenses	<u>4,602</u>
 Total assets	 <u>69,502,814</u>

**LIABILITIES**

Accounts payable	<u>11,299</u>
 Total liabilities	 <u>11,299</u>

**NET POSITION HELD IN TRUST FOR  
PENSION BENEFITS**

\$ 69,491,515

See accompanying notes to financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS**

For the Year Ended December 31, 2013

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**ADDITIONS**

Contributions	
Employer	\$ 3,792,981
Employee	<u>855,775</u>
Total contributions	<u>4,648,756</u>
Investment income	
Net appreciation in fair value of investments	5,913,299
Interest	<u>999,715</u>
Total investment income	6,913,014
Less investment expense	<u>(121,931)</u>
Net investment income	<u>6,791,083</u>
Total additions	<u>11,439,839</u>

**DEDUCTIONS**

Retirement benefits	4,426,142
Duty/nonduty disability benefits	685,367
Surviving spouse benefits	541,179
Refunds	3,608
Administrative expenses	<u>91,967</u>
Total deductions	<u>5,748,263</u>

NET INCREASE	5,691,576
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**NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS**

January 1	<u>63,799,939</u>
December 31	<u><u>\$ 69,491,515</u></u>

See accompanying notes to financial statements.

# VILLAGE OF MORTON GROVE, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Morton Grove, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

#### a. Reporting Entity

The Village is a municipal corporation governed by an elected president and a six-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units.

Based on the criteria of GASB Statement No 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, there are no component units for which the Village is considered to be financially accountable for.

The Village's financial statements include pension trust funds.

#### 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a. Reporting Entity (Continued)

Police Pension Employees Retirement System (PPERS)

The Village's 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 Village and PPERS participants are obligated to fund all 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 possesses many of the characteristics of a legally separate government, PPERS 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 police employees, and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

Firefighters' Pension Employees Retirement System (FPERS)

The Village's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS 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 fire employees constitute the pension board. The Village and FPERS participants are obligated to fund all 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 possesses many of the characteristics of a legally separate government, FPERS 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 firefighters, and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

b. Fund Accounting

The Village uses funds to report on its financial position, changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Fund Accounting (Continued)**

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted, committed or assigned monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds restricted, committed or assigned for servicing of governmental long-term debt (debt service funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village.

**c. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used between funds has not been eliminated in the process of consolidation. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those accounted for in another fund.

Lehigh/Ferris Tax Increment Financing Fund accounts 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 Waukegan Road Tax Increment Financing Fund accounts 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 Waukegan Road. 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 Debt Service Fund is used to account for the payment of governmental long-term debt. The Village has elected to report the fund as major.

The Capital Projects Fund accounts for property taxes levied and other resources restricted, committed or assigned primarily for major infrastructure and other capital improvements.

The Village reports the following major proprietary fund:

The Water and Sewer 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 Village reports the following fiduciary funds:

The Village reports Pension Trust Funds as fiduciary funds to account for the Municipal Employees' Retirement Fund, the Police Pension Fund and the Firefighter's Pension Fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days, except for sales tax and telecommunication taxes which use a 90-day period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

The Village reports unearned revenue and unavailable revenue on its financial statements. Unearned revenue and unavailable revenue arises when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources for unearned revenue or unavailable revenue is removed from the financial statements and revenue is recognized.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

e. Cash and Investments

For purposes of the statement of cash flows, the Village's proprietary fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

g. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. Interfund Transactions (Continued)

Internal service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except for interfund services provided and used are reported as transfers.

Advances between funds, if any, are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses using the consumption method.

i. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm sewers and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays, that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Capital Assets (Continued)

	<u>Years</u>
Buildings, reservoirs, pump house, water mains and improvements	50
Garage and fence	50
Office building, remodeling and improvements	10 - 50
Improvements to water system	20
Vehicles	3 - 10
Equipment	3 - 10
Water meters	10 - 15
Infrastructure	
Streets	50
Alleys	10
Signals	25

Infrastructure acquired prior to fiscal years ended June 30, 1980 is also reported.

j. Compensated Absences

Vested or accumulated vacation leave that is matured is reported as an expenditure and a fund liability of the governmental fund that will pay it in the governmental fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure is reported and a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" at retirement.

In prior years, the General and Water and Sewer Funds have been used to liquidate the liability for compensated absences.

In addition, the Village has recorded \$571,460 for sick time payments to be made in the future to all civilian employees who are at least age 50 or are any age, but have 30 years of service and sworn personnel who are at least age 50 and have 20 years of service.

k. Rebatale Arbitrage

The Village reports rebatale arbitrage, if any, as a liability and expense in the governmental activities column in the government-wide financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Long-Term Obligations**

In the government-wide financial statements and proprietary fund 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 financial statements. Bond premiums and discounts, gains/losses or refundings, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and gains/losses or refundings. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental funds 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 expenditures.

**m. Fund Balance/Net Position**

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Village has not yet adopted a flow of funds policy; therefore, in accordance with GASB Statement No. 54, the default flow of funds has been applied which prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

m. Fund Balance/Net Position (Continued)

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. None of the Village's net positions are restricted as a result of enabling legislation adopted by the Village. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

n. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

o. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

Permitted Deposits and Investments - The Village's investment policy (including MERF) authorizes the Village to make deposits/invest in insured 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 Government 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, Illinois Funds and derivatives consistent with the Government Finance Officers Association (GFOA) Recommended Practice on Use of Derivatives by state and local governments. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**2. DEPOSITS AND INVESTMENTS (Continued)**

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and 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 IMET's share price, the price for which the investment could be sold.

It is the investment credit risk policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is legality, safety (preservation of capital and protection of investment principal), liquidity and yield.

**Village Deposits**

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

**Village Investments**

As of December 31, 2013, the Village had the following debt security investments and maturities.

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
IMET (1-3 year fund)	\$ 263,206	\$ -	\$ 263,206	\$ -	\$ -
Negotiable CDs	1,496,148	1,496,148	-	-	-
<b>TOTAL</b>	<b>\$ 1,759,354</b>	<b>\$ 1,496,148</b>	<b>\$ 263,206</b>	<b>\$ -</b>	<b>\$ -</b>

**2. DEPOSITS AND INVESTMENTS (Continued)**

Village Investments (Continued)

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 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. IMET is rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. 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. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy does not contain any specific guidelines on the diversification of the investment portfolio. At December 31, 2013, the Village had 24.21% in negotiable certificate of deposits (CDs) and 4.26% in IMET.

Police Pension Fund Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policies require pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Police Pension Fund in the Police Pension Fund's name.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. DEPOSITS AND INVESTMENTS (Continued)**

Police Pension Fund Investments

As of December 31, 2013, the Police Pension Fund had the following investments and maturities.

Fair Value	Investment Maturities (in Years)			
	Less than 1	1-5	6-10	More than 10
Government bond index fund	\$ 13,345,200	\$ 13,345,200	\$ -	\$ -

In accordance with its investment policy, the Police Pension 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 within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

The Police Pension Fund 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. The government bond index fund is not rated by the commercial ratings agencies. The average quality rating of securities held in the fund is AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund'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 Police Pension Fund's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Police Pension Fund's name. Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

Concentration of credit risk - the Police Pension Fund's investment policy states investment parameters for each asset class. Percentage allocations are intended to serve as guidelines:

	Minimum	Maximum
Equities	10%	45%
International equities	0%	10%
Fixed income and cash	5%	90%



**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. DEPOSITS AND INVESTMENTS (Continued)**

Police Pension Fund Investments (Continued)

In addition, the Police Pension Fund's investments of common, preferred or convertible preferred stock, separate accounts managed by life insurance companies and mutual funds shall not exceed 35% of the market value of the Police Pension Fund's net present assets and an additional 10% allowed to be invested in equities through a mutual fund or separate account of a life insurance company.

Firefighters' Pension Fund Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Firefighters' Pension Fund's deposits may not be returned to them. The Firefighters' Pension Fund's investment policies require pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Firefighters' Pension Fund in the Firefighters' Pension Fund's name.

Firefighters' Pension Fund Investments

As of December 31, 2013, the Firefighters' Pension Fund had the following investments and maturities.

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Municipal bonds	\$ 108,220	\$ -	\$ -	\$ 108,220	\$ -
U.S. Treasury obligations	2,595,891	-	1,626,422	969,469	-
U.S agencies	10,292,484	840,689	5,006,137	4,270,804	174,854
Bond index fund	660,669	660,669	-	-	-
<b>TOTAL</b>	<b>\$ 13,657,264</b>	<b>\$ 1,501,358</b>	<b>\$ 6,632,559</b>	<b>\$ 5,348,493</b>	<b>\$ 174,854</b>

In accordance with its investment policy, the Firefighters' Pension 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 within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Firefighters' Pension Fund.

The Firefighters' Pension Fund 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. The municipal bonds and the U.S. Treasury obligations are not rated by Standard and Poor's. The ratings for the U.S. agency investments all were rated AA+.

**2. DEPOSITS AND INVESTMENTS (Continued)**

Firefighters' Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund'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 Firefighters' Pension Fund's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Firefighters' Pension Fund's name. Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

Concentration of credit risk - the Firefighters' Pension Fund's investment policy states that no more than 5% of the total portfolio may be invested in one individual security or in cash. Also, with the exception of U.S. Treasury securities, no more than 40% of the total fund's investment portfolio may be invested in a single security type. At December 31, 2013, 9.15% of the Firefighters' Pension Fund investments were invested in U.S. Treasury obligations, 0.38% in municipal bonds and 36.27% in U.S. agency securities.

**3. RECEIVABLES**

a. Property Taxes

Property taxes for 2013 attach as an enforceable lien on January 1, 2013 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2013 and August 1, 2013 and are payable in two installments, on or about March 1, 2013 and September 1, 2013. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 3% of the tax levy, to reflect actual collection experience. Since the 2013 levy is intended to fund the 2013 fiscal year, the levy has been recorded as a receivable and unavailable or unearned revenue.

b. 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.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balances January 1	Additions	Retirements	Ending Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land (including right of ways)	\$ 42,921,414	\$ 1,050,830	\$ -	\$ 43,972,244
Construction in progress	-	-	-	-
Total capital assets not being depreciated	42,921,414	1,050,830	-	43,972,244
Capital assets being depreciated				
Buildings and improvements	18,175,872	-	-	18,175,872
Vehicles and equipment	5,691,755	502,736	331,523	5,862,968
Infrastructure	30,759,292	-	-	30,759,292
Total capital assets being depreciated	54,626,919	502,736	331,523	54,798,132
Less accumulated depreciation for				
Buildings and improvements	11,310,891	589,191	-	11,900,082
Vehicles and equipment	4,570,791	313,457	298,021	4,586,227
Infrastructure	23,672,570	539,879	-	24,212,449
Total accumulated depreciation	39,554,252	1,442,527	298,021	40,698,758
Total capital assets being depreciated, net	15,072,667	(939,791)	33,502	14,099,374
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 57,994,081</u>	<u>\$ 111,039</u>	<u>\$ 33,502</u>	<u>\$ 58,071,618</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 442,297
Public safety	314,252
Streets and sidewalks	<u>685,978</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 1,442,527</u></u>

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**4. CAPITAL ASSETS (Continued)**

	Beginning Balances January 1	Additions	Retirements	Ending Balances December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$ 2,081,771	\$ -	\$ 2,081,771	\$ -
Total capital assets not being depreciated	2,081,771	-	2,081,771	-
Capital assets being depreciated				
Buildings and improvements	12,294,289	2,172,321	-	14,466,610
Equipment	2,068,053	493,231	151,209	2,410,075
Total capital assets being depreciated	14,362,342	2,665,552	151,209	16,876,685
Less accumulated depreciation for				
Buildings and improvements	7,182,258	242,586	-	7,424,844
Equipment	1,494,577	97,439	151,209	1,440,807
Total accumulated depreciation	8,676,835	340,025	151,209	8,865,651
Total capital assets being depreciated, net	5,685,507	2,325,527	-	8,011,034
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 7,767,278</b>	<b>\$ 2,325,527</b>	<b>\$ 2,081,771</b>	<b>\$ 8,011,034</b>

**5. 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.

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 Cooperations 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.

**5. RISK MANAGEMENT (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, 2013. The Village has recorded a receivable for the excess surplus balance of \$773,484 in the General Fund as of December 31, 2013.

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, quasigovernmental 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, 2013 (most recent available) of \$591,553. This amount was declared as a dividend to the Village and, therefore, has been recorded as a receivable 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.

**6. LONG-TERM DEBT**

**a. 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 both general government and proprietary activities. These bonds, therefore, are reported in the proprietary fund if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

**a. General Obligation Bonds (Continued)**

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	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
\$9,200,000 General Obligation Bonds Series 2007 dated November 1, 2007, due in annual installments of \$270,000 to \$560,000 plus interest at 4.0%, due on June 1 and December 1 of each year.	Lehigh/ Ferris TIF	\$ 7,655,000	\$ -	\$ 490,000	\$ 7,165,000	\$ 510,000
\$7,650,000 General Obligation Refunding Bonds, Series 2009 dated April 1, 2009, due in annual installments of \$225,000 to \$1,690,000 plus interest at 1.0% to 2.6%, due on June 1 and December 1 of each year.	Water and Sewer	837,500	-	415,000	422,500	422,500
	Debt Service	2,512,500	-	1,245,000	1,267,500	1,267,500
\$4,920,000 General Obligation Bonds, Series 2009A dated October 1, 2009, due in annual installments of \$355,000 to \$600,000 plus interest at 3.000% to 4.125%, due on June 1 and December 1 of each year.	Waukegan Road TIF	3,790,000	-	450,000	3,340,000	475,000
\$1,845,000 General Obligation Bonds, Series 2010A dated March 31, 2010, due in annual installments of \$270,000 to \$400,000 plus interest at 2.0%, due on June 15 and December 15 of each year.	Debt Service	448,000	-	224,000	224,000	224,000
	Water and Sewer	352,000	-	176,000	176,000	176,000

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

**a. General Obligation Bonds (Continued)**

	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
\$8,130,000 Taxable General Obligation Bonds Series, 2010B dated March 31, 2010, due in annual installments of \$415,000 to \$1,870,000 plus interest at 3.2% to 6.0%, due on June 15 and December 15 of each year.	Debt Service	\$ 4,552,800	\$ -	\$ -	\$ 4,552,800	\$ -
	Water and Sewer	3,577,200	-	-	3,577,200	-
<b>TOTAL</b>		<b>\$ 23,725,000</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 20,725,000</b>	<b>\$ 3,075,000</b>

**b. Installment Notes Payable**

The Village issues installment notes payable to provide funds for the acquisition of property and the development of the tax increment financing villages. Installment notes payable have been issued for both general government and proprietary activities.

	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
\$3,165,000 General Obligation Bank Promissory Note for projects related to the Tax Increment Financing Fund and the Economic Development Fund principal due semiannually through 2018 with interest at 5.32%.	Waukegan Road TIF	\$ 1,297,954	\$ -	\$ 218,833	\$ 1,079,121	\$ 227,912
\$1,060,000 General Obligation Bank Promissory note, Series 2013 for land purchase, principal is payable annually over seven years. Interest is at 2.0% and is due beginning May 31, 2014.	General	-	1,060,000	-	1,060,000	142,583
<b>TOTAL</b>		<b>\$ 1,297,954</b>	<b>\$ 1,060,000</b>	<b>\$ 218,833</b>	<b>\$ 2,139,121</b>	<b>\$ 370,495</b>

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**6. LONG-TERM DEBT (Continued)**

c. Intergovernmental Agreement with School District 67

In 1996, the Village entered into an agreement with Morton Grove School District 67. 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 on Waukegan Road 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, 2013, the Village made total intergovernmental payments of \$204,623 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

d. Intergovernmental Agreement with School District 70

In 2000, the Village entered into a second intergovernmental agreement, this time 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. As with the agreement with School District 67, 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, 2013, the Village made total intergovernmental payments of \$117,838 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

<u>Year Ending</u>	<u>School District 67</u>	<u>School District 70</u>	<u>Total</u>
2014	\$ 220,460	\$ 129,097	\$ 349,557
2015	236,891	140,720	377,611
2016	253,938	152,722	406,660
2017	271,625	165,114	436,739
2018	289,975	177,909	467,884
2019-2023	-	1,096,499	1,096,499
<b>TOTAL</b>	<b>\$ 1,272,889</b>	<b>\$ 1,862,061</b>	<b>\$ 3,134,950</b>



**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

e. Debt Service Requirements to Maturity

Year Ending December 31,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 2,476,500	\$ 673,168	\$ 3,149,668	\$ 598,500	\$ 197,710	\$ 796,210
2015	1,282,400	599,839	1,882,239	182,600	183,205	365,805
2016	1,338,000	552,846	1,890,846	187,000	177,362	364,362
2017	1,395,800	501,403	1,897,203	189,200	170,630	359,830
2018	2,103,600	445,308	2,548,908	191,400	163,062	354,462
2019	899,800	370,284	1,270,084	200,200	154,066	354,266
2020	943,800	332,508	1,276,308	211,200	144,657	355,857
2021	990,000	292,875	1,282,875	220,000	134,730	354,730
2022	1,036,800	251,315	1,288,115	233,200	124,390	357,590
2023	1,083,000	206,133	1,289,133	242,000	112,147	354,147
2024	1,129,200	158,809	1,288,009	250,800	99,321	350,121
2025	330,400	109,012	439,412	259,600	85,653	345,253
2026	341,600	90,675	432,275	268,400	71,245	339,645
2027	352,800	71,375	424,175	277,200	56,080	333,280
2028	411,600	50,736	462,336	323,400	39,864	363,264
2029	434,000	26,040	460,040	341,000	20,460	361,460
<b>TOTAL</b>	<b>\$ 16,549,300</b>	<b>\$ 4,732,326</b>	<b>\$ 21,281,626</b>	<b>\$ 4,175,700</b>	<b>\$ 1,934,582</b>	<b>\$ 6,110,282</b>

Year Ending December 31,	Total Installment Notes Payable		
	Governmental Activities		
	Principal	Interest	Total
2014	\$ 370,495	\$ 63,184	\$ 433,679
2015	382,800	50,878	433,678
2016	395,501	38,177	433,678
2017	408,776	24,902	433,678
2018	263,555	11,690	275,245
2019	157,423	6,360	163,783
2020	160,571	3,211	163,782
<b>TOTAL</b>	<b>\$ 2,139,121</b>	<b>\$ 198,402</b>	<b>\$ 2,337,523</b>

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

**f. Changes in Long-Term Liabilities**

During the fiscal year, the following changes occurred in liabilities reported on the schedule of long-term liabilities payable by governmental funds:

	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds payable	\$ 18,958,300	\$ -	\$ 2,409,000	\$ 16,549,300	\$ 2,476,500
Unamortized premium on bonds	70,411	-	6,450	63,961	-
Unamortized discount on bonds	(9,434)	-	(2,235)	(7,199)	-
Installment notes payable	1,297,954	1,060,000	218,833	2,139,121	370,495
Intergovernmental agreement payable	3,457,411	-	322,461	3,134,950	349,557
Net pension obligation	15,431,631	1,361,389	-	16,793,020	-
Net other postemployment benefit obligation	2,728,038	692,677	-	3,420,715	-
*Compensated absences payable	540,922	123,070	54,092	609,900	60,990
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT</b>	<b>\$ 42,475,233</b>	<b>\$ 3,237,136</b>	<b>\$ 3,008,601</b>	<b>\$ 42,703,768</b>	<b>\$ 3,257,542</b>

\* Governmental activities' compensated absences, net pension obligation and net other postemployment benefit obligation are liquidated by the General Fund, the fund in which the related salary has been charged.

	Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation bonds payable	\$ 4,766,700	\$ -	\$ 591,000	\$ 4,175,700	\$ 598,500
Unamortized premium on bonds	11,264	-	8,377	2,887	-
*Net other postemployment benefit obligation	213,343	62,218	-	275,561	-
*Compensated absences payable	64,794	-	20,334	44,460	4,446
<b>TOTAL BUSINESS-TYPE DEBT</b>	<b>\$ 5,056,101</b>	<b>\$ 62,218</b>	<b>\$ 619,711</b>	<b>\$ 4,498,608</b>	<b>\$ 602,946</b>

\* Business-type activities' net other postemployment benefit obligation and compensated absences are liquidated by the Water and Sewer Fund, the fund in which the related salary has been charged.

**6. LONG-TERM DEBT (Continued)**

g. Legal Debt Margin

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the 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 General Assembly has set no limits for home rule municipalities.

h. Refunding Bonds

On October 1, 2009, the Village issued \$4,920,000 Series 2009A General Obligation Refunding Bonds to advance refund \$4,785,000 of the General Obligation Promissory Note, Series 2002. The proceeds of the 2009 issuance were placed in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. The defeased bonds are due annually on June 1 through June 1, 2022, and are callable anytime after June 1, 2016. At December 31, 2013, \$3,765,000 of the refunded bonds was outstanding.

i. Economic Development and Redevelopment Agreements

1. CVS, Inc.

During June 2006, CVS, Inc. (CVS) purchased the Osco Drug (Osco) store with which the Village had previously entered into an economic development agreement that stated that the total amount paid will not exceed \$250,000. It was determined by legal counsel that the economic agreement that the Village had with Osco remains applicable with CVS. Payment to Osco during 2006 through date of sale totaled \$3,971. Amounts paid to CVS under the terms of the agreement were \$29,221 for fiscal year ended December 31, 2013.

**6. LONG-TERM DEBT (Continued)**

i. Economic Development and Redevelopment Agreements (Continued)

2. Gary D. McGrath

On January 14, 2002, the Village entered into a redevelopment agreement for the Waukegan Road TIF Village Redevelopment Area "B" with Gary D. McGrath, a local auto dealership owner. The agreement calls for Mr. McGrath to purchase properties of the north portion of Redevelopment Area "B" for \$1,799,412 and for the Village to remit to him a portion of the sales tax receipts collected on sales made by the new auto dealership, McGrath Acura, which is planned to be located on the purchased properties. The maximum amount to be remitted by the Village is \$500,000, provided that the Village does not require site improvements costing in excess of that amount. No amounts were due to Gary D. McGrath under the terms of the agreement for the fiscal year ended December 31, 2013.

3. Bond Drug Company of Illinois, dba Walgreens and MRD - Morton Grove, LP

On June 1, 1999, the Village entered into a redevelopment agreement with Bond Drug Company of Illinois (Walgreens) and MRD - Morton Grove, LP to develop a site for a Walgreens Drug Store in the Village. The Village has required, as part of the redevelopment agreement, that certain infrastructure improvements be constructed. In order to comply with the Village's requirements for infrastructure improvement, the Village has agreed to enter into a sales tax revenue sharing program upon the commencement of retail operations to be public. The program will continue until the developer's receipt of \$253,320 or ten years following the opening of the store, whichever comes first. The first \$110,000 of sales tax revenue of the \$253,320 shall be retained by the Village. The Village will retain 100% of the sales tax on the first \$2,000,000 of annual sales and will share equally in the sales tax on annual sales exceeding \$2,000,000. Amounts paid to Walgreens under the terms of the agreement were \$18,836 for fiscal year ended December 31, 2013.

4. L & K Restaurants of Morton Grove LLC

On August 31, 2010, the Village entered into a development agreement with L & K Restaurants of Morton Grove LLC to develop a new Culver's Restaurant (Culver's). The agreement requires the Village to reimburse the developer 100% of sales taxes paid by the business for the first year after the Culver's store is open, and 50% of the sales taxes paid by the business from year two through ten up to total revenue of \$125,000. Amounts paid under the terms of the agreement were \$33,076 for fiscal year ended December 31, 2013.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**6. LONG-TERM DEBT (Continued)**

j. 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.

**7. INDIVIDUAL FUND DISCLOSURES**

a. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
<b>GOVERNMENTAL FUNDS</b>		
General	Waukegan Road TIF	\$ 339,401
General	Economic Development	403,552
General	Debt Service	<u>407,115</u>
<b>TOTAL</b>		<u>\$ 1,150,068</u>

Significant amounts due from/to other funds at December 31, 2013 are as follows:

- \$407,115 due from the Debt Service Fund to the General Fund. This balance is three months of sale tax overdue from the State Comptroller. The balance will be paid in the first quarter of 2014.
- \$403,552 due from the Economic Development Fund to the General Fund. This balance is three months of sale tax overdue from the State Comptroller. The balance will be paid in the first quarter of 2014.
- \$339,401 due from the Waukegan Road TIF Fund to the General Fund. This balance is from a loan from the General Fund to fund debt service payments. The balance will be paid in 2014.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

b. Due From/To Fiduciary Funds

Receivable Fund	Payable Fund	Amount
<b>PENSION TRUST FUNDS</b>		
Municipal Employees Retirement	General	\$ 2,117
<b>TOTAL</b>		<u>\$ 2,117</u>

Significant amounts due from/to fiduciary funds at December 31, 2013 are as follows:

- \$2,117 due from General Fund to the Municipal Employees Retirement Pension Trust Fund for contributions due at year end.

c. Advances

As of December 31, 2013, individual fund advances between funds were as follows:

Receivable Fund	Payable Fund	Amount
General	Waukegan Road TIF	\$ 1,428,930
General	Dempster/Waukegan TIF	77,260
Lehigh/Ferris TIF	Dempster/Waukegan TIF	44,364
<b>TOTAL</b>		<u>\$ 1,550,554</u>

Significant amounts of advances at December 31, 2013 are as follows:

- \$1,428,930 was advanced by the General Fund as initial costs of the Waukegan Road TIF. This amount will be repaid in future years from incremental property tax revenues of the TIF.

d. Transfers

For the year ended December 31, 2013, individual fund transfers between funds were as follows:

Transferred to	Transferred from	Amount
General	Lehigh/Ferris TIF	\$ 260,000
Debt Service	General	300,000
<b>TOTAL</b>		<u>\$ 560,000</u>

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

d. Transfers (Continued)

Significant amounts of transfers during the year ended December 31, 2013 are as follows:

- \$260,000 was transferred from the Lehigh/Ferris TIF Fund to the General Fund for administrative costs. This amount will not be repaid.
- \$300,000 was transferred from the General Fund to the Debt Service Fund to fund a deficit. This amount will not be repaid.

e. Deficit Fund Balances

As of December 31, 2013, individual funds with deficit fund balances were as follows:

Fund	Deficit
Major Governmental	
Waukegan Road TIF	\$ 1,766,772
Debt Service	85,449
Nonmajor Governmental	
Economic Development	176,704
Dempster/Waukegan TIF	121,624

**8. CONTINGENT LIABILITIES**

a. 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.

b. Grants

The Village participates in numerous federally assisted programs, on both a direct and state pass-through basis, as well as on a service provider basis. Principal among these are the Federal Aid Highway Program and Highway Planning and Construction.

In connection with these grants, the Village is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

**8. CONTINGENT LIABILITIES (Continued)**

b. Grants (Continued)

In the opinion of management, the Village has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the Village expects the resulting liability to be immaterial.

**9. JOINT VENTURES**

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 2700 Patriot Boulevard, Suite 110, Glenview, Illinois 60026.

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.



**9. JOINT VENTURES (Continued)**

**Solid Waste Agency of Northern Cook County (SWANCC) (Continued)**

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 \$411,445 to SWANCC in 2013, which includes payment for debt contribution. The Village does not have an equity interest in SWANCC at December 31, 2013.

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 \$35,507 a month or \$426,084 a year.

**10. 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.

## **11. OTHER POSTEMPLOYMENT BENEFITS**

### **a. Plan Description**

In addition to providing the pension benefits described, the Village provides other postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental and business-type activities.

### **b. Benefits Provided**

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's three retirement plans. The Village provides a subsidy of 50% of the blended healthcare premium to retired members with ten or more years of service. Police officers and firefighters who became disabled in the line of duty during an emergency receive continuation of healthcare benefits at no cost to the member. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

### **c. Membership**

At December 31, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	42
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>143</u>
<b>TOTAL</b>	<u><u>185</u></u>
 Participating employers	 <u><u>1</u></u>

### **d. Funding Policy**

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	\$ 1,118,579	\$ 521,940	46.7%	\$ 2,391,358
December 31, 2012	1,173,358	623,335	53.1%	2,941,381
December 31, 2013	1,415,247	660,352	46.7%	3,696,276

The net OPEB obligation as of December 31, 2013 was calculated as follows:

Annual required contribution	\$ 1,387,902
Interest on net OPEB obligation	132,361
Adjustment to annual required contribution	<u>(105,016)</u>
Annual OPEB cost	1,415,247
Contributions made	<u>660,352</u>
Increase in net OPEB obligation	754,895
Net OPEB obligation, beginning of year	<u>2,941,381</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 3,696,276</u>

Funded Status and Funding Progress: The projected funded status and funding progress of the Plan as of December 31, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 20,464,527
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	20,464,527
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 12,048,653
UAAL as a percentage of covered payroll	169.85%

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

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

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

In the December 31, 2013 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and a healthcare cost trend rate of 8.03% with an ultimate healthcare inflation rate of 4.5%. Both rates include a 4.0% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

**12. EMPLOYEE RETIREMENT SYSTEMS**

a. Plan Descriptions

The Village contributes to five defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employees retirement system; the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by IMRF, an agent multiple-employer public employee retirement system; the Municipal Employees' Retirement Fund (MERF), a single-employer plan; the Police Pension Plan which is a single-employer pension plan; and the

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the Police and Firefighters' Pension Plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. The Morton Grove Public Library also participates in IMRF and MERF. A portion of the liability for each plan relates to the library.

**Illinois Municipal Retirement Fund (IMRF)**

IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school villages in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF effective January 1, 2005, as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2013 was 10.26% of covered payroll.

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

Illinois Municipal Retirement Fund (IMRF) (Continued)

a. Plan Descriptions (Continued)

For December 31, 2013, the Village's annual pension cost of \$327,895 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases of 4.00% a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit; and (d) postretirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013 was 30 years.

Sheriff's Law Enforcement Personnel (SLEP)

Sheriff's Law Enforcement Personnel (SLEP) having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after July 1, 1988, 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 ten 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. SLEP members are required to contribute 7.50% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund it as specified by statute. The employer contribution rate for the calendar year ended 2013 was 13.77% of covered payroll.

Municipal Employee Retirement Fund (MERF)

All employees (other than those covered by the Police or Firefighters' 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

**VILLAGE OF MORTON GROVE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Municipal Employee Retirement Fund (MERF) (Continued)

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. Participating members are required to contribute 2.0% 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, 2013 was 21.31% of covered payroll.

At December 31, 2013, MERF membership consisted of:

Retirees and beneficiaries currently receiving benefits	20
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	28
Inactive employees	23
	<hr/>
TOTAL	71

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At December 31, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	10
Current employees	
Vested	30
Nonvested	14
	<hr/>
TOTAL	100

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half 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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% 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 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten 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 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 3.00% or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than ten 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 as actuarially determined by an enrolled actuary.



**VILLAGE OF MORTON GROVE, ILLINOIS**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended December 31, 2013, the Village's contribution was 39.55% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 - Article 5/4) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund. At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	42
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	2
Current employees	
Vested	30
Nonvested	11
	<hr/>
TOTAL	85
	<hr/>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten 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 covered employee 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 3.00% of the original pension and 3.00% compounded annually thereafter.

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten 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 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> 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 3.00% or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

Effective July 1, 2004, 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 ten years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2013, the Village's contribution was 46.92% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net position for either the Police or the Firefighters' Pension Plans.

The costs of administering the Police and Firefighters' Pension Plans are financed through employer and employee contributions.

The benefits and refunds of the Police and Firefighters' Pension Plans are recognized when due and payable in accordance with the terms of the Police and Firefighters' Pension Plans.

c. Annual Pension Cost

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Actuarial valuation date	December 31, 2011	December 31, 2011
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	30 Years, Open

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

c. Annual Pension Cost (Continued)

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected salary increase attributable to inflation	4.00% Compounded Annually	4.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	.40% to 10.00%
d) Postretirement benefit increases	3.00%	3.00%

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	January 1, 2014	December 31, 2013	December 31, 2011
Actuarial cost method	Projected Unit Credit	Entry-age Normal	Entry-age Normal
Asset valuation method	Market	Smoothed Market	Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	27 Years, Closed	27 Years, Closed	27 Years, Closed

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

c. Annual Pension Cost (Continued)

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.00% to 7.50% Pre/Postretirement Compounded Annually	7.125% Compounded Annually	7.125% Compounded Annually
b) Projected salary increase - attributable to inflation	3.50% to 4.50% Compounded Annually	4.50% Compounded Annually	4.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	1.00%	1.00%	1.00%
d) Postretirement benefit increases	None	3.00%	3.00%

The Village's annual pension cost and net pension obligation (asset) for the current year ended December 31, 2013 were as follows:

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension
Annual required contributions	\$ 727,445	\$ 1,942,614	\$ 2,140,182
Interest on net pension obligation	54,203	524,554	555,586
Adjustment to annual required contribution	(68,877)	(400,205)	(438,497)
Annual pension cost	712,771	2,066,963	2,257,271
Contributions made	450,010	1,513,592	1,712,014
Change in net pension obligation	262,761	553,371	545,257
Net pension obligation, beginning of year	774,322	6,994,055	7,663,254
NET PENSION OBLIGATION, END OF YEAR	\$ 1,037,083	\$ 7,547,426	\$ 8,208,511

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**12. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

d. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Municipal Employees' Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2011	\$ 271,600	\$ -	\$ 655,656	\$ 2,077,531	\$ 2,293,361
	2012	282,054	3,258	667,127	1,986,779	2,174,011
	2013	327,895	2,323	712,771	2,066,963	2,257,271
Actual contribution	2011	\$ 271,600	\$ -	\$ 490,743	\$ 1,845,746	\$ 2,047,228
	2012	282,054	3,258	572,810	1,568,911	1,775,057
	2013	327,895	2,323	450,010	1,513,592	1,712,014
Percentage of APC contributed	2011	100.00%	-	74.85%	88.84%	89.27%
	2012	100.00%	100.00%	85.86%	78.97%	81.65%
	2013	100.00%	100.00%	63.14%	73.23%	75.84%
Net pension obligation (asset)	2011	\$ -	\$ -	\$ 680,005	\$ 6,576,187	\$ 7,264,300
	2012	-	-	774,322	6,994,055	7,663,254
	2013	-	-	1,037,083	7,547,426	8,208,511

e. Funded Status and Funding Progress

The funded status and funding progress of the plans as of December 31, 2013 were as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Municipal Employees' Retirement	Police Pension	Firefighters' Pension
Actuarial accrued liability (AAL)	\$ 3,904,677	\$ -	\$ 16,461,225	\$ 55,964,162	\$ 52,834,148
Actuarial value of plan assets	2,938,288	(9,485)*	7,980,917	30,071,140	27,567,617
Unfunded actuarial accrued liability (UAAL)	966,389	9,485	8,480,308	25,893,022	25,266,531
Funded ratio (actuarial value of plan assets/AAL)	75.25%	0.00%	48.48%	53.73%	52.18%
Covered payroll (active plan members)	\$ 3,195,858	\$ -	\$ 2,111,339	\$ 3,826,781	\$ 3,648,645
UAAL as a percentage of covered payroll	30.24%	0.00%	401.66%	676.63%	692.49%

\* The actuarial value of assets is negative as member benefits paid have exceeded employer contributions; the amount relates to a former employee whose retirement benefits were set by Sheriff's Law Enforcement Personnel and had not been adequately funded by a prior employer before employment with the Village.

**VILLAGE OF MORTON GROVE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**13. SUBSEQUENT EVENTS**

On March 10, 2014, the Village passed an ordinance to issue \$1,415,000 of General Obligation Bonds, Series 2014. These bonds were dated and issued on March 25, 2014 and have an interest rate of 2.395%. These bonds were issued for the purpose of purchasing equipment.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended December 31, 2013

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Sales taxes	\$ 5,250,000	\$ 5,250,000	\$ 5,286,075
Property taxes	8,559,288	8,559,288	8,637,230
Personal property replacement tax	325,000	325,000	352,998
State income taxes	2,200,000	2,200,000	2,217,174
Telecommunications taxes	1,125,000	1,125,000	884,005
Utility taxes	1,145,000	1,145,000	1,166,101
Other taxes	1,418,000	1,418,000	1,803,856
Licenses and permits	1,603,500	1,603,500	1,498,507
Intergovernmental	200,500	200,500	222,075
Charges for services	854,200	854,200	787,420
Fines	785,000	785,000	835,461
Investment income	10,000	10,000	2,467
Cable TV franchise fees	300,000	300,000	322,822
Miscellaneous	322,500	322,500	264,904
Total revenues	24,097,988	24,097,988	24,281,095
<b>EXPENDITURES</b>			
Current			
General government	3,597,777	3,597,777	2,983,917
Public safety	15,829,212	15,829,212	16,331,849
Streets and sidewalks	2,533,400	2,608,221	2,445,017
Vehicle maintenance	838,385	838,385	846,686
Health and human services	287,963	287,963	284,289
Community development	139,950	139,950	143,571
Buildings and inspection services	843,040	843,040	858,707
Total expenditures	24,069,727	24,144,548	23,894,036
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	28,261	(46,560)	387,059
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	10,000	10,000	50,400
Transfers	300,000	300,000	260,000
Debt service fund	(300,000)	(300,000)	(300,000)
Total other financing sources (uses)	10,000	10,000	10,400
<b>NET CHANGE IN FUND BALANCE</b>	\$ 38,261	\$ (36,560)	397,459
<b>FUND BALANCE, JANUARY 1</b>			6,867,799
<b>FUND BALANCE, DECEMBER 31</b>			\$ 7,265,258

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LEHIGH/FERRIS TAX INCREMENT FINANCING FUND**

For the Year Ended December 31, 2013

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes	\$ 2,900,000	\$ 2,299,951
Investment income	5,000	4,126
Miscellaneous	-	-
Total revenues	2,905,000	2,304,077
<b>EXPENDITURES</b>		
Current		
Community development		
Personal services	51,300	49,122
Commodities	1,425	650
Contractual services	75,800	75,348
Debt service		
Principal retirement	490,000	490,000
Interest and fiscal charges	306,200	306,628
Capital outlay	1,675,000	24,354
Total expenditures	2,599,725	946,102
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	305,275	1,357,975
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer (out)	(260,000)	(260,000)
Proceeds from sale of capital assets	2,000,000	-
Total other financing sources (uses)	1,740,000	(260,000)
NET CHANGE IN FUND BALANCE	\$ 2,045,275	1,097,975
FUND BALANCE, JANUARY 1		12,395,749
FUND BALANCE, DECEMBER 31		\$ 13,493,724

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
WAUKEGAN ROAD TAX INCREMENT FINANCING FUND**

For the Year Ended December 31, 2013

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Property taxes	\$ 815,000	\$ 474,862
Investment income	750	18
Total revenues	815,750	474,880
<b>EXPENDITURES</b>		
Current		
Community development		
Professional services	25,000	1,616
Commodities	900,000	-
Debt service		
Principal	668,834	668,833
Interest and fiscal charges	180,900	180,900
Capital outlay	350,000	-
Total expenditures	2,124,734	851,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,308,984)	(376,469)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer (out)	(40,000)	-
Total other financing sources (uses)	(40,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (1,348,984)</u>	(376,469)
FUND BALANCE (DEFICIT), JANUARY 1		<u>(1,390,303)</u>
FUND BALANCE (DEFICIT), DECEMBER 31		<u>\$ (1,766,772)</u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (OAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 1,024,049	\$ 1,210,009	84.63%	\$ 185,960	\$ 2,341,444	7.94%
2009	1,263,960	1,928,193	65.55%	664,233	2,536,985	26.18%
2010	1,587,107	2,412,574	65.78%	825,467	2,676,109	30.85%
2011	1,918,661	2,717,120	70.61%	798,459	2,732,396	29.22%
2012	2,414,956	3,164,935	76.30%	749,979	2,765,233	27.12%
2013	2,938,288	3,904,677	75.25%	966,389	3,195,858	30.24%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN**

December 31, 2013

<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Plan Assets*</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Percentage Funded (1) / (2)</b>	<b>(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Underfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 69,127	\$ 51,219	134.96%	\$ (17,908)	\$ 121,625	(14.72%)
2009	(21,320)	-	0.00%	21,320	69,944	30.48%
2010	(17,389)	-	0.00%	17,389	-	0.00%
2011	(21,917)	-	0.00%	21,917	-	0.00%
2012	(14,488)	-	0.00%	14,488	-	0.00%
2013	(9,485)	-	0.00%	9,485	-	0.00%

\* The actuarial value of assets is negative as member benefits paid have exceeded employer contributions; the amount relates to a former employee whose retirement benefits were set by Sheriff's Law Enforcement Personnel and had not been adequately funded by a prior employer before employment with the Village.

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
MUNICIPAL EMPLOYEES' RETIREMENT FUND**

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (OAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 7,189,731	\$ 11,644,312	61.74%	\$ 4,454,581	\$ 2,766,617	161.01%
2009	7,614,569	12,319,256	61.81%	4,704,687	2,736,665	171.91%
2010	7,202,765	12,556,212	57.36%	5,353,447	2,376,163	225.30%
2011	7,603,852	12,792,874	59.44%	5,189,022	2,324,422	223.24%
2012	7,715,639	13,582,078	56.81%	5,866,439	2,268,195	258.64%
2013	7,980,917	16,461,225	48.48%	8,480,308	2,111,339	401.66%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND**

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (OAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 24,888,311	\$ 42,602,902	58.42%	\$ 17,714,591	\$ 3,420,380	517.91%
2009	25,154,010	44,566,626	56.44%	19,412,616	3,682,297	527.19%
2010	25,808,040	46,546,759	55.45%	20,738,719	3,716,797	557.97%
2011	27,846,504	48,844,200	57.01%	20,997,696	3,731,707	562.68%
2012	28,644,151	53,120,258	53.92%	24,476,107	3,721,308	657.73%
2013	30,071,140	55,964,162	53.73%	25,893,022	3,826,781	676.63%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND**

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ 22,131,755	\$ 40,983,075	54.00%	\$ 18,851,320	\$ 3,284,077	574.02%
2009	22,359,358	42,331,261	52.82%	19,971,903	3,390,072	589.13%
2010	22,797,325	46,237,636	49.30%	23,440,311	3,331,623	703.57%
2011	24,618,965	48,531,925	50.73%	23,912,960	3,358,576	712.00%
2012	25,997,209	50,222,856	51.76%	24,225,647	3,564,271	679.68%
2013	27,567,617	52,834,148	52.18%	25,266,531	3,648,645	692.49%

(See independent auditor's report.)



**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2013

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<b>Actuarial Valuation Date December 31,</b>	<b>(1) Actuarial Value of Plan Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Percentage Funded (1) / (2)</b>	<b>(4) Unfunded Actuarial Accrued Liability (2) - (1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)</b>
2008	\$ -	\$ 13,042,259	0.00%	\$ 13,042,259	\$ 11,036,693	118.17%
2009	-	13,755,977	0.00%	13,755,977	11,478,161	119.84%
2010	-	14,235,463	0.00%	14,235,463	11,416,724	124.69%
2011	-	14,949,354	0.00%	14,949,354	11,873,393	125.91%
2012	-	19,567,488	0.00%	19,567,488	11,585,243	168.90%
2013	-	20,464,527	0.00%	20,464,527	12,048,653	169.85%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 215,881	\$ 215,881	100.00%
2009	239,238	239,238	100.00%
2010	245,399	245,399	100.00%
2011	271,600	271,600	100.00%
2012	282,054	282,054	100.00%
2013	327,895	327,895	100.00%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN**

December 31, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 15,033	\$ 15,033	100.00%
2009	8,736	8,736	100.00%
2010	-	-	N/A
2011	-	-	N/A
2012	3,258	3,258	100.00%
2013	2,323	2,323	100.00%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MUNICIPAL EMPLOYEES' RETIREMENT FUND**

December 31, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 541,636	\$ 591,185	91.62%
2009	298,658	461,300	64.74%
2010	656,223	575,138	114.10%
2011	490,743	650,624	75.43%
2012	572,810	661,804	86.55%
2013	450,010	727,445	61.86%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

December 31, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 1,344,344	\$ 1,411,984	95.21%
2009	1,390,415	1,644,689	84.54%
2010	1,488,481	1,819,161	81.82%
2011	1,845,746	2,008,262	91.91%
2012	1,568,911	1,862,314	84.25%
2013	1,513,592	1,942,614	77.92%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND**

December 31, 2013

---

<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 1,569,399	\$ 1,611,299	97.40%
2009	1,582,849	1,794,274	88.22%
2010	1,646,123	1,931,791	85.21%
2011	2,047,228	2,216,735	92.35%
2012	1,775,057	2,054,683	86.39%
2013	1,712,014	2,140,182	79.99%

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

December 31, 2013

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
2008	\$ 292,603	\$ 978,885	29.89%
2009	423,787	1,013,494	41.81%
2010	560,463	1,060,889	52.83%
2011	521,940	1,101,892	47.37%
2012	623,335	1,151,127	54.15%
2013	660,352	1,387,902	47.58%

(See independent auditor's report.)

# VILLAGE OF MORTON GROVE, ILLINOIS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

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### LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

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 (excluding Dempster/Waukegan TIF Fund), Debt Service, 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.

b. Excess of Actual Expenditures/Expenses over Budget in Individual Funds

The following funds had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year:

Fund	Excess
Fire Alarm	\$ 37,211
9-1-1 Emergency Telephone System	250,354



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with governments which are accounted for in another fund. It receives a greater variety and amount of revenues and finances a wider range of governmental activities than any other fund. Major functions financed by the General Fund include:

Legislative	Administrative
Legal	Finance
Management Information Systems	Police
Fire/ESDA	Public Works
Vehicle Maintenance	Solid Waste Disposal
Health and Human Services	Community Development
Building and Inspectional Services	

### **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the payment of governmental long-term debt. The Debt Service Fund accounts for the principal and interest payments of all long-term debt incurred by the Village, except for the Water Revenue Bonds and various installment notes, which are accounted for in the Proprietary Fund.

### **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the financial resources used for major infrastructure and other capital improvements (other than those financed by the Proprietary Fund) within the Village. Bond issues used to finance a specific capital project, are separately accounted for in this fund. The description of the Capital Projects Fund is as follows:

Capital Projects Fund - accounts for property taxes levied and other resources accumulated primarily for major infrastructure and other capital improvements.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>			<b>2012</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>				
Legislative				
Personal services	\$ 66,500	\$ 66,500	\$ 56,857	\$ 56,302
Contractual services	36,400	36,400	31,645	24,904
Commodities	12,775	12,775	4,376	2,544
Total legislative	115,675	115,675	92,878	83,750
Administrative				
Personal services	622,200	622,200	592,692	534,915
Contractual services	85,650	85,650	34,095	54,283
Commodities	3,000	3,000	4,402	954
Total administrative	710,850	710,850	631,189	590,152
Finance				
Personal services	913,500	913,500	842,010	1,120,510
Contractual services	841,155	841,155	533,645	657,594
Commodities	11,500	11,500	7,281	9,284
Less administrative fees				
Water and Sewer Fund	(120,000)	(120,000)	(120,000)	(120,000)
Total finance	1,646,155	1,646,155	1,262,936	1,667,388
Management information services				
Professional services	135,600	135,600	138,087	133,423
Contractual services	395,697	395,697	300,955	222,963
Capital outlay	63,450	63,450	55,124	37,158
Total management information services	594,747	594,747	494,166	393,544
Legal				
Contractual services	200,350	200,350	124,887	112,813
Other expenditures				
Other	330,000	330,000	377,861	106,319
Total other expenditures	330,000	330,000	377,861	106,319
Total general government	3,597,777	3,597,777	2,983,917	2,953,966
<b>PUBLIC SAFETY</b>				
Police				
Personal services	7,388,500	7,388,500	7,545,732	7,562,826
Contractual services	800,015	800,015	861,425	1,318,153
Commodities	127,500	127,500	124,720	73,520
Capital outlay	186,100	186,100	183,341	185,326
Total police	8,502,115	8,502,115	8,715,218	9,139,825

(This schedule is continued on the following pages.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>			<b>2012</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>PUBLIC SAFETY (Continued)</b>				
Fire				
Personal services	\$ 6,854,700	\$ 6,854,700	\$ 7,091,707	\$ 6,934,809
Contractual services	310,896	310,896	352,036	393,748
Commodities	112,159	112,159	110,623	88,524
Capital outlay	35,000	35,000	32,713	-
Total fire	7,312,755	7,312,755	7,587,079	7,417,081
Civil preparedness				
Personal services	2,492	2,492	1,292	1,292
Contractual services	6,100	6,100	25,010	3,967
Commodities	3,250	3,250	752	2,131
Capital outlay	2,500	2,500	2,498	2,481
Total civil preparedness	14,342	14,342	29,552	9,871
Total public safety	15,829,212	15,829,212	16,331,849	16,566,777
<b>STREETS AND SIDEWALKS</b>				
Streets and sidewalks				
Personal services	1,616,000	1,616,000	1,642,237	1,578,367
Contractual services	442,450	442,450	302,883	401,312
Commodities	129,700	129,700	107,878	117,372
Capital outlay	262,000	336,821	330,983	147,321
Less administrative fees				
Motor Fuel Tax Fund	(180,000)	(180,000)	(180,000)	(180,000)
Commuter Parking Facility Fund	(105,000)	(105,000)	(105,000)	(105,000)
Total streets and sidewalks	2,165,150	2,239,971	2,098,981	1,959,372
Engineering				
Personal services	335,800	335,800	333,112	293,835
Contractual services	29,400	29,400	11,687	6,322
Commodities	3,050	3,050	1,237	1,755
Total engineering	368,250	368,250	346,036	301,912
Total streets and sidewalks	2,533,400	2,608,221	2,445,017	2,261,284
<b>VEHICLE MAINTENANCE</b>				
Personal services	285,400	285,400	297,719	391,342
Contractual services	170,900	170,900	191,231	108,257
Commodities	382,085	382,085	357,736	316,474
Total vehicle maintenance	838,385	838,385	846,686	816,073

(This schedule is continued on the following page.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>			<b>2012</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>HEALTH AND HUMAN SERVICES</b>				
Family and Senior Services				
Personal services	\$ 172,000	\$ 172,000	\$ 124,411	\$ 186,386
Contractual services	101,813	101,813	152,432	66,764
Commodities	14,150	14,150	7,446	10,037
Total health and human services	287,963	287,963	284,289	263,187
<b>COMMUNITY DEVELOPMENT</b>				
Personal services	127,400	127,400	131,818	99,900
Contractual services	11,050	11,050	11,577	4,225
Commodities	1,500	1,500	176	1,470
Total community development	139,950	139,950	143,571	105,595
<b>BUILDING AND INSPECTION SERVICES</b>				
Building and Inspectional Services				
Personal services	262,500	262,500	263,668	177,302
Contractual services	111,870	111,870	79,374	101,689
Commodities	1,800	1,800	2,664	1,024
Total building and inspectional services	376,170	376,170	345,706	280,015
Municipal Buildings				
Personal services	12,500	12,500	11,756	10,632
Contractual services	151,200	151,200	155,892	295,857
Commodities	6,500	6,500	1,654	5,466
Capital outlay	296,670	296,670	343,699	106,293
Total municipal buildings	466,870	466,870	513,001	418,248
Total building and inspection services	843,040	843,040	858,707	698,263
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,069,727</b>	<b>\$ 24,144,548</b>	<b>\$ 23,894,036</b>	<b>\$ 23,665,145</b>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS****SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		<b>2012</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 1,066,427	\$ 1,097,222	\$ 1,097,273
Sales taxes	590,000	590,000	590,000
Intergovernmental	81,610	75,122	81,610
Investment income	1,000	450	1,110
Total revenues	1,739,037	1,762,794	1,769,993
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	1,469,000	1,469,000	1,770,022
Interest and fiscal charges	334,998	305,031	339,543
Total expenditures	1,803,998	1,774,031	2,109,565
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,961)	(11,237)	(339,572)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	300,000	300,000	300,000
Total other financing sources (uses)	300,000	300,000	300,000
NET CHANGE IN FUND BALANCE	<u>\$ 235,039</u>	288,763	(39,572)
FUND BALANCE (DEFICIT), JANUARY 1		(374,212)	(334,640)
FUND BALANCE (DEFICIT), DECEMBER 31		<u>\$ (85,449)</u>	<u>\$ (374,212)</u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS****SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>2012 Actual</b>
<b>REVENUES</b>			
Property taxes	\$ 50,000	\$ 50,478	\$ 50,690
Personal property replacement tax	25,500	34,372	31,005
Sales taxes	25,000	25,000	25,000
Intergovernmental	410,000	241,417	6,581
Investment income	1,000	3,852	17,286
Miscellaneous revenue	-	6,168	4,403
Total revenues	511,500	361,287	134,965
<b>EXPENDITURES</b>			
Debt service			
Interest and fiscal charges	-	900	-
Capital outlay			
Capital projects			
Capital acquisitions	-	1,050,830	-
Construction	3,850,000	2,254,719	2,036,516
Engineering	80,000	61,852	41,005
Total expenditures	3,930,000	3,368,301	2,077,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,418,500)	(3,007,014)	(1,942,556)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of installment note	-	1,060,000	-
Total other financing sources (uses)	-	1,060,000	-
NET CHANGE IN FUND BALANCE	\$ (3,418,500)	(1,947,014)	(1,942,556)
FUND BALANCE, JANUARY 1		3,025,070	4,967,626
FUND BALANCE, DECEMBER 31		\$ 1,078,056	\$ 3,025,070

(See independent auditor's report.)

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes. Six individual funds are reported within the Special Revenue Funds as follows:

Motor Fuel Tax Fund - accounts 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 - accounts 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.

9-1-1 Emergency Telephone System Fund - accounts for telephone surcharge fees collected for the 9-1-1 emergency telephone system. The funds are to be disbursed for the purchase and subsequent maintenance of that system.

Economic Development Fund - accounts for 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 - accounts 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 - accounts for expenditures related to public safety. Revenues are primarily received from the seizure of assets within the Village limits.

Dempster/Waukegan TIF Fund - accounts for expenditures related to promoting economic redevelopment in the Prairie View Shopping Center within the Dempster/Waukegan TIF District.



**VILLAGE OF MORTON GROVE, ILLINOIS****COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2013

	<b>Special Revenue Funds</b>		
	<b>Motor Fuel Tax</b>	<b>Commuter Parking Facility</b>	<b>9-1-1 Emergency Telephone System</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 649,958	\$ 133,025	\$ 16,647
Investments	-	-	-
Sales tax receivable	-	-	-
Accounts, miscellaneous and allotments receivable	73,080	-	270,953
<b>TOTAL ASSETS</b>	<b>\$ 723,038</b>	<b>\$ 133,025</b>	<b>\$ 287,600</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and retainage payable	\$ 85,111	\$ 27,377	\$ 214,464
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total liabilities	85,111	27,377	214,464
<b>FUND BALANCES</b>			
Restricted for			
Public safety	-	-	73,136
Highways and streets	637,927	-	-
Unrestricted			
Committed for commuter improvements	-	105,648	-
Unassigned - deficit	-	-	-
Total fund balances	637,927	105,648	73,136
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 723,038</b>	<b>\$ 133,025</b>	<b>\$ 287,600</b>

Special Revenue Funds									
Economic Development		Fire Alarm		Seizure	Dempster/ Waukegan TIF	Total			
\$	86,437	\$	47,891	\$	381,164	\$	-	\$	1,315,122
	94,619		-		-		-		94,619
	94,656		-		-		-		94,656
	-		-		-		-		344,033
\$	275,712	\$	47,891	\$	381,164	\$	-	\$	1,848,430
\$	48,864	\$	4,016	\$	-	\$	-	\$	379,832
	403,552		-		-		-		403,552
	-		-		-		121,624		121,624
	452,416		4,016		-		121,624		905,008
	-		43,875		381,164		-		498,175
	-		-		-		-		637,927
	-		-		-		-		105,648
	(176,704)		-		-		(121,624)		(298,328)
	(176,704)		43,875		381,164		(121,624)		943,422
\$	275,712	\$	47,891	\$	381,164	\$	-	\$	1,848,430

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2013

	<b>Special Revenue Funds</b>		
	<b>Motor Fuel Tax</b>	<b>Commuter Parking Facility</b>	<b>9-1-1 Emergency Telephone System</b>
<b>REVENUES</b>			
Sales taxes	\$ -	\$ -	\$ -
Intergovernmental	682,609	-	-
Surcharge fees	-	-	249,121
Charges for services	-	133,892	-
Investment income	142	365	46
Miscellaneous income	-	-	145,421
Total revenues	682,751	134,257	394,588
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	495,354
Streets and sidewalks	493,425	209,049	-
Community development	-	-	-
Capital outlay	-	-	-
Total expenditures	493,425	209,049	495,354
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	189,326	(74,792)	(100,766)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	-	8,388
Total other financing sources (uses)	-	-	8,388
<b>NET CHANGE IN FUND BALANCES</b>	189,326	(74,792)	(92,378)
<b>FUND BALANCES (DEFICITS), JANUARY 1</b>	448,601	180,440	165,514
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	\$ 637,927	\$ 105,648	\$ 73,136

Special Revenue Funds				
Economic Development	Fire Alarm	Seizure	Dempster/ Waukegan TIF	Total
\$ 376,337	\$ -	\$ -	\$ -	\$ 376,337
-	-	63,765	-	746,374
-	-	-	-	249,121
-	140,661	-	-	274,553
181	131	470	-	1,335
-	-	-	-	145,421
376,518	140,792	64,235	-	1,793,141
-	44,137	-	-	539,491
-	-	-	-	702,474
486,543	-	-	8,650	495,193
-	40,074	-	-	40,074
486,543	84,211	-	8,650	1,777,232
(110,025)	56,581	64,235	(8,650)	15,909
-	-	-	-	8,388
-	-	-	-	8,388
(110,025)	56,581	64,235	(8,650)	24,297
(66,679)	(12,706)	316,929	(112,974)	919,125
\$ (176,704)	\$ 43,875	\$ 381,164	\$ (121,624)	\$ 943,422

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		<b>2012</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Motor fuel taxes	\$ 561,000	\$ 569,363	\$ 567,477
Miscellaneous	97,000	113,246	151,037
Investment income	50	142	272
Total revenues	658,050	682,751	718,786
<b>EXPENDITURES</b>			
Streets and sidewalks			
Materials	283,000	243,985	263,476
Lighting	80,000	69,440	124,677
Administrative fees			
General Fund	180,000	180,000	180,000
Total expenditures	543,000	493,425	568,153
NET CHANGE IN FUND BALANCE	<u>\$ 115,050</u>	189,326	150,633
FUND BALANCE, JANUARY 1		<u>448,601</u>	297,968
FUND BALANCE, DECEMBER 31		<u>\$ 637,927</u>	<u>\$ 448,601</u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUTER PARKING FACILITY FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		<b>2012</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>REVENUES</b>			
Charges for services	\$ 140,000	\$ 133,892	\$ 135,454
Investment income	250	365	521
Total revenues	140,250	134,257	135,975
<b>EXPENDITURES</b>			
Streets and sidewalks			
Utilities and maintenance of street lighting	109,000	76,624	17,434
Commodities	11,500	16,925	11,715
Administrative fees			
General Fund	105,000	105,000	105,000
Water and Sewer Fund	10,500	10,500	10,500
Total expenditures	236,000	209,049	144,649
NET CHANGE IN FUND BALANCE	<u>\$ (95,750)</u>	(74,792)	(8,674)
FUND BALANCE, JANUARY 1		180,440	189,114
FUND BALANCE, DECEMBER 31		<u>\$ 105,648</u>	<u>\$ 180,440</u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
9-1-1 EMERGENCY TELEPHONE SYSTEM FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>2012 Actual</b>
<b>REVENUES</b>			
Telecommunications surcharges	\$ 245,000	\$ 249,121	\$ 273,226
Investment income	-	46	241
Miscellaneous income	-	145,421	-
Total revenues	245,000	394,588	273,467
<b>EXPENDITURES</b>			
Public safety			
Contractual services	245,000	495,354	259,563
Total expenditures	245,000	495,354	259,563
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(100,766)	13,904
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	8,388	-
Total other financing sources (uses)	-	8,388	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	(92,378)	13,904
<b>FUND BALANCE, JANUARY 1</b>		165,514	151,610
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 73,136</u>	<u>\$ 165,514</u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ECONOMIC DEVELOPMENT FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>2012 Actual</b>
<b>REVENUES</b>			
Sales taxes	\$ 312,000	\$ 376,337	\$ 312,000
Investment income	600	181	356
Total revenues	312,600	376,518	312,356
<b>EXPENDITURES</b>			
Community development			
Contractual services	495,294	486,543	512,145
Total expenditures	495,294	486,543	512,145
NET CHANGE IN FUND BALANCE	<u>\$ (182,694)</u>	(110,025)	(199,789)
FUND BALANCE (DEFICIT), JANUARY 1		(66,679)	133,110
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>		<u>\$ (176,704)</u>	<u>\$ (66,679)</u>

(See independent auditor's report.)



**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FIRE ALARM FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		<b>2012 Actual</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	
<b>REVENUES</b>			
Charges for services	\$ 124,000	\$ 140,661	\$ 127,200
Investment income	100	131	-
Total revenues	124,100	140,792	127,200
<b>EXPENDITURES</b>			
Public safety			
Personal services	-	18,347	-
Contractual services	25,000	25,790	21,546
Capital outlay	22,000	40,074	199,458
Total expenditures	47,000	84,211	221,004
NET CHANGE IN FUND BALANCE	<u>\$ 77,100</u>	56,581	(93,804)
FUND BALANCE (DEFICIT), JANUARY 1		<u>(12,706)</u>	81,098
<b>FUND BALANCE (DEFICIT), DECEMBER 31</b>		<u><u>\$ 43,875</u></u>	<u><u>\$ (12,706)</u></u>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SEIZURE FUND**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>		
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>2012 Actual</b>
<b>REVENUES</b>			
Intergovernmental	\$ 37,500	\$ 63,765	\$ 90,251
Investment income	500	470	406
Total revenues	38,000	64,235	90,657
<b>EXPENDITURES</b>			
Public safety			
Contractual services	38,000	-	405
Total expenditures	38,000	-	405
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	64,235	90,252
FUND BALANCE, JANUARY 1		316,929	226,677
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 381,164</u></u>	<u><u>\$ 316,929</u></u>

(See independent auditor's report.)

## **NONMAJOR PROPRIETARY FUNDS**

Solid Waste Fund - accounts for the operation of the Village waste collection services. All activities necessary to provide such services mainly involve the collection and disposition of waster and recyclable items.

Municipal Parking Fund - accounts 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.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS**

December 31, 2013

	<b>Solid Waste</b>	<b>Municipal Parking</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 153,270	\$ 129,189	\$ 282,459
Receivables	45,714	19,470	65,184
Prepaid expenses	36,470	-	36,470
Total current assets	235,454	148,659	384,113
Total assets	235,454	148,659	384,113
<b>CURRENT LIABILITIES</b>			
Accounts payable	211,780	-	211,780
Unearned revenue	-	48,120	48,120
Total current liabilities	211,780	48,120	259,900
Total liabilities	211,780	48,120	259,900
<b>NET POSITION</b>			
Unrestricted	23,674	100,539	124,213
<b>TOTAL NET POSITION</b>	<b>\$ 23,674</b>	<b>\$ 100,539</b>	<b>\$ 124,213</b>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Solid Waste</b>	<b>Municipal Parking</b>	<b>Total Nonmajor Enterprise</b>
<b>OPERATING REVENUES</b>			
Waste charges	\$ 1,956,253	\$ -	\$ 1,956,253
Parking charges	-	54,091	54,091
Total operating revenues	1,956,253	54,091	2,010,344
<b>OPERATING EXPENSES</b>			
Contractual services and other charges	1,869,140	11,354	1,880,494
Commodities	-	367	367
Total operating expenses	1,869,140	11,721	1,880,861
OPERATING INCOME	87,113	42,370	129,483
<b>NON-OPERATING REVENUES</b>			
Interest income	407	355	762
CHANGE IN NET POSITION	87,520	42,725	130,245
NET POSITION (DEFICIT), JANUARY 1	(63,846)	57,814	(6,032)
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 23,674</b>	<b>\$ 100,539</b>	<b>\$ 124,213</b>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<b>Solid Waste</b>	<b>Municipal Parking</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,955,531	\$ 58,176	\$ 2,013,707
Payments to suppliers	(1,968,845)	(11,721)	(1,980,566)
Net cash from operating activities	(13,314)	46,455	33,141
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None	-	-	-
Net cash from capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	407	355	762
Net cash from investing activities	407	355	762
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,907)	46,810	33,903
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	166,177	82,379	248,556
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 153,270	\$ 129,189	\$ 282,459
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 87,113	\$ 42,370	\$ 129,483
Adjustments to reconcile operating income to net cash from operating activities			
Changes in operating assets and liabilities			
Receivables	(722)	(3,175)	(3,897)
Prepaid expenses	(4,623)	-	(4,623)
Payables	(95,082)	-	(95,082)
Unearned revenues	-	7,260	7,260
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ (13,314)	\$ 46,455	\$ 33,141
<b>SCHEDULE OF NONCASH TRANSACTIONS</b>			
None	\$ -	\$ -	\$ -

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

## **PENSION TRUST FUNDS**

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

Police Pension Fund - accounts for the accumulation of resources to be used for retirement and disability pensions for the Village's sworn police personnel. Most rules and regulations of the fund are established by the pension division of the Illinois Department of Insurance.

Firefighters' Pension Fund - accounts for the accumulation of resources to be used for retirement and disability pensions for the Village's sworn fire personnel. Most rules and regulations of the fund are established by the pension division of the Illinois Department of Insurance.



**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF PLAN NET POSITION  
PENSION TRUST FUNDS**

December 31, 2013

	<b>Municipal Employees' Retirement</b>	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 828,877	\$ 584,508	\$ 1,413,385
Investments, at fair value				
Equity mutual funds	-	17,189,650	14,138,341	31,327,991
Bond index fund	-	13,345,200	660,669	14,005,869
Annuity contracts	9,652,359	-	-	9,652,359
U.S. Treasury obligations	-	-	2,595,891	2,595,891
U.S. agency obligations	-	-	10,292,484	10,292,484
Municipal bonds	-	-	108,220	108,220
Receivables				
Accrued interest	-	59	50,260	50,319
Other	1,624	20,593	27,360	49,577
Due from primary government	2,117	-	-	2,117
Prepaid expenses	-	3,827	775	4,602
<b>Total assets</b>	<b>9,656,100</b>	<b>31,388,206</b>	<b>28,458,508</b>	<b>69,502,814</b>
<b>LIABILITIES</b>				
Accounts payable	-	8,873	2,426	11,299
<b>Total liabilities</b>	<b>-</b>	<b>8,873</b>	<b>2,426</b>	<b>11,299</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>				
	<b>\$ 9,656,100</b>	<b>\$ 31,379,333</b>	<b>\$ 28,456,082</b>	<b>\$ 69,491,515</b>

(See independent auditor's report.)

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
PENSION TRUST FUNDS**

For the Year Ended December 31, 2013  
(with prior year actual for 2012)

	<b>2013</b>				<b>2012</b>
	<b>Municipal Employees' Retirement</b>	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>	<b>Actual</b>
<b>ADDITIONS</b>					
Contributions					
Employer	\$ 567,375	\$ 1,513,592	\$ 1,712,014	\$ 3,792,981	\$ 3,959,232
Employee	42,476	417,589	395,710	855,775	820,919
Total contributions	609,851	1,931,181	2,107,724	4,648,756	4,780,151
Investment income					
Net appreciation in fair value of investments	-	3,763,943	2,149,356	5,913,299	3,905,368
Interest	334,081	474	665,160	999,715	1,000,543
Total investment income	334,081	3,764,417	2,814,516	6,913,014	4,905,911
Less investment expense	(22,327)	(32,022)	(67,582)	(121,931)	(118,644)
Net investment income	311,754	3,732,395	2,746,934	6,791,083	4,787,267
Total additions	921,605	5,663,576	4,854,658	11,439,839	9,567,418
<b>DEDUCTIONS</b>					
Retirement benefits	647,113	2,261,291	1,517,738	4,426,142	4,716,529
Duty/nonduty disability benefits	-	140,768	544,599	685,367	743,041
Surviving spouse benefits	-	268,536	272,643	541,179	434,235
Refunds	-	3,608	-	3,608	380,084
Administrative expenses	-	44,146	47,821	91,967	81,329
Total deductions	647,113	2,718,349	2,382,801	5,748,263	6,355,218
NET INCREASE	274,492	2,945,227	2,471,857	5,691,576	3,212,200
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>					
January 1	9,381,608	28,434,106	25,984,225	63,799,939	60,587,739
December 31	\$ 9,656,100	\$ 31,379,333	\$ 28,456,082	\$ 69,491,515	\$ 63,799,939

(See independent auditor's report.)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	100-109
Revenue Capacity	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	110-113
Debt Capacity	
The schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	114-117
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.	118-119
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.	120-122

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# VILLAGE OF MORTON GROVE, ILLINOIS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 46,999,596	\$ 46,920,287	\$ 49,824,312	\$ 50,519,769
Restricted	1,886,226	2,758,495	1,618,149	1,320,956
Unrestricted	(19,709,344)	(18,915,303)	(16,684,584)	(15,865,423)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 29,176,478</b>	<b>\$ 30,763,479</b>	<b>\$ 34,757,877</b>	<b>\$ 35,975,302</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 213,526	\$ 291,090	\$ 431,305	\$ 779,852
Restricted	-	-	-	-
Unrestricted	526,266	1,298,434	1,518,474	1,557,185
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 739,792</b>	<b>\$ 1,589,524</b>	<b>\$ 1,949,779</b>	<b>\$ 2,337,037</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 47,213,122	\$ 47,211,377	\$ 50,255,617	\$ 51,299,621
Restricted	1,886,226	2,758,495	1,618,149	1,320,956
Unrestricted	(19,183,078)	(17,616,869)	(15,166,110)	(14,308,238)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 29,916,270</b>	<b>\$ 32,353,003</b>	<b>\$ 36,707,656</b>	<b>\$ 38,312,339</b>

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 46,369,992	\$ 43,660,888	\$ 40,455,570	\$ 44,804,287	\$ 44,017,021	\$ 45,225,759
1,490,542	15,697,500	19,784,173	11,645,390	13,415,241	14,644,385
(12,451,299)	(24,936,412)	(23,196,704)	(18,379,105)	(20,475,242)	(23,595,025)
\$ 35,409,235	\$ 34,421,976	\$ 37,043,039	\$ 38,070,572	\$ 36,957,020	\$ 36,275,119
\$ 1,194,967	\$ 1,918,346	\$ 3,844,337	\$ 4,490,571	\$ 4,108,087	\$ 4,945,237
-	-	-	-	-	-
1,396,375	928,429	177,104	409,939	2,044,418	2,835,446
\$ 2,591,342	\$ 2,846,775	\$ 4,021,441	\$ 4,900,510	\$ 6,152,505	\$ 7,780,683
\$ 47,564,959	\$ 45,579,234	\$ 44,299,907	\$ 45,414,747	\$ 48,125,108	\$ 50,170,996
1,490,542	15,697,500	19,784,173	11,645,390	13,415,241	14,644,385
(11,054,924)	(24,007,983)	(23,019,600)	(14,089,055)	(18,430,824)	(20,759,579)
\$ 38,000,577	\$ 37,268,751	\$ 41,064,480	\$ 42,971,082	\$ 43,109,525	\$ 44,055,802

**VILLAGE OF MORTON GROVE, ILLINOIS**

**CHANGE IN NET POSITION**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 4,343,440	\$ 3,246,565	\$ 3,556,886	\$ 4,390,997
Public safety	13,554,378	13,301,334	13,752,166	14,558,399
Streets and highways	2,858,425	3,349,491	3,205,566	3,187,348
Sanitation	718,894	455,792	411,845	627,214
Vehicle maintenance	692,770	700,854	752,462	872,991
Health and human services	542,572	525,788	557,683	669,564
Community development	165,062	1,278,214	2,023,898	2,433,222
Building and inspectional services	696,468	683,868	710,282	718,784
Interest	991,526	905,773	745,013	1,180,450
Total governmental activities expenses	24,563,535	24,447,679	25,715,801	28,638,969
Business-type activities				
Water and sewer	3,537,103	3,779,714	4,026,028	4,047,889
Solid waste	-	-	-	-
Municipal parking	-	-	-	-
Total business-type activities expenses	3,537,103	3,779,714	4,026,028	4,047,889
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 28,100,638</b>	<b>\$ 28,227,393</b>	<b>\$ 29,741,829</b>	<b>\$ 32,686,858</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 1,594,783	\$ 2,255,978	\$ 2,202,037	\$ 2,289,270
Public safety	297,149	309,786	314,940	469,729
Other activities	411,122	270,090	135,589	88,338
Operating grants and contributions	1,069,545	747,462	1,099,295	826,813
Capital grants and contributions	122,633	109,983	216,256	339,372
Total governmental activities program revenues	3,495,232	3,693,299	3,968,117	4,013,522
Business-type activities				
Charges for services				
Water and sewer	4,120,267	4,580,331	4,174,016	4,239,458
Solid waste	-	-	-	-
Municipal parking	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	4,120,267	4,580,331	4,174,016	4,239,458
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE</b>	<b>\$ 7,615,499</b>	<b>\$ 8,273,630</b>	<b>\$ 8,142,133</b>	<b>\$ 8,252,980</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$ (21,068,303)	\$ (20,754,380)	\$ (21,747,684)	\$ (24,625,447)
Business-type activities	583,164	800,617	147,988	191,569
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (20,485,139)</b>	<b>\$ (19,953,763)</b>	<b>\$ (21,599,696)</b>	<b>\$ (24,433,878)</b>

2008	2009	2010	2011	2012	2013
\$ 4,587,340	\$ 3,987,630	\$ 3,394,369	\$ 2,989,799	\$ 5,634,828	\$ 3,826,691
15,324,442	16,452,967	16,785,158	18,359,859	18,526,759	18,773,860
4,196,379	3,815,984	4,312,475	4,685,104	3,547,591	5,823,268
632,928	646,686	74,942	-	-	-
932,625	752,089	720,434	738,039	816,073	846,686
679,218	717,693	383,133	254,522	266,405	270,450
2,047,185	778,130	695,599	331,224	470,695	467,393
693,218	812,585	511,905	533,941	699,282	845,669
1,254,168	879,876	1,018,423	1,043,389	862,272	805,158
30,347,503	28,843,640	27,896,438	28,935,877	30,823,905	31,659,175
4,550,240	4,995,861	5,204,329	5,371,031	6,286,120	6,770,519
-	-	1,352,270	1,818,505	1,820,057	1,869,140
-	-	-	-	370	11,721
4,550,240	4,995,861	6,556,599	7,189,536	8,106,547	8,651,380
\$ 34,897,743	\$ 33,839,501	\$ 34,453,037	\$ 36,125,413	\$ 38,930,452	\$ 40,310,555
\$ 2,151,555	\$ 2,068,374	\$ 2,928,022	\$ 2,889,549	\$ 2,870,140	\$ 3,120,247
439,602	478,189	522,603	722,977	668,063	905,530
83,477	77,835	98,009	7,981	3,657	8,306
699,862	804,094	978,467	882,240	1,002,278	758,925
55,729	1,244	216,450	278,738	157,618	462,298
3,430,225	3,429,736	4,743,551	4,781,485	4,701,756	5,255,306
4,596,060	4,990,281	5,451,711	5,773,298	7,106,948	7,857,661
-	-	1,207,409	1,830,623	1,888,288	1,956,253
-	-	-	13,660	44,325	54,091
-	-	811,519	64,122	64,122	59,024
4,596,060	4,990,281	7,470,639	7,681,703	9,103,683	9,927,029
\$ 8,026,285	\$ 8,420,017	\$ 12,214,190	\$ 12,463,188	\$ 13,805,439	\$ 15,182,335
\$ (26,917,278)	\$ (25,413,904)	\$ (23,152,887)	\$ (24,154,392)	\$ (26,122,149)	\$ (26,403,869)
45,820	(5,580)	914,040	492,167	997,136	1,275,649
\$ (26,871,458)	\$ (25,419,484)	\$ (22,238,847)	\$ (23,662,225)	\$ (25,125,013)	\$ (25,128,220)

**VILLAGE OF MORTON GROVE, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental activities				
Taxes				
Property	\$ 7,993,211	\$ 9,358,810	\$ 11,485,489	\$ 11,677,488
Sales	6,684,899	6,798,236	7,788,874	7,061,621
Utility	1,177,974	1,267,383	1,185,594	1,213,165
Other	3,832,556	4,627,121	4,719,673	5,223,159
Investment earnings	38,182	147,518	467,427	630,288
Miscellaneous	32,090	35,713	95,025	138,578
Gain on disposal of capital assets	-	-	-	-
Transfers	106,600	106,600	-	-
Total governmental activities	19,865,512	22,341,381	25,742,082	25,944,299
Business-type activities				
Investment earnings	3,044	9,286	11,993	3,652
Contributions	-	-	-	-
Miscellaneous	29,747	146,429	200,274	192,037
Gain on disposal of capital assets	-	-	-	-
Transfers	(106,600)	(106,600)	-	-
Total business-type activities	(73,809)	49,115	212,267	195,689
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 19,791,703</b>	<b>\$ 22,390,496</b>	<b>\$ 25,954,349</b>	<b>\$ 26,139,988</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (1,202,791)	\$ 1,587,001	\$ 3,994,398	\$ 1,318,852
Business-type activities	509,355	849,732	360,255	387,258
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>CHANGE IN NET POSITION</b>	<b>\$ (693,436)</b>	<b>\$ 2,436,733</b>	<b>\$ 4,354,653</b>	<b>\$ 1,706,110</b>

Data Source

Audited Financial Statements



	2008	2009	2010	2011	2012	2013
\$	12,737,951	\$ 12,799,051	\$ 13,005,988	\$ 12,796,737	\$ 12,620,923	\$ 12,559,743
	6,370,839	5,604,221	5,576,524	5,602,819	5,940,931	6,277,412
	1,206,890	1,144,676	1,159,513	1,154,124	1,119,227	1,166,101
	5,293,549	4,773,793	4,746,800	4,715,988	5,231,516	5,292,405
	394,088	304,129	114,990	73,661	26,846	12,248
	574,371	295,348	1,170,135	813,078	262,112	414,059
	-	-	-	25,518	-	-
	-	-	-	-	-	-
	26,577,688	24,921,218	25,773,950	25,181,925	25,201,555	25,721,968
	12,188	3,469	6,296	15,454	13,740	2,665
	-	108,134	8,100	-	-	-
	196,297	250,925	246,230	297,636	296,582	300,864
	-	-	-	-	-	49,000
	-	-	-	-	-	-
	208,485	362,528	260,626	313,090	310,322	352,529
\$	26,786,173	\$ 25,283,746	\$ 26,034,576	\$ 25,495,015	\$ 25,511,877	\$ 26,074,497
\$	(339,590)	\$ (492,686)	\$ 2,621,063	\$ 1,027,533	\$ (920,594)	\$ (681,901)
	254,305	356,948	1,174,666	805,257	1,307,458	1,628,178
\$	(85,285)	\$ (135,738)	\$ 3,795,729	\$ 1,832,790	\$ 386,864	\$ 946,277

**VILLAGE OF MORTON GROVE, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>GENERAL FUND</b>				
Nonspendable				
Advance to other funds	\$ 19,629	\$ 72,073	\$ 55,457	\$ 1,667,406
Prepaid items	-	-	-	-
Restricted for				
Public safety	-	-	-	-
Specific property tax levies	-	-	-	-
Unrestricted/unassigned	3,820,401	6,399,102	9,492,148	8,890,161
<b>TOTAL GENERAL FUND</b>	<b>\$ 3,840,030</b>	<b>\$ 6,471,175</b>	<b>\$ 9,547,605</b>	<b>\$ 10,557,567</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Advance to other funds	-	-	-	-
Restricted for				
Public safety	-	-	-	-
Capital improvements - unspent bond proceeds	-	-	-	-
Community development	3,359,923	2,961,673	5,495,470	5,003,627
Economic development	-	-	-	-
Highways and streets	-	-	-	-
Debt service	-	-	-	-
Unrestricted				
Committed for community development	-	-	-	-
Assigned for commuter improvements	-	-	-	-
Assigned for capital improvements	(1,245,882)	(1,011,770)	-	-
Special Revenue Funds	-	-	197,035	9,264,692
Unassigned	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 2,114,041</b>	<b>\$ 1,949,903</b>	<b>\$ 5,692,505</b>	<b>\$ 14,268,319</b>

Note: The Village implemented GASB Statement No. 54 for the year ended December 31, 2011.

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 1,614,804	\$ 1,588,930	\$ 1,549,007	\$ 1,508,930	\$ 1,546,190	\$ 1,506,190
-	6,626	-	-	103,495	-
-	-	-	116,805	116,805	14,559
-	-	-	-	7,357	-
8,477,050	5,794,060	5,931,760	5,684,663	5,093,952	5,744,509
\$ 10,091,854	\$ 7,389,616	\$ 7,480,767	\$ 7,310,398	\$ 6,867,799	\$ 7,265,258
\$ -	\$ 22,336	\$ -	\$ -	\$ -	\$ -
-	-	-	-	35,714	-
180,400	196,590	191,843	459,385	482,443	498,175
550,497	488,113	6,483,518	4,284,205	2,481,828	1,078,056
6,003,872	14,452,122	12,671,491	10,771,232	12,360,035	13,493,724
7,282,950	-	-	-	-	-
35,727	46,069	204,343	297,968	448,601	637,927
468,461	492,270	232,978	-	-	-
-	-	-	133,110	-	-
133,254	164,233	167,904	189,114	180,440	105,648
-	-	-	683,421	543,242	-
-	-	-	-	-	-
(1,103,419)	(975,505)	(1,079,187)	(1,494,055)	(1,956,874)	(2,150,549)
\$ 13,551,742	\$ 14,886,228	\$ 18,872,890	\$ 15,324,380	\$ 14,575,429	\$ 13,662,981

**VILLAGE OF MORTON GROVE, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>REVENUES</b>				
Taxes	\$ 19,443,960	\$ 21,830,916	\$ 24,952,449	\$ 24,935,759
Licenses and permits	1,157,687	1,473,641	1,375,358	1,194,285
Intergovernmental	1,057,227	857,445	1,315,550	1,176,429
Surcharge fees	76,932	220,634	227,181	239,671
Charges for services	746,743	683,943	700,674	983,358
Fines and forfeitures	253,663	282,892	273,543	327,835
Lease and rental income	45,030	30,832	-	-
Investment income	87,412	147,520	467,426	620,046
Cable TV	178,520	184,424	197,272	215,606
Miscellaneous	217,741	222,516	200,746	264,832
Total revenues	23,264,915	25,934,763	29,710,199	29,957,821
<b>EXPENDITURES</b>				
General government	3,609,971	2,807,443	3,099,624	3,176,009
Public safety	10,611,336	11,627,607	12,918,063	14,809,880
Streets and sidewalks	2,116,517	2,322,281	2,268,649	3,027,875
Sanitation	617,465	455,792	405,715	627,214
Vehicle maintenance	614,449	700,854	752,462	872,991
Health and human services	481,236	503,762	560,598	669,564
Community development	146,426	943,973	1,582,343	605,286
Building and inspection services	617,675	682,764	719,296	718,083
Debt service				
Principal	1,517,631	1,986,557	1,766,127	1,940,203
Interest	993,538	943,342	690,343	999,340
Other charges	-	-	-	101,800
Capital outlay	2,511,099	906,404	958,947	2,025,571
Total expenditures	23,837,343	23,880,779	25,722,167	29,573,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(572,428)	2,053,984	3,988,032	384,005
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,049,293	714,669	83,829	2,496,092
Transfers (out)	(942,693)	(608,069)	(83,829)	(2,496,092)
Issuance of bonds	-	283,198	2,831,000	9,200,000
Issuance of refunding bonds	-	-	-	-
Discount on debt issuance	-	-	-	-
Issuance of refunding installment note	-	-	-	-
Issuance of installment note	-	-	-	-
Payment to bond escrow	-	-	-	-
Other	-	-	-	103,198
Proceeds from sale of capital assets	18,905	23,225	-	-
Total other financing sources (uses)	125,505	413,023	2,831,000	9,303,198
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (446,923)</b>	<b>\$ 2,467,007</b>	<b>\$ 6,819,032</b>	<b>\$ 9,687,203</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	11.78%	12.75%	9.92%	10.47%

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 25,315,956	\$ 24,051,133	\$ 24,242,015	\$ 24,035,551	\$ 24,639,371	\$ 25,295,661
1,115,215	1,029,669	1,569,517	1,587,662	1,472,977	1,498,507
755,810	805,337	1,194,918	1,160,979	1,250,147	1,284,988
293,273	270,610	246,812	234,115	273,226	249,121
982,042	873,261	1,014,532	1,152,456	1,067,979	1,061,973
281,457	346,754	561,349	531,010	609,450	835,461
-	-	-	-	-	-
393,869	304,129	114,990	73,661	26,846	12,248
224,026	233,278	260,205	259,862	322,937	322,822
628,427	436,783	1,313,163	902,535	240,378	416,493
29,990,075	28,350,954	30,517,501	29,937,831	29,903,311	30,977,274
3,829,837	3,235,134	2,941,777	2,299,975	2,960,966	2,983,917
14,878,141	15,393,475	15,899,654	16,948,038	16,841,291	16,871,340
3,236,324	3,029,454	2,754,279	2,752,341	2,974,086	3,147,491
632,928	644,771	74,942	-	-	-
932,625	752,089	720,434	738,039	816,073	846,686
679,218	718,045	395,984	255,880	263,187	284,289
2,047,185	529,407	557,192	545,904	766,988	765,500
687,918	807,146	514,832	555,482	698,263	858,707
1,701,086	10,144,327	2,434,899	5,390,149	2,649,987	2,627,833
1,304,359	1,084,892	1,081,772	1,026,638	859,489	793,459
-	94,346	-	-	-	-
1,034,105	975,791	4,680,419	3,173,842	2,342,331	3,431,829
30,963,726	37,408,877	32,056,184	33,686,288	31,172,661	32,611,051
(973,651)	(9,057,923)	(1,538,683)	(3,748,457)	(1,269,350)	(1,633,777)
137,162	136,945	62,630	-	-	-
(137,162)	(136,945)	(62,630)	-	-	-
-	-	5,586,000	-	-	-
-	10,657,500	-	-	-	-
-	(11,975)	(3,371)	-	-	-
-	2,685,000	-	-	-	-
-	-	-	-	-	1,060,000
-	(5,661,824)	-	-	-	-
-	-	-	-	-	-
17,838	21,470	33,867	29,578	77,800	58,788
17,838	7,690,171	5,616,496	29,578	77,800	1,118,788
\$ (955,813)	\$ (1,367,752)	\$ 4,077,813	\$ (3,718,879)	\$ (1,191,550)	\$ (514,989)
9.96%	30.68%	12.21%	19.95%	11.36%	11.02%

**VILLAGE OF MORTON GROVE, ILLINOIS**

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Levy Years

<b>Levy Year</b>	<b>Residential Property</b>	<b>Farm Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Estimated Actual Taxable Value</b>
2003	\$ 403,983,918	\$ -	\$ 107,263,051	\$ 141,543,205	\$ -	\$ 652,790,174	1.084	\$ 1,958,370,522	33.333%
2004	488,573,518	-	102,814,670	157,782,189	-	749,170,377	0.995	2,247,511,131	33.333%
2005	534,079,256	-	102,275,899	164,166,151	-	800,521,306	1.122	2,401,563,918	33.333%
2006	545,691,470	-	107,797,552	154,382,871	-	807,871,893	1.159	2,423,615,679	33.333%
2007	690,027,687	-	110,013,043	168,985,460	-	969,026,190	0.996	2,907,078,570	33.333%
2008	758,998,259	-	109,264,039	187,025,722	-	1,055,288,020	0.915	3,165,864,060	33.333%
2009	784,203,243	115,060	98,422,952	147,319,741	-	1,030,060,996	0.937	3,090,182,988	33.333%
2010	701,075,231	103,019	105,399,747	146,339,223	-	952,917,220	1.021	2,858,751,660	33.333%
2011	660,244,991	103,019	89,873,325	127,153,891	-	877,375,226	1.139	2,632,125,678	33.333%
2012	N/A	N/A	N/A	N/A	N/A	811,117,483	1.231	2,433,352,449	33.333%

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

N/A - Information is not available.

Data Source

Office of the County Clerk

# VILLAGE OF MORTON GROVE, ILLINOIS

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>VILLAGE DIRECT RATES</b>										
General	0.705	0.778	0.940	0.660	0.559	0.486	0.465	0.528	0.597	0.658
Police pension	0.058	-	-	0.142	0.132	0.138	0.162	0.179	0.182	0.191
Fire pension	0.061	-	-	0.176	0.151	0.157	0.179	0.199	0.205	0.216
Bonds and interest	0.086	0.075	0.070	0.068	0.058	0.053	0.049	0.075	0.126	0.136
IMRF	0.044	0.024	-	-	-	-	-	-	0.021	0.022
Purchase agreement	0.003	0.071	0.002	0.002	0.002	0.002	0.052	0.002	0.002	0.002
IEPA agreement	0.079	-	0.065	0.064	0.053	0.049	-	0.027	-	-
Capital improvement	0.049	0.046	0.045	0.047	0.040	0.029	0.030	0.011	0.006	0.006
Total direct rates	1.084	0.995	1.122	1.159	0.995	0.914	0.937	1.021	1.139	1.231
<b>OVERLAPPING RATES</b>										
Morton Grove Library	0.333	0.299	0.288	0.307	0.266	0.259	0.269	0.335	0.349	0.377
School District #68	2.464	2.178	2.149	2.258	1.931	1.882	1.999	2.133	2.452	2.723
School District #69	3.155	2.794	3.335	3.527	3.124	3.247	3.768	4.357	4.866	5.481
School District #67	2.338	2.129	2.041	2.094	1.859	1.807	1.943	2.203	2.449	2.961
School District #63	2.609	2.624	2.542	2.617	2.276	2.233	2.235	2.499	2.775	3.100
School District #70	2.906	2.792	2.729	2.846	2.506	2.484	2.574	2.890	3.261	3.669
High School District #207	2.012	1.795	1.757	1.826	1.602	1.577	1.617	1.782	1.995	2.215
High School District #219	2.090	2.013	2.007	2.374	2.114	2.120	2.267	2.538	2.904	3.256
Community College District #535	0.186	0.161	0.158	0.166	0.141	0.140	0.140	0.160	0.196	0.219
Cook County	0.630	0.593	0.533	0.500	0.446	0.415	0.394	0.423	0.462	0.531
Cook County Forest Preserve	0.059	0.060	0.060	0.057	0.053	0.051	0.049	0.051	0.058	0.063
Consolidated Elections	-	-	-	-	0.012	-	0.021	-	0.025	0.531
Metro Water Reclamation District	0.361	0.347	0.315	0.028	0.263	0.252	0.261	0.274	0.320	0.370
Morton Grove Park District	0.380	0.337	0.325	0.328	0.289	0.272	0.284	0.311	0.365	0.382
Skokie Park District	0.456	0.437	0.407	0.436	0.375	0.386	0.383	0.423	0.476	0.518
Glenview Park District	0.516	0.505	0.490	0.511	0.429	0.429	0.422	0.483	0.538	0.579
Maine Township	0.135	0.122	0.121	0.127	0.114	0.112	0.117	0.131	0.149	0.168
Niles Township	0.036	0.033	0.031	0.034	0.030	0.030	0.032	0.036	0.042	0.048
Suburban T.B. Sanitary District	0.004	0.001	0.005	0.005	-	-	-	-	-	-
North Shore Mosquito Abatement	0.009	0.008	0.008	0.009	0.008	0.008	0.008	0.009	0.010	0.010

### Data Source

Office of the County Clerk

# VILLAGE OF MORTON GROVE, ILLINOIS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2013			2004		
	EAV Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	EAV Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
CRP Holdings CLP	\$ 14,172,477	1	1.75%	\$ 19,124,549	2	2.55%
Schwinge Family Ltd.	12,041,237	2	1.48%	11,565,995	5	1.54%
Tower Real Estate	11,748,543	3	1.45%	20,572,986	1	2.75%
Menards	8,880,602	4	1.09%	12,402,547	3	1.66%
Bell & Gossett (Fluid Handling LLC	7,884,962	5	0.97%	12,300,304	4	1.64%
Avon	7,553,741	6	0.93%	10,142,254	6	1.35%
John Crane	7,308,091	7	0.90%	10,109,600	7	1.35%
Schwartz Paper Co	-		0.00%	8,701,678	8	1.16%
Lawnware Products	-		0.00%	6,204,875	10	0.83%
Public Storage	5,198,395	8	0.64%	-		0.00%
Kraft	4,899,147	9	0.60%	8,008,438	9	1.07%
Capital Property Mgmt	4,360,051	10	0.54%	-		0.00%
	<u>\$ 84,047,246</u>		<u>10.35%</u>	<u>\$ 119,133,226</u>		<u>15.90%</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 overlooked.

### Data Source

Office of the County Clerk



**VILLAGE OF MORTON GROVE, ILLINOIS**

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

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Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 7,079,618	\$ 6,995,656	98.81%	\$ -	\$ 6,995,656	98.81%
2004	7,450,559	7,257,511	97.41%	-	7,257,511	97.41%
2005	8,983,978	8,861,648	98.64%	-	8,861,648	98.64%
2006	9,368,298	9,160,127	97.78%	-	9,160,127	97.78%
2007	9,649,253	9,455,259	97.99%	-	9,455,259	97.99%
2008	9,649,253	9,312,628	96.51%	-	9,312,628	96.51%
2009	9,649,253	9,346,622	96.86%	-	9,346,622	96.86%
2010	9,986,977	9,544,078	95.57%	-	9,544,078	95.57%
2011	9,986,977	9,756,941	97.70%	-	9,756,941	97.70%
2012	9,986,976	9,784,931	97.98%	-	9,784,931	97.98%

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

<b>Fiscal Year Ended</b>	<b>Governmental Activities</b>				<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income*</b>	<b>Per Capita*</b>
	<b>General Obligation Bonds</b>	<b>Revolving Loans Payable</b>	<b>Installment Notes Payable</b>	<b>Intergovernmental Agreements Payable</b>	<b>General Obligation Bonds</b>	<b>Revolving Loans Payable</b>	<b>Installment Notes Payable</b>			
2004	\$ 8,932,500	\$ 3,174,167	\$ 13,452,935	\$ 5,030,605	\$ 2,977,500	\$ 428,602	\$ 470,567	\$ 34,466,876	5.69%	\$ 1,535.20
2005	8,306,250	2,809,212	12,375,858	5,016,627	2,768,750	361,529	621,191	32,259,417	5.15%	1,436.88
2006	7,657,500	2,431,075	14,280,939	4,867,208	2,552,500	292,771	486,778	32,568,771	5.20%	1,450.66
2007	16,182,500	2,039,279	13,015,702	4,682,533	2,327,500	222,283	370,161	38,839,958	6.20%	1,729.99
2008	15,481,250	1,633,332	12,015,866	4,482,974	2,093,750	150,021	250,081	36,107,274	5.76%	1,608.27
2009	19,283,750	1,212,720	4,648,818	4,260,718	1,856,250	75,943	51,148	31,389,347	5.01%	1,398.13
2010	23,124,800	776,917	4,394,673	4,014,958	5,855,200	-	-	38,166,548	6.09%	1,640.16
2011	21,072,950	325,372	1,507,919	3,753,704	5,347,050	-	-	32,006,995	5.10%	1,375.46
2012	18,958,300	-	1,297,954	3,457,411	4,766,700	-	-	28,480,365	4.54%	1,223.91
2013	16,549,300	-	2,139,121	3,134,950	4,175,700	-	-	25,999,071	4.14%	1,117.28

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

\* See the schedule of Demographic and Economic Information on page 118 for personal income and population data.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Business Type General Obligation Bonds</b>	<b>Less: Amounts Available In Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property*</b>	<b>Per Capita</b>
2004	\$ 8,932,500	\$ 2,977,500	\$ 997,666	\$ 10,912,334	1.67%	\$ 486.05
2005	8,306,250	2,768,750	574,321	10,500,679	1.40%	467.72
2006	7,657,500	2,552,500	597,680	9,612,320	1.20%	428.15
2007	16,182,500	2,327,500	417,525	18,092,475	2.24%	805.86
2008	15,481,250	2,093,750	468,461	17,106,539	1.77%	761.95
2009	19,283,750	1,856,250	492,269	20,647,731	1.96%	919.68
2010	23,124,800	5,855,200	232,978	28,747,022	2.79%	1,235.37
2011	21,072,950	5,347,050	-	26,420,000	2.77%	1,135.37
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

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

\* See the schedule of Assessed and Actual Value of Taxable Property on page 110 for property value data.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT**

December 31, 2013

<b>Governmental Unit</b>	<b>Gross Bonded Debt</b>	<b>(1) (2) Percentage of Debt Applicable to Government</b>	<b>Government's Share of Debt</b>
Village of Morton Grove	\$ 21,823,371	100%	\$ 21,823,371
<b>TOTAL DIRECT DEBT</b>	<b>21,823,371</b>		<b>21,823,371</b>
<b>SCHOOLS</b>			
School District #63	13,770,000	16.05%	2,210,699
School District #67	11,000,470	75.45%	8,300,188
School District #68	6,250,000	0.55%	34,584
School District #69	20,605,000	18.21%	3,751,698
School District #70	4,350,000	98.79%	4,297,153
Community College District #535	25,540,000	3.76%	959,083
High School District #207	15,185,000	2.37%	359,679
High School District #219	156,868,952	15.86%	24,884,361
<b>Total schools</b>	<b>253,569,422</b>		<b>44,797,445</b>
<b>OTHERS</b>			
Cook County	3,719,535,000	0.60%	22,155,000
Cook County Forest Preserve	131,500,000	0.60%	783,265
Metropolitan Metro Water Reclamation District of Greater Chicago	2,296,170,090	0.60%	13,676,884
Glenview Park District	10,935,000	0.13%	14,322
Morton Grove Park District	-	0.00%	-
Skokie Park District	7,960,000	0.54%	42,954
<b>Total others</b>	<b>6,166,100,090</b>		<b>36,672,425</b>
<b>TOTAL OVERLAPPING DEBT</b>	<b>6,419,669,512</b>		<b>81,469,870</b>
<b>GRAND TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 6,441,492,883</b>		<b>\$ 103,293,241</b>

(1) Overlapping debt percentages based on 2012 EAV, the most recent available.

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

Date Source

Cook County Clerk

**VILLAGE OF MORTON GROVE, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2013

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Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

# VILLAGE OF MORTON GROVE, ILLINOIS

## DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2004	22,451	\$ 605,570,823	\$ 26,973	3.5%
2005	22,451	626,360,449	27,899	3.8%
2006	22,451	626,360,449	27,899	3.8%
2007	22,451	626,360,449	27,899	3.9%
2008	22,451	626,360,449	27,899	6.5%
2009	22,451	626,360,449	27,899	8.1%
2010	23,270	626,358,590	26,917	8.9%
2011	23,270	627,661,710	26,973	8.9%
2012	23,270	627,661,710	26,973	8.9%
2013	23,270	627,661,710	26,973	8.7%

### Data Source

U.S. Bureau of Census  
Department of Labor  
Village records

# VILLAGE OF MORTON GROVE, ILLINOIS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2010				2001			
Employer	Rank	Employees	% of Total Village Population	Employer	Rank	Employees	% of Total Village Population
John Crane Inc	1	1,350	5.8%	John Crane Inc	1		5.6%
Avon Products Inc	2	1,100	4.7%	Avon Products Inc	2		4.4%
ITT Bell & Gossett	3	750	3.2%	ITT Bell & Gossett	3		3.4%
Schwartz Paper Co	4	445	1.9%	Schwartz Paper Co	4		1.9%
Sunstone	5	412	1.8%	Revell Monogram Models	5		1.0%
Morton Grove Pharmaceuticals	6	250	1.1%	Tommy Armour Golf	6		1.0%
Shore Koenig Training Center	7	210	0.9%	Shore Koenig Training Center	7		0.9%
Malko Electric	8	180	0.8%	Paul J Krez Group	8		0.8%
Paul J Krez Group	9	180	0.8%	Morton Grove Pharmaceuticals	9		0.8%
Quantum Group	10	135	0.6%	Lawnware Products	10		0.8%

Village Population = 23,270

Village Population = 22,451

Note: 2010 is most recent information available.

### Data Source

Village business licences

**VILLAGE OF MORTON GROVE, ILLINOIS**

**FULL-TIME EQUIVALENT EMPLOYEES**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>GENERAL GOVERNMENT</b>										
Administrative	4.5	4.5	5.0	4.5	4.5	3.5	3.0	3.0	4.0	4.0
Community development	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Legal	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Management information	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	7.0	7.0	7.5	6.5	6.0	5.5	5.5	5.5	5.0	6.0
Health and human services	-	-	-	-	-	-	-	-	-	-
Family services	11.0	12.0	12.0	12.0	9.5	11.5	4.5	4.5	4.5	3.5
Building/code enforcement	8.0	10.0	9.0	8.5	8.0	7.0	4.0	4.0	2.5	4.0
<b>PUBLIC SAFETY</b>										
Police										
Officers	46.0	46.0	46.0	46.0	46.0	45.0	45.0	46.0	45.0	45.0
Civilians	26.5	25.5	23.5	23.5	23.0	22.0	20.0	18.5	18.5	21.0
Fire										
Firefighters and officers	43.0	43.0	44.0	44.0	42.0	40.0	41.0	41.0	40.0	42.0
Civilians	3.5	3.5	3.0	3.0	3.0	30.0	2.5	2.5	1.5	3.5
<b>PUBLIC WORKS</b>										
Street maintenance	16.5	16.5	16.5	16.5	16.5	17.5	17.5	17.5	17.5	17.5
Engineering	2.7	3.2	3.2	3.2	3.2	3.0	3.0	3.0	3.0	3.0
Vehicle maintenance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Water/sewer	13.8	13.3	13.3	13.3	13.3	12.0	12.0	12.0	12.0	12.0
<b>TOTAL</b>	<b>189.0</b>	<b>191.5</b>	<b>190.0</b>	<b>188.0</b>	<b>182.0</b>	<b>177.0</b>	<b>164.5</b>	<b>164.0</b>	<b>160.0</b>	<b>168.0</b>

Data Source

Village budget office



**VILLAGE OF MORTON GROVE, ILLINOIS**

**OPERATING INDICATORS**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>PUBLIC SAFETY</b>										
Police										
Physical arrests	580	596	710	635	550	651	647	574	580	513
Parking violations	4,328	4,164	3,866	5,210	5,171	6,075	8,331	8,933	6,751	6,465
Traffic violations	7,428	6,215	7,681	4,598	4,367	5,092	4,587	4,440	3,686	3,849
Fire										
Emergency responses	3,072	3,255	3,246	3,384	3,594	3,249	3,265	3,419	3,360	3,470
Fires extinguished	58	45	36	38	22	70	59	60	48	63
<b>PUBLIC WORKS</b>										
Street resurfacing (miles)	0.49	0.66	1.41	1.81	0.63	1.33	3.03	4.90	6.65	5.70
Pothole repairs (in tons)	80.85	93.74	71.50	121.50	120.00	180.00	189.00	170.75	12.50	132.00
<b>WATER</b>										
New connections	-	5	27	70	23	1	27	8	9	7
Water main breaks	77	117	55	85	67	91	81	64	70	122
Average daily consumption	3,306,000	3,416,000	3,050,000	3,180,000	3,500,000	2,999,484	2,969,923	2,670,613	2,745,553	2,601,227
Peak daily consumption	4,428,000	6,736,000	4,964,000	4,955,000	6,200,000	4,374,000	4,167,000	4,498,000	4,412,000	4,238,000
<b>WASTEWATER</b>										
Average daily treatment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Data Source

Various Village departments

**VILLAGE OF MORTON GROVE, ILLINOIS**

**CAPITAL ASSET STATISTICS**

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>PUBLIC SAFETY</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	3	3	3	3	3	3	3	3	3	3
Patrol units	15	15	15	15	15	15	15	15	15	15
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire engines	2	2	2	2	2	2	2	2	2	2
<b>PUBLIC WORKS</b>										
Arterial streets (miles)	19	19	19	19	19	19	19	19	19	19
Residential streets (miles)	86	86	86	86	86	86	86	86	86	86
Streetlights	357	372	372	372	357	357	357	357	357	357
Traffic signals	13	13	13	13	13	13	13	13	13	13
<b>WATER</b>										
Water mains (miles)	97.4	98.9	98.9	98.9	98.9	98.9	98.9	98.9	98.9	98.9
Fire hydrants	1,083	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
Storage capacity (gallons)	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000
<b>WASTEWATER</b>										
Sanitary sewers (miles)	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9
Storm sewers (miles)	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6
Combined sewers (miles)	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6
Treatment capacity (gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Data Source

Various Village departments

## **COMPLIANCE SECTION**



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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## REPORT OF INDEPENDENT ACCOUNTANT'S ON COMPLIANCE

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

We have examined management's assertion, included in its representation letter dated May 30, 2014 that the Village of Morton Grove, Illinois (the Village) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2013. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village of Morton Grove, Illinois complied with the aforementioned requirements for the year ended December 31, 2013 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Village President, the Board of Trustees and management of the Village, the Illinois State Comptroller's Office and the joint review boards. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Sikich LLP'.

Naperville, Illinois  
May 30, 2014