

# Village of Morton Grove

Morton Grove, Illinois



Incredibly Close  Amazingly Open

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended December 31, 2017*

**VILLAGE OF MORTON GROVE, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

Prepared by:

Finance Department  
Hanna Sullivan, Finance Director

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Morton Grove including:

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

# **VILLGE OF MORTON GROVE, ILLINOIS**

## **List of Principal Officials December 31, 2017**

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### **LEGISLATIVE**

Daniel DiMaria, Village President  
(Term Ends April 2021)

Eileen Scanlon Harford, Village Clerk  
(Term Ends April 2021)

### **TRUSTEES**

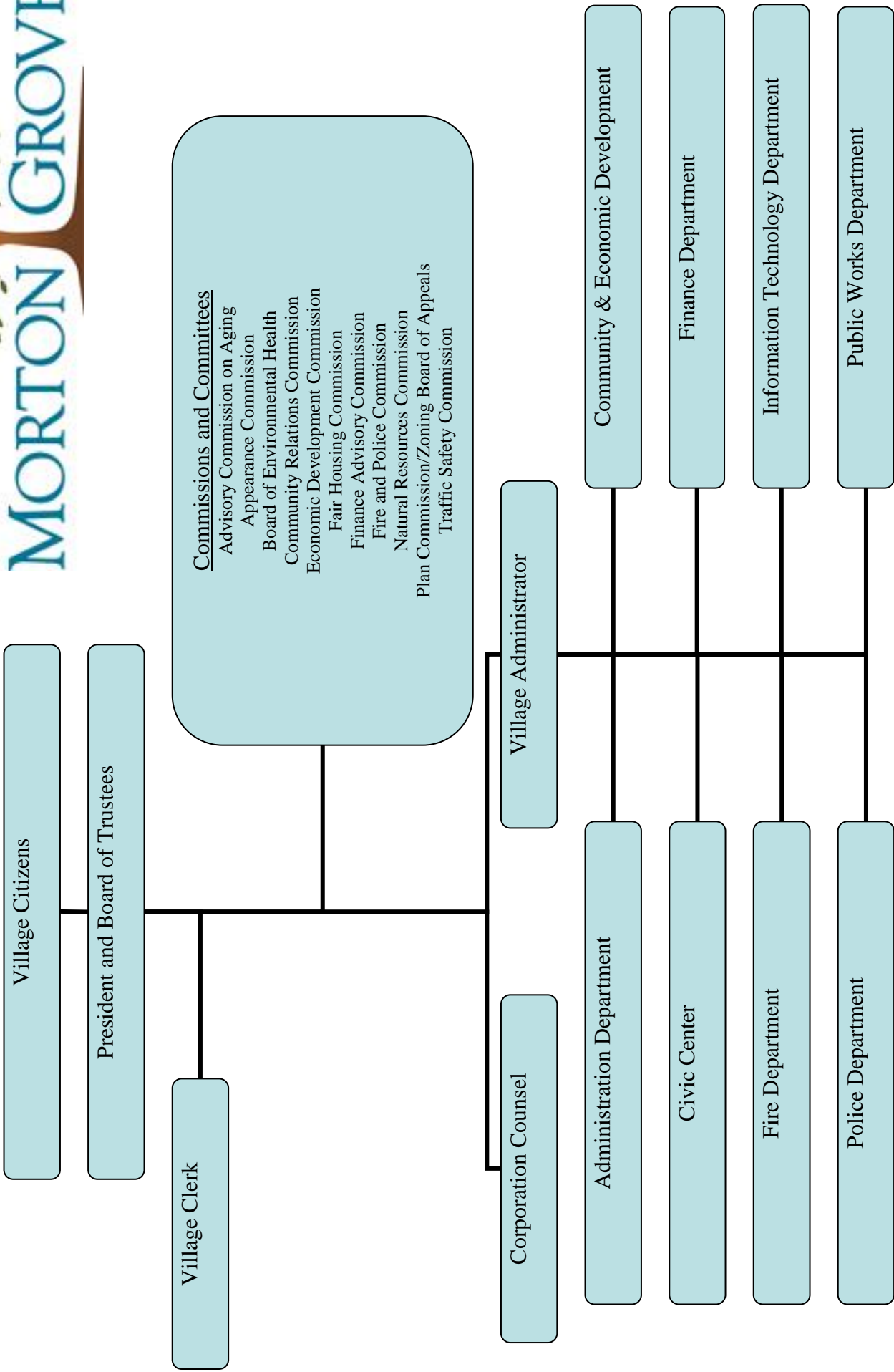
Bill Grear, Term Ends April 2021  
Rita Minx, Term Ends April 2019  
Connie Travis, Term Ends April 2021  
John Thill, Term Ends April 2019  
Janine Witko, Term Ends April 2019  
Ed Ramos, Term Ends April 2021

### **ADMINISTRATIVE**

(Appointments End December 31, 2017)

Ralph Czerwinski, Village Administrator  
Hanna Sullivan, Finance Director  
Nancy Radzevich, Economic Development Director  
Teresa Hoffman Liston, corporation counsel  
Thomas Friel, Fire Chief  
Michael Simo, Police Chief  
Andrew DeMonte, Public Works Director  
Lauren Piahm, Adjudication Hearing Officer  
Frank Tennant, Village Prosecutor

**Village of Morton Grove  
Organization Chart  
2017**





June 27, 2018

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

The Comprehensive Annual Financial Report of the Village of Morton Grove, Illinois for the year ended December 31, 2017, is hereby submitted as mandated by both local ordinance and state statute. These mandates require that the Village annually issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

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

The Village's financial statements have been audited by Lauterbach & Amen LLP, a firm of independent certified public accountants. The independent auditor concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion on the Village of Morton Grove's financial statements for the year ended December 31, 2017. 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.

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 had risen to 8.9% in 2010 and remained the same until 2012 due to the economic recession. Unemployment has decreased to 3.7% as of 2017.

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 \$75,797, and the median income for a family was \$84,121. Males had a median income of \$60,454 versus \$51,880 for females. The per capita income for the Village was \$31,880. About 5.6% of families and 8.2% of the population were below the poverty line, including 11.0% of those families with children under age 18 and 3.0% 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. 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. The economy is showing signs of improvement however the recovery has been slow.

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 shown signs of recovery. However building permits and business license revenues have 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 State has passed a State budget for the first time in 2 years, which will impact the local share of State revenues. 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.

A number of infrastructure improvements have been completed throughout the Village in recent years. These improvements are most prominent in the Village's three 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 Village issued \$10 million in bonds in 2015, partially to refund 6.4 million in bonds from 2007, with the rest of the proceeds to fund the capital equipment and infrastructure improvements in and for the Village, including waterworks and sewerage system improvements, street improvements and the purchase of a new ambulance.

The Village formed the Morton Grove Niles Water Commission with the Village of Niles in 2017 for the purpose of constructing a pipeline to allow the Village to purchase water from the Village of Evanston which will be a significant savings over the current water rates the Village pays to the City of Chicago.

### *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, 2016. This was the twenty-ninth 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 could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and the cooperation and assistance of the staffs of the other departments of the Village.

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

Sincerely,

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

Hanna Sullivan  
Finance Director



Government Finance Officers Association

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

Presented to

**Village of Morton Grove  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

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

## **INDEPENDENT AUDITORS' REPORT**





## **INDEPENDENT AUDITORS' REPORT**

June 27, 2018

The Honorable Village President  
Members of the Board of Trustees  
Village of 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, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morton Grove, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental 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 budgetary comparison schedules and supplemental 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic 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.

  
LAUTERBACH & AMEN, LLP

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

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2017**

---

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, 2017.

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 iii-viii of this report.

### **USING THIS ANNUAL REPORT**

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

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

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

The Statement of Activities presents information showing how the Village’s net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result

(See independent auditor’s report.)

in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

## **FUND FINANCIAL STATEMENTS**

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

## **GOVERNMENTAL FUNDS**

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

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

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

(See independent auditor's 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.

## **PROPRIETARY FUNDS**

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

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

## **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 19 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 79 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 101 of this report.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

The following tables show the net position of the Village of Morton Grove, December 31, 2017, compared to December 31, 2016:

<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>12/31/17</b>	<b>12/31/16</b>	<b>12/31/17</b>	<b>12/31/16</b>	<b>12/31/17</b>	<b>12/31/16</b>
Current and other assets	\$ 36,800	\$ 39,573	\$ 7,767	\$ 7,274	\$ 44,567	\$ 46,847
Capital assets	57,329	57,650	9,571	9,163	66,900	66,813
<b>Total assets</b>	<b>94,129</b>	<b>97,223</b>	<b>17,338</b>	<b>16,437</b>	<b>111,467</b>	<b>113,660</b>
Deferred outflows	18,946	25,817	1,065	1,580	20,011	27,397
<b>Total assets and deferred outflows</b>	<b>113,075</b>	<b>123,040</b>	<b>18,403</b>	<b>18,017</b>	<b>131,478</b>	<b>141,057</b>
Current and other Liabilities	4,313	5,592	1,477	1,680	5,790	7,272
Long-Term liabilities	108,353	123,182	7,748	8,959	116,101	132,141
<b>Total liabilities</b>	<b>112,666</b>	<b>128,774</b>	<b>9,225</b>	<b>10,639</b>	<b>121,891</b>	<b>139,413</b>
Deferred inflows	21,701	11,151	845	235	22,546	11,386
<b>Total liabilities and deferred inflows</b>	<b>134,367</b>	<b>139,925</b>	<b>10,070</b>	<b>10,874</b>	<b>144,437</b>	<b>150,799</b>
Net position:					-	-
Net investment in capital assets	42,544	39,217	6,557	5,960	49,101	45,177
Restricted	15,641	19,745	-	-	15,641	19,745
Unrestricted	(79,477)	(75,847)	1,776	1,183	(77,701)	(74,664)
<b>Total net position</b>	<b>\$ (21,292)</b>	<b>\$ (16,885)</b>	<b>\$ 8,333</b>	<b>\$ 7,143</b>	<b>\$ (12,959)</b>	<b>\$ (9,742)</b>

To record the liabilities for the Village's Police, Fire, MERF, SLEP, and IMRF pensions, a change in accounting principle was required in 2015. Additionally, there continues to be recognition of additional liabilities and expenses related to the pension funds. A reconciliation between the governmental funds at the fund level and the entity wide governmental activities is on page 12.

The Village's net position, net investment in capital assets of \$49,101,086, reflects infrastructure, land, buildings and improvements, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must provide from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

(See independent auditor's report.)

An additional portion, \$15,640,410, of the Village's net position represents resources that are subject to external restrictions on how they may be used, including restrictions for future street improvements, debt service payments, public safety, and future capital development.

## **NORMAL IMPACTS**

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

- 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.
- 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.

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

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>12/31/17</b>	<b>12/31/16</b>	<b>12/31/17</b>	<b>12/31/16</b>	<b>12/31/17</b>	<b>12/31/16</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,240	\$ 4,160	\$ 10,773	\$ 10,486	\$ 15,013	\$ 14,646
Operating Grants	612	606	-	-	612	606
Capital Grants	206	64	59	59	264	123
General revenues						
Taxes	28,776	28,209	-	-	28,776	28,209
Investment income	776	60	16	11	792	71
Miscellaneous	225	329	194	174	419	503
<b>Total revenues</b>	<b>34,834</b>	<b>33,427</b>	<b>11,042</b>	<b>10,730</b>	<b>45,877</b>	<b>44,158</b>
<b>Expenses</b>						
General government	5,117	4,953			5,117	4,953
Public safety	24,372	26,284			24,372	26,284
Streets and sidewalks	5,889	6,570			5,889	6,570
Vehicle maintenance	662	687			662	687
Health and human services	9	16			9	16
Community development	1,595	688			1,595	688
Building and inspectional services	1,042	896			1,042	896
Interest	585	643			585	643
Water and sewer			8,169	9,500	8,169	9,500
Solid Waste			1,836	1,778	1,836	1,778
Municipal Parking			11	13	11	13
Morton Grove Days			150		150	
<b>Total expenses</b>	<b>39,271</b>	<b>40,737</b>	<b>10,166</b>	<b>11,291</b>	<b>49,437</b>	<b>52,028</b>
<b>Change in net position</b>	<b>(4,437)</b>	<b>(7,310)</b>	<b>876</b>	<b>(560)</b>	<b>(3,561)</b>	<b>(7,870)</b>
<b>Net position - January 1 as Restated</b>	<b>(16,855)</b>	<b>(9,575)</b>	<b>7,457</b>	<b>7,703</b>	<b>(9,398)</b>	<b>(1,872)</b>
<b>Net position - December 31</b>	<b>\$ (21,292)</b>	<b>\$ (16,885)</b>	<b>\$ 8,333</b>	<b>\$ 7,143</b>	<b>\$ (12,959)</b>	<b>\$ (9,742)</b>

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(See independent auditor's report.)

## 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.)

## GOVERNMENTAL ACTIVITIES

### *Revenues:*

Revenues for governmental activities totaled \$34,834,387 at December 31, 2017.

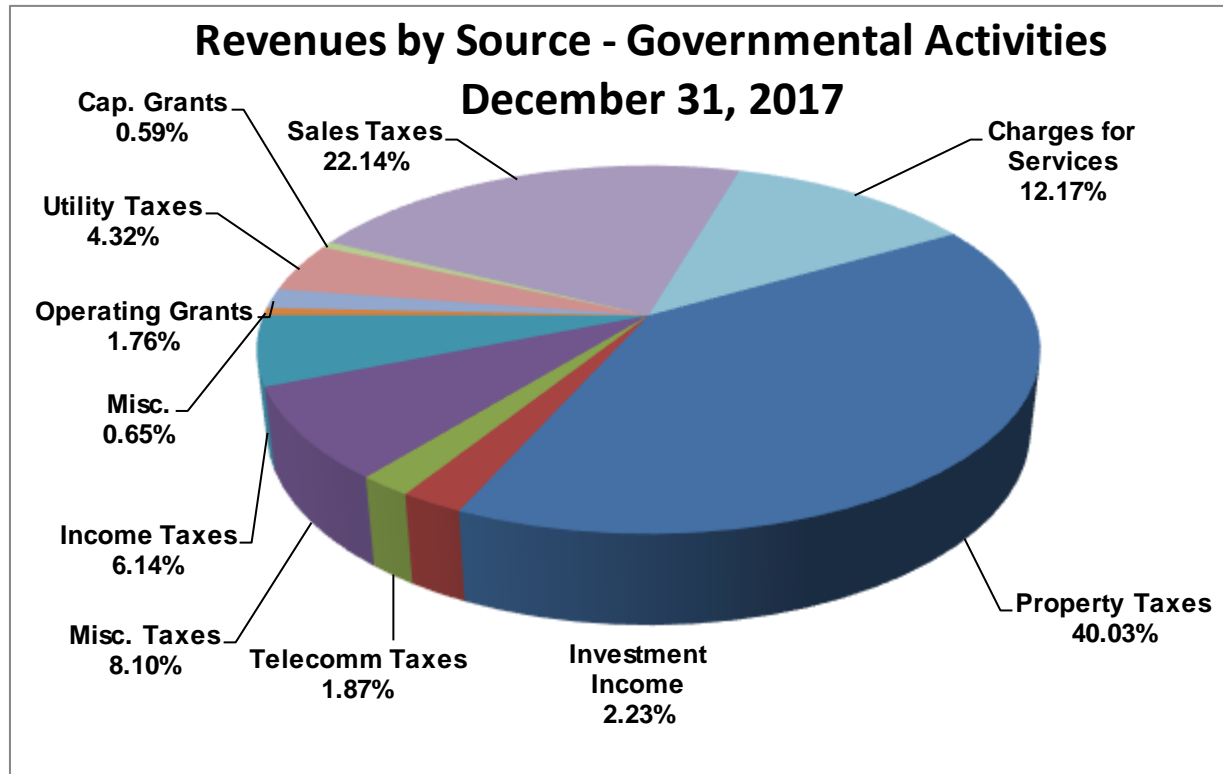
- Property tax (and replacement tax) continues to be the Village's largest revenue source totaling \$13,944,378 representing 40.03% of total governmental activity revenue. Sales tax revenue was \$7,713,258 or 22.14% of total governmental activity revenue. Charges for Services revenue was \$4,239,549 or 12.17% of total governmental activity revenue. State income tax revenue was \$2,137,330 or 6.14% of total governmental activity revenue. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, and others) was \$2,822,324 or 8.10% of total governmental activity revenue. Telecommunication tax was \$651,800 or 1.87% of total governmental activity revenue. A utility tax (Electric, Gasoline & Natural gas tax) was \$1,506,508 or 4.32% of total governmental activity revenue.

### Comparison with Prior Year.

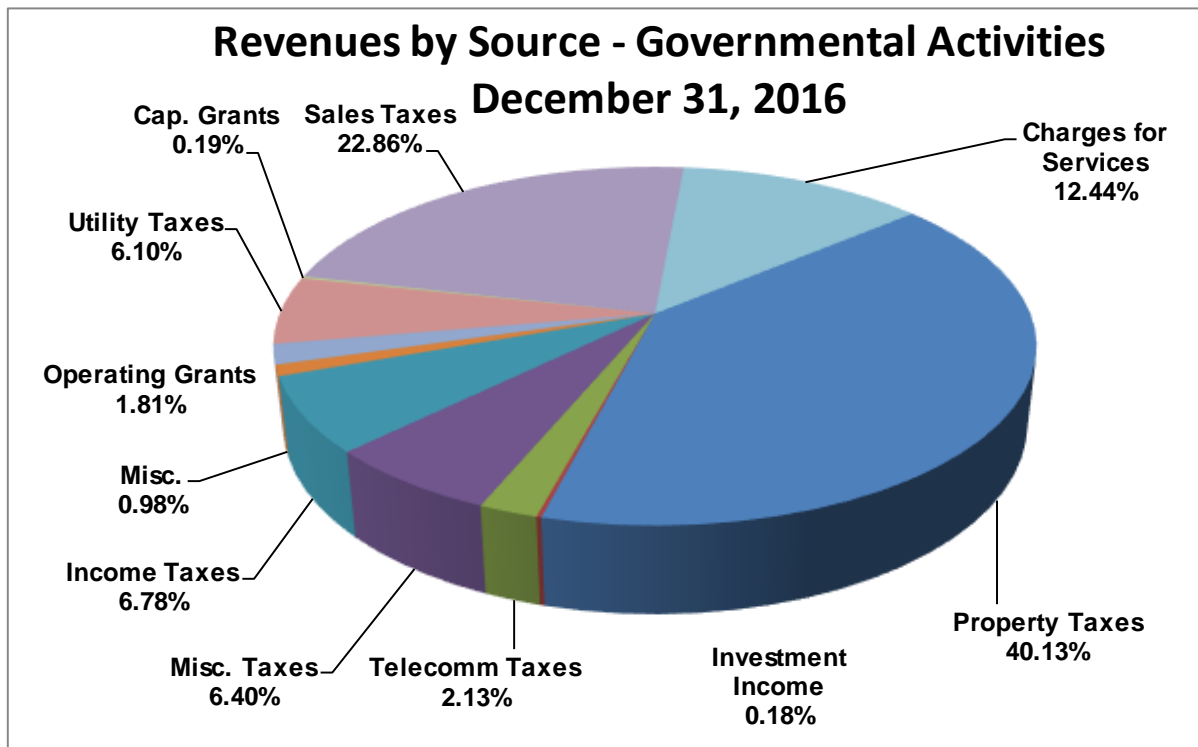
- Property tax and replacement tax revenue increased by \$531,277 or 3.96% from prior year. Sales tax revenue increased by \$71,131 or 0.93% from prior year. Charges for Services revenue increased by \$79,864 or 1.92% from prior year. State income tax revenue decreased by \$127,866 or 5.64% from prior year. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, food & beverage, and others) increased by \$684,377 or 32.01% from prior year. Telecommunication decreased by \$59,146 or 8.32% from prior year. A utility tax (Electric, Gasoline & Natural gas tax) decreased by \$532,981 or 26.13% from prior year.

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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)**

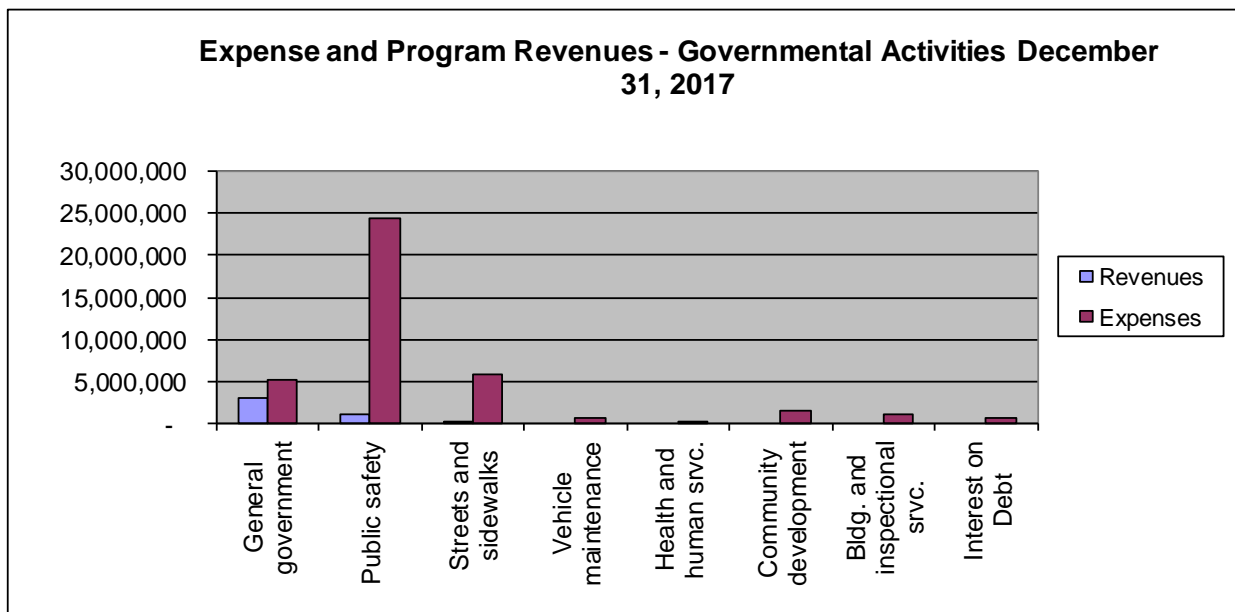
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*Expenses*

Expenses for governmental activities were \$39,271,386 at December 31, 2017 and \$40,737,300 at December 31, 2016, a decrease of \$1,465,914, or 3.60%.

The decrease in expense for governmental activities is because of the changes to net pension liabilities and related deferred items.

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



**BUSINESS-TYPE ACTIVITIES**

Business-Type activities posted program revenues of \$10,831,214, while the costs of all business-type activities totaled \$10,165,550. Revenues exceeded expenses by \$665,664.

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

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*Revenues*

In 2017 the Village water rate charged to customers of \$10.81 per 1,000 Gallon remained unchanged. Water and Sewer Fund charges for services increased by \$43,784 or 0.52%.

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 2017 Solid Waste operating revenues increased by \$56,834 or 2.86%.

The Village created the Municipal Parking Fund to account for the Village parking lots and monies received from permit sales. The Village staff is responsible for customers who signed a yearly or quarterly lease for parking spaces near the Metra Station in Morton Grove. Operating revenues for 2017 decreased by \$9,387 or 19.1%. The Village has decreased the number of space available for leasing.

In 2017 the Village created the Morton Grove Days Fund to account for the annual festival held over the Fourth of July. Operating revenues were \$195,763 and exceeded expenses by \$45,330.

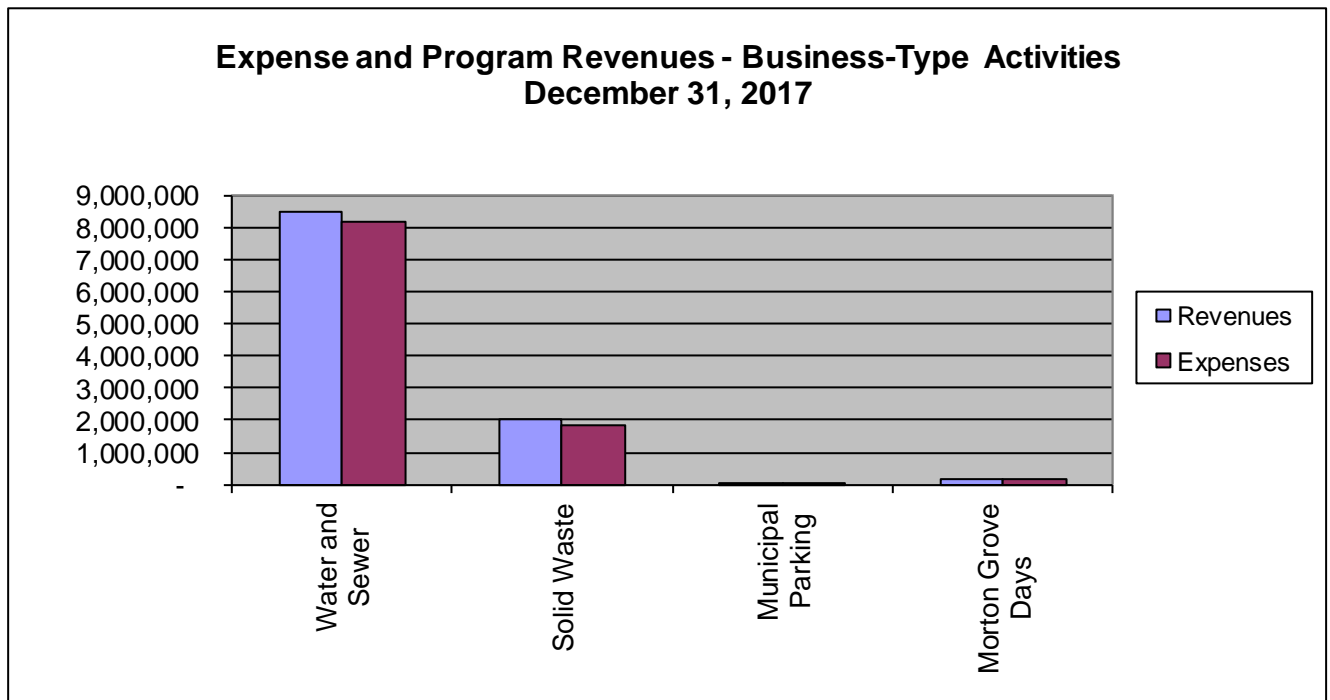
*Expenses*

Total expenses for Water and Sewer Fund activities totaled \$8,168,387, a decrease of \$1,331,374, or 14.02% from prior year. The Village had previously recognized expenses for engineering costs for an alternative water project. These costs will be reimbursed by the newly formed Morton Grove Niles Water Commission and have been restated as a receivable. The Village has also had a decrease in the amount of pension expense and a reduction in the amount of water purchased from the City of Chicago.

Total expenses for Solid Waste Fund activities totaled \$1,835,572, an increase of \$57,285, or 3.22%, from prior year.

Total expenses from Municipal Parking Fund activities decreased \$1,427 or 11.34%, at \$11,158.

This was the first year of operations for the Morton Grove Days Fund. Expenses were \$150,433 which were covered by the revenue generated from the event.



## 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 \$23,732,414, which is a decrease of \$2,754,909, from last year's total of \$26,487,323. Of this \$23,732,414 total, \$6,887,067 or 29.02% of the fund balance constitutes unassigned fund balance.

**General Fund:** The General Fund reported a surplus for the year of \$1,396,234. Revenue exceeded the budgeted amount due to increased tax revenues. The increase in expenditures was related to personnel costs and capital outlay purchases.

The General Fund is the chief operating fund of the Village. At December 31, 2017, unassigned fund balance in the General Fund was \$10,201,704, which represents 89.88% 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 37.83% of total General Fund expenditures.

(See independent auditor's report.)

**Lehigh Ferris TIF Fund:** Reported a fund balance decrease of \$3,685,571 due to losses on property sold and transfers to other TIF funds.

**Waukegan Road TIF Fund:** Reported a fund balance increase of \$370,619 as a result of transfers from other TIF funds for the retiring of the remaining bonds.

**Debt Service Fund:** Reported a fund balance increase of \$18,149 as a result of transfers from the General Fund.

**Capital Projects Fund:** Reported a fund balance decrease of \$676,624 as a result of the completion of capital projects funded by the issuance of General Obligation bonds in 2015.

## PROPRIETARY FUNDS

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

The Village reports the Water and Sewer Fund a major proprietary fund. The Village reports three non-major proprietary funds, the Solid Waste Fund, the Municipal Parking Fund, and the Morton Grove Days Fund. The Water and Sewer Fund accounts for all of the operations of the municipal water system. Water is purchased from the City of Chicago at a rate of \$3.88 per thousand gallons. Water is then sold to all residential municipal customers at a rate of \$10.81 with an additional sewer rate of \$1.15 per thousand gallons. Rates for commercial customers vary based on the gallons of water consumed. The 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, 2017 was \$66,899,545 (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 3 of this CAFR.



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

**Capital Assets - Net of Depreciation (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
Type of Debt	12/31/17	12/31/16	12/31/17	12/31/16	12/31/17	12/31/16
Construction in Progress	\$ 23	\$ 313	\$ 13	\$ 13	\$ 36	\$ 326
Right of Ways	43,972	43,972	-	-	43,972	43,972
Infrastructure	6,412	6,146	-	-	6,412	6,146
Buildings and Improvements	4,659	4,932	8,058	8,038	12,717	12,970
Machinery, Equipment and Vehicles	2,263	2,288	1,499	1,111	3,762	3,399
<b>Total</b>	<b>\$ 57,328</b>	<b>\$ 57,650</b>	<b>\$ 9,571</b>	<b>\$ 9,163</b>	<b>\$ 66,899</b>	<b>\$ 66,813</b>

**LONG-TERM DEBT**

At year-end, the Village had total outstanding debt of \$16,841,383, as compared to \$20,530,325 the previous year, a decrease of \$3,688,942, or 17.96% which is due to the retirement of outstanding debt including retiring all remaining bonds of the Waukegan Road TIF district.

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

**Long Term Debt (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	12/31/17	12/31/16	12/31/17	12/31/16	12/31/17	12/31/16
General Obligation Bonds	\$ 13,242	\$ 16,332	\$ 3,018	\$ 3,208	\$ 16,260	\$ 19,540
Revolving loans	-	-	-	-	-	-
Installment Notes	581	990	-	-	581	990
<b>Total Long Term Debt</b>	<b>\$ 13,824</b>	<b>\$ 17,323</b>	<b>\$ 3,018</b>	<b>\$ 3,208</b>	<b>\$ 16,841</b>	<b>\$ 20,530</b>

For information related to the Village's long-term debt, please refer to Note 3 of this CAFR.

### **Economic Factors and Future Prospects**

Although the Village is seeing some recovery of the economy and some revenue growth, both remain the Village's biggest challenge. Conservative approaches to estimating revenues and strong expenditure management by the departments have allowed the Village to improve its financial condition after several lean years following the downturn in the economy that started in 2008. 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 will be considered during the development of 2019 budget are the reductions in shares of State revenues, rising personnel costs, including health insurance, funding capital projects, and funding the public safety pensions.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Statement of Net Position**

**December 31, 2017**

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**See Following Page**

# VILLAGE OF MORTON GROVE, ILLINOIS

## Statement of Net Position December 31, 2017

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 13,399,786	3,204,283	16,604,069
Receivables - Net of Allowances	17,011,829	4,536,692	21,548,521
Prepays/Land Held for Resale	6,379,995	26,314	6,406,309
Total Current Assets	36,791,610	7,767,289	44,558,899
Noncurrent Assets			
Capital Assets			
Nondepreciable	43,995,404	12,889	44,008,293
Depreciable	59,491,896	19,754,566	79,246,462
Accumulated Depreciation	(46,158,417)	(10,196,793)	(56,355,210)
	57,328,883	9,570,662	66,899,545
Other Assets			
Net Pension Asset - SLEP	8,937	-	8,937
Total Noncurrent Assets	57,337,820	9,570,662	66,908,482
Total Assets	94,129,430	17,337,951	111,467,381
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	168,366	39,535	207,901
Deferred Items - SLEP	3,369	-	3,369
Deferred Items - MERF	2,435,820	1,025,626	3,461,446
Deferred Items - Police Pension	7,745,408	-	7,745,408
Deferred Items - Firefighters' Pension	8,450,184	-	8,450,184
Unamortized Loss on Refunding	142,726	-	142,726
Total Deferred Outflows of Resources	18,945,873	1,065,161	20,011,034
Total Assets and Deferred Outflows of Resources	113,075,303	18,403,112	131,478,415

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 1,141,162	1,148,419	2,289,581
Accrued Payroll	569,148	64,059	633,207
Accrued Interest Payable	31,885	6,794	38,679
Deposits Payable	542,589	4,700	547,289
Other Liabilities	233,841	35,465	269,306
Current Portion of Long-Term Debt	1,794,851	217,302	2,012,153
Total Current Liabilities	4,313,476	1,476,739	5,790,215
Noncurrent Liabilities			
Compensated Absences Payable	1,059,911	103,607	1,163,518
Net Pension Liability - IMRF	380,170	89,270	469,440
Net Pension Liability - MERF	9,944,486	4,187,226	14,131,712
Net Pension Liability - Police Pension	37,881,246	-	37,881,246
Net Pension Liability - Firefighters' Pension	38,126,966	-	38,126,966
Net Other Post-Employment Benefit Obligation	5,998,806	545,825	6,544,631
General Obligations Bonds Payable - Net	13,547,195	2,822,607	16,369,802
Installment Notes Payable	317,994	-	317,994
Intergovernmental Agreement Payable	1,096,497	-	1,096,497
Total Noncurrent Liabilities	108,353,271	7,748,535	116,101,806
Total Liabilities	112,666,747	9,225,274	121,892,021
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	389,392	91,436	480,828
Deferred Items - SLEP	10,580	-	10,580
Deferred Items - MERF	1,789,979	753,689	2,543,668
Deferred Items - Police Pension	4,387,761	-	4,387,761
Deferred Items - Firefighters' Pension	4,550,629	-	4,550,629
Property Taxes	10,572,456	-	10,572,456
Total Deferred Inflows of Resources	21,700,797	845,125	22,545,922
Total Liabilities and Deferred Inflows of Resources	134,367,544	10,070,399	144,437,943
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,544,431	6,556,655	49,101,086
Restricted - Public Safety	1,372,686	-	1,372,686
Restricted - Streets and Sidewalks	915,002	-	915,002
Restricted - Community Development	12,189,640	-	12,189,640
Restricted - Capital Improvements	1,076,628	-	1,076,628
Restricted - Debt Service	86,454	-	86,454
Unrestricted (Deficit)	(79,477,082)	1,776,058	(77,701,024)
Total Net Position	(21,292,241)	8,332,713	(12,959,528)

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Statement of Activities

For the Fiscal Year Ended December 31, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 5,117,197	2,989,856	-	-
Public Safety	24,371,736	1,127,232	-	-
Streets and Sidewalks	5,889,348	122,461	611,558	206,238
Vehicle and Maintenance	662,341	-	-	-
Health and Human Services	9,059	-	-	-
Community Development	1,594,966	-	-	-
Building and Inspection Services	1,042,263	-	-	-
Interest on Long-Term Debt	584,476	-	-	-
Total Governmental Activities	39,271,386	4,239,549	611,558	206,238
Business-Type Activities				
Water and Sewer	8,168,387	8,485,210	-	58,543
Solid Waste	1,835,572	2,042,578	-	-
Municipal Parking	11,158	49,120	-	-
Morton Grove Days	150,433	195,763	-	-
Total Business-Type Activities	10,165,550	10,772,671	-	58,543
Total Primary Government	49,436,936	15,012,220	611,558	264,781

### General Revenues

#### Taxes

Property Taxes

Telecommunications Taxes

Personal Property Replacement Taxes

Utility Taxes

Home Rule Sales Taxes

Other Taxes

Intergovernmental - Unrestricted

Sales Taxes

State Income Taxes

Local Use Taxes

Interest Income

Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(2,127,341)	-	(2,127,341)
(23,244,504)	-	(23,244,504)
(4,949,091)	-	(4,949,091)
(662,341)	-	(662,341)
(9,059)	-	(9,059)
(1,594,966)	-	(1,594,966)
(1,042,263)	-	(1,042,263)
(584,476)	-	(584,476)
(34,214,041)	-	(34,214,041)
-	375,366	375,366
-	207,006	207,006
-	37,962	37,962
-	45,330	45,330
-	665,664	665,664
(34,214,041)	665,664	(33,548,377)
13,474,303	-	13,474,303
651,800	-	651,800
470,075	-	470,075
1,506,508	-	1,506,508
2,405,715	-	2,405,715
2,220,410	-	2,220,410
5,307,543	-	5,307,543
2,137,330	-	2,137,330
601,914	-	601,914
776,459	15,972	792,431
224,985	194,279	419,264
29,777,042	210,251	29,987,293
(4,436,999)	875,915	(3,561,084)
(16,855,242)	7,456,798	(9,398,444)
(21,292,241)	8,332,713	(12,959,528)

The notes to the financial statements are an integral part of this statement.



# VILLAGE OF MORTON GROVE, ILLINOIS

## Balance Sheet - Governmental Funds December 31, 2017

	General	Special Lehigh/ Ferris Tax Increment Financing
<b>ASSETS</b>		
Cash and Investments	\$ 5,467,502	4,174,859
Receivables - Net of Allowances		
Property Taxes	10,007,029	1,024
Other Taxes	1,804,154	-
Accounts	978,824	-
Loan to Developer	-	3,370,000
IRMA Excess Surplus	1,027,354	-
IPBC Terminal Reserve	737,779	-
Due from Other Funds	2,251,055	44,364
Advances to Other Funds	1,148,930	-
Prepays	192	-
Land Held for Resale	-	4,614,670
Total Assets	23,422,819	12,204,917
<b>LIABILITIES</b>		
Accounts Payable	731,013	14,036
Accrued Payroll	567,813	1,241
Deposits Payable	542,589	-
Other Liabilities	233,841	-
Due to Other Funds	7,370	-
Advances from Other Funds	-	-
Total Liabilities	2,082,626	15,277
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	9,989,367	-
Total Liabilities and Deferred Inflows of Resources	12,071,993	15,277
<b>FUND BALANCES</b>		
Nonspendable	1,149,122	-
Restricted	-	12,189,640
Committed	-	-
Unassigned	10,201,704	-
Total Fund Balances	11,350,826	12,189,640
Total Liabilities, Deferred Inflows of Resources and Fund Balances	23,422,819	12,204,917

The notes to the financial statements are an integral part of this statement.

<u>Revenue</u>				
Waukegan Road Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals
170,778	80,296	1,240,277	2,266,074	13,399,786
3,450	584,032	118	-	10,595,653
-	37,500	6,250	219,448	2,067,352
-	-	-	-	978,824
-	-	-	-	3,370,000
-	-	-	-	1,027,354
-	-	-	-	737,779
-	-	-	7,370	2,302,789
-	-	-	-	1,148,930
-	-	-	-	192
-	-	-	-	4,614,670
174,228	701,828	1,246,645	2,492,892	40,243,329
204	400	170,017	225,492	1,141,162
-	-	-	94	569,148
-	-	-	-	542,589
-	-	-	-	233,841
1,627,671	-	-	667,748	2,302,789
1,148,930	-	-	-	1,148,930
2,776,805	400	170,017	893,334	5,938,459
-	583,089	-	-	10,572,456
2,776,805	583,489	170,017	893,334	16,510,915
-	-	-	-	1,149,122
-	118,339	1,076,628	2,287,688	15,672,295
-	-	-	23,930	23,930
(2,602,577)	-	-	(712,060)	6,887,067
(2,602,577)	118,339	1,076,628	1,599,558	23,732,414
174,228	701,828	1,246,645	2,492,892	40,243,329

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MORTON GROVE, ILLINOIS

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

December 31, 2017

<b>Total Governmental Fund Balances</b>	<b>\$ 23,732,414</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	57,328,883
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - SLEP	8,937
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(221,026)
Deferred Items - SLEP	(7,211)
Deferred Items - MERF	645,841
Deferred Items - Police Pension	3,357,647
Deferred Items - Firefighters' Pension	3,899,555
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(1,324,889)
Net Pension Liability - IMRF	(380,170)
Net Pension Liability - MERF	(9,944,486)
Net Pension Liability - Police Pension	(37,881,246)
Net Pension Liability - Firefighters' Pension	(38,126,966)
Net Other Post-Employment Benefit Obligation Payable	(5,998,806)
General Obligation Bonds Payable - Net	(14,345,795)
Installment Notes Payable	(581,383)
Unamortized Loss on Refunding	142,726
Installment Agreement Payable	(1,564,381)
Accrued Interest Payable	(31,885)
<b>Net Position of Governmental Activities</b>	<b>(21,292,241)</b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended December 31, 2017**

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**See Following Page**

# VILLAGE OF MORTON GROVE, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended December 31, 2017

	General	Special Lehigh/ Ferris Tax Increment Financing
Revenues		
Taxes	\$ 16,603,559	2,561,215
Intergovernmental	7,408,121	-
Charges for Services	1,188,219	-
Licenses and Permits	1,801,637	-
Fines and Forfeitures	626,021	-
Interest Income	673,337	35,676
Miscellaneous	148,639	17,000
Total Revenues	28,449,533	2,613,891
Expenditures		
Current		
General Government	3,648,820	-
Public Safety	19,000,885	-
Streets and Sidewalks	2,328,660	-
Vehicle and Maintenance	662,341	-
Health and Human Services	9,059	-
Community Development	254,036	225,005
Building and Inspection Services	1,062,123	-
Capital Outlay	-	543,390
Debt Service		
Principal Retirement	-	520,000
Interest and Fiscal Charges	-	248,800
Total Expenditures	26,965,924	1,537,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,483,609	1,076,696
Other Financing Sources (Uses)		
Disposal of Capital Assets	-	(2,581,654)
Transfers In	270,000	-
Transfers Out	(357,375)	(2,180,613)
	(87,375)	(4,762,267)
Net Change in Fund Balances	1,396,234	(3,685,571)
Fund Balances - Beginning	9,954,592	15,875,211
Fund Balances - Ending	11,350,826	12,189,640

The notes to the financial statements are an integral part of this statement.

Revenue				
Waukegan				
Road Tax				
Increment	Debt	Capital	Nonmajor	Totals
Financing	Service	Projects		
603,181	811,618	136,195	13,043	20,728,811
-	218,012	25,000	1,314,341	8,965,474
-	-	-	590,793	1,779,012
-	-	-	-	1,801,637
-	-	-	-	626,021
2,406	4,140	43,274	17,626	776,459
-	-	59,346	-	224,985
605,587	1,033,770	263,815	1,935,803	34,902,399
-	-	-	-	3,648,820
-	-	-	396,180	19,397,065
-	-	-	708,269	3,036,929
-	-	-	-	662,341
-	-	-	-	9,059
204	-	-	1,009,070	1,488,315
-	-	-	-	1,062,123
-	-	940,439	-	1,483,829
2,067,632	912,110	-	-	3,499,742
77,745	460,886	-	-	787,431
2,145,581	1,372,996	940,439	2,113,519	35,075,654
(1,539,994)	(339,226)	(676,624)	(177,716)	(173,255)
-	-	-	-	(2,581,654)
1,910,613	357,375	-	-	2,537,988
-	-	-	-	(2,537,988)
1,910,613	357,375	-	-	(2,581,654)
370,619	18,149	(676,624)	(177,716)	(2,754,909)
(2,973,196)	100,190	1,753,252	1,777,274	26,487,323
(2,602,577)	118,339	1,076,628	1,599,558	23,732,414

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended December 31, 2017

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (2,754,909)</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	1,095,339
Depreciation Expense	(1,416,945)
Disposals - Cost	(105,495)
Disposals - Accumulated Depreciation	105,495

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

Change in Deferred Items - IMRF	(382,771)
Change in Deferred Items - SLEP	(12,365)
Change in Deferred Items - MERF	(2,779,264)
Change in Deferred Items - Police Pension	(6,393,715)
Change in Deferred Items - Firefighters' Pension	(7,655,925)

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

(Additions) to Compensated Absences Payable	(457,714)
Deductions to Net Pension Liability - IMRF	433,803
Deductions to Net Pension Liability - SLEP	12,654
Deductions to Net Pension Liability - MERF	3,623,421
Deductions to Net Pension Liability - Police Pension	4,279,554
Deductions to Net Pension Liability - Firefighters' Pension	4,696,476
(Additions) to Net Other Post-Employment Benefit Obligation Payable	(796,062)
Amortization of Premium on Debt Issuance	184,032
Amortization of Loss on Refunding	(35,176)
Retirement of Debt	3,936,481

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

(13,913)

**Changes in Net Position of Governmental Activities**

(4,436,999)

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Statement of Net Position - Proprietary Funds  
December 31, 2017**

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**See Following Page**



**VILLAGE OF MORTON GROVE, ILLINOIS****Statement of Net Position - Proprietary Funds  
December 31, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,049,881	1,154,402	3,204,283
Receivables - Net of Allowances			
Accounts	4,458,792	77,900	4,536,692
Prepays	-	26,314	26,314
Total Current Assets	6,508,673	1,258,616	7,767,289
Noncurrent Assets			
Capital Assets			
Nondepreciable	12,889	-	12,889
Depreciable	19,754,566	-	19,754,566
Accumulated Depreciation	(10,196,793)	-	(10,196,793)
Total Noncurrent Assets	9,570,662	-	9,570,662
Total Assets	16,079,335	1,258,616	17,337,951
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	39,535	-	39,535
Deferred Items - MERF	1,025,626	-	1,025,626
Total Deferred Outflows of Resources	1,065,161	-	1,065,161
Total Assets and Deferred Outflows of Resources	17,144,496	1,258,616	18,403,112

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 959,922	188,497	1,148,419
Accrued Payroll	64,059	-	64,059
Accrued Interest Payable	6,794	-	6,794
Deposits Payable	4,700	-	4,700
Other Liabilities	-	35,465	35,465
Current Portion of Long-Term Debt	217,302	-	217,302
Total Current Liabilities	1,252,777	223,962	1,476,739
Noncurrent Liabilities			
Compensated Absences	103,607	-	103,607
Net Pension Liability - IMRF	89,270	-	89,270
Net Pension Liability - MERF	4,187,226	-	4,187,226
Net Other Post-Employment Benefit Obligation Payable	545,825	-	545,825
General Obligations Bonds Payable - Net	2,822,607	-	2,822,607
Total Noncurrent Liabilities	7,748,535	-	7,748,535
Total Liabilities	9,001,312	223,962	9,225,274
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	91,436	-	91,436
Deferred Items - MERF	753,689	-	753,689
Total Deferred Inflows of Resources	845,125	-	845,125
Total Liabilities and Deferred Inflows of Resources	9,846,437	223,962	10,070,399
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,556,655	-	6,556,655
Unrestricted	741,404	1,034,654	1,776,058
Total Net Position	7,298,059	1,034,654	8,332,713

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MORTON GROVE, ILLINOIS****Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended December 31, 2017**

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
Operating Revenues			
Charges for Services	\$ 8,456,001	2,287,461	10,743,462
Operating Expenses			
Operations	7,540,191	1,997,163	9,537,354
Depreciation	457,514	-	457,514
Total Operating Expenses	7,997,705	1,997,163	9,994,868
Operating Income	458,296	290,298	748,594
Nonoperating Revenues (Expenses)			
Connection Fees	29,209	-	29,209
Interest Income	15,744	228	15,972
Other Income	194,279	-	194,279
Interest Expense	(170,682)	-	(170,682)
	68,550	228	68,778
Income Before Capital Grants	526,846	290,526	817,372
Capital Grants	58,543	-	58,543
Change in Net Position	585,389	290,526	875,915
Net Position - Beginning as Restated	6,712,670	744,128	7,456,798
Net Position - Ending	7,298,059	1,034,654	8,332,713

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended December 31, 2017

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 5,479,059	2,275,260	7,754,319
Payments to Employees	(1,553,443)	-	(1,553,443)
Payments to Suppliers	(6,169,283)	(1,913,570)	(8,082,853)
	(2,243,667)	361,690	(1,881,977)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(865,138)	-	(865,138)
Grants	58,543	-	58,543
Interest Expense	(170,682)	-	(170,682)
Retirement of Debt	(189,200)	-	(189,200)
	(1,166,477)	-	(1,166,477)
Cash Flows from Investing Activities			
Interest Income	15,744	228	15,972
Net Change in Cash and Cash Equivalents	(3,394,400)	361,918	(3,032,482)
Cash and Cash Equivalents - Beginning	5,444,281	792,484	6,236,765
Cash and Cash Equivalents - Ending	2,049,881	1,154,402	3,204,283
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	458,296	290,298	748,594
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	457,514	-	457,514
Other Income	223,488	-	223,488
Other Expenses - Pension Related	29,218	-	29,218
(Increase) Decrease in Current Assets	(3,200,430)	(12,201)	(3,212,631)
Increase (Decrease) in Current Liabilities	(211,753)	83,593	(128,160)
Net Cash Provided by Operating Activities	(2,243,667)	361,690	(1,881,977)

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Statement of Fiduciary Net Position  
December 31, 2017**

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,632,593
Investments	
U.S. Government Obligations	5,149,393
U.S. Agency Obligations	12,254,792
Municipal Bonds	2,667,420
Corporate Bonds	9,370,948
Annuity Contracts	10,555,918
Equities	34,417,935
Common Stock	5,311,352
Receivables - Net	
Accrued Interest	216,677
Prepays	<u>8,902</u>
Total Assets	81,585,930
<b>LIABILITIES</b>	
Accounts Payable	<u>43,310</u>
<b>NET POSITION</b>	
Net Position Restricted for Pensions	<u><u>81,542,620</u></u>

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2017

	Pension Trust
Additions	
Contributions - Employer	\$ 5,900,465
Contributions - Plan Members	<u>1,080,856</u>
Total Contributions	<u>6,981,321</u>
Investment Income	
Interest Earned	2,541,646
Net Change in Fair Value	<u>5,952,456</u>
	8,494,102
Less Investment Expenses	<u>(163,311)</u>
	<u>8,330,791</u>
Total Additions	<u>15,312,112</u>
Deductions	
Administration	83,454
Benefits and Refunds	<u>7,390,386</u>
Total Deductions	<u>7,473,840</u>
Change in Fiduciary Net Position	7,838,272
Net Position Restricted for Pensions	
Beginning	<u>73,704,348</u>
Ending	<u><u>81,542,620</u></u>

The notes to the financial statements are an integral part of this statement.

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

Primary Government:

Village of Morton Grove

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

#### **Municipal Employees' Retirement Fund (MERF)**

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

#### **Police Pension Employees Retirement System**

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

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **REPORTING ENTITY – Continued**

###### **Firefighters' Pension Employees Retirement System**

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

##### **BASIS OF PRESENTATION**

###### **Government-Wide Statements**

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

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

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



# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Government-Wide Statements – Continued**

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

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

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

##### **Fund Financial Statements**

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

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

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

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds

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

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

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

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

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Proprietary Funds

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

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

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

#### Fiduciary Funds

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

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

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Fund Financial Statements – Continued**

##### **Fiduciary Funds – Continued**

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

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

##### **Measurement Focus**

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

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

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

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

###### **Basis of Accounting**

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

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

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

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

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

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

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

##### **Cash and Investments**

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

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

##### **Receivables**

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

##### **Interfund Receivables, Payables and Activity**

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

##### **Prepays – Land Held for Resale**

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION – Continued

##### Capital Assets

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

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

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

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

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

##### Deferred Outflows/Inflows of Resources

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

##### Compensated Absences

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

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

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Notes to the Financial Statements December 31, 2017**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION – Continued**

##### **Long-Term Obligations**

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

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

##### **Net Position**

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

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

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

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



# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

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

All departments of the Village submit requests for appropriation to the Village Administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year end. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The administrator is authorized to transfer budgeted amounts between departments within the General Fund and at the fund level for all other funds; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, supplementary appropriations were approved.

#### EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
911 Emergency Telephone System	\$ 3,656
Morton Grove Days	14,483
Firefighters' Pension	166,481

#### DEFICIT FUND BALANCES

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

Fund	Deficit
Waukegan Road Tax Increment Financing	\$ 2,602,577
Economic Development	354,259
Dempster/Waukegan TIF	357,801

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS**

##### **DEPOSITS AND INVESTMENTS**

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

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

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

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

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

*Deposits and Investments.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$11,597,153 and the bank balances totaled \$11,684,401. Additionally, at year-end the Village has \$4,739,674 invested in the Illinois Funds and \$267,242 invested in IMET. The Illinois Funds and IMET are measured at net asset value per share as determined by the pool.

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

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

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

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

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

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

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

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

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

*Concentration Risk.* The Fund's investment policy does not address concentration risk. At year-end, the Fund's investment in annuity contracts of \$10,555,918 represents 100% of the overall investment portfolio and are valued using significant other observable inputs to calculate the fair value measurement (Level 2 inputs).

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

The Fund's investment policy establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Annuity Contracts	100.00%	3.86%

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

#### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

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

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$1,206,223 and the bank balances totaled \$1,210,167.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Government Obligations	\$ 3,326,721	609,855	2,061,280	655,586	-
U.S. Agency Obligations	2,510,681	136,503	505,555	1,213,331	655,292
Municipal Bonds	445,989	-	354,603	91,386	-
Corporate Bonds	8,213,561	247,825	3,220,762	4,028,359	716,615
	14,496,952	994,183	6,142,200	5,988,662	1,371,907

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 3,326,721	3,326,721	-	-
U.S. Agency Obligations	2,510,681	-	2,510,681	-
Municipal Bonds	445,989	-	445,989	-
Corporate Bonds	8,213,561	-	8,213,561	-
Equity Securities				
Equities	14,178,936	14,178,936	-	-
Common Stock	5,311,352	5,311,352	-	-
Total Investments by Fair Value Level	33,987,240	22,817,009	11,170,231	-

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

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

*Credit Risk.* The Fund's investment policy limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government or in municipal or corporate bonds. The investments in the U.S. Agency obligations were not rated. The investments in municipal bonds were rated A2 to Baa1 by Moody's Investor Services. The investments in corporate bonds were rated A1 to BBB by Standard & Poor's and Moody's Investor Services.

*Custodial Credit Risk.* In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2017, \$7,582 of the Fund's deposits was not covered by federal depository or equivalent insurance.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

*Custodial Credit Risk – Continued.* The Fund's investment policy does not address custodial credit risk for investments.

*Concentration Credit Risk.* The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$14,178,936 invested in equities and \$5,311,352 invested in common stock. At year-end, the Fund does not have any investments over 5 percent of net pension (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments.)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	48.00%	0.80%
Large Cap Domestic Equity	27.00%	4.90%
Mid Cap Domestic Equity	15.00%	5.40%
International Equity	10.00%	5.30%
Cash and Cash Equivalents	0.00%	0.00%

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

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

#### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$426,370 and the bank balances totaled \$430,189.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Government Obligations	\$ 1,822,672	301,031	1,521,641	-	-
U.S. Agency Obligations	9,744,111	49,673	2,838,686	6,855,752	-
Municipal Bonds	2,221,431	274,713	731,118	1,215,600	-
Corporate Bonds	1,157,387	332,322	672,990	152,075	-
	14,945,601	957,739	5,764,435	8,223,427	-

The Fund has the following recurring fair value measurements as of December 31, 2017:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Government Obligations	\$ 1,822,672	1,822,672	-	-
U.S. Agency Obligations	9,744,111	-	9,744,111	-
Municipal Bonds	2,221,431	-	2,221,431	-
Corporate Bonds	1,157,387	-	1,157,387	-
Equity Securities				
Equities	20,238,999	20,238,999	-	-
Total Investments by Fair Value Level	35,184,600	22,061,671	13,122,929	-



## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### **Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

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

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

*Credit Risk.* The Fund's investment policy limits its exposure to credit risk by primarily investing in obligations guaranteed by the United States government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government or in municipal or corporate bonds. The investments in the U.S. Agency obligations were not rated. The investments in municipal bonds were rated A1 to Aa2 by Standard and Poor's and Moody's Investor Services. The investments in corporate bonds were rated A1 to Aaa by Moody's Investor Services.

*Custodial Credit Risk.* In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2017, all of the Fund's deposits were covered by federal depository or equivalent insurance.

For investments, the Fund's investment policy limits its exposure by requiring all security transactions that are exposed to custodial credit risk to be processed on delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased, in the Fund's name. The mutual funds are not subject to custodial credit risk.

*Concentration Credit Risk.* The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$20,238,999 invested in equities. At year-end, the Fund does not have any investments over 5 percent of net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments.)

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

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

*Concentration Credit Risk – Continued.* The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	1.50%
Large Cap Domestic Equity	38.50%	6.50%
Small Cap Domestic Equity	11.00%	8.50%
International Equity	5.50%	6.40%
Cash and Cash Equivalents	0.00%	0.00%

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

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

##### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 43,972,244	-	-	43,972,244
Construction in Progress	313,325	-	290,165	23,160
	<u>44,285,569</u>	<u>-</u>	<u>290,165</u>	<u>43,995,404</u>
Depreciable Capital Assets				
Buildings and Improvements	18,622,827	310,025	-	18,932,852
Vehicles and Equipment	7,511,190	351,233	105,495	7,756,928
Infrastructure	32,077,870	724,246	-	32,802,116
	<u>58,211,887</u>	<u>1,385,504</u>	<u>105,495</u>	<u>59,491,896</u>
Less Accumulated Depreciation				
Buildings and Improvements	13,691,099	583,304	-	14,274,403
Vehicles and Equipment	5,223,202	376,702	105,495	5,494,409
Infrastructure	25,932,666	456,939	-	26,389,605
	<u>44,846,967</u>	<u>1,416,945</u>	<u>105,495</u>	<u>46,158,417</u>
Total Net Depreciable Capital Assets	<u>13,364,920</u>	<u>(31,441)</u>	<u>-</u>	<u>13,333,479</u>
Total Net Capital Assets	<u>57,650,489</u>	<u>(31,441)</u>	<u>290,165</u>	<u>57,328,883</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 443,293
Public Safety	307,306
Streets and Sidewalks	<u>666,346</u>
	<u>1,416,945</u>

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### CAPITAL ASSETS – Continued

##### Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 12,889	-	-	12,889
Depreciable Capital Assets				
Buildings and Improvements	16,293,153	293,996	-	16,587,149
Equipment	2,754,215	571,142	157,940	3,167,417
	19,047,368	865,138	157,940	19,754,566
Less Accumulated Depreciation				
Buildings and Improvements	8,254,669	274,587	-	8,529,256
Equipment	1,642,550	182,927	157,940	1,667,537
	9,897,219	457,514	157,940	10,196,793
Total Net Depreciable Capital Assets	9,150,149	407,624	-	9,557,773
Total Net Capital Assets	9,163,038	407,624	-	9,570,662

Depreciation expense was charged to business-type as follows:

Water and Sewer	<u>\$ 457,514</u>
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##### PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically.

##### LOAN RECEIVABLE – DEVELOPER

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LOAN RECEIVABLE – DEVELOPER – Continued

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

#### INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

##### Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Waukegan Road Tax Increment Financing	\$ 1,627,671
General	Nonmajor Governmental	623,384
Lehigh/Ferris Tax Increment Financing	Nonmajor Governmental	44,364
Nonmajor Governmental	General	<u>7,370</u>
		<u><u>2,302,789</u></u>

##### Interfund Advances

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

##### Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Lehigh/Ferris Tax Increment Financing	\$ 270,000
Waukegan Road Tax Increment Financing	Lehigh/Ferris Tax Increment Financing	1,910,613
Debt Service	General	<u>357,375</u>
		<u>2,537,988</u>

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

#### LONG-TERM DEBT

##### General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$4,920,000 General Obligation Bonds of 2009A, due in annual installments of \$355,000 to \$600,000, plus interest at 3.000% to 4.125% through December 1, 2018.	Waukegan Road Tax Increment Financing	\$ 1,810,000	-	1,810,000	-
\$8,130,000 Taxable General Obligation Bonds of 2010B, due in annual installments of \$415,000 to \$775,000, plus interest at 3.20% to 6.00% through December 15, 2029.	Debt Service Water and Sewer	4,082,400 3,207,600	- -	240,800 189,200	3,841,600 3,018,400

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$1,415,000 General Obligation Bonds of 2014, due in annual installments of \$470,000 to \$475,000, plus interest at 2.395% through December 15, 2021.	Debt Service	\$ 1,415,000	-	-	1,415,000
\$10,010,000 General Obligation Bonds of 2015, due in annual installments of \$560,000 to \$1,840,000, plus interest at 4.00% through December 15, 2024.	Lehigh/ Ferris Tax Increment Financing Debt Service	3,895,000	-	520,000	3,375,000
		5,130,000	-	520,000	4,610,000
		19,540,000	-	3,280,000	16,260,000

##### Installment Notes Payable

The Village also issues installment notes payable to provide funds for the purchase of capital assets. Installment notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$3,165,000 General Obligation Promissory Note Payable of 2003, due in semi-annual installments of \$269,896, including interest at 4.05% through August 10, 2018.	Waukegan Road Tax Increment Financing	\$ 366,685	-	257,632	109,053
\$1,060,000 General Obligation Promissory Note Payable of 2013, due in annual installments of \$163,783, including interest at 2.00% through May 31, 2020.	Debt Service	623,640	-	151,310	472,330
		990,325	-	408,942	581,383

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LONG-TERM DEBT –Continued

##### Intergovernmental Agreement – 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, 2017, the Village made total intergovernmental payments of \$309,082 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

##### Intergovernmental Agreement – 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, 2017, the Village made total intergovernmental payments of \$169,201 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

Fiscal Year	Governmental Activities		
	School District 67	School District 70	Totals
2018	\$ 289,975	177,909	467,884
2019	-	191,117	191,117
2020	-	905,380	905,380
2021	-	-	-
2022	-	-	-
2023	-	-	-
Totals	289,975	1,274,406	1,564,381



# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT –Continued

#### Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 867,175	915,428	457,714	1,324,889	264,978
Net Pension Liability/(Asset)					
IMRF	813,973	-	433,803	380,170	-
SLEP	3,717	-	12,654	(8,937)	-
MERF	13,567,907	-	3,623,421	9,944,486	-
Police Pension	42,160,800	-	4,279,554	37,881,246	-
Firefighters' Pension	42,823,442	-	4,696,476	38,126,966	-
Net Other Post-Employment Benefit Obligation	5,202,744	796,062	-	5,998,806	-
General Obligation Bonds	16,332,400	-	3,090,800	13,241,600	798,600
Unamortized Bond Premium	1,288,227	-	184,032	1,104,195	-
Installment Notes Payable	990,325	-	408,942	581,383	263,389
Intergovernmental Agreement Payable	2,001,120	-	436,739	1,564,381	467,884
	<u>126,051,830</u>	<u>1,711,490</u>	<u>17,624,135</u>	<u>110,139,185</u>	<u>1,794,851</u>
<b>Business-Type Activities</b>					
Compensated Absences	123,748	11,522	5,761	129,509	25,902
Net Pension Liability					
IMRF	203,818	-	114,548	89,270	-
MERF	5,168,727	-	981,501	4,187,226	-
Net Other Post-Employment Benefit Obligation	473,392	72,433	-	545,825	-
General Obligation Bonds	3,207,600	-	189,200	3,018,400	191,400
Unamortized Bond Discount	(4,759)	-	(366)	(4,393)	-
	<u>9,172,526</u>	<u>83,955</u>	<u>1,290,644</u>	<u>7,965,837</u>	<u>217,302</u>

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT –Continued**

##### **Long-Term Liability Activity –Continued**

For governmental activities, the General Fund makes payments on the compensated absences, the net pension liabilities, and the net other post-employment benefit obligation. The Waukegan Road Tax Increment Financing Fund, the Debt Service fund, and the Lehigh/Ferris Tax Increment Financing Fund make payments on the general obligation bonds. The installment notes payable is being liquidated by the Waukegan Road Tax Increment Fund and the Debt Service Fund. The intergovernmental agreement payable is being paid by the Economic Development Fund.

For business-type activities, the Water and Sewer Fund makes payments on the compensated absences, the net pension liabilities, the net other post-employment benefit obligation, and the general obligation bonds.

##### **Legal Debt Margin**

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

##### **Economic Development and Redevelopment Agreement – Gary D. McGrath Audi**

On December 9, 2013, the Village entered into a redevelopment agreement with Gary D. McGrath, a local auto dealership owner. The agreement calls for Mr. McGrath to provide new jobs, substantial new property taxes, sales taxes, and economic development for the Village. The Village will waive certain permit fees, contribute \$250,000 to the construction costs, and share sales tax revenue generated by the Audi dealership as follows: the dealership will receive 75% of sales taxes paid to the Village for the first ten years after the dealership opens up to a maximum of \$5,000,000. Amounts paid under the terms of the agreement were \$472,705 for year ended December 31, 2017.

##### **Economic Development and Redevelopment Agreement – 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 with additional property tax and performance related payments up to an additional \$100,000. Amounts paid under the terms of the agreement were \$18,615 for the year ended December 31, 2017.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Noncommitment Debt

##### Industrial Revenue Bonds

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

##### Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities	
	General		Installment		General	
	Obligation Bonds		Notes Payable		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 798,600	632,973	263,389	11,691	191,400	163,062
2019	2,014,800	593,774	157,423	6,360	200,200	154,066
2020	2,098,800	506,040	160,571	3,211	211,200	144,657
2021	2,195,000	414,151	-	-	220,000	134,730
2022	2,136,800	317,615	-	-	233,200	124,390
2023	1,038,000	210,033	-	-	242,000	112,147
2024	1,089,200	157,209	-	-	250,800	99,321
2025	330,400	109,012	-	-	259,600	85,653
2026	341,600	90,675	-	-	268,400	71,245
2027	352,800	71,375	-	-	277,200	56,080
2028	411,600	50,736	-	-	323,400	39,864
2029	434,000	26,040	-	-	341,000	20,460
Totals	13,241,600	3,179,633	581,383	21,262	3,018,400	1,205,675

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 57,328,883
Plus: Unamortized Loss on Refunding	142,726
Less Capital Related Debt:	
General Obligation Bond of 2010B	(3,841,600)
General Obligation Bond of 2014	(1,415,000)
General Obligation Bond of 2015	(7,985,000)
Unamortized Bond Premium	(1,104,195)
General Obligation Bank Promisory Note Payable of 2003	(109,053)
General Obligation Bank Promisory Note Payable of 2013	<u>(472,330)</u>
Net Investment in Capital Assets	<u><u>42,544,431</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,570,662
Less Capital Related Debt:	
General Obligation Bond of 2010B	(3,018,400)
Unamortized Bond Discount	<u>4,393</u>
Net Investment in Capital Assets	<u><u>6,556,655</u></u>

##### FUND BALANCE CLASSIFICATIONS

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

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

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### FUND BALANCE CLASSIFICATIONS – Continued

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

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

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

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

	General	Special Revenue		Debt Service	Capital Projects	Nonmajor	Totals
		Lehigh/ Ferris Tax Increment Financing	Waukegan Road Tax Increment Financing				
Fund Balances							
Nonspendable							
Advances to Other Funds	\$ 1,148,930	-	-	-	-	-	1,148,930
Prepays	192	-	-	-	-	-	192
	1,149,122	-	-	-	-	-	1,149,122
Restricted							
Public Safety	-	-	-	-	-	1,372,686	1,372,686
Streets and Sidewalks	-	-	-	-	-	915,002	915,002
Community Development	-	12,189,640	-	-	-	-	12,189,640
Debt Service	-	-	-	118,339	-	-	118,339
Capital Improvements	-	-	-	-	1,076,628	-	1,076,628
	-	12,189,640	-	118,339	1,076,628	2,287,688	15,672,295
Committed							
Commuter Parking Facility	-	-	-	-	-	23,930	23,930
Unassigned	10,201,704	-	(2,602,577)	-	-	(712,060)	6,887,067
Total Fund Balances	11,350,826	12,189,640	(2,602,577)	118,339	1,076,628	1,599,558	23,732,414

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### NET POSTION RESTATEMENT

Net position was restated due to an error in recognition of receivables related to the new Morton Grove – Niles Water Commission. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase
Business-Type Activites	\$ 7,143,008	7,456,798	313,790
Water and Sewer	6,398,880	6,712,670	313,790

#### NOTE 4 – OTHER INFORMATION

##### RISK MANAGEMENT

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

##### Intergovernmental Risk Management Agency

These risks (except employee health) are covered by the Village's participation in Intergovernmental Risk Management Association (IRMA), an organization of municipalities and special villages in Northeastern Illinois which have formed an association under the Illinois Intergovernmental 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.

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 deceits. No supplemental contributions were due at December 31, 2017. The Village has recorded a prepaid for the excess surplus balance of \$1,027,354 in the General Fund as of December 31, 2017.

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **RISK MANAGEMENT – Continued**

##### **Intergovernmental Personnel Benefit Cooperative**

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by its members to their officers and employees and to the officers and employees of certain other governmental, quasi-governmental and nonprofit public service entities. Risk of loss is retained by the Village, except that IPBC purchases excess coverage policies. The Village had terminal reserve net of any deficits of other subaccounts as of June 30, 2017 (most recent available) of \$737,779. This amount was declared as a dividend to the Village and, therefore, has been recorded as a prepaid in the General Fund.

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

##### **CONTINGENT LIABILITIES**

##### **Litigation**

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

##### **Grants**

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

##### **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.

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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **JOINTLY GOVERNED ORGANIZATION – Continued**

###### **Regional Emergency Dispatch Center – Continued**

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.

##### **JOINT VENTURES**

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

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

Complete financial statements for SWANCC can be obtained from the SWANCC's administrative office at 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.



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

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **JOINT VENTURES – Continued**

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

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

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

In accordance with the contract, the Village made payments totaling \$345,530 to SWANCC in 2017, which includes payment for debt contribution. The Village does not have an equity interest in SWANCC at December 31, 2015.

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 \$30,316 a month or \$363,791 a year.

##### **Morton Grove-Niles Water Commission (MGNWC)**

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

The Village expended \$3,149,370 in 2017. At December 31, 2017 the outstanding receivable of \$3,463,157 is due from the Commission.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

##### Illinois Municipal Retirement Fund (IMRF)

##### Plan Descriptions

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

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

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

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

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

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

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

	Regular Plan	SLEP Plan
Inactive Plan Members Currently Receiving Benefits	12	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	49	-
Active Plan Members	72	-
Totals	133	2

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

*Contributions.* As set by statute, the Village's Regular Plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the Village's contribution was 9.18% of covered payroll. The Village's SLEP Plan members are required to contribute 7.50% of their annual covered salary. The Village's annual contribution rate for calendar year 2016 was 0.00% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	
Regular Plan	7.50%
SLEP Plan	7.50%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	27.00%	3.00%
Domestic Equities	38.00%	6.90%
International Equities	17.00%	6.80%
Real Estate	8.00%	5.80%
Blended	9.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.30%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Discount Rate

The discount rate used to measure the total pension liability for the Regular Plan was 7.50%, the same as the prior year discount rate. The discount rate used to measure the total pension liability for the SLEP Plan was 7.50%, which was the same as the prior year discount rate. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

##### Discount Rate Sensitivity

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

		Current Discount Rate (7.50%)	1% Increase (8.50%)
Regular Plan	1% Decrease (6.50%)		
Net Pension Liability/(Asset)			
Village	\$ 1,363,972	469,440	(247,020)
Library	519,685	178,860	(94,117)
Totals	1,883,657	648,300	(341,137)

		Current Discount Rate (7.50%)	1% Increase (8.50%)
SLEP Plan	1% Decrease (6.50%)		
Net Pension Liability/(Asset)	\$ 1,097	(8,937)	(17,504)

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Changes in the Net Pension Liability – Regular Plan

	Village	Library	Totals
Total Pension Liability			
Service Cost	\$ 331,214	126,195	457,409
Interest on the Total Pension Liability	372,195	141,810	514,005
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	378,058	(417,816)	(39,758)
Changes of Assumptions	(167,049)	(63,647)	(230,696)
Benefit Payments, including Refunds of Employee Contributions	(137,121)	(52,244)	(189,365)
Net Change in Total Pension Liability	777,297	(265,702)	511,595
Total Pension Liability - Beginning	4,539,757	2,179,622	6,719,379
Total Pension Liability - Ending	5,317,054	1,913,920	7,230,974
Plan Fiduciary Net Position			
Contributions - Employer	291,218	110,957	402,175
Contributions - Employees	145,939	55,604	201,543
Net Investment Income	602,933	229,722	832,655
Benefit Payments, including Refunds of Employee Contributions	(137,121)	(52,244)	(189,365)
Other (Net Transfer)	15,377	5,859	21,236
Net Change in Plan Fiduciary Net Position	918,346	349,898	1,268,244
Plan Net Position - Beginning	3,929,268	1,385,162	5,314,430
Plan Net Position - Ending	4,847,614	1,735,060	6,582,674
Employer's Net Pension Liability	469,440	178,860	648,300

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Changes in the Net Pension Liability – SLEP Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2016	\$ 105,393	101,676	3,717
Changes for the Year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	7,593	-	7,593
Difference Between Expected and Actual Experience of the Total Pension Liability	934	-	934
Changes of Assumptions	(2,603)	-	(2,603)
Contributions - Employer	-	309	(309)
Contributions - Employees	-	-	-
Net Investment Income	-	20,468	(20,468)
Benefit Payments, including Refunds of Employee Contributions	(8,319)	(8,319)	-
Other (Net Transfer)	-	(2,199)	2,199
Net Changes	(2,395)	10,259	(12,654)
Balances at December 31, 2017	102,998	111,935	(8,937)

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

For the year ended December 31, 2017, the Village recognized pension expense of \$216,153 for the Regular Plan, and \$20 for the SLEP Plan and the Library recognized \$82,869 in pension expense for the Regular Plan. The Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Illinois Municipal Retirement Fund (IMRF) – Continued

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

Regular Plan	Village		Library		Totals
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 31,815	(95,144)	12,122	(36,250)	(87,457)
Change in Assumptions	61,796	(143,694)	23,545	(54,749)	(113,102)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,290	(241,990)	43,545	(92,200)	(176,355)
Total Deferred Amounts Related to IMRF	207,901	(480,828)	79,212	(183,199)	(376,914)

SLEP Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,369	(10,580)	(7,211)
Total Deferred Amounts Related to SLEP	3,369	(10,580)	(7,211)

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

Fiscal Year	Regular Plan			SLEP Plan
	Village Net Deferred (Inflows) of Resources	Library Net Deferred (Inflows) of Resources	Totals Net Deferred (Inflows) of Resources	Net Deferred (Inflows) of Resources
2018	\$ (23,234)	(8,853)	(32,087)	(861)
2019	(30,791)	(11,732)	(42,523)	(1,139)
2020	(89,467)	(34,088)	(123,555)	(2,566)
2021	(101,737)	(38,762)	(140,499)	(2,645)
2022	(27,698)	(10,552)	(38,250)	-
Thereafter	-	-	-	-
Totals	(272,927)	(103,987)	(376,914)	(7,211)

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Municipal Employees' Retirement Fund (MERF)

##### Plan Descriptions

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

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

*Plan Membership.* As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	26
Inactive Plan Members Entitled to but not yet Receiving Benefits	17
Active Plan Members	<u>24</u>
Total	<u><u>67</u></u>

*Contributions.* As set by statute, the Village's participating members are required to contribute 2% 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, 2017 was 56.49% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Municipal Employees' Retirement Fund (MERF) – Continued

#### Plan Descriptions – Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

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

Rates are from a December 10, 2017 IMRF Actuarial Valuation.

#### Discount Rate

The discount rate used to measure the total pension liability for the Municipal Employees' Retirement Fund was 4.50%, and the rate used in the prior year valuation was 4.84%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Municipal Employees' Retirement Fund (MERF) – Continued

#### Discount Rate Sensitivity

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

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Net Pension Liability	\$ 17,430,749	14,131,712	11,399,385

#### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 27,754,188	9,017,554	18,736,634
Changes for the Year:			
Service Cost	179,636	-	179,636
Interest on the Total Pension Liability	1,206,931	-	1,206,931
Difference Between Expected and Actual Experience of the Total Pension Liability	(627,124)	-	(627,124)
Changes of Assumptions	(3,827,913)	-	(3,827,913)
Contributions - Employer	-	1,298,923	(1,298,923)
Contributions - Employees	-	41,076	(41,076)
Net Investment Income	-	196,453	(196,453)
Benefit Payments, including Refunds of Employee Contributions	(647,877)	(647,877)	-
Other (Net Transfer)	-	-	-
Net Changes	(3,716,347)	888,575	(4,604,922)
Balances at December 31, 2017	24,037,841	9,906,129	14,131,712

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Municipal Employees' Retirement Fund (MERF) – Continued

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

For the year ended December 31, 2017, the Village recognized pension expense of \$506,130. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 740,788	(514,254)	226,534
Change in Assumptions	2,311,076	(2,029,414)	281,662
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	409,582	-	409,582
Total Deferred Amounts Related to MERF	3,461,446	(2,543,668)	917,778

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2018	\$ (82,671)
2019	828,642
2020	126,825
2021	44,982
2022	-
Thereafter	-
Total	917,778

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan

##### Plan Descriptions

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

*Plan Membership.* At December 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	52
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>46</u>
Total	<u>98</u>

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 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 officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 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 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2017, the Village's contribution was 51.15% of covered payroll.

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	4.00% - 12.08%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the 2016 Illinois Police Mortality Rates table. Mortality rates are based on the assumption study prepared by the independent actuary in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

##### Discount Rate

A Single Discount Rate of 6.39% was used to measure the total pension liability and the prior year used a discount rate of 6.04%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits); and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.44%, and the resulting single discount rate is 6.39%.



## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

##### Discount Rate Sensitivity

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

	1% Decrease (5.39%)	Current Discount Rate (6.39%)	1% Increase (7.39%)
Net Pension Liability	\$ 48,523,411	37,881,246	29,253,143

##### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 74,323,337	32,162,537	42,160,800
Changes for the Year:			
Service Cost	1,386,849	-	1,386,849
Interest on the Total Pension Liability	4,383,166	-	4,383,166
Difference Between Expected and Actual Experience of the Total Pension Liability	60,088	-	60,088
Changes of Assumptions	(3,467,390)	-	(3,467,390)
Contributions - Employer	-	2,309,955	(2,309,955)
Contributions - Employees	-	446,618	(446,618)
Net Investment Income	-	3,925,557	(3,925,557)
Benefit Payments, including Refunds of Employee Contributions	(3,508,718)	(3,508,718)	-
Administrative Expenses	-	(39,863)	39,863
Net Changes	(1,146,005)	3,133,549	(4,279,554)
Balances at December 31, 2017	73,177,332	35,296,086	37,881,246

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Police Pension Plan – Continued

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

For the year ended December 31, 2017, the Village recognized pension expense of \$4,424,115. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 2,412,144	-	2,412,144
Change in Assumptions	4,384,666	(2,953,702)	1,430,964
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	948,598	(1,434,059)	(485,461)
Total Deferred Amounts Related to Police Pension	7,745,408	(4,387,761)	3,357,647

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

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2018	\$ 1,284,512
2019	1,284,508
2020	810,212
2021	508,202
2022	(151,201)
Thereafter	(378,586)
Total	3,357,647

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Firefighters' Pension Plan

##### Plan Descriptions

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

*Plan Membership.* At December 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	50
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>40</u>
Total	<u>90</u>

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Firefighters' Pension Plan – Continued

#### Plan Descriptions – Continued

*Benefits Provided – Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 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 the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent 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 police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2017, the Village's contribution was 55.35% of covered payroll.

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Firefighters' Pension Plan – Continued

##### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	4.00% - 11.66%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the 2016 Illinois Firefighters Mortality Rates table. Mortality rates are based on the assumption study prepared by the independent actuary in 2016. The table combines observed experience of Illinois Firefighters with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

##### Discount Rate

A Single Discount Rate of 6.23% was used to measure the total pension liability and the prior year used a discount rate of 5.87%. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits); and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00%, the municipal bond rate is 3.44%, and the resulting single discount rate is 6.23%.

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

#### Firefighters' Pension Plan – Continued

#### Discount Rate Sensitivity

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

	1% Decrease (5.23%)	Current Discount Rate (6.23%)	1% Increase (7.23%)
Net Pension Liability	\$ 48,915,826	38,126,966	29,352,794

#### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 74,741,900	31,918,458	42,823,442
Changes for the Year:			
Service Cost	1,408,988	-	1,408,988
Interest on the Total Pension Liability	4,297,744	-	4,297,744
Difference Between Expected and Actual			
Experience of the Total Pension Liability	45,639	-	45,639
Changes of Assumptions	(3,623,699)	-	(3,623,699)
Contributions - Employer	-	2,291,587	(2,291,587)
Contributions - Employees	-	381,401	(381,401)
Net Investment Income	-	4,195,751	(4,195,751)
Benefit Payments, including Refunds of Employee Contributions	(3,052,990)	(3,052,990)	-
Administrative Expenses	-	(43,591)	43,591
Net Changes	(924,318)	3,772,158	(4,696,476)
Balances at December 31, 2017	73,817,582	35,690,616	38,126,966

# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Firefighters' Pension Plan – Continued

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

For the year ended December 31, 2017, the Village recognized pension expense of \$5,251,037. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,621,886	-	1,621,886
Change in Assumptions	6,135,560	(2,969,601)	3,165,959
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	692,738	(1,581,028)	(888,290)
Total Deferred Amounts Related to Firefighters' Pension	8,450,184	(4,550,629)	3,899,555

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

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2018	\$ 2,101,581
2019	2,101,581
2020	765,399
2021	(720,242)
2022	(348,764)
Thereafter	-
Total	3,899,555

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

##### OTHER POST-EMPLOYMENT BENEFITS

###### Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit 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 General Fund and Water and Sewer Fund.

The Village provides pre and post-Medicare post-retirement 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 four retirement plans. The Village provides a subsidy of 50%o 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. The Village provides for limited health care insurance coverage and benefits for its eligible retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. For the fiscal year ending December 31, 2017, retirees contributed \$519,463.

At December 31, 2017, the membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	69
Active Employees	<u>154</u>
Total	<u>223</u>
Participating Employers	1

The Village does not currently have a funding policy.



# VILLAGE OF MORTON GROVE, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2017, was calculated as follows:

Annual Required Contribution	\$ 1,318,444
Interest on the NOPEBO	255,426
Adjustment to the ARC	<u>(1,088)</u>
Annual OPEB Cost	1,572,782
Actual Contribution	<u>704,287</u>
Change in the NPO	868,495
NOPEBO - Beginning	<u>5,676,136</u>
NOPEBO - Ending	<u><u>6,544,631</u></u>

##### Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 1,247,821	\$ 546,470	43.79%	\$ 5,071,606
2016	1,308,817	704,287	53.81%	5,676,136
2017	1,572,782	704,287	44.78%	6,544,631

## VILLAGE OF MORTON GROVE, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of December 31, 2015, the date of the most recent actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 15,546,065
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 15,546,065
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 12,332,744
UAAL as a Percentage of Covered Payroll	126.06%

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 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 the financial statements, presents multiyear 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, 2015 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses and including a 3.00% inflation assumption) and an annual healthcare cost trend rate of 7.39%, with an ultimate rate of 4.50%. Both rates include a 4.00% 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, 2017, was 30 years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Funding Progress and Employer Contributions
  - Other Post-Employment Benefit Plan
- Schedule of Employer Contributions
  - Illinois Municipal Retirement Fund
  - Sheriff's Law Enforcement Personnel Plan
  - Municipal Employees' Retirement Fund
  - Police Pension Fund
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- Schedule of Changes in the Employer's Net Pension Liability
  - Illinois Municipal Retirement Fund
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- Schedule of Investment Returns
  - Municipal Employees' Retirement Fund
  - Police Pension Fund
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- Budgetary Comparison Schedule
  - General Fund
  - Lehigh/Ferris Tax Increment Financing – Special Revenue Fund
  - Waukegan Road Tax Increment Financing – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

# VILLAGE OF MORTON GROVE, ILLINOIS

## Other Post-Employment Benefit Plan

### Required Supplementary Information Schedule of Funding Progress and Employer Contributions December 31, 2017

#### Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2012	\$ -	\$ 19,567,488	0.00%	\$ 19,567,488	\$ 11,585,243	168.90%
2013	-	20,464,527	0.00%	20,464,527	11,585,243	176.64%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	15,546,065	0.00%	15,546,065	12,332,744	126.06%
2016	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A

#### Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2012	\$ 623,335	\$ 1,151,127	54.15%
2013	660,352	1,387,902	47.58%
2014	807,884	1,447,500	55.81%
2015	546,470	1,207,192	45.27%
2016	704,287	1,261,669	55.82%
2017	704,287	1,318,444	53.42%

The Village is required to have the actuarial valuation performed triennially.

N/A - Not Available

# VILLAGE OF MORTON GROVE, ILLINOIS

## Illinois Municipal Retirement Fund

### Required Supplementary Information

### Schedule of Employer Contributions

December 31, 2017

Calendar Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	Total	\$ 289,298	\$ 289,298	\$ -	\$ 3,950,495	7.32%
12/31/2016	Total	379,476	379,476	-	3,994,494	9.50%
12/31/2017	Village	289,381	291,218	1,837	3,173,029	9.18%
	Library	110,256	110,957	701	1,208,951	9.18%
	Total	399,637	402,175	2,538	4,381,980	9.18%

### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Sheriff's Law Enforcement Personnel Plan

#### Required Supplementary Information

#### Schedule of Employer Contributions

December 31, 2017

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ -	\$ 1,005	\$ 1,005	\$ -	0.00%
2016	-	883	883	-	0.00%
2017	-	309	309	-	0.00%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Municipal Employees' Retirement Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

December 31, 2017

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 919,720	\$ 921,727	\$ 2,007	\$ 2,044,912	45.07%
2016	987,061	969,391	(17,670)	2,237,983	43.32%
2017	1,268,797	1,298,923	30,126	2,299,435	56.49%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	Level Dollar (Closed)
Inflation	2.50%
Salary Increases	4.50%
Investment Rate of Return	4.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	December 31, 2017 IMRF Actuarial Valuation

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

December 31, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 1,942,614	\$ 1,746,014	\$ (196,600)	\$ 4,017,422	43.46%
2015	2,114,444	1,819,397	(295,047)	4,131,663	44.04%
2016	2,230,643	2,090,649	(139,994)	4,363,550	47.91%
2017	2,574,244	2,309,955	(264,289)	4,516,274	51.15%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoththed Market
Inflation	2.50%
Salary Increases	4.00% - 12.08%
Investment Rate of Return	7.00%
Mortality	Independent Actuary 2016 Illinois Police Mortality Rates

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



## VILLAGE OF MORTON GROVE, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information Schedule of Employer Contributions December 31, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,140,182	\$ 1,914,705	\$ (225,477)	\$ 3,707,686	51.64%
2015	2,180,622	1,949,493	(231,129)	4,101,744	47.53%
2016	2,190,316	2,165,900	(24,416)	4,000,016	54.15%
2017	2,471,332	2,291,587	(179,745)	4,140,017	55.35%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoththed Market
Inflation	2.50%
Salary Increases	4.00% - 11.66%
Investment Rate of Return	7.00%
Mortality	Independent Actuary 2016 Illinois Firefighters' Mortality Rates

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

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Schedule of Changes in the Employer's Net Pension Liability**

**December 31, 2017**

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**See Following Page**

# VILLAGE OF MORTON GROVE, ILLINOIS

## Illinois Municipal Retirement Fund

### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2017

	Totals	
	12/31/2015	12/31/2016
Total Pension Liability		
Service Cost	\$ 429,566	434,382
Interest	409,549	455,091
Differences Between Expected and Actual Experience	(186,773)	8,925
Change of Assumptions	-	(10,936)
Benefit Payments, Including Refunds of Member Contributions	(39,656)	(53,756)
Net Change in Total Pension Liability	612,686	833,706
Total Pension Liability - Beginning	5,272,987	5,885,673
Total Pension Liability - Ending	\$ 5,885,673	6,719,379
Plan Fiduciary Net Position		
Contributions - Employer	\$ 389,954	379,476
Contributions - Members	177,773	179,752
Net Investment Income	22,516	316,372
Benefit Payments, Including Refunds of Member Contributions	(39,656)	(53,756)
Other (Net Transfer)	(242,491)	(54,719)
Net Change in Plan Fiduciary Net Position	308,096	767,125
Plan Net Position - Beginning	4,239,209	4,547,305
Plan Net Position - Ending	\$ 4,547,305	5,314,430
Employer's Net Pension Liability	\$ 1,338,368	1,404,949
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	79.09%
Covered Payroll	\$ 3,950,495	3,994,494
Employer's Net Pension Liability as a Percentage of Covered Payroll	33.88%	35.17%

Note:

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

Village	Library	Totals
12/31/2017		
331,214	126,195	457,409
372,195	141,810	514,005
378,058	(417,816)	(39,758)
(167,049)	(63,647)	(230,696)
(137,121)	(52,244)	(189,365)
777,297	(265,702)	511,595
4,539,757	2,179,622	6,719,379
5,317,054	1,913,920	7,230,974
291,218	110,957	402,175
145,939	55,604	201,543
602,933	229,722	832,655
(137,121)	(52,244)	(189,365)
15,377	5,859	21,236
918,346	349,898	1,268,244
3,929,268	1,385,162	5,314,430
4,847,614	1,735,060	6,582,674
469,440	178,860	648,300
91.17%	90.65%	91.03%
3,173,029	1,208,951	4,381,980
14.79%	14.79%	14.79%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Sheriff's Law Enforcement Personnel Plan

#### Required Supplementary Information

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

December 31, 2017

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ -
Interest	7,550
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	830
Change of Assumptions	415
Benefit Payments, Including Refunds of Member Contributions	<u>(7,982)</u>
Net Change in Total Pension Liability	813
Total Pension Liability - Beginning	<u>104,794</u>
Total Pension Liability - Ending	<u><u>105,607</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,005
Contributions - Members	-
Net Investment Income	495
Benefit Payments, Including Refunds of Member Contributions	(7,982)
Other (Net Transfer)	<u>5,184</u>
Net Change in Plan Fiduciary Net Position	(1,298)
Plan Net Position - Beginning	<u>102,524</u>
Plan Net Position - Ending	<u><u>101,226</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ 4,381</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.90%
Covered Payroll	\$ -
Employer's Net Pension Liability as a Percentage of Covered Payroll	0.00%

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

12/31/16	12/31/17
-	-
7,564	7,593
-	-
885	934
(509)	(2,603)
(8,154)	(8,319)
(214)	(2,395)
105,607	105,393
105,393	102,998
883	309
-	-
6,953	20,468
(8,154)	(8,319)
768	(2,199)
450	10,259
101,226	101,676
101,676	111,935
3,717	(8,937)
96.47%	108.68%
-	-
0.00%	0.00%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Municipal Employees' Retirement Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2017

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 283,482
Interest	868,067
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(745,910)
Change of Assumptions	7,685,672
Benefit Payments, Including Refunds of Member Contributions	<u>(1,213,649)</u>
 Net Change in Total Pension Liability	 6,877,662
Total Pension Liability - Beginning	<u>18,959,198</u>
 Total Pension Liability - Ending	 <u><u>25,836,860</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 921,727
Contributions - Members	44,270
Net Investment Income	215,478
Benefit Payments, Including Refunds of Member Contributions	(1,213,649)
Administrative Expense	<u>-</u>
 Net Change in Plan Fiduciary Net Position	 (32,174)
Plan Net Position - Beginning	<u>8,338,149</u>
 Plan Net Position - Ending	 <u><u>8,306,244</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 17,530,616</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 32.15%
 Covered Payroll	 \$ 2,044,912
 Employer's Net Pension Liability as a Percentage of Covered Payroll	 857.28%

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

12/31/16	12/31/17
287,787	179,636
1,237,559	1,206,931
-	-
1,426,704	(627,124)
(499,817)	(3,827,913)
(534,905)	(647,877)
1,917,328	(3,716,347)
25,836,860	27,754,188
27,754,188	24,037,841
969,391	1,298,923
41,532	41,076
235,292	196,453
(534,905)	(647,877)
-	-
711,310	888,575
8,306,244	9,017,554
9,017,554	9,906,129
18,736,634	14,131,712
32.49%	41.21%
2,237,893	2,299,435
837.24%	614.57%



## VILLAGE OF MORTON GROVE, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2017

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

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

12/31/15	12/31/16	12/31/17
1,204,804	1,307,855	1,386,849
3,656,752	4,075,261	4,383,166
4,148,200	87,939	60,088
3,982,348	3,094,358	(3,467,390)
(3,335,184)	(3,426,586)	(3,508,718)
9,656,920	5,138,827	(1,146,005)
59,527,590	69,184,510	74,323,337
69,184,510	74,323,337	73,177,332
1,819,397	2,090,649	2,309,955
412,809	429,569	446,618
(160,038)	2,247,993	3,925,557
(3,335,184)	(3,426,586)	(3,508,718)
(42,462)	(38,664)	(39,863)
(1,305,478)	1,302,961	3,133,549
32,165,054	30,859,576	32,162,537
30,859,576	32,162,537	35,296,086
38,324,934	42,160,800	37,881,246
44.60%	43.27%	48.23%
4,131,663	4,363,550	4,516,274
927.59%	966.20%	838.77%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Firefighters' Pension Fund

#### Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2017

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

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

12/31/15	12/31/16	12/31/17
1,356,812	1,330,866	1,408,988
3,181,468	3,963,235	4,297,744
928,412	1,812,111	45,639
11,295,766	1,479,863	(3,623,699)
(2,530,110)	(2,721,910)	(3,052,990)
14,232,348	5,864,165	(924,318)
54,645,387	68,877,735	74,741,900
68,877,735	74,741,900	73,817,582
1,949,493	2,165,900	2,291,587
387,408	384,004	381,401
363,152	2,091,840	4,195,751
(2,530,110)	(2,721,910)	(3,052,990)
(60,860)	(69,879)	(43,591)
109,083	1,849,955	3,772,158
29,959,420	30,068,503	31,918,458
30,068,503	31,918,458	35,690,616
38,809,232	42,823,442	38,126,966
43.65%	42.70%	48.35%
4,101,744	4,000,016	4,140,017
946.16%	1070.58%	920.94%

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Municipal Employees' Retirement Fund**

**Required Supplementary Information**

**Schedule of Investment Returns**

**December 31, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	2.80%
2015	2.89%
2016	2.82%
2017	2.55%

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Police Pension Fund

#### Required Supplementary Information Schedule of Investment Returns December 31, 2017

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.12%
2015	(0.46%)
2016	7.43%
2017	6.53%

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

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.00%
2015	1.21%
2016	6.87%
2017	13.10%

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 16,071,292	16,071,292	16,603,559
Intergovernmental	7,258,000	7,258,000	7,408,121
Charges for Services	1,237,850	1,237,850	1,188,219
Licenses and Permits	1,793,500	1,793,500	1,801,637
Fines and Forfeitures	746,500	746,500	626,021
Interest Income	75,000	75,000	673,337
Miscellaneous	824,600	824,600	148,639
Total Revenues	28,006,742	28,006,742	28,449,533
Expenditures			
General Government	4,226,478	4,062,484	3,648,820
Public Safety	18,745,128	18,851,290	19,000,885
Streets and Sidewalks	2,548,000	2,622,910	2,328,660
Vehicle and Maintenance	773,035	733,425	662,341
Health and Human Services	13,300	13,300	9,059
Community Development	275,800	279,570	254,036
Building and Inspection Services	1,210,842	1,229,604	1,062,123
Total Expenditures	27,792,583	27,792,583	26,965,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	214,159	214,159	1,483,609
Other Financing Sources (Uses)			
Transfers In	310,000	310,000	270,000
Transfers Out	(521,158)	(521,158)	(357,375)
	(211,158)	(211,158)	(87,375)
Net Change in Fund Balance	3,001	3,001	1,396,234
Fund Balance - Beginning			9,954,592
Fund Balance - Ending			11,350,826



# VILLAGE OF MORTON GROVE, ILLINOIS

## Lehigh/Ferris Tax Increment Financing - Special Revenue Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,000,000	2,000,000	2,561,215
Interest Income	3,500	3,500	35,676
Miscellaneous	-	-	17,000
Total Revenues	2,003,500	2,003,500	2,613,891
Expenditures			
Community Development			
Personnel Services	47,800	47,800	40,776
Contractual Services	361,185	361,185	184,229
Capital Outlay	4,986,500	4,986,500	543,390
Debt Service			
Principal Retirement	520,000	520,000	520,000
Interest and Fiscal Charges	248,800	248,800	248,800
Total Expenditures	6,164,285	6,164,285	1,537,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,160,785)	(4,160,785)	1,076,696
Other Financing (Uses)			
Disposal of Capital Assets	-	-	(2,581,654)
Transfers Out	(270,000)	(270,000)	(2,180,613)
	(270,000)	(270,000)	(4,762,267)
Net Change in Fund Balance	(4,430,785)	(4,430,785)	(3,685,571)
Fund Balance - Beginning			15,875,211
Fund Balance - Ending			12,189,640

**VILLAGE OF MORTON GROVE, ILLINOIS****Waukegan Road Tax Increment Financing - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 550,000	550,000	603,181
Interest Income	-	-	2,406
Total Revenues	550,000	550,000	605,587
Expenditures			
Community Development			
Contractual Services	2,000	2,000	204
Debt Service			
Principal Retirement	827,466	2,067,632	2,067,632
Interest and Fiscal Charges	79,909	118,234	77,745
Total Expenditures	909,375	2,187,866	2,145,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	(359,375)	(1,637,866)	(1,539,994)
Other Financing Sources			
Transfers In	-	1,025,443	1,910,613
Net Change in Fund Balance	(359,375)	(612,423)	370,619
Fund Balance - Beginning			(2,973,196)
Fund Balance - Ending			(2,602,577)

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedule – Major Enterprise Fund
- Combining Statements – Nonmajor Enterprise Funds
- Budgetary Comparison Schedules – Nonmajor Enterprise Funds
- Combining Statements – Fiduciary Funds
- Budgetary Comparison Schedules – Fiduciary Funds

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

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## **GENERAL FUND**

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

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## **SPECIAL REVENUE FUNDS**

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

### **Lehigh/Ferris Tax Increment Financing Fund**

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

### **Waukegan Road Tax Increment Financing Fund**

The Waukegan Road Tax Increment Financing Fund is used to account for tax increment revenue and other financial resources received along with the costs related to the Village's Tax Increment Financing (TIF) District. The Fund entails the TIF District along 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.

### **Motor Fuel Tax Fund**

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

### **Commuter Parking Facility Fund**

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

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

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## **SPECIAL REVENUE FUNDS – CONTINUED**

### **911 Emergency Telephone System Fund**

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

### **Economic Development Fund**

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

### **Fire Alarm Fund**

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

### **Seizure Fund**

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

### **Dempster/Waukegan TIF Fund**

The Dempster/Waukegan TIF Fund is used to account for expenditures related to promoting economic redevelopment in the Prairie View Shopping Center within the Dempster/Waukegan TIF District.

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## **DEBT SERVICE FUND**

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

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## **CAPITAL PROJECTS FUND**

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

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

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## **ENTERPRISE FUNDS**

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

### **Water and Sewer Fund**

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

### **Solid Waste Fund**

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

### **Municipal Parking Fund**

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

### **Morton Grove Days Fund**

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

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## **PENSION TRUST FUNDS**

### **Municipal Employees' Retirement Fund**

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

### **Police Pension Fund**

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

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

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### **PENSION TRUST FUNDS – CONTINUED**

#### **Firefighter's Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village's sworn firefighter/paramedic personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn firefighter/paramedic personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

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# VILLAGE OF MORTON GROVE, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 9,322,992	9,322,992	9,384,065
Telecommunications Tax	730,000	730,000	651,800
Personal Property Replacement Tax	380,000	380,000	435,061
Home Rule Sales Tax	2,000,000	2,000,000	2,405,715
Utility Taxes	1,715,000	1,715,000	1,506,508
Other Taxes	1,923,300	1,923,300	2,220,410
	16,071,292	16,071,292	16,603,559
Intergovernmental			
Sales Tax	4,100,000	4,100,000	4,462,639
State Income Tax	2,500,000	2,500,000	2,137,330
Local Use Tax	415,000	415,000	601,914
Grants	243,000	243,000	206,238
	7,258,000	7,258,000	7,408,121
Charges for Services			
Cable Franchise Fee	330,000	330,000	369,732
Miscellaneous	907,850	907,850	818,487
	1,237,850	1,237,850	1,188,219
Licenses and Permits	1,793,500	1,793,500	1,801,637
Fines and Forfeits	746,500	746,500	626,021
Interest			
Interest Income	75,000	75,000	673,337
Miscellaneous	824,600	824,600	148,639
Total Revenues	28,006,742	28,006,742	28,449,533



# VILLAGE OF MORTON GROVE, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
General Government			
Legislative			
Personnel Services	\$ 66,400	66,400	53,016
Contractual Services	48,100	48,100	43,605
Commodities	2,500	2,500	3,209
	<u>117,000</u>	<u>117,000</u>	<u>99,830</u>
Administration			
Personnel Services	480,700	501,118	489,503
Contractual Services	35,025	35,025	12,677
Commodities	3,000	3,000	1,595
	<u>518,725</u>	<u>539,143</u>	<u>503,775</u>
Finance			
Personnel Services	759,900	769,512	738,654
Contractual Services	1,539,818	1,539,818	1,571,879
Commodities	8,500	8,500	6,212
Less Administrative Fees			
Water and Sewer Fund	(153,000)	(153,000)	(153,000)
Municipal Parking Fund	(10,200)	(10,200)	(10,200)
	<u>2,145,018</u>	<u>2,154,630</u>	<u>2,153,545</u>
Management and Information Services			
Personnel Services	158,700	163,980	185,109
Contractual Services	423,595	423,595	305,911
Commodities	64,140	64,140	1,405
Capital Outlay	-	-	61,308
	<u>646,435</u>	<u>651,715</u>	<u>553,733</u>
Legal			
Personnel Services	140,000	142,716	144,705
Contractual Services	165,500	165,500	94,709
	<u>305,500</u>	<u>308,216</u>	<u>239,414</u>

# VILLAGE OF MORTON GROVE, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
General Government - Continued			
Other Expenditures			
Other	\$ 493,800	291,780	98,523
Total General Government	4,226,478	4,062,484	3,648,820
Public Safety			
Police			
Personnel Services	6,742,000	6,823,500	6,867,191
Contractual Services	3,287,154	3,287,154	3,188,400
Commodities	133,260	133,260	75,780
Capital Outlay	244,375	244,375	246,607
	10,406,789	10,488,289	10,377,978
Fire			
Personnel Services	5,573,600	5,598,262	5,836,574
Contractual Services	2,633,824	2,633,824	2,651,053
Commodities	121,300	121,300	133,212
	8,328,724	8,353,386	8,620,839
Civil Preparedness			
Contractual Services	6,615	6,615	2,068
Commodities	3,000	3,000	-
	9,615	9,615	2,068
Total Public Safety	18,745,128	18,851,290	19,000,885
Streets and Sidewalks			
Streets and Sidewalks			
Personnel Services	1,788,600	1,813,064	1,525,055
Contractual Services	576,150	576,150	632,291
Commodities	160,200	160,200	126,293
Capital Outlay	5,000	49,100	49,549
Less Administrative Fees			
Motor Fuel Tax Fund	(281,000)	(281,000)	(276,000)
Commuter Parking Facility Tax	(120,000)	(120,000)	(120,000)
	2,128,950	2,197,514	1,937,188

## VILLAGE OF MORTON GROVE, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Streets and Sidewalks - Continued			
Engineering			
Personnel Services	\$ 391,700	398,046	384,339
Contractual Services	25,200	25,200	6,558
Commodities	2,150	2,150	575
	419,050	425,396	391,472
Total Streets and Sidewalks	2,548,000	2,622,910	2,328,660
Vehicle and Maintenance			
Personnel Services	306,900	311,390	300,734
Contractual Services	96,400	96,400	66,153
Commodities	369,735	325,635	295,454
Total Vehicle and Maintenance	773,035	733,425	662,341
Health and Human Services			
Personnel Services	-	-	(254)
Contractual Services	12,300	12,300	8,871
Commodities	1,000	1,000	442
Total Health and Human Services	13,300	13,300	9,059
Community Development			
Personnel Services	236,900	240,670	244,296
Contractual Services	36,400	36,400	9,656
Commodities	2,500	2,500	84
Total Community Development	275,800	279,570	254,036
Building and Inspection Services			
Building and Inspection Services			
Personnel Services	356,400	372,632	371,951
Contractual Services	362,050	362,050	154,168
Commodities	3,400	3,400	718
	721,850	738,082	526,837

## VILLAGE OF MORTON GROVE, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Building and Inspection Services - Continued			
Municipal Buildings			
Personnel Services	\$ 166,800	169,330	176,239
Contractual Services	252,692	252,692	286,718
Commodities	22,000	22,000	21,817
Capital Outlay	47,500	47,500	50,512
	488,992	491,522	535,286
 Total Building and Inspection Services	 1,210,842	 1,229,604	 1,062,123
 Total Expenditures	 27,792,583	 27,792,583	 26,965,924

## VILLAGE OF MORTON GROVE, ILLINOIS

### Debt Service Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 801,615	801,615	811,618
Intergovernmental			
Sales Taxes	150,000	150,000	150,000
Other	-	-	68,012
Interest Income	500	500	4,140
Total Revenues	952,115	952,115	1,033,770
Expenditures			
Debt Service			
Principal Retirement	912,110	912,110	912,110
Interest and Fiscal Charges	481,279	481,279	460,886
Total Expenditures	1,393,389	1,393,389	1,372,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(441,274)	(441,274)	(339,226)
Other Financing Sources			
Transfers In	521,158	521,158	357,375
Net Change in Fund Balance	79,884	79,884	18,149
Fund Balance - Beginning			100,190
Fund Balance - Ending			118,339

## VILLAGE OF MORTON GROVE, ILLINOIS

### Capital Projects Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 100,000	100,000	101,181
Personal Property Replacement Taxes	34,100	34,100	35,014
Intergovernmental			
Sales Taxes	25,000	25,000	25,000
Other	212,000	212,000	-
Interest Income	-	-	43,274
Miscellaneous	-	-	59,346
Total Revenues	371,100	371,100	263,815
Expenditures			
Capital Outlay			
Capital Projects			
Street Improvements	2,670,900	2,670,900	940,439
Net Change in Fund Balance	(2,299,800)	(2,299,800)	(676,624)
Fund Balance - Beginning			1,753,252
Fund Balance - Ending			1,076,628

# VILLAGE OF MORTON GROVE, ILLINOIS

## Nonmajor Governmental Funds

### Combining Balance Sheet December 31, 2017

	Motor Fuel Tax	Commuter Parking Facility
<b>ASSETS</b>		
Cash and Investments	\$ 870,463	25,028
Receivables - Net of Allowances		
Other Taxes	51,419	-
Due from Other Funds	-	-
Total Assets	921,882	25,028
<b>LIABILITIES</b>		
Accounts Payable	6,880	1,098
Accrued Payroll	-	-
Due to Other Funds	-	-
Total Liabilities	6,880	1,098
<b>FUND BALANCES</b>		
Restricted	915,002	-
Committed	-	23,930
Unassigned	-	-
Total Fund Balances	915,002	23,930
Total Liabilities and Fund Balances	921,882	25,028

911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Dempster/ Waukegan TIF	Totals
126,369	-	595,820	648,394	-	2,266,074
-	168,029	-	-	-	219,448
-	-	-	7,370	-	7,370
126,369	168,029	595,820	655,764	-	2,492,892
361	200,718	4,812	-	11,623	225,492
-	-	94	-	-	94
-	321,570	-	-	346,178	667,748
361	522,288	4,906	-	357,801	893,334
126,008	-	590,914	655,764	-	2,287,688
-	-	-	-	-	23,930
-	(354,259)	-	-	(357,801)	(712,060)
126,008	(354,259)	590,914	655,764	(357,801)	1,599,558
126,369	168,029	595,820	655,764	-	2,492,892



## VILLAGE OF MORTON GROVE, ILLINOIS

### Nonmajor Governmental - Special Revenue Funds

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended December 31, 2017

	Motor Fuel Tax	Commuter Parking Facility
Revenues		
Taxes	\$ -	-
Intergovernmental	611,558	-
Charges for Services	-	122,461
Interest Income	4,982	-
Total Revenues	616,540	122,461
Expenditures		
Public Safety	-	-
Streets and Sidewalks	543,407	164,862
Community Development	-	-
Total Expenditures	543,407	164,862
Net Change in Fund Balances	73,133	(42,401)
Fund Balances - Beginning	841,869	66,331
Fund Balances - Ending	915,002	23,930

911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Dempster/ Waukegan TIF	Totals
-	-	-	-	13,043	13,043
-	669,904	-	32,879	-	1,314,341
256,142	-	212,190	-	-	590,793
-	11,768	-	876	-	17,626
256,142	681,672	212,190	33,755	13,043	1,935,803
215,406	-	75,475	105,299	-	396,180
-	-	-	-	-	708,269
-	984,603	-	-	24,467	1,009,070
215,406	984,603	75,475	105,299	24,467	2,113,519
40,736	(302,931)	136,715	(71,544)	(11,424)	(177,716)
85,272	(51,328)	454,199	727,308	(346,377)	1,777,274
126,008	(354,259)	590,914	655,764	(357,801)	1,599,558

## VILLAGE OF MORTON GROVE, ILLINOIS

### Motor Fuel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 609,142	609,142	593,538
Miscellaneous	-	-	18,020
Interest Income	50	50	4,982
Total Revenues	609,192	609,192	616,540
Expenditures			
Streets and Sidewalks			
Contractual Services	98,000	98,000	99,328
Commodities	230,000	230,000	168,079
Administrative Fees			
General Fund	281,000	281,000	276,000
Total Expenditures	609,000	609,000	543,407
Net Change in Fund Balance	192	192	73,133
Fund Balance - Beginning			841,869
Fund Balance - Ending			915,002

## VILLAGE OF MORTON GROVE, ILLINOIS

### Commuter Parking Facility - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 138,600	138,600	122,461
Expenditures			
Streets and Sidewalks			
Contractual Services	31,200	31,200	33,380
Commodities	9,950	9,950	11,482
Administrative Fees			
General Fund	120,000	120,000	120,000
Water and Sewer Fund	10,500	10,500	-
Total Expenditures	171,650	171,650	164,862
Net Change in Fund Balance	(33,050)	(33,050)	(42,401)
Fund Balance - Beginning			66,331
Fund Balance - Ending			23,930

## VILLAGE OF MORTON GROVE, ILLINOIS

### 911 Emergency Telephone System - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Telecommunications Surcharges	\$ 211,750	211,750	256,142
Expenditures			
Public Safety			
Contractual Services	211,750	211,750	215,406
Net Change in Fund Balance	-	-	40,736
Fund Balance - Beginning			85,272
Fund Balance - Ending			126,008

## VILLAGE OF MORTON GROVE, ILLINOIS

### Economic Development - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Sales Taxes	\$ 660,000	660,000	669,904
Interest Income	-	-	11,768
Total Revenues	660,000	660,000	681,672
Expenditures			
Community Development			
Contractual Services	1,036,739	1,036,739	984,603
Net Change in Fund Balance	(376,739)	(376,739)	(302,931)
Fund Balance - Beginning			(51,328)
Fund Balance - Ending			(354,259)

## VILLAGE OF MORTON GROVE, ILLINOIS

### Fire Alarm - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 151,000	151,000	212,190
Interest Income	100	100	-
Total Revenues	151,100	151,100	212,190
Expenditures			
Public Safety			
Personnel Services	19,900	19,900	16,213
Contractual Services	45,400	45,400	30,716
Commodities	22,000	22,000	3,546
Administrative Fees			
General Fund	25,000	25,000	25,000
Total Expenditures	112,300	112,300	75,475
Net Change in Fund Balance	38,800	38,800	136,715
Fund Balance - Beginning			454,199
Fund Balance - Ending			590,914

## VILLAGE OF MORTON GROVE, ILLINOIS

### Seizure - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 61,200	61,200	32,879
Interest Income	500	500	876
Total Revenues	61,700	61,700	33,755
Expenditures			
Public Safety			
Contractual Services	373,680	373,680	105,299
Net Change in Fund Balance	(311,980)	(311,980)	(71,544)
Fund Balance - Beginning			727,308
Fund Balance - Ending			655,764



**VILLAGE OF MORTON GROVE, ILLINOIS**

**Dempster/Waukegan TIF - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 65,000	65,000	13,043
Expenditures			
Community Development			
Personnel Services	23,400	23,400	-
Contractual Services	221,900	221,900	24,467
Capital Outlay	1,100,000	1,100,000	-
Total Expenditures	1,345,300	1,345,300	24,467
Net Change in Fund Balance	(1,280,300)	(1,280,300)	(11,424)
Fund Balance - Beginning			(346,377)
Fund Balance - Ending			(357,801)

**VILLAGE OF MORTON GROVE, ILLINOIS****Water and Sewer - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 7,802,130	7,802,130	7,580,239
Sewer Charges	806,150	806,150	781,117
Miscellaneous	120,500	120,500	94,645
Total Operating Revenues	8,728,780	8,728,780	8,456,001
Operating Expenses			
Operations			
Personnel Services	1,886,300	1,886,300	2,137,325
Contractual Services	2,707,909	5,207,909	1,102,377
Capital Outlay	1,238,000	1,238,000	43,408
Water Purchases	4,506,400	4,506,400	3,707,347
Commodities	467,580	467,580	396,734
Administrative Fees	153,000	153,000	153,000
Other	242,000	242,000	-
Depreciation	-	-	457,514
Total Operating Expenses	11,201,189	13,701,189	7,997,705
Operating Income (Loss)	(2,472,409)	(4,972,409)	458,296
Nonoperating Revenues (Expenses)			
Connection Fees	5,505	5,505	29,209
Interest Income	-	-	15,744
Other Income	181,500	181,500	194,279
Interest Expense	(177,362)	(177,362)	(170,682)
	9,643	9,643	68,550
Income (Loss) Before Grants	(2,462,766)	(4,962,766)	526,846
Capital Grants	58,543	58,543	58,543
Change in Net Position	(2,404,223)	(4,904,223)	585,389
Net Position - Beginning as Restated			6,712,670
Net Position - Ending			7,298,059

**VILLAGE OF MORTON GROVE, ILLINOIS****Nonmajor Enterprise Funds****Combining Statement of Net Position  
December 31, 2017**

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 790,375	315,564	48,463	1,154,402
Receivables - Net of Allowances				
Accounts	77,900	-	-	77,900
Prepays	26,314	-	-	26,314
Total Assets	894,589	315,564	48,463	1,258,616
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	184,932	432	3,133	188,497
Other Liabilities	-	35,465	-	35,465
Total Liabilities	184,932	35,897	3,133	223,962
<b>NET POSITION</b>				
Unrestricted	709,657	279,667	45,330	1,034,654

## VILLAGE OF MORTON GROVE, ILLINOIS

### Nonmajor Enterprise Funds

#### Combining Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended December 31, 2017

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Operating Revenues				
Charges for Services	\$ 2,042,578	49,120	195,763	2,287,461
Operating Expenses				
Operations	1,835,572	11,158	150,433	1,997,163
Operating Income	207,006	37,962	45,330	290,298
Nonoperating Revenues				
Interest Income	228	-	-	228
Change in Net Position	207,234	37,962	45,330	290,526
Net Position - Beginning	502,423	241,705	-	744,128
Net Position - Ending	709,657	279,667	45,330	1,034,654

# VILLAGE OF MORTON GROVE, ILLINOIS

## Nonmajor Enterprise Funds

### Combining Statement of Cash Flows For the Fiscal Year Ended December 31, 2017

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,030,377	49,120	195,763	2,275,260
Payments to Suppliers	(1,754,700)	(11,570)	(147,300)	(1,913,570)
	275,677	37,550	48,463	361,690
Cash Flows from Investing Activities				
Interest Income	228	-	-	228
Net Change in Cash and Cash Equivalents	275,905	37,550	48,463	361,918
Cash and Cash Equivalents - Beginning	514,470	278,014	-	792,484
Cash and Cash Equivalents - Ending	790,375	315,564	48,463	1,154,402
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities				
Operating Income	207,006	37,962	45,330	290,298
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
(Increase) Decrease in Assets	(12,201)	-	-	(12,201)
Increase (Decrease) in Liabilities	80,872	(412)	3,133	83,593
Net Cash Provided (used) by Operating Activities	275,677	37,550	48,463	361,690

## VILLAGE OF MORTON GROVE, ILLINOIS

### Solid Waste - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Waste	\$ 2,020,284	2,020,284	2,042,578
Operating Expenses			
Operations			
Contractual Services	1,984,203	1,984,203	1,800,572
Administrative Fees	35,000	35,000	35,000
Total Operating Expenses	2,019,203	2,019,203	1,835,572
Operating Income	1,081	1,081	207,006
Nonoperating Revenues			
Interest Income	150	150	228
Change in Net Position	1,231	1,231	207,234
Net Position - Beginning			502,423
Net Position - Ending			709,657

## VILLAGE OF MORTON GROVE, ILLINOIS

### Municipal Parking - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Parking	\$ 56,000	56,000	49,120
Interest	100	100	-
Miscellaneous	50	50	-
Total Operating Revenues	56,150	56,150	49,120
Operating Expenses			
Operations			
Contractual Services	2,700	2,700	576
Commodities	900	900	382
Administrative Fees	10,200	10,200	10,200
Total Operating Expenses	13,800	13,800	11,158
Change in Net Position	42,350	42,350	37,962
Net Position - Beginning			241,705
Net Position - Ending			279,667

## VILLAGE OF MORTON GROVE, ILLINOIS

### Morton Grove Days - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Morton Grove Days	\$ 135,950	135,950	195,763
Operating Expenses			
Operations			
Contractual Services	124,950	124,950	101,622
Commodities	11,000	11,000	48,811
Total Operating Expenses	135,950	135,950	150,433
Change in Net Position	-	-	45,330
Net Position - Beginning			-
Net Position - Ending			45,330



**VILLAGE OF MORTON GROVE, ILLINOIS****Pension Trust Funds****Combining Statement of Fiduciary Net Position  
December 31, 2017**

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	1,206,223	426,370	1,632,593
Investments				
U.S. Government Obligations	-	3,326,721	1,822,672	5,149,393
U.S. Agency Obligations	-	2,510,681	9,744,111	12,254,792
Municipal Bonds	-	445,989	2,221,431	2,667,420
Corporate Bonds	-	8,213,561	1,157,387	9,370,948
Annuity Contracts	10,555,918	-	-	10,555,918
Equities	-	14,178,936	20,238,999	34,417,935
Common Stock	-	5,311,352	-	5,311,352
Receivables - Net				
Accrued Interest	-	112,157	104,520	216,677
Prepays	-	6,503	2,399	8,902
Total Assets	10,555,918	35,312,123	35,717,889	81,585,930
<b>LIABILITIES</b>				
Accounts Payable	-	16,037	27,273	43,310
<b>NET POSITION</b>				
Net Position Restricted for Pensions	10,555,918	35,296,086	35,690,616	81,542,620

# VILLAGE OF MORTON GROVE, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2017

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
Additions				
Contributions - Employer	\$ 1,298,923	2,309,955	2,291,587	5,900,465
Contributions - Plan Members	252,837	446,618	381,401	1,080,856
Total Contributions	1,551,760	2,756,573	2,672,988	6,981,321
Investment Income				
Interest Earned	231,343	794,710	1,515,593	2,541,646
Net Change in Fair Value	-	3,185,781	2,766,675	5,952,456
	231,343	3,980,491	4,282,268	8,494,102
Less Investment Expenses	(21,860)	(54,934)	(86,517)	(163,311)
Net Investment Income	209,483	3,925,557	4,195,751	8,330,791
Total Additions	1,761,243	6,682,130	6,868,739	15,312,112
Deductions				
Administration	-	39,863	43,591	83,454
Benefits and Refunds	828,678	3,508,718	3,052,990	7,390,386
Total Deductions	828,678	3,548,581	3,096,581	7,473,840
Change in Fiduciary Net Position	932,565	3,133,549	3,772,158	7,838,272
Net Position Restricted for Pensions				
Beginning	9,623,353	32,162,537	31,918,458	73,704,348
Ending	10,555,918	35,296,086	35,690,616	81,542,620

**VILLAGE OF MORTON GROVE, ILLINOIS****Municipal Employees' Retirement - Pension Trust Fund****Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,268,807	1,268,807	1,298,923
Contributions - Plan Members	195,900	195,900	252,837
Total Contributions	1,464,707	1,464,707	1,551,760
Investment Income			
Interest Earned	300,000	300,000	231,343
Net Change in Fair Value	-	-	-
	300,000	300,000	231,343
Less Investment Expenses	(21,000)	(21,000)	(21,860)
Net Investment Income	279,000	279,000	209,483
Total Additions	1,743,707	1,743,707	1,761,243
Deductions			
Administration	3,000	3,000	-
Benefits and Refunds	1,022,000	1,022,000	828,678
Total Deductions	1,025,000	1,025,000	828,678
Change in Fiduciary Net Position	718,707	718,707	932,565
Net Position Restricted for Pensions			
Beginning			9,623,353
Ending			10,555,918

**VILLAGE OF MORTON GROVE, ILLINOIS****Police Pension - Pension Trust Fund****Schedule of Changes in Fiduciary Net Position - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,284,535	2,284,535	2,309,955
Contributions - Plan Members	405,000	405,000	446,618
Total Contributions	2,689,535	2,689,535	2,756,573
Investment Income			
Interest Earned	500	500	794,710
Net Change in Fair Value	1,200,000	1,200,000	3,185,781
	1,200,500	1,200,500	3,980,491
Less Investment Expenses	(60,000)	(60,000)	(54,934)
Net Investment Income	1,140,500	1,140,500	3,925,557
Total Additions	3,830,035	3,830,035	6,682,130
Deductions			
Administration	54,000	54,000	39,863
Benefits and Refunds	3,607,000	3,607,000	3,508,718
Total Deductions	3,661,000	3,661,000	3,548,581
Change in Fiduciary Net Position	169,035	169,035	3,133,549
Net Position Restricted for Pensions			
Beginning			32,162,537
Ending			35,296,086

# VILLAGE OF MORTON GROVE, ILLINOIS

## Firefighters' Pension - Pension Trust Fund

### Schedule of Changes in Fiduciary Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,265,154	2,265,154	2,291,587
Contributions - Plan Members	385,000	385,000	381,401
Total Contributions	2,650,154	2,650,154	2,672,988
Investment Income			
Interest Earned	400,000	400,000	1,515,593
Net Change in Fair Value	901,000	901,000	2,766,675
	1,301,000	1,301,000	4,282,268
Less Investment Expenses	(75,000)	(75,000)	(86,517)
Net Investment Income	1,226,000	1,226,000	4,195,751
Total Additions	3,876,154	3,876,154	6,868,739
Deductions			
Administration	76,100	76,100	43,591
Benefits and Refunds	2,854,000	2,854,000	3,052,990
Total Deductions	2,930,100	2,930,100	3,096,581
Change in Fiduciary Net Position	946,054	946,054	3,772,158
Net Position Restricted for Pensions			
Beginning			31,918,458
Ending			35,690,616

## **SUPPLEMENTAL SCHEDULES**

## VILLAGE OF MORTON GROVE, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bond of 2010B

December 31, 2017

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Date of Issue	March 31, 2010
Date of Maturity	December 15, 2029
Authorized Issue	\$8,130,000
Interest Rates	3.20% - 6.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 435,000	370,595	805,595
2019	455,000	350,150	805,150
2020	480,000	328,765	808,765
2021	500,000	306,205	806,205
2022	530,000	282,705	812,705
2023	550,000	254,880	804,880
2024	570,000	225,730	795,730
2025	590,000	194,665	784,665
2026	610,000	161,920	771,920
2027	630,000	127,455	757,455
2028	735,000	90,600	825,600
2029	775,000	46,500	821,500
	<u>6,860,000</u>	<u>2,740,170</u>	<u>9,600,170</u>
	3,841,600	Debt Service Fund	
	<u>3,018,400</u>	Water and Sewer Fund	
	<u>6,860,000</u>		

## VILLAGE OF MORTON GROVE, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bond of 2014 December 31, 2017

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Date of Issue	March 25, 2014
Date of Maturity	December 15, 2021
Authorized Issue	\$1,415,000
Interest Rate	2.395%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Chase Bank

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	33,890	33,890
2019	470,000	33,890	503,890
2020	470,000	22,632	492,632
2021	475,000	11,376	486,376
	<u>1,415,000</u>	<u>101,788</u>	<u>1,516,788</u>



## VILLAGE OF MORTON GROVE, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Bond of 2015

December 31, 2017

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

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 555,000	391,550	946,550
2019	1,290,000	363,800	1,653,800
2020	1,360,000	299,300	1,659,300
2021	1,440,000	231,300	1,671,300
2022	1,840,000	159,300	1,999,300
2023	730,000	67,300	797,300
2024	770,000	30,800	800,800
	<u>7,985,000</u>	<u>1,543,350</u>	<u>9,528,350</u>

## VILLAGE OF MORTON GROVE, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Promissory Note Payable of 2003 December 31, 2017

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Date of Issue	February 10, 2003
Date of Maturity	August 10, 2018
Authorized Issue	\$3,165,000
Interest Rate	4.05%
Interest Dates	February 10 and August 10
Principal Maturity Dates	February 10 and August 10
Payable at	MB Financial

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 109,053	2,244	111,297

## VILLAGE OF MORTON GROVE, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Promissory Note Payable of 2013 December 31, 2017

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Date of Issue	May 31, 2016
Date of Maturity	May 31, 2020
Authorized Issue	\$1,060,000
Interest Rate	2.00%
Interest Date	May 31
Principal Maturity Date	May 31
Payable at	Fifth Third Bank

#### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 154,336	9,447	163,783
2019	157,423	6,360	163,783
2020	160,571	3,211	163,782
	472,330	19,018	491,348

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the 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 says about the Village's overall financial health.

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Net Position by Component - Last Ten Fiscal Years\*** **December 31, 2017 (Unaudited)**

	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	\$ 46,369,992	43,660,888	40,455,570	44,804,287
Restricted	1,490,542	15,697,500	19,784,173	11,645,390
Unrestricted	(12,451,299)	(24,936,412)	(23,196,704)	(18,379,105)
Total Governmental Activities Net Position	35,409,235	34,421,976	37,043,039	38,070,572
Business-Type Activities				
Net Investment in Capital Assets	1,194,967	1,918,346	3,844,337	4,490,571
Unrestricted	1,396,375	928,429	177,104	409,939
Total Business-Type Activities Net Position	2,591,342	2,846,775	4,021,441	4,900,510
Primary Government				
Net Investment in Capital Assets	47,564,959	45,579,234	44,299,907	49,294,858
Restricted	1,490,542	15,697,500	19,784,173	11,645,390
Unrestricted	(11,054,924)	(24,007,983)	(23,019,600)	(17,969,166)
Total Primary Government Net Position	38,000,577	37,268,751	41,064,480	42,971,082

\* Accrual Basis of Accounting

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

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
44,017,021	45,225,759	44,444,400	44,953,060	39,217,439	42,544,431
13,415,241	14,644,385	15,893,795	17,293,933	19,744,965	15,640,410
(20,475,242)	(23,595,025)	(23,603,372)	(71,822,364)	(75,847,646)	(79,477,082)
36,957,020	36,275,119	36,734,823	(9,575,371)	(16,885,242)	(21,292,241)
4,108,087	4,945,237	5,875,794	5,778,164	5,960,197	6,556,655
2,044,418	2,835,446	3,765,559	1,925,554	1,182,811	1,776,058
6,152,505	7,780,683	9,641,353	7,703,718	7,143,008	8,332,713
48,125,108	50,170,996	50,320,194	50,731,224	45,177,636	49,101,086
13,415,241	14,644,385	15,893,795	17,293,933	19,744,965	15,640,410
(18,430,824)	(20,759,579)	(19,837,813)	(69,896,810)	(74,664,835)	(77,701,024)
43,109,525	44,055,802	46,376,176	(1,871,653)	(9,742,234)	(12,959,528)

VILLAGE OF MORTON GROVE, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years\*  
December 31, 2017 (Unaudited)

	2008	2009	2010	2011
Expenses				
Governmental Activities				
General Government	\$ 4,587,340	3,987,630	3,394,369	2,989,799
Public Safety	15,324,442	16,452,967	16,785,158	18,359,859
Streets and Highways	4,196,379	3,815,984	4,312,475	4,685,104
Sanitation	632,928	646,686	74,942	-
Vehicle Maintenance	932,625	752,089	720,434	738,039
Health and Human Services	679,218	717,693	383,133	254,522
Community Development	2,047,185	778,130	695,599	331,224
Building and Inspection al Services	693,218	812,585	511,905	533,941
Interest	1,254,168	879,876	1,018,423	1,043,389
Total Governmental Activities Expenses	30,347,503	28,843,640	27,896,438	28,935,877
Business-Type Activities				
Waterworks and Sewerage	4,550,240	4,995,861	5,204,329	5,371,031
Solid Waste	-	-	1,352,270	1,818,505
Municipal Parking	-	-	-	-
Morton Grove Days	-	-	-	-
Total Business-Type Activities Expenses	4,550,240	4,995,861	6,556,599	7,189,536
Total Primary Government Expenses	34,897,743	33,839,501	34,453,037	36,125,413
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	2,151,555	2,068,374	2,928,022	2,889,549
Public Safety	439,602	478,189	522,603	722,977
Other Activities	83,477	77,835	98,009	7,981
Operating Grants/Contributions	699,862	804,094	978,467	882,240
Capital Grants/Contributions	55,729	1,244	216,450	278,738
Total Governmental Activities Program Revenues	3,430,225	3,429,736	4,743,551	4,781,485
Business-Type Activities				
Charges for Services				
Waterworks and Sewerage	4,596,060	4,990,281	5,451,711	5,773,298
Solid Waste	-	-	1,207,409	1,830,623
Municipal Parking	-	-	-	13,660
Morton Grove Days	-	-	-	-
Capital Grants/Contributions	-	-	811,519	64,122
Total Business-Type Activities Program Revenues	4,596,060	4,990,281	7,470,639	7,681,703
Total Primary Government Program Revenues	8,026,285	8,420,017	12,214,190	12,463,188
Net (Expense) Revenue				
Governmental Activities	\$ (26,917,278)	(25,413,904)	(23,152,887)	(24,154,392)
Business-Type Activities	45,820	(5,580)	914,040	492,167
Total Primary Government Net (Expense) Revenue	(26,871,458)	(25,419,484)	(22,238,847)	(23,662,225)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property	12,737,951	12,799,051	13,005,988	12,796,737
Sales	6,370,839	5,604,221	5,576,524	5,602,819
Utility	1,206,890	1,144,676	1,159,513	1,154,124
Other	2,401,921	2,308,750	2,280,628	2,231,857
Intergovernmental - Unrestricted				
Income Taxes	2,125,301	1,824,794	1,766,942	1,797,158
Local Use	331,713	272,041	303,687	338,416
Personal Property Replacement	434,614	368,208	395,543	348,557
Investment Earnings	394,088	304,129	114,990	73,661
Miscellaneous	574,371	295,348	1,170,135	813,078
Gain on Disposal of Capital Assets	-	-	-	25,518
Total Governmental Activities General Revenues	26,577,688	24,921,218	25,773,950	25,181,925
Business-Type Activities				
Investment Earnings	12,188	3,469	6,296	15,454
Contributions	-	108,134	8,100	-
Miscellaneous	196,297	250,925	246,230	297,636
Gain on Disposal of Capital Assets	-	-	-	-
Total Business-Type Activities General Revenues	208,485	362,528	260,626	313,090
Total Primary Government General Revenues	26,786,173	25,283,746	26,034,576	25,495,015
Changes in Net Position				
Governmental Activities	(339,590)	(492,686)	2,621,063	1,027,533
Business-Type Activities	254,305	356,948	1,174,666	805,257
Total Primary Government Changes in Net Position	(85,285)	(135,738)	3,795,729	1,832,790

\* Accrual Basis of Accounting

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
5,634,828	3,826,691	3,749,953	5,122,457	4,952,670	5,117,197
18,526,759	18,773,860	19,225,281	25,760,081	26,283,790	24,371,736
3,547,591	5,823,268	4,043,649	7,364,136	6,569,693	5,889,348
-	-	-	-	-	-
816,073	846,686	793,103	701,174	687,317	662,341
266,405	270,450	282,897	220,531	16,446	9,059
470,695	467,393	980,882	1,118,066	688,354	1,594,966
699,282	845,669	794,883	714,270	896,333	1,042,263
862,272	805,158	781,321	943,022	642,697	584,476
30,823,905	31,659,175	30,651,969	41,943,737	40,737,300	39,271,386
6,286,120	6,770,519	7,356,131	10,269,076	9,499,761	8,168,387
1,820,057	1,869,140	1,857,923	1,869,199	1,788,287	1,835,572
370	11,721	11,380	11,348	12,585	11,158
-	-	-	-	-	150,433
8,106,547	8,651,380	9,225,434	12,149,623	11,300,633	10,165,550
38,930,452	40,310,555	39,877,403	54,093,360	52,037,933	49,436,936
2,870,140	3,120,247	3,426,448	3,273,344	2,864,038	2,989,856
668,063	905,530	961,296	1,087,239	1,118,677	1,127,232
3,657	8,306	2,403	8,102	176,970	122,461
1,002,278	758,925	829,051	1,077,504	606,115	611,558
157,618	462,298	158,042	141,474	63,670	206,238
4,701,756	5,255,306	5,377,240	5,587,663	4,829,470	5,057,345
7,106,948	7,857,661	8,678,471	8,691,690	8,441,426	8,485,210
1,888,288	1,956,253	1,983,404	2,014,617	1,985,744	2,042,578
44,325	54,091	59,633	57,935	58,507	49,120
-	-	-	-	-	195,763
64,122	59,024	59,473	59,601	59,112	58,543
9,103,683	9,927,029	10,780,981	10,823,843	10,544,789	10,831,214
13,805,439	15,182,335	16,158,221	16,411,506	15,374,259	15,888,559
(26,122,149)	(26,403,869)	(25,274,729)	(36,356,074)	(35,907,830)	(34,214,041)
997,136	1,275,649	1,555,547	(1,325,780)	(755,844)	665,664
(25,125,013)	(25,128,220)	(23,719,182)	(37,681,854)	(36,663,674)	(33,548,377)
12,620,923	12,559,743	12,444,336	12,861,602	13,010,453	13,474,303
5,940,931	6,277,412	6,413,855	6,801,069	7,642,127	7,713,258
1,119,227	1,166,101	1,228,883	1,272,845	2,039,489	1,506,508
2,471,292	2,287,247	2,186,679	2,659,951	2,283,702	2,872,210
2,044,675	2,217,174	2,227,959	2,476,003	2,265,196	2,137,330
366,352	400,868	454,615	517,569	565,191	601,914
349,197	387,116	398,843	405,808	402,648	470,075
26,846	12,248	15,843	17,912	60,078	776,459
262,112	414,059	363,420	236,286	329,075	224,985
-	-	-	-	-	-
25,201,555	25,721,968	25,734,433	27,249,045	28,597,959	29,777,042
13,740	2,665	2,966	2,322	11,330	15,972
-	-	-	-	-	-
296,582	300,864	284,657	315,446	173,804	194,279
-	49,000	17,500	6,300	-	-
310,322	352,529	305,123	324,068	185,134	210,251
25,511,877	26,074,497	26,039,556	27,573,113	28,783,093	29,987,293
(920,594)	(681,901)	459,704	(9,107,029)	(7,309,871)	(4,436,999)
1,307,458	1,628,178	1,860,670	(1,001,712)	(570,710)	875,915
386,864	946,277	2,320,374	(10,108,741)	(7,880,581)	(3,561,084)



# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Fund Balances of Governmental Funds - Last Ten Fiscal Years\* December 31, 2017 (Unaudited)**

	2008	2009	2010	2011
General Fund				
Nonspendable				
Advance to Other Funds	\$ 1,614,804	1,588,930	1,549,007	1,508,930
Prepaid Items	-	6,626	-	-
Restricted				
Public Safety	-	-	-	116,805
Retirement	-	-	-	-
Specific Property Tax Levies	-	-	-	-
Unrestricted/Unassigned	8,477,050	5,794,060	5,931,760	5,684,663
Total General Fund	10,091,854	7,389,616	7,480,767	7,310,398
All Other Governmental Funds				
Nonspendable				
Prepaid Items	-	22,336	-	-
Advance to Other Funds	-	-	-	-
Restricted				
Public Safety	180,400	196,590	191,843	459,385
Capital Improvements				
Unspent Bond Proceeds	550,497	488,113	6,483,518	4,284,205
Community Development	6,003,872	14,452,122	12,671,491	10,771,232
Economic Development	7,282,950	-	-	-
Highways and Streets	35,727	46,069	204,343	297,968
Debt Service	468,461	492,270	232,978	-
Unrestricted				
Committed for Community Development	-	-	-	133,110
Committed for Commuter Improvements	133,254	164,233	167,904	189,114
Assigned for Capital Improvements	-	-	-	683,421
Special Revenue Funds	-	-	-	-
Unassigned	(1,103,419)	(975,505)	(1,079,187)	(1,494,055)
Total All Other Governmental Funds	13,551,742	14,886,228	18,872,890	15,324,380
Total Governmental Funds	23,643,596	22,275,844	26,353,657	22,634,778

\* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
1,546,190	1,506,190	1,514,751	2,781,489	3,276,359	1,148,930
103,495	-	589,507	192	192	192
116,805	14,559	-	-	-	-
-	-	-	4,961	-	-
7,357	-	-	-	-	-
5,093,952	5,744,509	5,745,220	5,891,331	6,678,041	10,201,704
6,867,799	7,265,258	7,849,478	8,677,973	9,954,592	11,350,826
-	-	-	297,983	-	-
35,714	-	44,364	-	44,364	-
482,443	498,175	805,492	1,168,217	1,266,779	1,372,686
2,481,828	1,078,056	18	3,597,581	1,753,252	1,076,628
12,360,035	13,493,724	14,228,109	15,018,344	15,830,847	12,189,640
-	-	-	-	-	-
448,601	637,927	860,194	765,044	841,869	915,002
-	-	-	337,367	100,190	118,339
-	-	-	-	-	-
180,440	105,648	59,855	61,734	66,331	23,930
543,242	-	-	-	-	-
-	-	-	-	-	-
(1,956,874)	(2,150,549)	(1,905,351)	(2,860,210)	(3,370,901)	(3,314,637)
14,575,429	13,662,981	14,092,681	18,386,060	16,532,731	12,381,588
21,443,228	20,928,239	21,942,159	27,064,033	26,487,323	23,732,414

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years\***  
**December 31, 2017 (Unaudited)**

	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 22,424,327	21,586,089	21,775,843	21,551,420
Intergovernmental	3,647,439	3,270,381	3,661,090	3,645,110
Charges for Services	982,042	873,261	1,014,532	1,152,456
License and Permits	1,115,215	1,029,669	1,569,517	1,587,662
Fines and Forfeitures	281,457	346,754	561,349	531,010
Surcharge Fees	293,273	270,610	246,812	234,115
Investment Income	393,869	304,129	114,990	73,661
Cable TV	224,026	233,278	260,205	259,862
Miscellaneous	628,427	436,783	1,313,163	902,535
Total Revenues	29,990,075	28,350,954	30,517,501	29,937,831
<b>Expenditures</b>				
General Government	3,829,837	3,235,134	2,941,777	2,299,975
Public Safety	14,878,141	15,393,475	15,899,654	16,948,038
Streets and Sidewalks	3,236,324	3,029,454	2,754,279	2,752,341
Sanitation	632,928	644,771	74,942	-
Vehicle Maintenance	932,625	752,089	720,434	738,039
Health and Human Services	679,218	718,045	395,984	255,880
Community Development	2,047,185	529,407	557,192	545,904
Building and Inspection Services	687,918	807,146	514,832	555,482
Debt Service				
Principal Retirement	1,701,086	10,144,327	2,434,899	5,390,149
Interest	1,304,359	1,084,892	1,081,772	1,026,638
Other Charges	-	94,346	-	-
Capital Outlay	1,034,105	975,791	4,680,419	3,173,842
Total Expenditures	30,963,726	37,408,877	32,056,184	33,686,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	(973,651)	(9,057,923)	(1,538,683)	(3,748,457)
<b>Other Financing Sources (Uses)</b>				
Transfers In	137,162	136,945	62,630	-
Transfers (Out)	(137,162)	(136,945)	(62,630)	-
Issuance of Bonds	-	10,657,500	5,586,000	-
Premium on Bonds Issued	-	-	-	-
Discount on Debt Issuance	-	(11,975)	(3,371)	-
Payments to Bond Escrow	-	(5,661,824)	-	-
Issuance of Refunding Installment Note	-	2,685,000	-	-
Issuance of Installment Note	-	-	-	-
Disposal of Capital Assets	17,838	21,470	33,867	29,578
	17,838	7,690,171	5,616,496	29,578
Net Change in Fund Balances	(955,813)	(1,367,752)	4,077,813	(3,718,879)
Debt Service as a Percentage of Noncapital Expenditures	9.96%	30.68%	12.21%	19.95%

\* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
21,879,247	22,290,504	22,273,754	23,595,467	20,170,610	20,728,811
4,010,271	4,290,145	4,250,153	4,618,358	8,851,872	8,965,474
1,067,979	1,061,973	1,139,875	1,204,934	1,375,439	1,409,280
1,472,977	1,498,507	1,741,148	1,826,803	1,689,844	1,801,637
609,450	835,461	827,515	717,300	654,226	626,021
273,226	249,121	246,727	283,028	-	-
26,846	12,248	15,843	17,912	60,078	776,459
322,937	322,822	340,991	336,620	368,533	369,732
240,378	416,493	275,667	236,286	329,075	224,985
29,903,311	30,977,274	31,111,673	32,836,708	33,499,677	34,902,399
2,960,966	2,983,917	2,969,658	3,259,332	3,645,330	3,648,820
16,841,291	16,871,340	17,705,168	18,491,369	18,807,704	19,397,065
2,974,086	3,147,491	3,732,439	3,322,002	3,189,534	3,036,929
-	-	-	-	-	-
816,073	846,686	793,103	701,174	687,317	662,341
263,187	284,289	282,897	217,248	16,446	9,059
766,988	765,500	1,322,606	1,385,112	1,095,015	1,488,315
698,263	858,707	790,256	707,754	896,333	1,062,123
2,649,987	2,627,833	2,846,995	1,665,200	2,158,501	3,499,742
859,489	793,459	783,179	932,247	876,035	787,431
-	-	-	-	-	-
2,342,331	3,431,829	315,560	2,173,640	2,714,242	1,483,829
31,172,661	32,611,051	31,541,861	32,855,078	34,086,457	35,075,654
(1,269,350)	(1,633,777)	(430,188)	(18,370)	(586,780)	(173,255)
-	-	-	-	493,658	2,537,988
-	-	-	-	(493,658)	(2,537,988)
-	-	-	10,010,000	-	-
-	-	-	1,472,259	-	-
-	-	-	-	-	-
-	-	-	(6,359,521)	-	-
-	-	-	-	-	-
-	1,060,000	1,415,000	-	-	-
77,800	58,788	29,108	17,506	10,070	(2,581,654)
77,800	1,118,788	1,444,108	5,140,244	10,070	(2,581,654)
(1,191,550)	(514,989)	1,013,920	5,121,874	(576,710)	(2,754,909)
11.36%	11.02%	11.84%	8.64%	9.10%	12.62%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Fiscal Year	Tax Levy Year	Residential Property	Farm	Commercial Property
2008	2007	\$ 690,027,687	\$ -	\$ 110,013,043
2009	2008	758,998,259	-	109,264,039
2010	2009	784,203,243	115,060	98,422,952
2011	2010	701,075,231	103,019	105,399,747
2012	2011	660,244,991	103,019	89,873,325
2013	2012	606,992,305	103,019	87,545,734
2014	2013	502,751,427	87,861	84,511,239
2015	2014	498,219,161	89,479	128,260,405
2016	2015	485,947,584	89,446	135,675,717
2017	2016	N/A	N/A	N/A

Data Source: Office of the County Clerk

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

N/A - Not available

Industrial Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
\$	168,985,460	\$ 969,026,190	0.995	2,907,078,570	33.333%
	187,025,722	1,055,288,020	0.914	3,165,864,060	33.333%
	147,319,741	1,030,060,996	0.937	3,090,182,988	33.333%
	146,339,223	952,917,220	1.021	2,858,751,660	33.333%
	127,153,891	877,375,226	1.139	2,632,125,678	33.333%
	116,476,425	811,117,483	1.231	2,433,352,449	33.333%
	101,866,766	689,217,293	1.451	2,067,651,879	33.333%
	75,359,033	701,928,078	1.505	2,105,784,234	33.333%
	74,127,176	695,839,923	1.504	2,087,519,978	33.333%
	N/A	812,998,812	1.300	2,438,996,680	33.333%

## VILLAGE OF MORTON GROVE, ILLINOIS

### Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years December 31, 2017 (Unaudited)

	2007	2008	2009
<b>Village Direct Rates</b>			
General	0.559	0.486	0.465
Police Pension	0.132	0.138	0.162
Fire Pension	0.151	0.157	0.179
Bonds and Interest	0.058	0.053	0.049
IMRF	-	-	-
Purchase Agreement	0.002	0.002	0.052
IEPA Agreement	0.053	0.049	-
Capital Improvement	0.040	0.029	0.030
Total Direct Rates	0.995	0.914	0.937
<b>Overlapping Rates</b>			
Morton Grove Library	0.266	0.259	0.269
School District #68	1.931	1.882	1.999
School District #69	3.124	3.247	3.768
School District #67	1.859	1.807	1.943
School District #63	2.276	2.233	2.235
School District #70	2.506	2.484	2.574
High School District #207	1.602	1.577	1.617
High School District #219	2.114	2.120	2.267
Community College District #535	0.141	0.140	0.140
Cook County	0.446	0.415	0.394
Cook County Forest Preserve	0.053	0.051	0.049
Consolidated Elections	0.012	-	0.021
Metro Water Reclamation District	0.263	0.252	0.261
Morton Grove Park District	0.289	0.272	0.284
Skokie Park District	0.375	0.386	0.383
Glenview Park District	0.429	0.429	0.422
Maine Township	0.114	0.112	0.117
Niles Township	0.030	0.030	0.032
North Shore Mosquito Abatement	0.008	0.008	0.008

Data Source: Office of the County Clerk

2010	2011	2012	2013	2014	2015	2016
0.528	0.597	0.658	0.725	0.779	0.710	0.574
0.179	0.182	0.191	0.258	0.265	0.302	0.289
0.199	0.205	0.216	0.284	0.284	0.314	0.287
0.075	0.126	0.136	0.143	0.121	0.122	0.102
-	0.021	0.022	0.030	0.041	0.041	0.035
0.002	0.002	0.002	0.003	-	-	-
0.027	-	-	-	-	-	-
0.011	0.006	0.006	0.008	0.015	0.015	0.013
1.021	1.139	1.231	1.451	1.505	1.504	1.300
0.335	0.349	0.377	0.444	0.458	0.419	0.419
2.133	2.452	2.723	3.144	3.121	2.863	2.863
4.357	4.866	5.481	6.214	5.926	5.696	5.696
2.203	2.449	2.961	3.497	3.427	2.957	2.957
2.499	2.775	3.100	3.864	3.811	3.492	3.492
2.890	3.261	3.669	4.351	4.344	3.797	3.797
1.782	1.995	2.215	2.722	2.739	2.507	2.507
2.538	2.904	3.256	3.707	3.650	3.460	4.460
0.160	0.196	0.219	0.256	0.258	0.231	0.231
0.423	0.462	0.531	0.560	0.568	0.533	0.533
0.051	0.058	0.063	0.069	0.069	0.063	0.063
-	0.025	0.531	0.031	-	-	-
0.274	0.320	0.370	0.417	0.430	0.406	0.406
0.311	0.365	0.382	0.468	0.463	0.431	0.431
0.423	0.476	0.518	0.581	0.477	0.440	0.440
0.483	0.538	0.579	0.662	0.661	0.563	0.563
0.131	0.149	0.168	0.210	0.210	0.108	0.108
0.036	0.042	0.048	0.056	0.057	0.046	0.046
0.009	0.010	0.010	0.007	0.011	0.010	0.010



# VILLAGE OF MORTON GROVE, ILLINOIS

## Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago December 31, 2017 (Unaudited)

Taxpayer	2016 Tax Levy Year			2007 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
CRP Holdings CLP	\$ 15,371,843	1	1.89%			
Schwinge Family Ltd	12,060,440	2	1.48%	\$ 12,267,849	5	1.53%
Tower Real Estate	8,599,382	3	1.06%			
Menards	7,657,316	4	0.94%	13,155,165	3	1.64%
Fluid Handling LLC	7,485,677	5	0.92%			
Avon Products Inc.	7,371,813	6	0.91%	10,757,711	6	1.34%
MG Property Holdings	6,899,250	7	0.85%			
John Crane Inc	6,795,980	8	0.84%	10,723,075	7	1.34%
7000 Golf Road LLC	6,666,918	9	0.82%			
Public Storage	6,026,529	10	0.74%			
Rose Real Estate				21,821,407	1	2.73%
Federal Center, Inc.				20,736,341	2	2.59%
Bell & Gossett				13,046,718	4	1.63%
Kraft				8,494,412	8	1.06%
Lawncare Products				6,556,787	9	0.82%
Gendell				4,871,000	10	0.61%
	<u>84,935,148</u>		<u>10.45%</u>	<u>122,430,465</u>		<u>15.29%</u>

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

Data Source: Office of the County Clerk

## VILLAGE OF MORTON GROVE, ILLINOIS

### Property Tax Levies and Collections - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date				
				Amount	Percentage of Levy		Amount	Percentage of Levy			
		2008	2007	\$	9,649,253	\$	9,455,259	97.99%	\$	-	\$
2009	2008		9,649,253		9,312,628	96.51%		-		9,312,628	96.51%
2010	2009		9,649,253		9,346,622	96.86%		-		9,346,622	96.86%
2011	2010		9,986,977		9,544,078	95.57%		-		9,544,078	95.57%
2012	2011		9,986,977		9,756,941	97.70%		-		9,756,941	97.70%
2013	2012		9,986,976		9,784,931	97.98%		-		9,784,931	97.98%
2014	2013		9,986,976		9,821,777	98.35%		-		9,821,777	98.35%
2015	2014		10,556,998		10,374,750	98.27%		-		10,374,750	98.27%
2016	2015		10,463,024		10,351,433	98.93%		-		10,351,433	98.93%
2017	2016		10,463,012		10,296,872	98.41%		-		10,296,872	98.41%

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

Data Source: Office of the County Clerk

# **VILLAGE OF MORTON GROVE, ILLINOIS**

## **Ratios of Outstanding Debt by Type - Last Ten Fiscal Years December 31, 2017 (Unaudited)**

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Revolving Loans Payable	Installment Notes Payable	Intergovernmental Agreements Payable
2008	\$ 15,481,250	\$ 1,633,332	\$ 12,015,866	\$ 4,482,974
2009	19,283,750	1,212,720	4,648,818	4,260,718
2010	23,124,800	776,917	4,394,673	4,014,958
2011	21,072,950	325,372	1,507,919	3,753,704
2012	18,958,300	-	1,297,954	3,457,411
2013	16,549,300	-	2,139,121	3,134,950
2014	15,487,800	-	1,768,626	2,785,393
2015	19,563,778	-	1,385,826	2,407,781
2016	17,620,627	-	990,325	2,001,120
2017	14,345,795	-	581,383	1,564,381

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

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

		Business-Type Activities						
General Obligation Bonds		Revolving Loans Payable		Installment Notes Payable		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 2,093,750		\$ 150,021		\$ 250,081		\$ 36,107,274	5.76%	\$ 1,608.27
1,856,250		75,943		51,148		31,389,347	5.01%	1,398.13
5,855,200		-		-		38,166,548	6.09%	1,640.16
5,347,050		-		-		32,006,995	5.10%	1,375.46
4,766,700		-		-		28,480,365	4.54%	1,223.91
4,175,700		-		-		25,999,071	4.14%	1,117.28
3,577,200		-		-		23,619,019	3.10%	1,015.00
3,389,475		-		-		26,746,860	3.32%	1,149.41
3,202,841		-		-		23,814,913	3.10%	1,013.53
3,014,007		-		-		19,505,566	2.48%	833.11

## VILLAGE OF MORTON GROVE, ILLINOIS

### Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Less: Amounts Available for Debt Service		Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	General Obligation Bonds	General Obligation Bonds							
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
2014		15,487,800		3,577,200		46,839	19,018,161	2.76%	817.28
2015		19,563,778		3,389,475		337,367	22,615,886	3.22%	971.89
2016		17,620,627		3,202,841		52,218	20,771,250	2.99%	884.00
2017		14,345,795		3,014,007		86,454	17,273,348	2.12%	737.77

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

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

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

# VILLAGE OF MORTON GROVE, ILLINOIS

## Schedule of Direct and Overlapping Governmental Activities Debt December 31, 2017 (Unaudited)

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village (1)(2)	Village's Share of Debt
Village of Morton Grove	\$ 16,491,559	100.000%	\$ 16,491,559
Schools			
School District #63	13,640,000	15.78%	2,152,782
School District #67	9,693,951	73.11%	7,086,955
School District #69	23,310,000	18.05%	4,207,775
School District #70	4,860,000	98.63%	4,793,592
High School District #207	14,540,000	3.73%	541,814
High School District #219	128,098,952	15.83%	20,281,724
Community College District #535	28,950,000	3.65%	1,056,001
Total Schools	223,092,903		40,120,643
Others			
Cook County	3,092,046,750	0.57%	17,520,026
Cook County Forest Preserve	149,290,000	0.57%	845,901
Metropolitan Metro Water Reclamation District of Greater Chicago	2,480,560,091	0.58%	14,327,964
Glenview Park District	15,690,000	0.30%	46,973
Skokie Park District	23,064,470	0.55%	126,535
Total Others	5,760,651,311		32,867,399
Total Overlapping Debt	246,157,373		72,988,041
Total Direct and Overlapping Debt	262,648,932		89,479,600

(1) Overlapping debt percentages based on 2015 EAV, the most recent available.

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

Data Source: Cook County Clerk

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

### **Legal Debt Margin**

**December 31, 2017 (Unaudited)**

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The Village is a home rule municipality.

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

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

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

## VILLAGE OF MORTON GROVE, ILLINOIS

### Demographic and Economic Statistics - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2008	22,451	\$ 626,360,449	\$ 27,899	3.90%
2009	22,451	626,360,449	27,899	6.50%
2010	23,270	626,358,590	26,917	8.10%
2011	23,270	627,661,710	26,973	8.90%
2012	23,270	627,661,710	26,973	8.90%
2013	23,270	627,661,710	26,973	8.90%
2014	23,270	762,278,660	32,758	8.70%
2015	23,270	805,886,640	34,632	5.80%
2016	23,497	769,282,930	33,059	5.20%
2017	23,413	785,108,129	33,533	3.70%

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



## VILLAGE OF MORTON GROVE, ILLINOIS

### Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago December 31, 2017 (Unaudited)

Employer	2017			2008		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Xylem	475	1	2.60%			
New Avon LLC	362	2	2.00%			
John Crane Inc	298	3	1.50%	1,350	1	6.00%
Schwartz Paper Co	280	4	1.00%	445	4	2.00%
Active Disposal Lake Shore	225	5	0.90%			
Amazon	216	6	0.90%			
MG Living & Rehab	205	7	0.90%			
Shore Koenig Training Center	200	8	0.70%	210	7	0.90%
Quantum Color Graphics	175	9	0.60%			
Precision Plating	165	10	0.60%			
Avon Products Inc				1,100	2	4.90%
ITT Bell & Gossett				750	3	3.30%
Sunstone				412	5	1.80%
Morton Grove Pharmaceuticals Inc				250	6	1.10%
Malko Electric				180	8	0.80%
Paul J Krez Electric				180	9	0.80%
Quantum Group				135	10	0.60%
	<u>2,601</u>		<u>11.70%</u>	<u>5,012</u>		<u>22.20%</u>

Data Source: Village business licenses, 2014 Illinois Manufacturers Directory and 2014 Illinois Services Directory

**VILLAGE OF MORTON GROVE, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
December 31, 2017 (Unaudited)**

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**See Following Page**

## VILLAGE OF MORTON GROVE, ILLINOIS

### Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Function/Program	2008	2009	2010
General Government			
Administrative	4.5	3.5	3.0
Community Development	1.5	1.5	1.0
Legal	0.5	0.5	0.5
Management Information	1.0	1.0	1.0
Finance	6.0	5.5	5.5
Health and Human Services	-	-	-
Family Services	9.5	11.5	4.5
Building/Code Enforcement	8.0	7.0	4.0
Public Safety			
Police			
Officers	46.0	45.0	45.0
Civilians	23.0	22.0	20.0
Fire			
Firefighters and Officers	42.0	40.0	41.0
Civilians	3.0	30.0	2.5
Public Works			
Street Maintenance	16.5	17.5	17.5
Engineering	3.2	3.0	3.0
Vehicle Maintenance	4.0	4.0	4.1
Water and Sewer	13.3	12.0	12.0
Totals	182.0	204.0	164.6

Data Source: Village Budget Office

2011	2012	2013	2014	2015	2016	2017
3.0	4.0	4.0	4.5	4.0	4.0	5.0
1.0	1.0	1.0	2.5	2.0	2.0	2.0
0.5	0.5	0.5	0.5	0.5	0.5	0.5
1.0	1.0	1.0	1.0	1.0	1.0	1.5
5.5	5.0	6.0	6.0	6.0	6.0	6.0
-	-	-	0.5	0.5	-	-
4.5	4.5	3.5	2.5	2.5	2.5	2.5
4.0	2.5	4.0	5.0	4.0	4.0	4.0
46.0	45.0	45.0	46.0	46.0	47.0	47.0
18.5	18.5	21.0	17.0	15.0	15.0	15.0
41.0	40.0	42.0	41.0	39.0	42.0	42.0
2.5	1.5	3.5	3.0	2.5	2.5	2.5
17.5	17.5	17.5	20.0	20.0	19.0	19.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
12.0	12.0	12.0	12.0	13.5	12.5	12.5
164.0	160.0	168.0	168.5	163.5	165.0	166.5

## VILLAGE OF MORTON GROVE, ILLINOIS

### Operating Indicators by Function/Program - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Function/Program	2008	2009	2010
Public Safety			
Police			
Physical Arrests	550	651	647
Parking Violations	5,171	6,075	8,331
Traffic Violations	4,367	5,092	4,587
Fire			
Emergency Responses	3,594	3,249	3,265
Fires Extinguished	22	70	59
Public Works			
Street Resurfacing (Miles)	0.63	1.33	3.03
Potholes Repaired	120.00	180.00	189.00
Water			
New Connections	23	1	27
Water Mains Breaks	67	91	81
Average Daily Consumption	3,500,000	2,999,484	2,969,923
Peak Daily Consumption	6,200,000	4,374,000	4,167,000

Data Source: Various Village Departments

2011	2012	2013	2014	2015	2016	2017
574	580	513	551	438	430	377
8,933	6,751	6,465	4,530	3,814	3,736	2,861
4,440	3,686	3,849	3,072	3,292	2,234	2,546
3,419	3,360	3,470	3,631	3,694	3,771	3,927
60	48	63	69	39	34	35
4.90	6.65	5.70	1.50	3.90	3.50	0.80
170.75	12.50	132.00	160.00	104.00	109.00	102.00
8	9	7	9	-	-	-
64	70	122	80	72	63	69
2,670,613	2,745,553	2,601,227	2,869,367	2,698,000	2,681,000	2,547,000
4,498,000	4,412,000	4,238,000	3,628,000	5,086,000	3,650,000	3,381,000

## VILLAGE OF MORTON GROVE, ILLINOIS

### Capital Asset Statistics by Function/Program - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Function/Program	2008	2009	2010
Public Safety			
Police			
Stations	1	1	1
Area Patrols	3	3	3
Patrol Units	15	15	15
Fire			
Fire Stations	2	2	2
Fire Engines	2	2	2
Public Works			
Arterial Streets (Miles)	19	19	19
Residential Street (Miles)	86	86	86
Streetlights	372	372	372
Traffic Signals	13	13	13
Water			
Water Mains (Miles)	98.9	98.9	98.9
Fire Hydrants	1,093	1,093	1,093
Storage Capacity (Gallons)	8,550,000	8,550,000	8,550,000
Wastewater			
Sanitary Sewers (3 Miles)	47.9	47.9	47.9
Storm Sewers (3 Miles)	70.6	70.6	70.6
Combined Sewers (Miles)	23.6	23.6	23.6

Data Source: Various Village Departments

2011	2012	2013	2014	2015	2016	2017
1	1	1	1	1	1	1
3	3	3	3	3	3	3
15	15	15	15	15	15	15
2	2	2	2	2	2	2
2	2	2	2	2	2	2
19	19	19	19	19	19	19
86	86	86	86	86	86	86
372	372	372	372	372	357	357
13	13	13	13	13	13	13
98.9	98.9	98.9	98.9	98.9	99.0	99.0
1,093	1,093	1,093	1,093	1,093	1,093	1,093
8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000
47.9	47.9	47.9	47.9	47.9	47.9	47.9
70.6	70.6	70.6	70.6	70.6	70.6	70.6
23.6	23.6	23.6	23.6	23.6	23.6	23.6