

NOTICE OF CORRECTION

for the
\$6,055,000*
VILLAGE OF MORTON GROVE
Cook County, Illinois
General Obligation Refunding Bonds, Series 2019

Originally Selling On:
Tuesday, October 15, 2019
Between 10:00 and 10:15 A.M., C.D.T.
(Open Speer Auction)

Referencing the Official Statement dated October 1, 2019 for the above referenced bond issue:

THE OFFICIAL STATEMENT HAS BEEN REVISED TO REFLECT THAT THE BONDS ARE NON-BANK QUALIFIED.

THE SALE DATE HAS BEEN CHANGED TO THURSDAY, OCTOBER 17, 2019 AND THE CLOSING DATE HAS BEEN CHANGED TO NOVEMBER 5, 2019.

Revised October 14, 2019

For additional information please contact Speer Financial, Inc., Suite 4100, One North LaSalle Street, Chicago, Illinois 60602; telephone (312) 346-3700; FAX (312) 346-8833.

**Subject to change.*

New Issue

Date of Sale: Thursday, **October 17, 2019**
Between 10:00 and 10:15 A.M., C.D.T.
(Open Speer Auction)

Investment Rating:
S&P Global Ratings ... AA (Stable)

Official Statement

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.



\$6,055,000*

VILLAGE OF MORTON GROVE

Cook County, Illinois

General Obligation Refunding Bonds, Series 2019

Dated Date of Delivery

Book-Entry

Due Serially December 15, 2020-2029

The \$6,055,000* General Obligation Refunding Bonds, Series 2019 (the "Bonds"), are being issued by the Village of Morton Grove, Cook County, Illinois (the "Village"). Interest is payable semiannually on June 15 and December 15 of each year, commencing June 15, 2020. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Alternatively, the Bonds will be registered in the name of the purchaser of the Bonds and physical delivery will be made. The Bonds will mature on December 15 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, YIELDS OR PRICES AND CUSIP NUMBERS

Principal Amount*	Due Dec. 15	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due Dec. 15	Interest Rate	Price or Yield	CUSIP Number(1)
\$485,000	2020	%	%		\$600,000	2025	%	%	
535,000	2021	%	%		615,000	2026	%	%	
560,000	2022	%	%		625,000	2027	%	%	
575,000	2023	%	%		720,000	2028	%	%	
590,000	2024	%	%		750,000	2029	%	%	

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

Bonds due December 15, 2020-2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-2029, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used to (i) refund a portion of the Village's outstanding Taxable General Obligation Bonds, Series 2010B (Build America Bonds - Direct Payment to Issuer), and (ii) pay the costs of issuing the Bonds. See "PLAN OF FINANCING" herein.

The Village will not designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Official Statement is dated **October 14, 2019**, and has been prepared under the authority of the Village. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Ralph Czerwinski, Village Administrator Village of Morton Grove, 6101 Capulina Avenue, Morton Grove, Illinois 60053, or from the Municipal Advisor to the Village:



*Subject to change.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Global Ratings. The Village is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Village from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the Village.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Village and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE VILLAGE SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

Issuer:	Village of Morton Grove, Cook County, Illinois.
Issue:	\$6,055,000* General Obligation Refunding Bonds, Series 2019.
Dated Date:	Date of delivery, expected to be on or about November 5, 2019 .
Interest Due:	Each June 15 and December 15, commencing June 15, 2020.
Principal Due:	Serially each December 15, commencing December 15, 2020 through 2029, as detailed on the front page of this Official Statement.
Optional Redemption:	Bonds maturing on December 15, 2028-2029, are callable at the option of the Village on any date on or after December 15, 2027, at a price of par plus accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Village is a home rule unit under the Illinois Constitution and as such has no debt limitation and is not required to seek referendum approval to issue the Bonds. The Bonds are being issued pursuant to the home rule powers of the Village and pursuant to a bond ordinance adopted by the Mayor and Board of Trustees of the Village on October 14, 2019 (as supplemented by a notification of sale, the “Bond Ordinance”).
Security:	The Bonds are valid and legally binding obligations of the Village payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount.
Credit Rating:	The Bonds have been rated “AA (Stable)” by S&P Global Ratings, a Division of the McGraw-Hill Companies, New York, New York.
Purpose:	Bond proceeds will be used to (i) refund a portion of the Village’s outstanding Taxable General Obligation Bonds, Series 2010B (Build America Bonds – Direct Payment to Issuer), and (ii) pay the costs of issuing the Bonds. See “ PLAN OF FINANCING ” herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “ TAX EXEMPTION ” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
No Bank Qualification:	The Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Bond Registrar/Paying Agent/ Escrow Agent:	Amalgamated Bank of Chicago, Chicago, Illinois.
Verification Agent:	Stanley P. Stone & Associates, Inc., New York, New York.
Delivery:	The Bonds are expected to be delivered on or about November 5, 2019 .
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Registered or Book Entry:	At the option of the purchaser of the Bonds, the Bonds will be registered in the name of the purchaser of the Bonds or DTC will act as securities depository for the Bonds. If DTC acts as the securities depository for the Bonds, the Bonds will be registered in the name of Cede & Co., as nominee for DTC. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.

*Subject to change.

VILLAGE OF MORTON GROVE
Cook County, Illinois

Daniel P. DiMaria
Mayor

Board of Trustees

Bill Grear
Rita Minx

Ed Ramos
John Thill

Connie Travis
Janine Witko

Officials

Eileen Hartford
Village Clerk

Hanna Sullivan
Finance Director

AUTHORIZATION, PURPOSE AND SECURITY

The General Obligation Refunding Bonds, Series 2019 (the “Bonds”), are being issued pursuant to the home rule powers of the Village of Morton Grove, Cook County, Illinois (the “Village”), under Section 6, Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance to be adopted by the President and Board of Trustees of the Village on the 14th day of October, 2019 (as supplemented by a notification of sale, the “Bond Ordinance”). Bond proceeds will be used to (i) refund a portion of the Village’s outstanding Taxable General Obligation Bonds, Series 2010B (Build America Bonds – Direct Payment to Issuer) (the “2010B Bonds”), and to pay the cost of issuance of the Bonds. The Bonds constitute valid and legally binding full faith and credit general obligations of the Village, and are payable from any funds of the Village legally available for such purpose, and all taxable property in the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Village in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of Cook County, Illinois, and will serve as authorization to said County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State (the "General Assembly") enacted a budget (the "Fiscal Year 2018 Budget") for the State fiscal year ending June 30, 2018 (the "State Fiscal Year 2018"), overriding the Governor's veto. On May 31, 2018, the General Assembly passed a budget (the "Fiscal Year 2019 Budget") for the State for fiscal year ending June 30, 2019 (the "State Fiscal Year 2019"), and on June 4, 2018, the Governor approved the same. On June 1, 2019, the General Assembly passed a budget (the "Fiscal Year 2020 Budget") for the State for fiscal year ending June 30, 2020 (the "State Fiscal Year 2020"), and on June 5, 2019, the Governor approved the same.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the Village. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the Village. In addition, both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contain a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the Village, by 10% (for State Fiscal Year 2018) and by 5% (for State Fiscal Year 2019). The Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget also include a service fee for sales taxes imposed locally and collected on behalf of municipalities by the State, the same being 2% of such sales taxes (for State Fiscal Year 2018) and 1.5% of such sales taxes (for State Fiscal Year 2019). The Village cannot determine at this time the financial impact of these provisions on its overall financial condition but such provisions may result in lower income tax revenues and sales tax revenues distributed to the Village.

The Village can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State.

Future Pension Plan Funding Requirements

The Village participates in the Police Pension Plan and the Firefighters' Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the "Pension Code"), the Village is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the Village will increase over time. The Village also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the Village could have a material adverse effect on the finances of the Village.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the Village to the Police Pension Plan and the Firefighters' Pension Plan to satisfy contribution shortfalls by the Village. If the Village does not make 100% of its annual required contributions to the Police Pension Plan and Firefighters' Pension Plan, the Village may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the Village's financial health and operations.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the Village. Despite the implementation of network security measures by the Village, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the Village does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the Village's operations and financial health. Further, as cybersecurity threats continue to evolve, the Village may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Local Economy

The financial health of the Village is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the Village.

Declining Equalized Assessed Valuations

The amount of property taxes extended for the Village is determined by applying the various operating tax rates and the bond and interest tax rate levied by the Village to the Village's Equalized Assessed Valuation ("EAV"). The Village's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the Village. As detailed herein, the Village's EAV has declined during the past five years. Declining EAVs and increasing tax rates (certain of which may reach their rate ceilings) could reduce the amount of taxes the Village is able to receive.

Loss or Change of Bond Rating

The Bonds have received a credit rating from S&P Global Ratings, a Division of the McGraw-Hill Companies, New York, New York ("S&P"). The rating can be changed or withdrawn at any time for reasons both under and outside the Village's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the Village to comply with the Undertaking for continuing disclosure (see “**CONTINUING DISCLOSURE**” and “**THE UNDERTAKING**” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the Village and to the Bonds. The Village can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Village, or the taxing authority of the Village. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the Village, the taxable value of property within the Village, and the ability of the Village to levy property taxes or collect revenues for its ongoing operations.

Bankruptcy

The rights and remedies of the Bond Holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE VILLAGE

Government

The Village of Morton Grove (the “Village”), was incorporated on December 31, 1895, and operates as a home rule unit of government pursuant to a referendum held in 1980. The Village is governed by a President and Board of Trustees elected at large for staggered four-year terms. The administration of day-to-day affairs is the responsibility of a full-time Village Administrator. The Finance Director, along with the Administrator, prepare and administer the annual budget. The Board of Trustees sets all policies, enacts ordinances and approves all contracts and appropriations.

General Information

The Village is located in Maine and Niles Townships in Cook County, Illinois (the “County”), and comprises approximately 5.2 square miles. It is located approximately 13 miles north/northwest of Chicago’s loop, eight miles northeast of O’Hare Airport, and 6 miles west of Lake Michigan. The Village is bordered by the Villages of Glenview on the north, Skokie on the east, and Niles on the south and west.

Principal growth in the Village took place in the late 1950’s and early 1960’s when the population increased from 7,427 to 20,533. The 2010 census reflects a population of 23,270. The Village is a diversified and balanced community of residential neighborhoods, commercial corridors with retail centers, professional and corporate areas, and light to medium manufacturing and warehouse districts.

Transportation

Interstate 94 (Edens Expressway) is located in the eastern part of the Village leading north to Wisconsin and south to the City of Chicago. Located three miles west of the Village is north/south Interstate 294 (Tri-State Tollway) connecting to additional east/west and north/south interstates leading to all parts of the nation and to O’Hare International Airport. Illinois Routes 58 and 43 and U.S. Route 41/Interstate 94 traverse the Village. Other public transportation available to Village residents includes Metra’s Milwaukee north line, which provides daily commuter service to the Village and the Regional Transportation Authority’s PACE buses connecting the Village to surrounding suburbs, the City of Chicago and O’Hare Airport.

Education

The major school districts serving Village residents are Morton Grove School District 70 and Niles Community High School District 219. Various smaller areas of the Village are served by School District 63, 67, 68, 69 and 71 and Maine Township High School District 207. The Village is located within the boundaries of Oakton Community College District 535, a two-year college offering associate degrees in liberal arts and technical programs leading to employment or further study at four-year colleges or universities, many of which are located in the Chicago metropolitan area. Three private grade schools are located in the Village.

Community Life

Village residents are served by the Morton Grove Park District (the “District”), which operates and maintains over 70 acres of parks at 14 park sites offering varied facilities including outdoor pools, a museum, field houses, and a community center. The District offers a variety of programs for residents of all ages. In addition to the District’s facilities, the Cook County Forest Preserve offers residents 400 acres of forest preserve open space located within Village boundaries.

The Village provides Lake Michigan water purchased from the City of Chicago and sanitary sewer service. Sewage treatment is provided by the Metropolitan Water Reclamation District of Greater Chicago. AT&T, Comcast, NICOR and FirstEnergy Solutions provide telephone, gas and electric service, respectively.

Services and Facilities

The Village provides a full range of services which includes police and fire protection; paramedic services; solid waste and recycling services; water distribution; maintenance of highways, streets, sewers, and other infrastructure; building and maintenance code enforcement; planning and community development activities; and health and human services. All administrative offices are located in the Richard T. Flickinger Municipal Center which is a remodeled elementary school building. Police headquarters is separate but located in the same building. The Department of Public Works, including all water, sewer, and vehicle maintenance operations is located in a separate facility located on Nagle Avenue. The Fire Department has two stations strategically located within the corporate limits.

The Village's Fire Department is a member of the Regional Emergency Dispatch Center (Red Center), a centralized emergency response system serving eight suburban fire departments that provides ambulance/paramedic service, fire equipment and qualified personnel in response to emergency calls from the 77 square miles covered by the Center. Police dispatch services are also provided through an intergovernmental services agreement with the Village of Glenview.

The Village is also a participating member of the Intergovernmental Risk Management Agency (IRMA), a joint venture of 70 municipalities and Special Districts in Northeastern Illinois organized for the managing and funding of the first party property losses and third party liability claims (including Worker's Compensation) of its member municipalities. Each member assumes the first \$2,500 of each occurrence, with IRMA paying the remaining self-insured retention above the deductible level chosen by the respective member. Health insurance is also purchased through an intergovernmental cooperative agency, the Intergovernmental Personnel Benefit Cooperative.

The Village is also a member of the Solid Waste Agency of Northern Cook County, a municipal corporation, comprised of 23 municipalities formed for the purpose of providing efficient and environmentally sound collection, transportation, transfer, processing, treatment, storage, disposal, recovery and reuse of municipal waste.

In March of 2017, the Village entered into an intergovernmental agreement becoming one of two charter members of the Morton Grove-Niles Water Commission (the "Commission"). The Commission was created to purchase treated water from the City of Evanston, Illinois and deliver the water to its members, the Village and the Village of Niles. The Commission began construction of its water transmission system in 2018. By the end of 2018, the Village began receiving a portion of its water from the Commission. The Village expects to take all of its water from the Commission by the end of 2019.

The Morton Grove Public Library (the "Library"), is a semi-autonomous governmental unit governed by an independently elected board. However, its tax levy, annual appropriation and debt requirement must be approved by the Village Board. The Library contains more than 133,000 books, subscribes to more than 305 magazines and newspapers, and maintains a collection of phonograph records, audio tapes, compact discs, videos and art prints. It offers free programs that include book discussions, lectures, travelogues and investment seminars. The Library is a member of the Reaching Across Illinois Library System, a regional library system that serves over 1,300 public, private, school and university libraries located in northern and northwestern Illinois.

SOCIOECONOMIC INFORMATION

Following are lists of large employers located in the Village and in the surrounding area.

Major Village Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
John Crane, Inc.....	Gaskets, Packing & Sealing Devices Corporate Headquarters.....	700
Xylem.....	Centrifugal Pumps & Valves.....	650
Shore Koenig Training Center.....	Sheltered Workshop, Shrink Packaging & Assembly.....	205
Morton Grove Pharmaceuticals, Inc.....	Pharmaceuticals.....	190
Quantum Color Graphics, LLC.....	Offset Printing Corporate Headquarters.....	170
Integrated Merchandising Systems, LLC.....	Advertising Signs & Displays.....	170
Lakeshore Recycling Systems, LLC.....	Waste Disposal.....	150
Catering By Michael's.....	Full Service Catering.....	120
BUNZL.....	Distributor of Packaging, Office, and Janitorial Supplies.....	100
Strange Engineering Co., Inc.....	Automotive Parts.....	100
Lifeway Foods Co.....	Food Manufacturing.....	100
Regis Technologies, Inc.....	Pharmaceutical Ingredients.....	92

Note: (1) Source: 2019 Illinois Manufacturers Directory, and the 2019 Illinois Services Directory.

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Evanston.....	Northshore University Health System.....	Company Headquarters and General Hospital.....	5,661
Evanston.....	Northwestern University.....	Private Research University.....	5,200
Park Ridge.....	Advocate Lutheran General Hospital.....	General Hospital.....	4,200
Skokie.....	Federal-Mogul Motorparts, Sealing, Engine & Underhood Service.....	Gaskets, Packing, and Sealing Devices.....	1,800
Des Plaines.....	UOP, LLC.....	Divisional Headquarters and Research Development Laboratory.....	1,500
Glenview.....	ABT Electronics, Inc.....	Retail Consumer Electronics and Major Household Appliances.....	1,400
Evanston.....	Amita Health Saint Francis Hospital.....	General Hospital.....	1,200
Northfield.....	Medline Industries, Inc.....	Corporate Headquarters and Medical Products.....	1,200
Skokie.....	Skokie Hospital.....	General Hospital.....	1,200
Des Plaines.....	Amita Health Holy Family Medical Center.....	Long-Term Acute Care Hospital.....	1,036
Glenview.....	Anixter, Inc.....	Corporate Headquarters and Electrical Equipment....	1,000
Glenview.....	Kraft Heinz Foods Co., Technology Ctr.....	Food Products Research, Development and Kitchen Testing.....	1,000
Des Plaines.....	Swissport USA, Inc.....	Air Freight Services.....	1,000
Niles.....	Woodward, Inc.....	Aerospace Components.....	1,000
Des Plaines.....	Oakton Community College.....	Community College.....	990

Note: (1) Source: 2019 Illinois Manufacturers Directory, and the 2019 Illinois Services Directory.

The following tables show employment by industry and by occupation for the Village, the County and the State of Illinois (the "State") as reported by the U.S. Census Bureau 2013-2017 American Community Survey 5-year estimated values.

Employment By Industry(1)

Classification	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting, and Mining	29	0.3%	4,337	0.2%	65,813	1.1%
Construction	594	5.2%	117,207	4.6%	323,578	5.2%
Manufacturing	1,163	10.2%	250,458	9.9%	762,175	12.3%
Wholesale Trade	501	4.4%	72,751	2.9%	190,916	3.1%
Retail Trade.....	1,387	12.2%	248,657	9.9%	669,300	10.8%
Transportation and Warehousing, and Utilities	656	5.8%	172,388	6.8%	378,576	6.1%
Information	209	1.8%	55,694	2.2%	120,295	1.9%
Finance, Insurance, Real Estate, and Rental and Leasing	947	8.3%	203,124	8.1%	451,556	7.3%
Professional, Scientific, Management, Administrative, and Waste Management Services	1,147	10.1%	362,791	14.4%	722,129	11.7%
Educational, Health and Social Services	3,198	28.2%	571,784	22.7%	1,416,064	22.9%
Entertainment and Recreation Services, Accommodation and Food Services	781	6.9%	250,137	9.9%	561,894	9.1%
Other Services (except Public Administration).....	567	5.0%	124,005	4.9%	292,409	4.7%
Public Administration.....	174	1.5%	88,104	3.5%	226,948	3.7%
Total	11,353	100.0%	2,521,437	100.0%	6,181,653	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

Employment By Occupation(1)

Classification	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Professional and Related Occupations	5,567	49.0%	991,828	39.3%	2,321,710	37.6%
Service	1,326	11.7%	452,513	17.9%	1,067,320	17.3%
Sales and Office	2,533	22.3%	595,172	23.6%	1,481,082	24.0%
Natural Resources, Construction, and Maintenance.....	729	6.4%	150,561	6.0%	446,857	7.2%
Production, Transportation, and Material Moving	1,198	10.6%	331,363	13.1%	864,684	14.0%
Total	11,353	100.0%	2,521,437	100.0%	6,181,653	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

Annual Average Unemployment Rates(1)

Calendar Year	The Village	The County	The State
2010.....	8.9%	9.8%	10.4%
2011.....	8.3%	8.8%	9.7%
2012.....	7.8%	8.1%	9.0%
2013.....	7.7%	7.9%	9.0%
2014.....	6.1%	6.4%	7.1%
2015.....	5.1%	5.4%	6.0%
2016.....	4.7%	5.2%	5.8%
2017.....	4.0%	4.4%	4.9%
2018.....	3.1%	4.5%	4.3%
2019(2).....	2.9%	3.8%	3.8%

Notes: (1) Source: Illinois Department of Employment Security.
 (2) Preliminary rates for the month of August, 2019.

Building Permits

Residential building permits have averaged \$26,175,393 over the last five fiscal years in the Village, excluding the value of land.

Village Building Permits(I) (Excludes the Value of Land)

Fiscal Period Ending	Number of Permits Issued	Value of Construction
December 31, 2014	1,778	\$32,373,057
December 31, 2015	1,727	18,797,725
December 31, 2016	1,412	16,546,561
December 31, 2017	1,441	23,794,174
December 31, 2018	1,668	39,365,449

Note: (1) Source: the Village.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the Village's owner-occupied homes was \$290,500. This compares to \$227,400 for the County and \$179,700 for the State. The following table represents the five year average market value of specified owner-occupied units for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

Home Values(I)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	204	2.7%	47,678	4.3%	231,604	7.3%
\$50,000 to \$99,999	189	2.5%	103,126	9.3%	501,389	15.7%
\$100,000 to \$149,999	227	3.0%	149,729	13.5%	516,996	16.2%
\$150,000 to \$199,999	770	10.1%	178,608	16.1%	514,629	16.2%
\$200,000 to \$299,999	2,762	36.1%	258,702	23.3%	653,765	20.5%
\$300,000 to \$499,999	2,962	38.7%	232,983	20.9%	505,831	15.9%
\$500,000 to \$999,999	505	6.6%	111,183	10.0%	209,287	6.6%
\$1,000,000 or more	<u>36</u>	<u>0.5%</u>	<u>30,374</u>	<u>2.7%</u>	<u>51,641</u>	<u>1.6%</u>
Total	7,655	100.0%	1,112,383	100.0%	3,185,142	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

Mortgage Status(I)

Value	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	4,369	57.1%	735,268	66.1%	2,052,491	64.4%
Housing Units without a Mortgage	<u>3,286</u>	<u>42.9%</u>	<u>377,115</u>	<u>33.9%</u>	<u>1,132,651</u>	<u>35.6%</u>
Total	7,655	100.0%	1,112,383	100.0%	3,185,142	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

Income

**Per Capita Personal Income
 for the Highest Income Counties in the State(1)**

<u>Rank</u>		<u>2013 to 2017</u>
1	Lake County.....	\$42,388
2	DuPage County	42,050
3	Monroe County	37,043
4	McHenry County	36,208
5	Woodford County.....	34,198
6	Will County.....	33,731
7	Cook County	33,722
8	Putnam County	33,697
9	Piatt County	33,672
10	Kane County	33,486
11	Kendall County	33,369
12	Sangamon County.....	33,277

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2013 to 2017.

The following shows the median family income for counties in the Chicago metropolitan area.

Ranking of Median Family Income(1)

<u>County</u>	<u>Family Income</u>	<u>Rank</u>
DuPage County	\$103,731	1
Lake County	100,965	2
Kendall County	97,105	3
McHenry County	94,995	4
Will County	93,727	5
Kane County	87,818	7
Cook County	73,012	21

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median family income of \$91,072. This compares to \$73,012 for the County and \$76,533 for the State. The following table represents the distribution of family incomes for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

Family Income(1)

<u>Income</u>	<u>The Village</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	68	1.1%	58,145	4.9%	126,456	4.0%
\$10,000 to \$14,999	152	2.5%	34,510	2.9%	75,208	2.4%
\$15,000 to \$24,999	270	4.4%	88,242	7.5%	197,736	6.3%
\$25,000 to \$34,999	145	2.4%	96,695	8.2%	227,565	7.3%
\$35,000 to \$49,999	639	10.4%	135,622	11.5%	354,977	11.4%
\$50,000 to \$74,999	1,019	16.6%	192,719	16.3%	550,434	17.6%
\$75,000 to \$99,999	1,197	19.5%	154,066	13.0%	452,377	14.5%
\$100,000 to \$149,999	1,497	24.4%	201,446	17.0%	584,593	18.7%
\$150,000 to \$199,999	590	9.6%	99,139	8.4%	266,120	8.5%
\$200,000 or more	550	9.0%	122,367	10.3%	287,025	9.2%
Total.....	6,127	100.0%	1,182,951	100.0%	3,122,491	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

The U.S. Census Bureau 5-year estimated values reported that the Village had a median household income of \$79,978. This compares to \$59,426 for the County and \$61,229 for the State. The following table represents the distribution of household incomes for the Village, the County and the State at the time of the 2013-2017 American Community Survey.

Household Income(I)

Income	The Village		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	245	3.0%	159,387	8.1%	331,315	6.9%
\$10,000 to \$14,999	273	3.3%	89,384	4.6%	204,278	4.2%
\$15,000 to \$24,999	828	10.0%	189,773	9.7%	446,453	9.3%
\$25,000 to \$34,999	445	5.4%	173,798	8.9%	425,803	8.8%
\$35,000 to \$49,999	888	10.7%	232,740	11.9%	593,198	12.3%
\$50,000 to \$74,999	1,149	13.9%	321,931	16.5%	836,760	17.4%
\$75,000 to \$99,999	1,429	17.3%	234,621	12.0%	613,614	12.7%
\$100,000 to \$149,999	1,728	20.9%	278,593	14.2%	724,960	15.0%
\$150,000 to \$199,999	671	8.1%	126,015	6.4%	311,141	6.5%
\$200,000 or more	622	7.5%	150,319	7.7%	330,930	6.9%
Total	8,278	100.0%	1,956,561	100.0%	4,818,452	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2013 to 2017.

Retail Activity

Following is a summary of the Village's sales tax receipts as collected and disbursed by the State of Illinois.

Retailers' Occupation, Service Occupation and Use Tax(I)

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Annual Percent Change + (-)
2010.....	\$3,384,101	(9.43%)(3)
2011.....	3,415,136	0.92%
2012.....	3,381,592	(0.98%)
2013.....	3,685,105	8.98%
2014.....	3,692,437	0.20%
2015.....	3,931,958	6.49%
2016.....	4,366,964	11.06%
2017.....	4,294,144	(1.67%)
2018.....	4,550,386	5.97%
2019.....	4,681,069	2.87%
Growth from 2010 to 2019.....		38.33%

- Notes: (1) Source: Illinois Department of Revenue.
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
 (3) The 2010 percentage is based on a 2009 sales tax of \$3,736,384.

Home Rule Sales Tax(I)

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Annual Percent Change + (-)
2010.....	\$2,175,383	(8.50%)(2)
2011.....	2,214,610	1.80%
2012.....	2,261,706	2.13%
2013.....	2,349,303	3.87%
2014.....	2,427,171	3.31%
2015.....	2,506,847	3.28%
2016.....	2,703,450	7.84%
2017.....	3,202,631	18.46%
2018.....	3,247,096	1.39%
2019.....	3,309,513	1.92%
Growth from 2010 to 2019.....		52.13%

- Notes: (1) Source: Illinois Department of Revenue.
 (2) The 2010 percentage is based on 2009 sales tax receipts of \$2,377,528.

PLAN OF FINANCING

Bond proceeds will be used to refund a portion of the 2010B Bonds, as listed below (the “Refunded Bonds”) and to pay the costs of issuing the Bonds:

Taxable General Obligation Bonds, Series 2010B (Build America Bonds - Direct Payment to Issuer)

<u>Maturities(1)</u>	<u>Outstanding Amount</u>	<u>Refunded Amount(2)</u>	<u>Redemption Price</u>	<u>Redemption Date(2)</u>
12/15/2019.....	\$ 455,000	\$ 0	NA	NA
12/15/2020.....	480,000	480,000	100.00%	12/15/2019
12/15/2021.....	500,000	500,000	100.00%	12/15/2019
12/15/2022.....	530,000	530,000	100.00%	12/15/2019
12/15/2023.....	550,000	550,000	100.00%	12/15/2019
12/15/2024.....	570,000	570,000	100.00%	12/15/2019
12/15/2025.....	590,000	590,000	100.00%	12/15/2019
12/15/2026.....	610,000	610,000	100.00%	12/15/2019
12/15/2027.....	630,000	630,000	100.00%	12/15/2019
12/15/2028.....	735,000	735,000	100.00%	12/15/2019
12/15/2029.....	<u>775,000</u>	<u>775,000</u>	100.00%	12/15/2019
Total.....	\$6,425,000	\$5,970,000		

Notes: (1) The December 15, 2019, 2020 and 2028 listed maturities are mandatory sinking fund payments.
 (2) Subject to change.

Certain proceeds received from the sale of the Bonds will be deposited in an Escrow Account (the “Escrow Account”) to be held by Amalgamated Bank of Chicago, Chicago, Illinois (the “Escrow Agent”), under the terms of an escrow agreement, dated as of the date of issuance of the Bonds, between the Village and the Escrow Agent. The moneys so deposited in the Escrow Account will be applied by the Escrow Agent to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the “Government Securities”) and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and the initial cash deposit will be sufficient to pay the principal of the Refunded Bonds or the redemption date thereof. The interest on the Refunded Bonds will be paid from lawfully available moneys of the Village deposited in the bond fund created for the Refunded Bonds prior to the redemption date.

The mathematical calculations of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of the principal of the Refunded Bonds will be verified by Stanley P. Stone & Associates, Inc., Financing Consultants, New York, New York at the time of delivery of the Bonds. All moneys and Government Securities deposited for the payment of Refunded Bonds are required to be applied solely and irrevocably to the payment of the Refunded Bonds.

DEFAULT RECORD

The Village has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The Village has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

After issuance of the Bonds, the Village will have outstanding \$15,355,000 (subject to change) principal amount of general obligation debt and \$317,994 in general obligation promissory notes (as of December 31, 2018). Additionally, the Village expects to issue approximately \$19,500,000 of senior lien TIF revenue bonds and approximately \$7,800,000 of TIF revenue notes, which are solely supported by the incremental revenues received by the Sawmill Station Redevelopment Project area, and 50% of certain incremental sales taxes, if any, derived from the Project area.

The Village does not intend to issue additional debt within the next six months.

General Obligation Bonded Debt(1) (Principal Only)

Calendar Year	Series 2010B	Series 2014	Series 2015	The Bonds(2)	Less: the Refunded Bonds(2)	Total Outstanding Bonds(2)	Cumulative Retirement(2)	
	(12/15)	(12/15)	(12/15)	(12/15)			Amount	Percent
2019	\$ 455,000	\$ 470,000	\$1,290,000	\$ 0	\$ 0	\$ 2,215,000	\$ 2,215,000	14.43%
2020	480,000	470,000	1,360,000	485,000	(480,000)	2,315,000	4,530,000	29.50%
2021	500,000	475,000	1,440,000	535,000	(500,000)	2,450,000	6,980,000	45.46%
2022	530,000	0	1,840,000	560,000	(530,000)	2,400,000	9,380,000	61.09%
2023	550,000	0	730,000	575,000	(550,000)	1,305,000	10,685,000	69.59%
2024	570,000	0	770,000	590,000	(570,000)	1,360,000	12,045,000	78.44%
2025	590,000	0	0	600,000	(590,000)	600,000	12,645,000	82.35%
2026	610,000	0	0	615,000	(610,000)	615,000	13,260,000	86.36%
2027	630,000	0	0	625,000	(630,000)	625,000	13,885,000	90.43%
2028	735,000	0	0	720,000	(735,000)	720,000	14,605,000	95.12%
2029	775,000	0	0	750,000	(775,000)	750,000	15,355,000	100.00%
Total	\$6,425,000	\$1,415,000	\$7,430,000	\$6,055,000	(\$5,970,000)	\$15,355,000		

Notes: (1) Source: the Village.
 (2) Subject to change.

Detailed Overlapping Bonded Debt(1) (As of May 13, 2019)

	Outstanding Amount	Applicable to the Village	
		Percent(2)	Amount
Schools:			
School District Number 63	\$ 51,190,000	15.75%	\$ 8,060,257
School District Number 67	8,871,803	71.40%	6,334,909
School District Number 69	20,430,000	17.56%	3,588,138
School District Number 70	2,135,000	99.37%	2,121,468
High School District Number 207	13,455,000	3.62%	487,397
High School District Number 219	121,678,952	15.67%	19,066,644
Community College Number 535	32,130,000	3.59%	1,152,874
Total Schools			\$40,811,686
Others:			
Cook County	\$2,950,121,750	0.50%	\$14,888,612
Cook County Forest Preserve District	142,360,000	0.50%	718,459
Metropolitan Water Reclamation District of Greater Chicago	2,348,253,000	0.51%	12,063,812
Morton Grove-Niles Water Commission	25,000,000	39.70%	9,924,292
Glenview Park District	29,090,000	0.31%	89,835
Skokie Park District	19,348,484	0.54%	104,127
Total Others			\$37,789,136
Total Schools and Others Overlapping Bonded Debt			\$78,600,824

Notes: (1) Source: Cook County Clerk.
 (2) Overlapping debt percentages based on 2018 EAV, the most current available for this purpose.

Statement of Bonded Indebtedness

	Amount Applicable	Ratio To		Per Capita (2010 Census Pop. 23,270)
		Equalized Assessed	Estimated Actual	
Village EAV of Taxable Property, 2018	\$ 800,336,777	100.00%	33.33%	\$ 34,393.50
Estimated Actual Value, 2018.....	\$2,401,010,331	300.00%	100.00%	\$103,180.50
Total Direct Bonded Debt(2).....	\$ 15,355,000	1.92%	0.64%	\$ 659.86
Overlapping Bonded Debt(3):				
Schools.....	\$ 40,811,686	5.10%	1.70%	\$ 1,753.83
Others.....	37,789,138	4.72%	1.57%	1,623.94
Total Overlapping Bonded Debt	\$ 78,600,824	9.82%	3.27%	\$ 3,377.77
Total Direct and Overlapping Bonded Debt(2).....	\$ 93,955,824	11.74%	3.91%	\$ 4,037.64

- Notes: (1) Source: Cook County Clerk.
 (2) Includes the Bonds, excludes the Refunded Bonds, and is subject to change.
 (3) As of May 13, 2019 for overlapping bonded debt.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2017 levy year, the Village's EAV was comprised of 71.48% residential, 18.34% commercial, 10.17% industrial, and less than 1% farm property valuations.

Equalized Assessed Valuation(1)

Property Class	Levy Years				
	2014	2015	2016(2)	2017	2018
Residential.....	\$498,219,161	\$485,947,584	\$587,543,773	\$583,828,475	
Farm.....	89,479	89,446	89,527	89,621	Details Not Available
Commercial	128,260,405	135,675,717	145,322,663	149,799,822	
Industrial.....	75,359,033	74,127,176	80,042,849	83,035,320	
Total	\$701,928,078	\$695,839,923	\$812,998,812	\$816,753,238	\$800,336,777
Percent Change +/-.....	1.84%(3)	(0.87%)	16.84%	0.46%	(2.01%)

- Notes: (1) Source: Cook County Clerk.
 (2) Triennial reassessment year.
 (3) The 2014 percent change is based on a 2013 EAV of \$689,217,293.

Representative Tax Rates(1) (Per \$100 EAV)

	Levy Years				
	2014	2015	2016	2017	2018
Village Tax Rates:					
Corporate.....	\$ 0.779	\$ 0.279	\$ 0.192	\$ 0.181	\$ 0.120
Bonds & Interest	0.121	0.122	0.102	0.075	0.141
Police Pension.....	0.265	0.302	0.289	0.338	0.358
Fire Pension	0.284	0.314	0.287	0.334	0.355
IMRF.....	0.041	0.041	0.035	0.035	0.036
Fire Protection	0.000	0.216	0.185	0.184	0.187
Police Protection.....	0.000	0.216	0.185	0.184	0.187
Purchase Agreement.....	0.000	0.000	0.000	0.000	0.000
Capital Improvement.....	0.015	0.015	0.013	0.000	0.000
Total Village Tax Rates:.....	\$ 1.504	\$ 1.504	\$ 1.287	\$ 1.331	\$ 1.385
Cook County.....	\$ 0.568	\$ 0.552	\$ 0.533	\$ 0.496	\$ 0.489
Cook County Forest Preserve District.....	0.069	0.069	0.063	0.062	0.060
Metropolitan Water Reclamation District.....	0.430	0.426	0.406	0.402	0.396
Niles Township (2).....	0.050	0.052	0.053	0.054	0.057
Morton Grove Library District.....	0.458	0.475	0.419	0.421	0.430
Morton Grove Park District	0.463	0.499	0.431	0.444	0.462
School District No. 70	4.344	4.283	3.797	3.838	3.958
Community High School No. 219.....	3.650	3.891	3.460	3.409	3.347
Community College District, No. 535.....	0.258	0.271	0.231	0.232	0.246
North Shore Mosquito Abatement District.....	0.011	0.012	0.010	0.010	0.010
Suburban TB Sanitarium	0.000	0.000	0.000	0.000	0.000
Consolidated Elections	0.000	0.034	0.000	0.031	0.000
Total Overall Tax Rate(3):	\$11.805	\$12.068	\$10.690	\$10.730	\$10.840

- Notes: (1) Source: Cook County Clerk.
 (2) Includes Township and General Assistance.
 (3) Representative tax rates for other government units are from Niles Township tax code 24017, which represents the largest portion of the Village's 2018 EAV.

Tax Extensions and Collections(I)
 (Includes Road and Bridge Levy)

Levy Year	Coll. Year	Taxes Extended	Total Collections	
			Amount	Percent
2009.....	2010	\$ 9,649,253	\$ 9,346,622	96.86%
2010.....	2011	9,986,977	9,544,078	95.57%
2011.....	2012	9,986,977	9,756,941	97.70%
2012.....	2013	9,986,976	9,784,931	97.98%
2013.....	2014	9,986,976	9,821,777	98.35%
2014.....	2015	10,556,998	10,374,750	98.27%
2015.....	2016	10,463,024	10,351,433	98.93%
2016.....	2017	10,463,012	10,296,872	98.41%
2017.....	2018	10,866,072	10,576,641	97.34%
2018.....	2019	11,083,918	-----In Collection-----	

Note: (1) Source: Cook County Clerk and the Village.

Principal Taxpayers(I)

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>2018 EAV(2)</u>
Schwinge Family Ltd.....	Shopping Centers.....	\$12,362,622
CRP Holdings CLP.....	Real Property.....	9,612,116
Fluid Handling LLC.....	Real Property.....	7,773,279
Public Storage.....	Storage Facility.....	7,697,427
Fareva Morton Grove.....	Real Property.....	7,655,041
Menard Inc.	Retail.....	7,543,259
CMK 9000 Waukegan LLC.....	Real Property.....	7,524,665
CRE North Grove CP III.....	Real Property.....	7,250,833
John Crane Inc.....	Real Property.....	6,923,063
MG Property Holdings.....	Real Property.....	6,850,486
Total.....		\$81,192,791
Ten Largest Taxpayers as a Percent of the Village's 2018 EAV (\$800,336,777).....		10.14%

- Notes: (1) Source: Cook County Clerk.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2018 EAV is the most current available for this purpose.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and certain interest on the Bonds will be levied on all taxable real property within the Village. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within Cook County (the "County"), including that in the Village, except for certain railroad property and pollution control facilities, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The Village is located in the North Tri and was reassessed for the 2016 tax levy year.

Real property in the County is separated into classes for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Prior to the 2009 tax levy year, the classification percentages ranged from 16% for certain residential, commercial and industrial property to 36% and 38%, respectively, for other industrial and commercial property. On September 17, 2008, the Cook County Board of Commissioners approved changes to the property classification ordinance. The changes reduced the percentages used to calculate the assessed value of real property in the County for real estate tax purposes. These reductions take effect in the 2009 tax levy year. Such new classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1) unimproved real estate - 10%; Class 2) residential - 10%; Class 3) rental-residential - 16%, in tax year 2009, 13% in assessment year 2010, and 10% in assessment year 2011 and subsequent years; Class 4) not-for-profit - 25%; Class 5a) commercial - 25%; Class 5b) industrial - 25%. There are also eight additional categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties within the County may qualify for a Class 6b assessment level, which assessment level is 10% for the first 10 years and for any subsequent 10-year renewal periods. However, if the incentive is not renewed, the 6b assessment level is 15% in year 11 and 20% in year 12, hereafter reverting to Class 5b. Real estate, which is to be used for industrial or commercial purposes where such real estate has undergone environmental testing and remediation, may be eligible for a Class C assessment level. The Class C assessment level for industrial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. Class C commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Commercial properties that are newly constructed or substantially rehabilitated and are within an area determined to be an area in need of commercial development may be classified as Class 7a or 7b property, and will then be assessed at a level of 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation may be classified as Class 7c, and will be assessed at a level of 10% for first 3 years and any 3 year renewal; if not renewed, 15% in year 4, 20% in year 5, thereafter reverting to Class 5a. Certain commercial and industrial properties located in zones determined to be in need of substantial revitalization or in an enterprise community could be eligible for Class 8 assessments. The Class 8 assessment level for industrial properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class 8 assessment level for industrial properties is 15% in year 11 and 20% in year 12, thereafter reverting to Class 5b. The Class 8 assessment level for commercial properties is 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a. Substantially rehabilitated or new construction multi-family residential properties within certain target areas, empowerment or enterprise zones may be eligible for Class 9 categorization. The Class 9 assessment level is 10% for an initial 10-year period, renewable upon application for additional 10-year periods. When the Class 9 assessment level expires, the assessment level reverts to the applicable classification. Rental-residential (Class 3) properties subject to a Section 8 contract that has been renewed under the "Mark Up To Market" option may qualify for a Class S assessment level. The Class S assessment level is 10% for the term of the Section 8 contract renewal under the Mark Up To Market option, and for any additional terms of renewal of the Section 8 contract under the Mark Up To Market option. When the Class S assessment level expires, the assessment level reverts to Class 3. Substantially rehabilitated properties which are designated as Class 3, Class 4, Class 5a or Class 5b and which qualify as Landmark or Contributing buildings may qualify for a Class L assessment level. The Class L assessment level for Class 3, 4 or 5b properties is 10% for the first 10 years and for any subsequent 10-year renewal periods. If the incentive is not renewed, the Class L assessment level is 15% in year 11 and 20% in year 12, thereafter reverting to Class 3, 4 or 5b. Class L commercial properties are assessed at 10% for the first 10 years, 15% in year 11 and 20% in year 12, thereafter reverting to Class 5a.

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review, which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of both residential property having six or fewer units and owners of real estate other than residential property with six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "PTAB"), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County similar to the previous judicial review procedure but with a different standard of proof than that previously required. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

Equalization

After the County Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Illinois Department of Revenue is required by statute to review the Assessed Valuations. The Illinois Department of Revenue establishes an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in Cook County, regardless of its assessment category, except for some farmland property which is not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (the "EAV") of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base"). The following table sets forth the Equalization Factor for Cook County for the last 10 tax levy years.

<u>TAX LEVY YEAR</u>	<u>EQUALIZATION FACTOR</u>
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627
2018	2.9109

Exemptions

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$10,000 for tax year 2017 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer’s homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less (“Qualified Homestead Property”). If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2017, the maximum exemption is \$8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index (“CPI”). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Tax Levy

As part of the annual budgetary process of governmental units (the "Units") with power to levy taxes in the County, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The Cook County Clerk uses the prior year's EAV to compute the taxing district's maximum allowable levy. The maximum levy that can be raised for a Unit is the maximum tax rate for that Unit multiplied by the prior year, EAV for all property currently in the district. The prior year's EAV includes the prior year's EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the Village, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the Village, the limitations set forth therein will not apply to any taxes levied by the Village to pay the principal of and interest on the Bonds. See "**DESCRIPTION OF THE BONDS**" herein.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The Village cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the Village predict the effect of any such change on the Village's finances.

Extensions

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collections

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. The first installment is equal to one-half of the prior year's tax bill; beginning in collection year 2010, this estimated amount was raised to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead equal to one-half of the corrected prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the then current tax year levy, assessed value and Equalization Factor, and reflects any changes from the prior year in those factors. The following table sets forth the second installment penalty date for the last 10 tax levy years in Cook County; the first installment penalty date has been March 1 for all such years.

<u>TAX LEVY YEAR</u>	<u>SECOND INSTALLMENT PENALTY DATE</u>
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. The County may provide for tax bills to be payable in four installments instead of two. However, the County has not required payment of tax bills in four installments. During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the Village promptly credits the taxes received to the funds for which they were levied.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the “Annual Tax Sale”) of unpaid taxes shown on that year’s Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any “automated means.” Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’ taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Illinois legislators have introduced proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State (the “Property Tax Freeze Proposal”). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the Village and the ability of the Village to issue non-referendum bonds. The Village cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the Village predict the effect of any such change on the Village’s finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Truth in Taxation Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and certain interest on the Bonds.

FINANCIAL INFORMATION

Budgeting

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

All departments of the Village submit requests for appropriation to the Village's administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimated, 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.

Investment Policy

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States 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, and The Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities.

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

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

The Village's financial statements are audited annually by certified public accountants. The Village's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables contained in this “**FINANCIAL INFORMATION**” section (the “Excerpted Financial Information”) are from the audited financial statements of the Village, including the audited financial statements for the fiscal year ended December 31, 2018 (the “2018 Audit”), which was approved by formal action of the Village Board and attached to this Official Statement as **APPENDIX A**. The Village has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2018 Audit; nor has the Village requested that the Auditor consent to the use of the Excerpted Financial Information or the 2018 Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information and 2018 Audit has not been updated since the date of the 2018 Audit. The inclusion of the Excerpted Financial Information and 2018 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Village since the date of the 2018 Audit. Questions or inquiries relating to financial information of the Village since the date of the 2018 Audit should be directed to the Village.

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Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See APPENDIX A for the Village's 2018 Audit.

Statement of Net Position Governmental Activities

	Audited Fiscal Year Ended December 31				
	2014	2015	2016	2017	2018
ASSETS:					
Cash and Investments	\$ 7,370,574	\$ 13,536,712	\$ 13,137,508	\$ 13,399,786	\$ 14,300,149
Receivables, Net:(1)	0	13,876,842	15,432,853	17,011,829	17,577,413
Property Taxes	10,245,060				
Sales Tax.....	1,707,549				
State Income Tax.....	260,665				
Accounts and Allotments	1,039,457				
Loan to Developer	1,700,000	1,700,000	0	0	0
IRMA Excess Surplus Reserve	848,115	993,728	0	0	0
IPBC Terminal Reserve	533,663	594,122	0	0	0
Net Pension Asset - SLEP	0	0	0	8,937	0
Prepays/Land Held For Sale	10,161,883	9,870,551	11,002,245	6,379,995	6,325,011
Capital Assets Not Being Depreciated	43,972,244	45,045,445	44,285,569	43,995,404	43,995,404
Capital Assets (Net of Accumulated Depreciation).....	13,457,370	13,589,476	13,364,920	13,333,479	12,111,913
Total Assets.....	\$ 91,296,580	\$ 99,206,876	\$ 97,223,095	\$ 94,129,430	\$ 94,309,890
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Items - IMRF	\$ 0	\$ 302,780	\$ 241,153	\$ 168,366	\$ 521,356
Deferred Items - SLEP	0	6,544	5,154	3,369	7,417
Deferred Items - MERF	0	4,595,633	3,988,364	2,435,820	974,192
Deferred Items - Police Pension	0	8,819,643	9,848,081	7,745,408	8,955,965
Deferred Items - Firefighters Pension	0	11,401,715	11,555,480	8,450,184	7,784,834
Unamortized Loss on Refunding.....	43,493	213,078	177,902	142,726	113,756
Total Deferred Outflows of Resources	\$ 43,493	\$ 25,339,393	\$ 25,816,134	\$ 18,945,873	\$ 18,357,520
Total Assets and Deferred Outflows of Resources.....	\$ 91,340,073	\$ 124,546,269	\$ 123,039,229	\$ 113,075,303	\$ 112,667,410
LIABILITIES:					
Current Liabilities:					
Accounts Payable.....	\$ 641,280	\$ 1,411,154	\$ 901,328	\$ 1,141,162	\$ 903,197
Accrued Payroll.....	415,707	505,113	519,423	569,148	567,386
Accrued Interest Payable.....	67,068	64,087	47,972	31,885	28,450
Other Liabilities	70,869	87,332	228,945	233,841	338,866
Unearned Revenue.....	364,604	172,813	0	0	0
Deposits Payable.....	294,299	320,388	469,046	542,589	744,414
Due To Fiduciary Funds.....	2,266	510,853	555,845	0	0
Current Portion of Long-Term Debt.....	0	0	2,869,750	1,794,851	2,569,711
Total Current Liabilities	\$ 1,856,093	\$ 3,071,740	\$ 5,592,309	\$ 4,313,476	\$ 5,152,024
Noncurrent Liabilities:(2)					
Due Within One Year	\$ 2,101,548	\$ 2,643,322			
Due in More Than One Year.....	40,511,827	117,377,395			
Compensated Absences Payable			\$ 693,740	\$ 1,059,911	\$ 825,483
Net Pension Liability - IMRF.....			813,973	380,170	1,026,206
Net Pension Liability - SLEP			3,717	0	7,289
Net Pension Liability - MERF			13,567,907	9,944,486	8,969,758
Net Pension Liability - Police Pension			42,160,800	37,881,246	43,577,673
Net Pension Liability - Firefighters' Pension			42,823,442	38,126,966	40,428,774
Total OPEB Liability - RBP			0	0	16,430,091
Net Other Post-Employment Benefit Obligation			5,202,744	5,998,806	0
General Obligations Bonds Payable - Net.....			15,769,827	13,547,195	11,348,363
Installment Notes Payable			581,549	317,994	160,571
Intergovernmental Agreement Payable			1,564,381	1,096,497	905,380
Total Noncurrent Liabilities.....	\$ 42,613,375	\$ 120,020,717	\$ 123,182,080	\$ 108,353,271	\$ 123,679,588
Total Liabilities	\$ 44,469,468	\$ 123,092,457	\$ 128,774,389	\$ 112,666,747	\$ 128,831,612
DEFERRED INFLOWS OF RESOURCES:					
Deferred Items - IMRF	\$ 0	\$ 96,269	\$ 79,408	\$ 389,392	\$ 156,896
Deferred Items - MERF	0	432,645	563,259	1,789,979	378,810
Deferred Items - SLEP	0	0	0	10,580	0
Deferred Items - Police Pension	0	0	96,719	4,387,761	2,440,014
Deferred Items - Firefighters' Pension	0	0	0	4,550,629	4,394,832
Deferred Items - RBP.....	0	0	0	0	967,319
Property Taxes	10,135,782	10,500,269	10,410,696	10,572,456	11,048,412
Total Deferred Inflows of Resources	\$ 10,135,782	\$ 11,029,183	\$ 11,150,082	\$ 21,700,797	\$ 19,386,283
Total Liabilities and Deferred Inflows of Resources.....	\$ 54,605,250	\$ 134,121,640	\$ 139,924,471	\$ 134,367,544	\$ 148,217,895
NET POSITION:					
Investment In Capital Assets, Net of Related Debt.....	\$ 44,444,400	\$ 44,953,060	\$ 39,217,439	\$ 42,544,431	\$ 42,539,916
Restricted	15,893,795	17,293,933	19,744,965	15,640,410	15,740,469
Unrestricted	(23,603,372)	(71,822,364)	(75,847,646)	(79,477,082)	(93,830,870)
Total Net Position	\$ 36,734,823	\$ (9,575,371)	\$ (16,885,242)	\$ (21,292,241)	\$ (35,550,485)

Notes: (1) Format change in 2015.
(2) Format change in 2016.

Statement of Activities Governmental Activities

	Audited Fiscal Year Ended December 31				
	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES:					
General Government.....	\$ (323,505)	\$ (1,849,113)	\$ (2,088,632)	\$ (2,127,341)	\$ (956,998)
Public Safety	(18,112,243)	(24,267,573)	(25,165,113)	(23,244,504)	(19,303,832)
Streets and Sidewalks.....	(3,206,740)	(6,588,949)	(5,722,938)	(4,949,091)	(7,945,749)
Vehicle Maintenance.....	(793,103)	(701,174)	(687,317)	(662,341)	(696,662)
Health and Human Services	(282,052)	(220,531)	(16,446)	(9,059)	(27,957)
Community Development.....	(980,882)	(1,071,442)	(688,354)	(1,594,966)	(3,069,076)
Building and Inspectional Services	(794,883)	(714,270)	(896,333)	(1,042,263)	(960,551)
Interest	(781,321)	(943,022)	(642,697)	(584,476)	(418,766)
Total Governmental Activities	<u>\$(25,274,729)</u>	<u>\$(36,356,074)</u>	<u>\$(35,907,830)</u>	<u>\$(34,214,041)</u>	<u>\$(33,379,591)</u>
GENERAL REVENUES:					
Taxes:					
Property.....	\$ 12,444,336	\$ 12,861,602	\$ 13,010,453	\$ 13,474,303	\$ 13,757,494
Sales	6,413,855	6,801,069	0	0	0
Replacement	0	0	402,648	470,075	390,862
Utility	1,228,883	1,272,845	2,039,489	1,506,508	1,649,183
Telecommunications	781,166	800,602	710,946	651,800	589,336
Income	0	0	0	0	0
Home Rule Sales	0	0	2,434,318	2,405,715	2,532,090
Real Estate Transfer	343,209	577,614	0	0	0
Hotel/Motel	76,008	89,824	0	0	0
Food and Beverage.....	413,467	428,635	0	0	0
Gasoline	246,038	340,257	0	0	0
Other	326,791	423,019	1,572,756	2,220,410	2,130,221
Intergovernmental - Unrestricted:					
Sales Taxes	0	0	5,207,809	5,307,543	5,567,580
State Income Taxes	2,227,959	2,476,003	2,265,196	2,137,330	2,228,476
Personal Property Replacement	398,843	405,808	0	0	0
Local Use Taxes	454,615	517,569	565,191	601,914	683,568
Interest Income	15,843	17,912	60,078	776,459	304,846
Miscellaneous	363,420	236,286	329,075	224,985	599,709
Total General Revenues	<u>\$ 25,734,433</u>	<u>\$ 27,249,045</u>	<u>\$ 28,597,959</u>	<u>\$ 29,777,042</u>	<u>\$ 30,433,365</u>
Change In Net Position	\$ 459,704	\$ (9,107,029)	\$ (7,309,871)	\$ (4,436,999)	\$ (2,946,226)
Net Position, January 1	\$ 36,275,119	\$ 36,734,823	\$ (9,575,371)	\$(16,855,242)(1)	\$(32,604,259)(1)
Prior Period Adjustment	0	(37,203,165)	0	0	0
Net Position, December 31	<u>\$ 36,734,823</u>	<u>\$ (9,575,371)</u>	<u>\$(16,885,242)</u>	<u>\$(21,292,241)</u>	<u>\$(35,550,485)</u>

Note: (1) As restated.

General Fund Balance Sheet

Audited as of December 31

	2014	2015	2016	2017	2018
ASSETS:					
Cash and Investments	\$ 1,522,863	\$ 3,310,146	\$ 4,457,606	\$ 5,467,502	\$ 5,730,385
Receivables:					
Property Taxes	9,613,885	9,588,954	9,486,168	10,007,029	9,930,291
Other Taxes	1,686,716	1,802,301	2,021,496	1,804,154	1,831,849
Accounts	900,592	1,004,505	956,034	978,824	1,048,865
IRMA Excess Surplus	848,115	993,728	804,353	1,027,354	1,015,185
IPBC Terminal Reserve	533,663	594,122	625,324	737,779	694,964
Due from Other Funds	1,768,544	275,977	263,231	2,251,055(1)	2,880,788(1)
Advances to Other Funds	1,514,751	2,781,489	3,276,359	1,148,930	1,148,930
Prepays	589,507	192	192	192	192
Total Assets	<u>\$18,978,636</u>	<u>\$20,351,414</u>	<u>\$21,890,763</u>	<u>\$23,422,819</u>	<u>\$24,281,449</u>
LIABILITIES:					
Accounts Payable	\$ 520,502	\$ 522,274	\$ 674,649	\$ 731,013	\$ 704,793
Accrued Payroll	415,707	505,113	519,423	567,813	566,014
Deposits Payable	0	0	469,046	542,589	438,220
Other Liabilities	70,869	87,332	228,945	233,841	338,866
Unearned Revenue	269,231	172,813	0	0	0
Due to Other Funds	0	0	557,940	7,370	7,370
Due to Fiduciary Funds	2,266	510,853	0	0	0
Deposits Refundable	294,299	320,388	0	0	0
Total Liabilities	<u>\$ 1,572,874</u>	<u>\$ 2,118,773</u>	<u>\$ 2,450,003</u>	<u>\$ 2,082,626</u>	<u>\$ 2,055,263</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	<u>\$ 9,556,284</u>	<u>\$ 9,554,668</u>	<u>\$ 9,486,168</u>	<u>\$ 9,989,367</u>	<u>\$ 9,926,677</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$11,129,158</u>	<u>\$11,673,441</u>	<u>\$11,936,171</u>	<u>\$12,071,993</u>	<u>\$11,981,940</u>
FUND BALANCES:					
Nonspendable	\$ 2,104,258	\$ 2,781,681	\$ 3,276,551	\$ 1,149,122	\$ 1,149,122
Unassigned	0	0	6,678,041	10,201,704	0
Restricted	0	4,961	0	0	66,273
Unreserved, Undesignated, Unassigned	<u>5,745,220</u>	<u>5,891,331</u>	<u>0</u>	<u>0</u>	<u>11,084,114</u>
Total Fund Balances	<u>\$ 7,849,478</u>	<u>\$ 8,677,973</u>	<u>\$ 9,954,592</u>	<u>\$11,350,826</u>	<u>\$12,299,509</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$18,978,636</u>	<u>\$20,351,414</u>	<u>\$21,890,763</u>	<u>\$23,422,819</u>	<u>\$24,281,449</u>

- Notes: (1) Reclassification between Advances to Other Funds and Due from Other Funds.
 (2) Increase due to transfer to Economic Development Fund to be repaid from future home rule sales tax generation. A portion of the amount due from the Waukegan Road TIF will be written off.

General Fund Revenues and Expenditures

	Audited Fiscal Year Ended December 31				
	2014	2015	2016	2017	2018
REVENUES:					
Taxes	\$17,485,841	\$18,890,590	\$16,540,364	\$16,603,559	\$17,216,702
Licenses and Permits	1,741,148	1,826,803	1,689,844	1,801,637	1,897,530
Intergovernmental	3,223,029	3,498,297	7,250,261	7,408,121	7,719,496
Charges For Services	814,935	827,482	1,174,194	1,188,219	1,244,938
Fines and Forfeitures	827,515	717,300	654,226	626,021	778,916
Interest Income	9,018	8,841	15,386	673,337	114,849
Cable TV Franchise Fees	340,991	336,620	0	0	0
Miscellaneous	258,667	213,608	307,184	148,639	582,115
Total Revenues	<u>\$24,701,144</u>	<u>\$26,319,541</u>	<u>\$27,631,459</u>	<u>\$28,449,533</u>	<u>\$29,554,546</u>
EXPENDITURES:					
General Government	\$ 2,845,513	\$ 3,259,332	\$ 3,645,330	\$ 3,648,820	\$ 3,997,077
Public Safety	17,397,217	18,075,211	18,440,877	19,000,885	20,240,729
Streets and Sidewalks	3,028,264	2,391,854	2,485,952	2,328,660	2,338,797
Vehicle and Maintenance	793,103	701,174	687,317	662,341	696,662
Health and Human Services	282,897	217,248	16,446	9,059	27,957
Community Development	189,709	260,196	238,997	254,036	262,205
Building and Inspection Services	790,256	707,754	896,333	1,062,123	1,148,653
Total Expenditures	<u>\$25,326,959</u>	<u>\$25,612,769</u>	<u>\$26,411,252</u>	<u>\$26,965,924</u>	<u>\$28,712,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (625,815)	\$ 706,772	\$ 1,220,207	\$ 1,483,609	\$ 842,466
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 265,200	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000
Operating Transfers Out	(492,263)	(163,783)	(223,658)	(357,375)	(163,783)
Disposal of Capital Assets	22,098	15,506	10,070	0	0
Issuance of General Obligation Bonds	1,415,000	0	0	0	0
Total Other Financing Source (Uses)	<u>\$ 1,210,035</u>	<u>\$ 121,723</u>	<u>\$ 56,412</u>	<u>\$ (87,375)</u>	<u>\$ 106,217</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 584,220	\$ 828,495	\$ 1,276,619	\$ 1,396,234	\$ 948,683
Fund Balance, Beginning	<u>\$ 7,265,258</u>	<u>\$ 7,849,478</u>	<u>\$ 8,677,973</u>	<u>\$ 9,954,592</u>	<u>\$11,350,826</u>
Fund Balance, Ending	<u>\$ 7,849,478</u>	<u>\$ 8,677,973</u>	<u>\$ 9,954,592</u>	<u>\$11,350,826</u>	<u>\$12,299,509</u>

**General Fund
 Budget Financial Information**

	Budget Twelve Months Ending <u>12/31/2019</u>
REVENUES:	
Sales.....	\$ 6,700,000
Property	9,763,929
Share of State Income Taxes	2,400,000
Telecom Tax.....	650,000
Other Taxes.....	2,209,000
Licenses and Permits	1,801,500
Utility Tax.....	1,625,000
Local Use Tax.....	600,000
Personal Property Replacement Tax.....	310,000
Fines and Forfeits.....	816,500
Grants.....	137,000
Interest.....	40,000
Transfers	867,485
Miscellaneous.....	<u>3,276,350</u>
Total Revenue	<u>\$31,196,764</u>
 EXPENDITURES:	
General Government.....	\$ 5,669,167
Public Safety.....	20,071,027
Street & Sidewalks	3,144,575
Sanitation.....	SEPARATE FUND
Vehicle Main	907,435
Health & Human Services	250,568
Community & Economic Development.....	288,900
Code Enforcement & Building	<u>865,050</u>
Total Expenditures.....	<u>\$31,196,722</u>
 Excess (Deficiency)	 \$ 42

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

See **APPENDIX D** herein for a discussion of the Village’s employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The Village shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The Village will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the Village for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the Village shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the Village of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 1st day of the month of any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner’s legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Village or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Village has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Village's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinion, Bond Counsel will rely upon certifications of the Village with respect to certain material facts within the Village's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Village complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code, and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Village as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

The Village will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. No person, other than the Village, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **“THE UNDERTAKING.”**

A failure by the Village to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **“THE UNDERTAKING - Consequences of Failure of the Village to Provide Information.”** The Village must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Village did not file its audited financial statements for the fiscal years ended December 31, 2015 and December 31, 2016 by the time period specified in its Undertakings. The Village filed its 2015 Audit on October 25, 2016, draft 2016 Audit on July 27, 2017, and filed its final 2016 Audit on January 23, 2018.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Village and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Village.

Annual Financial Information Disclosure

The Village covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any, (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information within 210 days after the last day of the Village’s fiscal year (currently December 31). If Audited Financial Statements are not available when the Annual Financial Information is filed, the Village will file unaudited financial statements. The Village will submit Audited Financial Statements to the MSRB’s Electronic Municipal Market Access (“EMMA”) system within 30 days after availability to the Village. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

“Annual Financial Information” means:

1. The table under the heading of “**Retailers’ Occupation, Service Occupation and Use Tax**” within this Official Statement;
2. All of the tables under the heading “**PROPERTY ASSESSMENT AND TAX INFORMATION**” within this Official Statement;
3. All of the tables under the heading “**DEBT INFORMATION**” within this Official Statement; and
4. All of the tables under the heading “**FINANCIAL INFORMATION**” (**Excluding Budget and Interim Financial Information**) within this Official Statement.

“Audited Financial Statements” means financial statements of the Village as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

Reportable Events Disclosure

The Village covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Village*;

**This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.*

13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Village, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Village, any of which reflect financial difficulties.

Consequences of Failure of the Village to Provide Information

The Village shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Village to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Village to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Village by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Village shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Village chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Village shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

OPTIONAL REDEMPTION

Bonds due December 15, 2020-2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-2029, inclusive, are callable in whole or in part on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the Village and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Village will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Village will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Village shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Village, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Village will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Village will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Village taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the Village, threatened against the Village that is expected to materially impact the financial condition of the Village.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the Village. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Village, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith) and, the description of the federal tax exemption of the interest on the Bonds. This review was undertaken solely at the request and for the benefit of the Village and did not include any obligation to establish or confirm factual matters set forth herein.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the Village, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The Bonds have been rated “AA (Stable)” by S&P Global Ratings, a Division of the McGraw-Hill Companies, New York, New York. The Village has supplied certain information and material concerning the Bonds and the Village to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone 212-438-2000. The Village will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

DEFEASANCE

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the “Government Obligations”) with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

UNDERWRITING

The Bonds were offered for sale by the Village at a public, competitive sale on **October 17, 2019**. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The Village awarded the contract for sale of the Bonds to the Underwriter at a price of \$ _____ (reflecting the par amount of \$ _____, plus a reoffering premium of \$ _____, and less an Underwriter’s discount of \$ _____). The Underwriter has represented to the Village that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth on the cover page of the Final Official Statement.

MUNICIPAL ADVISOR

The Village has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the Village’s continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated **October 14, 2019**, for the \$6,055,000* General Obligation Refunding Bonds, Series 2019, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in this Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

/s/ **DANIEL P. DIMARIA**
Mayor
VILLAGE OF MORTON GROVE
Cook County, Illinois

/s/ **HANNA SULLIVAN**
Finance Director
VILLAGE OF MORTON GROVE
Cook County, Illinois

*Subject to change.

APPENDIX A

**VILLAGE OF MORTON GROVE
COOK COUNTY, ILLINOIS**

FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS

Village of Morton Grove

Morton Grove, Illinois



VILLAGE OF MORTON GROVE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Prepared by:

Finance Department
Hanna Sullivan, Finance Director

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2018

VILLAGE OF MORTON GROVE, ILLINOIS

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VILLAGE OF MORTON GROVE, ILLINOIS

List of Principal Officials
December 31, 2018

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

LEGISLATIVE

Daniel DiMaria, Village President
(Term Ends April 2021)

Eileen Scanton 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

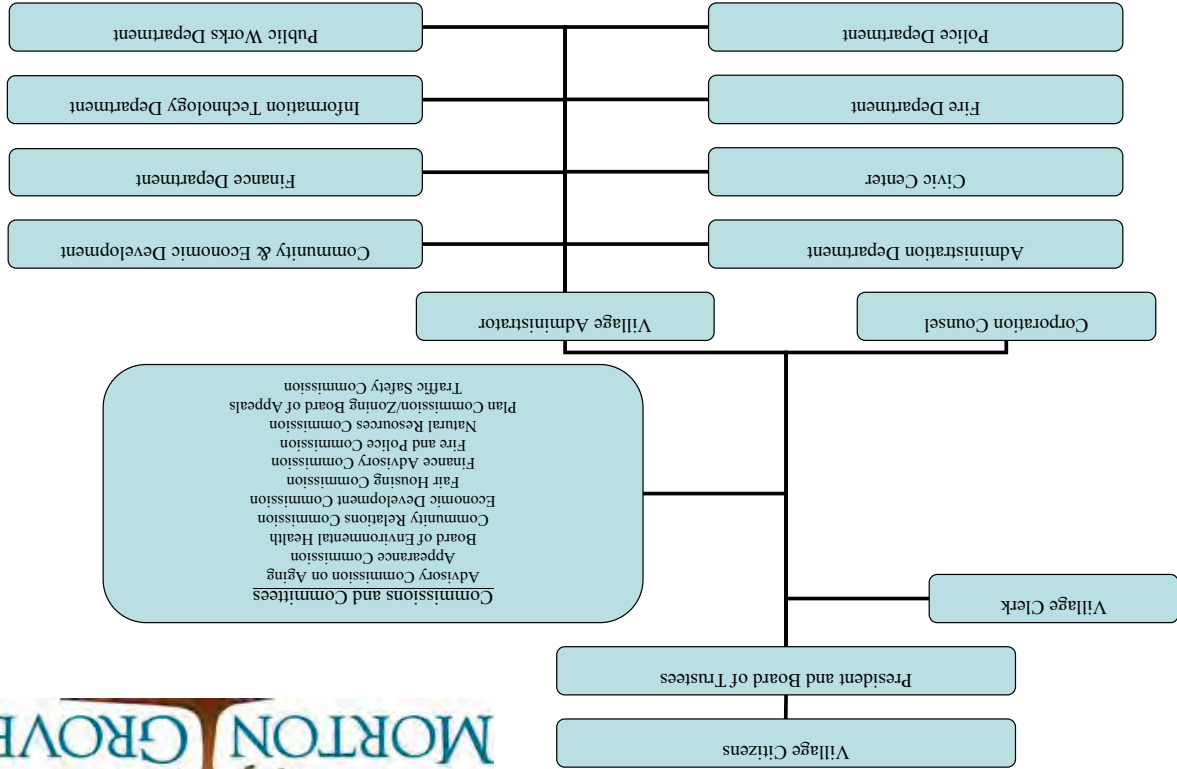
ADMINISTRATIVE

(Appointments End December 31, 2018)

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
Joseph Dahm, Public Works Director
Lauren Piahm, Adjudication Hearing Officer
Addis Greenberg, LLC, Village Prosecutor



Village of Morton Grove
Organization Chart
2018



Office of the Finance Director



Incredibly Close Amazingly Open

July 25, 2019

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, 2018, 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, 2018. 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 \$79,978, and the median income for a family was \$93,610. Males had a median income of \$60,704 versus \$52,403 for females. The per capita income for the Village was \$34,443. About 5.2% of families and 8.2% of the population were below the poverty line, including 8.7% of those families with children under age 18 and 3.2% of those ages 65 or over.

Like other communities, the Village of Morton Grove was affected by the prolonged national and regional recession 2008 through 2012. Economist 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. Building permits and business license revenues are slowly returning 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 continues to reduce the amount of shared revenues transmitted to the Village. Additionally, property tax receipts collected by the Cook County are in flux as the billing and payment deadline dates are often delayed further making it difficult to anticipate the cash flow and plan for the outstanding debt service.

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

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

Board of Trustees and
Citizens of the Village of Morton Grove

A number of infrastructure improvements have been completed throughout the Village in recent years. These improvements are most prominent in the Village's 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. The Village began taking some water form Evanston in December 2018 and plans to be fully on Evanston water by the end of 2019.

Board of Trustees and
Citizens of the Village of Morton Grove

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, 2017. This was the thirtieth 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,



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, 2017

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



Lauterbach & Amen, LLP

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

July 25, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morton Grove, Illinois, as of December 31, 2018, 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

VILLAGE OF MORTON GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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, 2018.

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 3 - 7 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 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

(See independent auditor's report.)

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

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

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

(See independent auditor's report.)

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 41 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 the Retiree Benefit Plan. The required supplementary information also contains budget to actual comparison schedule for the General Fund, Lehigh/Ferris TIF Fund and the Waukegan Road TIF Fund. Required supplementary information can be found on pages beginning with page 102 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 124 of this report.

(See independent auditor's report.)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The following tables show the net position of the Village of Morton Grove, December 31, 2018, compared to December 31, 2017:

Category	Village of Morton Grove Net Position (in thousands)					
	Governmental Activities			Business-Type Activities		
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
Current and other assets	\$ 38,203	\$ 36,800	\$ 6,626	\$ 7,767	\$ 44,829	\$ 44,567
Capital assets	56,107	57,329	9,630	9,571	65,737	66,900
Total assets	94,310	94,129	16,256	17,338	110,566	111,467
Deferred outflows	18,358	18,946	521	1,065	18,879	20,011
Total assets and deferred outflows	112,668	113,075	16,777	18,403	129,445	131,478
Current and other Liabilities	5,152	4,313	809	1,477	5,961	5,790
Long-Term liabilities	123,680	108,353	8,476	7,748	132,156	116,101
Total liabilities	128,832	112,666	9,285	9,225	138,117	121,891
Deferred inflows	19,386	21,701	297	845	19,683	22,546
Total liabilities and deferred inflows	148,218	134,367	9,582	10,070	157,800	144,437
Net position:						
Net investment in capital assets	42,540	42,544	6,807	6,557	49,347	49,101
Restricted	15,741	15,641	-	-	15,741	15,641
Unrestricted	(93,831)	(79,477)	388	1,776	(93,443)	(77,701)
Total net position	\$ (35,550)	\$ (21,292)	\$ 7,195	\$ 8,333	\$ (28,355)	\$ (12,959)

A reconciliation between the governmental funds at the fund level and the entity wide governmental activities is on pages 31 and 34.

The Village's net position, investment in capital assets of \$49,347,209, 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.)

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

An additional portion, \$15,740,469, of the Village's net assets represents resources that are subject to external restrictions on how they may be used, including restrictions for future street improvements, debt service payments, public safety, and future capital development.

NORMAL IMPACTS

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

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

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. An impact of GASB 75 is the restatement of prior Net Position as well as the recognition of additional expense in the current year.

Category	Governmental Activities			Business-Type Activities			Total	
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
Revenues								
Program revenues	\$ 4,810	\$ 4,239	\$ 10,449	\$ 10,773	\$ 15,259	\$ 15,012	\$ 15,012	\$ 15,012
Charges for services	602	612	-	-	602	612	602	612
Operating Grants	85	206	53	59	138	265	138	265
Capital Grants								
General revenues	29,529	28,776	-	-	29,529	28,776	29,529	28,776
Taxes	305	776	32	16	337	792	337	792
Investment income	600	225	152	194	752	419	752	419
Miscellaneous								
Total revenues	35,931	34,834	10,686	11,042	46,617	45,876	46,617	45,876
Expenses								
General government	4,100	5,117			4,100	5,117	4,100	5,117
Public safety	20,852	24,372			20,852	24,372	20,852	24,372
Streets and sidewalks	8,753	5,889			8,753	5,889	8,753	5,889
Vehicle maintenance	696	662			696	662	696	662
Health and human services	28	9			28	9	28	9
Community development	3,069	1,595			3,069	1,595	3,069	1,595
Building and inspectional services	960	1,042			960	1,042	960	1,042
Interest	419	585			419	585	419	585
Water and sewer			8,478	8,169	8,478	8,169	8,478	8,169
Solid Waste			1,868	1,836	1,868	1,836	1,868	1,836
Municipal Parking			10	11	10	11	10	11
Morton Grove Days			148	150	148	150	148	150
Total expenses	38,877	39,271	10,504	10,166	49,381	49,437	49,381	49,437
Change in net position	(2,946)	(4,437)	182	876	(2,764)	(3,561)	(2,764)	(3,561)
Net position - January 1	(21,292)	(16,855)	8,333	7,457	(12,959)	(9,398)	(12,959)	(9,398)
Change in Accounting Principle	(11,312)	-	(1,320)	-	(12,632)	-	(12,632)	-
Restated Net Position Jan 1	(32,604)	(16,855)	7,013	7,457	(25,591)	(9,398)	(25,591)	(9,398)
Net position - December 31	\$ (35,550)	\$ (21,292)	\$ 7,195	\$ 8,333	\$ (28,355)	\$ (12,959)	\$ (28,355)	\$ (12,959)

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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 \$35,930,895 at December 31, 2017.

- Property tax (and replacement tax) continues to be the Village's largest revenue source totaling \$14,148,356 representing 39.38% of total governmental activity revenue. Sales tax revenue was \$8,099,670 or 22.54% of total governmental activity revenue. Charges for Services revenue was \$4,810,416 or 13.39% of total governmental activity revenue. State income tax revenue was \$2,228,476 or 6.20% of total governmental activity revenue. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, and others) was \$2,813,789 or 7.83% of total governmental activity revenue. Telecommunication tax was \$589,336 or 1.64% of total governmental activity revenue. A utility tax (Electric, Gasoline & Natural gas tax) was \$1,649,183 or 4.59% of total governmental activity revenue.

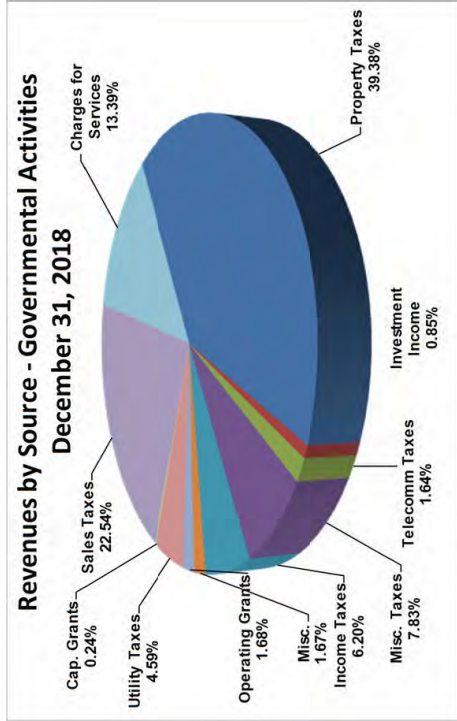
Comparison with Prior Year.

- Property tax and replacement tax revenue increased by \$203,978 or 1.46% from prior year. Sales tax revenue increased by \$386,412 or 5.01% from prior year. Charges for Services revenue increased by \$570,867 or 13.47% from prior year. State income tax revenue increased by \$91,146 or 4.26% from prior year. Miscellaneous taxes revenue (local use, real estate transfer, hotel & motel tax, food & beverage, and others) decreased by \$8,535 or 0.30% from prior year. Telecommunication decreased by \$62,464 or 9.58% from prior year. A utility tax (Electric, Gasoline & Natural gas tax) increased by \$142,675 or 9.47% from prior year.

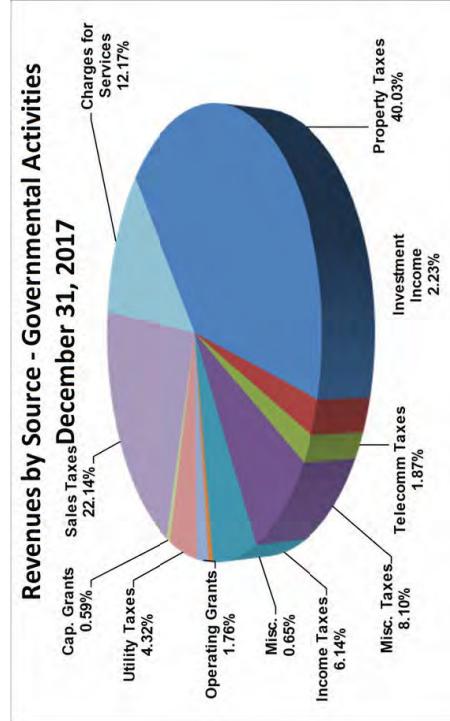
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(See independent auditor's report.)

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



Prior Year Revenue by Source - Governmental Activities - For Comparison



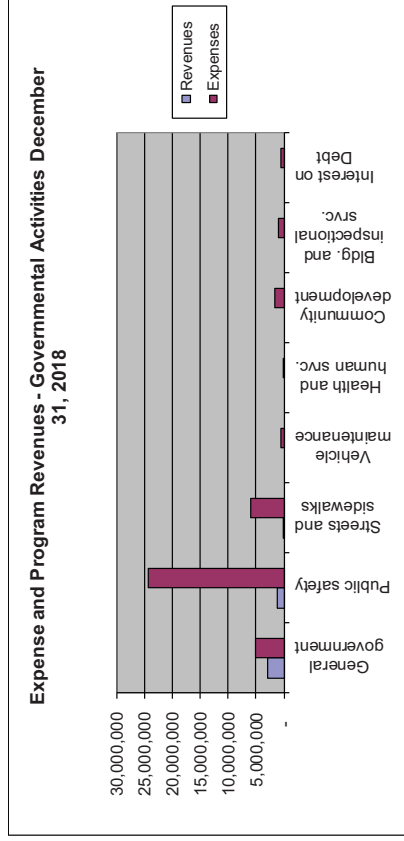
(See independent auditor's report.)

Expenses

Expenses for governmental activities were \$38,877,121 at December 31, 2018 and \$39,271,386 at December 31, 2017, a decrease of \$394,265, or 1.00%.

The decrease in expense for governmental activities is because of the differences in changes to deferred outflows/inflows of resources.

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 supported 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 \$10,448,567, while the costs of all business-type activities totaled \$10,505,070. Expenses exceeded revenues by \$181,191.

(See independent auditor's report.)

Revenues

In 2018 the Village water rate charged to customers of \$10.81 per 1,000 Gallon remained unchanged. Water and Sewer Fund charges for services decreased by \$244,530 or 2.89%.

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 2018 Solid Waste operating revenues decreased by \$40,731 or 1.99%.

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 2018 increased by \$11,905 or 24.24%. The Village added additional parking spaces.

In 2017 the Village created the Morton Grove Days Fund to account for the annual festival held over the Fourth of July. In 2018 operating revenues were \$137,846 and exceeded expenses by \$10,417 but will be made up by funds from the Morton Grove Days Commission.

Expenses

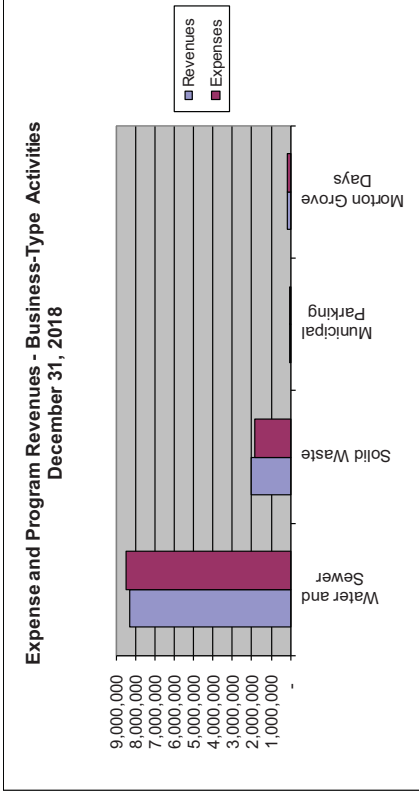
Total expenses for Water and Sewer Fund activities totaled \$8,477,929, an increase of \$480,224, or 6.00% from prior year. The Village had several large water main breaks in which resulted in a large water losses and expense to repair.

Total expenses for Solid Waste Fund activities totaled \$1,868,109, an increase of \$32,537, or 1.77%, from prior year.

Total expenses from Municipal Parking Fund activities decreased \$389.

The expenses from the Morton Grove Days Fund were \$148,263 which was a decrease of \$2,170.

(See independent auditor's report.)



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 \$24,600,298, which is an increase of \$867,884, from last year's total of \$23,732,414. Of this \$24,600,298 total, \$7,681,616 or 31.23% of the fund balance constitutes unassigned fund balance.

General Fund: The General Fund reported a surplus for the year of \$948,683. 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, 2018, unassigned fund balance in the General Fund was \$11,084,114, which represents 90.12% 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 38% of total budgeted General Fund expenditures.

(See independent auditor's report.)

LONG-TERM DEBT

At year-end, the Village had total outstanding debt of \$15,587,994, as compared to \$16,841,383 the previous year, a decrease of \$1,253,389, or 7.44% which is due to the retirement of outstanding debt.

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

Long Term Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
General Obligation Bonds	\$ 12,443	\$ 13,242	\$ 2,827	\$ 3,018	\$ 15,270	\$ 16,260
Revolving loans	-	-	-	-	-	-
Installment Notes	318	581	-	-	318	581
Total Long Term Debt	\$ 12,762	\$ 13,824	\$ 2,827	\$ 3,018	\$ 15,588	\$ 16,841

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 2020 budget are the continued reduction 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.

(See independent auditor's report.)

Lehigh Ferris TIF Fund: Reported a fund balance decrease of \$387,129 due to funding of TIF projects.

Waakegan Road TIF Fund: Reported a fund balance increase of \$411,061 as a result of debt being retired in 2017.

Debt Service Fund: Reported a fund balance increase of \$173,865 as a result of transfers from the General Fund.

Capital Projects Fund: Reported a fund balance increase of \$75,021 as a result of capital projects being deferred until 2019.

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 \$3.94 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, 2018 was \$65,737,583 (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.

Capital Assets - Net of Depreciation (in thousands)

Type of Debt	Governmental Activities		Business-Type Activities		Total	
	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
Construction in Progress	\$ 23	\$ 23	\$ 13	\$ 13	\$ 36	\$ 36
Right of Ways	43,972	43,972	-	-	43,972	43,972
Infrastructure	5,901	6,412	-	-	5,901	6,412
Buildings and Improvements	4,262	4,659	7,966	8,058	12,228	12,717
Machinery, Equipment and Vehicles	1,950	2,263	1,651	1,499	3,601	3,762
Total	\$ 56,107	\$ 57,328	\$ 9,631	\$ 9,571	\$ 65,738	\$ 66,899

(See independent auditor's report.)

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.

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 14,300,149	2,937,743	17,237,892
Receivables - Net of Allowances	17,577,413	3,633,493	21,210,906
Prepays/Land Held for Resale	6,325,011	54,694	6,379,705
Total Current Assets	38,202,573	6,625,930	44,828,503
Noncurrent Assets			
Capital Assets			
Nondepreciable	43,995,404	12,889	44,008,293
Depreciable	59,694,639	20,212,303	79,906,942
Accumulated Depreciation	(47,582,726)	(10,594,926)	(58,177,652)
Total Noncurrent Assets	56,107,317	9,630,266	65,737,583
Total Assets	94,309,890	16,256,196	110,566,086
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	521,356	110,727	632,083
Deferred Items - SLEP	7,417	-	7,417
Deferred Items - MERF	974,192	410,193	1,384,385
Deferred Items - Police Pension	8,955,965	-	8,955,965
Deferred Items - Firefighters' Pension	7,784,834	-	7,784,834
Unamortized Loss on Refunding	113,756	-	113,756
Total Deferred Outflows of Resources	18,357,520	520,920	18,878,440
Total Assets and Deferred Outflows of Resources	112,667,410	16,777,116	129,444,526

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 903,197	475,432	1,378,629
Accrued Payroll	567,386	56,027	623,413
Accrued Interest Payable	28,450	6,794	35,244
Deposits Payable	744,414	13,501	757,915
Other Liabilities	338,866	35,465	374,331
Current Portion of Long-Term Debt	2,569,711	222,297	2,792,008
Total Current Liabilities	5,152,024	809,316	5,961,340
Noncurrent Liabilities			
Compensated Absences Payable	825,483	88,390	913,873
Net Pension Liability - IMRF	1,026,206	217,949	1,244,155
Net Pension Liability - SLEP	7,289	-	7,289
Net Pension Liability - MERF	8,969,758	3,776,807	12,746,565
Net Pension Liability - Police Pension	43,577,673	-	43,577,673
Net Pension Liability - Firefighters' Pension	40,428,774	-	40,428,774
Total OPEB Liability - RBP	16,430,091	1,770,024	18,200,115
General Obligations Bonds Payable - Net	11,348,363	2,622,773	13,971,136
Installment Notes Payable	160,571	-	160,571
Intergovernmental Agreement Payable	905,380	-	905,380
Total Noncurrent Liabilities	123,679,588	8,475,943	132,155,531
Total Liabilities	128,831,612	9,285,259	138,116,871
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	156,896	33,322	190,218
Deferred Items - MERF	378,810	159,502	538,312
Deferred Items - Police Pension	2,440,014	-	2,440,014
Deferred Items - Firefighters' Pension	4,394,832	-	4,394,832
Deferred Items - RBP	967,319	104,210	1,071,529
Property Taxes	11,048,412	-	11,048,412
Total Deferred Inflows of Resources	19,386,283	297,034	19,683,317
Total Liabilities and Deferred Inflows of Resources	148,217,895	9,582,293	157,800,188
NET POSITION			
Net Investment in Capital Assets	42,539,916	6,807,293	49,347,209
Restricted - IMRF	66,273	-	66,273
Restricted - Public Safety	1,540,143	-	1,540,143
Restricted - Streets and Sidewalks	916,139	-	916,139
Restricted - Community Development	11,802,511	-	11,802,511
Restricted - Capital Improvements	1,151,649	-	1,151,649
Restricted - Debt Service	263,754	-	263,754
Unrestricted (Deficit)	(93,830,870)	387,530	(93,443,340)
Total Net Position	(35,550,485)	7,194,823	(28,355,662)

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, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 4,099,466	3,142,468	-	-
Public Safety	20,851,590	1,547,758	-	-
Streets and Sidewalks	8,753,053	120,190	602,421	84,693
Vehicle and Maintenance	696,662	-	-	-
Health and Human Services	27,957	-	-	-
Community Development	3,069,076	-	-	-
Building and Inspection Services	960,551	-	-	-
Interest on Long-Term Debt	418,766	-	-	-
Total Governmental Activities	38,877,121	4,810,416	602,421	84,693
Business-Type Activities				
Water and Sewer	8,477,929	8,247,849	-	53,419
Solid Waste	1,868,109	2,001,847	-	-
Municipal Parking	10,769	61,025	-	-
Morton Grove Days	148,263	137,846	-	-
Total Business-Type Activities	10,505,070	10,448,567	-	53,419
Total Primary Government	49,382,191	15,258,983	602,421	138,112

General Revenues	
Taxes	
Property Taxes	13,757,494
Telecommunications Taxes	589,336
Personal Property Replacement Taxes	390,862
Utility Taxes	1,649,183
Home Rule Sales Taxes	2,532,090
Other Taxes	2,130,221
Intergovernmental - Unrestricted	
Sales Taxes	5,567,580
State Income Taxes	2,228,476
Local Use Taxes	683,568
Interest Income	304,846
Miscellaneous	599,709
	30,433,365
Change in Net Position	(2,946,226)
Net Position - Beginning as Restated	(32,604,259)
Net Position - Ending	(35,550,485)

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

Net (Expenses)/Revenues	
Governmental Activities	(956,998)
	(19,303,832)
	(7,945,749)
	(696,662)
	(27,957)
	(3,069,076)
	(960,551)
	(418,766)
	(33,379,591)
Business-Type Activities	(176,661)
	133,738
	50,256
	(10,417)
	(3,084)
	(3,084)
	(33,382,675)

Governmental Activities	Primary Government Business-Type Activities	Totals
(956,998)	-	(956,998)
(19,303,832)	-	(19,303,832)
(7,945,749)	-	(7,945,749)
(696,662)	-	(696,662)
(27,957)	-	(27,957)
(3,069,076)	-	(3,069,076)
(960,551)	-	(960,551)
(418,766)	-	(418,766)
(33,379,591)	-	(33,379,591)
-	(176,661)	(176,661)
-	133,738	133,738
-	50,256	50,256
-	(10,417)	(10,417)
-	(3,084)	(3,084)
(33,379,591)	(3,084)	(33,382,675)
13,757,494	-	13,757,494
589,336	-	589,336
390,862	-	390,862
1,649,183	-	1,649,183
2,532,090	-	2,532,090
2,130,221	-	2,130,221
5,567,580	-	5,567,580
2,228,476	-	2,228,476
683,568	-	683,568
304,846	32,374	337,220
599,709	151,901	751,610
30,433,365	184,275	30,617,640
(2,946,226)	181,191	(2,765,035)
(32,604,259)	7,013,632	(25,590,627)
(35,550,485)	7,194,823	(28,355,662)

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

VILLAGE OF MORTON GROVE, ILLINOIS

Balance Sheet - Governmental Funds
December 31, 2018

	General	Special Lehigh/Ferris Tax Increment Financing
ASSETS		
Cash and Investments	\$ 5,730,385	3,783,077
Receivables - Net of Allowances		
Property Taxes	9,930,291	1,024
Other Taxes	1,831,849	-
Accounts	1,048,865	-
Loan to Developer	-	3,370,000
IRMA Excess Surplus	1,015,185	-
IPBC Terminal Reserve	694,964	-
Due from Other Funds	2,880,788	44,364
Advances to Other Funds	1,148,930	-
Prepays	192	-
Land Held for Resale	-	4,614,670
Total Assets	24,281,449	11,813,135
LIABILITIES		
Accounts Payable	704,793	9,359
Accrued Payroll	566,014	1,265
Deposits Payable	438,220	-
Other Liabilities	338,866	-
Due to Other Funds	7,370	-
Advances from Other Funds	-	-
Total Liabilities	2,055,263	10,624
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	9,926,677	-
Total Liabilities and Deferred Inflows of Resources	11,981,940	10,624
FUND BALANCES		
Nonspendable	1,149,122	-
Restricted	66,273	11,802,511
Committed	-	-
Unassigned	11,084,114	-
Total Fund Balances	12,299,509	11,802,511
Total Liabilities, Deferred Inflows of Resources and Fund Balances	24,281,449	11,813,135

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

Revenue	Debt Service	Capital Projects	Nonmajor	Totals
Waukegan				
Road Tax				
Increment Financing				
581,635	246,823	1,145,399	2,812,830	14,300,149
3,450	1,122,202	-	-	11,056,967
-	37,500	6,250	218,568	2,094,167
-	7,414	-	-	1,056,279
-	-	-	-	3,370,000
-	-	-	-	1,015,185
-	-	-	-	694,964
-	-	-	7,370	2,932,522
-	-	-	-	1,148,930
-	-	-	-	192
-	-	-	-	4,614,670
585,085	1,413,939	1,151,649	3,038,768	42,284,025
-	-	-	189,045	903,197
-	-	-	107	567,386
-	-	-	306,194	744,414
-	-	-	-	338,866
1,627,671	-	-	1,297,481	2,932,522
1,148,930	-	-	-	1,148,930
2,776,601	-	-	1,792,827	6,635,315
-	1,121,735	-	-	11,048,412
2,776,601	1,121,735	-	1,792,827	17,683,727
-	-	-	-	1,149,122
-	292,204	1,151,649	2,456,282	15,768,919
(2,191,516)	-	-	641	641
(2,191,516)	292,204	1,151,649	(1,210,982)	7,681,616
			1,245,941	24,600,298
585,085	1,413,939	1,151,649	3,038,768	42,284,025

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, 2018

Total Governmental Fund Balances \$ 24,600,298

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.

56,107,317

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

Deferred Items - IMRF 364,460
 Deferred Items - SLEP 7,417
 Deferred Items - MERF 595,382
 Deferred Items - Police Pension 6,515,951
 Deferred Items - Firefighters' Pension 3,390,002
 Deferred Items - RBP (967,319)

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

Compensated Absences Payable (1,031,854)
 Net Pension Liability - IMRF (1,026,206)
 Net Pension Liability - SLEP (7,289)
 Net Pension Liability - MERF (8,969,758)
 Net Pension Liability - Police Pension (43,577,673)
 Net Pension Liability - Firefighters' Pension (40,428,774)
 Total OPEB Liability - RBP (16,430,091)
 General Obligation Bonds Payable - Net (13,363,163)
 Installment Notes Payable (317,994)
 Unamortized Loss on Refunding 113,756
 Installment Agreement Payable (1,096,497)
 Accrued Interest Payable (28,450)

Net Position of Governmental Activities (35,550,485)

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2018

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, 2018

	General	Special Lehigh/ Ferris Tax Increment Financing
Revenues		
Taxes	\$ 17,216,702	2,622,250
Intergovernmental	7,719,496	-
Charges for Services	1,244,938	-
Licenses and Permits	1,897,530	-
Fines and Forfeitures	778,916	-
Interest Income	114,849	38,313
Miscellaneous	582,115	17,000
Total Revenues	29,554,546	2,677,563
Expenditures		
Current		
General Government	3,997,077	-
Public Safety	20,240,729	-
Streets and Sidewalks	2,338,797	-
Vehicle and Maintenance	696,662	-
Health and Human Services	27,957	-
Community Development	262,205	221,994
Building and Inspection Services	1,148,653	-
Capital Outlay	-	1,794,898
Debt Service	-	555,000
Principal Retirement	-	222,800
Interest and Fiscal Charges	-	2,794,692
Total Expenditures	28,712,080	2,794,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	842,466	(117,129)
Other Financing Sources (Uses)		
Transfers In	270,000	-
Transfers Out	(163,783)	(270,000)
	106,217	(270,000)
Net Change in Fund Balances	948,683	(387,129)
Fund Balances - Beginning	11,350,826	12,189,640
Fund Balances - Ending	12,299,509	11,802,511

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

	Revenue Waitegan Road Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Totals
	531,876	596,935	36,055	45,368	21,049,186
	-	217,988	25,000	1,449,594	9,412,078
	-	-	-	711,680	1,956,618
	-	-	-	-	1,897,530
	-	-	-	-	778,916
	(10,957)	14,147	92,786	55,708	304,846
	-	594	-	-	599,709
	520,919	829,664	153,841	2,262,350	35,998,883
	-	-	-	-	3,997,077
	-	-	-	602,961	20,843,690
	-	-	-	755,143	3,093,940
	-	-	-	-	696,662
	-	-	-	-	27,957
	-	-	-	1,257,863	1,742,062
	-	-	-	-	1,148,653
	-	-	78,820	-	1,873,718
	109,053	397,936	-	-	1,061,989
	805	421,646	-	-	645,251
	109,858	819,582	78,820	2,615,967	35,130,999
	411,061	10,082	75,021	(353,617)	867,884
	-	163,783	-	-	433,783
	-	-	-	-	(433,783)
	-	163,783	-	-	-
	411,061	173,865	75,021	(353,617)	867,884
	(2,602,577)	118,339	1,076,628	1,599,558	23,732,414
	(2,191,516)	292,204	1,151,649	1,245,941	24,600,298

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 867,884

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	304,556
Depreciation Expense	(1,526,122)
Disposals - Cost	(101,813)
Disposals - Accumulated Depreciation	101,813

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

Change in Deferred Items - IMRF	585,486
Change in Deferred Items - SLEP	14,628
Change in Deferred Items - MERF	(50,459)
Change in Deferred Items - Police Pension	3,158,304
Change in Deferred Items - Firefighters' Pension	(509,553)
Change in Deferred Items - RBP	(967,319)

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.

Deductions to Compensated Absences Payable	293,035
(Additions) to Net Pension Liability - IMRF	(646,036)
(Additions) to Net Pension Liability - SLEP	(16,226)
Deductions to Net Pension Liability - MERF	974,728
(Additions) to Net Pension Liability - Police Pension	(5,696,427)
(Additions) to Net Pension Liability - Firefighters' Pension	(2,301,808)
Deductions to Total OPEB Liability - RBP	880,733
Amortization of Premium on Debt Issuance	184,032
Amortization of Loss on Refunding	(28,970)
Retirement of Debt	1,529,873

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

3,435

Changes in Net Position of Governmental Activities

(2,946,226)

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, 2018

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 1,823,694	1,114,049	2,937,743
Receivables - Net of Allowances			
Accounts	3,503,875	76,199	3,580,074
Other	53,419	-	53,419
Prepays	-	54,694	54,694
Total Current Assets	5,380,988	1,244,942	6,625,930
Noncurrent Assets			
Capital Assets			
Nondepreciable	12,889	-	12,889
Depreciable	20,212,303	-	20,212,303
Accumulated Depreciation	(10,594,926)	-	(10,594,926)
Total Noncurrent Assets	9,630,266	-	9,630,266
Total Assets	15,011,254	1,244,942	16,256,196
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	110,727	-	110,727
Deferred Items - MERF	410,193	-	410,193
Total Deferred Outflows of Resources	520,920	-	520,920
Total Assets and Deferred Outflows of Resources	15,532,174	1,244,942	16,777,116

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 474,792	640	475,432
Accrued Payroll	56,027	-	56,027
Accrued Interest Payable	6,794	-	6,794
Deposits Payable	13,301	-	13,301
Other Liabilities	-	35,465	35,465
Current Portion of Long-Term Debt	222,297	-	222,297
Total Current Liabilities	773,211	36,105	809,316
Noncurrent Liabilities			
Compensated Absences	88,390	-	88,390
Net Pension Liability - IMRF	217,949	-	217,949
Net Pension Liability - MERF	3,776,807	-	3,776,807
Total OPEB Liability - RBP	1,770,024	-	1,770,024
General Obligations Bonds Payable - Net	2,622,773	-	2,622,773
Total Noncurrent Liabilities	8,475,943	-	8,475,943
Total Liabilities	9,249,154	36,105	9,285,259
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	33,322	-	33,322
Deferred Items - MERF	159,502	-	159,502
Deferred Items - RBP	104,210	-	104,210
Total Deferred Inflows of Resources	297,034	-	297,034
Total Liabilities and Deferred Inflows of Resources	9,546,188	36,105	9,582,293
NET POSITION			
Net Investment in Capital Assets	6,807,293	-	6,807,293
Unrestricted (Deficit)	(821,307)	1,208,837	387,530
Total Net Position	5,985,986	1,208,837	7,194,823

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

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, 2018

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
Operating Revenues			
Charges for Services	\$ 8,211,471	2,200,718	10,412,189
Operating Expenses			
Operations	7,869,993	2,027,141	9,897,134
Depreciation	444,508	-	444,508
Total Operating Expenses	8,314,501	2,027,141	10,341,642
Operating Income	(103,030)	173,577	70,547
Nonoperating Revenues (Expenses)			
Connection Fees	36,378	-	36,378
Interest Income	31,768	606	32,374
Other Income	151,901	-	151,901
Interest Expense	(163,428)	-	(163,428)
	56,619	606	57,225
Income Before Capital Grants	(46,411)	174,183	127,772
Capital Grants	53,419	-	53,419
Change in Net Position	7,008	174,183	181,191
Net Position - Beginning as Restated	5,978,978	1,034,654	7,013,632
Net Position - Ending	5,985,986	1,208,837	7,194,823

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, 2018

	Business-Type Activities - Enterprise		
	Water and Sewer	Nonmajor	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 9,301,248	2,174,039	11,475,287
Payments to Employees	(1,517,076)	-	(1,517,076)
Payments to Suppliers	(7,236,972)	(2,214,998)	(9,451,970)
	547,200	(40,959)	506,241
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(504,112)	-	(504,112)
Grants	53,419	-	53,419
Interest Expense	(163,062)	-	(163,062)
Retirement of Debt	(191,400)	-	(191,400)
	(805,155)	-	(805,155)
Cash Flows from Investing Activities	31,768	606	32,374
Interest Income			
Net Change in Cash and Cash Equivalents	(226,187)	(40,353)	(266,540)
Cash and Cash Equivalents - Beginning	2,049,881	1,154,402	3,204,283
Cash and Cash Equivalents - Ending	1,823,694	1,114,049	2,937,743
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(103,030)	173,577	70,547
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	444,508	-	444,508
Other Income	188,279	-	188,279
Other Expenses - Pension Related	8,701	-	8,701
(Increase) Decrease in Current Assets	901,498	(26,679)	874,819
Increase (Decrease) in Current Liabilities	(892,756)	(187,857)	(1,080,613)
Net Cash Provided by Operating Activities	547,200	(40,959)	506,241

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, 2018

	Pension Trust
ASSETS	
Cash and Cash Equivalents	\$ 1,038,288
Investments	
U.S. Government Obligations	7,386,580
U.S. Agency Obligations	11,877,151
Municipal Bonds	2,708,739
Corporate Bonds	10,070,698
Annuity Contracts	11,088,307
Equities	29,543,142
Common Stock	4,702,012
Receivables - Net	
Accounts	6,686
Accrued Interest	224,318
Prepays	6,664
Total Assets	78,652,585
LIABILITIES	
Accounts Payable	40,731
Net Position Restricted for Pensions	78,611,854

VILLAGE OF MORTON GROVE, ILLINOIS

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018

	Pension Trust
ASSETS	
Contributions - Employer	\$ 6,765,125
Contributions - Plan Members	1,100,445
Total Contributions	7,865,570
Investment Income	
Interest Earned	2,629,257
Net Change in Fair Value	(4,956,637)
Less Investment Expenses	(2,327,380)
	(175,118)
	(2,502,498)
Total Additions	5,363,072
Deductions	
Administration	81,563
Benefits and Refunds	8,212,275
Total Deductions	8,293,838
Change in Fiduciary Net Position	(2,930,766)
Net Position Restricted for Pensions	
Beginning	81,542,620
Ending	78,611,854

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

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, 2018

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, 2018

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) changes 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, 2018

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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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

Governmental Funds

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

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

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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

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

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

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

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction 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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Compensated Absences – Continued

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

Long-Term Obligations

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

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

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, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
Motor Fuel Tax	\$ 12,664
911 Emergency Telephone System	714
Economic Development	124,792
Morton Grove Days	3,263
Municipal Employees' Retirement	182,949
Police Pension	11,298
Firefighters' Pension	225,259

DEFICIT FUND BALANCES

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

Fund	Deficit
Waukegan Road Tax Increment Financing	\$ 2,191,516
Economic Development	844,362
Dempster/Waukegan TIF	366,620

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 and 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; 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, 2018

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. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

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 \$11,976,118 and the bank balances totaled \$12,617,668. Additionally, at year-end the Village has \$4,991,200 invested in the Illinois Funds and \$270,574 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, 2018

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 \$11,088,307 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, 2018

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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.09%. 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 \$825,121 and the bank balances totaled \$825,121.

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	\$ 5,684,478	478,032	3,311,210	1,895,236	-
U.S. Agency Obligations	1,310,723	-	44,409	1,028,156	238,158
Municipal Bonds	812,821	-	348,716	271,944	192,161
Corporate Bonds	8,622,550	367,659	4,080,780	3,252,864	921,247
	16,430,572	845,691	7,785,115	6,448,200	1,351,566

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018:

	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)
Investments by Fair Value Level				
Debt Securities				
U.S. Government Obligations	\$ 5,684,478	5,684,478	-	-
U.S. Agency Obligations	1,310,723	-	1,310,723	-
Municipal Bonds	812,821	-	812,821	-
Corporate Bonds	8,622,550	-	8,622,550	-
Equity Securities				
Equities	11,441,154	11,441,154	-	-
Common Stock	4,702,012	4,702,012	-	-
Total Investments by Fair Value Level	32,573,738	21,827,644	10,746,094	-

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

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

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

Custodial Credit Risk: In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2018, \$11,227 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, 2018

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 \$11,441,154 invested in equities and \$4,702,012 invested in common stock. At year-end, the Fund does not have any investments over 5 percent of net plan pension available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

Asset Class	Target	Long-Term Expected Real 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 2020 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.58%). 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, 2018

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 \$213,167 and the bank balances totaled \$213,167.

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	\$ 1,702,102	501,875	995,430	204,797	-
U.S. Agency Obligations	10,566,428	99,863	4,149,404	6,317,161	-
Municipal Bonds	1,895,918	204,530	799,302	892,086	-
Corporate Bonds	1,448,148	-	1,054,488	393,660	-
	15,612,596	806,268	6,998,624	7,807,704	-

The Fund has the following recurring fair value measurements as of December 31, 2018:

Investments by Fair Value Level	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities				
U.S. Government Obligations	\$ 1,702,102	-	-	-
U.S. Agency Obligations	10,566,428	10,566,428	-	-
Municipal Bonds	1,895,918	1,895,918	-	-
Corporate Bonds	1,448,148	1,448,148	-	-
Equity Securities				
Equities	18,101,988	18,101,988	-	-
Total Investments by Fair Value Level	33,714,584	19,804,090	13,910,494	-

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, municipal bonds and corporate bonds were rated AAA to A3 by Standard & Poor's and Moody's Investor Services.

Custodial Credit Risk. In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2018, all of the Fund's deposits were covered by federal depository or equivalent insurance.

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

Concentration Credit Risk. The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$18,101,988 invested in equities. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 2020 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.15%). 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, 2018

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	23,160	-	-	23,160
	<u>43,995,404</u>	<u>-</u>	<u>-</u>	<u>43,995,404</u>
Depreciable Capital Assets				
Buildings and Improvements	18,932,852	188,102	-	19,120,954
Vehicles and Equipment	7,756,928	116,454	101,813	7,771,569
Infrastructure	32,802,116	-	-	32,802,116
	<u>59,491,896</u>	<u>304,556</u>	<u>101,813</u>	<u>59,694,639</u>
Less Accumulated Depreciation				
Buildings and Improvements	14,274,403	584,837	-	14,859,240
Vehicles and Equipment	5,494,409	430,251	101,813	5,822,847
Infrastructure	26,389,605	511,034	-	26,900,639
	<u>46,158,417</u>	<u>1,526,122</u>	<u>101,813</u>	<u>47,582,726</u>
Total Net Depreciable Capital Assets	13,333,479	(1,221,566)	-	12,111,913
Total Net Capital Assets	<u>57,328,883</u>	<u>(1,221,566)</u>	<u>-</u>	<u>56,107,317</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 442,809
Public Safety	366,005
Streets and Sidewalks	<u>717,308</u>
	<u>1,526,122</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	16,587,149	206,711	-	16,793,860
Equipment	3,167,417	297,401	46,375	3,418,443
	<u>19,754,566</u>	<u>504,112</u>	<u>46,375</u>	<u>20,212,303</u>
Less Accumulated Depreciation				
Buildings and Improvements	8,529,256	298,315	-	8,827,571
Equipment	1,667,537	146,193	46,375	1,767,355
	<u>10,196,793</u>	<u>444,508</u>	<u>46,375</u>	<u>10,594,926</u>
Total Net Depreciable Capital Assets	9,557,773	59,604	-	9,617,377
Total Net Capital Assets	<u>9,570,662</u>	<u>59,604</u>	<u>-</u>	<u>9,630,266</u>

Depreciation expense was charged to business-type as follows:

Water and Sewer	\$ 444,508
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PROPERTY TAXES

Property taxes for 2017 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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LOAN RECEIVABLE – DEVELOPER

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

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

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	1,282,018
Lehigh/Ferris Tax Increment Financing	Nonmajor Governmental	44,364
Nonmajor Governmental	General	7,370
		<u>2,961,423</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	\$ 1,148,930

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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
Debt Service	General	163,783
		<u>433,783</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
\$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	\$ 3,841,600	-	243,600	3,598,000
		3,018,400	-	191,400	2,827,000

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	3,375,000	-	555,000	2,820,000
		4,610,000	-	-	4,610,000
		16,260,000	-	990,000	15,270,000

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	\$ 109,053	-	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	472,330	-	154,336	317,994
		581,383	-	263,389	317,994

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village made total intergovernmental payments of \$325,985 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and there is no estimated future liability.

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, 2018, the Village made total intergovernmental payments of \$181,527 from general (non-TIF) revenues. The tax revenue is determined on an annual basis and the estimated future liability is shown below.

Fiscal Year	Governmental Activities	
	School District 70	
2019	\$	191,117
2020		204,759
2021		218,842
2022		233,383
2023		248,396
Totals		1,096,497

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,324,889	293,035	586,070	1,031,854	206,371
Net Pension Liability/(Asset)					
IMRF	380,170	646,036	-	1,026,206	-
SLEP	(8,937)	16,226	-	7,289	-
MERF	9,944,486	-	974,728	8,969,758	-
Police Pension	37,881,246	5,696,427	-	43,577,673	-
Firefighters' Pension	38,126,966	2,301,808	-	40,428,774	-
Total OPEB Liability - RBP	17,310,824	-	880,733	16,430,091	-
General Obligation Bonds	13,241,600	-	798,600	12,443,000	2,014,800
Unamortized Bond Premium	1,104,195	-	184,032	920,163	-
Installment Notes Payable	581,383	-	263,389	317,994	157,423
Intergovernmental Agreement Payable	1,564,381	-	467,884	1,096,497	191,117
	<u>121,451,203</u>	<u>8,953,532</u>	<u>4,155,436</u>	<u>126,249,299</u>	<u>2,569,711</u>
Business-Type Activities					
Compensated Absences	129,509	19,022	38,044	110,487	22,097
Net Pension Liability					
IMRF	89,270	128,679	-	217,949	-
MERF	4,187,226	-	410,419	3,776,807	-
Total OPEB Liability - RBP	1,864,906	-	94,882	1,770,024	-
General Obligation Bonds	3,018,400	-	191,400	2,827,000	200,200
Unamortized Bond Discount	(4,393)	-	(366)	(4,027)	-
	<u>9,284,918</u>	<u>147,701</u>	<u>734,379</u>	<u>8,698,240</u>	<u>222,297</u>

For governmental activities, the General Fund makes payments on the compensated absences, the net pension liabilities, and the total OPEB liability. 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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For business-type activities, the Water and Sewer Fund makes payments on the compensated absences, the net pension liabilities, the total OPEB liability, 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 \$666,806 for year ended December 31, 2018.

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 \$19,359 for the year ended December 31, 2018.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 Obligation Bonds		Installment Notes Payable		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 2,014,800	593,774	157,423	6,360	200,200	154,066	200,200	154,066
2020	2,098,800	506,040	160,571	3,211	211,200	144,657	211,200	144,657
2021	2,195,000	414,151	-	-	220,000	134,730	220,000	134,730
2022	2,136,800	317,615	-	-	233,200	124,390	233,200	124,390
2023	1,038,000	210,033	-	-	242,000	112,147	242,000	112,147
2024	1,089,200	157,209	-	-	250,800	99,321	250,800	99,321
2025	330,400	109,012	-	-	259,600	85,653	259,600	85,653
2026	341,600	90,675	-	-	268,400	71,245	268,400	71,245
2027	352,800	71,375	-	-	277,200	56,080	277,200	56,080
2028	411,600	50,736	-	-	323,400	39,864	323,400	39,864
2029	434,000	26,040	-	-	341,000	20,460	341,000	20,460
Totals	12,443,000	2,546,660	317,994	9,571	2,827,000	1,042,613	2,827,000	1,042,613

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 56,107,317
Plus: Unamortized Loss on Refunding	113,756
Less Capital Related Debt:	
General Obligation Bond of 2010B	(3,598,000)
General Obligation Bond of 2014	(1,415,000)
General Obligation Bond of 2015	(7,430,000)
Unamortized Bond Premium	(920,163)
General Obligation Bank Promissory Note Payable of 2013	(317,994)
Net Investment in Capital Assets	<u>42,539,916</u>

Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,630,266
Less Capital Related Debt:	
General Obligation Bond of 2010B	(2,827,000)
Unamortized Bond Discount	<u>4,027</u>
Net Investment in Capital Assets	<u>6,807,293</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, 2018

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/Increment Financing	Waukegan Road Tax Increment Financing	Ferris Tax Increment Financing	Road Tax Increment Financing				
Fund Balances									
Nonspendable									
Advances to Other Funds	\$ 1,148,930	-	-	-	-	-	-	1,148,930	
Prepaids	192	-	-	-	-	-	-	192	
	1,149,122	-	-	-	-	-	-	1,149,122	
Restricted									
IMRF	66,273	-	-	-	-	-	-	66,273	
Public Safety	-	-	-	-	-	-	1,540,143	1,540,143	
Streets and Sidewalks	-	-	-	-	-	-	916,139	916,139	
Community Development	-	11,802,511	-	-	-	-	-	11,802,511	
Debt Service	-	-	-	292,204	-	-	-	292,204	
Capital Improvements	66,273	11,802,511	-	292,204	-	1,151,649	2,456,282	15,768,919	
Committed									
Commuter Parking Facility	-	-	-	-	-	-	641	641	
Unassigned	11,084,114	-	(2,191,516)	-	-	-	(1,210,982)	7,681,616	
Total Fund Balances	12,299,509	11,802,511	(2,191,516)	292,204	-	1,151,649	1,245,941	24,600,298	

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION RESTATEMENT

Beginning net position was restated due to the implementation of GASB Statement No. 75. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Governmental Activities	\$ (21,292,241)	(32,604,259)	(11,312,018)
Business-Type Activities	8,332,713	7,013,632	(1,319,081)
Water and Sewer	7,298,059	5,978,978	(1,319,081)

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 deficits. No supplemental contributions were due at December 31, 2018. The Village has recorded a prepaid for the excess surplus balance of \$1,015,185 in the General Fund as of December 31, 2018.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018 (most recent available) of \$694,964. 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, 2018

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 77 W. Hintz Road, Suite 200, Wheeling, Illinois 60090.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 \$361,580 to SWANCC in 2018, which includes payment for debt contribution. The Village does not have an equity interest in SWANCC at December 31, 2018.

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 \$30,132 a month or \$361,580 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 \$24,396 in 2018. At December 31, 2018 the outstanding receivable of \$2,487,553 is due from the Commission.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

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

IMRF	\$	389,969
SLEP		1,816
MERF		96,115
Police Pension		5,233,414
Firefighters' Pension		5,471,635
		<u>11,192,949</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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

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

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

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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

	Regular Plan	SLEP Plan
Inactive Plan Members Currently Receiving Benefits	14	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	52	-
Active Plan Members	74	-
Totals	140	2

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

Contributions. As set by statute, the Village's Regular Plan members are required to contribute 4.5% 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, 2018, the Village's contribution was 9.16% of covered payroll. The Village's SLEP Plan members are required to contribute 7.50% of their annual covered salary. For the year-ended December 31, 2018, the Village's contribution was 0.00% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2018. 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, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age
Normal	Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Regular Plan	7.25%
SLEP Plan	7.25%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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. 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.

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	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 7.25%, and the discount rate in the prior valuation was 7.50%. The discount rate used to measure the total pension liability for the SLEP Plan was 7.25%, and the discount rate in the prior valuation was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	Regular Plan		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability			
Village	\$ 2,351,984	1,244,155	357,422
Library	766,061	405,232	116,415
Totals	3,118,045	1,649,387	473,837

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	\$ 343,293	111,813	455,106
Service Cost	419,193	136,535	555,728
Interest on the Total Pension Liability	-	-	-
Changes of Benefit Terms	96,101	5,342	101,443
Difference Between Expected and Actual Experience of the Total Pension Liability	239,675	78,064	317,739
Benefit Payments, including Refunds of Employee Contributions	(73,674)	(23,996)	(97,670)
Net Change in Total Pension Liability	1,024,588	307,758	1,332,346
Total Pension Liability - Beginning	5,317,054	1,913,920	7,230,974
Total Pension Liability - Ending	6,341,642	2,221,678	8,563,320
Plan Fiduciary Net Position			
Contributions - Employer	329,419	107,295	436,714
Contributions - Employees	161,833	52,710	214,543
Net Investment Income	(162,045)	(52,779)	(214,824)
Benefit Payments, including Refunds of Employee Contributions	(73,674)	(23,996)	(97,670)
Other (Net Transfer)	(5,660)	(1,844)	(7,504)
Net Change in Plan Fiduciary Net Position	249,873	81,386	331,259
Plan Net Position - Beginning	4,847,614	1,735,060	6,582,674
Plan Net Position - Ending	5,097,487	1,816,446	6,913,933
Employer's Net Pension Liability	1,244,155	405,232	1,649,387

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2017	\$ 102,998	111,935	(8,937)
Changes for the Year:			
Service Cost	7,406	-	7,406
Interest on the Total Pension Liability	1,039	-	1,039
Difference Between Expected and Actual Experience of the Total Pension Liability	2,304	-	2,304
Changes of Assumptions	-	218	(218)
Contributions - Employer	-	-	-
Contributions - Employees	-	(9,000)	9,000
Net Investment Income	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(8,491)	(8,491)	-
Other (Net Transfer)	-	3,305	(3,305)
Net Changes	2,258	(13,968)	16,226
Balances at December 31, 2018	105,256	97,967	7,289

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

For the year ended December 31, 2018, the Village recognized pension expense of \$389,342 for the Regular Plan, and \$1,816 for the SLEP Plan and the Library recognized \$124,386 in pension revenue 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, 2018

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

	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 Change in Assumptions	\$ 84,394	(71,762)	27,488	(23,373)	16,747
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	238,107	(118,456)	77,553	(38,582)	158,622
	309,582	-	100,834	-	410,416
Total Deferred Amounts Related to IMRF	632,083	(190,218)	205,875	(61,955)	585,785

	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	7,417	-	-	7,417
Total Deferred Amounts Related to SLEP	7,417	-	-	7,417

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 Outflows of Resources	Library Net Outflows of Resources	Totals Net Outflows of Resources	Totals Net Outflows of Resources
2019	\$ 132,043	43,007	175,050	2,303
2020	70,919	23,099	94,018	876
2021	58,138	18,936	77,074	797
2022	135,264	44,057	179,321	3,441
2023	45,501	14,821	60,322	-
Thereafter	-	-	-	-
Totals	441,865	143,920	585,785	7,417

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	30
Inactive Plan Members Entitled to but not yet Receiving Benefits	16
Active Plan Members	<u>21</u>
Total	<u>67</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, 2018 was 80.79% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2018. 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, 2018

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, 2018, 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%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	\$ 15,815,284	12,746,565	10,196,573

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 24,037,841	9,906,129	14,131,712
Changes for the Year:			
Service Cost	187,540	-	187,540
Interest on the Total Pension Liability	1,032,847	-	1,032,847
Difference Between Expected and Actual Experience of the Total Pension Liability	(667,891)	-	(667,891)
Changes of Assumptions	(281,528)	-	(281,528)
Contributions - Employer	-	1,409,558	(1,409,558)
Contributions - Employees	-	36,311	(36,311)
Net Investment Income	-	210,246	(210,246)
Benefit Payments, including Refunds of Employee Contributions	(1,128,079)	(1,128,079)	-
Other (Net Transfer)	-	-	-
Net Changes	(857,111)	528,036	(1,385,147)
Balances at December 31, 2018	23,180,730	10,434,165	12,746,565

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$96,115. At December 31, 2018, 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	\$ 397,830	(295,597)	102,233
Change in Assumptions	519,544	(242,715)	276,829
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	467,011	-	467,011
Total Deferred Amounts Related to MERF	1,384,385	(538,312)	846,073

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 of Resources
2019	\$ 528,658
2020	175,361
2021	93,518
2022	48,536
2023	-
Thereafter	-
Total	846,073

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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>45</u>
Total	<u>97</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 ½ 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, 2018

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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding 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, 2018, the Village's contribution was 58.93% of covered payroll.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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% - 13.18%
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 6.26% was used to measure the total pension liability and the prior year used a discount rate of 6.39%. 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 4.10%, and the resulting single discount rate is 6.26%.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 (5.26%)	Current Discount Rate (6.26%)	1% Increase (7.26%)
Net Pension Liability	\$ 54,833,441	43,577,673	34,453,606

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 73,177,332	35,296,086	37,881,246
Changes for the Year:			
Service Cost	1,253,363	-	1,253,363
Interest on the Total Pension Liability	4,559,077	-	4,559,077
Difference Between Expected and Actual Experience of the Total Pension Liability	455,002	-	455,002
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,695,291	(2,695,291)
Contributions - Employees	-	465,264	(465,264)
Net Investment Income	-	(1,247,471)	1,247,471
Benefit Payments, including Refunds of Employee Contributions	1,299,164	(3,660,559)	4,959,723
Administrative Expenses	(3,660,559)	(42,905)	(3,617,654)
Net Changes	3,906,047	(1,790,380)	5,696,427
Balances at December 31, 2018	77,083,379	33,505,706	43,577,673

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$5,233,414. At December 31, 2018, 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	\$ 2,158,624	-	2,158,624
Change in Assumptions	4,433,186	(2,440,014)	1,993,172
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,364,155	-	2,364,155
Total Deferred Amounts Related to Police Pension	8,955,965	(2,440,014)	6,515,951

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
2019	\$ 2,295,053
2020	1,820,757
2021	1,518,747
2022	859,344
2023	(107,880)
Thereafter	129,930
Total	6,515,951

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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 ½ 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, 2018

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 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding 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, 2018, the Village's contribution was 63.86% of covered payroll.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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% - 13.00%
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 6.49% was used to measure the total pension liability and the prior year used a discount rate of 6.23%. 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 4.10%, and the resulting single discount rate is 6.49%.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 (5.49%)	Current Discount Rate (6.49%)	1% Increase (7.49%)
Net Pension Liability	\$ 50,935,069	40,428,774	31,843,164

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 73,817,582	35,690,616	38,126,966
Changes for the Year:			
Service Cost	1,269,097	-	1,269,097
Interest on the Total Pension Liability	4,498,745	-	4,498,745
Difference Between Expected and Actual Experience of the Total Pension Liability	594,173	-	594,173
Changes of Assumptions	(2,526,497)	-	(2,526,497)
Contributions - Employer	-	2,660,276	(2,660,276)
Contributions - Employees	-	398,444	(398,444)
Net Investment Income	-	(1,486,352)	1,486,352
Benefit Payments, including Refunds of Employee Contributions	(3,213,171)	(3,213,171)	-
Administrative Expenses	-	(38,658)	38,658
Net Changes	622,347	(1,679,461)	2,301,808
Balances at December 31, 2018	74,439,929	34,011,155	40,428,774

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$5,471,635. At December 31, 2018, 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	\$ 1,608,278	-	1,608,278
Change in Assumptions	3,833,162	(4,394,832)	(561,670)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,343,394	-	2,343,394
Total Deferred Amounts Related to Firefighters' Pension	7,784,834	(4,394,832)	3,390,002

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
2019	\$ 2,555,165
2020	1,218,983
2021	(266,658)
2022	104,816
2023	(222,304)
Thereafter	-
Total	3,390,002

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	64
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>151</u>
Total	<u>215</u>

Total OPEB Liability

The Village's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.50%
Salary Increases	3.25%
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.00% for HMO and 6.00% for PPO in 2019, decreasing to an ultimate rate of 5.00% for 2023 and later years
Retirees' Share of Benefit-Related Costs	50% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer 20-Bond G.O. Index.

Mortality rates were based on the RP-2014 study, with Blue Collar adjustment. These rates are improved generationally using MP-2017 improvement rates and weighted based on the IMRF December 31, 2017 actuarial valuation.

Change in the Total OPEB Liability

Balance at December 31, 2017	\$ 19,175,730
Changes for the Year:	
Service Cost	464,133
Interest on the Total Pension Liability	645,426
Changes of Benefit Terms	(1,234,624)
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(850,550)
Benefit Payments	(975,615)
Net Changes	(1,050,626)
Balance at December 31, 2018	18,200,115

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 20,134,814	18,200,115	16,562,220

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

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

	1% Increase (Varies)	Healthcare Cost Trend Rates (Varies)	1% Decrease (Varies)
Total OPEB Liability	\$ 16,148,250	18,200,115	20,683,144

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

For the year ended December 31, 2018, the Village recognized OPEB expense of \$946,464. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	-	(1,071,529)	(1,071,529)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	(1,071,529)	(1,071,529)

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

Fiscal Year	Net Deferred (Inflows) of Resources
2019	\$ (163,095)
2020	(163,095)
2021	(163,095)
2022	(163,095)
2023	(163,095)
Thereafter	(256,054)
Total	(1,071,529)

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 Employer Contributions
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Personnel Plan
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Personnel Plan
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Investment Returns
 - Municipal Employees' Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability
 - Retiree Benefits Plan
- 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

Illinois Municipal Retirement Fund

Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018

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 Total	399,637	402,175	2,538	4,381,980	9.18%
12/31/2018 Village Library	329,419	329,419	-	3,596,281	9.16%
	107,295	107,295	-	1,171,338	9.16%
Total	436,714	436,714	-	4,767,619	9.16%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 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, 2018

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%
2018	-	218	218	-	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 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, 2018

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%
2018	1,409,528	1,409,558	30	1,744,800	80.79%

Notes to the Required Supplementary Information:

Actuarial Cost Method Entry Age Normal
Amortization Method Level % Pay (Closed)
Remaining Amortization Period 22 Years
Asset Valuation Method Level Dollar (Closed)
Inflation 2.50%
Salary Increases 4.50%
Investment Rate of Return See the Notes to the Financial Statements
Retirement Age December 31, 2017 IMRF Actuarial Valuation
Mortality

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, 2018

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%
2018	2,677,108	2,695,291	18,183	4,574,078	58.93%

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 Smoothed 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, 2018

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,140,182	\$ 1,914,705	\$ (225,477)	\$ 3,707,686	51.64%
2015	2,180,622	1,949,493	(231,129)	4,101,744	47.53%
2016	2,190,316	2,165,900	(24,416)	4,000,016	54.15%
2017	2,471,332	2,291,587	(179,745)	4,140,017	55.35%
2018	2,647,365	2,660,276	12,911	4,165,612	63.86%

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 Smoothed 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, 2018

	12/31/2015	Totals 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 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, 2018

	Village	Library	Totals
	12/31/2017	12/31/2018	
Total Pension Liability	457,409	111,813	455,106
Service Cost	514,005	136,535	555,728
Interest	(39,758)	5,342	101,443
Changes in Benefit Terms	(230,696)	78,064	317,739
Differences Between Expected and Actual Experience	(189,365)	(23,996)	(97,670)
Change of Assumptions	511,595	307,758	1,332,346
Benefit Payments, Including Refunds of Member Contributions	6,719,379	1,913,920	7,230,974
Net Change in Total Pension Liability	7,230,974	2,221,678	8,563,320
Total Pension Liability - Beginning			
Total Pension Liability - Ending			
Plan Fiduciary Net Position	402,175	107,295	436,714
Contributions - Employer	201,543	52,710	214,543
Contributions - Members	832,655	(52,779)	(214,824)
Net Investment Income	(189,365)	(23,996)	(97,670)
Benefit Payments, Including Refunds of Member Contributions	21,236	(1,844)	(7,504)
Other (Net Transfer)	1,268,244	81,386	331,259
Net Change in Plan Fiduciary Net Position	5,314,430	1,735,060	6,582,674
Plan Net Position - Beginning	6,582,674	1,816,446	6,913,933
Plan Net Position - Ending	648,300	405,232	1,649,387
Employer's Net Pension Liability/(Asset)	91.03%	81.76%	80.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4,381,980	1,171,338	4,767,619
Covered Payroll	14.79%	34.60%	34.60%
Employer's Net Pension Liability as a Percentage of Covered Payroll			

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 Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/16	12/31/17	12/31/18	12/31/15
Total Pension Liability				
Service Cost	-	-	-	\$ 283,482
Interest	7,564	7,593	7,406	868,067
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	885	934	1,039	(745,910)
Change of Assumptions	(509)	(2,603)	2,304	7,685,672
Benefit Payments, Including Refunds of Member Contributions	(8,154)	(8,319)	(8,491)	(1,213,649)
Net Change in Total Pension Liability	(214)	(2,395)	2,258	6,877,662
Total Pension Liability - Beginning	105,607	105,393	102,998	18,959,198
Total Pension Liability - Ending	105,393	102,998	105,256	25,836,860
Plan Fiduciary Net Position				
Contributions - Employer	883	309	218	\$ 921,727
Contributions - Members	-	-	-	44,270
Net Investment Income	6,953	20,468	(9,000)	215,478
Benefit Payments, Including Refunds of Member Contributions	(8,154)	(8,319)	(8,491)	(1,213,649)
Administrative Expense	768	(2,199)	3,305	-
Net Change in Plan Fiduciary Net Position	450	10,259	(13,968)	(32,174)
Plan Net Position - Beginning	101,226	101,676	111,935	8,338,149
Plan Net Position - Ending	101,676	111,935	97,967	8,306,244
Employer's Net Pension Liability	3,717	(8,937)	7,289	\$ 17,530,616
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.47%	108.68%	93.07%	32.15%
Covered Payroll	-	-	-	\$ 2,044,912
Employer's Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	857.28%

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 Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/16	12/31/17	12/31/18
Total Pension Liability			12/31/14
Service Cost	287,787	179,636	\$ 999,888
Interest	1,237,559	1,206,931	4,067,424
Differences Between Expected and Actual Experience	-	-	1,780,289
Change of Assumptions	1,426,704	(627,124)	-
Benefit Payments, Including Refunds of Member Contributions	(499,817)	(3,827,913)	(3,284,173)
	(534,905)	(647,877)	
Net Change in Total Pension Liability	1,917,328	(3,716,347)	3,563,428
Total Pension Liability - Beginning	25,836,860	27,754,188	55,964,162
Total Pension Liability - Ending	27,754,188	24,037,841	59,527,590
Plan Fiduciary Net Position			
Contributions - Employer	969,391	1,298,923	\$ 1,746,014
Contributions - Members	41,532	41,076	399,590
Net Investment Income	235,292	196,453	1,972,181
Benefit Payments, Including Refunds of Member Contributions	(534,905)	(647,877)	(3,284,173)
Administrative Expense	-	-	(47,891)
Net Change in Plan Fiduciary Net Position	711,310	888,575	785,721
Plan Net Position - Beginning	8,306,244	9,017,554	31,379,333
Plan Net Position - Ending	9,017,554	9,906,129	32,165,054
Employer's Net Pension Liability	18,736,634	14,131,712	\$ 27,362,536
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.49%	41.21%	54.03%
Covered Payroll	2,237,893	2,299,435	\$ 4,017,422
Employer's Net Pension Liability as a Percentage of Covered Payroll	837.24%	614.57%	681.10%

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

Firefighters' Pension Fund

Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/15	12/31/16	12/31/17	12/31/18	12/31/14
Total Pension Liability					
Service Cost	1,204,804	1,307,855	1,386,849	1,253,363	\$ 1,067,954
Interest	3,656,752	4,075,261	4,383,166	4,559,077	3,811,312
Differences Between Expected and Actual Experience	4,148,200	87,939	60,088	455,002	(661,128)
Change of Assumptions	3,982,348	3,094,358	(3,467,390)	1,299,164	-
Benefit Payments, Including Refunds of Member Contributions	(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)	(2,406,899)
Net Change in Total Pension Liability	9,656,920	5,138,827	(1,146,005)	3,906,047	1,811,239
Total Pension Liability - Beginning	59,527,590	69,184,510	74,323,337	73,177,332	52,834,148
Total Pension Liability - Ending	69,184,510	74,323,337	73,177,332	77,083,379	54,645,387
Plan Fiduciary Net Position					
Contributions - Employer	1,819,397	2,090,649	2,309,955	2,695,291	\$ 1,914,705
Contributions - Members	412,809	429,569	446,618	465,264	376,279
Net Investment Income	(160,038)	2,247,993	3,925,557	(1,247,471)	1,695,835
Benefit Payments, Including Refunds of Member Contributions	(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)	(2,441,253)
Administrative Expense	(42,462)	(38,664)	(39,863)	(42,905)	(42,228)
Net Change in Plan Fiduciary Net Position	(1,305,478)	1,302,961	3,133,549	(1,790,380)	1,503,338
Plan Net Position - Beginning	32,165,054	30,859,576	32,162,537	35,296,086	28,456,082
Plan Net Position - Ending	30,859,576	32,162,537	35,296,086	33,505,706	29,959,420
Employer's Net Pension Liability	38,324,934	42,160,800	37,881,246	43,577,673	\$ 24,685,967
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.60%	43.27%	48.23%	43.47%	54.83%
Covered Payroll	4,131,663	4,363,550	4,516,274	4,574,078	\$ 3,707,686
Employer's Net Pension Liability as a Percentage of Covered Payroll	927.59%	966.20%	838.77%	952.71%	665.81%

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 Investment Returns
December 31, 2018

	12/31/15	12/31/16	12/31/17	12/31/18
	1,356,812	1,330,866	1,408,988	1,269,097
	3,181,468	3,963,235	4,297,744	4,498,745
	928,412	1,812,111	45,639	594,173
	11,295,766	1,479,863	(3,623,699)	(2,526,497)
	(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)
	14,232,348	5,864,165	(924,318)	622,347
	54,645,387	68,877,735	74,741,900	73,817,582
	68,877,735	74,741,900	73,817,582	74,439,929
	1,949,493	2,165,900	2,291,587	2,660,276
	387,408	384,004	381,401	398,444
	363,152	2,091,840	4,195,751	(1,486,352)
	(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)
	(60,860)	(69,879)	(43,591)	(38,658)
	109,083	1,849,955	3,772,158	(1,679,461)
	29,959,420	30,068,503	31,918,458	35,690,616
	30,068,503	31,918,458	35,690,616	34,011,155
	38,809,232	42,823,442	38,126,966	40,428,774
	43.65%	42.70%	48.35%	45.69%
	4,101,744	4,000,016	4,140,017	4,165,612
	946.16%	1070.58%	920.94%	970.54%

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

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, 2018

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

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, 2018

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

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

VILLAGE OF MORTON GROVE, ILLINOIS

Retiree Benefits Plan

Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 464,133
Interest	645,426
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	(1,234,624)
Benefit Payments	(850,550)
Net Change in Total OPEB Liability	(975,615)
Total OPEB Liability - Beginning	19,175,730
Total OPEB Liability - Ending	18,200,115
Covered Payroll	\$ 14,073,710
Total OPEB Liability as a Percentage of Covered Payroll	129.32%

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

Changes of Benefit Terms: There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	HMO	PPO
2019	5.00%	6.00%
2020	5.00%	6.00%
2021	5.00%	5.50%
2022	5.00%	5.50%
2023	5.00%	5.00%
Ultimate	5.00%	5.00%

In 2018, there was no change in the healthcare trend rates from the prior year.

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, 2018

	Original	Budget	Final	Actual
Revenues				
Taxes	\$ 16,848,026	16,848,026	16,848,026	17,216,702
Intergovernmental	7,002,000	7,002,000	7,002,000	7,719,496
Charges for Services	1,358,850	1,358,850	1,358,850	1,244,938
Licenses and Permits	1,801,500	1,801,500	1,801,500	1,897,530
Fines and Forfeitures	806,500	806,500	806,500	778,916
Interest Income	80,000	80,000	80,000	114,849
Miscellaneous	1,282,600	1,282,600	1,282,600	582,115
Total Revenues	29,179,476	29,179,476	29,179,476	29,554,546
Expenditures				
General Government	4,273,107	4,273,107	4,273,107	3,997,077
Public Safety	19,734,434	19,734,434	19,734,434	20,240,729
Streets and Sidewalks	2,430,516	2,430,516	2,430,516	2,338,797
Vehicle and Maintenance	807,237	807,237	807,237	696,662
Health and Human Services	13,300	13,300	13,300	27,957
Community Development	287,200	287,200	287,200	262,205
Building and Inspection Services	1,700,988	1,700,988	1,700,988	1,148,653
Total Expenditures	29,246,782	29,246,782	29,246,782	28,712,080
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,306)	(67,306)	(67,306)	842,466
Other Financing Sources (Uses)				
Transfers In	310,000	310,000	310,000	270,000
Transfers Out	(163,783)	(163,783)	(163,783)	(163,783)
	146,217	146,217	146,217	106,217
Net Change in Fund Balance	78,911	78,911	78,911	948,683
Fund Balance - Beginning				11,350,826
Fund Balance - Ending				12,299,509

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,200,000	2,200,000	2,622,250
Interest Income	3,500	3,500	38,313
Miscellaneous	-	-	17,000
Total Revenues	<u>2,203,500</u>	<u>2,203,500</u>	<u>2,677,563</u>
Expenditures			
Community Development			
Personnel Services	49,200	49,200	40,419
Contractual Services	284,210	284,210	181,575
Capital Outlay	2,571,500	2,571,500	1,794,898
Debt Service			
Principal Retirement	555,000	555,000	555,000
Interest and Fiscal Charges	222,800	222,800	222,800
Total Expenditures	<u>3,682,710</u>	<u>3,682,710</u>	<u>2,794,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,479,210)</u>	<u>(1,479,210)</u>	<u>(117,129)</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	710,000	710,000	-
Transfers Out	(270,000)	(270,000)	(270,000)
	<u>440,000</u>	<u>440,000</u>	<u>(270,000)</u>
Net Change in Fund Balance	<u>(1,039,210)</u>	<u>(1,039,210)</u>	<u>(387,129)</u>
Fund Balance - Beginning			<u>12,189,640</u>
Fund Balance - Ending			<u><u>11,802,511</u></u>

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 550,000	550,000	531,876
Interest Income	-	-	(10,957)
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>520,919</u>
Expenditures			
Community Development			
Contractual Services	2,000	2,000	-
Debt Service			
Principal Retirement	108,391	108,391	109,053
Interest and Fiscal Charges	7,550	7,550	805
Total Expenditures	<u>117,941</u>	<u>117,941</u>	<u>109,858</u>
Net Change in Fund Balance	<u>432,059</u>	<u>432,059</u>	<u>411,061</u>
Fund Balance - Beginning			<u>(2,602,577)</u>
Fund Balance - Ending			<u>(2,191,516)</u>

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

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Lehigh/Ferris Tax Increment Financing Fund

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

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.

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**

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.

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

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

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

ENTERPRISE FUNDS

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

Water and Sewer Fund

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

Solid Waste Fund

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

Municipal Parking Fund

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

Morton Grove Days Fund

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

PENSION TRUST FUNDS

Municipal Employees' Retirement Fund

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

Police Pension Fund

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

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

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.

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

**Schedule of Revenues – Budget and Actual
For the Fiscal Year Ended December 31, 2018**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 10,019,026	10,019,026	9,961,146
Telecommunications Tax	730,000	730,000	589,336
Personal Property Replacement Tax	340,000	340,000	354,726
Home Rule Sales Tax	2,000,000	2,000,000	2,532,090
Utility Taxes	1,695,000	1,695,000	1,649,183
Other Taxes	2,064,000	2,064,000	2,130,221
	<u>16,848,026</u>	<u>16,848,026</u>	<u>17,216,702</u>
Intergovernmental			
Sales Tax	4,100,000	4,100,000	4,722,759
State Income Tax	2,250,000	2,250,000	2,228,476
Local Use Tax	500,000	500,000	683,568
Grants	152,000	152,000	84,693
	<u>7,002,000</u>	<u>7,002,000</u>	<u>7,719,496</u>
Charges for Services			
Cable Franchise Fee	350,000	350,000	340,608
Miscellaneous	1,008,850	1,008,850	904,330
	<u>1,358,850</u>	<u>1,358,850</u>	<u>1,244,938</u>
Licenses and Permits	1,801,500	1,801,500	1,897,530
Fines and Forfeits	806,500	806,500	778,916
Interest			
Interest Income	80,000	80,000	114,849
Miscellaneous	1,282,600	1,282,600	582,115
Total Revenues	<u>29,179,476</u>	<u>29,179,476</u>	<u>29,554,546</u>

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2018

	Budget		Actual
	Original	Final	
General Government			
Legislative			
Personnel Services	\$ 63,400	63,400	51,752
Contractual Services	49,100	49,100	45,681
Commodities	2,500	2,500	1,740
	115,000	115,000	99,173
Administration			
Personnel Services	609,874	609,874	565,294
Contractual Services	34,875	34,875	22,506
Commodities	3,000	3,000	4,120
	647,749	647,749	591,720
Finance			
Personnel Services	618,074	618,074	546,857
Contractual Services	1,821,890	1,821,890	1,645,226
Commodities	8,500	8,500	13,339
Less Administrative Fees	(153,000)	(153,000)	(153,000)
Water and Sewer Fund	(10,200)	(10,200)	19,800
Municipal Parking Fund	2,285,264	2,285,264	2,072,222
Management and Information Services			
Personnel Services	216,748	216,748	219,037
Contractual Services	394,293	394,293	370,980
Commodities	1,340	1,340	1,128
Capital Outlay	54,600	54,600	54,561
	666,981	666,981	645,706
Legal			
Personnel Services	145,648	145,648	143,901
Contractual Services	165,500	165,500	133,246
	311,148	311,148	277,147

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018

	Budget		Actual
	Original	Final	
General Government - Continued			
Other Expenditures	\$ 246,965	246,965	311,109
	4,273,107	4,273,107	3,997,077
Total General Government			
Public Safety			
Police			
Personnel Services	7,031,856	7,031,856	7,258,160
Contractual Services	3,607,142	3,607,142	3,556,865
Commodities	138,730	138,730	85,591
Capital Outlay	195,700	195,700	165,521
	10,973,428	10,973,428	11,066,137
Fire			
Personnel Services	5,540,411	5,540,411	6,027,312
Contractual Services	2,993,905	2,993,905	3,029,785
Commodities	175,225	175,225	103,649
	45,200	45,200	11,936
	8,754,741	8,754,741	9,172,682
Civil Preparedness			
Contractual Services	5,265	5,265	1,910
Commodities	1,000	1,000	-
	6,265	6,265	1,910
Total Public Safety	19,734,434	19,734,434	20,240,729
Streets and Sidewalks			
Personnel Services	1,718,500	1,718,500	1,743,589
Contractual Services	592,900	592,900	522,579
Commodities	169,100	169,100	150,307
Capital Outlay	5,500	5,500	-
Less Administrative Fees	(381,000)	(381,000)	(381,000)
Motor Fuel Tax Fund	(120,000)	(120,000)	(120,000)
Commuter Parking Facility Tax	1,985,000	1,985,000	1,915,475

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018

	Budget		Actual
	Original	Final	
Streets and Sidewalks - Continued			
Engineering			
Personnel Services	\$ 421,166	421,166	419,947
Contractual Services	22,200	22,200	1,440
Commodities	2,150	2,150	1,935
	445,516	445,516	423,322
Total Streets and Sidewalks	2,430,516	2,430,516	2,338,797
Vehicle and Maintenance			
Personnel Services	331,602	331,602	321,603
Contractual Services	100,400	100,400	58,708
Commodities	375,235	375,235	316,351
Total Vehicle and Maintenance	807,237	807,237	696,662
Health and Human Services			
Personnel Services	-	-	16,159
Contractual Services	12,300	12,300	11,054
Commodities	1,000	1,000	744
Total Health and Human Services	13,300	13,300	27,957
Community Development			
Personnel Services	248,300	248,300	248,622
Contractual Services	36,400	36,400	12,799
Commodities	2,500	2,500	784
Total Community Development	287,200	287,200	262,205
Building and Inspection Services			
Personnel Services	372,300	372,300	340,115
Contractual Services	322,050	322,050	270,248
Commodities	3,400	3,400	453
	697,750	697,750	610,816

VILLAGE OF MORTON GROVE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2018

	Budget		Actual
	Original	Final	
Building and Inspection Services - Continued			
Municipal Buildings			
Personnel Services	\$ 196,046	196,046	198,737
Contractual Services	255,192	255,192	242,308
Commodities	22,000	22,000	20,012
Capital Outlay	530,000	530,000	76,780
	1,003,238	1,003,238	537,837
Total Building and Inspection Services	1,700,988	1,700,988	1,148,653
Total Expenditures	29,246,782	29,246,782	28,712,080

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 586,019	586,019	596,935
Intergovernmental	150,000	150,000	150,000
Sales Taxes	70,000	70,000	67,988
Other	500	500	14,147
Interest Income	-	-	594
Miscellaneous	-	-	-
Total Revenues	806,519	806,519	829,664
Expenditures			
Debt Service			
Principal Retirement	397,936	397,936	397,936
Interest and Fiscal Charges	442,621	442,621	421,646
Total Expenditures	840,557	840,557	819,582
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,038)	(34,038)	10,082
Other Financing Sources			
Transfers In	163,783	163,783	163,783
Net Change in Fund Balance	129,745	129,745	173,865
Fund Balance - Beginning			118,339
Fund Balance - Ending			292,204

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ -	-	(81)
Personal Property Replacement Taxes	34,100	34,100	36,136
Intergovernmental			
Sales Taxes	25,000	25,000	25,000
Other	120,000	120,000	-
Interest Income	-	-	92,786
Total Revenues	179,100	179,100	153,841
Expenditures			
Capital Outlay			
Capital Projects			
Street Improvements	1,357,500	1,357,500	78,820
Net Change in Fund Balance	(1,178,400)	(1,178,400)	75,021
Fund Balance - Beginning			1,076,628
Fund Balance - Ending			1,151,649

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2018

	Motor Fuel Tax	Commuter Parking Facility	911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Dempster/Waukegan TIF	Totals
Cash and Investments	\$ 907,536	1,099	242,619	-	662,387	704,409	294,780	2,812,830
Receivables - Net of Allowances								
Other Taxes	50,539	-	-	168,029	-	-	-	218,568
Due from Other Funds	-	-	-	-	-	7,370	-	7,370
Total Assets	958,075	1,099	242,619	168,029	662,387	711,779	294,780	3,038,768
Accounts Payable								
Accrued Payroll	41,936	458	234	58,987	25,569	50,732	11,129	189,045
Deposits Payable	-	-	-	-	107	-	-	107
Due to Other Funds	-	-	-	-	-	-	306,194	306,194
Total Liabilities	41,936	458	234	58,987	25,676	50,732	344,077	1,297,481
Restricted								
Committed	916,139	-	242,385	-	636,711	661,047	-	2,456,282
Unassigned	-	641	-	-	-	-	-	641
Total Fund Balances	916,139	641	242,385	(844,362)	636,711	661,047	(366,620)	1,245,941
Total Liabilities and Fund Balances	958,075	1,099	242,619	168,029	662,387	711,779	294,780	3,038,768

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, 2018

	Motor Fuel Tax	Commuter Parking Facility
Revenues		
Taxes	\$ -	-
Intergovernmental	602,421	-
Charges for Services	-	120,190
Interest Income	10,380	-
Total Revenues	612,801	120,190
Expenditures		
Public Safety	-	-
Streets and Sidewalks	611,664	143,479
Community Development	-	-
Total Expenditures	611,664	143,479
Net Change in Fund Balances	1,137	(23,289)
Fund Balances - Beginning	915,002	23,930
Fund Balances - Ending	916,139	641

	911 Emergency Telephone System	Economic Development	Fire Alarm	Seizure	Dempster/Waukegan TIF	Totals
	-	-	-	-	45,368	45,368
	-	669,821	-	177,352	-	1,449,594
	378,841	-	212,649	-	-	711,680
	-	43,752	-	1,576	-	55,708
	378,841	713,573	212,649	178,928	45,368	2,262,350
	262,464	-	166,852	173,645	-	602,961
	-	-	-	-	-	755,143
	-	1,203,676	-	-	54,187	1,257,863
	262,464	1,203,676	166,852	173,645	54,187	2,615,967
	116,377	(490,103)	45,797	5,283	(8,819)	(353,617)
	126,008	(354,259)	590,914	655,764	(357,801)	1,599,558
	242,385	(844,362)	636,711	661,047	(366,620)	1,245,941

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 605,614	605,614	595,611
Miscellaneous	-	-	6,810
Interest Income	-	-	10,380
Total Revenues	605,614	605,614	612,801
Expenditures			
Streets and Sidewalks			
Contractual Services	98,000	98,000	72,681
Commodities	120,000	120,000	157,983
Administrative Fees			
General Fund	381,000	381,000	381,000
Total Expenditures	599,000	599,000	611,664
Net Change in Fund Balance	6,614	6,614	1,137
Fund Balance - Beginning			915,002
Fund Balance - Ending			<u>916,139</u>

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 138,600	138,600	120,190
Expenditures			
Streets and Sidewalks			
Contractual Services	20,200	20,200	29,219
Commodities	11,750	11,750	13,760
Administrative Fees			
General Fund	120,000	120,000	90,000
Water and Sewer Fund	10,500	10,500	10,500
Total Expenditures	162,450	162,450	143,479
Net Change in Fund Balance	(23,850)	(23,850)	(23,289)
Fund Balance - Beginning			23,930
Fund Balance - Ending			<u>641</u>

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Telecommunications Surcharges	\$ 275,000	275,000	378,841
Expenditures			
Public Safety			
Contractual Services	261,750	261,750	262,464
Net Change in Fund Balance	13,250	13,250	116,377
Fund Balance - Beginning			126,008
Fund Balance - Ending			<u>242,385</u>

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Sales Taxes	\$ 660,000	660,000	669,821
Interest Income	-	-	43,752
Total Revenues	660,000	660,000	713,573
Expenditures			
Community Development			
Contractual Services	1,078,884	1,078,884	1,203,676
Net Change in Fund Balance	(418,884)	(418,884)	(490,103)
Fund Balance - Beginning			(354,259)
Fund Balance - Ending			<u>(844,362)</u>

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services	\$ 171,000	171,000	212,649
Interest Income	100	100	-
Total Revenues	171,100	171,100	212,649
Expenditures			
Public Safety			
Personnel Services	34,600	34,600	35,668
Contractual Services	125,400	125,400	94,364
Commodities	22,000	22,000	11,820
Administrative Fees			
General Fund	25,000	25,000	25,000
Total Expenditures	207,000	207,000	166,852
Net Change in Fund Balance	(35,900)	(35,900)	45,797
Fund Balance - Beginning			590,914
Fund Balance - Ending			636,711

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 61,200	61,200	177,352
Interest Income	500	500	1,576
Total Revenues	61,700	61,700	178,928
Expenditures			
Public Safety			
Contractual Services	366,180	366,180	173,645
Net Change in Fund Balance	(304,480)	(304,480)	5,283
Fund Balance - Beginning			655,764
Fund Balance - Ending			661,047

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, 2018

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 65,000	65,000	45,368
Expenditures			
Community Development			
Personnel Services	21,000	21,000	13,000
Contractual Services	221,900	221,900	41,187
Capital Outlay	1,100,000	1,100,000	-
Total Expenditures	1,342,900	1,342,900	54,187
Net Change in Fund Balance	(1,277,900)	(1,277,900)	(8,819)
Fund Balance - Beginning			(357,801)
Fund Balance - Ending			(366,620)

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, 2018

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 7,500,000	7,500,000	7,340,340
Sewer Charges	785,250	785,250	761,772
Miscellaneous	120,500	120,500	109,359
Total Operating Revenues	8,405,750	8,405,750	8,211,471
Operating Expenses			
Operations			
Personnel Services	1,995,000	1,995,000	1,631,261
Contractual Services	3,212,338	3,212,338	1,541,356
Capital Outlay	507,000	507,000	-
Water Purchases	4,597,000	4,597,000	4,111,033
Commodities	446,325	446,325	433,343
Administrative Fees	153,000	153,000	153,000
Other	5,000	5,000	-
Depreciation	350,000	350,000	444,508
Total Operating Expenses	11,265,663	11,265,663	8,314,501
Operating Income (Loss)	(2,859,913)	(2,859,913)	(103,030)
Nonoperating Revenues (Expenses)			
Connection Fees	5,505	5,505	36,378
Interest Income	3,000	3,000	31,768
Other Income	180,000	180,000	151,901
Principal Payments	(191,400)	(191,400)	-
Interest Expense	(163,062)	(163,062)	(163,428)
	(165,957)	(165,957)	56,619
Income (Loss) Before Grants	(3,025,870)	(3,025,870)	(46,411)
Capital Grants	60,000	60,000	53,419
Change in Net Position	(2,965,870)	(2,965,870)	7,008
Net Position - Beginning as Restated			5,978,978
Net Position - Ending			5,985,986

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Enterprise Funds

Combining Statement of Net Position
December 31, 2018

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 719,179	365,407	29,463	1,114,049
Receivables - Net of Allowances				
Accounts	70,759	-	5,440	76,199
Prepays	54,694	-	-	54,694
Total Assets	844,632	365,407	34,903	1,244,942
LIABILITIES				
Current Liabilities				
Accounts Payable	631	19	(10)	640
Other Liabilities	-	35,465	-	35,465
Total Liabilities	631	35,484	(10)	36,105
NET POSITION				
Unrestricted	844,001	329,923	34,913	1,208,837

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, 2018

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Operating Revenues				
Charges for Services	\$ 2,001,847	61,025	137,846	2,200,718
Operating Expenses				
Operations	1,868,109	10,769	148,263	2,027,141
Operating Income (Loss)	133,738	50,256	(10,417)	173,577
Nonoperating Revenues				
Interest Income	606	-	-	606
Change in Net Position	134,344	50,256	(10,417)	174,183
Net Position - Beginning	709,657	279,667	45,330	1,034,654
Net Position - Ending	844,001	329,923	34,913	1,208,837

VILLAGE OF MORTON GROVE, ILLINOIS

Nonmajor Enterprise Funds

Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018

	Solid Waste	Municipal Parking	Morton Grove Days	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 1,980,608	61,025	132,406	2,174,039
Payments to Suppliers	(2,052,410)	(11,182)	(151,406)	(2,214,998)
	(71,802)	49,843	(19,000)	(40,959)
Cash Flows from Investing Activities				
Interest Income	606	-	-	606
Net Change in Cash and Cash Equivalents	(71,196)	49,843	(19,000)	(40,353)
Cash and Cash Equivalents - Beginning	790,375	315,564	48,463	1,154,402
Cash and Cash Equivalents - Ending	719,179	365,407	29,463	1,114,049
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	133,738	50,256	(10,417)	173,577
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities				
(Increase) Decrease in Assets	(21,239)	-	(5,440)	(26,679)
Increase (Decrease) in Liabilities	(184,301)	(413)	(3,143)	(187,857)
Net Cash Provided (Used) by Operating Activities	(71,802)	49,843	(19,000)	(40,959)

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, 2018

	Original	Budget	Final	Actual
Operating Revenues				
Charges for Services	\$ 2,025,252	2,025,252	2,025,252	2,001,847
Waste				
Operating Expenses				
Operations				
Contractual Services	2,018,468	2,018,468	2,018,468	1,733,109
Administrative Fees	135,000	135,000	135,000	135,000
Total Operating Expenses	2,153,468	2,153,468	2,153,468	1,868,109
Operating Income (Loss)	(128,216)	(128,216)	(128,216)	133,738
Nonoperating Revenues				
Interest Income	250	250	250	606
Change in Net Position	(127,966)	(127,966)	(127,966)	134,344
Net Position - Beginning				709,657
Net Position - Ending				844,001

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, 2018

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Parking	\$ 56,000	56,000	61,025
Miscellaneous	50	50	-
Total Operating Revenues	56,050	56,050	61,025
Operating Expenses			
Operations			
Contractual Services	2,700	2,700	186
Commodities	900	900	383
Administrative Fees	10,200	10,200	10,200
Total Operating Expenses	13,800	13,800	10,769
Operating Income	42,250	42,250	50,256
Nonoperating Revenues			
Interest Income	100	100	-
Change in Net Position	42,350	42,350	50,256
Net Position - Beginning			279,667
Net Position - Ending			329,923

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, 2018

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Morton Grove Days	\$ 145,000	145,000	137,846
Operating Expenses			
Operations			
Contractual Services	120,000	120,000	102,206
Commodities	25,000	25,000	46,057
Total Operating Expenses	145,000	145,000	148,263
Change in Net Position	-	-	(10,417)
Net Position - Beginning			45,330
Net Position - Ending			34,913

VILLAGE OF MORTON GROVE, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position
December 31, 2018

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
ASSETS				
Cash and Cash Equivalents	\$ -	825,121	213,167	1,038,288
Investments				
U.S. Government Obligations	-	5,684,478	1,702,102	7,386,580
U.S. Agency Obligations	-	1,310,723	10,566,428	11,877,151
Municipal Bonds	-	812,821	1,895,918	2,708,739
Corporate Bonds	-	8,622,550	1,448,148	10,070,698
Annuity Contracts	11,088,307	-	-	11,088,307
Equities	-	11,441,154	18,101,988	29,543,142
Common Stock	-	4,702,012	-	4,702,012
Receivables - Net				
Accounts	6,686	-	-	6,686
Accrued Interest	-	118,505	105,813	224,318
Prepays	-	4,233	2,431	6,664
Total Assets	11,094,993	33,521,597	34,035,995	78,652,585
LIABILITIES				
Accounts Payable	-	15,891	24,840	40,731
NET POSITION				
Net Position Restricted for Pensions	11,094,993	33,505,706	34,011,155	78,611,854

VILLAGE OF MORTON GROVE, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
Additions				
Contributions - Employer	\$ 1,409,558	2,695,291	2,660,276	6,765,125
Contributions - Plan Members	236,737	465,264	398,444	1,100,445
Total Contributions	1,646,295	3,160,555	3,058,720	7,865,570
Investment Income				
Interest Earned	251,729	827,710	1,549,818	2,629,257
Net Change in Fair Value	-	(2,010,147)	(2,946,490)	(4,956,637)
	251,729	(1,182,437)	(1,396,672)	(2,327,380)
Less Investment Expenses	(20,404)	(65,034)	(89,680)	(175,118)
Net Investment Income	231,325	(1,247,471)	(1,486,352)	(2,502,498)
Total Additions	1,877,620	1,913,084	1,572,368	5,363,072
Deductions				
Administration	-	42,905	38,658	81,563
Benefits and Refunds	1,338,545	3,660,559	3,213,171	8,212,275
Total Deductions	1,338,545	3,703,464	3,251,829	8,293,838
Change in Fiduciary Net Position	539,075	(1,790,380)	(1,679,461)	(2,930,766)
Net Position Restricted for Pensions				
Beginning	10,555,918	35,296,086	35,690,616	81,542,620
Ending	11,094,993	33,505,706	34,011,155	78,611,854

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,332,126	1,332,126	1,409,558
Contributions - Plan Members	195,900	195,900	236,737
Total Contributions	1,528,026	1,528,026	1,646,295
Investment Income			
Interest Earned	275,000	275,000	251,729
Net Change in Fair Value	-	-	-
	275,000	275,000	251,729
Less Investment Expenses	(23,000)	(23,000)	(20,404)
Net Investment Income	252,000	252,000	231,325
Total Additions	1,780,026	1,780,026	1,877,620
Deductions			
Administration	3,000	3,000	-
Benefits and Refunds	1,150,000	1,150,000	1,338,545
Total Deductions	1,153,000	1,153,000	1,338,545
Change in Fiduciary Net Position	627,026	627,026	539,075
Net Position Restricted for Pensions			
Beginning			10,555,918
Ending			11,094,993

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,677,108	2,677,108	2,695,291
Contributions - Plan Members	435,000	435,000	465,264
Total Contributions	3,112,108	3,112,108	3,160,555
Investment Income			
Interest Earned	500	500	827,710
Net Change in Fair Value	1,300,000	1,300,000	(2,010,147)
	1,300,500	1,300,500	(1,182,437)
Less Investment Expenses	(60,000)	(60,000)	(65,034)
Net Investment Income	1,240,500	1,240,500	(1,247,471)
Total Additions	4,352,608	4,352,608	1,913,084
Deductions			
Administration	54,200	54,200	42,905
Benefits and Refunds	3,643,000	3,643,000	3,660,559
Total Deductions	3,697,200	3,697,200	3,703,464
Change in Fiduciary Net Position	655,408	655,408	(1,790,380)
Net Position Restricted for Pensions			
Beginning			35,296,086
Ending			33,505,706

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,647,365	2,647,365	2,660,276
Contributions - Plan Members	390,000	390,000	398,444
Total Contributions	3,037,365	3,037,365	3,058,720
Investment Income			
Interest Earned	400,000	400,000	1,549,818
Net Change in Fair Value	900,000	900,000	(2,946,490)
	1,300,000	1,300,000	(1,396,672)
Less Investment Expenses	(80,000)	(80,000)	(89,680)
Net Investment Income	1,220,000	1,220,000	(1,486,352)
Total Additions	4,257,365	4,257,365	1,572,368
Deductions			
Administration	76,250	76,250	38,658
Benefits and Refunds	2,960,000	2,960,000	3,213,171
Total Deductions	3,036,250	3,036,250	3,251,829
Change in Fiduciary Net Position	1,221,115	1,221,115	(1,679,461)
Net Position Restricted for Pensions			
Beginning			35,690,616
Ending			34,011,155

VILLAGE OF MORTON GROVE, ILLINOIS

Consolidated Year-End Financial Report
December 31, 2018

CSFA #	Program Name	State	Federal	Other	Totals
482-00-0894	EMS Assistance Fund Grant	\$ -	1,867	-	1,867
492-27-1157	Liquor Commission Operations	3,000	-	-	3,000
492-35-1161	State (ILCC) Tobacco Enforcement	172	-	-	172
494-00-1488	Motor Fuel Tax Program	611,664	-	-	611,664
494-10-0343	State and Community Highway Safety/ National Priority Safety Program	1,026	-	-	1,026
494-42-0495	Local Surface Transportation Program	82,826	-	-	82,826
	Other Grant Programs and Activities	-	-	-	-
	All Other Costs Not Allocated	-	-	48,681,636	48,681,636
	Totals	698,688	1,867	48,681,636	49,382,191



Lauterbach & Amen, LLP

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

July 25, 2019

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Village of Morton Grove, Illinois
July 25, 2019
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

General Obligation Bond of 2010B
December 31, 2018

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

SUPPLEMENTAL SCHEDULES

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
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>6,425,000</u>	<u>2,369,575</u>	<u>8,794,575</u>
	3,598,000 Debt Service Fund		
	<u>2,827,000</u> Water and Sewer Fund		
	<u>6,425,000</u>		

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

General Obligation Bond of 2014
December 31, 2018

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
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>67,898</u>	<u>1,482,898</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

General Obligation Bond of 2015
December 31, 2018

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
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>7,430,000</u>	<u>1,151,800</u>	<u>8,581,800</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Long-Term Debt Requirements

General Obligation Promissory Note Payable of 2013
December 31, 2018

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
2019	\$ 157,423	6,360	163,783
2020	160,571	3,211	163,782
	<u>317,994</u>	<u>9,571</u>	<u>327,565</u>

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, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 43,660,888	40,455,570	44,804,287	44,017,021	45,225,759	44,444,400	44,953,060	39,217,439	42,544,431	42,539,916
Restricted	15,697,500	19,784,173	11,645,390	13,415,241	14,644,385	15,893,795	17,293,933	19,744,965	15,640,410	15,740,469
Unrestricted	(24,936,412)	(23,196,704)	(18,379,105)	(20,475,242)	(23,595,025)	(23,603,372)	(71,822,364)	(75,847,646)	(79,477,082)	(93,830,870)
Total Governmental Activities Net Position	34,421,976	37,043,039	38,070,572	36,957,020	36,275,119	36,734,823	(9,575,371)	(16,885,242)	(21,292,241)	(35,550,485)
Business-Type Activities										
Net Investment in Capital Assets	1,918,346	3,844,337	4,490,571	4,108,087	4,945,237	5,875,794	5,778,164	5,960,197	6,556,655	6,807,293
Unrestricted	928,429	177,104	409,939	2,044,418	2,835,446	3,765,559	1,925,554	1,182,811	1,776,058	387,530
Total Business-Type Activities Net Position	2,846,775	4,021,441	4,900,510	6,152,505	7,780,683	9,641,353	7,703,718	7,143,008	8,332,713	7,194,823
Primary Government										
Net Investment in Capital Assets	45,579,234	44,299,907	49,294,858	48,125,108	50,170,996	50,320,194	50,731,224	45,177,636	49,101,086	49,347,209
Restricted	15,697,500	19,784,173	11,645,390	13,415,241	14,644,385	15,893,795	17,293,933	19,744,965	15,640,410	15,740,469
Unrestricted	(24,007,983)	(23,019,600)	(17,969,166)	(18,430,824)	(20,759,579)	(19,837,813)	(69,896,810)	(74,664,835)	(77,701,024)	(93,443,340)
Total Primary Government Net Position	37,268,751	41,064,480	42,971,082	43,109,525	44,055,802	46,376,176	(1,871,653)	(9,742,234)	(12,959,528)	(28,355,662)

* Accrual Basis of Accounting

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

Data Source: Audited Financial Statements

VILLAGE OF MORTON GROVE, ILLINOIS
 Changes in Net Position - Last Ten Fiscal Years*
 December 31, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 3,887,650	3,284,369	2,989,799	5,654,828	1,826,691	3,749,953	5,122,457	4,952,670	5,171,197	4,099,466
Streets and Highways	1,819,439	1,457,425	1,468,504	3,547,591	1,406,699	1,443,649	2,861,336	2,869,693	2,869,693	2,869,693
Sanitation	646,686	74,942	4,685,104	3,547,591	5,823,268	4,043,649	7,844,136	6,546,693	5,889,348	8,753,043
Vehicle Maintenance	752,089	730,039	730,039	816,073	846,686	793,103	1,011,174	683,317	662,341	696,662
Maintenance of Structures	778,130	699,599	331,224	470,695	467,493	980,882	1,118,066	683,354	1,504,966	3,069,276
Building and Inspection of Services	812,845	533,041	533,041	470,695	845,669	714,270	1,042,263	896,333	1,042,263	969,551
Interest	879,876	1,018,423	1,043,389	862,272	895,158	781,321	943,022	644,697	584,476	418,766
Total Governmental Activities Expenses	28,343,640	27,896,318	28,925,877	30,823,902	31,659,175	30,051,989	41,943,737	40,737,300	39,271,386	38,877,121
Business-Type Activities										
Waterworks and Sewerage	4,995,861	5,204,329	5,371,031	6,286,120	6,770,419	7,356,131	10,269,076	9,499,761	8,168,387	8,477,929
Staff Welfare	-	1,352,270	1,818,505	1,820,057	1,869,149	1,869,149	1,869,149	1,835,572	1,835,572	1,869,149
Mortgage Lending	-	-	-	310	11,721	11,240	11,240	11,240	11,240	11,240
Morton Grove Days	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	4,995,861	6,556,599	7,189,536	8,106,547	8,651,389	9,225,434	12,149,623	11,306,633	10,016,530	10,352,670
Total Primary Government Expenses	33,339,501	34,452,917	36,115,413	38,930,449	40,310,565	39,277,403	54,093,360	52,043,933	49,287,916	49,230,791
Program Revenues										
Governmental Activities										
General Government	2,098,374	2,928,022	2,889,549	2,870,140	3,120,247	3,426,448	3,273,344	2,864,038	2,989,856	3,142,468
Public Safety	478,189	522,603	722,977	668,063	905,530	1,118,677	1,087,239	1,118,677	1,127,232	1,547,758
Other Activities	77,835	98,099	7981	3,657	8,306	2,403	176,970	176,970	122,461	120,990
Other Governmental Activities	94,444	1,144,444	1,144,444	1,144,444	1,144,444	1,144,444	1,144,444	1,144,444	1,144,444	1,144,444
Capital Grants/Contributions	1,244	216,430	278,738	157,618	462,298	158,082	141,474	63,670	202,318	94,693
Total Governmental Activities Program Revenues	3,429,736	4,743,551	4,781,485	4,701,756	5,235,306	5,737,240	5,387,663	4,829,470	5,057,345	5,497,530
Business-Type Activities										
Waterworks and Sewerage	4,990,281	5,451,711	5,773,298	7,106,948	7,857,661	8,678,471	8,691,690	8,441,426	8,485,210	8,247,849
Solid Waste	-	1,207,499	1,830,623	1,888,288	1,956,233	1,983,404	2,044,617	1,983,404	2,042,578	2,000,847
Municipal Parking	-	-	13,660	44,325	54,091	59,633	57,935	58,507	59,120	61,025
Capital Grants/Contributions	-	811,519	644,122	64,122	59,024	59,473	59,601	59,112	58,543	53,419
Total Business-Type Activities Program Revenues	4,990,281	7,470,639	7,681,720	9,105,683	9,927,029	10,780,981	10,823,843	10,544,789	10,631,214	10,501,886
Total Primary Government Program Revenues	8,420,017	12,214,190	12,463,188	13,807,439	15,162,335	16,518,221	16,411,506	15,374,259	15,888,559	15,999,416
Net (Expenses) Revenues	(25,919,484)	(21,152,847)	(24,145,323)	(25,123,149)	(26,433,844)	(23,526,482)	(32,681,853)	(36,669,674)	(33,192,857)	(33,731,375)
Business-Type Activities	(5,580)	914,040	492,167	997,136	1,275,649	1,555,547	(1,325,780)	(753,841)	663,664	(1,084)
Total Governmental Activities	(25,919,484)	(20,238,807)	(23,653,156)	(26,120,285)	(27,159,195)	(25,000,935)	(34,007,633)	(37,423,515)	(33,856,493)	(34,815,479)
General Revenues and Other Changes in Net Position										
Taxes	12,769,161	15,056,908	12,766,217	12,659,923	15,529,743	12,444,126	12,865,652	13,019,452	15,451,325	13,757,564
Property	5,694,221	5,575,524	5,602,819	5,940,931	6,277,412	6,413,855	6,801,086	7,644,127	7,713,758	7,813,325
Utility	1,144,676	1,159,513	1,154,124	1,119,227	1,166,101	1,238,883	1,272,845	1,238,883	1,506,598	1,699,183
Other	2,389,750	2,380,628	2,231,857	2,471,292	2,287,247	2,186,679	2,383,702	2,379,357	2,872,210	2,779,357
Inexpungement - Unencumbered	1,824,794	1,765,942	1,797,158	2,044,675	2,217,174	2,237,899	2,476,003	2,265,196	2,117,330	2,238,476
Local Use	272,041	307,687	338,416	366,352	400,868	454,615	517,569	565,191	601,914	683,568
Personal Property Replacement	368,208	395,543	348,557	349,197	387,116	398,843	405,808	402,648	470,075	390,862
Interest Income	394,129	114,990	73,661	26,846	12,248	15,843	60,078	776,459	776,459	394,846
Gain on Disposal of Capital Assets	251,249	1,190,115	25,518	206,112	414,609	303,420	236,266	325,075	224,965	599,709
Total Governmental Activities General Revenues	24,921,218	29,273,950	25,181,923	25,201,555	29,721,068	25,234,433	27,249,045	28,597,959	29,777,042	30,433,365
Business-Type Activities										
Interest Income	3,469	6,296	15,454	13,740	2,665	2,866	2,322	11,330	15,972	32,374
Contributions	108,134	8,100	-	-	300,864	284,657	315,446	173,804	194,279	151,901
Miscellaneous	250,925	246,230	297,636	296,582	352,529	355,122	324,080	183,134	210,251	194,275
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities General Revenues	362,528	260,626	313,090	310,322	352,529	355,122	324,080	183,134	210,251	194,275
Total Primary Government General Revenues	25,283,746	29,534,576	25,495,013	25,511,877	26,074,497	26,039,555	27,573,113	28,781,093	29,987,293	30,627,640
Changes in Net Position	(92,686)	2,621,063	1,027,533	(920,594)	(681,900)	439,704	(9,107,029)	(7,309,871)	(4,436,999)	(2,966,226)
Governmental Activities	356,848	1,174,666	805,257	1,307,458	1,628,178	1,869,670	(1,570,712)	(1,869,670)	875,915	181,191
Business-Type Activities	(135,238)	3,795,739	1,832,290	386,864	946,377	2,320,374	(10,108,241)	(7,889,581)	(3,561,084)	(2,783,033)

* Actual Basis of Accounting

Data Source: Audited Financial Statements

VILLAGE OF MORTON GROVE, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable										
Advance to Other Funds	\$ 1,588,930	1,549,007	1,508,930	1,546,190	1,506,190	1,514,751	2,781,489	3,276,359	1,148,930	1,148,930
Prepaid Items	6,626	-	-	103,495	-	589,507	192	192	192	192
Restricted										
Public Safety	-	-	116,805	116,805	14,559	-	-	-	-	-
Retirement	-	-	-	-	-	-	4,961	-	-	66,273
Specific Property Tax Levies	-	-	-	7,357	-	-	-	-	-	-
Unrestricted/Unassigned	5,794,060	5,931,760	5,684,663	5,093,952	5,744,509	5,745,220	5,891,331	6,678,041	10,201,704	11,084,114
Total General Fund	7,389,616	7,480,767	7,310,398	6,867,799	7,265,258	7,849,478	8,677,973	9,954,592	11,350,826	12,299,509
All Other Governmental Funds										
Nonspendable										
Prepaid Items	22,336	-	-	-	-	-	297,983	-	-	-
Advance to Other Funds	-	-	-	35,714	-	44,364	-	44,364	-	-
Restricted										
Capital Improvements	196,590	191,843	459,385	482,443	498,175	805,492	1,168,217	1,266,779	1,372,686	1,540,143
Unspent Bond Proceeds	488,113	6,483,518	4,284,205	2,481,828	1,078,056	18	3,597,581	1,755,252	1,076,628	1,151,649
Community Development	14,452,122	12,671,491	10,771,232	12,360,035	13,493,724	14,228,109	15,018,344	15,830,847	12,189,640	11,802,511
Economic Development	-	-	-	-	-	-	-	-	-	-
Highways and Streets	46,069	204,343	297,968	448,601	637,927	860,194	765,044	841,869	915,002	916,139
Debt Service	492,270	232,978	-	-	-	-	337,367	100,190	118,339	292,204
Unrestricted										
Committed for Community Development	-	-	133,110	-	-	-	-	-	-	-
Committed for Commuter Improvements	164,233	167,904	189,114	180,440	105,648	59,855	61,734	66,331	23,930	641
Assigned for Capital Improvements	-	-	683,421	543,242	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Unassigned	(975,505)	(1,079,187)	(1,494,055)	(1,956,874)	(2,150,549)	(1,905,351)	(2,860,210)	(3,370,901)	(3,314,637)	(3,402,498)
Total All Other Governmental Funds	14,886,228	18,872,890	15,324,380	14,575,429	13,662,981	14,092,681	18,386,060	16,532,731	12,381,588	12,300,789
Total Governmental Funds	22,275,844	26,353,657	22,634,778	21,443,228	20,928,239	21,942,159	27,064,033	26,487,323	23,732,414	24,600,298

* Modified Accrual Basis of Accounting

Data Source: Audited Financial Statements

VILLAGE OF MORTON GROVE, ILLINOIS
 Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
 December 31, 2018 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 21,586,089	21,775,843	21,551,420	21,879,247	22,290,504	22,273,754	23,595,467	20,170,610	20,728,811	21,049,186
Intergovernmental	3,270,381	3,661,090	3,645,110	4,010,271	4,290,145	4,250,153	4,618,358	8,851,872	8,965,474	9,412,078
Charges for Services	873,261	1,014,532	1,152,456	1,067,979	1,061,973	1,139,875	1,204,934	1,375,439	1,409,280	1,616,010
License and Permits	1,029,669	1,569,517	1,587,662	1,472,977	1,498,507	1,741,148	1,826,803	1,689,844	1,801,637	1,897,530
Fines and Forfeitures	346,754	561,349	531,010	609,450	835,461	827,515	717,300	654,226	626,021	778,916
Surcharge Fees	270,610	246,812	234,115	273,226	249,121	246,727	283,028	-	-	-
Investment Income	304,129	114,990	73,661	26,846	12,248	15,843	17,912	60,078	776,459	304,846
Cable TV	233,278	260,205	259,862	322,937	322,822	340,991	336,620	368,533	369,732	340,608
Miscellaneous	436,783	1,313,163	902,535	240,378	416,493	275,667	236,286	329,075	224,985	598,709
Total Revenues	28,350,954	30,517,501	29,937,831	29,903,311	30,977,274	31,111,673	32,836,708	33,499,677	34,902,399	35,998,883
Expenditures										
General Government	3,235,134	2,941,777	2,299,975	2,960,966	2,983,917	2,969,658	3,259,332	3,645,330	3,648,820	3,997,077
Public Safety	13,393,475	13,899,654	16,948,038	16,841,291	16,871,340	17,705,168	18,491,369	18,807,704	19,397,065	20,843,690
Streets and Sidewalks	3,029,454	2,754,279	2,752,341	2,974,086	3,147,491	3,752,439	3,322,002	3,189,534	3,036,929	3,093,590
Sanitation	644,771	74,942	-	-	-	-	-	-	-	-
Vehicle Maintenance	752,089	720,434	738,039	816,073	846,686	793,103	701,174	687,317	662,341	696,662
Health and Human Services	718,045	395,984	255,880	263,187	284,289	282,897	217,248	16,446	9,059	27,957
Community Development	529,407	557,192	545,904	766,988	765,500	1,322,606	1,385,112	1,095,015	1,488,315	1,742,062
Building and Inspection Services	807,146	514,832	555,482	698,263	858,707	790,256	707,754	896,333	1,062,123	1,148,653
Debt Service	10,144,327	2,434,899	5,390,149	2,649,987	2,627,833	2,846,995	1,665,200	2,158,501	3,499,742	1,061,989
Interest	1,084,892	1,081,772	1,026,638	859,489	793,459	783,179	932,247	876,035	787,431	645,251
Other Charges	94,346	-	-	-	-	-	-	-	-	-
Capital Outlay	975,791	4,680,419	3,173,842	2,342,331	3,431,829	315,560	2,173,640	2,714,242	1,483,829	1,873,718
Total Expenditures	37,408,877	32,056,184	33,686,288	31,172,661	32,611,051	31,541,861	32,855,078	34,086,457	35,075,654	35,130,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,057,923)	(1,538,683)	(3,748,457)	(1,269,350)	(1,633,777)	(430,188)	(18,370)	(586,780)	(173,255)	867,884
Other Financing Sources (Uses)										
Transfers In	136,945	62,630	-	-	-	-	-	493,658	2,537,988	433,783
Transfers (Out)	(136,945)	(62,630)	-	-	-	-	-	(493,658)	(2,537,988)	(433,783)
Issuance of Bonds	10,657,500	5,586,000	-	-	-	-	10,010,000	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-	-	-
Discount on Debt Issuance	(11,975)	(3,371)	-	-	-	-	-	-	-	-
Payments to Bond Escrow	(5,661,824)	-	-	-	-	-	(6,359,521)	-	-	-
Issuance of Refunding Installment Note	2,685,000	-	-	-	-	-	-	-	-	-
Issuance of Installment Note	-	-	-	-	1,060,000	1,415,000	-	-	-	-
Disposal of Capital Assets	21,470	33,867	29,578	77,800	58,788	29,108	17,506	10,070	(2,581,654)	-
Total Other Financing Sources (Uses)	7,690,171	5,616,496	29,578	77,800	1,118,788	1,444,108	5,140,244	10,070	(2,581,654)	-
Net Change in Fund Balances	(1,367,752)	4,077,813	(3,718,879)	(1,191,550)	(514,989)	1,015,920	5,121,874	(576,710)	(2,754,909)	867,884
Debt Service as a Percentage of Noncapital Expenditures										
		12.21%	19.95%	11.36%	11.02%	11.84%	8.64%	9.10%	12.62%	4.90%

* Modified Accrual Basis of Accounting
 Data Source: Audited Financial Statements

VILLAGE OF MORTON GROVE, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Fiscal Year	Tax Levy Year	Residential Property	Farm	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	
								Value	33.3333%
2009	2008	\$ 758,998,259	\$ -	\$ 109,264,039	\$ 187,025,722	\$ 1,055,288,020	0.914	\$ 3,165,864,060	33.3333%
2010	2009	784,203,243	115,060	98,422,952	147,319,741	1,030,060,996	0.937	3,090,182,988	33.3333%
2011	2010	701,075,231	103,019	105,399,747	146,339,223	952,917,220	1.021	2,858,751,660	33.3333%
2012	2011	660,244,991	103,019	89,873,325	127,153,891	877,375,226	1.139	2,632,125,678	33.3333%
2013	2012	606,992,305	103,019	87,545,734	116,476,425	811,117,483	1.231	2,433,352,449	33.3333%
2014	2013	502,751,427	87,861	84,511,239	101,866,766	689,217,293	1.451	2,067,651,879	33.3333%
2015	2014	498,219,161	89,479	128,260,405	75,359,033	701,928,078	1.505	2,105,784,234	33.3333%
2016	2015	485,947,584	89,446	135,675,717	74,127,176	695,839,923	1.504	2,087,519,978	33.3333%
2017	2016	587,543,773	89,527	145,322,663	80,042,849	812,998,812	1.300	2,438,996,680	33.3333%
2018	2017	583,828,478	89,621	149,799,822	83,035,320	816,753,241	1.331	2,450,259,968	33.3333%

Data Source: Office of the County Clerk

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

VILLAGE OF MORTON GROVE, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2018 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Village Direct Rates										
General	0.486	0.465	0.528	0.597	0.658	0.725	0.779	0.710	0.574	0.548
Police Pension	0.138	0.162	0.179	0.182	0.191	0.258	0.265	0.302	0.289	0.338
Fire Pension	0.157	0.179	0.199	0.205	0.216	0.284	0.284	0.314	0.287	0.334
Bonds and Interest	0.053	0.049	0.075	0.126	0.136	0.143	0.121	0.122	0.102	0.075
IMRF	-	-	-	0.021	0.022	0.030	0.041	0.041	0.035	0.035
Purchase Agreement	0.002	0.052	0.002	0.002	0.002	0.003	-	-	-	-
IEPA Agreement	0.049	-	0.027	-	-	-	-	-	-	-
Capital Improvement	0.029	0.030	0.011	0.006	0.006	0.008	0.015	0.015	0.013	-
Total Direct Rates	0.914	0.937	1.021	1.139	1.231	1.451	1.505	1.504	1.300	1.331
Overlapping Rates										
Morton Grove Library	0.259	0.269	0.335	0.349	0.377	0.444	0.458	0.419	0.419	0.421
School District #68	1.882	1.999	2.133	2.452	2.723	3.144	3.121	2.863	2.863	2.827
School District #69	3.247	3.768	4.357	4.866	5.481	6.214	5.926	5.696	5.696	5.806
School District #67	1.807	1.943	2.203	2.449	2.961	3.497	3.427	2.957	2.957	2.962
School District #63	2.233	2.235	2.499	2.775	3.100	3.864	3.811	3.492	3.492	3.556
School District #70	2.484	2.574	2.890	3.261	3.669	4.351	4.344	3.797	3.797	3.838
High School District #207	1.577	1.617	1.782	1.995	2.215	2.722	2.739	2.507	2.507	2.529
High School District #219	2.120	2.267	2.538	2.904	3.256	3.707	3.650	3.460	3.460	3.409
Community College District #535	0.140	0.140	0.160	0.196	0.219	0.256	0.258	0.231	0.231	0.232
Cook County	0.415	0.394	0.423	0.462	0.531	0.560	0.568	0.533	0.533	0.496
Cook County Forest Preserve	0.051	0.049	0.051	0.058	0.063	0.069	0.069	0.063	0.063	0.062
Consolidated Elections	-	0.021	-	0.025	0.531	0.031	-	-	-	0.031
Metro Water Reclamation District	0.252	0.261	0.274	0.320	0.370	0.417	0.430	0.406	0.406	0.402
Morton Grove Park District	0.272	0.284	0.311	0.365	0.382	0.468	0.463	0.431	0.431	0.444
Skokie Park District	0.386	0.383	0.423	0.476	0.518	0.581	0.477	0.440	0.440	0.440
Glenview Park District	0.429	0.422	0.483	0.538	0.579	0.662	0.661	0.563	0.563	0.567
Maine Township	0.112	0.117	0.131	0.149	0.168	0.210	0.210	0.108	0.108	0.105
Niles Township	0.030	0.032	0.036	0.042	0.048	0.056	0.057	0.046	0.046	0.054
North Shore Mesquito Abatement	0.008	0.008	0.009	0.010	0.010	0.007	0.011	0.010	0.010	0.010

Data Source: Office of the County Clerk

VILLAGE OF MORTON GROVE, ILLINOIS

Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago
December 31, 2018 (Unaudited)

Taxpayer	2017 Tax Levy Year			2008 Tax Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Schwinge Family Ltd	\$ 12,746,671	1	1.56%	\$ 13,791,493	5	1.42%
CMK 9000 Waukegan LLC	10,934,474	2	1.34%			
CRP Holdings CLP	9,272,036	3	1.14%			
Tower Real Estate	9,063,430	4	1.11%			
Fluid Handling LLC	7,911,606	5	0.97%			
Public Storage	7,834,404	6	0.96%	5,239,658	10	0.54%
Avon Products Inc.	7,791,264	7	0.95%	11,888,375	6	1.23%
Menards	7,677,493	8	0.94%	13,650,714	3	1.41%
John Crane Inc	7,046,261	9	0.86%	11,826,807	7	1.22%
MG Property Holdings	6,972,392	10	0.85%			
Rose Real Estate				24,901,456	1	2.57%
Federal Center, Inc.				19,709,822	2	2.03%
Bell & Gossett				13,013,203	4	1.34%
Kraft				6,475,026	8	0.67%
Capital Property Management				5,858,787	9	0.60%
	<u>87,250,031</u>		<u>10.68%</u>	<u>112,563,848</u>		<u>11.61%</u>

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

Data Source: Office of the County Clerk

VILLAGE OF MORTON GROVE, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2018 (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			
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%
2018	2017	10,866,072	10,576,641	97.34%	-	10,576,641	97.34%

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, 2018 (Unaudited)

Fiscal Year	Governmental Activities				Intergovernmental Agreements Payable
	General Obligation Bonds	Revolving Loans Payable	Installment Notes Payable		
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
2018	13,363,163	-	317,994		1,096,497

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revolving Loans Payable	Installment Notes Payable				
2009	\$ 1,856,250	\$ 75,943	\$ 51,148	\$	31,389,347	5.01%	\$ 1,398.13
2010	5,855,200	-	-	-	38,166,548	6.09%	1,640.16
2011	5,347,050	-	-	-	32,006,995	5.10%	1,375.46
2012	4,766,700	-	-	-	28,480,365	4.54%	1,223.91
2013	4,175,700	-	-	-	25,999,071	4.14%	1,117.28
2014	3,577,200	-	-	-	23,619,019	3.10%	1,015.00
2015	3,389,475	-	-	-	26,746,860	3.32%	1,149.41
2016	3,202,841	-	-	-	23,814,913	3.10%	1,013.53
2017	3,014,007	-	-	-	19,505,566	2.48%	833.11
2018	2,822,973	-	-	-	17,600,627	2.27%	760.55

(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.

VILLAGE OF MORTON GROVE, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
December 31, 2018 (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	General Obligation Bonds	General Obligation Bonds				
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		
2018	13,363,163	2,822,973	263,754	15,922,382	1.95%	688.03		

(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, 2018 (Unaudited)

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village (1)/(2)	Village's Share of Debt
Village of Morton Grove	\$ 14,777,654	100.000%	\$ 14,777,654
Schools			
School District #63	51,190,000	15.66%	8,016,354
School District #67	8,871,803	72.44%	6,426,734
School District #69	20,430,000	17.73%	3,622,239
School District #70	2,135,000	98.62%	2,105,537
High School District #207	13,455,000	3.64%	489,762
High School District #219	121,678,952	15.66%	19,054,924
Community College District #535	32,130,000	3.58%	1,150,254
Total Schools	249,890,755		40,865,804
Others			
Cook County	2,950,121,750	0.54%	15,974,909
Cook County Forest Preserve	142,360,000	0.54%	770,879
Metropolitan Metro Water Reclamation District of Greater Chicago	2,348,253,000	0.55%	12,962,357
Glenview Park District	29,090,000	0.31%	89,917
Skokie Park District	19,348,484	0.53%	103,127
Total Others	5,489,173,234		29,901,190
Total Overlapping Debt	269,239,239		70,766,994
Total Direct and Overlapping Debt	284,016,893		85,544,648

(1) Overlapping debt percentages based on 2017 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, 2018 (Unaudited)

The Village is a home rule municipality.

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

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

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

VILLAGE OF MORTON GROVE, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2018	23,142	773,937,906	33,443	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, 2018 (Unaudited)

Employer	2018			2009			Percentage of Total Village Employment
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment	
Xylem	475	1	2.05%				
Integrated Merchandising	157	2	0.68%				
John Crane Inc	492	3	2.13%	1,350	1	6.00%	
Schwartz Paper Co	244	4	1.05%	445	4	2.00%	
Active Disposal Lake Shore	225	5	0.97%				
MG Pharmaceutical	176	6	0.76%	250	6	1.10%	
Bella Terra	205	7	0.89%				
Shore Koenig Training Center	200	8	0.86%	210	7	0.90%	
Quantum Color Graphics	163	9	0.70%	135	10	0.60%	
IBJI	150	10	0.65%				
Avon Products Inc				1,100	2	4.90%	
ITT Bell & Gossett				750	3	3.30%	
Sunstone				412	5	1.80%	
Malco Electric				180	8	0.80%	
Paul J Krez Electric				180	9	0.80%	
	<u>2,487</u>		<u>10.75%</u>	<u>5,012</u>		<u>22.20%</u>	

See Following Page

VILLAGE OF MORTON GROVE, ILLINOIS

Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Data Source: Village business licenses, 2017 Illinois Manufacturers Directory and 2017 Illinois Services Directory

VILLAGE OF MORTON GROVE, ILLINOIS

Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administrative	3.5	3.0	3.0	4.0	4.0	4.5	4.0	4.0	5.0	4.0
Community Development	1.5	1.0	1.0	1.0	1.0	2.5	2.0	2.0	2.0	2.0
Legal	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Management Information	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5
Finance	5.5	5.5	5.5	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Health and Human Services	-	-	-	-	-	0.5	0.5	-	-	-
Family Services	11.5	4.5	4.5	4.5	3.5	2.5	2.5	2.5	2.5	2.5
Building/Code Enforcement	7.0	4.0	4.0	2.5	4.0	5.0	4.0	4.0	4.0	3.5
Public Safety										
Police										
Officers	45.0	45.0	46.0	45.0	45.0	46.0	46.0	47.0	47.0	47.0
Civilians	22.0	20.0	18.5	18.5	21.0	17.0	15.0	15.0	15.0	15.0
Fire										
Firefighters and Officers	40.0	41.0	41.0	40.0	42.0	41.0	39.0	42.0	42.0	42.0
Civilians	30.0	2.5	2.5	1.5	3.5	3.0	2.5	2.5	2.5	2.5
Public Works										
Street Maintenance	17.5	17.5	17.5	17.5	17.5	20.0	20.0	19.0	19.0	19.0
Engineering	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Vehicle Maintenance	4.0	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Water and Sewer	12.0	12.0	12.0	12.0	12.0	12.0	13.5	12.5	12.5	12.5
Totals	204.0	164.6	164.0	160.0	168.0	168.5	163.5	165.0	166.5	165.0

Data Source: Village Budget Office

VILLAGE OF MORTON GROVE, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Physical Arrests	651	647	574	580	513	551	438	430	377	421
Parking Violations	6,075	8,331	8,933	6,751	6,465	4,530	3,814	3,736	2,861	4,241
Traffic Violations	5,092	4,587	4,440	3,686	3,849	3,072	3,292	2,234	2,546	3,688
Fire										
Emergency Responses	3,249	3,265	3,419	3,360	3,470	3,631	3,694	3,771	3,927	3,992
Fires Extinguished	70	59	60	48	63	69	39	34	35	61
Public Works										
Street Resurfacing (Miles)	1.33	3.03	4.90	6.65	5.70	1.50	3.90	3.50	0.80	1.90
Potholes Repaired	180.00	189.00	170.75	12.50	132.00	160.00	104.00	109.00	102.00	122.00
Water										
New Connections	1	27	8	9	7	9	-	-	-	-
Water Mains Breaks	91	81	64	70	122	80	72	63	69	82
Average Daily Consumption	2,999,484	2,969,923	2,670,613	2,745,553	2,601,227	2,869,367	2,698,000	2,681,000	2,547,000	2,787,000
Peak Daily Consumption	4,374,000	4,167,000	4,498,000	4,412,000	4,238,000	3,628,000	5,086,000	3,650,000	3,381,000	3,898,000

Data Source: Various Village Departments

VILLAGE OF MORTON GROVE, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2018 (Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	3	3	3	3	3	3	3	3	3	3
Patrol Units	15	15	15	15	15	15	15	15	15	15
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Engines	2	2	2	2	2	2	2	2	2	2
Public Works										
Arterial Streets (Miles)	19	19	19	19	19	19	19	19	19	19
Residential Street (Miles)	86	86	86	86	86	86	86	86	86	86
Streetlights	372	372	372	372	372	372	372	357	357	357
Traffic Signals	13	13	13	13	13	13	13	13	13	13
Water										
Water Mains (Miles)	98.9	98.9	98.9	98.9	98.9	98.9	98.9	99.0	99.0	99.0
Fire Hydrants	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
Storage Capacity (Gallons)	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000	8,550,000
Wastewater										
Sanitary Sewers (3 Miles)	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9	47.9	40.6
Storm Sewers (3 Miles)	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	44.8
Combined Sewers (Miles)	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	21.3

Data Source: Various Village Departments

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

1. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

2. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

3. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

4. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the bond registrar and request that copies of notices be provided directly to them.

5. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

APPENDIX C

**PROPOSED FORM OF OPINION OF BOND COUNSEL
[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

[TO BE DATED CLOSING DATE]

Village of Morton Grove
Cook County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the President and Board of Trustees of the Village of Morton Grove, Cook County, Illinois (the “*Village*”), passed preliminary to the issue by the Village of its fully registered General Obligation Refunding Bonds, Series 2019 (the “*Bonds*”), to the amount of \$_____, dated November 5, 2019, due serially on December 15 of the years, in the amounts and bearing interest as follows:

YEAR	AMOUNT (\$)	RATE (%)
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		

the Bonds due on or after December 15, 20____, being subject to redemption prior to maturity at the option of the Village as a whole or in part in any order of their maturity as determined by the Village (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 15, 20____, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the Village and is payable from any funds of the Village legally available for such purpose, and all taxable property in the Village is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the Village's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such Village covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Village with respect to certain material facts within the Village's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

**VILLAGE OF MORTON GROVE
COOK COUNTY, ILLINOIS**

**EXCERPTS OF FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS
RELATING TO THE VILLAGE'S PENSION PLANS**

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018

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) changes 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, 2018

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, 2018

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
Amnuty 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.09%. 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 \$825,121 and the bank balances totaled \$825,121.

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	\$ 5,684,478	478,032	3,311,210	1,895,236	-
U.S. Agency Obligations	1,310,723	-	44,409	1,028,156	238,158
Municipal Bonds	812,821	-	348,716	271,944	192,161
Corporate Bonds	8,622,550	367,659	4,080,780	3,252,864	921,247
	16,430,572	845,691	7,785,115	6,448,200	1,351,566

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018:

	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)
Investments by Fair Value Level	Totals		
Debt Securities			
U.S. Government Obligations	\$ 5,684,478	-	-
U.S. Agency Obligations	1,310,723	1,310,723	-
Municipal Bonds	812,821	812,821	-
Corporate Bonds	8,622,550	8,622,550	-
Equity Securities			
Equities	11,441,154	-	-
Common Stock	4,702,012	-	-
Total Investments by Fair Value Level	32,573,738	21,827,644	10,746,094

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

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

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

Custodial Credit Risk. In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2018, \$11,227 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, 2018

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 \$11,441,154 invested in equities and \$4,702,012 invested in common stock. At year-end, the Fund does not have any investments over 5 percent of net plan pension available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

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

Asset Class	Target	Long-Term Expected Real 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 2020 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 percentages 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.58%). 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, 2018

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 \$213,167 and the bank balances totaled \$213,167.

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	\$ 1,702,102	501,875	995,430	204,797	-
U.S. Agency Obligations	10,566,428	99,863	4,149,404	6,317,161	-
Municipal Bonds	1,895,918	204,530	799,302	892,086	-
Corporate Bonds	1,448,148	-	1,054,488	393,660	-
	15,612,596	806,268	6,998,624	7,807,704	-

The Fund has the following recurring fair value measurements as of December 31, 2018:

Investments by Fair Value Level	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities				
U.S. Government Obligations	\$ 1,702,102	1,702,102	-	-
U.S. Agency Obligations	10,566,428	-	10,566,428	-
Municipal Bonds	1,895,918	-	1,895,918	-
Corporate Bonds	1,448,148	-	1,448,148	-
Equity Securities				
Equities	18,101,988	18,101,988	-	-
Total Investments by Fair Value Level	33,714,584	19,804,090	13,910,494	-

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, municipal bonds and corporate bonds were rated AAA to A3 by Standard & Poor's and Moody's Investor Services.

Custodial Credit Risk. In regards to deposits, the Fund's investment policy requires all bank balances to be covered by federal depository insurance. At December 31, 2018, all of the Fund's deposits were covered by federal depository or equivalent insurance.

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

Concentration Credit Risk. The Fund's investment policy does not address concentration credit risk. In addition to the securities and fair values listed above, the Fund also has \$18,101,988 invested in equities. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 2020 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, 2018 are listed in the table above.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.15%). 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, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

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

IMRF	\$	389,969
SLEPF		1,816
MERF		96,115
Police Pension		5,233,414
Firefighters' Pension		5,471,635
		<u>11,192,949</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEPF) 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).

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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

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

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

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.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

	Regular Plan	SLEP Plan
Inactive Plan Members Currently Receiving Benefits	14	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	52	-
Active Plan Members	74	-
Totals	140	2

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

Contributions. As set by statute, the Village's Regular Plan members are required to contribute 4.5% 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, 2018, the Village's contribution was 9.16% of covered payroll. The Village's SLEP Plan members are required to contribute 7.50% of their annual covered salary. For the year-ended December 31, 2018, the Village's contribution was 0.00% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2018. 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, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age
Normal	Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Regular Plan	7.25%
SLEP Plan	7.25%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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. 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.

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	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 7.25%, and the discount rate in the prior valuation was 7.50%. The discount rate used to measure the total pension liability for the SLEP Plan was 7.25%, and the discount rate in the prior valuation was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

Regular Plan	Current		
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability			
Village	\$ 2,351,984	1,244,155	357,422
Library	766,061	405,232	116,415
Totals	3,118,045	1,649,387	473,837

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	\$ 343,293	111,813	455,106
Interest on the Total Pension Liability	419,193	136,535	555,728
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	96,101	5,342	101,443
Changes of Assumptions	239,675	78,064	317,739
Benefit Payments, including Refunds of Employee Contributions	(73,674)	(23,996)	(97,670)
Net Change in Total Pension Liability	1,024,588	307,758	1,332,346
Total Pension Liability - Beginning	5,317,054	1,913,920	7,230,974
Total Pension Liability - Ending	6,341,642	2,221,678	8,563,320
Plan Fiduciary Net Position			
Contributions - Employer	329,419	107,295	436,714
Contributions - Employees	161,833	52,710	214,543
Net Investment Income	(162,045)	(52,779)	(214,824)
Benefit Payments, including Refunds of Employee Contributions	(73,674)	(23,996)	(97,670)
Other (Net Transfer)	(5,660)	(1,844)	(7,504)
Net Change in Plan Fiduciary Net Position	249,873	81,386	331,259
Plan Net Position - Beginning	4,847,614	1,735,060	6,582,674
Plan Net Position - Ending	5,097,487	1,816,446	6,913,933
Employer's Net Pension Liability	1,244,155	405,232	1,649,387

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2017	\$ 102,998	111,935	(8,937)
Changes for the Year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	7,406	-	7,406
Difference Between Expected and Actual Experience of the Total Pension Liability	1,039	-	1,039
Changes of Assumptions	2,304	-	2,304
Contributions - Employer	-	218	(218)
Contributions - Employees	-	-	-
Net Investment Income	-	(9,000)	9,000
Benefit Payments, including Refunds of Employee Contributions	(8,491)	(8,491)	-
Other (Net Transfer)	-	3,305	(3,305)
Net Changes	2,258	(13,968)	16,226
Balances at December 31, 2018	105,256	97,967	7,289

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

For the year ended December 31, 2018, the Village recognized pension expense of \$389,342 for the Regular Plan, and \$1,816 for the SLEP Plan and the Library recognized \$124,386 in pension revenue 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, 2018

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	Actual Experience	Deferred Inflows of Resources	Actual Experience	Deferred Outflows of Resources	Deferred Inflows of Resources	
Difference Between Expected and Actual Experience Change in Assumptions	\$ 84,394	\$ (71,762)	\$ (71,762)	\$ 27,488	\$ 27,488	\$ (23,373)	\$ 16,747
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	238,107	(118,456)	(118,456)	77,553	77,553	(38,582)	158,622
	309,582	-	-	100,834	100,834	-	410,416
Total Deferred Amounts Related to IMRF	632,083	(190,218)	(190,218)	205,875	205,875	(61,955)	585,785

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VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	30
Inactive Plan Members Entitled to but not yet Receiving Benefits	16
Active Plan Members	<u>21</u>
Total	<u>67</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, 2018 was 80.79% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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 Outflows of Resources	Library Net Outflows of Resources	Totals Net Outflows of Resources	SLEP Plan Net Outflows of Resources
2019	\$ 132,043	\$ 43,007	\$ 175,050	\$ 2,303
2020	70,919	23,099	94,018	876
2021	58,138	18,936	77,074	797
2022	135,264	44,057	179,321	3,441
2023	45,501	14,821	60,322	-
Thereafter	-	-	-	-
Totals	441,865	143,920	585,785	7,417

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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	\$ 15,815,284	12,746,565	10,196,573

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 24,037,841	9,906,129	14,131,712
Changes for the Year:			
Service Cost	187,540	-	187,540
Interest on the Total Pension Liability	1,032,847	-	1,032,847
Difference Between Expected and Actual Experience of the Total Pension Liability	(667,891)	-	(667,891)
Changes of Assumptions	(281,528)	-	(281,528)
Contributions - Employer	-	1,409,558	(1,409,558)
Contributions - Employees	-	36,311	(36,311)
Net Investment Income	-	210,246	(210,246)
Benefit Payments, including Refunds of Employee Contributions	(1,128,079)	(1,128,079)	-
Other (Net Transfer)	-	-	-
Net Changes	(857,111)	528,036	(1,385,147)
Balances at December 31, 2018	23,180,730	10,434,165	12,746,565

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$96,115. At December 31, 2018, 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	\$ 397,830	(295,597)	102,233
Change in Assumptions	519,544	(242,715)	276,829
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	467,011	-	467,011
Total Deferred Amounts Related to MERF	1,384,385	(538,312)	846,073

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 of Resources
2019	\$ 528,658
2020	175,361
2021	93,518
2022	48,536
2023	-
Thereafter	-
Total	846,073

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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>45</u>
Total	<u>97</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 ½ 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, 2018

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 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding 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, 2018, the Village's contribution was 58.93% of covered payroll.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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% - 13.18%
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 6.26% was used to measure the total pension liability and the prior year used a discount rate of 6.39%. 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 4.10%, and the resulting single discount rate is 6.26%.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 (5.26%)	Current Discount Rate (6.26%)	1% Increase (7.26%)
Net Pension Liability	\$ 54,833,441	43,577,673	34,453,606

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 73,177,332	35,296,086	37,881,246
Changes for the Year:			
Service Cost	1,253,363	-	1,253,363
Interest on the Total Pension Liability	4,559,077	-	4,559,077
Difference Between Expected and Actual Experience of the Total Pension Liability	455,002	-	455,002
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,695,291	(2,695,291)
Contributions - Employees	-	465,264	(465,264)
Net Investment Income	-	(1,247,471)	1,247,471
Benefit Payments, including Refunds of Employee Contributions	1,299,164	(3,660,559)	4,959,723
Administrative Expenses	(3,660,559)	(42,905)	(3,617,654)
Net Changes	3,906,047	(1,790,380)	5,696,427
Balances at December 31, 2018	77,083,379	33,505,706	43,577,673

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$5,233,414. At December 31, 2018, 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	\$ 2,158,624	-	2,158,624
Change in Assumptions	4,433,186	(2,440,014)	1,993,172
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,364,155	-	2,364,155
Total Deferred Amounts Related to Police Pension	8,955,965	(2,440,014)	6,515,951

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
2019	\$ 2,295,053
2020	1,820,757
2021	1,518,747
2022	859,344
2023	(107,880)
Thereafter	129,930
Total	6,515,951

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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 ½ 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, 2018

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 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding 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, 2018, the Village's contribution was 63.86% of covered payroll.

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

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, 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% - 13.00%
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 6.49% was used to measure the total pension liability and the prior year used a discount rate of 6.23%. 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 4.10%, and the resulting single discount rate is 6.49%.

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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 (5.49%)	Current Discount Rate (6.49%)	1% Increase (7.49%)
Net Pension Liability	\$ 50,935,069	40,428,774	31,843,164

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 73,817,582	35,690,616	38,126,966
Changes for the Year:			
Service Cost	1,269,097	-	1,269,097
Interest on the Total Pension Liability	4,498,745	-	4,498,745
Difference Between Expected and Actual Experience of the Total Pension Liability	594,173	-	594,173
Changes of Assumptions	(2,526,497)	-	(2,526,497)
Contributions - Employer	-	2,660,276	(2,660,276)
Contributions - Employees	-	398,444	(398,444)
Net Investment Income	-	(1,486,352)	1,486,352
Benefit Payments, including Refunds of Employee Contributions	(3,213,171)	(3,213,171)	-
Administrative Expenses	-	(38,658)	38,658
Net Changes	622,347	(1,679,461)	2,301,808
Balances at December 31, 2018	74,439,929	34,011,155	40,428,774

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

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, 2018, the Village recognized pension expense of \$5,471,635. At December 31, 2018, 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	\$ 1,608,278	-	1,608,278
Change in Assumptions	3,833,162	(4,394,832)	(561,670)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,343,394	-	2,343,394
Total Deferred Amounts Related to Firefighters' Pension	<u>7,784,834</u>	<u>(4,394,832)</u>	<u>3,390,002</u>

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
2019	\$ 2,555,165
2020	1,218,983
2021	(266,658)
2022	104,816
2023	(222,304)
Thereafter	-
Total	<u>3,390,002</u>

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	64
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>151</u>
Total	<u>215</u>

Total OPEB Liability

The Village's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – Continued.

Inflation	2.50%
Salary Increases	3.25%
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.00% for HMO and 6.00% for PPO in 2019, decreasing to an ultimate rate of 5.00% for 2023 and later years
Retirees' Share of Benefit-Related Costs	50% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer 20-Bond G.O. Index.

Mortality rates were based on the RP-2014 study, with Blue Collar adjustment. These rates are improved generationally using MP-2017 improvement rates and weighted based on the IMRF December 31, 2017 actuarial valuation.

Change in the Total OPEB Liability

Balance at December 31, 2017	\$ 19,175,730
Changes for the Year:	
Service Cost	464,133
Interest on the Total Pension Liability	645,426
Changes of Benefit Terms	(1,234,624)
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	(850,550)
Benefit Payments	(975,615)
Net Changes	(1,050,626)
Balance at December 31, 2018	18,200,115

VILLAGE OF MORTON GROVE, ILLINOIS

Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 20,134,814	18,200,115	16,562,220

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

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

	1% Increase (Varies)	Healthcare Cost Trend Rates (Varies)	1% Decrease (Varies)
Total OPEB Liability	\$ 16,148,250	18,200,115	20,683,144

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

For the year ended December 31, 2018, the Village recognized OPEB expense of \$946,464. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

VILLAGE OF MORTON GROVE, ILLINOIS
Notes to the Financial Statements
December 31, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	-	-
Change in Assumptions	-	(1,071,529)	(1,071,529)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	(1,071,529)	(1,071,529)

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

Fiscal Year	Net Deferred (Inflows) of Resources
2019	\$ (163,095)
2020	(163,095)
2021	(163,095)
2022	(163,095)
2023	(163,095)
Thereafter	(256,054)
Total	(1,071,529)

VILLAGE OF MORTON GROVE, ILLINOIS
Illinois Municipal Retirement Fund

Required Supplementary Information
Schedule of Employer Contributions
December 31, 2018

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 Total	399,637	402,175	2,538	4,381,980	9.18%
12/31/2018 Village Library	329,419	329,419	-	3,596,281	9.16%
Total	436,714	436,714	-	4,767,619	9.16%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 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, 2018

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%
2018	-	218	218	-	0.00%

Notes to the Required Supplementary Information:

Actuarial Cost Method: Entry Age Normal
 Amortization Method: Level % Pay (Closed)
 Remaining Amortization Period: 25 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, 2018

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%
2018	1,409,528	1,409,558	30	1,744,800	80.79%

Notes to the Required Supplementary Information:

Actuarial Cost Method: Entry Age Normal
 Amortization Method: Level % Pay (Closed)
 Remaining Amortization Period: 22 Years
 Asset Valuation Method: 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, 2018

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%
2018	2,677,108	2,695,291	18,183	4,574,078	58.93%

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 Smoothed 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, 2018

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,140,182	\$ 1,914,705	\$ (225,477)	\$ 3,707,686	51.64%
2015	2,180,622	1,949,493	(231,129)	4,101,744	47.53%
2016	2,190,316	2,165,900	(24,416)	4,000,016	54.15%
2017	2,471,332	2,291,587	(179,745)	4,140,017	55.35%
2018	2,647,365	2,660,276	12,911	4,165,612	63.86%

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 Smoothed 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, 2018

	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

	Totals	
	12/31/2015	12/31/2016
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.

	Totals	
	12/31/2017	12/31/2018
Village	457,409	343,293
Library	514,005	419,193
	(39,758)	96,101
	(230,696)	239,675
	(189,365)	(73,674)
	511,595	1,024,588
	6,719,379	5,317,054
	7,230,974	6,341,642
	402,175	329,419
	201,543	161,833
	832,655	(162,045)
	(189,365)	(73,674)
	21,236	(5,660)
	1,268,244	249,873
	5,314,430	4,847,614
	6,582,674	5,097,487
	648,300	1,244,155
	91.03%	80.38%
	4,381,980	3,596,281
	14.79%	34.60%
	1,649,387	1,649,387
	80.74%	80.74%
	4,767,619	4,767,619
	34.60%	34.60%

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, 2018

	12/31/15	12/31/16	12/31/17	12/31/18
Total Pension Liability				
Service Cost	\$ -	-	-	-
Interest	7,550	7,564	7,593	7,406
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	830	885	934	1,039
Change of Assumptions	415	(509)	(2,603)	2,304
Benefit Payments, Including Refunds of Member Contributions	(7,982)	(8,154)	(8,319)	(8,491)
Net Change in Total Pension Liability	813	(214)	(2,395)	2,258
Total Pension Liability - Beginning	104,794	105,607	105,393	102,998
Total Pension Liability - Ending	105,607	105,393	102,998	105,256
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,005	883	309	218
Contributions - Members	-	-	-	-
Net Investment Income	495	6,953	20,468	(9,000)
Benefit Payments, Including Refunds of Member Contributions	(7,982)	(8,154)	(8,319)	(8,491)
Other (Net Transfer)	5,184	768	(2,199)	3,305
Net Change in Plan Fiduciary Net Position	(1,298)	450	10,259	(13,968)
Plan Net Position - Beginning	102,524	101,226	101,676	111,935
Plan Net Position - Ending	101,226	101,676	111,935	97,967
Employer's Net Pension Liability/(Asset)	\$ 4,381	3,717	(8,937)	7,289
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.90%	96.47%	108.68%	93.07%
Covered Payroll	\$ -	-	-	-
Employer's Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

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 Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/15	12/31/17	12/31/18
Total Pension Liability			
Service Cost	\$ 283,482	179,636	187,540
Interest	868,067	1,206,931	1,032,847
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(745,910)	(627,124)	(667,891)
Change of Assumptions	7,685,672	(3,827,913)	(281,528)
Benefit Payments, Including Refunds of Member Contributions	(1,213,649)	(647,877)	(1,128,079)
Net Change in Total Pension Liability	6,877,662	(3,716,347)	(857,111)
Total Pension Liability - Beginning	18,959,198	27,754,188	24,037,841
Total Pension Liability - Ending	25,836,860	24,037,841	23,180,730
Plan Fiduciary Net Position			
Contributions - Employer	\$ 921,727	1,298,923	1,409,558
Contributions - Members	44,270	41,076	36,311
Net Investment Income	215,478	196,453	210,246
Benefit Payments, Including Refunds of Member Contributions	(1,213,649)	(647,877)	(1,128,079)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	(32,174)	888,575	528,036
Plan Net Position - Beginning	8,338,149	9,017,554	9,906,129
Plan Net Position - Ending	8,306,244	9,906,129	10,434,165
Employer's Net Pension Liability	\$ 17,530,616	14,131,712	12,746,565
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.15%	41.21%	45.01%
Covered Payroll	\$ 2,044,912	2,299,435	1,744,800
Employer's Net Pension Liability as a Percentage of Covered Payroll	857.28%	614.57%	730.55%

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 Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Total Pension Liability					
Service Cost	\$ 999,888	1,204,804	1,307,855	1,386,849	1,253,363
Interest	4,067,424	3,656,752	4,075,261	4,383,166	4,559,077
Differences Between Expected and Actual Experience	1,780,289	4,148,200	87,939	60,088	455,002
Change of Assumptions	-	3,982,348	3,094,358	(3,467,390)	1,299,164
Benefit Payments, Including Refunds of Member Contributions	(3,284,173)	(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)
Net Change in Total Pension Liability	3,563,428	9,656,920	5,138,827	(1,146,005)	3,906,047
Total Pension Liability - Beginning	55,964,162	59,527,590	69,184,510	74,323,337	73,177,332
Total Pension Liability - Ending	59,527,590	69,184,510	74,323,337	73,177,332	77,083,379
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,746,014	1,819,397	2,090,649	2,309,955	2,695,291
Contributions - Members	399,590	412,809	429,569	446,618	465,264
Net Investment Income	1,972,181	(160,038)	2,247,993	3,925,557	(1,247,471)
Benefit Payments, Including Refunds of Member Contributions	(3,284,173)	(3,335,184)	(3,426,586)	(3,508,718)	(3,660,559)
Administrative Expense	(47,891)	(42,462)	(38,664)	(39,863)	(42,905)
Net Change in Plan Fiduciary Net Position	785,721	(1,305,478)	1,302,961	3,133,549	(1,790,380)
Plan Net Position - Beginning	31,379,333	32,165,054	30,859,576	32,162,537	35,296,086
Plan Net Position - Ending	32,165,054	30,859,576	32,162,537	35,296,086	33,505,706
Employer's Net Pension Liability	\$ 27,362,536	38,324,934	42,160,800	37,881,246	43,577,673
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.03%	44.60%	43.27%	48.23%	43.47%
Covered Payroll	\$ 4,017,422	4,131,663	4,363,550	4,516,274	4,574,078
Employer's Net Pension Liability as a Percentage of Covered Payroll	681.10%	927.59%	966.20%	838.77%	952.71%

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 Changes in the Employer's Net Pension Liability
December 31, 2018

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Total Pension Liability					
Service Cost	\$ 1,067,954	1,356,812	1,330,866	1,408,988	1,269,097
Interest	3,811,312	3,181,468	3,963,235	4,297,744	4,498,745
Differences Between Expected and Actual Experience	(661,128)	928,412	1,812,111	45,639	594,173
Change of Assumptions	-	11,295,766	1,479,863	(3,623,699)	(2,526,497)
Benefit Payments, Including Refunds of Member Contributions	(2,406,899)	(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)
Net Change in Total Pension Liability	1,811,239	14,232,348	5,864,165	(924,318)	622,347
Total Pension Liability - Beginning	52,834,148	54,645,387	68,877,735	74,741,900	73,817,582
Total Pension Liability - Ending	54,645,387	68,877,735	74,741,900	73,817,582	74,439,929
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,914,705	1,949,493	2,165,900	2,291,587	2,660,276
Contributions - Members	376,279	387,408	384,004	381,401	398,444
Net Investment Income	1,695,835	363,152	2,091,840	4,195,751	(1,486,352)
Benefit Payments, Including Refunds of Member Contributions	(2,441,253)	(2,530,110)	(2,721,910)	(3,052,990)	(3,213,171)
Administrative Expense	(42,228)	(60,860)	(69,879)	(43,591)	(38,658)
Net Change in Plan Fiduciary Net Position	1,503,338	109,083	1,849,955	3,772,158	(1,679,461)
Plan Net Position - Beginning	28,456,082	29,959,420	30,068,503	31,918,458	35,690,616
Plan Net Position - Ending	29,959,420	30,068,503	31,918,458	35,690,616	34,011,155
Employer's Net Pension Liability	\$ 24,685,967	38,809,232	42,823,442	38,126,966	40,428,774
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.83%	43.65%	42.70%	48.35%	45.69%
Covered Payroll	\$ 3,707,686	4,101,744	4,000,016	4,140,017	4,165,612
Employer's Net Pension Liability as a Percentage of Covered Payroll	665.81%	946.16%	1070.58%	920.94%	970.54%

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 Investment Returns
December 31, 2018

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

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, 2018

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

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, 2018

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

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

VILLAGE OF MORTON GROVE, ILLINOIS

Retiree Benefits Plan

Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 464,133
Interest	645,426
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	(1,234,624)
Benefit Payments	(850,550)
Net Change in Total OPEB Liability	(975,615)
Total OPEB Liability - Beginning	19,175,730
Total OPEB Liability - Ending	18,200,115
Covered Payroll	\$ 14,073,710
Total OPEB Liability as a Percentage of Covered Payroll	129.32%

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

Changes of Benefit Terms: There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the trend rate each period. The following are the trend rates used in each period:

Fiscal Year	HMO	PPO
2019	5.00%	6.00%
2020	5.00%	6.00%
2021	5.00%	5.50%
2022	5.00%	5.50%
2023	5.00%	5.00%
Ultimate	5.00%	5.00%

In 2018, there was no change in the healthcare trend rates from the prior year.

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

ENTERPRISE FUNDS

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

Water and Sewer Fund

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

Solid Waste Fund

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

Municipal Parking Fund

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

Morton Grove Days Fund

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

PENSION TRUST FUNDS

Municipal Employees' Retirement Fund

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

Police Pension Fund

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

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

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.

VILLAGE OF MORTON GROVE, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2018

	Municipal Employees' Retirement	Police Pension	Firefighters' Pension	Totals
Additions				
Contributions - Employer	\$ 1,409,558	2,695,291	2,660,276	6,765,125
Contributions - Plan Members	236,737	465,264	398,444	1,100,445
Total Contributions	1,646,295	3,160,555	3,058,720	7,865,570
Investment Income				
Interest Earned	251,729	827,710	1,549,818	2,629,257
Net Change in Fair Value	-	(2,010,147)	(2,946,490)	(4,956,637)
Less Investment Expenses	251,729	(1,182,437)	(1,396,672)	(2,327,380)
Net Investment Income	(20,404)	(65,034)	(89,680)	(175,118)
	231,325	(1,247,471)	(1,486,352)	(2,502,498)
Total Additions	1,877,620	1,913,084	1,572,368	5,363,072
Deductions				
Administration	-	42,905	38,658	81,563
Benefits and Refunds	1,338,545	3,660,559	3,213,171	8,212,275
Total Deductions	1,338,545	3,703,464	3,251,829	8,293,838
Change in Fiduciary Net Position	539,075	(1,790,380)	(1,679,461)	(2,930,766)
Net Position Restricted for Pensions				
Beginning	10,555,918	35,296,086	35,690,616	81,542,620
Ending	11,094,993	33,505,706	34,011,155	78,611,854

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,332,126	1,332,126	1,409,558
Contributions - Plan Members	195,900	195,900	236,737
Total Contributions	1,528,026	1,528,026	1,646,295
Investment Income			
Interest Earned	275,000	275,000	251,729
Net Change in Fair Value	-	-	-
Less Investment Expenses	275,000	275,000	251,729
Net Investment Income	(23,000)	(23,000)	(20,404)
	252,000	252,000	231,325
Total Additions	1,780,026	1,780,026	1,877,620
Deductions			
Administration	3,000	3,000	-
Benefits and Refunds	1,150,000	1,150,000	1,338,545
Total Deductions	1,153,000	1,153,000	1,338,545
Change in Fiduciary Net Position	627,026	627,026	539,075
Net Position Restricted for Pensions			
Beginning			10,555,918
Ending			11,094,993

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,677,108	2,677,108	2,695,291
Contributions - Plan Members	435,000	435,000	465,264
Total Contributions	3,112,108	3,112,108	3,160,555
Investment Income			
Interest Earned	500	500	827,710
Net Change in Fair Value	1,300,000	1,300,000	(2,010,147)
Less Investment Expenses	(60,000)	(60,000)	(1,182,437)
Net Investment Income	1,240,500	1,240,500	(65,034)
Total Additions	4,352,608	4,352,608	1,913,084
Deductions			
Administration	54,200	54,200	42,905
Benefits and Refunds	3,643,000	3,643,000	3,660,559
Total Deductions	3,697,200	3,697,200	3,703,464
Change in Fiduciary Net Position	655,408	655,408	(1,790,380)
Net Position Restricted for Pensions			
Beginning			35,296,086
Ending			33,505,706

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, 2018

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 2,647,365	2,647,365	2,660,276
Contributions - Plan Members	390,000	390,000	398,444
Total Contributions	3,037,365	3,037,365	3,058,720
Investment Income			
Interest Earned	400,000	400,000	1,549,818
Net Change in Fair Value	900,000	900,000	(2,946,490)
Less Investment Expenses	(80,000)	(80,000)	(1,396,672)
Net Investment Income	1,220,000	1,220,000	(89,680)
Total Additions	4,257,365	4,257,365	1,572,368
Deductions			
Administration	76,250	76,250	38,658
Benefits and Refunds	2,960,000	2,960,000	3,213,171
Total Deductions	3,036,250	3,036,250	3,251,829
Change in Fiduciary Net Position	1,221,115	1,221,115	(1,679,461)
Net Position Restricted for Pensions			
Beginning			35,690,616
Ending			34,011,155

APPENDIX E

**PROPOSED FORM OF
CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the Village of Morton Grove, Cook County, Illinois (the “*Village*”), in connection with the issuance of \$_____ General Obligation Refunding Bonds, Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the President and Board of Trustees of the Village on the 14th day of October, 2019 (as supplemented by a notification of sale, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the Village and the purchase of such Bonds by the beneficial owners thereof, the Village covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Village as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Village represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

1. The table under the heading “Retailers’ Occupation, Service Occupation and Use Tax” within the Official Statement;

2. All of the tables under the heading “PROPERTY ASSESSMENT AND TAX INFORMATION” within the Official Statement;

3. All of the tables under the heading “DEBT INFORMATION” within the Official Statement; and

4. All of the tables under the heading “FINANCIAL INFORMATION” (excluding Budget and Interim Financial Information) within the Official Statement.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Village prepared pursuant to the principles and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Village and which has filed with the Village a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation of the Village means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated _____, 2019, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the Village pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the Village will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the Village remains legally liable for the payment of such Bonds; provided, however, that the Village will not be required to make such filings under new CUSIP Numbers unless the Village has been notified in writing by the Participating Underwriter or the Village's financial advisor that new CUSIP Numbers have been assigned to the Bonds. The Village will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Village hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Village will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Village hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE VILLAGE TO PROVIDE INFORMATION. The Village shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Village to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Village to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Village to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Village by ordinance or resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Village, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Village (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Village shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the Village shall be terminated hereunder if the Village shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance.

9. **FUTURE CHANGES TO THE RULE.** As set forth in Section 1 of this Agreement, the Village has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Village shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Village shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. **DISSEMINATION AGENT.** The Village may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. **ADDITIONAL INFORMATION.** Nothing in this Agreement shall be deemed to prevent the Village from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Village chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Village shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Village, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The Village shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The Village shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Village under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

VILLAGE OF MORGON GROVE,
COOK COUNTY, ILLINOIS

By _____
President

Date: _____, 2019

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Village shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the Village's fiscal year (currently December 31) beginning with the fiscal year ending December 31, 2019. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the Village.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Village will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Village*
13. The consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Village, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Village.

EXHIBIT III
CUSIP NUMBERS

YEAR OF MATURITY	CUSIP NUMBER (619262)
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	

OFFICIAL BID FORM
(Open Speer Auction)

Village of Morton Grove
6101 Capulina Avenue
Morton Grove, IL 60053

October 17, 2019
Speer Financial, Inc.

President and Board of Trustees:

For the \$6,055,000* General Obligation Refunding Bonds, Series 2019 (the "Bonds"), of the Village of Morton Grove, Cook County, Illinois (the "Village"), as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$6,006,560). The Bonds are dated the date of delivery, expected to be on or about **November 5, 2019**. The Bonds will bear interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). **The premium or discount, if any, is subject to adjustment allowing the same \$_____ gross spread per \$1,000 bond as bid herein.**

MATURITIES* - DECEMBER 15

\$485,000	2020	\$600,000	2025
535,000	2021	615,000	2026
560,000	2022	625,000	2027
575,000	2023	720,000	2028
590,000	2024	750,000	2029

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The Village will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the Village's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the Village in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds.

Form of Deposit (Check One)

Prior to Bid Opening:
Certified/Cashier's Check
Wire Transfer

Within TWO hours of Bidding:
Wire Transfer

Amount: \$121,100

Account Manager Information

Name _____
Address _____
By _____
City _____ State/Zip _____
Direct Phone (_____) _____
FAX Number (_____) _____
E-Mail Address _____

Bidders Option Insurance

<p>We have purchased insurance from: <u>Name of Insurer</u> (Please fill in)</p> <p>_____</p> <p>Premium: _____</p> <p>Maturities: (Check One) <input type="checkbox"/> _____ Years <input type="checkbox"/> All</p>

The foregoing bid was accepted and the Bonds sold by ordinance of the President and Board of Trustees of the Village on **October 14, 2019** (as supplemented by a notification of sale), and receipt is hereby acknowledged of the Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

VILLAGE OF MORTON GROVE, COOK COUNTY, ILLINOIS

*Subject to change.

President

----- **NOT PART OF THE BID** -----
(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	
TOTAL BOND YEARS	37,018.31	
AVERAGE LIFE	6.114 Years	

OFFICIAL NOTICE OF SALE

\$6,055,000*

**Village of Morton Grove
Cook County, Illinois
General Obligation Refunding Bonds, Series 2019**

(Open Speer Auction)

The Village of Morton Grove, Cook County, Illinois (the "Village"), will receive electronic bids on the SpeerAuction ("*SpeerAuction*") website address "www.SpeerAuction.com" for its \$6,055,000* General Obligation Refunding Bonds, Series 2019 (the "Bonds"), on an all or none basis between 10:00 A.M. and 10:15 A.M., C.D.T., Thursday, **October 17, 2019**. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the Village's sale (as described below). Award will be made or all bids rejected at a meeting of the Village on that date. The Village reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

Bond proceeds will be used to (i) refund a portion of the Village's outstanding Taxable General Obligation Bonds, Series 2010B (Build America Bonds – Direct Payment to Issuer), and (ii) pay the costs of issuing the Bonds

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the Village shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.
- (2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Establishment of Issue Price

- (a) The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Village and Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"). All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Village by the Village's municipal advisor and any notice or report to be provided to the Village may be provided to Speer Financial, Inc., Chicago, Illinois ("*Speer*").

**Subject to change.*

- (b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
- (i) the Village shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
 - (ii) all bidders shall have an equal opportunity to bid;
 - (iii) the Village may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (iv) the Village anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the Village shall so advise the winning bidder. **The Village will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The Village shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the Village if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Village the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the Village with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The Village may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Village if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Village shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the Village determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “initial offering price”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The Village acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The Village further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
 - (i) “Public” means any person other than an Underwriter or a Related Party,
 - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public),

- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the Village to the winning bidder.

Rules

- (1) A bidder (“Bidder”) submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the Village, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the Village.
- (2) Neither the Village, Speer Financial, Inc., nor Grant Street Group (the “Auction Administrator”) is responsible for technical difficulties that result in loss of Bidder’s internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the Village exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Village, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder’s SpeerAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the Village. If, for any reason, the Village fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the Village, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The Village reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the Village reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the first day of the month in which an interest payment date occurs. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. Semiannual interest is due June 15 and December 15 of each year commencing June 15, 2020, and is payable by Amalgamated Bank of Chicago, Chicago, Illinois (the “Bond Registrar”). The Bonds are dated **November 5, 2019**.

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the Village will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

MATURITIES* – DECEMBER 15

\$485,000	2020	\$600,000	2025
535,000	2021	615,000	2026
560,000	2022	625,000	2027
575,000	2023	720,000	2028
590,000	2024	750,000	2029

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

Bonds due December 15, 2020-2027, inclusive, are not subject to optional redemption. Bonds due December 15, 2028-2029, inclusive, are callable in whole or in part and on any date on or after December 15, 2027, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the Village and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Bonds, must be for not less than \$6,006,560.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the Village as determined by the Village’s Municipal Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the Village reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form. The dollar amount of profit must be written on the Official Bid Form for any adjustment to be allowed and is subject to verification.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the Village’s Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The Village or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the Village’s good faith bank the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier’s check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the Village. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder’s federal wire reference number has been received. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the Village pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the Village caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street
38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: Village of Morton Grove, Cook County, Illinois bid for
\$6,055,000* General Obligation Refunding Bonds, Series 2019

Contemporaneously with such wire transfer, the bidder shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The Village and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. (“Speer”) shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the Village; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The Village covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the Village for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The winning bidder shall provide a certificate, in form as drafted by or acceptable to Bond Counsel, to evidence the issue price of each maturity of the Bonds, form of which certificate is available upon request.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Village in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Village in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about **November 5, 2019**. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the Village except failure of performance by the purchaser, the Village may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Village, shall constitute a “Final Official Statement” of the Village with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the Village agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The Village shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Village it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The Village will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for bond counsel's opinion. At the time of closing, the Village will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, that the Bonds are lawful and enforceable obligations of the Village in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the Village.

The Village intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Village has authorized the printing and distribution of an Official Statement containing pertinent information relative to the Village and the Bonds. Copies of such Official Statement or additional information may be obtained from Ralph Czerwinski, Village Administrator Village of Morton Grove, 6101 Capulina Avenue, Morton Grove, Illinois 60053 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Sales Calendar" from the Municipal Advisor to the Village, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ **DANIEL P. DIMARIA**
Mayor
VILLAGE OF MORTON GROVE
Cook County, Illinois

/s/ **HANNA SULLIVAN**
Finance Director
VILLAGE OF MORTON GROVE
Cook County, Illinois

Exhibit A

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____, _____, _____ (the “Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the \$_____ General Obligation Refunding Bonds, Series 2019 (the “Bonds”), of the Village of Morton Grove, Cook County, Illinois (the “Village”).

I. General

On the Sale Date the Purchaser purchased the Bonds from the Village by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the Village. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. Price

A. 10% Test, All Maturities Sold by Closing

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A* (the “First Sale Price”).

B. Competitive Sale Requirements Met (3 bids received)

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Schedule A* (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

C. Competitive Sale Requirements Not Met (3 bids not received)

1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. With respect to each of the _____ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Schedule A* (the “*Expected First Sale Price*”).

D. Some Maturities Use Hold the Offer Price

1. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. A. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

B. As set forth in the Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-The-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-The-Offering-Price Rule.

C. No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.]

III. Defined Terms

[1. *General Rule Maturities* means those Maturities of the Bonds not listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”]

[2. *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2019), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 17, 2019.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Village (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, including, specifically, the Purchaser, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

IV. Use of Representations

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Village with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Village from time to time relating to the Bonds.

IN WITNESS WHEREOF, I hereunto affix my signature, this ____ day of November, 2019.

_____,
_____, _____

By: _____
Title: _____