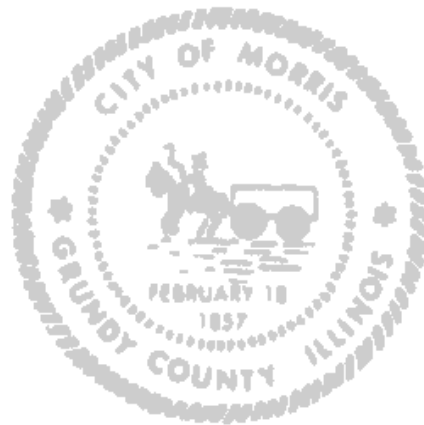
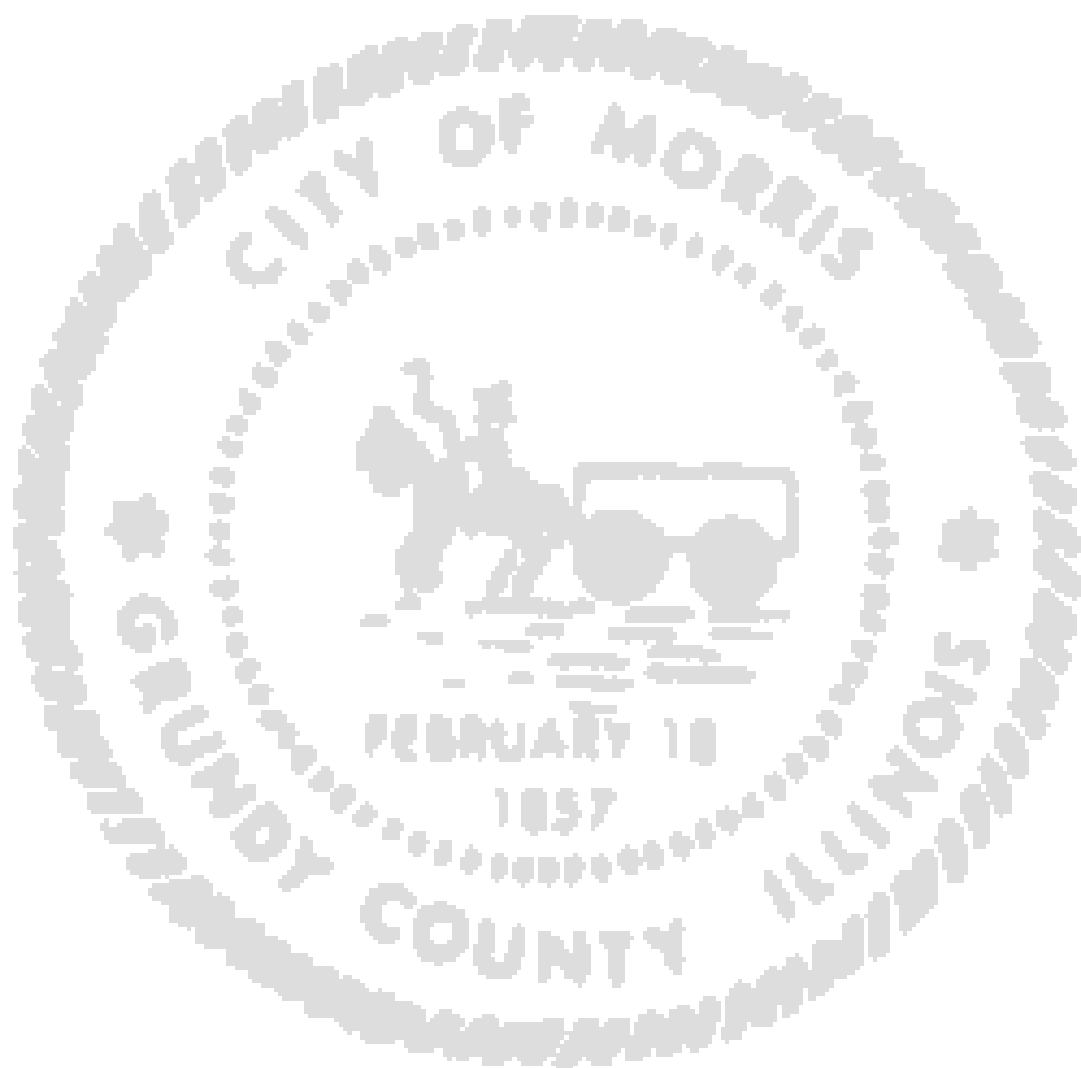


CITY OF MORRIS, ILLINOIS
Annual Financial Report
For the Fiscal Year Ended April 30, 2016





CITY OF MORRIS, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Morris, Illinois

Report on the Financial Statements

I 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 City of Morris, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 City of Morris, Illinois, as of April 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the year ended April 30, 2016, the City of Morris, Illinois adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. I did not modify my opinions regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Morris Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, supplementary 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 nonmajor fund financial statements and the supplementary 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 my opinion, the combining and individual nonmajor fund financial statements and the supplementary schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 8, 2016 on my consideration of the City of Morris, Illinois' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morris, Illinois' internal control over financial reporting and compliance.

William J. Crawford
Certified Public Accountant, P.C.

Coal City, Illinois
August 8, 2016

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis April 30, 2016

Introduction

This narrative overview and analysis of the financial activities of the City of Morris, Illinois (the "City"), is intended to provide an overview of the City's financial performance as a whole for the fiscal year ended April 30, 2016. Readers are encouraged to consider the information presented here in conjunction with the additional information found in the financial statements and notes to financial statements to enhance their understanding of the City's overall financial performance.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$74,721,531 (net position). Of this amount, \$5,748,460 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$ 931,539 (1.21%) for the fiscal year ended April 30, 2016. The governmental net position decreased by \$ 1,584,929 (3.75%) and the business-type net position increased by \$653,390 (1.90%). The governmental-type net position decreased primarily due to steady revenues being offset by increased expenditures for public works and environmental programs as well as increased costs for employee pensions. The business-type net position increased primarily due to \$991,746 of infrastructure fees received from Costco in relation to their expansion.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,710,250, a small decrease of \$431,086 (2.14%) in comparison with the prior fiscal year. The decrease is due, in part, to the purchase of a building for public works and new TIF loans to local businesses during the current fiscal year. Approximately 48.21% of the total fund balance, \$9,501,639, is available for spending at the City's discretion (unassigned fund balance).
- The City's total long-term debt decreased by \$490,130 during the current fiscal year due to scheduled payments on bond issues and capital leases.
- According to new GASB pension standards, the City was required to recognize \$10,397,867 in net pension liabilities for its IMRF and Police Pension defined benefit pension plans during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows. Assets and deferred outflows minus liabilities and deferred inflows results in the measurement of net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal 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 only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation and public service, culture and recreation, environment, and community development. The business-type activities of the City include garbage collection and disposal, airport operations, and water and sewer utilities.

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 City uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains thirteen 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 and Tax Increment Financing Fund I, both of which are considered to be major funds. Data from the other eleven governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements elsewhere in this report.

Proprietary funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Garbage, Water and Sewer, and Airport Funds since all are considered to be major funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for these funds is much like that used for proprietary funds. The Statement of Fiduciary net Position and a Statement of Changes in Fiduciary Net Position are included in the basic financial statement section of this report, while the Statement of Changes in Assets and Liabilities for agency funds is included in the combining and individual fund section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *Required Supplementary Information* (RSI) other than the management's discussion and analysis, consisting of multiyear schedules of changes to net pension liabilities and City contributions to retirement plans for its employees and budgetary comparison statements for the General Fund and Tax Increment Financing Fund I.

This report also presents combining nonmajor fund statements for all nonmajor governmental funds along with individual budgetary comparison schedules of revenues, expenditures and changes in fund balances.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Morris, Illinois, assets and deferred outflows exceeded liabilities and deferred inflows by \$74,721,531 at the close of the most recent fiscal year.

Below is a summary table of all relevant components of net position:

CITY OF MORRIS, ILLINOIS

Net Position

	Governmental activities		Business-type activities		Total	
	(Restated)				(Restated)	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 27,353,037	26,560,252	11,141,425	9,678,485	38,494,462	36,238,737
Capital assets	34,012,659	34,747,338	29,762,163	31,009,548	63,774,822	65,756,886
Total assets	<u>61,365,696</u>	<u>61,307,590</u>	<u>40,903,588</u>	<u>40,688,033</u>	<u>102,269,284</u>	<u>101,995,623</u>
Deferred outflows	2,290,302	112,678	449,712	492,276	2,740,014	604,954
Current liabilities	685,702	623,906	866,313	840,901	1,552,015	1,464,807
Noncurrent liabilities	16,825,300	13,483,314	5,524,329	6,030,140	22,349,629	19,513,454
Total liabilities	<u>17,511,002</u>	<u>14,107,220</u>	<u>6,390,642</u>	<u>6,871,041</u>	<u>23,901,644</u>	<u>20,978,261</u>
Deferred inflows	6,386,123	5,007,500	-	-	6,386,123	5,007,500
Net position:						
Net investment in capital assets	34,012,659	34,747,338	23,199,435	23,999,254	57,212,094	58,746,592
Restricted	10,208,611	10,605,729	1,552,366	663,255	11,760,977	11,268,984
Unrestricted	(4,462,397)	(3,047,519)	10,210,857	9,646,759	5,748,460	6,599,240
Total net position	<u>\$ 39,758,873</u>	<u>42,305,548</u>	<u>34,962,658</u>	<u>34,309,268</u>	<u>74,721,531</u>	<u>76,614,816</u>

The largest portion (76.57%) of the City's net position is invested in capital assets (land, infrastructure, buildings, and equipment) less any related outstanding debt. These assets are used to provide services to City residents; consequently, they are not available for future spending. While the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements — is \$5,748,460 at the end of the year. Much of the \$931,539 decrease in net position is attributable to increases in public safety and public service expenses in relation to a steady, but low growth revenue stream.

The City's total revenues and expenses are reflected in the following table:

CITY OF MORRIS, ILLINOIS

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	(Restated)				(Restated)	
	2016	2015	2016	2015	2016	2015
<u>Revenues</u>						
Program revenues :						
Charges for services	\$ 696,112	710,876	6,293,654	5,208,252	6,989,766	5,919,128
Operating grants and contributions	287,395	170,412	-	12,974	287,395	183,386
Capital grants and contributions	390,957	630,154	132,428	206,442	523,385	836,596
General revenues:						
Property taxes	5,801,977	5,981,916	-	24,933	5,801,977	6,006,849
Sales and use taxes	4,935,883	4,902,210	-	-	4,935,883	4,902,210
Other taxes	409,883	390,169	-	-	409,883	390,169
Intergovernmental revenue	1,744,695	1,699,255	-	-	1,744,695	1,699,255
Franchise fees	195,706	192,639	-	-	195,706	192,639
Interest on investments	27,093	29,791	5,745	6,928	32,838	36,719
Other income	26,784	9,598	-	-	26,784	9,598
Total revenues	<u>14,516,485</u>	<u>14,717,020</u>	<u>6,431,827</u>	<u>5,459,529</u>	<u>20,948,312</u>	<u>20,176,549</u>

CITY OF MORRIS, ILLINOIS
Changes in Net Position
(Continued)

	Governmental activities		Business-type activities		Total	
	2016	(Restated) 2015	2016	2015	2016	(Restated) 2015
<u>Expenses</u>						
Program activities :						
Governmental activities:						
General government	\$ 3,382,435	3,412,155	-	-	3,382,435	3,412,155
Public safety	3,117,131	3,229,783	-	-	3,117,131	3,229,783
Transportation and public service	4,472,459	4,200,268	-	-	4,472,459	4,200,268
Culture and recreation	706,815	709,476	-	-	706,815	709,476
Environment	483,618	226,970	-	-	483,618	226,970
Community development	2,075,285	2,115,354	-	-	2,075,285	2,115,354
Employee retirement costs	1,863,671	1,286,013	-	-	1,863,671	1,286,013
Business-type activities:						
Water and sewer	-	-	3,755,028	3,495,445	3,755,028	3,495,445
Airport operations	-	-	931,164	1,159,560	931,164	1,159,560
Garbage collection & disposal	-	-	1,092,245	1,076,728	1,092,245	1,076,728
Total expenses	16,101,414	15,180,019	5,778,437	5,731,733	21,879,851	20,911,752
Change before transfers	(1,584,929)	(462,999)	653,390	(272,204)	(931,539)	(735,203)
Transfers	-	-	-	-	-	-
Change in net position	(1,584,929)	(462,999)	653,390	(272,204)	(931,539)	(735,203)
Net position-beginning	41,343,802	42,768,547	34,309,268	34,581,472	75,653,070	77,350,019
Net position-ending	\$ 39,758,873	42,305,548	34,962,658	34,309,268	74,721,531	76,614,816

Key components of the changes are detailed as follows:

Governmental Activities

The City's total governmental revenues decreased by \$200,535 from the prior year. Most of the decrease in the amount of \$179,939 is due to a continued decline in assessed property valuations and the resulting decrease in property tax-related revenues. Much of the remainder of the decrease is due to grant program income that was available in the prior fiscal year, but was not available in the current fiscal year.

Expenses increased by \$921,395 over the prior fiscal year. The increase is primarily attributable to increased expenditures for public works and environmental programs as well as increased costs for employee pensions.

Business-type Activities

The City provides garbage collection and disposal, airport facilities, and water and sewer treatment to all residents. The City's total business-type revenues increased by \$972,298 over the prior year. Most of the increase is due to additional infrastructure fee revenue of \$963,212 for the Costco expansion and additional water and sewer fees as a result of usage fee increases.

Expenses increased by \$46,704 over the prior fiscal year. The relatively stable nature of expenses in this area is due to general increased expenses in the water and sewer fund, offset by lower airport expenses due to a short-term closure of operations for runway upgrades.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,710,250, a decrease of \$431,086 from the prior year. \$9,501,639 or 48.21% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance of \$10,208,611 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

A discussion of several important governmental funds follows:

General Fund – The General Fund represents the primary operating fund of the City. It accounts for all financial resources, except those to be accounted for in another fund. The General Fund revenues increased by \$134,590 mainly due to additional income tax and host benefit fee revenues.

On the expenditure side, the decrease from the prior fiscal year was \$23,195. The decrease cannot be attributed to any specific area. Although costs connected with the hiring of additional personnel, annual pay increases, health insurance, general insurance and pension costs continue to rise, the City continues to look to other areas to hold the line on spending.

Tax Increment Financing Fund I – The Tax Increment Financing Fund I represents a specific taxing district funded by local property taxes. Current year revenues show a modest decrease of \$54,528. Property tax revenues have been stagnant to negative, actually decreasing by \$174,150. Much of the decrease was offset by additional income resulting from the early payoff of a local TIF loan.

Expenditures rose by \$337,167 over the prior fiscal year. A major use of funds was due to an agreement requiring the City to reimburse local taxing districts for 50% of tax increment financing property taxes totaling \$2,016,427. Other major expenditures for the year consisted of \$451,111 for expenses related to the purchase of an additional public works building and City parking lot, \$362,868 for various in-district street maintenance projects, and \$342,729 for the completion of the first phase of an EPA mandated sanitary sewer/CSO outflow elimination project. Expenditures rose over the prior year primarily due to the aforementioned purchase of a new public works building.

Proprietary Funds

The analysis of proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position was \$176,428 for the Garbage Fund, \$9,742,340 for the Water and Sewer Fund, and \$292,089 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of \$653,390 over the prior year. Of the increase, \$945,407 came from the Water and Sewer Fund, while the Garbage Fund increased by \$11,041 and the Airport fund decreased by \$303,058. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues increased by \$1,194,592. Items of relevance include increases in infrastructure fee revenue of \$963,212 and additional water and sewer fees of \$223,509 as a result of usage fee increases. Expenses increased by \$259,583 due to general cost increases throughout the various functions of the fund.

Airport Fund – The Airport Fund revenues decreased by \$215,677. Much of this decrease is related to the closing of the airport for part of the year in order to perform runway upgrade projects. Expenses decreased \$228,396 from the prior year. \$71,177 of the decrease was related to less engineering fees, as projects were well under way during the fiscal year. The remainder was due to reduced fuel purchases during the airport closure for part of the year. During the year, fuel sales decreased by \$63,761 (20.72%) while fuel costs decreased by \$63,565 (27.27%) resulting in a net decrease in profit of \$196. Profit was maintained because the fuel price fee was actively managed to take advantage of the falling price environment.

Garbage Fund – Garbage fee income of \$1,103,158 exceeded garbage disposal costs of \$1,080,944 by \$22,214. Customer fees have continued to successfully match or exceed costs. The City continues to monitor and increase fees as required to keep up with the usual contractual increases.

General Fund Budgetary Highlights

The original 2016 fiscal year budget was adopted on April 20, 2015. The comparison of General Fund original budget to the final budget is on pages 61-62 and 98-102. Over the course of the year, the Budget Officer and City Council monitor and amend the budget to take into account unanticipated events that occur during the year.

General Fund revenues were \$599,210 above budget estimates due primarily to a combination of slightly higher than expected income tax revenue (\$106,077), developer reimbursements (\$142,625) and higher than expected host benefit fees (\$310,831) due to the anticipated closure, which did not occur. Many other revenue line items were also slightly over budget.

General Fund expenditures were \$1,592,471 under budget estimates mainly due to including anticipated expenditures that did not materialize in the areas of engineering fees, capital outlay, and health insurance-related expenses. Several budget line item transfers were made by the Budget Officer during the year within individual departments. Most were not significant in amount, therefore only a small number of significant transfers in various departments are explained in the following paragraphs.

In the Police Department, the patrolpersons line item was reduced by \$17,650 to allow for an increase in various line items of \$3,975 and the gasoline line item of \$13,675 to cover a shortfall due the implementation of a more accurate system for allocating fuel costs to city departments.

In the Street and Alley Department, the sidewalk and curb replacement line item was increased by \$175,000 according to a City Council passed budget amendment ordinance on November 16, 2015. The amendment was necessary to add a project for the extension of sidewalks, curbs and gutters on Lisbon Road while the state was completing the Lisbon Road overpass replacement.

In addition, the gasoline line item was reduced \$22,000 to provide for an increase in the street construction line item for the purchase of land for a parking lot along route 47 that could not be purchased with the originally planned TIF Fund I.

Finally, the sidewalk & curb replacement line item was reduced by \$63,850 to allow for an increase of \$41,175 to the street maintenance line item for the Jarson road project not included in the original budget; and an increase of \$22,675 to the maintenance of traffic signal line item for unanticipated expenses for City traffic signals.

Capital Assets and Debt Administration

Capital Assets - At April 30, 2016, the City had \$63,774,822 invested in capital assets including land, buildings, infrastructure and equipment. The City has elected to depreciate these assets over their useful lives and amounts are reported net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year.

Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,088,388	5,958,388.00	5,546,795	5,546,795	11,635,183	11,505,183
Construction in progress	109,392	4,037,921	-	-	109,392	4,037,921
Land improvements	2,268,629	2,393,964	24,797	27,714	2,293,426	2,421,678
Buildings & improvements	8,549,378	8,437,600	1,708,776	1,756,369	10,258,154	10,193,969
Machinery & equipment	562,814	576,845	255,145	280,752	817,959	857,597
Vehicles	861,731	598,998	74,894	91,001	936,625	689,999
Infrastructure	15,572,327	12,743,622	22,151,756	23,306,916	37,724,083	36,050,538
Total	\$ 34,012,659	34,747,338.00	29,762,163	31,009,547	63,774,822	65,756,885

Net capital assets decreased by \$1,982,063 for the 2016 fiscal year. The City expended available resources to acquire \$1,247,374 in capital asset additions during the year. These additions were reduced by the current year's depreciation expense of \$3,229,437. (Additional information on the City's capital assets is presented in the notes to the basic financial statements). The additions to capital assets were primarily for construction on the EPA mandated sanitary sewer/CSO sewer outflow elimination project in the amount of \$342,728, the purchase of a new public works building for \$312,500, as well as additional parking lot land in the amount of \$130,000. Other assets added include the purchase of police vehicles for \$131,932 and \$330,214 for other vehicles and equipment purchases.

Long-term Debt - At April 30, 2016, the City had total net debt outstanding of \$6,012,440, including the present value of future minimum capital lease payments on airport hangars for \$710,131, the remaining balance due on the 2012 alternate revenue bond issue of \$5,302,309.

***Outstanding Debt at Year-end
Bonds and Capital Leases Payable***

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
2006 Waterworks and Sewerage Bonds						
Alternate Revenue Source	\$ -	-	-	340,000	-	340,000
2012 Waterworks and Sewerage						
Refunding Bonds Alternate						
Revenue Source (incl. premium)	-	-	5,302,309	5,383,679	5,302,309	5,383,679
Capital leases	-	-	710,131	778,891	710,131	778,891
Total	\$ -	-	6,012,440	6,502,570	6,012,440	6,502,570

Total outstanding debt decreased by \$490,130 during the fiscal year. The decrease was a result of the normal schedule of payments on existing debt. Additional information on the City's long-term debt is presented in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

Following are currently known City of Morris, Illinois economic factors considered in going into the 2016-2017 fiscal year.

- The City's assessed value increased by 4.25% during the current fiscal year after falling by 1.69% in the prior year. Assessed valuation figures have now recovered to those computed in 2012. According to the Supervisor of Assessments, the growth will likely continue in the next couple of years. This growth should be reflected as increased assessed valuations in the coming years. The City's share of state sales tax, which represents the largest portion of General Fund revenue, had experienced declines in recent years. The trend now also appears to be on the upswing for sales tax revenue.
- The City will continue work on an EPA mandated sanitary sewer/CSO project during future fiscal years, with the current estimated completion date of all phases to be the fiscal year ended April 30, 2021. Phase I was completed during the current fiscal year. This sanitary sewer outflow elimination project consists of a total of four phases. Phase II is estimated to cost \$1,800,000, but may not be completed until the fiscal year ended April 30, 2018. By continually improving and developing this infrastructure, a positive impact upon economic growth is expected, as new businesses are attracted to the area.
- The City has awarded the contract for the east side wastewater treatment plant expansion project to Leander Construction, Inc. in the amount of \$2,056,900.00. The completion of this project is expected to be no later than June 30, 2017 and is primarily being done to accommodate Costco's meat packing plant expansion. The expansion of the east side wastewater treatment plant will not only allow for Costco's current meat packing plant expansion, but will also allow Costco to make another expansion and still have capacity for other additional future development.
- The local Environtech landfill is expected to reach capacity near the end of 2016. Upon reaching capacity, the City will no longer receive gate revenue. In addition, waste collection fees assessed to the City will increase, as the waste will have to be hauled to other destinations at further distances.

- A project extending the existing north-south runway at the Morris Municipal Airport is anticipated to be completed in the fiscal year ended April 30, 2017. This 500' X 75' extension at the north end, including a parallel taxiway, all grading and lighting, will allow larger aircraft use of the facility and bring increased fuel sales and economic activity. The project is administered by the State of Illinois and is expected to cost approximately \$1.1 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Carol Adair, Budget Officer and City Clerk, 700 N. Division St., Morris, IL 60450, or by calling 815-942-4026 during regular office hours, Monday through Friday, from 8:30 a.m. to 4:30 p.m. central standard time.

CITY OF MORRIS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,590,881	11,956,932	28,547,813
Receivables(net):			
Property taxes	6,044,500	-	6,044,500
Sales and use taxes	1,188,127	-	1,188,127
Income taxes and replacement taxes	418,256	-	418,256
Other taxes and fees	183,580	-	183,580
Customer fees	-	146,760	146,760
Inventory	-	37,733	37,733
Internal balances	1,000,000	(1,000,000)	-
Restricted cash and cash equivalents	1,015,108	-	1,015,108
Loans receivable	912,585	-	912,585
Capital assets:			
Land	6,088,388	5,546,795	11,635,183
Construction in progress	109,392	-	109,392
Other capital assets, net of depreciation	27,814,879	24,215,368	52,030,247
Total assets	<u>61,365,696</u>	<u>40,903,588</u>	<u>102,269,284</u>
Deferred Outflows of Resources			
City contributions to pension plans subsequent to measurement date	119,242	-	119,242
Changes in assumptions on pension plans	1,262,598	-	1,262,598
Difference between expected and actual earnings on pension plans	908,462	-	908,462
Unamortized charge on refunding	-	449,712	449,712
Total deferred outflows of resources	<u>2,290,302</u>	<u>449,712</u>	<u>2,740,014</u>
Liabilities			
Accounts payable and accrued expenses	247,628	208,886	456,514
Noncurrent liabilities:			
Due within one year	438,074	657,427	1,095,501
Due in more than one year	6,427,433	5,524,329	11,951,762
Net pension liability	10,397,867	-	10,397,867
Total liabilities	<u>17,511,002</u>	<u>6,390,642</u>	<u>23,901,644</u>
Deferred Inflows of Resources			
Difference between expected and actual experience on pension plans	341,623	-	341,623
Unavailable property tax revenue	6,044,500	-	6,044,500
Total deferred outflows of resources	<u>6,386,123</u>	<u>-</u>	<u>6,386,123</u>
Net Position			
Net investment in capital assets	34,012,659	23,199,435	57,212,094
Restricted	10,208,611	1,552,366	11,760,977
Unrestricted (deficit)	(4,462,397)	10,210,857	5,748,460
Total net position	<u>\$ 39,758,873</u>	<u>34,962,658</u>	<u>74,721,531</u>

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

**CITY OF MORRIS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,382,435	134,340	38,611	5,375	(3,204,109)	-	(3,204,109)
Employee retirement costs	1,863,671	-	-	-	(1,863,671)	-	(1,863,671)
Public safety	3,117,131	169,705	81,879	-	(2,865,547)	-	(2,865,547)
Transportation & public service	4,472,459	1,036	-	376,961	(4,094,462)	-	(4,094,462)
Culture & recreation	706,815	58,648	7,830	8,621	(631,716)	-	(631,716)
Environment	483,618	302,053	-	-	(181,565)	-	(181,565)
Community development	2,075,285	30,330	159,075	-	(1,885,880)	-	(1,885,880)
Total governmental activities	<u>16,101,414</u>	<u>696,112</u>	<u>287,395</u>	<u>390,957</u>	<u>(14,726,950)</u>	<u>-</u>	<u>(14,726,950)</u>
Business-type activities:							
Water and sewer	3,755,028	4,694,941	-	-	-	939,913	939,913
Airport operations	931,164	495,555	-	132,428	-	(303,181)	(303,181)
Garbage collection and disposal	1,092,245	1,103,158	-	-	-	10,913	10,913
Total business-type activities	<u>5,778,437</u>	<u>6,293,654</u>	<u>-</u>	<u>132,428</u>	<u>-</u>	<u>647,645</u>	<u>647,645</u>
Total government	<u>\$ 21,879,851</u>	<u>6,989,766</u>	<u>287,395</u>	<u>523,385</u>	<u>(14,726,950)</u>	<u>647,645</u>	<u>(14,079,305)</u>
General revenues:							
Taxes:							
Property taxes							
					5,801,977	-	5,801,977
Municipal sales tax							
					4,935,883	-	4,935,883
Other taxes							
					409,883	-	409,883
Intergovernmental revenue not restricted							
to specific programs							
					1,744,695	-	1,744,695
Franchise fees							
					195,706	-	195,706
Interest on investments							
					27,093	5,745	32,838
Miscellaneous							
					26,784	-	26,784
Total general revenues							
					<u>13,142,021</u>	<u>5,745</u>	<u>13,147,766</u>
Change in net position							
					(1,584,929)	653,390	(931,539)
Net position-beginning (restated)							
					<u>41,343,802</u>	<u>34,309,268</u>	<u>75,653,070</u>
Net position-ending							
					<u>\$ 39,758,873</u>	<u>34,962,658</u>	<u>74,721,531</u>

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

CITY OF MORRIS, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2016

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 7,263,520	6,233,292	3,094,069	16,590,881
Receivables:				
Property taxes	1,055,000	4,314,500	675,000	6,044,500
Sales & use taxes	1,188,127	-	-	1,188,127
Income & replacement taxes	418,256	-	-	418,256
Waste fees	26,106	-	5,835	31,941
Other taxes & fees	89,944	-	61,695	151,639
Due from other funds	1,000,000	-	-	1,000,000
Restricted cash and cash equivalents	-	-	1,015,108	1,015,108
Loans receivable	-	644,899	267,686	912,585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,040,953</u>	<u>11,192,691</u>	<u>5,119,393</u>	<u>27,353,037</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 484,314	78,003	123,385	685,702
Deferred inflows of resources:				
Unavailable property tax revenue	1,055,000	4,314,500	675,000	6,044,500
Unavailable revolving loan revenue	-	644,899	267,686	912,585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>1,055,000</u>	<u>4,959,399</u>	<u>942,686</u>	<u>6,957,085</u>
Fund Balances:				
Restricted	-	6,155,289	4,053,322	10,208,611
Unassigned	9,501,639	-	-	9,501,639
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>9,501,639</u>	<u>6,155,289</u>	<u>4,053,322</u>	<u>19,710,250</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,040,953</u>	<u>11,192,691</u>	<u>5,119,393</u>	<u>27,353,037</u>

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

CITY OF MORRIS, ILLINOIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2016

Total fund balances for governmental funds	\$ 19,710,250
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	34,012,659
Unavailable revenues reported in governmental funds includes balance of notes receivable. The balance was deferred because funds were not available to pay for current-period expenditures	912,585
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows related to changes and differences	2,171,060
Deferred outflows related to employer contributions	119,242
Deferred inflows related to changes and differences	(341,623)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(58,814)
Net pension liability	(10,397,867)
Landfill closure	(6,368,619)
Net position of governmental activities	\$ 39,758,873

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property taxes	\$ 1,210,538	4,036,854	554,585	5,801,977
Sales taxes	4,935,883	-	-	4,935,883
Other taxes	-	-	409,883	409,883
Intergovernmental revenues	1,714,105	-	412,881	2,126,986
Licenses & permits	134,340	-	-	134,340
Franchise fees	195,706	-	-	195,706
Charges for services	392,067	-	-	392,067
Fines	145,804	-	23,901	169,705
Interest income	3,804	13,025	10,264	27,093
Miscellaneous revenues	303,665	234,310	258,861	796,836
	<u>9,035,912</u>	<u>4,284,189</u>	<u>1,670,375</u>	<u>14,990,476</u>
Expenditures				
Current:				
General government	2,952,454	87,990	-	3,040,444
Employee retirement costs	695,513	-	624,404	1,319,917
Public Safety	2,972,311	-	4,573	2,976,884
Transportation & public service	1,604,290	-	201,638	1,805,928
Culture & recreation	302,696	-	218,952	521,648
Environment	-	-	483,618	483,618
Community Development	-	2,668,427	491	2,668,918
Capital outlay	542,616	1,615,151	446,438	2,604,205
	<u>9,069,880</u>	<u>4,371,568</u>	<u>1,980,114</u>	<u>15,421,562</u>
Excess of revenues over (under) expenditures	(33,968)	(87,379)	(309,739)	(431,086)
Other Financing Sources (Uses)				
Transfers in (out)	-	(500,000)	500,000	-
Net change in fund balances	(33,968)	(587,379)	190,261	(431,086)
Fund balances-beginning	9,535,607	6,742,668	3,863,061	20,141,336
Fund balances-ending	<u>\$ 9,501,639</u>	<u>6,155,289</u>	<u>4,053,322</u>	<u>19,710,250</u>

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

CITY OF MORRIS, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016

Net change in fund balances-total governmental funds	\$ (431,086)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over remaining estimated useful lives and reported as depreciation expense	
Add-cost of capital purchases	1,247,374
Deduct-depreciation expense	(1,982,053)
New CDAP/TIF loans are an expense in the governmental funds, but the new loan increases notes receivable in the statement of net position	
	600,000
Repayment of notes receivable principal is a revenue in the governmental funds, but the repayment reduces notes receivable in the statement of net position	
	(474,925)
Governmental funds report City pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Add-City pension contributions	1,045,649
Deduct-Cost of benefits earned net of employee contributions	(1,589,403)
Decrease (increase) in long-term accumulated employee compensated absences are recorded when earned in the statement of activities, but do not require the use of current resources, and, therefore, are not reported in the fund statements until they come due for payment	
	<u>(485)</u>
Change in net position of governmental activities	<u>\$ (1,584,929)</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2016

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 11,482,333	258,729	215,870	11,956,932
Customer receivables(net)	79,764	16,262	50,734	146,760
Inventory	-	37,733	-	37,733
Total current assets	<u>11,562,097</u>	<u>312,724</u>	<u>266,604</u>	<u>12,141,425</u>
Noncurrent assets:				
Capital assets:				
Land	613,374	4,933,421	-	5,546,795
Other capital assets, net of depreciation	21,172,567	3,042,801	-	24,215,368
Total noncurrent assets	<u>21,785,941</u>	<u>7,976,222</u>	<u>-</u>	<u>29,762,163</u>
Total assets	<u>33,348,038</u>	<u>8,288,946</u>	<u>266,604</u>	<u>41,903,588</u>
Deferred Outflows of Resources				
Unamortized charge on refunding	<u>449,712</u>	<u>-</u>	<u>-</u>	<u>449,712</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	104,799	13,911	90,176	208,886
Compensated absences	148,618	6,724	-	155,342
Due to General Fund	-	1,000,000	-	1,000,000
Alternate revenue bonds payable	430,000	-	-	430,000
Lease commitments payable	-	72,085	-	72,085
Total current liabilities	<u>683,417</u>	<u>1,092,720</u>	<u>90,176</u>	<u>1,866,313</u>
Noncurrent liabilities:				
Compensated absences	13,974	-	-	13,974
Alternate revenue bonds payable (net of bond premium)	4,872,309	-	-	4,872,309
Lease commitments payable	-	638,046	-	638,046
Total noncurrent liabilities	<u>4,886,283</u>	<u>638,046</u>	<u>-</u>	<u>5,524,329</u>
Total liabilities	<u>5,569,700</u>	<u>1,730,766</u>	<u>90,176</u>	<u>7,390,642</u>
Net Position				
Net investment in capital assets	16,933,344	6,266,091	-	23,199,435
Restricted for:				
Public works capital projects	1,547,663	-	-	1,547,663
Debt service	4,703	-	-	4,703
Unrestricted	<u>9,742,340</u>	<u>292,089</u>	<u>176,428</u>	<u>10,210,857</u>
Total net position	<u>\$ 28,228,050</u>	<u>6,558,180</u>	<u>176,428</u>	<u>34,962,658</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Operating Revenues				
Water and sewer sales	\$ 3,587,059	-	-	3,587,059
Infrastructure fees	991,746	-	-	991,746
Garbage collection fees	-	-	1,103,158	1,103,158
Tap on fees/meters	79,291	-	-	79,291
Facilities rental	-	245,295	-	245,295
Fuel sales	-	243,855	-	243,855
Miscellaneous revenue	36,845	6,405	-	43,250
Total operating revenues	4,694,941	495,555	1,103,158	6,293,654
Operating Expenses				
Personal services	1,243,995	88,643	-	1,332,638
Contractual services	765,668	193,266	1,080,944	2,039,878
Commodities	319,934	199,013	-	518,947
Capital outlay/maintenance	299,826	36,746	-	336,572
Depreciation	876,848	370,536	-	1,247,384
Other expenses	95,726	7,175	11,301	114,202
Total operating expenses	3,601,997	895,379	1,092,245	5,589,621
Operating income (loss)	1,092,944	(399,824)	10,913	704,033
Non-Operating Revenues (Expenses)				
Bank service fees	(539)	-	-	(539)
State and Federal grants	-	132,428	-	132,428
Interest income	5,494	123	128	5,745
Interest expense	(152,492)	(35,785)	-	(188,277)
Total nonoperating revenues (expenses)	(147,537)	96,766	128	(50,643)
Change in net position	945,407	(303,058)	11,041	653,390
Net position-beginning	27,282,643	6,861,238	165,387	34,309,268
Net position-ending	\$ 28,228,050	6,558,180	176,428	34,962,658

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Cash Flows from Operating Activities				
Cash received from customers	\$ 4,682,529	486,418	1,105,099	6,274,046
Other operating receipts	32,997	6,405	-	39,402
Payments to suppliers for goods and services	(1,427,140)	(416,269)	(1,083,410)	(2,926,819)
Payments to employees for services	(1,261,762)	(81,919)	-	(1,343,681)
Net cash provided by (used in) operating activities	<u>2,026,624</u>	<u>(5,365)</u>	<u>21,689</u>	<u>2,042,948</u>
Cash Flows from Capital and Related Financing Activities				
Grant receipts	-	132,428	-	132,428
Payment on alternate revenue bonds	(537,710)	-	-	(537,710)
Payment on capital leases	-	(104,545)	-	(104,545)
Net cash provided by (used in) capital and related financing activities	<u>(537,710)</u>	<u>27,883</u>	<u>-</u>	<u>(509,827)</u>
Cash Flows from Investing Activities				
Interest on investments	<u>5,497</u>	<u>123</u>	<u>128</u>	<u>5,748</u>
Net increase (decrease) in cash and cash equivalents	1,494,411	22,641	21,817	1,538,869
Cash and cash equivalents-beginning	<u>9,987,922</u>	<u>236,088</u>	<u>194,053</u>	<u>10,418,063</u>
Cash and cash equivalents-ending	<u><u>\$ 11,482,333</u></u>	<u><u>258,729</u></u>	<u><u>215,870</u></u>	<u><u>11,956,932</u></u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income(loss)	\$ 1,092,944	(399,824)	10,913	704,033
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	876,848	370,536	-	1,247,384
Changes in assets and liabilities:				
Decrease (increase) in receivables	60,568	(2,731)	9,805	67,642
Decrease (increase) in inventories	-	8,287	-	8,287
Increase (decrease) in compensated absences	(17,767)	6,724	-	(11,043)
Increase (decrease) in accounts payable	14,031	11,643	971	26,645
Total adjustments	933,680	394,459	10,776	1,338,915
Net cash provided by operating activities	<u>\$ 2,026,624</u>	<u>(5,365)</u>	<u>21,689</u>	<u>2,042,948</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2016

	Police Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 671,081	349,328
Investments:		
U.S. treasury securities	3,339,481	-
Corporate bonds	758,001	-
Equity securities	5,697,947	-
Mutual funds	1,841,793	-
Interest receivable	40,233	-
 Total assets	 12,348,536	 349,328
 Liabilities		
Accounts payable	72,330	-
Payable to others	-	349,328
 Total liabilities	 72,330	 \$ 349,328
 Net Position		
Restricted for pension benefits	\$ 12,276,206	

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Police Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 695,513
Employee	184,586
Total contributions	<u>880,099</u>
Investment Income:	
Net decrease in fair value of investments	(106,928)
Interest & dividends	<u>260,821</u>
Total investment earnings	153,893
Less investment expenses	
Investment management fees	<u>(50,216)</u>
Net investment income	<u>103,677</u>
Other income	<u>50</u>
Total additions	<u>983,826</u>
Deductions	
Benefits paid	736,933
Administrative expense	<u>13,833</u>
Total deductions	<u>750,766</u>
Change in net position	233,060
Net position-beginning (restated)	<u>12,043,146</u>
Net position-ending	<u><u>\$ 12,276,206</u></u>

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Morris, Illinois (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below:

A. The Financial Reporting Entity

The City of Morris, Illinois was incorporated on February 18, 1857, and operates under a mayor-council form of government consisting of eight elected council members and a mayor. Services provided include police protection, collection and disposal of refuse, water and sewer services, storm water management, parks, swimming pool, airport facilities, and maintenance of streets.

The accompanying financial statements present the City and related organizations for which the City is financially accountable. Financial accountability of the primary government is defined as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

Blended Component Unit – Police Pension Employees Retirement System

The City’s sworn police employees participate in the Police Pension Employees Retirement System. It functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City’s Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The pension system is a component unit because of the composition of the board and the fact that the City is required by state statute to provide a majority of the funding. The activities of the Police Pension Employees Retirement System are accounted for in the Police Pension Trust Fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity, and 2) grants and contributions that are restricted to

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major proprietary funds are reported as separate columns in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, other intergovernmental taxes, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Governmental Funds

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources, except those to be accounted for in another fund. The City's General Fund primarily receives revenues from local property and sales taxes.

Tax Increment Financing Fund I - Accounts for capital improvements and community development for a specific area of the City established as the Tax Increment Financing District. Revenues are primarily comprised of incremental property tax proceeds.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

Other Governmental Funds – Consist of other special revenue and capital projects funds that are aggregated and presented under this column in the governmental funds financial statements.

Proprietary Funds

The City reports the following major proprietary funds:

Water and Sewer Fund – Accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed annually and adjusted if necessary to ensure integrity of the fund.

Airport Fund - Accounts for the operation of the City's airport facility. Activities of the fund include administration, operation and maintenance of the airport facilities and billing and collection activities. All costs are financed through charges made to airport customers primarily for hangar rental, facility rental and fuel sales. Lease and fuel sale rates are reviewed regularly and adjusted if necessary to insure integrity of the fund.

Garbage Fund – Accounts for the operation of the City's refuse collection and disposal service. Activities of the fund include refuse collection and disposal, billing and collection activities. Most costs are financed through charges made to customers with rates reviewed annually and adjusted if necessary to ensure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fiduciary Funds

The City additionally reports the following fund types:

Agency Funds – Account for assets held by the City in an agency capacity for other local governments, individuals, or developers.

Pension Trust Fund - Accounts for the accumulation of resources to be used for the retirement benefit payments to qualified police personnel of the City.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash, Cash Equivalents, and Investments

Cash and cash equivalents are pooled into common accounts in order to maximize investment opportunities and improve cash management. The City considers all cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents. Investments, all of which are held in the pension trust fund, are stated at fair value based on quoted market prices.

Restricted Assets

The City elects to use restricted before unrestricted assets when the situation arises where either can be used. Certain assets of the Water & Sewer Fund are restricted because their use is limited by applicable debt agreements. In addition, in the Community Development Loan Fund restricted assets are only available for community development revolving loans under the terms of the original grant agreement.

Receivables

In the government-wide 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 receivable balances for the governmental activities include sales taxes, property taxes, motel taxes, franchise fees, and various waste fees and taxes. Business-type activities report service fees as their major receivables.

Property Tax Receivable

The City levies its property tax for the subsequent year in December. This levy is certified to the County of Grundy, as they are the collection agency for taxes within the county. Taxes are recognized as receivables in the current year when the City is notified by the County of the amount. Property taxes attach as an enforceable lien on property on January 1 and are payable in two installments on July 1 and September 1, and collections are remitted to the City from July through December. When the receivable for taxes is recognized by the City, the amount estimated to be uncollectible is not recorded as it is always less than ½ of one percent and considered immaterial to the financial statements taken as a whole.

Under current procedures, the County Treasurer distributes all property taxes received to the City including amounts paid by taxpayers that have filed tax objections in the circuit court that such taxes are illegal and excessive. Any tax objections that are sustained in the subsequent legal proceedings are deducted from future property tax distributions that are due to the City.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

In the Fund Financial Statements property tax revenues are recognized under the modified accrual basis of accounting so that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and unavailable revenue to be recognized as revenue in the future period for which it was levied. Therefore, property tax revenue reflected in the statement of revenues, expenditures and changes in fund balances includes no portion of the 2015 property tax levy because it is not due or expected to be received within 60 days after April 30, 2016. The entire portion of the 2015 property tax levy not currently available is reported as a receivable and deferred inflow of resources on both the government-wide and fund financial statements.

Receivables from Others

Receivables due from others primarily represent various shared revenues from other entities. Shared revenues are recognized when the underlying exchange takes place. Items in this category include sales taxes, income and replacement taxes, motel taxes, franchise taxes and various solid waste taxes collected by others for the City.

Accounts Receivable

Accounts receivable are recorded at the time service is billed. Primarily this category is represented by water and sewer services billed by the City net of a \$15,000 allowance for doubtful accounts.

Inventory

Inventory of the proprietary funds (Airport Fund) consists of fuel and oil supplies. Amounts on hand are stated at cost (first-in, first-out). Inventories are not material to the governmental funds and therefore are reported as expenditures at the time of purchase.

Capital Assets

Capital assets, which include land and improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined as assets with an initial individual cost of more than the specified threshold for its type and an estimated useful life of greater than one year. All purchased or constructed capital assets are reported at cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at their estimated fair value at the date of donation. The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements of governmental funds.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

Depreciation of capital assets is recorded in the statement of activities on a straight-line basis over the estimated useful life of the asset. The estimated useful lives and capitalization thresholds of capital assets reported in the government-wide statements are as follows:

Category	Life Range	Threshold
Buildings and improvements	25 - 50 years	\$ 100,000
Land improvements	10 - 50 years	50,000
Infrastructure	15 - 100 years	250,000
Machinery and equipment	5 - 20 years	10,000
Vehicles	5 - 10 years	15,000

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.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category. One item is the unamortized charge on bond refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. An unamortized charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The remaining three items are all related to the City's pension plans and are only recorded in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One item, *unavailable revenue*, is reported in the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The remaining item is related to the City's pension plans and is only recorded in the government-wide statement of net position.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

Compensated Absences

The City's policy allows full-time employees to accumulate unused sick leave to a maximum of 37 1/2 days per year cumulative to 112 1/2 total days based upon length of employment. Police Personnel may accumulate unused sick leave to a maximum of 17 1/2 days per year cumulative to 1,080 hours based upon length of employment. Earned vacation and personal time are generally required to be used within one year of being earned and are not cumulative. Sick pay time, if not used by the employee, shall be paid to the employee at the rate of \$10 per day for each day not so used for all employees except police personnel.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances

Generally, assets and deferred outflows minus liabilities and deferred inflows represent governmental fund balances under the current financial resources measurement focus of accounting. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

Fund Balance Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the city's policy to use restricted amounts first and then unrestricted amounts, as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position

Assets and deferred outflows minus liabilities and deferred inflows represent the definition of net position. Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following categories:

- ***Net Investment in Capital Assets*** – Capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets.
- ***Restricted*** – Net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above.
- ***Unrestricted*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2: DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

A. Deposits

The City has a policy that deposits of public funds will be done in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to applicable state statutes under the Illinois Public Funds Investment Act. During the current fiscal year, except for the Police Pension Fund, the City only maintains certificates of deposit with maturities less than 90 days, checking accounts, and interest bearing NOW and money market accounts.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. This act requires that all deposits in financial institutions not insured by the Federal Deposit Insurance Corporation or other approved state insurer be fully collateralized by securities or mortgages that have a market value of not less than the principal amount of the deposits.

At year-end, the carrying amount of the City's deposits was \$30,581,950 and the bank balance was \$30,594,083. \$1,450,000 of bank balances was covered by federal depository insurance, with the remaining balance of \$29,144,083 having specific pledged collateral in the name of the City. Deposits at April 30, 2016, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 23,244,083	23,231,950
Bank short-term certificates of deposit	<u>7,350,000</u>	<u>7,350,000</u>
Total deposits	30,594,083	30,581,950
Petty cash on hand	<u>1,380</u>	<u>1,380</u>
Total cash and cash equivalents	<u>\$ 30,595,463</u>	<u>30,583,330</u>
Fiduciary Funds		\$ 1,020,409
All other City Funds		<u>29,562,921</u>
		<u>\$ 30,583,330</u>

B. Investments

The City also has the same policy that investment of public funds will be done in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to applicable state statutes under the Illinois Public Funds Investment Act. State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality, obligations of any state or a political subdivision of any state rated within the four highest general classifications established by a nationally recognized rating service, money market mutual funds registered under the Investment Company Act of 1940 that invest in allowable securities and fully collateralized repurchase agreements.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

The Police Pension Trust Fund is the only fund with assets that are classified as investments. The Police Pension Fund has a separate investment policy providing an asset allocation not to exceed 60% in individual equities and mutual funds with the remainder in fixed income and cash or equivalents.

The Police Pension Trust Fund investments as of April 30, 2016, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury Securities	\$ 3,339,481
Corporate Bonds	758,001
Equity Securities	5,697,947
Mutual Funds	<u>1,841,793</u>
Total Investments	<u>\$ 11,637,222</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of April 30, 2016, the Police Pension Trust Fund investments were rated as follows:

<u>Investment Type-Corporate Bonds</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>
3M Company	\$ 200,724	AA-
Bank of New York Mellon	202,160	A
Berkshire Hathaway	100,880	AA
Wells Fargo & Company	<u>254,237</u>	A
Total Investments	<u>\$ 758,001</u>	

Concentration of credit risk

Police Pension Fund policy attempts to diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds in order to minimize the risk of loss resulting from over concentration of assets in a specific maturity. Diversification can be by type of investment, number of institutions invested in, and length of maturity. Other than U.S. Treasury securities, the fund had no investment that represented 5% or more of total investments.

Interest Rate Risk

Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase. As of April 30, 2016, the Police Pension Trust Fund had the following investments in treasury securities and corporate bonds, which were the only investments subject to interest rate risk:

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 3	3 - 5	5 - 10
U.S. Government securities	\$ 3,339,481	1,013,750	1,568,883	756,848	-
Corporate Bonds	\$ 758,001	301,604	456,397	-	-

NOTE 3: RECEIVABLES

In the government-wide and fund 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. Major receivable balances for the governmental activities include sales taxes, property taxes, franchise fees, and various waste fees and taxes. Business-type activities report service fees as their major receivables. All receivable balances are presented in detail in the government-wide and fund financial statements.

Notes Receivable

The City provides loans to local businesses under the Community Development Assistance Program and its Tax Increment Financing Fund I to promote commercial growth, redevelopment, and employment opportunities. The loans are offered in various amounts and terms with required monthly payments at interest rates from 1% to 3%. All loans are collateralized and payments are current on all listed loans with two exceptions. The Bimet and Lola's loans are past due with a remaining balance of \$131,382 and \$16,453, respectively as of April 30, 2016. Notices of default have been served by the City and the matters are currently being pursued in the Grundy County Circuit court. The following is a listing of notes receivable:

Name	Original Amount Loaned	Current Principal Received	Ending Balance
Community Development Loan Fund:			
Holiday Inn Express	\$ 300,000	31,735	83,626
Audacious Ink	10,000	955	6,275
Talty Chevrolet	225,000	185,285	-
Echo Lanes	98,000	9,853	14,824
Lagoon Saloon	100,000	11,853	15,126
Lola's	20,000	-	16,453
Bimet	150,000	-	131,382
Total CDL Fund		239,681	267,686
Tax Increment Financing Fund I:			
Greenway	600,000	6,116	593,884
Talty Chevrolet	275,000	220,507	-
Living Waters Church	55,000	7,687	40,965
Morris Downtown Devlp Partnership (\$934 forgiven)	12,500	-	10,050
Total TIF Fund		234,310	644,899
Total All Funds		\$ 473,991	912,585

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets for the year ended April 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,958,388	130,000	-	6,088,388
Construction in progress	4,037,921	-	3,928,529	109,392
Total capital assets not being depreciated	<u>9,996,309</u>	<u>130,000</u>	<u>3,928,529</u>	<u>6,197,780</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & improvements	9,879,872	312,500	-	10,192,372
Machinery & equipment	1,077,168	54,325	-	1,131,493
Vehicles	1,844,024	407,821	210,855	2,040,990
Infrastructure	43,343,615	4,271,257	-	47,614,872
Total capital assets being depreciated	<u>59,301,789</u>	<u>5,045,903</u>	<u>210,855</u>	<u>64,136,837</u>
Less accumulated depreciation for:				
Land improvements	763,146	125,335	-	888,481
Buildings & improvements	1,442,272	200,722	-	1,642,994
Machinery & equipment	500,323	68,356	-	568,679
Vehicles	1,245,026	145,088	210,855	1,179,259
Infrastructure	30,599,993	1,442,552	-	32,042,545
Total accumulated depreciation	<u>34,550,760</u>	<u>1,982,053</u>	<u>210,855</u>	<u>36,321,958</u>
Total capital assets being depreciated, net	<u>24,751,029</u>	<u>3,063,850</u>	<u>-</u>	<u>27,814,879</u>
Total governmental activities capital assets, net	<u>\$ 34,747,338</u>	<u>3,193,850</u>	<u>3,928,529</u>	<u>34,012,659</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>5,546,795</u>	<u>-</u>	<u>-</u>	<u>5,546,795</u>
Capital assets being depreciated:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,326,071	-	-	2,326,071
Machinery & equipment	591,676	-	-	591,676
Vehicles	621,359	-	-	621,359
Infrastructure	45,601,308	-	-	45,601,308
Total capital assets being depreciated	<u>49,198,759</u>	<u>-</u>	<u>-</u>	<u>49,198,759</u>
Less accumulated depreciation for:				
Land improvements	30,631	2,917	-	33,548
Buildings & improvements	569,702	47,593	-	617,295
Machinery & equipment	310,924	25,607	-	336,531
Vehicles	530,358	16,107	-	546,465
Infrastructure	22,294,392	1,155,160	-	23,449,552
Total accumulated depreciation	<u>23,736,007</u>	<u>1,247,384</u>	<u>-</u>	<u>24,983,391</u>
Total capital assets being depreciated, net	<u>25,462,752</u>	<u>(1,247,384)</u>	<u>-</u>	<u>24,215,368</u>
Total business-type activities capital assets, net	<u>\$ 31,009,547</u>	<u>(1,247,384)</u>	<u>-</u>	<u>29,762,163</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

Depreciation expense was charged to governmental and business-type functions as follows:

Governmental activities:		Business-type activities:	
General government	\$ 226,940	Water & sewer	\$ 876,848
Public safety	82,530	Airport	<u>370,536</u>
Transportation & public service	1,541,469		
Culture & recreation	<u>131,114</u>		
Total depreciation expense		Total depreciation expense	
governmental activities	<u>\$ 1,982,053</u>	business-type activities	<u>\$ 1,247,384</u>

NOTE 5: LONG-TERM LIABILITIES

A. A Summary of changes in Long-term Liabilities

Long-term liability activity for the year ended April 30, 2016 follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Landfill closure (restated)	\$ 6,368,619	-	-	6,368,619	-
Compensated absences	<u>486,795</u>	<u>10,093</u>	-	<u>496,888</u>	<u>438,074</u>
Governmental activity long-term liabilities	<u>\$ 6,855,414</u>	<u>10,093</u>	-	<u>6,865,507</u>	<u>438,074</u>
Business-type activities					
General Obligation Waterworks and Sewerage Bonds (Alt. Rev Source) Series 2006	\$ 340,000	-	340,000	-	-
General Obligation Waterworks and Sewerage Refunding Bonds (Alt. Rev Source) Series 2012	5,310,000	-	75,000	5,235,000	430,000
Adjustments for deferred amounts:					
For issuance premiums	<u>73,679</u>	-	6,370	<u>67,309</u>	-
Total bonds payable	<u>5,723,679</u>	-	421,370	<u>5,302,309</u>	<u>430,000</u>
Capital leases-airport hangars:					
2004 hangar lease	623,282	-	55,023	568,259	57,684
2004 Corporate hangar lease	<u>155,609</u>	-	13,737	<u>141,872</u>	<u>14,401</u>
Total bonds payable	<u>778,891</u>	-	68,760	<u>710,131</u>	<u>72,085</u>
Compensated absences	<u>180,359</u>	-	11,043	<u>169,316</u>	<u>155,342</u>
Business-type activity long-term liabilities	<u>\$ 6,682,929</u>	-	501,173	<u>6,181,756</u>	<u>657,427</u>

Total interest expense of \$188,277 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - \$152,492 and Airport Fund - \$35,785.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

B. Compensated Absences

Compensated absences represent the estimated liability for employee's accrued vacation and personal leave, which is likely to be used before expiring on December 31, 2016, and sick leave for which employees are entitled to be paid at a rate of \$10 per day upon expiration according to City policies.

C. Alternate Revenue Bonds

Series 2006 General Obligation Waterworks and Sewerage Bonds (Alternate Revenue Source)

In September 2006, the City issued \$7,455,000 in general obligation waterworks and sewerage bonds (alternate revenue source) to finance the construction and installation of the east side sanitary sewer and water main project consisting of a complete and operational wastewater conveyance system, a water main transmission system, and related facilities and improvements.

Interest was payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2007 at rates that ranged from 3.70-5.75% with the Bank of New York Trust Company acting as paying agent and bond registrar. Subsequent to the original issuance date, a portion of these bonds was advance refunded. During the year-ended April 30, 2016, the final bonds were retired and there is no remaining balance at year-end.

The Bonds were valid and legally binding general obligations of the City payable from (i) net revenues of the waterworks and sewerage system of the City after the payment of all operation and maintenance expenses, (ii) from the City's receipts of its distributive share of (a) State of Illinois income taxes, (b) retailer's occupation taxes, service occupation taxes, use taxes and service use taxes, (c) from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount. Since inception, net revenues of the water and sewer operations account have been used to make payments on this bond issue. The payment of the principal and interest on the Bonds was guaranteed by a financial guaranty insurance policy issued by Ambac Assurance Corporation and Moody's Investor Services had issued an investment rating of "Aaa" and an underlying rating of "A1" at the time of the issue.

Series 2012 General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source)

On December 4, 2012, the City issued \$5,450,000 in series 2012 general obligation waterworks and sewerage refunding bonds (alternate revenue source) to advance refund a portion of the City's outstanding general obligation waterworks and sewerage bonds (alternate revenue source) series 2006 and pay associated costs with the issuance of the bonds. The net proceeds of \$5,444,267, provided resources to purchase U.S. government securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments (\$4,850,000) of the refunded portion of the 2006 series bonds. As a result, the 2006 series bonds maturing on and after December 1, 2016 were considered defeased and the liability for those bonds had been removed from the City's financial statements. All bonds maturing on and after December 1, 2016 from the 2006 series bonds were retired on December 1, 2015 with the funds on hand in the escrow account.

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The advance refunding was undertaken to reduce future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$594,267. This amount is shown as an unamortized charge on refunding in the financial statements and is being netted against the new debt and amortized as a component of interest expense over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an economic gain (difference between present values of the debt service payments on the old and new debt) of \$382,234 and a reduction in total debt service payments over the next 14 years by \$437,079.

Interest is payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2013 at rates from 2.00% to 2.30% with the Bank of New York Mellon Trust Company acting as paying agent, bond registrar and escrow agent for the refunded bonds. Bonds maturing on and after December 1, 2022, shall be subject to redemption prior to maturity on December 1, 2021, or any date thereafter in whole or in part on any interest payment date, in any order of maturity specified by the City at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption. Moody's Investor Services had issued an investment rating of "Aa2" at the time of the issue.

The Bonds are valid and legally binding general obligations of the City payable from (i) net revenues of the waterworks and sewerage system of the City (after the required monthly deposits and credits have been made to certain prior lien accounts, if any, established pursuant to future ordinances of the City authorizing waterworks and sewerage revenue bonds (the "net revenues), (ii) from the City's receipts of its distributive share of (a) State of Illinois income taxes imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act, and (b) (the "Revenue Sharing Receipts"), retailer's occupation taxes, service occupation taxes, use taxes and service use taxes distributed pursuant to applicable law (the "sales taxes")(net revenues, revenue sharing receipts and sales taxes collectively constitute "pledged revenues"), and (c) from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and by equitable judicial discretion.

The annual requirements to retire series 2012 alternate revenue bond debt service to maturity follow:

Schedule of Maturities Year Ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2017	\$ 430,000	107,810	537,810
2018	440,000	99,210	539,210
2019	445,000	90,410	535,410
2020	455,000	81,510	536,510
2021	465,000	72,410	537,410
2022-2026	2,475,000	218,045	2,693,045
2027	525,000	12,075	537,075
 Total	 <u>\$ 5,235,000</u>	 <u>681,470</u>	 <u>5,916,470</u>

The long-term portion of total alternate revenue bonds outstanding at April 30, 2016 is as follows:

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Notes to Basic Financial Statements
April 30, 2016

Total Bonds Outstanding	\$ 5,235,000	
Less: Current Portion	<u>(430,000)</u>	4,805,000
Adjustments:		
Unamortized Bond Premium		<u>67,309</u>
Net Long-Term Portion of Bonds Outstanding		<u>\$ 4,872,309</u>

D. Capital Lease Liabilities

The City entered into lease agreements as lessee for financing the construction or acquisition of airport hangars. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

All lease agreements are with Grundy Bank and call for renewals every five years if not paid in full. In the event the City makes payment of the purchase price or makes all lease payments and exercises the option to purchase, then the subject lease will be considered terminated. Amounts available in the airport operations account are used for payments on both leases.

All leases were renewed during the fiscal year ended April 30, 2014 with the following details:

	<u>3-12 T Hangars</u>	<u>100 x 120 Corporate Hangar</u>
Original lease amount	<u>\$ 1,000,000</u>	<u>250,000</u>
Refinanced 2014	\$ 662,877	165,495
Date renewed	7/10/2014	7/10/2014
Interest rate	4.75%	4.75%
Payment frequency	Quarterly	Quarterly
Payment amount	\$ 20,915	5,222
Term	5 Years	5 Years
Final Pmt & Balloon amount	\$ 370,384	92,471
Unpaid April 30, 2016	<u>\$ 568,259</u>	<u>141,872</u>

Obligations of business-type activities under capital leases at April 30, 2016, incorporating recently negotiated lease terms taking effect July 10, 2014, are as follows:

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Notes to Basic Financial Statements
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	<u>3-12 T Hangars</u>	<u>2004 Corporate Hangar</u>	<u>Total</u>
April 30, 2017	83,658	20,886	104,544
April 30, 2018	83,658	20,886	104,544
April 30, 2019	83,658	20,886	104,544
April 30, 2020	<u>391,299</u>	<u>97,692</u>	<u>488,991</u>
Total minimum lease payments	642,273	160,350	802,623
Less amount representing interest costs	<u>74,014</u>	<u>18,478</u>	<u>92,492</u>
Present value of future minimum lease payments	<u>\$ 568,259</u>	<u>141,872</u>	<u>710,131</u>

NOTE 6: INDIVIDUAL FUND DISCLOSURES

A. Deficit Fund Equity

For the fiscal year ended April 30, 2016, the Marina TIF Fund had a deficit fund equity balance of \$97,780 due to accounts payable at year-end. The Building Fund had an excess of expenditures over appropriations in the amount of \$705 due to an underestimation of the beginning balance and the close-out of the fund.

B. Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables as of April 30, 2016:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,000,000	-
Airport Development Fund	-	<u>1,000,000</u>
Total Fund Financial Statements	<u>1,000,000</u>	<u>1,000,000</u>
Less: fund eliminations	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Total - Government-Wide Financial Statements	<u>\$ -</u>	<u>-</u>
<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	<u>\$ 1,000,000</u>

The principal purpose of this interfund amount is to provide cash from the General Fund to the Airport Development Fund for capital project financing until grant revenues can be obtained.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
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C. Transfers

The following is a schedule of interfund transfers for the fiscal year ended April 30, 2016:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Marina TIF Fund	\$ 500,000	-
TIF Fund I	-	500,000
Total Fund Financial Statements	500,000	500,000
Less: fund eliminations	(500,000)	(500,000)
Total - Government-Wide Statement of Activities	<u>\$ -</u>	<u>-</u>

The Marina TIF is included within the TIF I District and has very little revenue at this time. Therefore, the City budgeted a \$500,000 transfer in order to separately account for the fund expenditures.

NOTE 7: POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and employee dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date, however retirees may continue indefinitely. There is no associated cost of the City under this program, and there are four participants in the program as of April 30, 2016.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to employees. The City purchases insurance from a private carrier for coverage of general liability, property, and casualty coverage. The private insurance covers claims arising from general liability, automobile liability, errors and omissions, law enforcement liability, and property risks. Additionally, the City purchases health insurance from a private carrier. There have been no significant reductions in coverage from the prior year and since there have been no settlements, they have not exceeded coverage in the past three years.

NOTE 9: LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws require the operator of a landfill to place a final cover on the site when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. The City owns the land upon which a landfill facility is located, comprised of two parcels A and B, which have been developed and operated by Community Landfill Corporation. A June 8, 2009 decision by the Illinois Pollution Control Board found Community Landfill Corporation must cease and desist from accepting any additional waste at the site, legally making the remaining capacity zero cubic yards.

The most recent IEPA-approved estimates available for closure and post-closure costs were provided in connection with approval of a significant modification permit for the facility in November of 2000. These

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estimates of closure costs reflect current third party costs and assume the IEPA will contract for all closure and post-closure care work. Those estimates of closure costs total \$1,254,410 and \$2,191,930 for parcels A and B, respectively. Closure costs include equipment decontamination; drainage control; cover placement; vegetation, gas probes, inspection and certification of groundwater collection trench; and administrative costs. In addition, costs of \$950,000 are estimated to be required for Parcel B waste relocation.

The most recent IEPA-approved estimates of post-closure costs total \$11,103,346 and \$1,927,680 for parcels A and B, respectively. Post-closure care costs include inspections, cover and vegetative cover and maintenance, water and gas monitoring, organic testing, as well as leachate management and, treatment. State and federal laws and regulations require the performance of these maintenance and monitoring functions at the landfill site for 30 years after closure. In addition, the above figures include costs related to groundwater treatment, operations, and maintenance for a period of 100 years. Due to changes in technology, laws, or regulations these costs may change in the future.

All information above represents the most recent estimates approved by the State, but is approximately sixteen years old. According to the State, the original cost estimates adjusted for inflation total \$22,739,617 in 2013 dollars. Engineering estimates of a City hired firm dispute these amounts as being outdated and substantially inaccurate, with recently revised present total closure/post-closure costs estimated to be \$6,368,619 (including \$3,300,062 for 30 years of post-closure costs). The entire issue of closure/post-closure financial responsibility is the subject of legal proceedings as explained below.

On August 5, 2011 the Third District Appellate Court set aside a 2006 ruling against the City by the Illinois Pollution Control Board and found that the City (1) did not violate the Environmental Protection Act or its regulations, (2) is not responsible for obtaining financial assurance for the landfill, and (3) is not liable for any civil penalty. The operator, Community Landfill Co., is still liable for putting up \$17.4 million in financial assurance and payment of related penalties.

On October 13, 2013, the City received an EPA violation notice alleging that it is in violation of 415 ILCS 5/21 of the Illinois Environmental Protection Act, as well as other landfill closure/post-closure violations, similar to those recently successfully litigated. On March 24, 2014, the City then received a notice of intent to pursue legal action from the Illinois EPA. The State may file an action in the near future.

In addition to the above matters, in February 2011, an enforcement action pertaining to groundwater testing and monitoring was filed that requires testing and monitoring to resume. The action assesses various civil penalties of \$50,000 for each violation and \$10,000 for each day of violation. The case is currently pending.

A large portion of the \$17,427,366 previously approved by the State constitutes the present value of 100 years of potential leachate and groundwater collection and treatment by a third party. This amount is in dispute because the City is presently treating and plans to continue to treat in the future all leachate collected from the landfill at its own facilities with no cost to the State. In addition, in the opinion of the City's landfill consultants, there are substantial questions as to whether the groundwater in question would need to be treated. Due to these issues, and the litigation described above, no agreed-upon estimate is currently available for the cost of leachate treatment. Pending final resolution of the entire matter, the potential liability could range from as low as zero to as high as \$22,739,617. Currently, the revised estimate of \$6,368,619 of closure/post closure costs is reflected as a potential liability of the City of Morris in the government-wide statement of net position.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

NOTE 10: DEFINED BENEFIT PENSION PLAN-POLICE PENSION

A. General Information about Pension Plan

Plan Description - The City of Morris Police Pension Fund was created and is administered as prescribed by "Article 3 Police Pension Fund - Municipalities 500,000 and under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). Police sworn personnel are covered by the Plan. Although this is a defined-benefit single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

Benefits Provided - The Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% 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 of 2.5% of the final salary for each year of service.

The monthly pension 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% of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

Surviving spouses receive 100% of the final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

For Employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed); cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; surviving spouse's benefits are 66 2/3% of the employee's benefit at the time of death.

Employees Covered by benefit terms - As of April 30, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	26
Total	<u>40</u>

Contributions - As set by statute, employees are required to contribute 9.91% of their base salary to the Plan. The statute requires employers to contribute the amount necessary, in addition to member

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contributions, to finance the retirement coverage of its own employees. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost of the Plan. For the year ended April 30, 2016, the City contribution was \$695,513.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at May 1, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Level Percentage of Pay: 18 years closed
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 5.50%.
- The Investment Rate of Return was assumed to be 7.00%.
- Retirement Age was based on studies of the Fund and the Department of Insurance provided Sample Table of Rates. (100% by age 70)
- Mortality rates (for non-disabled retirees) were developed from the RP-2000 Mortality Table (CHBCA). Assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012. There is no margin for future mortality improvement beyond the valuation date.
- Disability rates were based on studies of the Fund and the Department of Insurance provided Sample Table of Rates.
- Withdrawal rates were based on studies of the Fund and the Department of Insurance provided Sample Table of Rates.
- Marital status assumption – 80% married, female spouses 3 years younger.
- 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:

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Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equity	60%	5.35%-6.56%
Fixed income	39%	2.04%-4.15%
Cash equivalents	1%	0.00%
Total	100%	

For the year ended April 30, 2015, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was 5.91 percent (10.28 percent in the prior year ended April 30, 2014). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. For more information on the actual investments being held by the Police Pension Plan and any significant concentration risk as of April 30, 2015, see “Note 2.B Investments” in the prior year financial statements for details.

Discount Rate - A Single Discount Rate of 7.00% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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% and the resulting single discount rate is 7.00%, because the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current members.

C. Changes in the Net Pension Liability

The changes in the net pension liability for the plan follow:

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	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at April 30, 2014	\$ 18,351,971	11,806,576	6,545,395
Changes for the year:			
Service cost	476,599	-	476,599
Interest on the total pension liability	1,263,077	-	1,263,077
Differences between expected and actual experience of the total pension liability	(142,339)	-	-
Changes of assumptions	1,396,152	-	1,396,152
Contributions - employer	-	695,513	(695,513)
Contributions - employees	-	193,488	(193,488)
Net investment income	-	671,503	(671,503)
Benefit payments, including refunds of employee contributions	(616,037)	(616,037)	-
Other (net transfer)	-	(12,384)	12,384
Net changes	2,377,452	932,083	1,445,369
Balances at April 30, 2015	\$ 20,729,423	12,738,659	7,990,764
 Police Pension Plan's fiduciary net position as a percentage of the total pension liability			
Beginning of the year	64.33%		
End of the year	61.45%		

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 23,534,149	20,729,423	18,402,447
Plan fiduciary net position	12,738,659	12,738,659	12,738,659
Net pension liability	\$ 10,795,490	7,990,764	5,663,788

Pension Plan Fiduciary Net Position – Detailed information about the Plan's April 30, 2015 and 2016 fiduciary net position is available on page 24 and note 2 of the City of Morris, Illinois' prior year and current year annual financial statements, respectively.

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

For the year ended April 30, 2016, the City recognized pension expense of \$889,192. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

<u>Deferred Amounts Related to Pensions</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ -	127,197
Changes of assumptions	1,247,625	-
Net difference between projected and actual earnings on pension plan investments	<u>131,262</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	1,378,887	127,197
Pension contributions made subsequent to the measurement date	-	-
Total deferred amounts related to pensions	<u><u>\$ 1,378,887</u></u>	<u><u>127,197</u></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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 166,200	-
2017	166,200	-
2018	166,200	-
2019	166,202	-
2020	133,385	-
Thereafter	<u>453,503</u>	<u>-</u>
Total	<u><u>\$ 1,251,690</u></u>	<u><u>-</u></u>

NOTE 11: DEFINED BENEFIT PENSION PLAN-IMRF

A. General Information about Pension Plan

Plan Description - The City’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided - IMRF has three benefit plans. The vast majority of IMRF members, including the City of Morris 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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2016

Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. 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.

Employees Covered by benefit terms - As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	56
Total	<u>120</u>

Contributions - As set by statute, the City'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. The City's annual contribution rate for calendar year 2015 was 12.04%. For the fiscal year ended April 30, 2016, the City contributed \$350,137 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

B. Net Pension Liability

The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2016

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.48%.
- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- Mortality for non-disabled retirees- an IMRF specific mortality tables was used with fully generational projection scale MP-2014(base year 2014) The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- Mortality for disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- Mortality for active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	38%	7.60%
International equity	17%	7.80%
Fixed income	27%	3.00%
Real estate	8%	6.15%
Alternative investments	9%	5.25-8.50%
Cash equivalents	1%	2.25%
Total	100%	

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

Single Discount Rate - A Single Discount Rate of 7.48% was used to measure the total pension liability. 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 this valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

C. Changes in the Net Pension Liability

The changes in the net pension liability for the plan follow:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 15,503,501	14,030,784	1,472,717
Changes for the year:			
Service cost	332,089	-	332,089
Interest on the total pension liability	1,154,965	-	1,154,965
Differences between expected and actual experience of the total pension liability	(289,758)	-	(289,758)
Changes of assumptions	20,234	-	20,234
Contributions - employer	-	343,572	(343,572)
Contributions - employees	-	129,538	(129,538)
Net investment income	-	70,089	(70,089)
Benefit payments, including refunds of employee contributions	(498,912)	(498,912)	-
Other (net transfer)	-	(260,055)	260,055
Net changes	718,618	(215,768)	934,386
Balances at December 31, 2015	\$ 16,222,119	13,815,016	2,407,103

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.48%	Current Single Discount Rate Assumption 7.48%	1% Increase 8.48%
Total pension liability	\$ 18,417,389	16,222,119	14,417,993
Plan fiduciary net position	13,815,016	13,815,016	13,815,016
Net pension liability	<u>\$ 4,602,373</u>	<u>2,407,103</u>	<u>602,977</u>

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available from IMRF. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

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

For the year ended April 30, 2016, the City recognized pension expense of \$700,211. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ -	214,426
Changes of assumptions	14,973	-
Net difference between projected and actual earnings on pension plan investments	<u>777,200</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	792,173	214,426
Pension contributions made subsequent to the measurement date	<u>119,242</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 911,415</u>	<u>214,426</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 124,229	-
2017	124,229	-
2018	134,989	-
2019	194,300	-
2020	-	-
Thereafter	-	-
Total	\$ 577,747	-

NOTE 12: RESTRICTED NET ASSETS

Restricted net assets balances reported on the government-wide statement of net position at April 30, 2016 includes the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Position:			
Restricted for:			
Transportation/public works	\$ 4,654,826	1,547,663	6,202,489
Community development	3,260,108	-	3,260,108
Health & sanitation	478,567	-	478,567
Culture & recreation	1,123,024	-	1,123,024
Employee retirement costs	299,597	-	299,597
General government	330,000	-	330,000
Law enforcement	62,489	-	62,489
Debt Service	-	4,703	4,703
Total restricted	\$ 10,208,611	1,552,366	11,760,977

See note 1 to the financial statements for a description of each of the fund balance categories shown above.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

NOTE 13: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2016 includes the following:

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Restricted for:				
Transportation/public works	\$ -	3,000,289	1,654,537	4,654,826
Community development	-	2,245,000	1,015,108	3,260,108
Health & sanitation	-	-	478,567	478,567
Culture & recreation	-	580,000	543,024	1,123,024
Employee retirement costs	-	-	299,597	299,597
General government	-	330,000	-	330,000
Law enforcement	-	-	62,489	62,489
Total restricted	<u>-</u>	<u>6,155,289</u>	<u>4,053,322</u>	<u>10,208,611</u>
Unassigned	<u>9,501,639</u>	<u>-</u>	<u>-</u>	<u>9,501,639</u>
Total fund balances	<u>\$ 9,501,639</u>	<u>6,155,289</u>	<u>4,053,322</u>	<u>19,710,250</u>

See note 1 to the financial statements for a description of each of the fund balance categories shown above.

NOTE 14: IMPLEMENTATION OF GASB PRONOUNCEMENTS

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented and are effective for the City's current fiscal year ending April 30, 2016. The City's share of these liabilities has been recognized in the government-wide financial statements.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2016

NOTE 15: RESTATEMENT-PRIOR PERIOD ADJUSTMENT

Government-Wide Statement of Activities

During the current fiscal year, due to application of the GASB pronouncement described in note 14 above, a restatement of beginning net position in the statement of activities is required. The result of the restatement was to decrease the beginning net position by \$7,905,434; increase deferred outflows of resources due to pension contributions after December 31, 2014 and before April 30, 2015 by \$112,678; and increase long-term liabilities for the beginning net pension liability of \$8,018,112 in the government-wide statements. In addition, as a result of revised estimates for the potential liability for landfill closure and post-closure care, a restatement of beginning position was necessary. The result of the restatement was to increase the beginning net position by \$1,231,381 and decrease long-term liabilities by the same amount. The governmental funds financial statements were not affected by these restatements. The following beginning balances have been restated in the fiscal year ended April 30, 2016 as follows:

<u>Fund Type/Account Description</u>	<u>Balance April 30, 2015</u>	<u>Retroactive Restatement</u>	<u>Balance May 1, 2015</u>
Governmental activities:			
Long-term liabilities	\$ (7,658,329)	1,231,381	(6,426,948)
Net pension liability	-	(8,018,112)	(8,018,112)
Deferred outflow of resources	-	112,678	112,678
Net position-beginning	<u>(48,017,855)</u>	<u>6,674,053</u>	<u>(41,343,802)</u>
	<u>\$ (55,676,184)</u>	<u>-</u>	<u>(55,676,184)</u>

Statement of Changes in Fiduciary Net Position

During the current fiscal year, due to application of the GASB pronouncement described in note 14 above, a restatement of beginning net position in the statement of fiduciary net position is required. Due to a change in the definition of contributions receivable under GASB 68, beginning net position was decreased by \$695,513 and beginning contributions receivable were decreased by the same amount. The following beginning balances have been restated in the fiscal year ended April 30, 2016 as follows:

<u>Account Description</u>	<u>Balance April 30, 2015</u>	<u>Retroactive Restatement</u>	<u>Balance May 1, 2015</u>
Contributions receivable	\$ 695,513	(695,513)	-
Net position-beginning	<u>(12,738,659)</u>	<u>695,513</u>	<u>(12,043,146)</u>
	<u>\$ (12,043,146)</u>	<u>-</u>	<u>(12,043,146)</u>

CITY OF MORRIS
REQUIRED SUPPLEMENTARY INFORMATION
Multiyear Schedule of Changes Net Pension Liability and Related Ratios - Police Pension
Last 10 Fiscal Years

Fiscal year ending April 30,	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total pension liability										
Service cost	\$ 476,599									
Interest on the total pension liability	1,263,077									
Benefit changes	-									
Differences between expected and actual experience	(142,339)									
Assumption changes	1,396,152									
Benefit payments and refunds	(616,037)									
Net change in total pension liability	<u>2,377,452</u>									
Total pension liability-beginning	<u>18,351,971</u>									
Total pension liability-ending (a)	<u>\$ 20,729,423</u>									
Plan fiduciary net position										
Employer contributions	\$ 695,513									
Employee contributions	193,488									
Pension plan net investment income	671,503									
Benefit payments and refunds	(616,037)									
Other	(12,384)									
Net change in plan fiduciary net position	<u>932,083</u>									
Plan fiduciary net position-beginning	<u>11,806,576</u>									
Plan fiduciary net position-ending (b)	<u>\$ 12,738,659</u>									
Net pension liability-ending (a) - (b)	<u>\$ 7,990,764</u>									
Plan fiduciary net position as a percentage of total pension liability	61.45%									
Covered valuation payroll	\$ 1,931,530									
Net pension liability as a percentage of covered valuation payroll	413.70%									

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF MORRIS
REQUIRED SUPPLEMENTARY INFORMATION
Multiyear Schedule of Changes Net Pension Liability and Related Ratios - IMRF
Last 10 Calendar Years

Calendar year ending December 31,	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total pension liability										
Service cost	\$ 332,089									
Interest on the total pension liability	1,154,965									
Benefit changes	-									
Differences between expected and actual experience	(289,758)									
Assumption changes	20,234									
Benefit payments and refunds	(498,912)									
Net change in total pension liability	<u>718,618</u>									
Total pension liability-beginning	<u>15,503,501</u>									
Total pension liability-ending (a)	<u>\$ 16,222,119</u>									
Plan fiduciary net position										
Employer contributions	\$ 343,572									
Employee contributions	129,538									
Pension plan net investment income	70,089									
Benefit payments and refunds	(498,912)									
Other	(260,055)									
Net change in plan fiduciary net position	<u>(215,768)</u>									
Plan fiduciary net position-beginning	<u>14,030,784</u>									
Plan fiduciary net position-ending (b)	<u>\$ 13,815,016</u>									
Net pension liability-ending (a) - (b)	<u>\$ 2,407,103</u>									
Plan fiduciary net position as a percentage of total pension liability	85.16%									
Covered valuation payroll	\$ 2,853,592									
Net pension liability as a percentage of covered valuation payroll	84.35%									

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**CITY OF MORRIS
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City Contributions - Police Pension
Last 10 Fiscal Years**

Fiscal Year Ended April	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation
2015	658,445	658,445	-	1,931,530	34.09%
2014					
2013					
2012					
2011					
2010					
2009					
2008					
2007					
2006					

Notes to Schedule

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of April 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to determine 2015 Contribution Rates:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	18-year closed period
Asset Valuation Method:	5-year average market value
Price Inflation:	2.50%
Salary Increases:	5.50%
Investment Rate of Return:	7.00%
Retirement Age:	50 - 70, based on studies of the Fund and the Department of Insurance
Mortality:	RP-2000 Combined Healthy Mortality Table. There is no margin for future mortality improvement beyond the valuation date
Other Information:	There were no benefit changes during the year.

* Based on the results of an actuarial experience study conducted by the Illinois Department of insurance dated September 26, 2012.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF MORRIS
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City Contributions - IMRF
Last 10 Calendar Years

Calendar Year Ended December	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation
2015	343,572	343,572	-	2,853,592	12.04%
2014					
2013					
2012					
2011					
2010					
2009					
2008					
2007					
2006					

Notes to Schedule

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to determine 2015 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period until remaining period reaches 15 years then 15-year rolling period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other Information:	There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF MORRIS, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Over (Under)</u>
Revenues						
Taxes:						
Property taxes:						
General corporate purposes	\$ 335,240	335,240	333,986	-	333,986	(1,254)
TIF District reimbursement	38,000	38,000	34,058	-	34,058	(3,942)
Police protection	75,000	75,000	74,720	-	74,720	(280)
Police pension	695,513	695,513	692,912	-	692,912	(2,601)
Township road and bridge	74,700	74,700	74,862	-	74,862	162
Total property taxes	<u>1,218,453</u>	<u>1,218,453</u>	<u>1,210,538</u>	<u>-</u>	<u>1,210,538</u>	<u>(7,915)</u>
Municipal sales tax:						
Municipal sales tax	4,350,000	4,350,000	4,497,287	(53,468)	4,443,819	93,819
Municipal sales tax-reimbursable	200,000	200,000	124,017	-	124,017	(75,983)
Local use tax	270,300	270,300	314,579	(769)	313,810	43,510
Intergovernmental:						
Illinois income tax	1,349,950	1,349,950	1,394,783	61,244	1,456,027	106,077
Illinois replacement income tax	105,000	105,000	97,472	6,618	104,090	(910)
Other taxes	180,000	180,000	201,493	(2,375)	199,118	19,118
Reimbursements/ grants	3,500	3,500	20,357	-	20,357	16,857
Licenses and permits:						
Liquor licenses	44,805	44,805	52,355	-	52,355	7,550
Other licenses	9,234	9,234	13,659	-	13,659	4,425
Contractor licenses	29,300	29,300	34,350	-	34,350	5,050
Building permits	20,100	20,100	33,676	-	33,676	13,576
Demolition permits	200	200	300	-	300	100
Franchise fees:						
Cable TV franchise fees	183,400	183,400	184,848	(3,520)	181,328	(2,072)
Telephone franchise fees	15,000	15,000	10,858	191	11,049	(3,951)
Services:						
Host benefit fees	-	-	302,053	8,778	310,831	310,831
Swimming pool fees	73,100	73,100	58,648	-	58,648	(14,452)
Senior van rider fees	1,000	1,000	1,036	-	1,036	36
Building inspection fees	9,200	9,200	13,855	-	13,855	4,655
Plumbing inspection fees	4,000	4,000	8,675	-	8,675	4,675
Public hearing/zoning fees	4,750	4,750	7,800	-	7,800	3,050
Fines	163,000	163,000	145,804	5,591	151,395	(11,605)
Interest income	3,000	3,000	3,804	-	3,804	804
Other revenues:						
Miscellaneous revenue	44,150	44,150	20,966	-	20,966	(23,184)
Developer reimbursements	10,000	10,000	152,625	-	152,625	142,625
Various reimbursements	135,050	135,050	113,197	-	113,197	(21,853)
Sale of property	32,500	32,500	16,877	-	16,877	(15,623)
Total revenues	<u>8,458,992</u>	<u>8,458,992</u>	<u>9,035,912</u>	<u>22,290</u>	<u>9,058,202</u>	<u>599,210</u>

See notes to required supplementary information.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Total revenues(carried forward)	\$ 8,458,992	8,458,992	9,035,912	22,290	9,058,202	599,210
Expenditures						
Current:						
General government	3,958,350	3,958,350	2,952,454	(5,751)	2,946,703	1,011,647
Public safety	3,154,875	3,154,875	2,972,311	9,610	2,981,921	172,954
Transportation & public service	1,788,700	1,830,250	1,604,290	6,477	1,610,767	219,483
Culture & recreation	375,450	375,450	302,696	2,651	305,347	70,103
Employee retirement costs	695,513	695,513	695,513	-	695,513	-
Capital outlay	527,450	660,900	542,616	-	542,616	118,284
Total expenditures	10,500,338	10,675,338	9,069,880	12,987	9,082,867	1,592,471
Excess of revenues over (under) expenditures	(2,041,346)	(2,216,346)	(33,968)	9,303	(24,665)	2,191,681
Other Financing Sources (Uses)						
Transfers in	5,500	5,500	-	-	-	(5,500)
Transfers out	(103,000)	(103,000)	-	-	-	103,000
Net transfers	(97,500)	(97,500)	-	-	-	97,500
Net change in fund balances	(2,138,846)	(2,313,846)	(33,968)	9,303	(24,665)	2,289,181
Fund balances-beginning	7,189,710	7,189,710	9,535,607	(2,247,422)	7,288,185	98,475
Fund balances-ending	\$ 5,050,864	4,875,864	9,501,639	(2,238,119)	7,263,520	2,387,656
Explanation of differences:						
Fund balance-ending budget (cash) basis					\$ 7,263,520	
To adjust to GAAP basis revenues for changes in accounts receivable					623,210	
To adjust to GAAP basis expenditures for changes in unavailable income					(645,500)	
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					12,987	
The amount reported as "Fund balances-beginning on the budgetary cash basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balances-ending reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above					2,247,422	
Fund balance-GAAP basis					\$ 9,501,639	

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Revenues						
Incremental property tax	\$ 4,464,800	4,464,800	4,036,854	-	4,036,854	(427,946)
Principal-Talty Chevrolet	29,271	29,271	220,507	-	220,507	191,236
Interest-Talty Chevrolet	4,143	4,143	2,711	-	2,711	(1,432)
Principal-Living Waters Church	7,688	7,688	7,687	-	7,687	(1)
Interest-Living Waters Church	451	451	451	-	451	-
Principal-MDDP	-	-	6,116	-	6,116	6,116
Interest-MDDP	-	-	3,253	-	3,253	3,253
Interest income	7,500	7,500	6,610	-	6,610	(890)
Miscellaneous income	20,000	20,000	-	-	-	(20,000)
Total revenues	<u>4,533,853</u>	<u>4,533,853</u>	<u>4,284,189</u>	<u>-</u>	<u>4,284,189</u>	<u>(249,664)</u>
Expenditures						
General government:						
Maintenance-snow removal	100	100	-	-	-	100
Accounting services	500	500	325	-	325	175
Engineering services	50,000	55,425	55,411	-	55,411	14
Legal services	25,000	25,000	21,826	255	22,081	2,919
Other professional services	40,000	34,575	10,428	-	10,428	24,147
Miscellaneous expenses	10,000	10,000	-	-	-	10,000
Total general government	<u>125,600</u>	<u>125,600</u>	<u>87,990</u>	<u>255</u>	<u>88,245</u>	<u>37,355</u>
Community development:						
Loan/grant distributions	125,000	650,000	650,000	-	650,000	-
Reimbursement-taxing districts	2,232,450	2,232,450	2,018,427	-	2,018,427	214,023
Total community development	<u>2,357,450</u>	<u>2,882,450</u>	<u>2,668,427</u>	<u>-</u>	<u>2,668,427</u>	<u>214,023</u>
Capital outlay:						
Land purchases	455,000	455,000	451,111	-	451,111	3,889
Parks/riverfront	3,000	3,000	2,632	-	2,632	368
Building construction/improv.	65,000	65,000	51,926	-	51,926	13,074
Demolition of buildings	50,000	50,000	-	-	-	50,000
Bulk fuel storage facility	25,000	25,000	252	-	252	24,748
Sewerage treatment plant	50,000	50,000	54,281	(11,095)	43,186	6,814
Swimming pool	120,000	120,000	1,578	632	2,210	117,790
Equipment	350,000	350,000	183,601	-	183,601	166,399
Water system & well improv.	325,000	325,000	95,688	(20,380)	75,308	249,692
Water tower	10,000	10,000	412	-	412	9,588
Sanitary sewer systems	1,200,000	675,000	342,729	(35,000)	307,729	367,271
Street construction	600,000	600,000	362,868	101,995	464,863	135,137
Storm sewer construction	70,000	70,000	268	-	268	69,732
Street lighting improv.	170,000	170,000	18,229	7,008	25,237	144,763
Traffic signals	75,000	75,000	43,143	93	43,236	31,764
Off street parking	100,000	100,000	1,000	-	1,000	99,000
Downtown development	15,000	15,000	5,433	98	5,531	9,469
Provision for contingency	100,000	100,000	-	-	-	100,000
Total capital outlay	<u>3,783,000</u>	<u>3,258,000</u>	<u>1,615,151</u>	<u>43,351</u>	<u>1,658,502</u>	<u>1,599,498</u>
Total expenditures	<u>6,266,050</u>	<u>6,266,050</u>	<u>4,371,568</u>	<u>43,606</u>	<u>4,415,174</u>	<u>1,850,876</u>

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Excess of revenues over (under) expenditures	\$ (1,732,197)	(1,732,197)	(87,379)	(43,606)	(130,985)	1,601,212
Other Financing Sources (Uses)						
Transfers to Marina TIF Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balances	(2,232,197)	(2,232,197)	(587,379)	(43,606)	(630,985)	1,601,212
Fund balances-beginning	<u>6,826,265</u>	<u>6,826,265</u>	<u>6,742,668</u>	<u>121,609</u>	<u>6,864,277</u>	<u>38,012</u>
Fund balances-ending	<u>\$ 4,594,068</u>	<u>4,594,068</u>	<u>6,155,289</u>	<u>78,003</u>	<u>6,233,292</u>	<u>1,639,224</u>

Explanation of differences:

Fund balance-ending budget (cash) basis	\$ 6,233,292
To adjust to GAAP basis revenues for changes in receivables	635,256
To adjust to GAAP basis expenditures for changes in unavailable income	(635,256)
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	43,606
The amount reported as "Fund balances-beginning on the budgetary cash basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balances-ending reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above	<u>(121,609)</u>
Fund balance-GAAP basis	<u>\$ 6,155,289</u>

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS

Notes to Required Supplementary Information April 30, 2016

Budgetary Information – The City adopted the Municipal Budget Act on March 14, 1983. Consequently, the City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Prior to April 1, the City Budget Officer submits to the City Council a tentative annual budget and appropriation ordinance for the fiscal year commencing May 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to April 30th, the annual budget and appropriation ordinance is legally adopted through passage of an ordinance after a public hearing is held to obtain comments from the community.
3. The City Budget Officer is authorized to transfer from any appropriation item its anticipated unexpended funds to any other item of appropriation within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for most funds.
5. Budgeted amounts were originally adopted by the City Council on April 20, 2015.

The City prepares its budget and appropriation ordinance on the cash basis of accounting for most fund types in conformity with practices prescribed or permitted by applicable statutes of the State of Illinois. This basis is different from generally accepted accounting principles. As a result, schedules contained in the required supplementary information contain an explanation of this difference when applicable.

**CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
APRIL 30, 2016**

	Special Revenue					
	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund	Park and Civic Improvements Fund	Solid Waste Fund
Assets						
Cash and cash equivalents	\$ 290,018	1,612,718	272,764	10,786	158,215	297,748
Restricted cash and cash equivalents	-	-	-	-	-	-
Receivables:						
Property taxes	675,000	-	-	-	-	-
Other taxes	9,579	31,033	-	-	-	5,835
Fines	-	-	-	-	-	-
Loans receivable-current	-	-	-	-	-	-
Loans receivable-long term	-	-	-	-	-	-
Total assets	\$ 974,597	1,643,751	272,764	10,786	158,215	303,583
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accrued expenses	\$ -	-	-	-	-	-
Deferred inflows of resources:						
Unavailable property tax revenue	675,000	-	-	-	-	-
Unavailable revolving loan revenue	-	-	-	-	-	-
Total deferred inflows of resources	675,000	-	-	-	-	-
Fund Balances-						
Restricted	299,597	1,643,751	272,764	10,786	158,215	303,583
Total liabilities, deferred inflows and fund balances	\$ 974,597	1,643,751	272,764	10,786	158,215	303,583

**CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
APRIL 30, 2016**

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Marina TIF Fund</u>	<u>Motel Tax Fund</u>	<u>Drug Fine and Forfeiture Fund</u>	<u>Community Development Loan Fund</u>	<u>Municipal Building Fund</u>	
Assets						
Cash and cash equivalents	\$ 25,605	365,113	61,102	-	-	3,094,069
Restricted cash and cash equivalents	-	-	-	1,015,108	-	1,015,108
Receivables:						
Property taxes	-	-	-	-	-	675,000
Other taxes	-	19,696	-	-	-	66,143
Fines	-	-	1,387	-	-	1,387
Loans receivable-current	-	-	-	56,034	-	56,034
Loans receivable-long term	-	-	-	211,652	-	211,652
	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,652</u>	<u>-</u>	<u>211,652</u>
Total assets	<u>\$ 25,605</u>	<u>384,809</u>	<u>62,489</u>	<u>1,282,794</u>	<u>-</u>	<u>5,119,393</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accrued expenses	<u>\$ 123,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,385</u>
Deferred inflows of resources:						
Unavailable property tax revenue	-	-	-	-	-	675,000
Unavailable revolving loan revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,686</u>	<u>-</u>	<u>267,686</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,686</u>	<u>-</u>	<u>942,686</u>
Fund Balances-						
Restricted	<u>(97,780)</u>	<u>384,809</u>	<u>62,489</u>	<u>1,015,108</u>	<u>-</u>	<u>4,053,322</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 25,605</u>	<u>384,809</u>	<u>62,489</u>	<u>1,282,794</u>	<u>-</u>	<u>5,119,393</u>

CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2016

	Special Revenue					
	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund	Park and Civic Improvements Fund	Solid Waste Tax Fund
Revenues						
Property taxes	\$ 552,948	-	-	-	-	-
Other local taxes	-	-	-	-	-	111,358
Intergovernmental	50,947	361,934	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	262	1,688	137	4	77	134
Miscellaneous	-	26	-	-	8,621	-
	<u>604,157</u>	<u>363,648</u>	<u>137</u>	<u>4</u>	<u>8,698</u>	<u>111,492</u>
Total revenues						
Expenditures						
Current:						
Public safety	-	-	-	-	-	-
Transportation & public service	-	42,803	-	-	-	-
Culture & recreation	-	-	-	-	847	-
Environment	-	-	1,919	-	-	41,608
Community development	-	-	-	-	-	-
Employee retirement costs	624,404	-	-	-	-	-
Capital outlay	-	364,292	-	-	40	-
	<u>624,404</u>	<u>407,095</u>	<u>1,919</u>	<u>-</u>	<u>887</u>	<u>41,608</u>
Total expenditures						
Excess of revenues over (under) expenditures	(20,247)	(43,447)	(1,782)	4	7,811	69,884
Other Financing Sources (Uses)						
Transfers from TIF I	-	-	-	-	-	-
Fund balances-beginning	<u>319,844</u>	<u>1,687,198</u>	<u>274,546</u>	<u>10,782</u>	<u>150,404</u>	<u>233,699</u>
Fund balances-ending	<u>\$ 299,597</u>	<u>1,643,751</u>	<u>272,764</u>	<u>10,786</u>	<u>158,215</u>	<u>303,583</u>

CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Special Revenue</u>			<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Marina TIF Fund</u>	<u>Motel Tax Fund</u>	<u>Drug Fine and Forfeiture Fund</u>	<u>Community Development Loan Fund</u>	<u>Municipal Building Fund</u>	
Revenues						
Property taxes	\$ 1,637	-	-	-	-	554,585
Other local taxes	-	298,525	-	-	-	409,883
Intergovernmental	-	-	-	-	-	412,881
Fines	-	-	23,901	-	-	23,901
Interest income	-	286	26	7,646	4	10,264
Miscellaneous	-	6,740	3,793	239,681	-	258,861
	<u>1,637</u>	<u>305,551</u>	<u>27,720</u>	<u>247,327</u>	<u>4</u>	<u>1,670,375</u>
Expenditures						
Current:						
Public Safety	-	-	4,573	-	-	4,573
Transportation & public service	158,835	-	-	-	-	201,638
Culture & recreation	-	218,105	-	-	-	218,952
Environment	440,091	-	-	-	-	483,618
Community development	491	-	-	-	-	491
Employee retirement costs	-	-	-	-	-	624,404
Capital outlay	-	42,401	2,884	-	36,821	446,438
	<u>599,417</u>	<u>260,506</u>	<u>7,457</u>	<u>-</u>	<u>36,821</u>	<u>1,980,114</u>
Excess of revenues over (under) expenditures	(597,780)	45,045	20,263	247,327	(36,817)	(309,739)
Other Financing Sources (Uses)						
Transfers from TIF I	500,000	-	-	-	-	500,000
Fund balances-beginning	-	339,764	42,226	767,781	36,817	3,863,061
Fund balances-ending	<u>\$ (97,780)</u>	<u>384,809</u>	<u>62,489</u>	<u>1,015,108</u>	<u>-</u>	<u>4,053,322</u>

CITY OF MORRIS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Property taxes	\$ 555,000	555,000	552,948	-	552,948	(2,052)
Replacement income tax	45,000	45,000	50,947	1,200	52,147	7,147
Interest income	225	225	262	-	262	37
Total revenues	<u>600,225</u>	<u>600,225</u>	<u>604,157</u>	<u>1,200</u>	<u>605,357</u>	<u>5,132</u>
Expenditures						
Employee retirement costs:						
Contributions to Social Security Retirement System-City's share of social security cost	218,000	218,000	196,275	-	196,275	21,725
Contributions to Social Security Retirement System-City's share of medicare cost	90,000	90,000	77,993	-	77,993	12,007
Contributions to Illinois Municipal Retirement System-City's share of municipal retirement cost	<u>420,000</u>	<u>420,000</u>	<u>350,136</u>	<u>-</u>	<u>350,136</u>	<u>69,864</u>
Total expenditures	<u>728,000</u>	<u>728,000</u>	<u>624,404</u>	<u>-</u>	<u>624,404</u>	<u>103,596</u>
Excess of revenues over (under) expenditures	(127,775)	(127,775)	(20,247)	1,200	(19,047)	108,728
Fund balances-beginning	<u>305,916</u>	<u>305,916</u>	<u>319,844</u>	<u>(10,779)</u>	<u>309,065</u>	<u>3,149</u>
Fund balances-ending	<u>\$ 178,141</u>	<u>178,141</u>	<u>299,597</u>	<u>(9,579)</u>	<u>290,018</u>	<u>111,877</u>

CITY OF MORRIS, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Motor fuel tax	\$ 324,537	324,537	348,794	681	349,475	24,938
High growth allotment	-	-	13,140	-	13,140	13,140
Interest income	2,500	2,500	1,688	-	1,688	(812)
Miscellaneous income	-	-	26	-	26	26
Total revenues	327,037	327,037	363,648	681	364,329	37,292
Expenditures						
Transportation services:						
Engineering services	30,000	40,300	40,281	-	40,281	19
Maintenance-streets	10,000	10,000	2,522	-	2,522	7,478
Maintenance-sidewalks	15,000	4,700	-	-	-	4,700
Total transportation services	55,000	55,000	42,803	-	42,803	12,197
Capital outlay:						
Improvements-streets	1,075,000	1,075,000	364,292	2,612	366,904	708,096
Improvements-bridges	25,000	25,000	-	-	-	25,000
Storm sewer construction	20,000	20,000	-	-	-	20,000
Total capital outlay	1,120,000	1,120,000	364,292	2,612	366,904	753,096
Total expenditures	1,175,000	1,175,000	407,095	2,612	409,707	765,293
Excess of revenues over (under) expenditures	(847,963)	(847,963)	(43,447)	(1,931)	(45,378)	802,585
Fund balances-beginning	1,658,094	1,658,094	1,687,198	(29,103)	1,658,095	1
Fund balances-ending	\$ 810,131	810,131	1,643,751	(31,034)	1,612,717	802,586

CITY OF MORRIS, ILLINOIS
SANITARY LANDFILL CONTINGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Interest income	\$ 175	175	137	-	137	(38)
Expenditures						
Environment:						
Engineering services	10,000	10,000	-	-	-	10,000
Legal service	25,000	25,000	1,919	-	1,919	23,081
Other professional services	2,500	2,500	-	-	-	2,500
Miscellaneous expenses	1,500	1,500	-	-	-	1,500
Total environment	39,000	39,000	1,919	-	1,919	37,081
Capital outlay-						
Landfill improv/closure costs	230,000	230,000	-	-	-	230,000
Total expenditures	269,000	269,000	1,919	-	1,919	267,081
Excess of revenues over (under) expenditures	(268,825)	(268,825)	(1,782)	-	(1,782)	267,043
Fund balances-beginning	274,545	274,545	274,546	-	274,546	1
Fund balances-ending	\$ 5,720	5,720	272,764	-	272,764	267,044

CITY OF MORRIS, ILLINOIS
WEST ROUTE 6 SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Acreage fees	\$ 2,000	2,000	-	-	-	(2,000)
Interest income	20	20	4	-	4	(16)
Total revenues	2,020	2,020	4	-	4	(2,016)
Expenditures						
Transportation services:						
Engineering services	2,500	2,500	-	-	-	2,500
Miscellaneous expense	2,500	2,500	-	-	-	2,500
Total transportation services	5,000	5,000	-	-	-	5,000
Capital outlay-						
Improvements-West Rte. 6	7,500	7,500	-	-	-	7,500
Total expenditures	12,500	12,500	-	-	-	12,500
Excess of revenues over (under) expenditures	(10,480)	(10,480)	4	-	4	10,484
Fund balances-beginning	10,782	10,782	10,782	-	10,782	-
Fund balances-ending	\$ 302	302	10,786	-	10,786	10,484

CITY OF MORRIS, ILLINOIS
PARK AND CIVIC IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Park site zoning fees	\$ 3,000	3,000	8,621	-	8,621	5,621
Interest income	100	100	77	-	77	(23)
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>8,698</u>	<u>-</u>	<u>8,698</u>	<u>5,598</u>
Expenditures						
Culture and recreation:						
Engineering services	2,000	2,000	528	-	528	1,472
Legal services	2,000	2,000	-	-	-	2,000
Other professional services	2,000	2,000	219	-	219	1,781
Printing/publishing/ads	1,000	1,000	-	-	-	1,000
Miscellaneous expense	1,000	1,000	-	-	-	1,000
Miscellaneous donations	10,000	10,000	100	-	100	9,900
Total culture and recreation	<u>18,000</u>	<u>18,000</u>	<u>847</u>	<u>-</u>	<u>847</u>	<u>17,153</u>
Capital outlay:						
Land purchase/improvement	50,000	50,000	40	-	40	49,960
Civic improvements	50,000	50,000	-	-	-	50,000
Building improvements	1,100	1,100	-	-	-	1,100
Total capital outlay	<u>101,100</u>	<u>101,100</u>	<u>40</u>	<u>-</u>	<u>40</u>	<u>101,060</u>
Total expenditures	<u>119,100</u>	<u>119,100</u>	<u>887</u>	<u>-</u>	<u>887</u>	<u>118,213</u>
Excess of revenues over (under) expenditures	(116,000)	(116,000)	7,811	-	7,811	123,811
Fund balances-beginning	<u>150,273</u>	<u>150,273</u>	<u>150,404</u>	<u>-</u>	<u>150,404</u>	<u>131</u>
Fund balances-ending	<u>\$ 34,273</u>	<u>34,273</u>	<u>158,215</u>	<u>-</u>	<u>158,215</u>	<u>123,942</u>

**CITY OF MORRIS, ILLINOIS
SOLID WASTE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Landfill tax-Environtech	\$ -	-	111,358	3,790	115,148	115,148
Interest income	100	100	134	-	134	34
Total revenues	100	100	111,492	3,790	115,282	115,182
Expenditures						
Environment:						
Engineering services	20,000	10,050	402	-	402	9,648
Legal services	25,000	25,000	213	-	213	24,787
Other professional services	2,000	2,000	638	-	638	1,362
Recycling expenses	7,000	7,000	5,414	-	5,414	1,586
County solid waste plan	25,000	34,950	34,941	-	34,941	9
Total environment	79,000	79,000	41,608	-	41,608	37,392
Capital outlay-						
Landfill well monitoring	50,000	50,000	-	-	-	50,000
Landfill closure costs	95,000	95,000	-	-	-	95,000
Total capital outlay	145,000	145,000	-	-	-	145,000
Total expenditures	224,000	224,000	41,608	-	41,608	182,392
Excess of revenues over (under) expenditures	(223,900)	(223,900)	69,884	3,790	73,674	297,574
Fund balances-beginning	224,938	224,938	233,699	(9,626)	224,073	(865)
Fund balances-ending	\$ 1,038	1,038	303,583	(5,836)	297,747	296,709

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Incremental property tax	\$ 2,400	2,400	1,637	-	1,637	(763)
Expenditures						
General government:						
Accounting services	500	500	-	-	-	500
Engineering services	50,000	129,100	132,108	(3,102)	129,006	94
Other professional services	20,000	3,300	3,243	-	3,243	57
Maintenance-snow removal	100	100	-	-	-	100
Miscellaneous expenses	5,000	-	-	-	-	-
Total general government	75,600	133,000	135,351	(3,102)	132,249	751
Environment:						
Legal services	50,000	26,000	25,948	-	25,948	52
CLC closure expenses	100,000	294,700	414,143	(120,283)	293,860	840
Total environment	150,000	320,700	440,091	(120,283)	319,808	892
Community development:						
Reimbursement-taxing districts	2,000	500	491	-	491	9
Capital outlay:						
Land purchases	100,000	12,900	-	-	-	12,900
Building construction/improv.	10,000	-	-	-	-	-
Demolition of buildings	50,000	-	-	-	-	-
Sewerage treatment plant	25,000	23,500	23,484	-	23,484	16
Equipment	25,000	-	-	-	-	-
Water tower	10,000	-	-	-	-	-
Sanitary sewer systems	100	100	-	-	-	100
Street construction	28,000	-	-	-	-	-
Storm sewer construction	5,000	-	-	-	-	-
Street lighting improv.	10,000	-	-	-	-	-
Total capital outlay	263,100	36,500	23,484	-	23,484	13,016
Total expenditures	490,700	490,700	599,417	(123,385)	476,032	14,668
Excess of revenues over (under) expenditures	(488,300)	(488,300)	(597,780)	123,385	(474,395)	13,905
Other Financing Sources (Uses)						
Transfers from TIF I	500,000	500,000	500,000	-	500,000	-
Fund balances-beginning	-	-	-	-	-	-
Fund balances-ending	\$ 11,700	11,700	(97,780)	123,385	25,605	13,905

CITY OF MORRIS, ILLINOIS
MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Motel taxes	\$ 290,000	290,000	298,525	3,406	301,931	11,931
Interest income	300	300	286	-	286	(14)
Miscellaneous income	5,250	5,250	6,740	-	6,740	1,490
Total revenues	295,550	295,550	305,551	3,406	308,957	13,407
Expenditures						
Culture and recreation:						
Other professional services	1,000	1,000	-	-	-	1,000
Printing/publishing/ads	3,500	3,500	2,404	-	2,404	1,096
Broadcasting	3,000	3,000	1,792	-	1,792	1,208
Event sponsorship/donations	175,000	183,000	183,000	-	183,000	-
City special events	40,000	32,000	23,562	-	23,562	8,438
Tourism expenses	12,500	12,500	7,339	-	7,339	5,161
Miscellaneous expenses	5,000	5,000	8	-	8	4,992
Total culture and recreation	240,000	240,000	218,105	-	218,105	21,895
Capital outlay:						
Land purchases	1,000	1,000	-	-	-	1,000
Park improvements	80,000	80,000	40,639	-	40,639	39,361
Riverfront park improvements	2,500	2,500	-	-	-	2,500
Park equipment	2,500	2,500	1,269	-	1,269	1,231
I&M canal improvements	1,000	1,000	493	-	493	507
Building improvements	1,000	1,000	-	-	-	1,000
Total capital outlay	88,000	88,000	42,401	-	42,401	45,599
Total expenditures	328,000	328,000	260,506	-	260,506	67,494
Excess of revenues over (under) expenditures	(32,450)	(32,450)	45,045	3,406	48,451	80,901
Fund balances-beginning	313,660	313,660	339,764	(23,102)	316,662	3,002
Fund balances-ending	\$ 281,210	281,210	384,809	(19,696)	365,113	83,903

CITY OF MORRIS, ILLINOIS
DRUG FINE AND FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Drug enforcement fees	\$ 2,000	2,000	3,136	(365)	2,771	771
DUI equipment fees	4,500	4,500	10,850	346	11,196	6,696
Police vehicle equip fees	5,500	5,500	5,525	(198)	5,327	(173)
Failure to appear fines	2,800	2,800	3,150	-	3,150	350
E-Citation development fees	1,000	1,000	962	(36)	926	(74)
Drug forfeitures	3,000	3,000	278	-	278	(2,722)
Interest income	20	20	26	-	26	6
Donations	2,000	2,000	2,575	-	2,575	575
Property & evidence cash	2,000	2,000	1,193	-	1,193	(807)
Miscellaneous income	15,100	15,100	25	-	25	(15,075)
Total revenues	37,920	37,920	27,720	(253)	27,467	(10,453)
Expenditures						
Public safety:						
Telephone	2,000	2,000	1,100	-	1,100	900
Training/travel expense	1,500	1,500	-	-	-	1,500
Drug crime enforcement	15,000	15,000	505	-	505	14,495
Asset forfeiture refunds	2,000	1,725	1,518	-	1,518	207
Miscellaneous expense	1,700	1,975	1,450	-	1,450	525
Total public safety	22,200	22,200	4,573	-	4,573	17,627
Capital outlay:						
Equipment	4,000	4,000	2,884	-	2,884	1,116
DUI equipment	100	100	-	-	-	100
E-Citation development	500	500	-	-	-	500
Vehicles	8,000	8,000	-	-	-	8,000
Communication equipment	3,000	3,000	-	-	-	3,000
Total capital outlay	15,600	15,600	2,884	-	2,884	12,716
Total expenditures	37,800	37,800	7,457	-	7,457	30,343
Excess of revenues over (under) expenditures	120	120	20,263	(253)	20,010	19,890
Fund balances-beginning	40,988	40,988	42,226	(1,134)	41,092	104
Fund balances-ending	\$ 41,108	41,108	62,489	(1,387)	61,102	19,994

CITY OF MORRIS, ILLINOIS
COMMUNITY DEVELOPMENT LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Principal-Talty Chevrolet	\$ 21,333	21,333	185,285	-	185,285	163,952
Interest-Talty Chevrolet	3,510	3,510	2,289	-	2,289	(1,221)
Principal-Echo Lanes	10,735	10,735	9,853	-	9,853	(882)
Interest-Echo Lanes	620	620	556	-	556	(64)
Principal-Lagoon Saloon	10,955	10,955	11,853	-	11,853	898
Interest-Lagoon Saloon	632	632	700	-	700	68
Principal-Holiday Inn Express	32,700	32,700	31,735	-	31,735	(965)
Interest-Holiday Inn Express	3,026	3,026	3,027	-	3,027	1
Principal-Audacious Ink	955	955	955	-	955	-
Interest-Audacious Ink	203	203	204	-	204	1
Interest income	800	800	870	-	870	70
Total revenues	85,469	85,469	247,327	-	247,327	161,858
Expenditures						
Community development- Grant distributions	700,000	700,000	-	-	-	700,000
Excess of revenues over (under) expenditures	(614,531)	(614,531)	247,327	-	247,327	861,858
Fund balances-beginning	767,863	767,863	767,781	-	767,781	(82)
Fund balances-ending	\$ 153,332	153,332	1,015,108	-	1,015,108	861,776

**CITY OF MORRIS, ILLINOIS
MUNICIPAL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Interest income	\$ 15	15	4	-	4	(11)
Miscellaneous income	50	50	-	-	-	(50)
Total revenues	<u>65</u>	<u>65</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>(61)</u>
Expenditures						
General government:						
Engineering service	1,500	-	-	-	-	-
Legal service	2,000	268	268	-	268	-
Other professional service	1,500	-	-	-	-	-
Miscellaneous expenses	1,000	-	-	-	-	-
Total general government	<u>6,000</u>	<u>268</u>	<u>268</u>	<u>-</u>	<u>268</u>	<u>-</u>
Capital outlay-						
Building construction	<u>27,000</u>	<u>38,232</u>	<u>36,553</u>	<u>2,384</u>	<u>38,937</u>	<u>(705)</u>
Total expenditures	<u>33,000</u>	<u>38,500</u>	<u>36,821</u>	<u>2,384</u>	<u>39,205</u>	<u>(705)</u>
Excess of revenues over (under) expenditures	(32,935)	(38,435)	(36,817)	(2,384)	(39,201)	(766)
Other Financing Sources (Uses)						
Transfers out	(5,500)	-	-	-	-	-
Fund balances-beginning	<u>38,435</u>	<u>38,435</u>	<u>36,817</u>	<u>2,384</u>	<u>39,201</u>	<u>766</u>
Fund balances-ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS
COMBINING STATEMENT OF NET POSITION
APRIL 30, 2016**

	Operations and Maintenance Account	Capital Improvement Account	Alternate Revenue Bond And Interest Account	Total
Assets				
Cash and cash equivalents	\$ 9,929,967	1,547,663	4,703	11,482,333
Water & sewer fee receivables(net)	79,764	-	-	79,764
Capital assets:				
Land	613,374	-	-	613,374
Machinery & equipment	509,238	15,513	-	524,751
Vehicles	518,859	-	-	518,859
Infrastructure	37,800,539	-	-	37,800,539
Accumulated depreciation	(17,666,928)	(4,654)	-	(17,671,582)
 Total assets	 <u>31,784,813</u>	 <u>1,558,522</u>	 <u>4,703</u>	 <u>33,348,038</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	449,712	449,712
Liabilities				
Accounts payable and accrued expenses	60,372	-	-	60,372
Accrued interest payable	-	-	44,427	44,427
Compensated absences	148,618	-	-	148,618
Long-term liabilities due within one year:				
Alternate revenue bonds	-	-	430,000	430,000
Long-term liabilities due in more than one year:				
Compensated absences	13,974	-	-	13,974
Alternate revenue bonds(including bond premium)	-	-	4,872,309	4,872,309
 Total liabilities	 <u>222,964</u>	 <u>-</u>	 <u>5,346,736</u>	 <u>5,569,700</u>
Net Position				
Net investment in capital assets	21,775,082	10,859	(4,852,597)	16,933,344
Restricted for:				
Public works capital projects	-	1,547,663	-	1,547,663
Debt service	-	-	4,703	4,703
Unrestricted	9,786,767	-	(44,427)	9,742,340
 Total net position	 <u>\$ 31,561,849</u>	 <u>1,558,522</u>	 <u>(4,892,321)</u>	 <u>28,228,050</u>

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED APRIL 30, 2016

	Operations and Maintenance Account	Capital Improvement Account	Alternate Revenue Bond And Interest Account	Total
Operating Revenues				
Water and sewer sales	\$ 3,587,059	-	-	3,587,059
Infrastructure acre fees	-	991,746	-	991,746
Tap on fees/meters	79,291	-	-	79,291
Miscellaneous revenue	36,845	-	-	36,845
Total operating revenues	3,703,195	991,746	-	4,694,941
Operating Expenses				
Personal services	1,243,995	-	-	1,243,995
Contractual services	694,007	71,661	-	765,668
Commodities	319,934	-	-	319,934
Capital outlay/maintenance	299,826	-	-	299,826
Depreciation	875,814	1,034	-	876,848
Other expenses	95,726	-	-	95,726
Total operating expenses	3,529,302	72,695	-	3,601,997
Operating income (loss)	173,893	919,051	-	1,092,944
Non-Operating Revenues (Expenses)				
Bond service fees	-	-	(539)	(539)
Interest expense	-	-	(152,492)	(152,492)
Interest income	5,135	351	8	5,494
Total nonoperating revenues (expenses)	5,135	351	(153,023)	(147,537)
Income (loss) before transfers	179,028	919,402	(153,023)	945,407
Transfers between accounts	(506,375)	10,000	496,375	-
Change in net position	(327,347)	929,402	343,352	945,407
Net position-beginning	31,889,196	629,120	(5,235,673)	27,282,643
Net position-ending	\$ 31,561,849	1,558,522	(4,892,321)	28,228,050

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATIONS AND MAINTENANCE ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Water and sewer sales	\$ 3,450,000	3,450,000	3,469,895	20,585	3,490,480	40,480
Waste disposal fees	135,000	135,000	117,164	-	117,164	(17,836)
Waste disposal license	100	100	-	-	-	(100)
Tap-on-fees	34,000	34,000	58,500	-	58,500	24,500
Meter sales	9,000	9,000	20,791	-	20,791	11,791
Rental income	4,200	4,200	3,848	-	3,848	(352)
Miscellaneous income	38,000	38,000	32,997	-	32,997	(5,003)
Total operating revenues	3,670,300	3,670,300	3,703,195	20,585	3,723,780	53,480
Operating Expenses						
Personal services	1,485,225	1,440,600	1,243,995	17,767	1,261,762	178,838
Contractual services	757,375	808,700	694,007	17,073	711,080	97,620
Commodities	568,150	535,950	319,934	(848)	319,086	216,864
Capital outlay/maintenance	1,902,500	1,924,500	299,826	(30,257)	269,569	1,654,931
Depreciation	-	-	875,814	(875,814)	-	-
Other expenses	165,100	168,600	95,726	(39,982)	55,744	112,856
Total operating expenses	4,878,350	4,878,350	3,529,302	(912,061)	2,617,241	2,261,109
Operating income (loss)	(1,208,050)	(1,208,050)	173,893	932,646	1,106,539	2,314,589
Nonoperating Income						
State grants	500	500	-	-	-	(500)
Interest income	4,500	4,500	5,135	1	5,136	636
Total nonoperating income	5,000	5,000	5,135	1	5,136	136
Income (loss) before transfers	(1,203,050)	(1,203,050)	179,028	932,647	1,111,675	2,314,725
Transfers						
Transfer to other accounts	(507,060)	(507,060)	(506,375)	-	(506,375)	685
Change in net position	(1,710,110)	(1,710,110)	(327,347)	932,647	605,300	2,315,410
Net position-beginning	9,284,835	9,284,835	31,889,196	(22,564,529)	9,324,667	39,832
Net position-ending	\$ 7,574,725	7,574,725	31,561,849	(21,631,882)	9,929,967	2,355,242

**CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
CAPITAL IMPROVEMENT ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Infrastructure acre fees	\$ 900,000	900,000	991,746	-	991,746	91,746
Operating Expenses						
Engineering services	60,000	50,250	13,275	-	13,275	36,975
Legal services	35,000	44,750	44,735	-	44,735	15
Other professional services	20,000	20,000	1,354	-	1,354	18,646
Sludge disposal expenses	25,000	25,000	12,297	-	12,297	12,703
Maintenance supplies-sewer	20,000	20,000	-	-	-	20,000
STP improvements	15,000	15,000	-	-	-	15,000
WTP improvements	10,000	10,000	-	-	-	10,000
Watermain improvements	20,000	20,000	-	-	-	20,000
Sanitary sewer improvements	10,000	10,000	-	-	-	10,000
NE STP Improvements	10,000	10,000	-	-	-	10,000
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
Depreciation expense	-	-	1,034	(1,034)	-	-
Total operating expenses	230,000	230,000	72,695	(1,034)	71,661	158,339
Operating income (loss)	670,000	670,000	919,051	1,034	920,085	250,085
Nonoperating Income (Expenses)						
Interest income	325	325	351	1	352	27
Income (loss) before transfers	670,325	670,325	919,402	1,035	920,437	250,112
Transfers						
Transfer from water & sewer operations account	10,000	10,000	10,000	-	10,000	-
Change in net position	680,325	680,325	929,402	1,035	930,437	250,112
Net position-beginning	617,210	617,210	629,120	(11,894)	617,226	16
Net position-ending	\$ 1,297,535	1,297,535	1,558,522	(10,859)	1,547,663	250,128

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
ALTERNATE REVENUE BOND AND INTEREST ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Operating revenue	\$ -	-	-	-	-	-
Operating Expenses						
Operating expenses	-	-	-	-	-	-
Operating income (loss)	-	-	-	-	-	-
Nonoperating Income (Expenses)						
Interest income	200	200	8	1	9	(191)
Miscellaneous income	-	-	-	-	-	-
Bond principal	(415,000)	(415,000)	-	(415,000)	(415,000)	-
Bond interest	(122,060)	(122,185)	(152,492)	30,321	(122,171)	14
Bond fees	(1,500)	(1,375)	(539)	-	(539)	836
Total nonoperating expenses	(538,360)	(538,360)	(153,023)	(384,678)	(537,701)	659
Transfers						
Transfer from water & sewer operations account	497,060	497,060	496,375	-	496,375	(685)
Change in net position	(41,300)	(41,300)	343,352	(384,678)	(41,326)	(26)
Net position-beginning	46,032	46,032	(5,235,673)	5,281,702	46,029	(3)
Net position-ending	\$ 4,732	4,732	(4,892,321)	4,897,024	4,703	(29)

CITY OF MORRIS, ILLINOIS
COMBINING STATEMENT OF NET POSITION
AIRPORT FUNDS
APRIL 30, 2016

	Airport Operations Account	Airport Development Account	Total
Assets			
Cash and cash equivalents	\$ 229,220	29,509	258,729
Customer receivables	16,262	-	16,262
Inventory	37,733	-	37,733
Capital assets:			
Land	655,560	4,277,861	4,933,421
Land improvements	58,345	-	58,345
Machinery & equipment	-	66,925	66,925
Buildings & improvements	1,850,000	476,071	2,326,071
Infrastructure	7,800,769	-	7,800,769
Vehicles	102,500	-	102,500
Accumulated depreciation	(7,235,193)	(76,616)	(7,311,809)
Total assets	3,515,196	4,773,750	8,288,946
Liabilities			
Accounts payable and accrued expenses	13,911	-	13,911
Compensated absences	6,724	-	6,724
Due to General Fund	-	1,000,000	1,000,000
Long-term liabilities due within one year:			
Lease commitments payable	72,085	-	72,085
Long-term liabilities due in more than one year:			
Lease commitments payable	638,046	-	638,046
Total liabilities	730,766	1,000,000	1,730,766
Net Position			
Net investment in capital assets	2,521,850	3,744,241	6,266,091
Unrestricted	262,580	29,509	292,089
Total net position	\$ 2,784,430	3,773,750	6,558,180

CITY OF MORRIS, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AIRPORT FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Airport Operations Account	Airport Development Account	Total
Operating Revenues			
Facilities rental	\$ 245,295	-	245,295
Fuel sales	243,855	-	243,855
Miscellaneous revenue	-	6,405	6,405
	<u>489,150</u>	<u>6,405</u>	<u>495,555</u>
Operating Expenses			
Personal services	88,643	-	88,643
Contractual services	41,349	151,917	193,266
Commodities	199,013	-	199,013
Capital outlay/maintenance	5,966	30,780	36,746
Depreciation	355,481	15,055	370,536
Other expenses	6,675	500	7,175
	<u>697,127</u>	<u>198,252</u>	<u>895,379</u>
Total operating revenues	<u>489,150</u>	<u>6,405</u>	<u>495,555</u>
Total operating expenses	<u>697,127</u>	<u>198,252</u>	<u>895,379</u>
Operating income (loss)	<u>(207,977)</u>	<u>(191,847)</u>	<u>(399,824)</u>
Nonoperating Revenues (Expenses)			
State & federal grants	-	132,428	132,428
Interest income	114	9	123
Interest expense	(35,785)	-	(35,785)
	<u>(35,671)</u>	<u>132,437</u>	<u>96,766</u>
Total nonoperating revenues (expenses)	<u>(35,671)</u>	<u>132,437</u>	<u>96,766</u>
Change in net position	(243,648)	(59,410)	(303,058)
Net position-beginning	<u>3,028,078</u>	<u>3,833,160</u>	<u>6,861,238</u>
Net position-ending	<u>\$ 2,784,430</u>	<u>3,773,750</u>	<u>6,558,180</u>

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT OPERATIONS ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Operating Revenues						
Fuel sales	\$ 400,000	400,000	243,855	(1,664)	242,191	(157,809)
Rent-hangars	200,000	200,000	213,543	(1,068)	212,475	12,475
Rent-farmland	40,000	40,000	25,752	-	25,752	(14,248)
Rent-mechanic shop	6,000	6,000	6,000	-	6,000	-
Miscellaneous income	2,500	2,500	-	-	-	(2,500)
Total operating revenues	648,500	648,500	489,150	(2,732)	486,418	(162,082)
Operating Expenses						
Salary-Airport Manager	45,400	45,400	45,400	-	45,400	-
Salary-Airport Maintenance	30,000	31,025	31,020	-	31,020	5
Salary-Summer Maintenance	9,200	5,800	5,499	-	5,499	301
Compensated absences	-	-	6,724	(6,724)	-	-
Engineering services	3,500	3,500	-	-	-	3,500
Legal fees	-	-	850	(850)	-	-
Medical services & supplies	150	150	-	-	-	150
Postage & meter expense	1,200	1,200	500	-	500	700
Telephone	1,750	1,750	1,614	-	1,614	136
Printing/publishing/ads	500	500	189	-	189	311
Broadcasting	50	50	-	-	-	50
Dues/subscriptions	350	350	200	-	200	150
Training/travel expense	500	500	226	-	226	274
Utilities-gas	6,500	6,500	3,849	-	3,849	2,651
Utilities-electricity	19,000	21,175	20,145	1,010	21,155	20
Insurance-liability	17,000	17,000	13,776	-	13,776	3,224
Maintenance - buildings	3,400	3,400	842	-	842	2,558
Maintenance - equipment	12,000	12,000	6,188	-	6,188	5,812
Maintenance - vehicles	12,000	12,000	3,500	-	3,500	8,500
Maintenance - grounds	3,200	3,200	678	-	678	2,522
Office supplies	1,500	1,500	1,317	-	1,317	183
Operating supplies	300	300	2	-	2	298
Tools & small equipment	200	200	40	-	40	160
Janitorial supplies	300	300	271	-	271	29
Gasoline	3,000	3,000	1,228	-	1,228	1,772
Oil/lubricants	7,500	7,500	1,114	-	1,114	6,386
Aviation fuel	350,000	350,000	169,518	(21,039)	148,479	201,521
Airport buildings/Improv.	7,000	7,000	-	-	-	7,000
Equipment purchase/lease	12,000	12,000	4,852	-	4,852	7,148
Airport runway improvements	2,500	2,500	1,114	-	1,114	1,386
Miscellaneous expense	1,500	1,700	1,694	-	1,694	6
Bank/credit card fees	8,000	8,000	4,981	-	4,981	3,019
Fuel sales tax	30,500	30,500	14,315	-	14,315	16,185
Depreciation expense	-	-	355,481	(355,481)	-	-
Total operating expenses	590,000	590,000	697,127	(383,084)	314,043	275,957
Operating income (loss)	58,500	58,500	(207,977)	380,352	172,375	113,875

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT OPERATIONS ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Original				
Nonoperating Income (Expenses)						
Interest income	\$ 100	100	114	-	114	14
Interest expense	-	-	(35,785)	35,785	-	-
T-hangar lease payments	(104,545)	(104,545)	-	(104,545)	(104,545)	-
Nonoperating income (expense)	(104,445)	(104,445)	(35,671)	(68,760)	(104,431)	14
Income (loss) before transfers	(45,945)	(45,945)	(243,648)	311,592	67,944	113,889
Transfers						
Transfer from airport development account	20,000	20,000	-	-	-	(20,000)
Change in net position	(25,945)	(25,945)	(243,648)	311,592	67,944	93,889
Net position-beginning	145,384	145,384	3,028,078	(2,866,802)	161,276	15,892
Net position-ending	\$ 119,439	119,439	2,784,430	(2,555,210)	229,220	109,781

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT DEVELOPMENT ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Miscellaneous income	\$ 15,000	15,000	6,405	-	6,405	(8,595)
Operating Expenses						
Engineering service	205,000	205,000	141,712	-	141,712	63,288
Legal service	20,000	20,000	10,205	947	11,152	8,848
Other professional service	10,000	10,000	-	-	-	10,000
Equipment purchase	4,000	4,000	2,772	-	2,772	1,228
Vehicle purchase/lease	500	500	-	-	-	500
T-hangar construction/improv.	1,000	4,000	4,000	-	4,000	-
Airport building improv.	1,000	15,000	15,000	-	15,000	-
Land acquisition expenses	70,000	53,000	9,008	-	9,008	43,992
Miscellaneous expenses	7,500	7,500	500	-	500	7,000
Depreciation expense	-	-	15,055	(15,055)	-	-
Total operating expenses	319,000	319,000	198,252	(14,108)	184,144	134,856
Operating income (loss)	(304,000)	(304,000)	(191,847)	14,108	(177,739)	126,261
Nonoperating Income (Expenses)						
Federal & state grants	204,250	204,250	132,428	-	132,428	(71,822)
Interest income	35	35	9	-	9	(26)
Nonoperating income (expense)	204,285	204,285	132,437	-	132,437	(71,848)
Income (loss) before transfers	(99,715)	(99,715)	(59,410)	14,108	(45,302)	54,413
Transfers in (out)						
Transfer from general fund	100,000	100,000				(100,000)
Transfer to airport operations account	(20,000)	(20,000)	-	-	-	20,000
Total transfers in (out)	80,000	80,000	-	-	-	(80,000)
Change in net position	(19,715)	(19,715)	(59,410)	14,108	(45,302)	(25,587)
Net position-beginning	76,546	76,546	3,833,160	(3,758,348)	74,812	(1,734)
Net position-ending	\$ 56,831	56,831	3,773,750	(3,744,240)	29,510	(27,321)

CITY OF MORRIS, ILLINOIS
GARBAGE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Garbage Collection Fees	\$ 1,087,500	1,087,500	1,103,158	1,941	1,105,099	17,599
Operating Expenses						
Environment-						
Garbage disposal expense	1,079,330	1,079,980	1,080,944	(971)	1,079,973	7
Uncollectible account expense	-	-	7,863	(7,863)	-	-
Miscellaneous expense	6,000	5,350	3,438	-	3,438	1,912
Total operating expenses	1,085,330	1,085,330	1,092,245	(8,834)	1,083,411	1,919
Operating income (loss)	2,170	2,170	10,913	10,775	21,688	19,518
Nonoperating Income (Expenses)						
Loan from General Fund	500	500	-	-	-	(500)
Interest income	125	125	128	-	128	3
Nonoperating income (expense)	625	625	128	-	128	(497)
Change in net position	2,795	2,795	11,041	10,775	21,816	19,021
Net position-beginning	164,493	164,493	165,387	28,666	194,053	29,560
Net position-ending	\$ 167,288	167,288	176,428	39,441	215,869	48,581

**CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED APRIL 30, 2016**

Additions

Contributions:

Employer	\$ 695,513
Employee	184,586

Total contributions	<u>880,099</u>
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Investment earnings:

Net decrease in fair value of investments	(106,928)
Interest & dividends	<u>260,821</u>

Total investment earnings	153,893
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Less investment expenses-

Investment management fees	<u>(50,216)</u>
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Net investment income	<u>103,677</u>
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Other income	<u>50</u>
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Total additions	<u>983,826</u>
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Deductions

Benefits paid	736,933
Administrative expense	<u>13,833</u>

Total deductions	<u>750,766</u>
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Change in net position	233,060
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Net position-beginning (restated)	<u>12,043,146</u>
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Net position-ending	<u><u>\$ 12,276,206</u></u>
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**CITY OF MORRIS, ILLINOIS
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 APRIL 30, 2016**

	School Site Dedication Trust Fund	Library Trust Fund	Sex Offender Management Board Trust Fund	Security Deposit Trust Fund	Total
Assets					
Cash and cash equivalents	\$ 20	4,113	500	344,695	349,328
Liabilities					
Payable to other governments	20	4,113	500	1,782	6,415
Security deposits payable	-	-	-	342,913	342,913
Total liabilities	20	4,113	500	344,695	349,328
Net Position	\$ -	-	-	-	-

CITY OF MORRIS, ILLINOIS
AGENCY FUND
SCHOOL SITE DEDICATION TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2016

Additions

School site fees	\$	23,140
Interest income		3
		23,143
Total additions		23,143

Deductions

Distributions to school districts		23,140
		3
Change in assets and liabilities		3
Assets and liabilities-beginning		17
		17
Assets and liabilities-ending	\$	20

CITY OF MORRIS, ILLINOIS
AGENCY FUND
LIBRARY TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2016

Additions	
Replacement taxes	\$ 21,104
Deductions	
Distributions to library district	21,909
	<hr/>
Change in assets and liabilities	(805)
Assets and liabilities-beginning	4,918
	<hr/>
Assets and liabilities-ending	<u><u>\$ 4,113</u></u>

CITY OF MORRIS, ILLINOIS
AGENCY FUND
SEX OFFENDER MANAGEMENT BOARD TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2016

Additions	
Registration fees	\$ 1,420
Deductions	
Distributions to agencies	<u>1,640</u>
Change in assets and liabilities	(220)
Assets and liabilities-beginning	<u>720</u>
Assets and liabilities-ending	<u><u>\$ 500</u></u>

CITY OF MORRIS, ILLINOIS
AGENCY FUND
SECURITY DEPOSIT TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2016

Additions

Security deposits	\$ 210,059
Escrow fees-other	375,000
Interest income	<u>177</u>
Total additions	585,236

Deductions

Refund of security deposits & escrow fees	<u>545,697</u>
Change in assets and liabilities	39,539
Assets and liabilities-beginning	<u>305,156</u>
Assets and liabilities-ending	<u><u>\$ 344,695</u></u>

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Budget</u> <u>Basis</u>	<u>Budget</u> <u>Basis</u>	
Finance and Administrative Department						
Salary-Mayor	\$ 87,500	87,500	87,500	-	87,500	-
Salary-Liquor Commissioner	5,000	5,000	5,000	-	5,000	-
Salary-Mayor's Secretary	58,525	58,650	58,630	-	58,630	20
Salaries-Aldermen	39,400	39,400	37,575	-	37,575	1,825
Salary-City Clerk	76,200	76,200	76,200	-	76,200	-
Salary-Budget Officer	17,500	17,500	17,500	-	17,500	-
Salary-Treasurer	3,500	3,500	3,500	-	3,500	-
Salary-Deputy Treasurer	60,675	60,750	60,736	-	60,736	14
Salary-Building and Zoning Officer	75,150	75,150	75,150	-	75,150	-
Salary-Director of Public Works	89,100	89,100	89,100	-	89,100	-
Salary-Public Works Secretary	42,100	42,225	42,225	-	42,225	-
Salary-Custodian	35,800	35,800	34,468	-	34,468	1,332
Salary-Fire Marshall	30,775	30,775	30,775	-	30,775	-
Salary-Deputy City Clerk F&A	58,525	58,825	58,813	-	58,813	12
Salary-Human Resource Administrator	6,200	6,200	6,200	-	6,200	-
Compensated absences	-	-	9,608	(9,608)	-	-
Wages-Zoning Board of Appeals	600	600	175	-	175	425
Wages-Planning Commission	3,000	3,000	1,530	-	1,530	1,470
Wages-Police Commission	3,500	3,500	2,275	-	2,275	1,225
Insurance-health	1,824,600	1,820,775	1,499,276	-	1,499,276	321,499
Insurance-dental & vision	90,800	90,800	69,496	-	69,496	21,304
Insurance-life	30,000	30,000	25,643	-	25,643	4,357
Accounting service	20,000	20,000	16,375	-	16,375	3,625
Engineering service	315,000	315,000	21,104	-	21,104	293,896
Legal service	250,000	250,000	185,136	14,532	199,668	50,332
Medical services & supplies	500	500	-	-	-	500
Data processing/internet service	4,000	4,000	-	-	-	4,000
Other professional service	36,750	36,750	21,144	-	21,144	15,606
Building inspector fee	18,000	18,000	9,520	-	9,520	8,480
Plumbing inspector fee	6,000	8,000	7,875	-	7,875	125
Postage & meter expense	7,500	7,500	4,543	-	4,543	2,957
Telephone	21,000	21,000	15,687	-	15,687	5,313
Cell phone	3,000	3,000	1,289	-	1,289	1,711
Printing/publishing & ads	8,500	8,500	7,330	-	7,330	1,170
Broadcasting	4,000	4,000	1,853	-	1,853	2,147
Dues/subscriptions	7,500	7,500	7,286	-	7,286	214
Training/travel expense	1,000	1,300	1,291	-	1,291	9
Codification services	8,000	8,000	4,389	-	4,389	3,611
Building & zoning expense	2,000	2,000	194	-	194	1,806
Police commission expense	15,000	15,000	11,815	-	11,815	3,185
Insurance-general	3,300	3,300	2,593	-	2,593	707
Insurance-liability/auto/workers comp	265,500	265,500	220,766	(4,320)	216,446	49,054
Copier machine rental	6,500	6,500	6,042	-	6,042	458
Copier machine rental-public works	1,800	1,800	1,536	-	1,536	264
Maintenance-building	5,000	5,000	4,513	-	4,513	487
Maintenance-pw building	500	500	400	-	400	100
Maintenance-equipment	500	500	93	-	93	407
Maintenance-pw equipment	200	200	-	-	-	200
Maintenance-grounds	1,000	1,000	147	-	147	853
Maintenance-pw grounds	50	50	-	-	-	50
Office supplies	10,000	10,000	5,713	-	5,713	4,287

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Office supplies-building & zoning	\$ 300	825	816	-	816	9
Office supplies-public works	750	750	272	-	272	478
Operating supplies	300	300	179	-	179	121
Janitorial supplies	1,500	1,500	757	-	757	743
Janitorial supplies-public works	1,200	1,200	785	-	785	415
Capital outlay-equipment	1,000	1,000	348	-	348	652
Capital outlay-pw equipment	250	250	-	-	-	250
Capital outlay-furniture	2,000	2,000	-	-	-	2,000
Capital outlay-pw furniture	100	100	-	-	-	100
Capital outlay-computers & maint.	5,000	5,000	3,690	-	3,690	1,310
Capital outlay-computer programs	15,000	15,000	12,400	-	12,400	2,600
Property tax reimbursement	350	725	707	-	707	18
Sales tax reimbursement	150,000	150,000	76,033	(6,355)	69,678	80,322
Miscellaneous expenses	6,000	6,000	3,800	-	3,800	2,200
Misc. expense-Mayor's office	2,000	2,000	55	-	55	1,945
Misc. expense-corn festival	400	400	-	-	-	400
Misc. expense-police commission	15,000	15,000	609	-	609	14,391
Miscellaneous donations	20,000	20,000	18,432	-	18,432	1,568
Total finance and administrative dept.	3,881,700	3,881,700	2,968,892	(5,751)	2,963,141	918,559
Police Department						
Salary-Chief of Police	104,950	104,950	104,925	-	104,925	25
Salary-Deputy Chief	91,300	91,300	91,300	-	91,300	-
Salary-Sergeants	455,000	455,000	450,197	-	450,197	4,803
Salary-Patrol Persons	1,719,100	1,701,450	1,590,055	-	1,590,055	111,395
Salary-Part-time Patrol Persons	50,000	50,000	36,331	-	36,331	13,669
Salary-Police Secretary	45,050	45,050	45,050	-	45,050	-
Salary-Computer Operator	25,750	25,750	23,928	-	23,928	1,822
Salary-Ordinance Enforcer	42,050	42,200	42,180	-	42,180	20
Salary-School Crossing Guards	69,500	69,500	64,830	-	64,830	4,670
Salary-Records & Technology	60,375	60,650	60,645	-	60,645	5
Compensated absences	-	-	-	-	-	-
Deferred compensation employer	15,000	15,000	12,233	-	12,233	2,767
Contribution to police pension	695,513	695,513	695,513	-	695,513	-
Uniform expense	22,000	22,000	17,280	-	17,280	4,720
Medical service-arrestees	2,500	2,500	227	-	227	2,273
Data processing service	1,000	1,000	-	-	-	1,000
Dispatcher agreement - County	272,650	272,650	272,604	-	272,604	46
Postage & meter expense	2,000	2,000	1,000	-	1,000	1,000
Cell phone	3,500	3,500	2,580	-	2,580	920
Printing/publishing/ads	3,500	3,550	3,540	-	3,540	10
Broadcasting	300	300	-	-	-	300
LEADS expense	9,000	9,000	7,300	-	7,300	1,700
Dues/subscriptions	8,500	8,500	7,034	-	7,034	1,466
Training/travel expense	20,000	20,000	12,952	-	12,952	7,048
Tuition reimbursement	500	500	-	-	-	500
Investigation expense	5,500	5,500	4,825	-	4,825	675
Booking/processing expense	500	500	-	-	-	500
Copier machine rental	2,500	3,325	3,316	-	3,316	9
Maintenance-building	1,000	1,000	127	-	127	873
Maintenance-equipment	3,000	4,275	4,263	-	4,263	12

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Maintenance-vehicles	\$ 22,500	22,500	18,953	-	18,953	3,547
Maintenance-comm. equip.	500	500	-	-	-	500
Office supplies	7,000	7,000	6,612	-	6,612	388
Operating supplies	2,000	2,000	762	-	762	1,238
Janitorial supplies	2,800	2,800	2,148	-	2,148	652
Gasoline	60,000	73,675	64,054	9,609	73,663	12
Oil/lubricants	1,000	1,175	1,168	-	1,168	7
DARE supplies	3,000	3,100	3,077	-	3,077	23
Drug law enforcement/crime prev.	750	750	-	-	-	750
Awards	750	750	263	-	263	487
Books & periodicals	300	400	378	-	378	22
Video/audio/software	200	200	-	-	-	200
Capital outlay-equipment	50,000	50,000	26,866	-	26,866	23,134
Capital outlay-vehicles	160,000	160,000	142,391	-	142,391	17,609
Capital outlay-furniture	1,000	1,000	992	-	992	8
Capital outlay-comm. equip.	1,000	1,000	-	-	-	1,000
Capital outlay-computer/maint.	35,000	35,000	16,010	-	16,010	18,990
Capital outlay-computer programs	1,000	1,000	6	-	6	994
Miscellaneous expense	3,500	4,525	4,503	-	4,503	22
Animal control	14,500	14,500	11,672	-	11,672	2,828
M.A.N.S. expense	50	50	-	-	-	50
Total police department	4,098,388	4,098,388	3,854,090	9,609	3,863,699	234,689
Street and Alley Department						
Salary-Superintendent of Streets	80,350	80,350	80,325	-	80,325	25
Salary-Mechanic	74,000	74,000	67,046	-	67,046	6,954
Salary-Class A Operator	355,000	355,000	338,917	-	338,917	16,083
Salary-Class B Operator	203,000	203,000	190,180	-	190,180	12,820
Salary-Class A Laborer	198,000	198,000	183,298	-	183,298	14,702
Salary-Class B Laborer	123,000	123,000	115,254	-	115,254	7,746
Salary-Summer Maintenance	25,000	25,000	22,937	-	22,937	2,063
Compensated absences	-	-	-	-	-	-
Deferred compensation employer	8,500	8,500	8,150	-	8,150	350
Engineering services	75,000	75,000	66,447	-	66,447	8,553
Medical service & testing	1,500	1,500	921	-	921	579
Cell phone	1,800	1,800	1,540	-	1,540	260
Printing/publishing/advertising	750	750	399	-	399	351
Training/travel expenses	2,500	2,500	2,371	-	2,371	129
Utilities-street light electricity	133,000	133,000	131,371	(8,665)	122,706	10,294
Rentals	1,500	1,500	-	-	-	1,500
Maintenance-buildings	2,500	2,500	616	-	616	1,884
Maintenance-equipment	26,000	26,000	22,482	254	22,736	3,264
Maintenance vehicles	35,000	35,000	10,358	-	10,358	24,642
Maintenance-streets	105,000	146,175	146,154	-	146,154	21
Maintenance-traffic signals	30,000	52,675	43,044	9,616	52,660	15
Maintenance-tree trimming	5,000	5,000	-	-	-	5,000
Maintenance-st. control mat.	55,000	55,000	18,376	-	18,376	36,624
Maintenance-street lights	45,000	45,000	44,861	(795)	44,066	934
Operating supplies	33,000	33,000	15,800	-	15,800	17,200

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>GAAP Basis</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Basis</u>	<u>Budget Basis</u>	
Tools & small equipment	\$ 7,250	7,250	2,456	-	2,456	4,794
Janitorial supplies	4,000	4,000	3,387	-	3,387	613
Gasoline	70,000	47,700	24,182	5,242	29,424	18,276
Diesel fuel	46,500	46,500	36,173	-	36,173	10,327
Oil/lubricants	8,500	8,500	2,662	825	3,487	5,013
Books & periodicals	150	150	-	-	-	150
Capital outlay-equipment	166,800	166,800	146,327	-	146,327	20,473
Capital outlay-vehicles	25,000	25,000	21,974	-	21,974	3,026
Capital outlay-street construction	10,000	32,000	31,925	-	31,925	75
Capital outlay-bridge construction	3,500	3,500	-	-	-	3,500
Capital outlay-storm sewer const.	3,000	3,300	3,295	-	3,295	5
Capital outlay-sidewalk/curb const.	20,000	131,150	124,425	-	124,425	6,725
Capital outlay-street signs	5,000	5,000	3,434	-	3,434	1,566
Capital outlay-street lighting	500	500	-	-	-	500
Capital outlay-communication equip	2,500	2,500	-	-	-	2,500
Miscellaneous expenses	6,000	6,000	5,921	-	5,921	79
Total street and alley department	1,998,100	2,173,100	1,917,008	6,477	1,923,485	249,615
Parks Department						
Salary-Parks Leadsman	65,000	62,000	60,026	-	60,026	1,974
Salary-Assistant Parks Leadsman	64,750	64,750	61,096	-	61,096	3,654
Salary-Parks Laborer	60,000	60,000	56,935	-	56,935	3,065
Salary-Summer Maintenance	11,500	11,500	9,677	-	9,677	1,823
VALIC-employer portion	1,700	1,700	1,700	-	1,700	-
Engineering services	5,000	4,750	-	-	-	4,750
Utilities-electricity	11,000	11,000	9,074	360	9,434	1,566
Rentals	250	250	-	-	-	250
Maintenance-building	1,000	1,250	1,241	-	1,241	9
Maintenance-equipment	8,000	4,975	3,750	-	3,750	1,225
Maintenance-vehicles	4,000	4,000	1,025	-	1,025	2,975
Maintenance grounds	4,500	4,500	2,428	-	2,428	2,072
Maintenance-tennis courts	750	750	156	(54)	102	648
Maintenance-baseball fields	8,500	11,425	9,063	2,346	11,409	16
Operating supplies	1,000	1,100	1,080	-	1,080	20
Tools & small equipment	1,500	1,500	618	-	618	882
Janitorial supplies	2,500	2,500	1,716	-	1,716	784
Gasoline/Diesel	7,500	10,500	10,493	-	10,493	7
Oil/lubricants	100	100	-	-	-	100
Capital outlay-park improvements	4,000	4,000	94	-	94	3,906
Capital outlay-equipment	9,000	9,000	5,993	-	5,993	3,007
Miscellaneous expenses	100	100	60	-	60	40
Total parks department	271,650	271,650	236,225	2,652	238,877	32,773
Swimming Pool						
Salary-Management	25,000	25,000	21,319	-	21,319	3,681
Salary-Summer Employees	60,000	58,700	30,198	-	30,198	28,502
Salary-Red Cross	4,000	4,000	2,550	-	2,550	1,450
Engineering Service	500	500	-	-	-	500
Printing/publishing/ads	400	400	356	-	356	44

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Dues/subscriptions	\$ 600	600	-	-	-	600
Utilities-gas	500	500	396	-	396	104
Maintenance-building	1,000	1,000	618	-	618	382
Maintenance-pool & grounds	1,000	1,900	1,893	-	1,893	7
Operating supplies	4,000	4,000	703	-	703	3,297
Tools & small equipment	100	100	5	-	5	95
Janitorial supplies	400	400	115	-	115	285
Chemicals	7,000	7,400	7,385	-	7,385	15
Miscellaneous expenses	1,300	1,300	854	-	854	446
Concession stand expense	11,000	11,000	6,166	-	6,166	4,834
Capital outlay-pool improvements	1,500	1,500	817	-	817	683
Capital outlay-equipment	5,300	5,300	1,628	-	1,628	3,672
Total swimming pool	123,600	123,600	75,003	-	75,003	48,597
Senior Van						
Salary-senior van driver	14,500	14,500	13,384	-	13,384	1,116
Printing/publishing/ads	100	100	-	-	-	100
Maintenance-vehicles	2,000	2,650	2,649	-	2,649	1
Gasoline	10,000	9,350	2,475	-	2,475	6,875
Oil/lubricants	200	200	154	-	154	46
Miscellaneous expenses	100	100	-	-	-	100
Total senior van	26,900	26,900	18,662	-	18,662	8,238
Provision For Contingencies	100,000	100,000	-	-	-	100,000
Transfers to Other Funds						
Transfer to Airport Dev Fund	100,000	100,000	-	-	-	100,000
Transfer to Police Pension	2,500	2,625	-	-	-	2,625
Loan to Garbage Fund	500	375	-	-	-	375
Total transfers to other funds	103,000	103,000	-	-	-	103,000
Total General Fund	\$ 10,603,338	10,778,338	9,069,880	12,987	9,082,867	1,695,471
Summary by Function:						
Current:						
General government	\$ 3,958,350	3,958,350	2,952,454	(5,751)	2,946,703	1,011,647
Public safety	3,154,875	3,154,875	2,972,311	9,610	2,981,921	172,954
Transportation & public service	1,788,700	1,830,250	1,604,290	6,477	1,610,767	219,483
Culture & recreation	375,450	375,450	302,696	2,651	305,347	70,103
Employee retirement costs	695,513	695,513	695,513	-	695,513	-
Capital outlay	527,450	660,900	542,616	-	542,616	118,284
Total expenditures	10,500,338	10,675,338	9,069,880	12,987	9,082,867	1,592,471
Transfers to other funds	103,000	103,000	-	-	-	103,000
Total General Fund	\$ 10,603,338	10,778,338	9,069,880	12,987	9,082,867	1,695,471

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Administrative Department						
Salary-Deputy City Clerk	\$ 58,525	58,525	21,729	-	21,729	36,796
Salary-Water Clerk	75,000	75,000	74,824	-	74,824	176
Compensated absences	-	-	-	-	-	-
Insurance-health	87,300	87,300	51,266	-	51,266	36,034
Insurance-dental & vision	5,100	5,100	2,136	-	2,136	2,964
Insurance-life	1,700	1,700	1,114	-	1,114	586
Accounting services	23,000	23,000	14,575	-	14,575	8,425
Legal services	25,000	32,350	37,214	(4,869)	32,345	5
Data processing expenses	2,500	2,500	-	-	-	2,500
Postage & meter expense	13,000	13,000	9,767	-	9,767	3,233
Telephone & alarms	22,000	10,900	4,997	-	4,997	5,903
Cell phone	4,000	4,000	3,316	-	3,316	684
Printing/publishing/ads	4,000	4,000	3,193	-	3,193	807
Dues/subscriptions	100	425	425	-	425	-
Training/travel expense	300	300	-	-	-	300
Utilities-gas	19,500	19,500	14,186	-	14,186	5,314
Insurance-liability/auto/workers comp	263,775	263,775	207,791	(4,320)	203,471	60,304
Rentals	1,000	1,000	-	-	-	1,000
Office supplies	4,000	4,000	1,818	-	1,818	2,182
Operating supplies	250	250	-	-	-	250
Capital outlay-equipment	2,500	2,500	413	-	413	2,087
Capital outlay-computers	12,000	12,000	6,763	-	6,763	5,237
Capital outlay-computer programs	35,000	35,000	7,529	-	7,529	27,471
Miscellaneous expenses	15,000	18,425	18,414	-	18,414	11
Uncollectible account expense	-	-	39,981	(39,981)	-	-
Miscellaneous water refunds	1,000	1,000	-	-	-	1,000
Total administrative dept.	675,550	675,550	521,451	(49,170)	472,281	203,269
Water Department						
Salary-Water Foreman	80,500	100,425	75,409	25,001	100,410	15
Salary-Class A Laborer	75,000	75,000	72,176	-	72,176	2,824
Salary-Class B Laborer	7,500	7,500	-	-	-	7,500
Salary-Class C Laborer	251,100	251,100	240,819	-	240,819	10,281
Salary-Class D Laborer	57,100	26,600	23,522	-	23,522	3,078
Salary-Summer Maintenance	18,100	18,100	14,673	-	14,673	3,427
Insurance-health	236,600	236,600	175,760	-	175,760	60,840
Insurance-dental & vision	11,600	11,600	8,421	-	8,421	3,179
Insurance-life	4,000	4,000	2,767	-	2,767	1,233
VALIC-employer portion	4,000	4,000	2,383	-	2,383	1,617
Engineering service	12,000	19,550	19,549	-	19,549	1
Medical service & supplies	300	800	799	-	799	1
JULIE locate service	5,000	5,000	3,941	(324)	3,617	1,383
Training/travel expense	5,000	5,000	262	-	262	4,738
Utilities-electricity	174,000	176,425	165,631	10,775	176,406	19
Rental equipment	1,000	1,000	-	-	-	1,000
Copier machine rental/expense	1,800	1,900	1,877	-	1,877	23
Maintenance supplies-equipment	15,000	15,000	5,584	-	5,584	9,416
Maintenance supplies-meters	8,000	8,000	6,193	-	6,193	1,807
Maintenance supplies-vehicles	7,000	7,000	1,837	1,954	3,791	3,209
Maintenance supplies-WTP & bldg.	2,000	2,000	957	(67)	890	1,110

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Maintenance supplies-water towers	\$ 1,500	1,500	310	-	310	1,190
Maintenance supplies-well houses	3,000	3,000	312	-	312	2,688
Maintenance supplies-water mains	60,000	60,000	44,369	796	45,165	14,835
Maintenance supplies-pumping equip.	8,000	8,000	4,147	-	4,147	3,853
Maintenance supplies-grounds	750	750	349	-	349	401
Office supplies & equipment	1,000	1,000	228	-	228	772
Operating supplies	28,500	28,500	10,750	-	10,750	17,750
Tools and small equipment	2,500	2,500	254	231	485	2,015
Janitorial supplies	600	600	381	-	381	219
Gasoline/diesel	55,000	55,000	16,101	2,620	18,721	36,279
Oil/lubricants	4,000	4,000	914	202	1,116	2,884
Chemicals	55,000	55,000	31,300	-	31,300	23,700
Sodium chloride	165,000	165,000	137,132	(9,304)	127,828	37,172
Books/periodicals & misc.	500	500	103	-	103	397
Video/audio/software & misc.	27,500	27,500	1,445	-	1,445	26,055
Capital outlay-WTP improvements	25,000	25,000	-	-	-	25,000
Capital outlay-equipment	280,000	265,425	35,474	(27,175)	8,299	257,126
Capital outlay-meters	100,000	114,575	114,567	-	114,567	8
Capital outlay-valves/hydrants	60,000	60,000	23,386	(3,082)	20,304	39,696
Capital outlay-hydra-stop equipment	2,500	2,500	139	-	139	2,361
Capital outlay-pumping equipment	30,000	30,000	85	-	85	29,915
Capital outlay-Vehicles	1,000	1,000	752	-	752	248
Capital outlay-watermain extensions	40,000	40,000	30,535	-	30,535	9,465
Capital outlay-water well construct.	1,000	1,000	-	-	-	1,000
Capital outlay-water system control	2,500	2,500	-	-	-	2,500
Capital outlay-water towers	20,000	20,000	-	-	-	20,000
Capital outlay-furniture	500	500	34	-	34	466
Water analysis	10,000	10,000	5,270	-	5,270	4,730
Miscellaneous expenses	1,000	1,000	907	-	907	93
Total water department	1,962,950	1,962,950	1,281,804	1,627	1,283,431	679,519
Sewer Department						
Engineering services	10,000	15,000	14,977	1	14,978	22
Rental equipment	1,000	25	-	-	-	25
Maintenance supplies-equipment	3,000	3,000	906	1,591	2,497	503
Maintenance supplies-lift stations	40,000	13,000	6,049	1,271	7,320	5,680
Maintenance supplies-sewer mains	1,500	2,475	2,465	-	2,465	10
Capital outlay-equipment	59,000	59,000	-	-	-	59,000
Capital outlay-manholes and grates	1,500	1,500	-	-	-	1,500
Capital outlay-sewer extensions	1,200,000	1,200,000	42,773	-	42,773	1,157,227
Capital outlay-lift stations	15,000	37,000	37,000	-	37,000	-
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
Total sewer department	1,336,000	1,336,000	104,170	2,863	107,033	1,228,967

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with Final Budget Over (Under)
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	
Sewer Treatment Department						
Salary-Waste Water Operator	\$ 79,000	79,000	78,800	-	78,800	200
Salary-Waste Water Operator 1	75,000	71,900	70,696	-	70,696	1,204
Salary-Waste Water Asst./Lab T4	132,000	65,625	64,760	-	64,760	865
Salary-Waste Water Lab T Asst.	54,000	104,425	104,422	-	104,422	3
Salary-Summer Maintenance	9,500	9,500	5,585	-	5,585	3,915
Compensated absences	-	-	7,235	(7,235)	-	-
Insurance-health	150,000	135,000	134,884	-	134,884	116
Insurance-dental & vision	7,500	7,500	6,058	-	6,058	1,442
Insurance-life	2,450	2,450	2,156	-	2,156	294
VALIC-employer portion	2,650	2,650	2,400	-	2,400	250
Engineering services	5,000	9,475	9,465	-	9,465	10
Engineering services-NE STP	1,000	1,000	-	-	-	1,000
Medical service & supplies	250	725	701	-	701	24
Training/travel expense	750	750	50	-	50	700
Utilities-electricity central	90,000	104,100	98,332	5,765	104,097	3
Utilities-electricity NE STP	72,000	93,100	82,958	10,046	93,004	96
Copier machine rental/expense	100	100	-	-	-	100
Maintenance supplies-equipment	30,000	23,900	15,921	236	16,157	7,743
Maintenance supplies-vehicles	2,000	2,000	1,374	-	1,374	626
Maintenance supplies-STP	4,000	3,500	2,779	(379)	2,400	1,100
Maintenance supplies-grounds	2,500	2,900	2,900	-	2,900	-
Office supplies & equipment	300	300	252	-	252	48
Operating supplies	3,000	3,000	1,436	-	1,436	1,564
Lab testing samples/supplies	12,000	12,000	9,963	-	9,963	2,037
Tools & small equipment	5,000	5,000	1,073	-	1,073	3,927
Janitorial supplies	750	775	765	-	765	10
Gasoline/diesel	9,000	9,000	5,873	-	5,873	3,127
Oil/lubricants	1,000	1,000	818	-	818	182
Chemicals	5,000	5,000	2,877	-	2,877	2,123
Capital outlay-sewer treatment plant	2,500	2,500	210	-	210	2,290
Capital outlay-NE STP	2,500	2,500	-	-	-	2,500
Capital outlay-vehicles/equipment	10,000	10,000	166	-	166	9,834
IEPA/NPDES fees	33,000	33,000	31,000	-	31,000	2,000
Miscellaneous expenses	100	175	154	-	154	21
Total sewer treatment department	803,850	803,850	746,063	8,433	754,496	49,354
Depreciation expense	-	-	875,814	(875,814)	-	-
Provision for contingency	100,000	100,000	-	-	-	100,000

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Transfers to Other Accounts						
Revenue Bond & Interest Account	\$ 497,060	497,060	496,375	-	496,375	685
Capital Improvement Account	10,000	10,000	10,000	-	10,000	-
Total transfers to other accounts	507,060	507,060	506,375	-	506,375	685
Total operations and maintenance	<u>\$ 5,385,410</u>	<u>5,385,410</u>	<u>4,035,677</u>	<u>(912,061)</u>	<u>3,123,616</u>	<u>2,261,794</u>
Summary by Function:						
Operating Expenses:						
Personal services	\$ 1,485,225	1,440,600	1,243,995	17,767	1,261,762	178,838
Contractual services	757,375	808,700	694,007	17,073	711,080	97,620
Commodities	568,150	535,950	319,934	(848)	319,086	216,864
Capital outlay/maintenance	1,902,500	1,924,500	299,826	(30,257)	269,569	1,654,931
Depreciation	-	-	875,814	(875,814)	-	-
Other expenses	165,100	168,600	95,726	(39,982)	55,744	112,856
Total operating expenses	4,878,350	4,878,350	3,529,302	(912,061)	2,617,241	2,261,109
Transfer to other accounts	507,060	507,060	506,375	-	506,375	685
Total operations and maintenance	<u>\$ 5,385,410</u>	<u>5,385,410</u>	<u>4,035,677</u>	<u>(912,061)</u>	<u>3,123,616</u>	<u>2,261,794</u>

CITY OF MORRIS, ILLINOIS
ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS
AND TAX COLLECTIONS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed valuations	\$ 288,958,242	266,562,827	260,122,672	255,713,612	266,588,885
General Corporate	0.2004	0.1801	0.1429	0.1311	0.0516
Garbage	0.0433	0.0469	0.0096	-	-
Police Pension	0.1721	0.2190	0.2531	0.2720	0.3190
Municipal Retirement	0.1142	0.1032	0.1300	0.1330	0.1388
Social Security/Medicare	0.1021	0.0750	0.0865	0.0841	0.1155
Police Protection	0.0259	0.0281	0.0288	0.0293	0.0281
Totals	<u>0.6580</u>	<u>0.6523</u>	<u>0.6509</u>	<u>0.6495</u>	<u>0.6530</u>
General Corporate	\$ 578,131	479,277	371,196	334,675	137,300
Garbage	124,806	124,816	24,982	-	-
Police Pension	496,456	582,776	657,345	694,342	848,922
Municipal Retirement	329,499	274,568	337,437	339,449	369,397
Social Security/Medicare	294,561	199,705	224,655	214,641	307,494
Police Protection	74,895	74,890	74,893	74,875	74,891
	<u>1,898,348</u>	<u>1,736,032</u>	<u>1,690,508</u>	<u>1,657,982</u>	<u>1,738,004</u>
Township Road & Bridge	<u>66,840</u>	<u>69,364</u>	<u>72,253</u>	<u>75,030</u>	<u>77,308</u>
Totals	<u>\$ 1,965,188</u>	<u>1,805,396</u>	<u>1,762,761</u>	<u>1,733,012</u>	<u>1,815,312</u>
Tax collections	<u>\$ 1,963,273</u>	<u>1,801,916</u>	<u>1,759,599</u>	<u>1,729,427</u>	<u>-</u>

CITY OF MORRIS, ILLINOIS
LEGAL DEBT MARGIN
APRIL 30, 2016

Assessed valuation-2015 tax year	<u>\$ 266,588,885</u>
Statutory debt limitation(8.625% of assessed valuation)	<u>\$ 22,993,291</u>
General Obligation debt applicable to limitation:	
General Obligation Refunding Bonds (ARS), Series 2012	<u>5,235,000</u>
Other debt applicable to limitation:	
Airport Hangar Capital Lease Commitment, dated July 10, 2014	568,259
Airport Hangar Capital Lease Commitment, dated July 10, 2014	<u>141,872</u>
Total other debt	<u>710,131</u>
Total debt	5,945,131
Less self-supporting bonded debt	<u>(5,235,000)</u>
Total debt subject to legal debt margin	<u>710,131</u>
Available legal debt margin	<u>\$ 22,283,160</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Morris, Illinois

I was engaged to audit, in accordance with 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 City of Morris, Illinois as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' basic financial statements and have issued my report thereon dated August 8, 2016.

Internal Control Over Financial Reporting

In connection with my engagement to audit the financial statements of the City of Morris, Illinois, I considered the City of Morris, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Morris, Illinois' internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Morris, Illinois' 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, I did identify a deficiency in internal control, described as internal control finding IC-1 on the following page, which I consider to be a material weakness.

Internal Control Finding IC-1

Internal Control Environment—Management is responsible for establishing, maintaining, and monitoring internal controls; and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements in conformity with U.S. generally accepted accounting principles. The City did not maintain an effective control environment as its management did not effectively document, monitor or provide oversight. A control environment sets the tone of an organization, influences the control consciousness of its people, and is the foundation of all other components of internal control over financial reporting. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles. For the current fiscal year, management did not have the expertise to analyze complex transactions to ensure that all transactions were properly recorded in the accounting records. As a result, adjustments to convert from the cash basis to the accrual/modified accrual basis, and assistance with the preparation of the financial statements and related notes were required as part of the audit process. The outsourcing of this service is not unusual in entities of this size and is a result of management's cost benefit decision to utilize outside accounting expertise rather than to incur internal resource costs.

Recommendation

The management of the City should assess its internal control system and implement additional controls appropriate to the size and needs of the organization. Some of the areas that represent significant deficiencies in the current system include the lack of review and approval of certain processes, such as completed bank reconciliations; the lack of comprehensive written accounting policies and procedures; the lack of required expertise in order to prepare financial statements in accordance with U.S. generally accepted accounting principles; and the lack of review of the interim financial statements by management and members of the City Council.

City management response:

Due to current limited resources and personnel, the City is not currently able to fulfill the recommendation entirely, but management will continue to strive to be more actively involved in assessing and implementing controls based upon available time and resources.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Morris, Illinois' financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Morris, Illinois' Response to Findings

The City of Morris, Illinois' response to the finding identified in my audit is described above. The City of Morris, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William J. Crawford
Certified Public Accountant, P.C.

Coal City, Illinois
August 8, 2016