

CITY OF MORRIS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
APRIL 30, 2020



CITY OF MORRIS, ILLINOIS

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For the Year Ended April 30, 2020**

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we 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 auditors' 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of April 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Data

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Morris, Illinois, for the year ended April 30, 2019, which are presented for comparison purposes with the accompanying financial statements. In our report dated September 16, 2019, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Morris, Illinois' basic financial statements. The schedules listed in the table of contents as "Other Supplementary Information" and "Statistical Section" on pages 83-121 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements on pages 83-120 are the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuations, Rates, Extensions and Collections on page 121 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020 on our consideration of the City of Morris, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 2, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

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, 2020. 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 resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62,186,129 (net position). The City has a deficit unrestricted fund balance of (\$5,044,103) at April 30, 2020.
- The City's total net position decreased by \$6,091,362 (8.92%) for the fiscal year ended April 30, 2020. Of this amount, the governmental net position decreased by \$6,456,671 (19.77%) and the business-type net position increased by \$365,309 (1.03%). The governmental-type net position decreased primarily due to increased expenditures for employee pensions, capital contributions to the water and sewer fund, and depreciation on capital assets. The business-type net position increased primarily due to capital contributions from governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,396,103, a decrease of \$1,904,277 (11.01%) in comparison with the prior fiscal year. Approximately 38% of the total fund balance, \$5,867,601, was unassigned and available for spending at the City's discretion.
- The City's total long-term debt decreased by \$864,670 during the current fiscal year due to scheduled payments on bond issues and capital leases, as well as a payoff of one existing capital lease for Airport hangars.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial statements.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Morris, Illinois as a whole and present an overview of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City of Morris, Illinois' operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's General Fund budget for the year, the City's schedule of changes in the net pension liability and related ratios, schedule of city contributions, schedules of investment returns and schedule of funding progress for the retiree health plan.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Using This Annual Report (Continued):

Other Information provides detailed information about the non-major special revenue funds, private purpose and pension trust funds and assessed property tax valuations, rates, extensions and collections.

Reporting the City's Financial Activities

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 financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The Statement of Net Position and the Statement of Activities report two types of activities:

Governmental activities include public safety, transportation and public service, culture and recreation, general government, and environment. Taxes and intergovernmental revenues finance most of these activities.

Business type activities include the Water and Sewer Operation, the Garbage Disposal, and the Airport Operation. These activities are financed primarily by user charges, which are intended to cover costs of services.

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 and accounting requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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 impact 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 eleven 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, Tax Increment Financing Fund I, and Marina Tax Increment

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Reporting the City's Financial Activities (Continued):

Financing Fund, which are considered to be major funds. Financial information for the other nine governmental funds is combined into a single, aggregated presentation called non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual statements elsewhere in this report.

Proprietary funds – Proprietary funds are used to account for services and activities for which a fee is charged to customers in exchange for City provided goods or services. Proprietary funds use the “economic resources” measurement focus, which concentrates on how transactions and events have affected the fund's total economic resources. The City maintains one of the three different types of proprietary funds as described below.

Enterprise funds are used to report business-type activities in the government-wide financial statements. The City presents three enterprise funds: Garbage, Water and Sewer, and Airport Funds and 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 City's own programs. The accounting used for these funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds: agency funds, and a pension trust fund. 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.

CITY OF MORRIS, ILLINOIS

**Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and other assets	\$ 24,607,191	26,638,840	9,015,413	8,884,178	33,622,604	35,523,018
Capital assets	30,254,061	31,820,201	30,606,158	31,191,934	60,860,219	63,012,135
Total assets	54,861,252	58,459,041	39,621,571	40,076,112	94,482,823	98,535,153
Deferred Outflows	3,275,568	6,547,771	279,805	322,369	3,555,373	6,870,140
<u>Liabilities</u>						
Current liabilities	978,614	1,482,052	804,129	869,660	1,782,743	2,351,712
Long-term liabilities	20,305,700	21,047,662	3,116,417	3,913,300	23,422,117	24,960,962
Total liabilities	21,284,314	22,529,714	3,920,546	4,782,960	25,204,860	27,312,674
Deferred inflows	10,647,207	9,815,128	-	-	10,647,207	9,815,128
<u>Net Position</u>						
Net investment in capital assets	30,254,061	31,820,201	25,648,942	25,740,433	55,903,003	57,560,634
Restricted	10,020,257	10,235,393	1,306,972	1,335,314	11,327,229	11,570,707
Unrestricted	(14,069,019)	(9,393,624)	9,024,916	8,539,774	(5,044,103)	(853,850)
Total net position	\$ 26,205,299	32,661,970	35,980,830	35,615,521	62,186,129	68,277,491

Net investment in capital assets – the largest portion (89.9%) 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.

Restricted net position – another portion of net position (18.21%) is restricted and represents resources that are subject to external restrictions by enabling legislation, debt covenants, or other legal requirements on how they may be used.

Unrestricted net position – the remaining deficit of \$5,044,103 (-8.11%) is unrestricted and can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements.

Much of the \$6,091,362 decrease in net position is attributable to increases in pension expenses, as well depreciation on capital assets.

Due to the implementation of GASB 68 and 75 and the recording of net pension and OPEB liabilities, the City’s unrestricted net position on April 30, 2020 was a deficit of \$5,044,103. As the net pension and OPEB liabilities will likely remain a long-term liability for several decades, unrestricted net position is expected to remain at low levels for quite some time.

CITY OF MORRIS, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

Government-wide Financial Analysis – (Continued):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 380,303	418,946	6,644,871	6,872,836	7,025,174	7,291,782
Operating grants and contributions	275,065	345,310	-	-	275,065	345,310
Capital grants	35,109	404,664	504,493	102,805	539,602	507,469
General revenues:						
Property taxes	7,089,090	6,853,671	-	-	7,089,090	6,853,671
Sales and use taxes	7,029,326	7,365,164	-	-	7,029,326	7,365,164
Other taxes	306,609	300,667	-	-	306,609	300,667
Intergovernmental revenue	2,267,397	1,829,191	-	-	2,267,397	1,829,191
Franchise fees	220,768	196,787	-	-	220,768	196,787
Interest income	86,650	46,782	11,598	7,946	98,248	54,728
Other	146,745	27,122	-	-	146,745	27,122
Total revenues	<u>17,837,062</u>	<u>17,788,304</u>	<u>7,160,962</u>	<u>6,983,587</u>	<u>24,998,024</u>	<u>24,771,891</u>
Program expenses:						
General government	4,949,917	3,970,311	-	-	4,949,917	3,970,311
Employee retirement costs	4,716,429	2,736,087	-	-	4,716,429	2,736,087
Public safety	4,741,746	4,433,812	-	-	4,741,746	4,433,812
Transportation and public service	6,010,868	4,271,333	-	-	6,010,868	4,271,333
Culture & recreation	852,847	2,044,169	-	-	852,847	2,044,169
Environment	251,602	440,236	-	-	251,602	440,236
Community development	2,770,324	3,480,709	-	-	2,770,324	3,480,709
Water and sewer	-	-	4,917,054	4,186,289	4,917,054	4,186,289
Airport Operation	-	-	687,029	799,923	687,029	799,923
Garbage collection and disposal	-	-	1,191,570	1,144,220	1,191,570	1,144,220
Total expenses	<u>24,293,733</u>	<u>21,376,657</u>	<u>6,795,653</u>	<u>6,130,432</u>	<u>31,089,386</u>	<u>27,507,089</u>
Change in net position	(6,456,671)	(3,588,353)	365,309	853,155	(6,091,362)	(2,735,198)
Net position, beginning of year	<u>32,661,970</u>	<u>36,250,323</u>	<u>35,615,521</u>	<u>34,762,366</u>	<u>68,277,491</u>	<u>71,012,689</u>
Net position, end of year	<u>\$ 26,205,299</u>	<u>32,661,970</u>	<u>35,980,830</u>	<u>35,615,521</u>	<u>62,186,129</u>	<u>68,277,491</u>

The City of Morris, Illinois' change in net position of governmental activities was a decrease of \$6,456,671 during the year.

Revenues for governmental activities was consistent with the prior year, with an increase of \$48,758.

Expenses for governmental activities increased by \$2,917,076 over the prior fiscal year. The increase is primarily attributable to increased pension and OPEB expense, as well as additional capital outlay for transportation and public works projects.

Business-type activities increased the City's net position by \$365,309.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Government-wide Financial Analysis – (Continued):

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 \$177,375 over the prior year. Most of the increase is due to capital contributions from the City's governmental funds, offset by a decrease in water & sewer consumption.

Expenses increased by \$665,221 from the prior fiscal year. There has been a general increase in expenses in the water and sewer fund, while airport and garbage-related expenses have remained relatively consistent. Most of the increase is due to increased maintenance expenses.

Individual Major Fund Analysis

Governmental Fund Highlights

As the City of Morris, Illinois completed the year, its governmental funds reported a combined fund balance of \$15,396,103, which is \$1,904,277 less than the \$17,300,380 total fund balance at April 30, 2019. \$5,867,601, or 38%, 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 \$9,528,502 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

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 decreased by \$480,499 largely due to reduced sales/use tax revenues.

On the expenditure side, the increase over the prior fiscal year was \$529,305. A large portion of the increase can be attributed to capital outlay and public safety expenditures.

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 an increase of \$178,258. Property tax revenues have continued to recover, actually increasing by \$152,482.

Expenditures rose by \$1,204,993 from 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 \$2,507,744. Other major expenditures for the year consisted capital outlays for water and sewer plant and system improvements. The City transferred \$1,000,000 from TIF I to the Marina TIF during the year.

Marina Tax Increment Financing Fund – The Marina Tax Increment Financing Fund represents a specific taxing district located in a proposed marina area funded by local property taxes. Due to a lack of current development, the funding is almost exclusively received from the TIF I Fund, as the Marina District is located entirely within that District. The current year transfer amounted to \$1,000,000.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2020

Individual Major Fund Analysis – (Continued):

Expenditures increased by \$427,998 from the prior fiscal year. The increase is primarily due to the demolition of the old paper mill.

Proprietary Fund Highlights

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position was \$248,691 for the Garbage Fund, \$8,466,391 for the Water and Sewer Fund, and \$309,834 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of \$365,309 over the prior year. Of the increase, \$537,207 came from the Water and Sewer Fund, while the Garbage Fund increased by \$11,703 and the Airport Fund decreased by \$183,601. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues decreased by \$203,813. The only item of relevance is a decrease in water and sewer sales revenue over the prior year in the amount of \$182,021. Operating expenses increased by \$739,992, mostly due to capital outlay / maintenance expenditures.

Airport Fund – The Airport Fund revenues decreased by \$66,681. Most of this decrease is related to a decrease in fuel sales. Expenses decreased \$97,459 from the prior year.

Garbage Fund – Garbage fee income of \$1,203,113 exceeded garbage disposal costs of \$1,191,570 by \$11,543. 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 2020 fiscal year budget was adopted on April 1, 2019. The comparison of General Fund original budget to the final budget is on pages 70-71 and 111-116. The budget was amended on February 18, 2020 to include the Police Seizure and Forfeiture Fund. 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. No budget amendments were made to the General Fund during the current fiscal year.

General Fund revenues were \$1,065,254 below budget estimates due primarily to lower than expected tax revenue (\$1,113,338).

General Fund expenditures were \$4,322,488 under budget estimates mainly due to including anticipated expenditures that did not materialize in the areas of engineering fees, sales tax reimbursements, contingencies, 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 the significant transfers are explained in the following paragraphs.

CITY OF MORRIS, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

Capital Assets and Debt Administration

Capital Assets

The City's capital assets include land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress. Capital assets for governmental activities totaled \$30,254,061 (net of accumulated depreciation/amortization) at April 30, 2020. Capital assets for business type activities totaled \$30,606,158 (net of accumulated depreciation) at April 30, 2020. See Note 5 to the financial statements for more information about the City's capital assets.

***Capital Assets at Year-end
Net of Accumulated Depreciation***

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,496,556	6,222,388	5,546,795	5,546,795	12,043,351	11,769,183
Land improvements	1,802,787	1,925,176	13,128	16,045	1,815,915	1,941,221
Buildings & improvements	8,194,369	8,407,840	1,563,884	1,565,995	9,758,253	9,973,835
Machinery & equipment	1,272,041	1,328,588	552,050	432,326	1,824,091	1,760,914
Vehicles	936,387	969,714	203,481	177,865	1,139,868	1,147,579
Infrastructure	11,551,921	12,966,495	22,726,820	23,452,908	34,278,741	36,419,403
Total	\$ 30,254,061	31,820,201	30,606,158	31,191,934	60,860,219	63,012,135

Net capital assets decreased by \$2,151,916 for the 2020 fiscal year. The City expended available resources to acquire \$1,109,734 in capital asset additions during the year. These additions were reduced by the current year's depreciation expense of \$3,261,650. (Additional information on the City's capital assets is presented in Note 5 to the basic financial statements). The additions to capital assets were primarily for a water and sewer improvements, new water pumps, vehicles, and land.

CITY OF MORRIS, ILLINOIS

Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020

Capital Assets and Debt Administration – (Continued)

Long-term Debt

Long-term Debt – At April 30, 2020, the City had total net debt outstanding of \$3,586,831, including the present value of future minimum capital lease payments on airport hangars for \$79,953, and the remaining balance due on the 2012 alternate revenue bond issue of \$3,506,878.

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Refunding Bonds Alternate Revenue Source (incl. premium)	\$ -	-	3,506,878	3,968,249	3,506,878	3,968,249
Capital Leases	-	-	79,953	483,252	79,953	483,252
Total	\$ -	-	3,586,831	4,451,501	3,586,831	4,451,501

Total outstanding debt decreased by \$864,670 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 Note 6 to the basic financial statements.

Economic Factors and Next Year’s Budget and Rates

Following are currently known City of Morris, Illinois economic factors considered in going into the 2020-2021 fiscal year.

- The City’s assessed value increased by 4.65% during the current fiscal year after increasing by 15.63% in the prior year. 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, has begun to experience increases in recent years and that trend is expected to continue.
- 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 May 31, 2021. This sanitary sewer outflow elimination project consists of a total of four phases. Phase I was completed during the April 30, 2016 fiscal year and Phase II was completed during the prior fiscal year. Phase IIIA was completed during the current fiscal year. Phases IV-A has been awarded but has not yet begun. Estimated project cost for Phase IV-A is \$2,092,153, plus engineering. Phase IV-B has not yet been started. Estimated total project cost for Phases IV-A and IV-B is \$4,000,000.

CITY OF MORRIS, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2020**

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances. If you have 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 8:00 a.m. to 4:30 p.m. central standard time.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

April 30, 2020

(With Comparative Figures for April 30, 2019)

	Governmental Activities	Business-type Activities	Totals	
			2020	2019
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,360,008	10,135,732	23,495,740	25,161,899
Receivables:				
Property taxes	7,607,181	-	7,607,181	7,201,186
Sales and use taxes	1,359,253	-	1,359,253	1,752,982
Income and replacement taxes	153,060	-	153,060	302,270
Grants	3,575	-	3,575	4,514
Other taxes and fees	128,436	-	128,436	184,021
Customer fees (net of allowances)	-	216,968	216,968	228,161
Inventory	-	33,098	33,098	32,763
Internal balances	1,370,385	(1,370,385)	-	-
Notes receivable	625,293	-	625,293	655,222
Capital assets, net of accumulated depreciation	30,254,061	30,606,158	60,860,219	63,012,135
Total assets	54,861,252	39,621,571	94,482,823	98,535,153
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding	-	279,805	279,805	322,369
OPEB-related deferred outflows	-	-	-	25,824
Pension-related deferred outflows	3,275,568	-	3,275,568	6,521,947
Total deferred outflows	3,275,568	279,805	3,555,373	6,870,140
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	582,429	236,276	818,705	1,373,472
Noncurrent liabilities:				
Due within one year	396,185	567,853	964,038	978,240
Due in more than one year	6,417,340	3,116,417	9,533,757	10,330,930
Net OPEB liability	2,061,675	-	2,061,675	1,748,006
Net pension liability	11,826,685	-	11,826,685	12,882,026
Total liabilities	21,284,314	3,920,546	25,204,860	27,312,674
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Succeeding year property tax	7,607,181	-	7,607,181	7,201,186
Pension-related deferred inflows	3,040,026	-	3,040,026	2,613,942
Total deferred inflows	10,647,207	-	10,647,207	9,815,128
<u>NET POSITION</u>				
Net investment in capital assets	30,254,061	25,648,942	55,903,003	57,560,634
Restricted	10,020,257	1,306,972	11,327,229	11,570,707
Unrestricted	(14,069,019)	9,024,916	(5,044,103)	(853,850)
Total net position	\$ 26,205,299	35,980,830	62,186,129	68,277,491

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Activities

Year Ended April 30, 2020

(With Comparative Figures for the Year Ended April 30, 2019)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2020	2019
Governmental activities:								
General government	\$ 4,949,917	112,488	62,173	30,945	(4,744,311)	-	(4,744,311)	(3,737,965)
Employee retirement costs	4,716,429	-	-	-	(4,716,429)	-	(4,716,429)	(2,736,087)
Public safety	4,741,746	145,205	114,404	-	(4,482,137)	-	(4,482,137)	(4,137,410)
Transportation and public works	6,010,868	875	-	-	(6,009,993)	-	(6,009,993)	(3,886,535)
Culture and recreation	852,847	96,085	-	4,164	(752,598)	-	(752,598)	(1,931,099)
Environment	251,602	-	-	-	(251,602)	-	(251,602)	(440,236)
Community development	2,770,324	25,650	98,488	-	(2,646,186)	-	(2,646,186)	(3,338,405)
Total governmental activities	24,293,733	380,303	275,065	35,109	(23,603,256)	-	(23,603,256)	(20,207,737)
Business-type activities:								
Water sewer	4,917,054	4,975,261	-	467,712	-	525,919	525,919	1,085,757
Airport operation	687,029	466,497	-	36,781	-	(183,751)	(183,751)	(256,912)
Garbage collection disposal	1,191,570	1,203,113	-	-	-	11,543	11,543	16,364
Total business-type activities	6,795,653	6,644,871	-	504,493	-	353,711	353,711	845,209
Total government	\$ 31,089,386	7,025,174	275,065	539,602	(23,603,256)	353,711	(23,249,545)	(19,362,528)
General revenues:								
Property taxes					7,089,090	-	7,089,090	6,853,671
Sales tax					7,029,326	-	7,029,326	7,365,164
Other taxes					306,609	-	306,609	300,667
Intergovernmental revenue					2,267,397	-	2,267,397	1,829,191
Franchise fees					220,768	-	220,768	196,787
Interest					86,650	11,598	98,248	54,728
Miscellaneous					146,745	-	146,745	27,122
Total general revenues					17,146,585	11,598	17,158,183	16,627,330
Change in net position					(6,456,671)	365,309	(6,091,362)	(2,735,198)
Net position, beginning of year					32,661,970	35,615,521	68,277,491	71,012,689
Net position, end of year					\$ 26,205,299	35,980,830	62,186,129	68,277,491

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds
April 30, 2020
(With Comparative Figures for April 30, 2019)

	General Fund	TIF I Fund	Marina TIF Fund	Non-major Governmental Funds	Total Governmental Funds	
					2020	2019
<u>ASSETS</u>						
Cash and cash equivalents	\$ 3,872,308	3,992,045	2,178,781	3,316,874	13,360,008	15,538,645
Receivables:						
Property taxes	1,465,005	5,295,548	171,117	675,511	7,607,181	7,201,186
Sales and use taxes	1,359,253	-	-	-	1,359,253	1,752,982
Income and replacement taxes	153,060	-	-	-	153,060	302,270
Other taxes & fees	70,671	-	-	57,765	128,436	184,021
Grants	3,575	-	-	-	3,575	4,514
Due from other funds	1,370,385	-	-	-	1,370,385	1,000,000
Notes receivable	133,538	491,755	-	-	625,293	655,222
Total assets	<u>\$ 8,427,795</u>	<u>9,779,348</u>	<u>2,349,898</u>	<u>4,050,150</u>	<u>24,607,191</u>	<u>26,638,840</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 527,125	-	11,830	5,133	544,088	1,034,478
Accrued payroll	38,341	-	-	-	38,341	87,125
Accrued benefits	396,185	-	-	-	396,185	360,449
Total liabilities	<u>961,651</u>	<u>-</u>	<u>11,830</u>	<u>5,133</u>	<u>978,614</u>	<u>1,482,052</u>
Deferred inflows of resources:						
Succeeding year property tax	1,465,005	5,295,548	171,117	675,511	7,607,181	7,201,186
Unavailable revenues from loans	133,538	491,755	-	-	625,293	655,222
Total deferred inflows	<u>1,598,543</u>	<u>5,787,303</u>	<u>171,117</u>	<u>675,511</u>	<u>8,232,474</u>	<u>7,856,408</u>
Fund balances:						
Restricted	-	3,992,045	2,166,951	3,369,506	9,528,502	9,714,786
Unassigned	5,867,601	-	-	-	5,867,601	7,585,594
Total fund balances	<u>5,867,601</u>	<u>3,992,045</u>	<u>2,166,951</u>	<u>3,369,506</u>	<u>15,396,103</u>	<u>17,300,380</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,427,795</u>	<u>9,779,348</u>	<u>2,349,898</u>	<u>4,050,150</u>	<u>24,607,191</u>	<u>26,638,840</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds
April 30, 2020
(With Comparative Figures for April 30, 2019)

	2020	2019
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	\$ 15,396,103	17,300,380
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources, and, therefore, are not report in the funds. The cost of capital assets is \$74,535,345 and the accumulated depreciation is \$44,281,284.	30,254,061	31,820,201
Unavailable revenues reported in governmental funds includes balance of notes receivable. The balance was deferred because funds were not available to pay current-period expenditures.	625,293	655,222
Pension-related and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources - pensions	3,275,568	6,521,947
Deferred outflows of resources - OPEB	-	25,824
Deferred inflows of resources - pensions	(3,040,026)	(2,613,942)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
Landfill closure	(6,368,619)	(6,368,619)
Compensated absences	(48,721)	(49,011)
Net OPEB liability	(2,061,675)	(1,748,006)
Net pension liability / asset	(11,826,685)	(12,882,026)
Net position of governmental activities	<u>\$ 26,205,299</u>	<u>32,661,970</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	General Fund	Tax Increment	Marina	Non-major	Total Governmental Funds	
		Financing Fund I	Tax Increment Financing Fund	Governmental Funds	2020	2019
Revenues:						
Property taxes	\$ 1,430,634	5,015,488	13,085	629,883	7,089,090	6,853,671
Sales and use taxes	7,029,326	-	-	-	7,029,326	7,365,164
Other taxes	-	-	-	306,609	306,609	300,667
Intergovernmental revenue	1,761,010	-	-	506,387	2,267,397	2,244,945
Licenses and permits	104,983	-	-	-	104,983	109,596
Franchise fees	220,768	-	-	-	220,768	196,787
Charges for services	122,610	-	-	-	122,610	126,979
Fines	116,232	-	-	36,478	152,710	182,371
Interest	2,341	40,853	28,500	14,956	86,650	46,782
Other	373,600	70,423	-	12,896	456,919	448,179
Total revenues	11,161,504	5,126,764	41,585	1,507,209	17,837,062	17,875,141
Expenditures:						
Current:						
General government	3,500,841	330,642	48,297	-	3,879,780	3,794,934
Employee retirement costs	1,145,680	-	-	614,134	1,759,814	1,780,464
Public safety	4,463,848	-	-	8,194	4,472,042	4,227,596
Transportation and public service	2,302,972	-	-	34,328	2,337,300	2,216,469
Culture and recreation	559,293	-	-	226,546	785,839	1,924,926
Environment	-	-	249,457	2,145	251,602	440,236
Community development	-	2,632,510	3,925	-	2,636,435	2,433,181
Capital outlay	906,863	1,515,003	922,161	274,500	3,618,527	2,028,145
Total expenditures	12,879,497	4,478,155	1,223,840	1,159,847	19,741,339	18,845,951
Excess (deficiency) of revenues over (under) expenditures	(1,717,993)	648,609	(1,182,255)	347,362	(1,904,277)	(970,810)
Other financing sources (uses):						
Transfers in (out)	-	(1,000,000)	1,000,000	-	-	-
Changes in fund balances	(1,717,993)	(351,391)	(182,255)	347,362	(1,904,277)	(970,810)
Fund balances, beginning of year	7,585,594	4,343,436	2,349,206	3,022,144	17,300,380	18,271,190
Fund balances, end of year	\$ 5,867,601	3,992,045	2,166,951	3,369,506	15,396,103	17,300,380

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020	2019
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities		
Net change in fund balances - total governmental funds	\$ (1,904,277)	(970,810)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	534,720	538,422
Depreciation expense	(2,100,860)	(2,131,513)
The book value of capital assets sold or disposed of is reported in the government-wide statement of activities, but not reported in the governmental funds.	-	(15,525)
Repayment of notes receivable principal is revenue in the governmental funds, but reduces the notes receivable in the statement of net position.	(29,929)	(54,711)
Governmental funds report City Pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense.		
City pension contributions	1,328,146	1,463,723
City OPEB contributions	108,367	110,249
Cost of pension benefits incurred net of employee contributions	(3,945,268)	(2,436,068)
Cost of OPEB benefits incurred net of employee contributions	(447,860)	(93,527)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Compensated absences	290	1,407
Change in net position of governmental activities	<u>\$ (6,456,671)</u>	<u>(3,588,353)</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Net Position - Proprietary Funds
April 30, 2020
(With Comparative Figures for April 30, 2019)

	Enterprise Funds				
	Water and Sewer Fund	Airport Fund	Garbage Fund	Total	
				2020	2019
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,545,838	294,835	295,059	10,135,732	9,623,254
Accounts receivable, net	154,143	9,191	53,634	216,968	228,161
Inventory	-	33,098	-	33,098	32,763
Total current assets	9,699,981	337,124	348,693	10,385,798	9,884,178
Noncurrent assets:					
Land	613,374	4,933,421	-	5,546,795	5,546,795
Other capital assets, net of depreciation	23,099,426	1,959,937	-	25,059,363	25,645,139
Total noncurrent assets	23,712,800	6,893,358	-	30,606,158	31,191,934
Total assets	33,412,781	7,230,482	348,693	40,991,956	41,076,112
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	279,805	-	-	279,805	322,369
LIABILITIES					
Current liabilities:					
Accounts payable & accrued expenses	118,020	18,254	100,002	236,276	251,869
Compensated absences	76,422	9,036	-	85,458	69,726
Due to other funds	-	1,370,385	-	1,370,385	1,000,000
Lease payable	-	17,395	-	17,395	83,065
Revenue bonds payable	465,000	-	-	465,000	465,000
Total current liabilities	659,442	1,415,070	100,002	2,174,514	1,869,660
Non-current liabilities:					
Compensated absences	11,981	-	-	11,981	9,864
Lease payable	-	62,558	-	62,558	400,187
Revenue bonds payable	3,041,878	-	-	3,041,878	3,503,249
Total non-current liabilities	3,053,859	62,558	-	3,116,417	3,913,300
Total liabilities	3,713,301	1,477,628	100,002	5,290,931	5,782,960
NET POSITION					
Net investment in capital assets	20,205,922	5,443,020	-	25,648,942	25,740,433
Restricted	1,306,972	-	-	1,306,972	1,335,314
Unrestricted	8,466,391	309,834	248,691	9,024,916	8,539,774
Total net position	\$ 29,979,285	5,752,854	248,691	35,980,830	35,615,521

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Enterprise Funds			Total	
	Water and Sewer Fund	Airport Fund	Garbage Fund	2020	2019
Operating revenues:					
Water and sewer sales	\$ 4,847,923	-	-	4,847,923	5,029,944
Garbage collection fees	-	-	1,203,113	1,203,113	1,160,584
Tap on fees/meters	57,350	-	-	57,350	41,350
Facilities rental	5,097	229,229	-	234,326	243,185
Fuel sales	-	234,141	-	234,141	288,900
Miscellaneous revenue	64,891	3,127	-	68,018	108,873
Total operating revenues	4,975,261	466,497	1,203,113	6,644,871	6,872,836
Operating expenses:					
Personal services	1,356,327	139,744	-	1,496,071	1,452,054
Contractual services	986,141	75,205	1,186,357	2,247,703	2,202,135
Commodities	437,487	231,873	-	669,360	661,602
Capital outlay/maintenance	974,558	40,833	-	1,015,391	345,500
Depreciation	977,410	183,380	-	1,160,790	1,242,529
Other expenses	70,797	6,108	5,213	82,118	77,730
Total operating expenses	4,802,720	677,143	1,191,570	6,671,433	5,981,550
Operating income (loss)	172,541	(210,646)	11,543	(26,562)	891,286
Non-operating revenues (expenses):					
Bank service fees	(423)	-	-	(423)	(350)
State and federal grants	-	36,781	-	36,781	9,833
Capital contributed	467,712	-	-	467,712	92,972
Interest income	11,288	150	160	11,598	7,946
Interest expense	(113,911)	(9,886)	-	(123,797)	(148,532)
Total non-operating revenues (expenses)	364,666	27,045	160	391,871	(38,131)
Change in net position	537,207	(183,601)	11,703	365,309	853,155
Net position, beginning of year	29,442,078	5,936,455	236,988	35,615,521	34,762,366
Net position, end of year	\$ 29,979,285	5,752,854	248,691	35,980,830	35,615,521

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Enterprise Funds				
	Water and Sewer Fund	Airport Fund	Garbage Fund	Total	
				2020	2019
Cash flows from operating activities:					
Receipts from customers	\$ 4,913,697	472,162	1,197,090	6,582,949	6,712,625
Other operation receipts	69,988	3,127	-	73,115	66,051
Payments to suppliers	(2,473,053)	(366,095)	(1,186,747)	(4,025,895)	(3,233,161)
Payments to employees	(1,347,514)	(131,521)	-	(1,479,035)	(1,425,821)
Net cash provided by (used in) operating activities	<u>1,163,118</u>	<u>(22,327)</u>	<u>10,343</u>	<u>1,151,134</u>	<u>2,119,694</u>
Cash flows from noncapital financing activities:					
Internal advances	-	370,385	-	370,385	(16,578)
Cash flows from capital and related financing activities:					
Capital assets acquired	(59,850)	(47,875)	-	(107,725)	(868,903)
Principal & interest on capital leases	-	(413,185)	-	(413,185)	(104,545)
Principal & interest on alternate revenue bonds	(536,510)	-	-	(536,510)	(535,410)
Grant receipts	-	36,781	-	36,781	64,397
Net cash provided by (used in) capital financing activities	<u>(596,360)</u>	<u>(424,279)</u>	<u>-</u>	<u>(1,020,639)</u>	<u>(1,444,461)</u>
Cash flows from investing activities:					
Interest received	11,288	150	160	11,598	7,594
Net change in cash and cash equivalents	578,046	(76,071)	10,503	512,478	666,249
Cash and cash equivalents, beginning of year	8,967,792	370,906	284,556	9,623,254	8,957,005
Cash and cash equivalents, end of year	<u>\$ 9,545,838</u>	<u>294,835</u>	<u>295,059</u>	<u>10,135,732</u>	<u>9,623,254</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 172,541	(210,646)	11,543	(26,562)	891,286
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	977,410	183,380	-	1,160,790	1,242,529
Effects of changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	8,424	8,792	(6,023)	11,193	(94,162)
(Increase) decrease in inventory	-	(335)	-	(335)	(853)
Increase (decrease) in accounts payable	(4,070)	(12,554)	4,823	(11,801)	73,113
Increase in compensated absences	8,813	9,036	-	17,849	7,781
Net cash provided by (used in) operating activities	<u>\$ 1,163,118</u>	<u>(22,327)</u>	<u>10,343</u>	<u>1,151,134</u>	<u>2,119,694</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position

April 30, 2020

(With Comparative Figures for April 30, 2019)

	Police	Agency	Totals	
	Pension Trust Fund		Fund	2020
<u>ASSETS</u>				
Cash and cash equivalents	\$ 880,103	183,752	1,063,855	1,237,041
Investments:				
U.S. treasury securities	5,431,883	-	5,431,883	4,470,246
Corporate bonds	508,353	-	508,353	492,622
Equity securities	6,254,192	-	6,254,192	6,464,256
Mutual funds	3,602,892	-	3,602,892	3,598,868
Accrued interest	38,670	-	38,670	31,759
Total assets	<u>16,716,093</u>	<u>183,752</u>	<u>16,899,845</u>	<u>16,294,792</u>
<u>LIABILITIES</u>				
Accounts payable	100,810	-	100,810	90,948
Payable to others	-	183,752	183,752	208,435
Total liabilities	<u>100,810</u>	<u>183,752</u>	<u>284,562</u>	<u>299,383</u>
<u>NET POSITION</u>				
Held in trust for pension benefits	<u>\$ 16,615,283</u>	<u>-</u>	<u>16,615,283</u>	<u>15,995,409</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Police Pension Trust Fund	
	2020	2019
Additions:		
Contributions:		
Employer contributions	\$ 1,219,594	1,142,652
Plan member contributions	212,683	199,079
Total contributions	1,432,277	1,341,731
Net investment income:		
Net change in fair value of investments	72,716	837,421
Investment income	354,003	344,121
Total investment income	426,719	1,181,542
Less: Investment expense	(63,020)	(59,511)
Net investment income	363,699	1,122,031
Miscellaneous income	-	50
Total additions	1,795,976	2,463,812
Deductions:		
Administrative	27,562	32,714
Benefit payments, including member refunds	1,148,540	1,014,960
Total deductions	1,176,102	1,047,674
Changes in net position	619,874	1,416,138
Net position, beginning of year	15,995,409	14,579,271
Net position, end of year	\$ 16,615,283	15,995,409

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Morris, Illinois (the City) was incorporated on February 12, 1853, and operates under an aldermanic-city form of government consisting of eight elected aldermen 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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

A. The Financial Reporting Entity

For financial reporting purposes, the City of Morris, Illinois has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Blended Component Unit – Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). 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. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it was part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. The activities of the Police Pension Employees Retirement System are accounted for in the Police Pension Trust Fund.

B. Basis of Presentation

Government-wide 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 non-fiduciary activities of the primary government. As a general rule, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Government-wide Financial Statements - (Continued)

The Statement of Net Position presents the City’s non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Capital Assets, net of accumulated depreciation	\$ 30,254,061	30,606,158	60,860,219
Less:			
Loan from General Fund	-	(1,370,385)	(1,370,385)
Capital leases payable	-	(79,953)	(79,953)
Revenue bonds payable	-	(3,506,878)	(3,506,878)
Net investment in capital assets	<u>\$ 30,254,061</u>	<u>25,648,942</u>	<u>55,903,003</u>

- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.” Unrestricted net position may be subject to constraints imposed by management, which can be removed or modified.

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Fund Financial Statements

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 individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major 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 a Tax Increment Financing District. Revenues are primarily comprised of incremental property tax proceeds.

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

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 ensure 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, and billing and collection activities. All costs are financed through charges made to customers with rates reviewed annually and adjusted if necessary to ensure integrity of the fund.

The City also reports fiduciary funds which focus on net position and changes in net position. The City’s fiduciary funds include the Police Pension Trust Fund and various agency funds.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation - (Continued)

Fund Financial Statements – (Continued)

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

During the course of operations the government has activity between and among funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities.

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 to be 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 revenue to be available if it is collected within 60 days after year-end.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

C. Measurement Focus and Basis of Accounting – (Continued)

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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents

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.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Investments

State statutes authorize the government to invest in the following:

1. Commercial banks
2. Savings and loan institutions
3. Obligations of the US Treasury and US Agencies
4. Obligations of the States and their political subdivisions
5. Credit union shares
6. Repurchase agreements
7. Commercial paper rated within the three highest classifications by at least two standard rating services
8. Illinois Public Treasurer's Investment Pool

The Police Pension Trust Fund may invest in other investments including general and special accounts of life insurance companies, mutual funds, bank managed funds and equities.

Investments, all of which are reported in the Pension Trust Fund, are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates, and investments that do not have established markets are reported at estimated fair value.

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.

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 other taxes. Business-type activities report service fees as their major receivables.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Property Taxes

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.

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.

Property taxes generated from the 2018 property tax levy (\$2,225,541) are used to finance the operating budget of the fiscal year ending April 30, 2020. Although the 2019 property tax levy receivable has been recorded, the related revenue (\$2,386,077) is deferred in both the government-wide and fund financial statements. Recognition of revenue is deferred until the year it is intended to finance.

Customer Accounts Receivable and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the City could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection costs are written off to the allowance for doubtful accounts.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

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 other taxes collected by others for the City.

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions among funds. To the extent certain transactions between funds had not been paid or received as of April 30, 2020, balances of inter-fund amounts receivable or payable have been reported in the fund financial statements. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as “internal balances”.

Inventories

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 are reported in the applicable governmental or business-type activities column in the government-wide financial statements, and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year. Purchased or constructed assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements of the governmental funds. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Category	Life Range (Years)	Threshold
Buildings and building improvements	25-50	\$ 100,000
Infrastructure	15-100	250,000
Land Improvements	10-50	50,000
Machinery and Equipment	5-20	10,000
Vehicles	5-10	15,000

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Impairment of Long-lived Assets

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and the fund Balance Sheets sometimes report separate sections for deferred outflows / inflows of resources. These separate financial statement elements represent a consumption / acquisition of net position that applies to a future year(s) and so will not be recognized as an outflow (expense / expenditure) or inflow (revenue) of resources until then.

The City has three items that qualify for reporting as deferred outflows of resources. A deferred 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 two items are related to the City's pension and OPEB plans and are only recorded in the government-wide statement of net position.

The City has two types of items that qualify for reporting as deferred inflows of resources. One item, *unavailable property tax 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.

Compensated Absences

The City's policy allows full-time employees to accumulate unused sick leave to a maximum of 37 ½ days per year cumulative to 112 ½ total days based upon length of employment. Police personnel may accumulate unused sick leave to a maximum of 17 ½ 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.

The City has recorded a liability for accumulated compensated absences of \$542,343 as of April 30, 2020. See Note 6 for further information.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the Proprietary Fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF), and the Police Pension Fund, and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan, and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Fund Equity – (Continued):

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable:

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

2. Restricted:

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grants, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed:

This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

4. Assigned:

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

5. Unassigned:

This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Use of Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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 holds certificates of deposit with maturities less than 90 days, checking accounts, and interest bearing NOW and money market accounts.

Custodial Credit Risk - Cash

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City.

At year-end, the carrying amount of the City's deposits was \$23,495,740, including petty cash, and excluding Trust and Agency Fund balances, and bank balances totaled \$23,819,617. \$2,500,000 of the bank balance was covered by federal depository insurance, with the remaining balance of \$21,319,617 having specific pledged collateral in the name of the City. Deposits at April 30, 2020, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 18,268,237	17,944,360
Bank short-term certificates of deposit	<u>5,550,000</u>	<u>5,550,000</u>
Total deposits	23,818,237	23,494,360
Petty cash on hand	<u>1,380</u>	<u>1,380</u>
Total cash and cash equivalents - City	<u>\$ 23,819,617</u>	<u>23,495,740</u>
 Fiduciary Funds	 \$ 1,057,355	 1,063,855
Total cash and cash equivalents	<u>\$ 24,876,972</u>	<u>24,559,595</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 2: DEPOSITS AND INVESTMENTS – (CONTINUED)

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.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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, 2020, 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:

	Remaining Maturity				
	Fair Value	Less than One Year	1-5 Years	6-10 Years	11-15 Years
US Government Securities	\$5,431,883	1,510,680	3,921,203	-	-
Corporate Bonds	508,353	-	508,353	-	-
Total Fixed Income Securities	<u>\$5,940,236</u>	<u>1,510,680</u>	<u>4,429,556</u>	<u>-</u>	<u>-</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, 2020, the Police Pension Trust Fund investments were rated as follows:

Corporate Bonds	Fair Value	Standard & Poor's
3M Company	\$ 255,853	AA-
State Street Corporation	252,500	A
Total Corporate Bonds	<u>\$ 508,353</u>	

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 2: DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments – (Continued)

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.

NOTE 3: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments measured at fair value on a recurring basis are disclosed below:

	Balance at April 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government securities	\$ 5,431,883	5,431,883	-	-
Corporate bonds	508,353	-	508,353	-
Equity securities	6,254,192	6,254,192	-	-
Mutual funds	3,602,892	3,602,892	-	-
Total investments	<u>\$ 15,797,320</u>	<u>15,288,967</u>	<u>508,353</u>	<u>-</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 4: 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 other 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 provided loans to local businesses under the Community Development Assistance Program (CDAP) and its Tax Increment Financing Fund I to promote commercial growth, redevelopment, and employment opportunities. The loans were 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 one exception. The Bimet loan is past due with a remaining balance of \$131,383 as of April 30, 2020. A notice of default has been served by the City and the matter is currently being pursued in the Grundy County Circuit Court.

The following is a listing of notes receivable at April 30, 2020:

Name	Original Loan Amount	Balance April 30, 2019	Increases	Decreases	Balance April 30, 2020
General Fund:					
Audacious Ink	\$ 4,277	3,232	-	1,077	2,155
Bimet	131,383	131,383	-	-	131,383
Total General Fund	135,660	134,615	-	1,077	133,538
TIF I Fund:					
Greenway	600,000	518,057	-	26,302	491,755
Morris Downtown Development Partnership*	12,500	2,550	-	2,550	-
Total TIF I Fund	667,500	520,607	-	28,852	491,755
Total notes receivable	<u>\$963,160</u>	<u>655,222</u>	<u>-</u>	<u>29,929</u>	<u>625,293</u>

* \$2,500 forgiven annually in exchange for sign maintenance.

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 5: CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2020 was as follows:

	Balance as of April 30, 2019	Additions	Deletions	Balance as of April 30, 2020
Capital assets not being depreciated:				
Land	\$ 6,222,388	274,168	-	6,496,556
Total capital assets not being depreciated	<u>6,222,388</u>	<u>274,168</u>	<u>-</u>	<u>6,496,556</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & Improvements	10,673,527	-	-	10,673,527
Machinery & equipment	2,222,340	80,713	-	2,303,053
Vehicles	2,396,936	179,839	122,678	2,454,097
Infrastructure	49,451,002	-	-	49,451,002
Total capital assets being depreciated	<u>67,900,915</u>	<u>260,552</u>	<u>122,678</u>	<u>68,038,789</u>
Total capital assets	<u>74,123,303</u>	<u>534,720</u>	<u>122,678</u>	<u>74,535,345</u>
Less accumulated depreciation:				
Land improvements	1,231,935	122,388	-	1,354,323
Buildings & improvements	2,265,687	213,471	-	2,479,158
Machinery & equipment	893,752	137,260	-	1,031,012
Vehicles	1,427,222	213,166	122,678	1,517,710
Infrastructure	36,484,506	1,414,575	-	37,899,081
Total accumulated depreciation:	<u>42,303,102</u>	<u>2,100,860</u>	<u>122,678</u>	<u>44,281,284</u>
Total capital assets being depreciated, net	<u>25,597,813</u>	<u>(1,840,308)</u>	<u>-</u>	<u>23,757,505</u>
Governmental activities capital assets, net	<u>\$ 31,820,201</u>	<u>(1,566,140)</u>	<u>-</u>	<u>30,254,061</u>

Depreciation for governmental activities in the current fiscal year was \$2,100,860 and was allocated as follows:

General government	\$ 227,399
Public Safety	106,648
Transportation & public service	1,632,644
Culture & recreation	<u>134,149</u>
Total depreciation – governmental activities	<u>\$ 2,100,860</u>

Significant capital additions for the year included a 2019 Chevy Squad Truck (\$32,316), a 2019 International (\$103,437), a 2010 International (\$44,086), playground equipment (\$67,122), and land (\$274,168).

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Capital asset activity for business-type activities for the year ended April 30, 2020 was as follows:

	Balance as of April 30, 2019	Additions	Deletions	Balance as of April 30, 2020
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Total capital assets not being depreciated	<u>5,546,795</u>	<u>-</u>	<u>-</u>	<u>5,546,795</u>
Depreciable capital assets:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,326,071	47,875	-	2,373,946
Machinery & equipment	724,695	170,441	-	895,136
Vehicles	482,321	59,428	-	541,749
Infrastructure	50,280,953	297,270	-	50,578,223
Total depreciable capital assets:	<u>53,872,385</u>	<u>575,014</u>	<u>-</u>	<u>54,447,399</u>
Total capital assets	<u>59,419,180</u>	<u>575,014</u>	<u>-</u>	<u>59,994,194</u>
Less accumulated depreciation:				
Land improvements	42,300	2,917	-	45,217
Buildings & improvements	760,076	49,987	-	810,063
Machinery & equipment	292,369	50,717	-	343,086
Vehicles	304,457	33,810	-	338,267
Infrastructure	26,828,044	1,023,359	-	27,851,403
Total accumulated depreciation	<u>28,227,246</u>	<u>1,160,790</u>	<u>-</u>	<u>29,388,036</u>
Total capital assets being depreciated, net	<u>25,645,139</u>	<u>(585,776)</u>	<u>-</u>	<u>25,059,363</u>
Business-type activities capital assets, net	<u>\$ 31,191,934</u>	<u>(585,776)</u>	<u>-</u>	<u>30,606,158</u>

Depreciation expense for business-type activities in the current fiscal year was \$1,160,790 and was charged as follows:

Water & sewer	\$ 977,410
Airport	<u>183,380</u>
Total depreciation – business type activities	<u>\$ 1,160,790</u>

Significant capital additions for the year included new water pumps (\$170,441), an Airport sign (\$47,875), and water and sewer improvements (\$297,270).

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2020, was as follows:

	Balance at April 30, 2019	Additions	Deductions	Balance at April 30, 2020	Due Within One Year
Governmental Activities:					
Landfill Closure (Note 12)	\$ 6,368,619	-	-	6,368,619	-
Compensated Absences (Note 1)	409,460	1,019,732	984,286	444,906	396,185
Total OPEB Liability (Note 10)	1,748,006	422,036	108,367	2,061,675	-
Net Pension Liability (Note 9)	12,882,026	6,591,438	7,646,779	11,826,685	-
Total Governmental Activities	\$ 21,408,111	8,033,206	8,739,432	20,701,885	396,185
Business-type Activities:					
General Obligation Waterworks and Sewerage Refunding Bonds (Alt. Rev Source) Series 2012	\$ 3,920,000	-	455,000	3,465,000	465,000
Bond Premium/(Discount), Net	48,249	-	6,371	41,878	-
Capital Leases	483,252	-	403,299	79,953	17,395
Compensated Absences (Note 1)	79,589	201,967	184,119	97,437	85,458
Total Business-type activities	\$ 4,531,090	201,967	1,048,789	3,684,268	567,853

Compensated absences and net police pension liabilities of governmental activities are paid from the General Fund. Net IMRF pension liabilities of governmental activities are paid from the IMRF Fund. General obligation debt and compensated absences of business-type activities are paid from the Water and Sewer Fund, while capital lease liabilities of business-type activities are paid from the Airport Fund.

Total interest expense of \$123,797 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - \$113,911 and Airport Fund - \$9,886.

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.

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 a deferred 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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED):

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

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:

Year Ending April 30,	Principal	Interest	Total P&I
2021	\$ 465,000	72,410	537,410
2022	475,000	63,110	538,110
2023	485,000	53,610	538,610
2024	495,000	43,910	538,910
2025	505,000	34,010	539,010
2026-2027	1,040,000	35,480	1,075,480
	<u>\$ 3,465,000</u>	<u>302,530</u>	<u>3,767,530</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

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. For the fiscal year ended April 30, 2020, the gross amount of assets recorded under capital leases was \$1,250,000 with current year amortization expense recorded as depreciation of \$25,000 and accumulated depreciation of \$387,500 in the business-type airport activity.

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.

The Corporate Hanger Lease was renewed during the fiscal year ended April 30, 2020 with the following details:

	<u>100 x 120 Corporate Hangar</u>
Original lease amount	<u>\$ 250,000</u>
Refinanced 2020	\$ 92,471
Date renewed	7/10/2019
Interest rate	4.75%
Payment frequency	Quarterly
Payment amount	\$ 5,222
Term	5 Years
Unpaid April 30, 2020	<u>\$ 79,953</u>

The Airport Fund received a loan in the amount of \$370,385 from the General Fund to pay off the remaining balance of the T-Hanger lease during the year ended April 30, 2020.

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

Capital Lease Liabilities – (Continued):

Obligations of business-type activities under capital leases at April 30, 2020 are as follows:

Fiscal Year Ending	2004 Corporate Hangar
April 30, 2021	\$ 20,886
April 30, 2022	20,886
April 30, 2023	20,886
April 30, 2024	20,886
April 30, 2025	<u>5,222</u>
Total minimum lease payments	88,766
Less: amount representing interest costs	<u>8,813</u>
Present value of future minimum payments	<u>\$ 79,953</u>

NOTE 7: LEGAL DEBT MARGIN

Legal debt margin is the percent of the City's assessed valuation which is subject to debt limitation. The statutory debt limitation for the City is 8.625%. The City's legal debt margin is as follows as of April 30, 2020:

Assessed valuation (2019)	<u>\$ 344,806,898</u>
Statutory debt limitation (8.625%)	\$ 29,739,595
Debt applicable to limitation:	
General Obligation Refunding Bonds (ARS), Series 2012	\$ 3,465,000
Airport Hangar Capital Lease Commitment, dated July 10, 2014	<u>79,953</u>
Total applicable debt	<u>3,544,953</u>
Less amounts not included in the debt limitation:	
Self-supporting bonded debt	<u>(3,465,000)</u>
Total debt applicable to the debt limitation	<u>79,953</u>
Legal debt margin	<u>\$ 29,659,642</u>

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 8: OPERATING LEASES

The City has entered into several operating leases for the use of postage and copy machines by various departments. In addition, land leases with the Department of Natural Resources are required for infrastructure uses of land not owned by the City.

The following is a schedule by years of rental payments required under operating leases that have initial noncancelable lease terms in excess of one year as of April 30, 2020:

Fiscal Year Ended	Amount
April 30,	
2021	\$ 10,972
2022	8,876
2023	5,216
2024	1,420
Total	<u>\$ 26,484</u>

NOTE 9: DEFINED BENEFIT PENSION PLANS

The City's total liability for pensions is reported in the Statement of Activities as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense
Police Pension*	\$ 1,752,171	759,036	11,143,442	3,925,619
IMRF	1,523,397	2,280,990	683,243	19,649
Totals	<u>\$ 3,275,568</u>	<u>3,040,026</u>	<u>11,826,685</u>	<u>3,945,268</u>

* Police Pension amounts were historically reported based on prior year actuarial data. Current year amounts were updated to reflect current year actuarial data.

Illinois Municipal Retirement Fund

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 an agent multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. 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. That report is available for download at www.imrf.org.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Benefits Provided

IMRF has three benefit plans. The majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected City Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO 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 original pension amount
- ½ of the increase in the Consumer Price Index of the original pension amount.

Membership

As of December 31, 2019, the City’s plan membership consisted of the following:

Retirees and beneficiaries	54
Inactive, non-retired members	22
Active members	46
Total	122

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Contributions

As set by statute, the City’s Regular plan members are required to contribute a percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The required contribution rates and actual City contributions for calendar year 2019 and the fiscal year ended April 30, 2020 are summarized below. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Member contribution rate	4.50%
City contribution rate - 2019	8.67%
City contribution rate - 2020	10.72%
City contributions - 2019	\$ 276,400
City contributions - fiscal year 2020	\$ 300,449

Net Pension Liability (Asset)

The City’s net pension liability (asset) was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability (asset) 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 December 31, 2019:

- 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 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from an IMRF-specific mortality table with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Actuarial Assumptions – (Continued)

- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	<u>1%</u>	1.85%
Total	<u>100%</u>	

Single Discount Rate

A single discount rate of 7.25% 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 purposes of the December 31, 2019 valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2018	\$ 18,001,426	15,502,332	2,499,094
Changes for the year:			
Service Cost	338,662	-	338,662
Interest on the Total Pension Liability	1,295,073	-	1,295,073
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(269,929)	-	(269,929)
Changes of Assumptions	-	-	-
Contributions - Employer	-	276,400	(276,400)
Contributions - Employees	-	143,461	(143,461)
Net Investment Income	-	2,686,531	(2,686,531)
Benefit Payments, including Refunds of Employee Contributions	(615,350)	(615,350)	-
Other (Net Transfer)	-	73,265	(73,265)
Net Changes	748,456	2,564,307	(1,815,851)
Balances at December 31, 2019	<u>\$ 18,749,882</u>	<u>18,066,639</u>	<u>683,243</u>

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1.00% lower or 1.00% higher.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$ 20,918,198	18,749,882	16,970,568
Plan Fiduciary Net Position	<u>18,066,639</u>	<u>18,066,639</u>	<u>18,066,639</u>
Net Pension Liability (Asset)	<u>\$ 2,851,559</u>	<u>683,243</u>	<u>(1,096,071)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$19,649. At April 30, 2020, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,545	380,340
Changes in assumptions	199,284	103,275
Net difference between projected and actual earnings on pension plan investments	<u>1,187,873</u>	<u>1,797,375</u>
Total deferred amounts to be recognized in future pension expense	1,405,702	2,280,990
Contributions subsequent to the measurement date	<u>117,695</u>	-
Total	<u>\$ 1,523,397</u>	<u>2,280,990</u>

\$117,695 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2020. 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:

Calendar Year Ending December 31,	Net Deferred Outflows of Resources
2020	\$ (334,300)
2021	(269,831)
2022	42,250
2023	<u>(313,407)</u>
Total	<u>\$ (875,288)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan

Plan Description

Administration

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 and does not issue a separate financial report.

Membership

As of April 30, 2020, the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled To but Not Yet Receiving Benefits	1
Active Plan Members	<u>26</u>
Total	<u><u>46</u></u>

Benefits Provided

The Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years 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 benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the originally granted pension and 3% compounded annually thereafter.

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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Benefits Provided – (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year or service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

As set by statute, employees are required to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. 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 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, 2020, the City contribution was \$1,219,594.

Investments

Investment and investment policies for the Police Pension Plan are detailed in note 2 to these financial statements. The City has no other funds classified as investments.

Net Pension Liability

The City's net pension liability was measured as of April 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2019.

The components of the net pension liability of the Plan at April 30, 2020, were as follows:

Total Pension Liability	\$ 27,758,725
Plan Fiduciary Net Position	<u>16,615,283</u>
Net Pension Liability	<u>\$ 11,143,442</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2019, updated to April 30, 2020, using the following actuarial assumptions.

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Straight Line.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.25 – 11.51%.
- The Investment Rate of Return was assumed to be 7.00%.
- Retirement Rates are based on Lauterbach & Amen 2020 Illinois police retirement rates capped at age 65.
- Disability and termination rates were based on Lauterbach & Amen 2020 Illinois police rates.
- Marital status assumption – 80% married.
- Active mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study. These rates are improved generationally using MP-2019 improvement rates.
- Retiree mortality follows the Lauterbach & Amen assumption study for police 2020. These rates are experience weighted with raw rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 improvement rates.
- Disabled mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study for disabled participants, with blue-collar adjustment. These rates are improved generationally using MP-2019 improvement rates.
- Spouse mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.
- The long-term expected rate of return on pension plan investments is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return on assets shown below are from the State of Illinois Department of Insurance actuarial experience study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in and adjustment is made to reflect geometric returns. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions – (Continued)

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectation	Long-Term Expected Real Rate of Return
Corporate Bonds	4.20%	2.50%	1.70%
US Government Fixed Income	3.20%	2.50%	0.70%
US Large Cap Equity	8.30%	2.50%	5.80%
US Mid Cap Equity	9.30%	2.50%	6.80%
US Small Cap Equity	9.30%	2.50%	6.80%
Non-US Developed Large Cap Equity Unhedged	8.40%	2.50%	5.90%
Emerging Markets Equity Unhedged	10.50%	2.50%	8.00%
Global Real Estate - REITS	8.30%	2.50%	5.80%
Commodities - Long Only	4.90%	2.50%	2.40%

For the year ended April 30, 2020, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was -4.56 percent (9.10 percent in the prior year ended April 30, 2019). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2019	\$ 24,962,203	14,579,271	10,382,932
Changes for the year:			
Service Cost	1,044,219	-	1,044,219
Interest on the Total Pension Liability	3,514,053	-	3,514,053
Differences Between Expected and Actual Experience of the Total Pension Liability	394,576	-	394,576
Changes of Assumptions	(93,964)	-	(93,964)
Change of Benefit Terms	101,138	-	101,138
Contributions - Employer	-	2,362,246	(2,362,246)
Contributions - Employees	-	411,762	(411,762)
Net Investment Income	-	1,485,780	(1,485,780)
Benefit Payments, including Refunds of Employee Contributions	(2,163,500)	(2,163,500)	-
Other	-	(60,276)	60,276
Net Changes	<u>2,796,522</u>	<u>2,036,012</u>	<u>760,510</u>
Balances at April 30, 2020	<u>\$ 27,758,725</u>	<u>16,615,283</u>	<u>11,143,442</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset)	\$ 15,406,283	11,143,442	7,709,005

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$3,925,619. At April 30, 2020, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 772,694	22,622
Changes in assumptions	269,334	625,074
Net difference between projected and actual earnings on pension plan investments	710,143	111,340
Total	<u>\$ 1,752,171</u>	<u>759,036</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2021	\$ 590,354
2022	115,395
2023	66,309
2024	129,050
2025	43,017
Thereafter	49,010
Total	<u>\$ 993,135</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 9, the City provides healthcare insurance for certain retired employees. All employees who meet the IMRF or Police Pension retirement eligibility requirements may participate in the healthcare insurance program, which covers both active and retired members. The plan does not issue a separate report. The activity of the plan is reported with the City's governmental activities in the accompanying financial statements.

Benefits Provided

Medical / Prescription Coverage

- IMRF & non-PSEBA Police Officers:
 - Under age 65 – retiree pays full cost of coverage, including dependents; dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
 - Age 65 and over – retiree pays full cost of coverage with the Plan being secondary to Medicare; dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
- PSEBA Police Officers:
 - Under age 65 – City pays full cost of coverage, including any dependents; dependent or spousal coverage continues should retiree coverage terminate.
 - Age 65 and over – City pays full cost of coverage with the Plan being secondary to Medicare; dependent or spousal coverage continues should retiree coverage terminate.

Dental, Vision, and Life Coverage

- IMRF and non-PSEBA Police Officers:
 - Retiree pays for the full cost of coverage, including any dependents, for dental and vision. Dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
 - Dental and vision coverage may continue past Medicare eligibility, with the retiree paying the full cost of coverage.
 - Retirees are permitted to remain on life insurance in retirement, with the retiree paying the full cost of coverage (coverage may be reduced depending on the retiree's age at retirement).
- PSEBA Police Officers:
 - The City may pay for the full cost of coverage, including any dependents, for dental, vision and life insurance. Dependent or spousal coverage may continue should retiree coverage terminate.
 - Dental, vision, and life insurance coverage may continue past Medicare eligibility, with the City continuing to pay the full cost of coverage, including any dependents. The plans are secondary to Medicare once applicable.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Membership

As of April 30, 2020, the following employees were covered by the benefit terms:

Active employees	75
Inactive employees entitled to but not yet receiving benefits	0
Inactive employees currently receiving benefits	<u>6</u>
Total	<u><u>81</u></u>

Contributions

The City Council determines the benefits to be provided and contribution requirements. The City currently funds these benefits on a pay-as-you-go basis and has not established a separate trust fund. The employees reimburse the City for the full monthly premium, if applicable.

A portion of the City's contributions and benefit payments is based on the cost-sharing provisions of the plan. In addition, a portion is related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

Of the benefit payments made in 2020, \$27,184 are explicit benefit payments due to the PSEBA pensioners and \$81,183 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.

Net OPEB Liability

At April 30, 2020, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 2,061,675
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 2,061,675</u></u>

The net OPEB liability was measured as of April 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2018, using 2019 data.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at May 1, 2019	\$ 1,748,006	-	1,748,006
Changes for the year:			
Service Cost	25,601	-	25,601
Interest	64,184	-	64,184
Differences in Actuarial Experience	-	-	-
Changes of Assumptions	332,251	-	332,251
Contributions - Employer	-	108,367	(108,367)
Contributions - Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(108,367)	(108,367)	-
Administrative expense	-	-	-
Net Changes	313,669	-	313,669
Balances at April 30, 2020	<u>\$ 2,061,675</u>	<u>-</u>	<u>2,061,675</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2020:

- The Actuarial Cost Method used was Entry Age Normal (Level %)
- Discount rate used for the Total OPEB Liability:
 - Beginning of year – 3.79%
 - End of year – 2.56%
- High Quality 20 Year Tax-Exempt GO Bond Rate:
 - Beginning of year – 3.79%
 - End of year – 2.56%
- Payroll increases – 2.75%
- Healthcare Cost Trend Rates – The initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
- Election at retirement is assumed to be 10%, except for police currently waiving coverage, which are assumed to elect coverage at 3%.
- Spousal election assumption is 50%
- Plan participation rates – 100%
- Retiree lapse ranges upon attaining age 65 – 0%
- Termination & Disability rates are based on the IMRF 2017 rates for IMRF employees and on the L&A Assumption Study 2020 for Police Officers.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Actuarial Assumptions – (Continued)

- Mortality Rates for retirees, spouses, and disabled retirees follow the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustments. These rates are improved generationally using MP-2016 Improvement Rates.

Single Discount Rate

There is currently no expectation for future returns on OPEB Plan assets since the OPEB obligation is an unfunded obligation. The City does not have a trust dedicated exclusively to the payment of OPEB benefits.

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the municipal bond rate. Because the City does not have a trust dedicated exclusively to the payment of OPEB benefits, only the municipal bond rate is used in determining the Total OPEB Liability. The municipal bond rate at April 30, 2020 was 2.56%.

The municipal bond rate assumption is based on the Bond Buyer 20-Bond GO Index. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent to Moody's Aa2 and Standard & Poor's AA.

Sensitivity of Net OPEB Liability to the Single Discount Rate

The following represents the City's net OPEB liability calculated using the above-referenced single discount rate, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Net OPEB Liability/(Asset)	\$ 2,292,821	2,061,675	1,868,862

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Sensitivity of Net OPEB Liability to the Health Care Cost Trend Rate

The following represents the City's net OPEB liability as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (Varies)	Current Trend Rate (Varies)	1% Increase (Varies)
Net OPEB Liability/(Asset)	\$ 1,814,154	2,061,675	2,358,972

Current healthcare cost trend rates are as follows:

- Medical trend rates for retirees under 65 decrease from 7.10% to 5.00%, while rates for retirees over 65 remain flat at 4.00%
- Dental trend rates remain flat at 3.70%
- Vision trend rates remain flat at 2.60%
- Life insurance trend rates remain flat at 0.00%

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

For the year ended April 30, 2020, the City recognized OPEB expense of \$447,860.

At April 30, 2020, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ -	-

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

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

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

Fiscal Year	Deferred	Deferred
Ending April 30,	Outflows	Inflows
2021	\$ -	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
Thereafter	-	-
Total	<u>\$ -</u>	<u>-</u>

NOTE 11: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

The following is a schedule of interfund receivables and payables as of April 30, 2020:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$ -	1,370,385
Airport Development Fund	1,370,385	-
Total	<u>\$ 1,370,385</u>	<u>1,370,385</u>

The interfund balances above represent an advance from the General Fund to the Airport Development Fund for capital project financing until grant revenues can be obtained, and a loan from the General Fund for the purposes of paying off the remaining balance of the T-Hangar Capital Lease.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 11: INTER-FUND BALANCES AND TRANSFERS – (CONTINUED)

Operating Transfers

During the year ended April 30, 2020, \$1,000,000 was transferred from the TIF I Fund to the Marina TIF Fund to cover expenditures.

	Transfers In	Transfers Out
TIF Fund I	\$ -	1,000,000
Marina TIF Fund	1,000,000	-
Total	<u>\$ 1,000,000</u>	<u>1,000,000</u>

NOTE 12: LANDFILL CLOSURE AND POST CLOSURE CARE 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 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.

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 12: LANDFILL CLOSURE AND POST CLOSURE CARE COSTS – (CONTINUED)

All information above represents the most recent estimates approved by the State, but is approximately eighteen 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.

NOTE 13: 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. 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.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 14: CONTINGENCIES

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

NOTE 15: RISKS AND UNCERTAINTIES

The Pension Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term. Such changes could materially affect the amounts reported in the Statement of Net Position available for benefits.

NOTE 16: TAX ABATEMENTS

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose certain information about their tax abatement agreements. Currently, the City is not participating in any programs operated by other governments but has its own tax abatement programs described below.

- By the authority of 35 ILCS 200/18-184 and 65 ILCS 5/11-15.1-2 (e-5), the City enters into agreements with property owners to abate 100% of the City portion of property taxes on selected property that is the subject of an annexation agreement. The abatement typically remains in effect for a period of 20 years unless the property is developed. Once development of the property is approved, the abatement ceases. Once the abatement is filed, the property taxes are abated by the County Clerk before the issuance of the property tax bill. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. Property taxes abated under this program total \$4,012 for the 2018 levy year and \$3,660 for the 2019 levy year.
- By the authority of 35 ILCS 200/18-165, Section 10 of Article VII of the Constitution of the State of Illinois of 1970 and 5 ILCS 220/1 et seq., the City enters into agreements with property owners to abate a portion of the City portion of property taxes on selected property that is the subject of an approved abatement over a period of 4 years. Once the abatement is filed and the property developed, the property taxes are abated by the County Clerk before the issuance of the property tax bill as follows: year 1 – 75%, year 2 – 50%, year 3 – 25%, year 4 – 0%. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. There are no property taxes abated and subject to reimbursement under this program for the 2018 levy year. In the 2019 levy year, property taxes abated and subject to reimbursement under this program were \$121,987.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2020

NOTE 16: TAX ABATEMENTS – (CONTINUED)

- By the authority of 65 ILCS 5/8-11-20, the City enters into economic incentive agreements. Under these agreements, the City, at its discretion, agrees to rebate a percentage of the local portion of any retailers' occupation taxes received that is generated over a finite period of time. Once the agreement is in place and after receipt of the taxes from the State and appropriate documentation/verification procedures, the City rebates the appropriate amounts to the interested party. In exchange for the rebate of retailers' occupation taxes, the City benefits from the creation or retainage of jobs, creation or further development, strengthening of the commercial sector, and enhancement of the tax base. Retailers' occupation taxes subject to reimbursement for the fiscal year ended April 30, 2020 totaled \$1,299,405, and reimbursements of \$1,094,767 were made during the fiscal year.

NOTE 17: RESTRICTED NET POSITION

Restricted net position balances reported on the government-wide statement of net position at April 30, 2020 includes the following:

	Governmental Activities	Business-type Activities	Total
Restricted for:			
Transportation/public works	\$ 7,935,123	1,045,648	8,980,771
Community development	503,413	-	503,413
Health & sanitation	574,292	-	574,292
Culture & recreation	489,784	-	489,784
Employee retirement costs	388,067	-	388,067
General government	-	-	-
Law enforcement	129,578	-	129,578
Debt Service	-	261,324	261,324
Total restricted	<u>\$ 10,020,257</u>	<u>1,306,972</u>	<u>11,327,229</u>

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
For the Year Ended April 30, 2020

NOTE 18: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2020 includes the following:

	General	Fund	Tax Increment Financing Fund I	Marina Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Transportation/public works	\$	-	3,830,387	2,166,951	1,937,785	7,935,123
Community development		-	11,658	-	-	11,658
Health & sanitation		-	-	-	574,292	574,292
Culture & recreation		-	150,000	-	339,784	489,784
Employee retirement costs		-	-	-	388,067	388,067
General government		-	-	-	-	-
Law enforcement		-	-	-	129,578	129,578
Total restricted		-	3,992,045	2,166,951	3,369,506	9,528,502
Unassigned		5,867,601	-	-	-	5,867,601
Total fund balances	\$	5,867,601	3,992,045	2,166,951	3,369,506	15,396,103

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

**Notes to Basic Financial Statements
For the Year Ended April 30, 2020**

NOTE 19: SUBSEQUENT EVENTS

Management evaluated subsequent events through November 2, 2020, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of April 30, 2020 as a result of events occurring between May 1, 2020 and November 2, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE A-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis		GAAP
Revenues:							
Taxes:							
Property tax							
General corporate	\$ 235,906	235,906	187,461	-	187,461	(48,445)	129,776
TIF reimbursement	43,267	43,267	42,201	-	42,201	(1,066)	41,308
Police protection	75,000	75,000	70,444	-	70,444	(4,556)	44,390
Police pension	1,219,594	1,219,594	1,071,766	-	1,071,766	(147,828)	1,126,688
Township road & bridge	81,000	81,000	58,762	-	58,762	(22,238)	80,556
Municipal sales tax:							
Municipal sales tax	5,500,000	5,500,000	5,362,976	(30,471)	5,332,505	(167,495)	4,606,988
Reimbursible sales tax	2,380,000	2,380,000	1,299,405	318,394	1,617,799	(762,201)	2,336,664
Local use tax	432,260	432,260	366,945	105,806	472,751	40,491	421,512
Total taxes	9,967,027	9,967,027	8,459,960	393,729	8,853,689	(1,113,338)	8,787,882
Intergovernmental:							
State income tax	1,350,000	1,350,000	1,341,577	136,351	1,477,928	127,928	1,410,716
Replacement tax	102,000	102,000	114,142	12,859	127,001	25,001	104,274
Video gaming tax	300,000	300,000	267,072	42,882	309,954	9,954	314,201
Federal and state grants	60,000	60,000	38,219	939	39,158	(20,842)	56,773
Total intergovernmental	1,812,000	1,812,000	1,761,010	193,031	1,954,041	142,041	1,885,964
Licenses and permits:							
Contractor licenses	37,000	37,000	35,100	-	35,100	(1,900)	31,350
Liquor licenses	57,425	57,425	34,405	-	34,405	(23,020)	51,110
Other licenses	14,904	14,904	16,539	-	16,539	1,635	13,804
Building permits	25,300	25,300	17,939	-	17,939	(7,361)	13,332
Demolition permits	300	300	1,000	-	1,000	700	-
Total licenses and permits	134,929	134,929	104,983	-	104,983	(29,946)	109,596
Franchise fees:							
Cable TV franchise fees	195,000	195,000	210,985	5	210,990	15,990	187,004
Telephone franchise fees	9,870	9,870	9,783	-	9,783	(87)	9,783
Total franchise fees	204,870	204,870	220,768	5	220,773	15,903	196,787
Charges for services:							
Swimming pool	114,450	114,450	96,085	-	96,085	(18,365)	107,559
Senior van rider fees	1,100	1,100	875	-	875	(225)	815
Building inspections	12,000	12,000	13,555	-	13,555	1,555	10,210
Plumbing inspections	6,000	6,000	6,205	-	6,205	205	5,310
Electrical inspections	1,000	1,000	490	-	490	(510)	385
Public hearing	-	-	5,400	-	5,400	5,400	2,700
Total charges for services	134,550	134,550	122,610	-	122,610	(11,940)	126,979
Fines	160,000	160,000	116,232	1,278	117,510	(42,490)	153,913
Interest	4,000	4,000	2,341	-	2,341	(1,659)	3,439
Other revenues:							
Miscellaneous revenue	56,910	56,910	53,900	-	53,900	(3,010)	94,169
Developer reimbursements	120,000	120,000	54,368	-	54,368	(65,632)	116,570
Other reimbursements	180,515	180,515	227,882	-	227,882	47,367	134,578
Sale of vehicles/equipment	40,000	40,000	37,450	-	37,450	(2,550)	32,126
Total other revenues	397,425	397,425	373,600	-	373,600	(23,825)	377,443
Total revenues	12,814,801	12,814,801	11,161,504	588,043	11,749,547	(1,065,254)	11,642,003

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts				Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis		GAAP Basis
Total revenues (carried forward)	\$ 12,814,801	12,814,801	11,161,504	588,043	11,749,547	(1,065,254)	11,642,003
Expenditures:							
Current:							
General government	5,133,145	5,124,995	3,500,841	427,630	3,928,471	1,196,524	3,643,094
Public safety	5,295,032	5,295,032	4,463,848	3,483	4,467,331	827,701	4,219,167
Transportation & public works	2,896,000	2,896,000	2,302,972	(225)	2,302,747	593,253	2,182,314
Culture and recreation	844,070	844,070	559,293	2,737	562,030	282,040	528,128
Employee retirement costs	1,219,594	1,219,594	1,145,680	-	1,145,680	73,914	1,142,652
Capital outlay	2,254,750	2,258,950	906,863	2,031	908,894	1,350,056	634,837
Total expenditures	17,642,591	17,638,641	12,879,497	435,656	13,315,153	4,323,488	12,350,192
Excess of revenue over (under) expenditures	(4,827,790)	(4,823,840)	(1,717,993)	152,387	(1,565,606)	3,258,234	(708,189)
Other financing sources (uses):							
Transfers out	(640,385)	(644,335)	-	-	-	(644,335)	(193)
Total other financing sources (uses)	(640,385)	(644,335)	-	-	-	(644,335)	(193)
Changes in fund balance	(5,468,175)	(5,468,175)	(1,717,993)	152,387	(1,565,606)	3,902,569	(708,382)
Fund balance, beginning of year	5,653,974	5,653,974	7,585,594	(1,777,295)	5,808,299	154,325	8,293,976
Fund balance, end of year	\$ 185,799	185,799	5,867,601	(1,624,908)	4,242,693	4,056,894	7,585,594
Explanation of differences							
Fund balance - ending budget (cash) basis					\$ 4,242,693		
To adjust to GAAP basis revenues for changes in accounts receivable					(588,043)		
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					435,656		
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.					1,777,295		
Fund balance - GAAP basis					\$ 5,867,601		

**CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I**

SCHEDULE A-2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis		GAAP
							Basis
Revenues:							
Property tax	\$ 5,106,156	5,106,156	5,015,488	-	5,015,488	(90,668)	4,863,006
Interest:							
CBTDP LLC	10,121	10,121	10,121	-	10,121	-	10,641
Living Waters Church	-	-	-	-	-	-	119
Principal:							
CBTDP LLC	26,302	26,302	26,303	-	26,303	1	25,782
Living Waters Church	-	-	-	-	-	-	25,358
Interest income	12,365	12,365	30,732	-	30,732	18,367	16,471
Miscellaneous income	500	500	44,120	-	44,120	43,620	7,129
Total revenues	5,155,444	5,155,444	5,126,764	-	5,126,764	(28,680)	4,948,506
Expenditures:							
General government:							
Accounting services	1,000	1,000	-	-	-	1,000	188
Engineering services	100,000	331,500	303,703	27,729	331,432	68	73,409
Legal services	20,000	24,650	24,614	-	24,614	36	20,438
Other professional services	10,000	10,000	2,325	75	2,400	7,600	5,385
Miscellaneous expenses	5,000	5,000	-	-	-	5,000	-
Total general government	136,000	372,150	330,642	27,804	358,446	13,704	99,420
Community development:							
Loan/grant distributions	50,000	124,800	124,766	-	124,766	34	-
TIF reimbursement	2,553,078	2,553,078	2,507,744	-	2,507,744	45,334	2,431,125
Total community development	2,603,078	2,677,878	2,632,510	-	2,632,510	45,368	2,431,125
Capital outlay:							
Land purchases	5,000	5,000	866	-	866	4,134	794
Parks improvements	75,000	75,000	40,480	-	40,480	34,520	89,839
Building construction	180,000	180,000	53,888	-	53,888	126,112	74,154
Demolition of buildings	1,000	1,000	-	-	-	1,000	-
Bulk fuel storage facility	10,000	10,000	391	-	391	9,609	1,918
Sewerage treatment plant	1,300,000	984,950	411,684	592	412,276	572,674	76,465
Swimming pool/tennis courts	28,000	28,000	-	-	-	28,000	1,699
Equipment	340,000	340,000	135,509	-	135,509	204,491	157,797
Water system improvement	847,000	847,000	581,498	-	581,498	265,502	137,502
Sanitary sewer systems	30,000	30,000	805	-	805	29,195	-
Street construction	225,000	225,000	223,038	-	223,038	1,962	175,068
Storm sewer construction	10,000	10,000	-	-	-	10,000	-
Street lighting improvement	35,000	35,000	-	-	-	35,000	5,466
Traffic signals	45,000	49,100	49,070	-	49,070	30	18,546
Off street parking	15,000	15,000	-	-	-	15,000	-
Downtown development	20,000	20,000	17,774	-	17,774	2,226	3,369
Total capital outlay	3,166,000	2,855,050	1,515,003	592	1,515,595	1,339,455	742,617
Provision for contingency	100,000	100,000	-	-	-	100,000	-
Total expenditures	6,005,078	6,005,078	4,478,155	28,396	4,506,551	1,498,527	3,273,162

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I

SCHEDULE A-2
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis	2019
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual GAAP Basis
			Basis		Basis		
Excess of revenue over (under) expenditures	\$ (849,634)	(849,634)	648,609	(28,396)	620,213	(1,527,207)	1,675,344
Other financing sources (uses):							
Transfers to Marina TIF Fund	(3,000,000)	(3,000,000)	(1,000,000)	-	(1,000,000)	-	(2,000,000)
Changes in fund balances	(3,849,634)	(3,849,634)	(351,391)	(28,396)	(379,787)	3,469,847	(324,656)
Fund balance, beginning of year	4,306,582	4,306,582	4,343,436	28,396	4,371,832	65,250	4,668,092
Fund balance, end of year	\$ 456,948	456,948	3,992,045	-	3,992,045	3,535,097	4,343,436

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 3,992,045
To adjust to GAAP basis revenues for changes in receivables	28,852
To adjust to GAAP basis expenditures for changes in unavailable income	(28,852)
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	28,396
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.	(28,396)
Fund balance - GAAP basis	\$ 3,992,045

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND

SCHEDULE A-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Actual Amounts			Actual
			Basis	Adjustments	Budget Basis		GAAP Basis
Revenues:							
Property tax	\$ 7,200	7,200	13,085	-	13,085	5,885	6,852
Interest income	5,900	5,900	28,500	-	28,500	22,600	10,091
Total revenues	13,100	13,100	41,585	-	41,585	28,485	16,943
Expenditures:							
General government:							
Accounting services	1,000	1,000	-	-	-	1,000	-
Engineering services	75,000	75,000	42,428	-	42,428	32,572	46,492
Other professional services	10,000	10,000	5,869	-	5,869	4,131	5,928
Miscellaneous expenses	1,000	1,000	-	-	-	1,000	-
Total general government	87,000	87,000	48,297	-	48,297	38,703	52,420
Environment:							
Legal services	75,000	75,000	29,293	-	29,293	45,707	60,920
CLC closure expenses	3,500,000	2,946,250	220,164	21,730	241,894	2,704,356	375,535
Total environment	3,575,000	3,021,250	249,457	21,730	271,187	2,750,063	436,455
Community development:							
TIF reimbursement	2,160	3,960	3,925	-	3,925	35	2,056
TIF loan distribution	1,000	1,000	-	-	-	1,000	-
Total community development	3,160	4,960	3,925	-	3,925	1,035	2,056
Capital outlay:							
Land purchases	475,000	475,000	279,367	-	279,367	195,633	-
Building construction	265,000	265,000	17,078	-	17,078	247,922	251,087
Demolition of buildings	1,000	531,900	531,803	-	531,803	97	-
Sewerage treatment plant	300,000	300,000	42,510	-	42,510	257,490	46,073
Equipment	1,000	22,050	22,043	-	22,043	7	-
Water system	400,000	400,000	20,780	-	20,780	379,220	-
Water tower	55,000	55,000	8,580	-	8,580	46,420	7,751
Sanitary sewer systems	1,000	1,000	-	-	-	1,000	-
Street construction	1,000	1,000	-	-	-	1,000	-
Storm sewer construction	1,000	1,000	-	-	-	1,000	-
Street lighting improvement	1,000	1,000	-	-	-	1,000	-
Total capital outlay	1,501,000	2,052,950	922,161	-	922,161	1,130,789	304,911
Provision for contingency	100,000	100,000	-	-	-	100,000	-
Total expenditures	5,266,160	5,266,160	1,223,840	21,730	1,245,570	4,020,590	795,842
Excess of revenue over (under) expenditures	(5,253,060)	(5,253,060)	(1,182,255)	(21,730)	(1,203,985)	4,049,075	(778,899)
Other financing sources (uses):							
Transfers from TIF I Fund	3,000,000	3,000,000	1,000,000	-	1,000,000	(2,000,000)	2,000,000
Changes in fund balances	(2,253,060)	(2,253,060)	(182,255)	(21,730)	(203,985)	2,049,075	1,221,101
Fund balances, beginning of year	2,311,527	2,311,527	2,349,206	33,560	2,382,766	71,239	1,128,105
Fund balances, end of year	\$ 58,467	58,467	2,166,951	11,830	2,178,781	2,120,314	2,349,206

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND

SCHEDULE A-3
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 2,178,781
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	21,730
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>(33,560)</u>
Fund balance - GAAP basis	<u>\$ 2,166,951</u>

Required Supplementary Information
Illinois Municipal Retirement Fund - Regular Plan
Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios*

	Calendar Year Ended December 31,				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 338,662	313,358	323,518	326,423	332,089
Interest on the total pension liability	1,295,073	1,261,016	1,215,723	1,193,706	1,154,965
Benefit changes	-	-	-	-	-
Differences between expected and actual experience	(269,929)	(452,470)	89,552	(535,715)	(289,758)
Assumption changes	-	477,752	(498,711)	(39,276)	20,234
Benefit payments and refunds	(615,350)	(510,196)	(531,981)	(853,392)	(498,912)
Net Change in Total Pension Liability	748,456	1,089,460	598,101	91,746	718,618
Total Pension Liability - Beginning	18,001,426	16,911,966	16,313,865	16,222,119	15,503,501
Total Pension Liability - Ending (a)	<u>\$ 18,749,882</u>	<u>18,001,426</u>	<u>16,911,966</u>	<u>16,313,865</u>	<u>16,222,119</u>
PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 276,400	342,092	367,818	361,233	343,572
Employee contributions	143,461	142,275	155,955	128,200	129,538
Pension Plan Net Investment Income	2,686,531	(713,029)	2,445,736	948,357	70,089
Benefit Payments and Refunds	(615,350)	(510,196)	(531,981)	(853,392)	(498,912)
Other	73,265	(609,588)	(151,903)	165,739	(260,055)
Net Change in Plan Fiduciary Net Position	2,564,307	(1,348,446)	2,285,625	750,137	(215,768)
Plan Fiduciary Net Position - Beginning	15,502,332	16,850,778	14,565,153	13,815,016	14,030,784
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,066,639</u>	<u>15,502,332</u>	<u>16,850,778</u>	<u>14,565,153</u>	<u>13,815,016</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 683,243</u>	<u>2,499,094</u>	<u>61,188</u>	<u>1,748,712</u>	<u>2,407,103</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.36%	86.12%	99.64%	89.28%	85.16%
Covered Valuation Payroll	\$ 3,187,998	3,161,676	3,014,910	2,848,846	2,853,592
Net Pension Liability as a Percentage of Covered Valuation Payroll	21.43%	79.04%	2.03%	61.38%	84.35%

*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.

**Required Supplementary Information
Illinois Municipal Retirement Fund
Multiyear Schedule of City Contributions***

Calendar Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 276,399	276,400	(1)	3,187,998	8.67%
2018	342,093	342,092	1	3,161,676	10.82%
2017	367,819	367,818	1	3,014,910	12.20%
2016	361,234	361,233	1	2,848,846	12.68%
2015	343,572	343,572	-	2,853,592	12.04%

Notes to Schedule:

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 2019 contribution rate:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 24-year closed period Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25% 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 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

**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.*

Required Supplementary Information
 Police Pension Fund
 Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios*

	Year Ended April 30,					
	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service Cost	\$ 522,376	521,843	494,988	462,606	527,656	476,599
Interest	1,802,222	1,711,831	1,630,422	1,610,743	1,425,267	1,263,077
Changes of benefit terms	101,138	-	-	-	-	-
Difference between expected and actual experience	255,193	139,383	51,603	276,567	(133,043)	(142,339)
Changes of assumptions	(93,964)	-	-	(1,144,868)	1,615,620	1,396,152
Benefit payments, including refunds of employee contributions	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)	(736,933)	(616,037)
Net Change in Total Pension Liability	1,438,425	1,358,097	1,163,907	370,306	2,698,567	2,377,452
Total Fiduciary Pension Liability - Beginning	26,320,300	24,962,203	23,798,296	23,427,990	20,729,423	18,351,971
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 27,758,725</u>	<u>26,320,300</u>	<u>24,962,203</u>	<u>23,798,296</u>	<u>23,427,990</u>	<u>20,729,423</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 1,219,594	1,142,652	1,085,076	850,349	695,513	695,513
Contributions - employee	212,683	199,079	188,881	194,448	184,586	193,488
Net investment income	363,699	1,122,081	716,561	1,149,275	103,727	671,503
Benefit payments, including refunds of employee contributions	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)	(736,933)	(616,037)
Administrative expense	(27,662)	(32,614)	(21,571)	(12,106)	(13,833)	(12,384)
Net Change in Plan Fiduciary Net Position	619,774	1,416,238	955,841	1,347,224	233,060	932,083
Plan Fiduciary Net Position - Beginning	15,995,509	14,579,271	13,623,430	12,276,206	12,043,146	11,111,063
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,615,283</u>	<u>15,995,509</u>	<u>14,579,271</u>	<u>13,623,430</u>	<u>12,276,206</u>	<u>12,043,146</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 11,143,442</u>	<u>10,324,791</u>	<u>10,382,932</u>	<u>10,174,866</u>	<u>11,151,784</u>	<u>8,686,277</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.86%	60.77%	58.41%	57.25%	52.40%	58.10%
Covered Valuation Payroll	\$ 2,135,662	2,008,053	1,990,599	1,927,941	1,887,973	1,931,530
Net Pension Liability as a Percentage of Covered Valuation Payroll	521.78%	514.17%	521.60%	527.76%	590.67%	449.71%

*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.

**Required Supplementary Information
Police Pension Fund
Multiyear Schedule of City Contributions***

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 1,219,594	1,219,594	-	2,135,662	57.11%
2019	1,142,652	1,142,652	-	2,008,053	56.90%
2018	1,085,076	1,085,076	-	1,990,599	54.51%
2017	850,349	850,349	-	1,927,941	44.11%
2016	695,513	695,513	-	1,887,973	36.84%
2015	658,445	658,445	-	1,931,530	34.09%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of April 30 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 2020 contribution rate:

Actuarial cost method	Entry age normal (level % of pay)
Amortization method	Level percent of pay (closed)
Remaining amortization period	100% funded, 15 year closed period
Asset valuation method	5-year smoothed market value
Price inflation	2.50%
Salary increases	2.50% - 11.76%
Investment rate of return	7.00%
Retirement age	Lauterbach & Amen 2016 Illinois police retirement rates capped at age 65
Disability / withdrawal rates	Lauterbach & Amen 2016 Illinois police retirement rates capped at age 65
Married participants	80% married; female spouses assumed 4 years younger
Mortality - active members	Sex-distinct raw rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.
Mortality - non-disabled retirees	L&A assumption study for police 2016. These rates are experience-weighted with the raw rates as developed in the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.
Mortality - disabled retirees	Sex-distinct raw rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.
Mortality - spouse	Sex-distinct raw rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.
Other information	There were no benefit changes during the year.

**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.*

Required Supplementary Information
Other Postemployment Benefit Plan
Multiyear Schedule of Changes in the City's Net OPEB Liability and Related Ratios*

	Year Ended April 30,	
	2020	2019
TOTAL OPEB LIABILITY		
Service Cost	\$ 25,601	23,957
Interest	64,184	66,845
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	332,251	28,549
Benefit payments, including refunds of employee contributions	(108,367)	(110,249)
Net Change in Total OPEB Liability	313,669	9,102
Total OPEB Liability - Beginning	1,748,006	1,738,904
Total OPEB Liability - Ending (a)	<u>\$ 2,061,675</u>	<u>1,748,006</u>
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 108,367	110,249
Contributions - employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	(108,367)	(110,249)
Administrative expense	-	-
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>-</u>
EMPLOYER'S NET OPEB LIABILITY (ASSET) (a-b)	<u>\$ 2,061,675</u>	<u>1,748,006</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%
Covered Valuation Payroll	\$ 5,724,584	5,571,371
Net OPEB Liability as a Percentage of Covered Valuation Payroll	36.01%	31.37%

**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.*

**Required Supplementary Information
Other Postemployment Benefit Plan
Multiyear Schedule of City Contributions***

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	N/A	-	N/A	\$ 5,724,584	0.00%
2019	N/A	-	N/A	5,571,371	0.00%

Note to Schedule:

There is no actuarially determined contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City resources in the current year in the amount of \$108,367.

*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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS

Notes to Required Supplementary Information For the Year Ended April 30, 2020

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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 the beginning of the fiscal year, the City Budget Officer submits to the City Council a tentative annual budget ordinance for the fiscal year commencing May 1st. The aforementioned ordinance includes proposed expenditures and the means of financing them. Copies of the tentative annual budget ordinance are made available for public inspection in printed or type-written form in the office of the City Clerk for at least ten days prior to the passage.
2. Prior to May 1st, the annual budget is legally adopted through the passage of an ordinance.
3. The City Budget Officer is authorized to transfer from any budgeted line item with anticipated unexpended funds to any other budgeted line item 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 all funds, excluding trust and agency fund types.
5. Budgeted amounts were originally adopted by the City Council on April 1, 2019. The budget was amended on February 18, 2020 to include the Police Seizure and Forfeiture Fund. During the year, the Budget Officer made various transfers among line items, which did not require approval by the City Council.

The City's budget is prepared on the cash basis of accounting, which differs from the basis of accounting used to prepare the accompanying financial statements (GAAP basis). The budgetary comparison schedules include adjustments made to the GAAP basis reports to arrive at cash-basis amounts. The budget variance columns represent the difference between the adjusted cash-basis amounts and the final budget amounts.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS – MAJOR FUNDS

None of the City's major funds had expenditures in excess of appropriations for the year ended April 30, 2020.

NOTE 3: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2020, amounts reported as changes of assumptions resulted from the following changes:

- The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.97% to 2.56% for the current year.
- The discount rate used in the determination of the total Pension Liability remained unchanged at 7.00%.
- A comprehensive study of Police Officers and Police Pension Funds in Illinois was performed, resulting in changes to various assumptions to better reflect the future anticipated experience of the Plan.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Balance Sheet
April 30, 2020
(With Comparative Figures for April 30, 2019)

	Total Non-major Governmental Funds		Special Revenue Funds			
			Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund
<u>Assets</u>						
Cash and cash equivalents	\$ 3,316,874	2,975,748	386,481	1,886,539	273,311	10,803
Receivables:						
Property taxes	675,511	670,500	675,511	-	-	-
Other taxes	57,765	67,431	6,719	40,443	-	-
Fines	-	1,754	-	-	-	-
Total assets	<u>\$ 4,050,150</u>	<u>3,715,433</u>	<u>1,068,711</u>	<u>1,926,982</u>	<u>273,311</u>	<u>10,803</u>
<u>Liabilities</u>						
Accrued expenses	\$ 5,133	22,789	5,133	-	-	-
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	675,511	670,500	675,511	-	-	-
Total deferred inflows of resources	<u>675,511</u>	<u>670,500</u>	<u>675,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	3,369,506	3,022,144	388,067	1,926,982	273,311	10,803
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,050,150</u>	<u>3,715,433</u>	<u>1,068,711</u>	<u>1,926,982</u>	<u>273,311</u>	<u>10,803</u>

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2020
(With Comparative Figures for April 30, 2019)

		Special Revenue Funds				
		Park and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund
<u>Assets</u>						
Cash and cash equivalents		\$ 111,089	300,981	218,092	122,541	7,037
Receivables:						
Property taxes		-	-	-	-	-
Other taxes		-	-	10,603	-	-
Fines		-	-	-	-	-
Total assets		<u>\$ 111,089</u>	<u>300,981</u>	<u>228,695</u>	<u>122,541</u>	<u>7,037</u>
<u>Liabilities</u>						
Accrued expenses		\$ -	-	-	-	-
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years		-	-	-	-	-
Total deferred inflows of resources		-	-	-	-	-
<u>Fund Balances</u>						
Restricted		111,089	300,981	228,695	122,541	7,037
Total liabilities, deferred inflows, and fund balances		<u>\$ 111,089</u>	<u>300,981</u>	<u>228,695</u>	<u>122,541</u>	<u>7,037</u>

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Totals		Special Revenue Funds			
			Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Board Fund	West Route 6 Special Assessment Fund
Revenues:						
Property taxes	\$ 629,883	561,095	629,883	-	-	-
Other local taxes	306,609	300,667	49,221	-	-	-
Intergovernmental	506,387	358,981	-	506,387	-	-
Fines	36,478	28,458	-	-	-	-
Interest income	14,956	6,021	252	14,219	137	4
Miscellaneous	12,896	12,467	-	-	-	-
Total revenues	1,507,209	1,267,689	679,356	520,606	137	4
Expenditures:						
Current:						
Public safety	8,194	8,429	-	-	-	-
Transportation and public service	34,328	34,155	-	34,328	-	-
Culture and recreation	226,546	1,396,798	-	-	-	-
Environment	2,145	3,781	-	-	-	-
Employee retirement costs	614,134	637,812	614,134	-	-	-
Capital outlay	274,500	345,780	-	260,328	-	-
Total expenditures	1,159,847	2,426,755	614,134	294,656	-	-
Excess (deficiency) of revenues over (under) expenditures	347,362	(1,159,066)	65,222	225,950	137	4
Other financing sources (uses):						
Transfers from other funds	-	193	-	-	-	-
Total other financing sources (uses)	-	193	-	-	-	-
Net change in fund balance	347,362	(1,158,873)	65,222	225,950	137	4
Fund balance, beginning of year	3,022,144	4,181,017	322,845	1,701,032	273,174	10,799
Fund balance, end of year	\$ 3,369,506	3,022,144	388,067	1,926,982	273,311	10,803

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2
(CONTINUED)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Special Revenue Funds				
	Parks and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund
Revenues:					
Property taxes	\$ -	-	-	-	-
Other local taxes	-	-	257,388	-	-
Intergovernmental	-	-	-	-	-
Fines	-	-	-	28,973	7,505
Interest income	57	151	82	54	-
Miscellaneous	4,164	-	5,000	3,732	-
Total revenues	4,221	151	262,470	32,759	7,505
Expenditures:					
Current:					
Public safety	-	-	-	7,726	468
Transportation and public service	-	-	-	-	-
Culture and recreation	-	-	226,546	-	-
Environment	-	2,145	-	-	-
Employee retirement costs	-	-	-	-	-
Capital outlay	9,701	-	3,722	749	-
Total expenditures	9,701	2,145	230,268	8,475	468
Excess (deficiency) of revenues over (under) expenditures	(5,480)	(1,994)	32,202	24,284	7,037
Other financing sources (uses):					
Transfers from other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(5,480)	(1,994)	32,202	24,284	7,037
Fund balance, beginning of year	116,569	302,975	196,493	98,257	-
Fund balance, end of year	\$ 111,089	300,981	228,695	122,541	7,037

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis	Basis	
Revenues:							
Property taxes	\$ 632,000	632,000	629,883	-	629,883	(2,117)	561,095
Replacement income taxes	38,000	38,000	49,221	5,545	54,766	16,766	44,965
Interest income	200	200	252	-	252	52	228
Total revenues	670,200	670,200	679,356	5,545	684,901	14,701	606,288
Expenditures:							
Personnel:							
Social security contribution	298,150	298,150	224,821	2,234	227,055	71,095	223,315
Medicare contribution	101,350	101,350	88,864	866	89,730	11,620	87,173
IMRF contribution	364,810	364,810	300,449	3,493	303,942	60,868	327,324
Total expenditures	764,310	764,310	614,134	6,593	620,727	143,583	637,812
Excess (deficiency) of revenues over (under) expenditures	(94,110)	(94,110)	65,222	(1,048)	64,174	158,284	(31,524)
Fund balance, beginning of year	298,892	298,892	322,845	(538)	322,307	23,415	354,369
Fund balance, end of year	\$ 204,782	204,782	388,067	(1,586)	386,481	181,699	322,845

CITY OF MORRIS, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-4

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Revenues:							
Motor fuel tax allotment	\$ 348,400	348,400	503,191	(10,260)	492,931	144,531	346,145
High growth allotment	13,000	13,000	3,196	-	3,196	(9,804)	12,836
Interest income	4,800	4,800	14,219	-	14,219	9,419	5,077
Total revenues	366,200	366,200	520,606	(10,260)	510,346	144,146	364,058
Expenditures:							
Contractual services:							
Engineering	100,000	100,000	34,328	-	34,328	65,672	34,155
Commodities:							
Maintenance - streets	10,000	10,000	-	-	-	10,000	-
Maintenance - sidewalks	15,000	15,000	-	-	-	15,000	-
Capital outlay							
Improvements - streets	1,507,525	1,507,525	260,328	-	260,328	1,247,197	245,824
Improvements - bridges	100,000	100,000	-	-	-	100,000	-
Storm sewer construction	20,000	20,000	-	-	-	20,000	-
Total expenditures	1,752,525	1,752,525	294,656	-	294,656	1,457,869	279,979
Excess (deficiency) of revenues over (under) expenditures	(1,386,325)	(1,386,325)	225,950	(10,260)	215,690	1,602,015	84,079
Fund balance, beginning of year	1,669,854	1,669,854	1,701,032	(30,183)	1,670,849	995	1,616,953
Fund balance, end of year	\$ 283,529	283,529	1,926,982	(40,443)	1,886,539	1,603,010	1,701,032

CITY OF MORRIS, ILLINOIS
 SANITARY LANDFILL CONTINGENCY FUND

SCHEDULE C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Interest income	\$ 185	185	137	-	137	(48)	137
Total revenues	185	185	137	-	137	(48)	137
Expenditures:							
Contractual services:							
Engineering services	10,000	10,000	-	-	-	10,000	-
Legal service	25,000	25,000	-	-	-	25,000	-
Other professional services	1,200	1,200	-	-	-	1,200	-
Other expenditures:							
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Landfill closure costs	235,500	235,500	-	-	-	235,500	-
Total expenditures	272,700	272,700	-	-	-	272,700	-
Excess (deficiency) of revenues over (under) expenditures	(272,515)	(272,515)	137	-	137	272,652	137
Fund balance, beginning of year	273,218	273,218	273,174	-	273,174	(44)	273,037
Fund balance, end of year	\$ 703	703	273,311	-	273,311	272,608	273,174

CITY OF MORRIS, ILLINOIS
 WEST ROUTE 6 SPECIAL ASSESSMENT FUND

SCHEDULE C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis	2019
	Original	Final	GAAP	Adjustments	Budget	Variance with	Actual
			Basis		Basis	Final Budget	GAAP
Revenues:							
Acreage fees	\$ 2,000	2,000	-	-	-	(2,000)	-
Interest income	5	5	4	-	4	(1)	4
Miscellaneous income	2,000	2,000	-	-	-	(2,000)	-
Total revenues	4,005	4,005	4	-	4	(4,001)	4
Expenditures:							
Other expenditures:							
Engineering services	2,500	2,500	-	-	-	2,500	-
Improvements	7,500	7,500	-	-	-	7,500	-
Miscellaneous expense	2,500	2,500	-	-	-	2,500	-
Total expenditures	12,500	12,500	-	-	-	12,500	-
Excess (deficiency) of revenues over (under) expenditures	(8,495)	(8,495)	4	-	4	8,499	4
Fund balance, beginning of year	10,799	10,799	10,799	-	10,799	-	10,795
Fund balance, end of year	\$ 2,304	2,304	10,803	-	10,803	8,499	10,799

CITY OF MORRIS, ILLINOIS
PARK AND CIVIC IMPROVEMENTS FUND

SCHEDULE C-7

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Park site zoning fees	\$ 10,000	10,000	4,164	-	4,164	(5,836)	5,511
Miscellaneous income	50	50	-	-	-	(50)	1,000
Interest income	75	75	57	-	57	(18)	67
Total revenues	10,125	10,125	4,221	-	4,221	(5,904)	6,578
Expenditures:							
Contractual services:							
Engineering services	10,000	10,000	-	-	-	10,000	5,598
Legal services	2,000	2,000	-	-	-	2,000	-
Other professional services	2,000	2,000	-	-	-	2,000	-
Printing/publishing	1,000	1,000	-	-	-	1,000	159
Other expenditures:							
Miscellaneous donations	10,000	10,000	-	-	-	10,000	-
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay :							
Land purchase & improv.	30,000	30,000	9,701	-	9,701	20,299	40,022
Civic & safety improvements	20,000	20,000	-	-	-	20,000	-
Building construction	15,000	15,000	-	-	-	15,000	-
Total expenditures	91,000	91,000	9,701	-	9,701	81,299	45,779
Excess (deficiency) of revenues over (under) expenditures	(80,875)	(80,875)	(5,480)	-	(5,480)	75,395	(39,201)
Fund balance, beginning of year	115,548	115,548	116,569	-	116,569	1,021	155,770
Fund balance, end of year	\$ 34,673	34,673	111,089	-	111,089	76,416	116,569

CITY OF MORRIS, ILLINOIS
SOLID WASTE TAX FUND

SCHEDULE C-8

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	GAAP	Adjustments	Budget		
			Basis		Basis		
Revenues:							
Interest income	\$ 155	155	151	-	151	(4)	152
Total revenues	155	155	151	-	151	(4)	152
Expenditures:							
Contractual services:							
Engineering services	20,000	20,000	-	-	-	20,000	-
Legal services	25,000	25,000	-	-	-	25,000	1,137
Other professional services	2,000	2,000	-	-	-	2,000	-
Recycling expenses	50,000	50,000	2,005	-	2,005	47,995	2,644
Other expenditures:							
Miscellaneous expense	1,000	1,000	140	-	140	860	-
Capital outlay:							
Landfill well monitoring	50,000	50,000	-	-	-	50,000	-
Landfill closure costs	150,000	150,000	-	-	-	150,000	-
Total expenditures	298,000	298,000	2,145	-	2,145	295,855	3,781
Excess (deficiency) of revenues over (under) expenditures	(297,845)	(297,845)	(1,994)	-	(1,994)	295,851	(3,629)
Fund balance, beginning of year	302,976	302,976	302,975	-	302,975	(1)	306,604
Fund balance, end of year	\$ 5,131	5,131	300,981	-	300,981	295,850	302,975

CITY OF MORRIS, ILLINOIS
MOTEL TAX FUND

SCHEDULE C-9

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Revenues:							
Motel taxes	\$ 300,000	300,000	257,388	14,381	271,769	(28,231)	255,702
Interest income	65	65	82	-	82	17	61
Miscellaneous income	5,000	5,000	5,000	-	5,000	-	5,000
Total revenues	305,065	305,065	262,470	14,381	276,851	(28,214)	260,763
Expenditures:							
Contractual services:							
Other professional services	1,000	1,150	1,104	-	1,104	46	-
Printing/publishing	7,500	7,350	2,194	-	2,194	5,156	2,450
Other expenditures:							
Sponsorships & donations	210,000	210,000	199,210	-	199,210	10,790	200,690
City special events	60,000	60,000	13,738	1,000	14,738	45,262	25,309
Tourism expenses	35,000	35,000	9,869	10,063	19,932	15,068	27,368
Miscellaneous expenses	3,000	3,000	431	-	431	2,569	129
Capital outlay :							
Land purchases	1,000	1,000	-	-	-	1,000	-
Parks improvements	80,000	80,000	3,722	-	3,722	76,278	45,873
I&M canal improvements	1,000	1,000	-	-	-	1,000	247
Building improvements	5,000	5,000	-	-	-	5,000	-
Total expenditures	403,500	403,500	230,268	11,063	241,331	162,169	302,066
Excess (deficiency) of revenues over (under) expenditures	(98,435)	(98,435)	32,202	3,318	35,520	133,955	(41,303)
Fund balance, beginning of year	176,288	176,288	196,493	(13,921)	182,572	6,284	237,796
Fund balance, end of year	\$ 77,853	77,853	228,695	(10,603)	218,092	140,239	196,493

**CITY OF MORRIS, ILLINOIS
DRUG FINE AND FORFEITURE FUND**

SCHEDULE C-10

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget Basis		
	Original	Final	GAAP Basis	Adjustments			
Revenues:							
Drug enforcement fees	\$ 3,000	3,000	393	244	637	(2,363)	1,251
DUI equipment fees	20,000	20,000	21,381	1,304	22,685	2,685	17,022
Police vehicle equip fees	5,000	5,000	2,078	-	2,078	(2,922)	4,103
Failure to appear fines	2,500	2,500	2,730	140	2,870	370	1,610
E-Citation development fees	1,000	1,000	983	66	1,049	49	851
Drug forfeitures	5,000	5,000	1,408	-	1,408	(3,592)	3,621
Interest income	55	55	54	-	54	(1)	49
Donations	500	500	-	-	-	(500)	-
Property and evidence cash	1,000	1,000	-	-	-	(1,000)	956
Sale of evidence	1,000	1,000	-	-	-	(1,000)	-
Miscellaneous income	1,000	1,000	3,732	-	3,732	2,732	-
Total revenues	40,055	40,055	32,759	1,754	34,513	(5,542)	29,463
Expenditures:							
Communications:							
Cell phone	2,500	2,500	1,200	-	1,200	1,300	1,200
Contractual services:							
Training/travel expense	2,500	2,500	45	-	45	2,455	1,348
Commodities:							
Maintenance supplies	2,000	2,000	-	-	-	2,000	-
DARE supplies	1,000	1,000	-	-	-	1,000	677
Other expenditures:							
Drug crime enforcement	15,000	15,000	2,010	-	2,010	12,990	3,301
Asset forfeiture refunds	3,000	3,000	2,216	-	2,216	784	-
Property/evidence payout	1,000	1,000	-	-	-	1,000	-
Miscellaneous expense	3,000	3,000	2,255	-	2,255	745	1,903
Capital outlay :							
Equipment	6,000	6,000	122	-	122	5,878	4,420
DUI equipment	3,000	3,000	-	-	-	3,000	850
E-citation expense	14,200	14,200	-	-	-	14,200	-
Vehicles	18,000	18,000	627	-	627	17,373	8,544
Communication equipment	50,000	50,000	-	-	-	50,000	-
Total expenditures	121,200	121,200	8,475	-	8,475	112,725	22,243
Excess (deficiency) of revenues over (under) expenditures	(81,145)	(81,145)	24,284	1,754	26,038	107,183	7,220
Fund balance, beginning of year	95,654	95,654	98,257	(1,754)	96,503	849	91,037
Fund balance, end of year	\$ 14,509	14,509	122,541	-	122,541	108,032	98,257

CITY OF MORRIS, ILLINOIS
COMMUNITY DEVELOPMENT LOAN FUND

SCHEDULE C-11

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts				Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis		GAAP Basis
Revenues:							
Interest income	\$ -	-	-	-	-	-	246
Total revenues	-	-	-	-	-	-	246
Expenditures:							
State repayment	-	-	-	-	-	-	1,135,095
Total expenditures	-	-	-	-	-	-	1,135,095
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(1,134,849)
Other financing sources (uses):							
Transfers from other funds	-	-	-	-	-	-	193
Net change in fund balance	-	-	-	-	-	-	(1,134,656)
Fund balance, beginning of year	-	-	-	-	-	-	1,134,656
Fund balance, end of year	\$ -	-	-	-	-	-	-

CITY OF MORRIS, ILLINOIS
 POLICE SEIZURE AND FORFEITURE FUND

SCHEDULE C-12

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Revenues:							
Seizure / asset forfeitures	\$ -	10,000	7,505	-	7,505	(2,495)	-
Total revenues	-	10,000	7,505	-	7,505	(2,495)	-
Expenditures:							
IL State Police disbursement	-	10,000	468	-	468	9,532	-
Total expenditures	-	10,000	468	-	468	9,532	-
Net change in fund balance	-	-	7,037	-	7,037	7,037	-
Fund balance, beginning of year	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	7,037	-	7,037	7,037	-

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS

SCHEDULE D-1

Combining Statement of Net Position

April 30, 2020

(With Comparative Figures for April 30, 2019)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Totals	
				2020	2019
<u>Assets</u>					
Cash and cash equivalents	\$ 8,488,500	1,045,648	11,690	9,545,838	8,967,792
Water and sewer fee receivables (net)	154,143	-	-	154,143	162,567
Capital assets:					
Land	613,374	-	-	613,374	613,374
Machinery and equipment	812,699	15,513	-	828,212	657,771
Vehicles	439,248	-	-	439,248	379,821
Infrastructure	42,486,365	291,089	-	42,777,454	42,480,183
Accumulated depreciation	(20,927,965)	(17,523)	-	(20,945,488)	(19,968,078)
Total assets	32,066,364	1,334,727	11,690	33,412,781	33,293,430
<u>Deferred Outflows of Resources</u>					
Deferred charge on refunding	-	-	279,805	279,805	322,369
<u>Liabilities</u>					
Accounts payable and accrued expenses	87,849	-	-	87,849	91,919
Accrued interest payable	-	-	30,171	30,171	33,963
Long-term liabilities due within on year:					
Compensated absences	76,422	-	-	76,422	69,726
Alternate revenue bonds	-	-	465,000	465,000	465,000
Long term liabilities due in more than one year:					
Compensated absences	11,981	-	-	11,981	9,864
Alternate revenue bonds	-	-	3,041,878	3,041,878	3,503,249
Total liabilities	176,252	-	3,537,049	3,713,301	4,173,721
<u>Net Position</u>					
Net investment in capital assets	23,423,721	289,079	(3,506,878)	20,205,922	20,194,822
Restricted for:					
Public works capital projects	-	1,045,648	-	1,045,648	1,035,245
Debt service	-	-	261,324	261,324	300,069
Unrestricted	8,466,391	-	-	8,466,391	7,911,942
Total net position	\$ 31,890,112	1,334,727	(3,245,554)	29,979,285	29,442,078

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Total	
				2020	2019
Operating revenues:					
Water and sewer sales	\$ 4,847,923	-	-	4,847,923	5,029,944
Infrastructure acre fees	-	-	-	-	-
Tap on fees/meters	57,350	-	-	57,350	41,350
Miscellaneous revenue	64,891	-	-	64,891	107,780
Total operating revenues	4,970,164	-	-	4,970,164	5,179,074
Operating expenses:					
Personal services	1,356,327	-	-	1,356,327	1,331,580
Contractual services	986,141	-	-	986,141	951,597
Commodities	437,487	-	-	437,487	422,529
Capital outlay/maintenance	974,558	-	-	974,558	336,075
Depreciation	973,465	3,945	-	977,410	954,118
Other expenses	70,797	-	-	70,797	66,829
Total operating expenses	4,798,775	3,945	-	4,802,720	4,062,728
Operating income (loss)	171,389	(3,945)	-	167,444	1,116,346
Non-operating revenues (expenses):					
Bond service fees	-	-	(423)	(423)	(350)
State and federal grants	-	-	-	-	-
Capital contributed	467,712	-	-	467,712	92,972
Rental income	5,097	-	-	5,097	-
Interest income	10,858	403	27	11,288	7,591
Interest expense	-	-	(113,911)	(113,911)	(123,211)
Total non-operating revenues (expenses)	483,667	403	(114,307)	369,763	(22,998)
Income (loss) before transfers	655,056	(3,542)	(114,307)	537,207	1,093,348
Transfers among accounts	(546,933)	10,000	536,933	-	-
Change in net position	108,123	6,458	422,626	537,207	1,093,348
Net position, beginning of year	31,781,989	1,328,269	(3,668,180)	29,442,078	28,348,730
Net position, end of year	\$ 31,890,112	1,334,727	(3,245,554)	29,979,285	29,442,078

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS AND MAINTENANCE ACCOUNT

SCHEDULE D-3

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating revenues:							
Water and sewer sales	\$ 5,000,000	5,000,000	4,779,747	(34,398)	4,745,349	(254,651)	4,909,339
Waste disposal fees	150,000	150,000	68,176	-	68,176	(81,824)	120,555
Waste disposal license	100	100	-	-	-	(100)	50
Tap-on-fees	30,000	30,000	43,500	-	43,500	13,500	30,000
Meter sales	20,000	20,000	13,850	-	13,850	(6,150)	11,350
Rental income	5,050	5,050	5,097	-	5,097	47	4,855
Miscellaneous income	53,000	53,000	64,891	42,822	107,713	54,713	102,925
Total operating revenues	5,258,150	5,258,150	4,975,261	8,424	4,983,685	(274,465)	5,179,074
Operating expenses:							
Personal services	1,591,270	1,585,970	1,356,327	1,143	1,357,470	228,500	1,331,580
Contractual services	1,312,900	1,315,300	986,141	2,895	989,036	326,264	951,597
Commodities	875,000	877,900	437,487	10,241	447,728	430,172	422,529
Capital outlay/maintenance	4,681,000	4,681,000	974,558	38,907	1,013,465	3,667,535	336,075
Depreciation	-	-	973,465	(973,465)	-	-	950,173
Other expenses	219,000	219,000	70,797	1,498	72,295	146,705	66,829
Total operating expenses	8,679,170	8,679,170	4,798,775	(918,781)	3,879,994	4,799,176	4,058,783
Operating income (loss)	(3,421,020)	(3,421,020)	176,486	927,205	1,103,691	4,524,711	1,120,291
Non-operating income (loss):							
Federal and state grants	2,000	2,000	-	-	-	(2,000)	-
Capital contributed	-	-	467,712	(467,712)	-	-	92,972
Interest income	5,500	5,500	10,858	-	10,858	5,358	7,168
Total non-operating income (loss)	7,500	7,500	478,570	(467,712)	10,858	3,358	100,140
Income (loss) before transfers	(3,413,520)	(3,413,520)	655,056	459,493	1,114,549	4,528,069	1,220,431
Transfers in (out)	(555,000)	(555,000)	(546,933)	-	(546,933)	(8,067)	(550,205)
Change in net position	(3,968,520)	(3,968,520)	108,123	459,493	567,616	4,536,136	670,226
Net position, beginning of year	7,613,221	7,613,221	31,781,989	(23,861,105)	7,920,884	307,663	31,111,763
Net position, end of year	\$ 3,644,701	3,644,701	31,890,112	(23,401,612)	8,488,500	4,843,799	31,781,989

CITY OF MORRIS, ILLINOIS
 WATER AND SEWER FUND - CAPITAL IMPROVEMENT ACCOUNT

SCHEDULE D-4

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Operating revenues:							
Infrastructure acre fees	\$ 25,000	25,000	-	-	-	(25,000)	-
Total operating revenues	25,000	25,000	-	-	-	(25,000)	-
Operating expenses:							
Contractual services:							
Engineering services	100,000	100,000	-	-	-	100,000	-
Legal services	80,000	80,000	-	-	-	80,000	-
Other professional services	20,000	20,000	-	-	-	20,000	-
Capital outlay:							
STP improvements	20,000	20,000	-	-	-	20,000	-
WTP improvements	20,000	20,000	-	-	-	20,000	-
Water main improvements	100,000	100,000	-	-	-	100,000	-
Sanitary sewer improvements	50,000	50,000	-	-	-	50,000	-
NE STP improvements	10,000	10,000	-	-	-	10,000	-
Other expenses - misc.	5,000	5,000	-	-	-	5,000	-
Depreciation expense	-	-	3,945	(3,945)	-	-	3,945
Total operating expenses	405,000	405,000	3,945	(3,945)	-	405,000	3,945
Operating income	(380,000)	(380,000)	(3,945)	3,945	-	380,000	(3,945)
Nonoperating income (expense):							
Interest income	420	420	403	-	403	(17)	397
Transfers in (out)	10,000	10,000	10,000	-	10,000	-	10,000
Change in net position	(369,580)	(369,580)	6,458	3,945	10,403	379,983	6,452
Net position, beginning of year	1,035,248	1,035,248	1,328,269	(293,024)	1,035,245	(3)	1,321,817
Net position, end of year	\$ 665,668	665,668	1,334,727	(289,079)	1,045,648	379,980	1,328,269

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - BOND & INTEREST ACCOUNT

SCHEDULE D-5

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts				Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis		GAAP Basis
Operating revenue:	\$ -	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-
Operating income (loss)	-	-	-	-	-	-	-
Non-operating income (expense):							
Interest income	25	25	27	-	27	2	26
Bond principal	(455,000)	(455,000)	-	(455,000)	(455,000)	-	-
Bond interest	(81,510)	(81,510)	(113,911)	32,401	(81,510)	-	(123,211)
Bond fees	(6,000)	(6,000)	(423)	-	(423)	(5,577)	(350)
Total non-operating income (expense)	(542,485)	(542,485)	(114,307)	(422,599)	(536,906)	(5,575)	(123,535)
Transfers in (out)	545,000	545,000	536,933	-	536,933	(8,067)	540,205
Change in net position	2,515	2,515	422,626	(422,599)	27	(2,488)	416,670
Net position, beginning of year	11,663	11,663	(3,668,180)	3,679,843	11,663	-	(4,084,850)
Net position, end of year	\$ 14,178	14,178	(3,245,554)	3,257,244	11,690	(2,488)	(3,668,180)

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-1

Combining Statement of Net Position
April 30, 2020
(With Comparative Figures for April 30, 2019)

	Airport	Airport	Totals	
	Operations Fund	Development Fund	2020	2019
<u>Assets</u>				
Cash and cash equivalents	\$ 294,835	-	294,835	370,906
Accounts receivable	9,191	-	9,191	17,983
Grants receivable	-	-	-	-
Inventories	33,098	-	33,098	32,763
Capital assets				
Land	655,560	4,277,861	4,933,421	4,933,421
Land improvements	58,345	-	58,345	58,345
Machinery and equipment	-	66,925	66,925	66,925
Buildings and improvements	1,897,875	476,071	2,373,946	2,326,071
Infrastructure	7,800,769	-	7,800,769	7,800,769
Vehicles	102,500	-	102,500	102,500
Accumulated depreciation	(8,303,317)	(139,231)	(8,442,548)	(8,259,168)
Total assets	2,548,856	4,681,626	7,230,482	7,450,515
<u>Liabilities</u>				
Accounts payable and accrued expenses	18,254	-	18,254	30,808
Due to General Fund	370,385	1,000,000	1,370,385	1,000,000
Long-term liabilities due within on year:				
Compensated absences	9,036	-	9,036	-
Lease commitments payable	17,395	-	17,395	83,065
Long term liabilities due in more than one year:				
Lease commitments payable	62,558	-	62,558	400,187
Total liabilities	477,628	1,000,000	1,477,628	1,514,060
<u>Net Position</u>				
Net investment in capital assets	1,761,394	3,681,626	5,443,020	5,545,611
Unrestricted	309,834	-	309,834	390,844
Total net position	\$ 2,071,228	3,681,626	5,752,854	5,936,455

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-2

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Airport	Airport	Total	
	Operations Fund	Development Fund	2020	2019
Operating revenues:				
Facilities rental	\$ 229,229	-	229,229	243,185
Fuel sales	234,141	-	234,141	288,900
Miscellaneous revenue	3,127	-	3,127	1,093
Total operating revenues	466,497	-	466,497	533,178
Operating expenses:				
Personal services	139,744	-	139,744	120,474
Contractual services	75,205	-	75,205	110,631
Commodities	231,873	-	231,873	239,073
Capital outlay/maintenance	40,833	-	40,833	9,425
Depreciation	165,931	17,449	183,380	288,411
Other expenses	6,108	-	6,108	6,588
Total operating expenses	659,694	17,449	677,143	774,602
Operating income (loss)	(193,197)	(17,449)	(210,646)	(241,424)
Non-operating revenues (expenses):				
State and federal grants	36,781	-	36,781	9,833
Interest income	150	-	150	200
Interest expense	(9,886)	-	(9,886)	(25,321)
Total non-operating revenues (expenses)	27,045	-	27,045	(15,288)
Change in net position	(166,152)	(17,449)	(183,601)	(256,712)
Net position, beginning of year	2,237,380	3,699,075	5,936,455	6,193,167
Net position, end of year	\$ 2,071,228	3,681,626	5,752,854	5,936,455

CITY OF MORRIS, ILLINOIS
 AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Operating revenues:							
Fuel sales	\$ 520,000	520,000	234,141	8,038	242,179	(277,821)	288,900
Rent:							
Hangars/land	220,050	220,050	206,967	754	207,721	(12,329)	216,471
Farmland	35,000	35,000	22,262	-	22,262	(12,738)	26,714
Miscellaneous income	2,711	2,711	3,127	-	3,127	416	1,093
Total operating revenues	777,761	777,761	466,497	8,792	475,289	(302,472)	533,178
Operating expenses:							
Personnel:							
Salaries:							
Airport Manager	39,200	39,200	60,611	(8,516)	52,095	(12,895)	50,578
Airport Maintenance	52,095	52,095	34,604	293	34,897	17,198	27,531
Insurance:							
Health	50,625	50,625	42,256	-	42,256	8,369	40,139
Dental and vision	2,210	2,210	1,791	-	1,791	419	1,749
Life	610	610	482	-	482	128	477
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Engineering services	135,000	135,000	25,319	26,666	51,985	83,015	55,435
Legal fees	30,000	30,000	4,630	-	4,630	25,370	6,840
Medical services and supplies	1,000	1,000	-	-	-	1,000	-
Other professional services	85,000	85,000	-	-	-	85,000	-
Postage expenses	1,500	1,500	300	-	300	1,200	1,000
Telephone	3,000	3,000	2,543	223	2,766	234	2,679
Printing/publishing	1,000	1,000	411	-	411	589	206
Dues/subscriptions	4,000	4,000	3,416	-	3,416	584	3,224
Training/travel expense	1,000	1,000	-	-	-	1,000	450
Gas	9,000	9,000	5,603	-	5,603	3,397	6,063
Electricity	30,000	30,000	19,207	2,347	21,554	8,446	20,958
Insurance liability	20,000	20,000	13,776	-	13,776	6,224	13,776
Commodities:							
Maintenance:							
Buildings	9,000	9,000	2,090	-	2,090	6,910	1,014
Equipment	12,000	12,000	3,502	-	3,502	8,498	3,707
Vehicles	18,200	18,200	7,130	-	7,130	11,070	993
Grounds	3,000	22,100	22,042	-	22,042	58	2,392
Office supplies	1,700	1,700	1,453	-	1,453	247	-
Operating supplies	2,000	2,000	915	-	915	1,085	892
Tools and small equipment	2,000	2,000	25	-	25	1,975	50
Janitorial supplies	1,000	1,000	422	-	422	578	330
Gasoline/diesel/oil/lubricants	5,000	5,400	5,362	23	5,385	15	1,450
Aviation fuel	400,000	362,300	174,610	(17,183)	157,427	204,873	211,498
Fuel sales tax	32,500	32,500	14,322	-	14,322	18,178	16,747

CITY OF MORRIS, ILLINOIS
 AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3
 (CONTINUED)

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Operating expenses (continued):							
Capital outlay:							
Buildings & improvements	\$ 25,000	25,000	-	-	-	25,000	-
Land purchase & improv.	10,000	10,000	-	-	-	10,000	-
T-hangar const. & improv.	120,000	120,000	1,762	-	1,762	118,238	-
Equipment purchase/lease	60,000	78,200	30,267	47,875	78,142	58	-
Vehicle purchase/lease	100,000	100,000	-	-	-	100,000	-
Runway improvements	12,000	12,000	8,804	-	8,804	3,196	9,425
Other expenses:							
Miscellaneous expenses	1,700	1,700	1,043	-	1,043	657	769
Bank/credit card fees	9,000	9,000	5,065	-	5,065	3,935	5,819
Depreciation expense	-	-	165,931	(165,931)	-	-	273,355
Total operating expense	1,290,340	1,290,340	659,694	(114,203)	545,491	744,849	759,546
Operating income (loss)	(512,579)	(512,579)	(193,197)	122,995	(70,202)	(1,047,321)	(226,368)
Nonoperating income (expense):							
Federal and state grants	51,514	51,514	36,781	-	36,781	(14,733)	9,833
Loan proceeds	370,385	370,385	-	370,385	370,385	-	-
Interest income	250	250	150	-	150	(100)	200
T - hangar loan payments	(418,520)	(418,520)	-	(413,185)	(413,185)	5,335	-
Interest expense	-	-	(9,886)	9,886	-	-	(25,321)
Total nonoperating income (expense)	3,629	3,629	27,045	(32,914)	(5,869)	(9,498)	(15,288)
Income (loss) before transfers	(508,950)	(508,950)	(166,152)	90,081	(76,071)	(1,056,819)	(241,656)
Transfers:							
From General Fund	200,000	200,000	-	-	-	(200,000)	-
Total transfers	200,000	200,000	-	-	-	(200,000)	-
Change in net position	(308,950)	(308,950)	(166,152)	90,081	(76,071)	232,879	(241,656)
Net position, beginning of year	310,537	310,537	2,237,380	(1,866,474)	370,906	60,369	2,479,036
Net position, end of year	\$ 1,587	1,587	2,071,228	(1,776,393)	294,835	293,248	2,237,380

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2020
 (With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Operating income:							
Miscellaneous income	\$ -	-	-	-	-	-	-
Operating expenses:							
Depreciation expense	-	-	17,449	(17,449)	-	-	15,056
Total operating expenses	-	-	17,449	(17,449)	-	-	15,056
Operating income (loss)	-	-	(17,449)	17,449	-	-	(15,056)
Net position, beginning of year	-	-	3,699,075	(3,699,075)	-	-	3,714,131
Net position, end of year	\$ -	-	3,681,626	(3,681,626)	-	-	3,699,075

CITY OF MORRIS, ILLINOIS
GARBAGE FUND

SCHEDULE F

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020					Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating revenues:							
Garbage collection fees	\$ 1,292,865	1,292,865	1,203,113	(6,023)	1,197,090	(95,775)	1,160,584
Operating expenses:							
Garbage disposal expense	1,290,120	1,290,120	1,186,357	(4,823)	1,181,534	108,586	1,139,907
Miscellaneous expenses	10,000	10,000	5,213	-	5,213	4,787	4,313
Total operating expenses	1,300,120	1,300,120	1,191,570	(4,823)	1,186,747	113,373	1,144,220
Operating income (loss)	(7,255)	(7,255)	11,543	(1,200)	10,343	17,598	16,364
Non-operating income (expense):							
Interest income	170	170	160	-	160	(10)	155
Miscellaneous income	100	100	-	-	-	(100)	-
Transfer from general fund	100	100	-	-	-	(100)	-
Total non-operating income (expense):	370	370	160	-	160	(210)	155
Change in net position	(6,885)	(6,885)	11,703	(1,200)	10,503	17,388	16,519
Net position, beginning of year	270,409	270,409	236,988	47,568	284,556	14,147	220,469
Net position, end of year	\$ 263,524	263,524	248,691	46,368	295,059	31,535	236,988

CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND

SCHEDULE G

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Year Ended April 30,	
	2020	2019
Additions		
Contributions:		
Employer	\$ 1,219,594	1,142,652
Employee	212,683	199,079
Total contributions	1,432,277	1,341,731
Investment earnings:		
Net increase in fair value of investments	72,716	837,421
Interest and dividends	354,003	344,121
Total investment earnings	426,719	1,181,542
Less investment expenses:		
Investment management fees	(63,020)	(59,511)
Net investment income	363,699	1,122,031
Miscellaneous income	-	50
Total additions	1,795,976	2,463,812
Deductions		
Benefits paid	1,148,540	1,014,960
Administrative expense	27,562	32,714
Total deductions	1,176,102	1,047,674
Change in net position	619,874	1,416,138
Net position, beginning of year	15,995,409	14,579,271
Net position, end of year	\$ 16,615,283	15,995,409

CITY OF MORRIS, ILLINOIS
 AGENCY FUNDS

SCHEDULE H-1

Combining Statement of Net Position
 April 30, 2020
 (With Comparative Figures for April 30, 2019)

	School Site Dedication Trust Fund	Library Trust Fund	Sex Offender Management Board Trust Fund	Security Deposit Trust Fund	Totals	
					2020	2019
<u>Assets</u>						
Cash and cash equivalents	\$ 31	-	300	183,421	183,752	208,435
<u>Liabilities</u>						
Payable to other governments	31	-	300	-	331	928
Security deposits payable	-	-	-	183,421	183,421	207,507
Total liabilities	31	-	300	183,421	183,752	208,435
<u>Net Position</u>						
Unrestricted	\$ -	-	-	-	-	-

Combining Statement of Changes in Assets and Liabilities
 April 30, 2020
 (With Comparative Figures for April 30, 2019)

	School Site	Library Trust	Sex Offender	Security	Totals	
	Dedication		Management	Deposit Trust	2020	2019
	Trust	Fund	Board Trust	Fund		
	Fund		Fund			
Additions:						
School site fees	\$ 29,541	-	-	-	29,541	20,236
Replacement taxes	-	24,552	-	-	24,552	18,649
Registration fees	-	-	2,420	-	2,420	2,800
Security deposits	-	-	-	246,397	246,397	97,978
Escrow fees	-	-	-	-	-	30,000
Interest income	3	-	-	110	113	247
Total additions	29,544	24,552	2,420	246,507	303,023	169,910
Deductions:						
Distribution to school districts	29,541	-	-	-	29,541	20,236
Distributions to library district	-	24,552	-	-	24,552	18,649
Distributions to agencies	-	-	3,020	-	3,020	2,800
Refund of deposits & fees	-	-	-	270,593	270,593	616,426
Total deductions	29,541	24,552	3,020	270,593	327,706	658,111
Change in assets & liabilities	3	-	(600)	(24,086)	(24,683)	(488,201)
Assets & liabilities - beginning	28	-	900	207,507	208,435	696,636
Assets & liabilities - ending	\$ 31	-	300	183,421	183,752	208,435

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

SCHEDULE I-1

**Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Finance and administration:							
Personnel:							
Salaries:							
Mayor	\$ 98,345	98,345	97,328	1,017	98,345	-	97,317
Liquor Commissioner	10,000	10,200	10,082	110	10,192	8	10,192
Mayor's Secretary	65,225	65,225	64,531	688	65,219	6	73,350
Aldermen	38,400	38,400	37,400	-	37,400	1,000	38,400
Aldermen - Committee Mtg	8,000	8,000	5,125	-	5,125	2,875	3,025
City Clerk	85,670	85,670	92,776	(7,106)	85,670	-	84,775
Budget Officer	17,500	17,850	17,644	193	17,837	13	17,837
Treasurer	3,500	3,500	3,892	(1,559)	2,333	1,167	2,464
Deputy Treasurer	70,150	70,150	69,352	697	70,049	101	67,953
Building and Zoning Officer	116,700	116,700	118,031	(2,982)	115,049	1,651	67,138
Director of Public Works	102,650	106,450	107,376	(965)	106,411	39	98,793
Public Works Secretary	50,100	50,100	49,555	496	50,051	49	48,650
Custodian	38,650	38,650	38,458	(268)	38,190	460	37,285
Fire Marshall	34,675	34,675	34,665	-	34,665	10	33,655
Deputy City Clerk F&A	67,580	67,580	67,632	(152)	67,480	100	64,416
Human Resource Admin.	32,500	32,500	32,192	(268)	31,924	576	4,119
Summer Clerical	6,000	6,000	3,670	-	3,670	2,330	5,684
Zoning Board of Appeals	7,500	7,500	500	-	500	7,000	400
Planning Commission	4,000	4,000	800	-	800	3,200	660
Police Commission	7,500	7,500	600	-	600	6,900	300
Insurance:							
Health	399,000	399,000	310,080	-	310,080	88,920	293,703
Dental and vision	15,200	15,200	11,726	-	11,726	3,474	11,509
Life	8,100	8,100	5,872	-	5,872	2,228	6,082
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	35,000	35,000	16,100	-	16,100	18,900	16,288
Engineering service	300,000	282,950	16,371	1,650	18,021	264,929	7,306
Legal service	350,000	350,000	367,104	(22,718)	344,386	5,614	317,457
Medical service & supplies	1,000	1,000	-	-	-	1,000	-
Other professional services	35,000	35,450	47,857	(12,430)	35,427	23	11,995
Building inspector fee	20,000	20,000	15,750	-	15,750	4,250	10,850
Plumbing inspector fee	12,000	12,000	3,535	-	3,535	8,465	3,675
Electrical inspector fee	15,000	15,000	-	-	-	15,000	-
Postage and meter expense	8,000	8,000	2,264	81	2,345	5,655	5,627
Telephone	18,500	24,000	24,320	(342)	23,978	22	19,638
Cell phone	3,000	3,000	977	160	1,137	1,863	1,444
Printing/publishing	18,000	18,000	9,782	(268)	9,514	8,486	7,103
Dues/subscriptions	40,000	40,000	30,780	180	30,960	9,040	37,864
Training/travel expense	4,000	4,000	995	-	995	3,005	597
Codification services	6,000	6,000	3,450	-	3,450	2,550	2,730
Building & zoning expense	3,000	3,000	1,456	-	1,456	1,544	823
Police/fire commission	60,000	60,000	19,477	-	19,477	40,523	2,077
Gas	1,000	1,000	-	-	-	1,000	-
Insurance	245,000	245,000	178,543	(10,209)	168,334	76,666	184,038
Copier machine rental	9,000	9,000	7,403	(287)	7,116	1,884	7,709

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE I-1
(CONTINUED)**

**Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Finance and administration (continued):							
Commodities:							
Maintenance:							
Building	\$ 56,000	56,000	37,959	(1,481)	36,478	19,522	37,922
Equipment	40,000	40,000	2,706	810	3,516	36,484	3,380
Grounds	7,000	7,000	387	5,282	5,669	1,331	5,856
Office supplies	10,000	12,550	12,334	188	12,522	28	4,454
Operating supplies	2,500	2,500	972	-	972	1,528	1,248
Janitorial supplies	3,200	3,200	1,416	-	1,416	1,784	2,081
Books and periodicals	5,000	5,000	-	-	-	5,000	77
Capital outlay:							
Equipment	24,000	24,000	1,344	-	1,344	22,656	-
Furniture	2,000	2,000	-	-	-	2,000	-
Computer equipment	12,000	16,200	16,156	-	16,156	44	24,418
Other expenditures:							
Sales tax reimbursement	1,950,000	1,950,000	1,094,767	478,072	1,572,839	377,161	1,853,321
Memorials	5,000	5,000	-	-	-	5,000	-
Donations	468,000	468,000	420,451	-	420,451	47,549	18,775
Miscellaneous expense	15,000	15,000	4,398	(959)	3,439	11,561	11,052
Total finance and administration	5,071,145	5,071,145	3,518,341	427,630	3,945,971	1,125,174	3,667,512
Police department:							
Personnel:							
Salaries:							
Chief of Police	120,400	120,400	119,642	734	120,376	24	110,965
Deputy Chief	104,755	104,755	106,811	(2,060)	104,751	4	102,367
Sergeants	603,500	603,500	572,923	4,177	577,100	26,400	510,572
Patrol Persons	1,965,000	1,965,000	1,713,615	9,761	1,723,376	241,624	1,658,723
Part-time Patrol Persons	95,000	95,000	43,728	529	44,257	50,743	50,127
Police Secretary	53,910	53,910	52,997	791	53,788	122	57,209
Computer Operator	37,240	37,240	36,538	510	37,048	192	37,181
Ordinance Enforcer	48,610	48,610	46,504	1,992	48,496	114	47,526
School Crossing Guards	67,500	67,500	55,435	1,825	57,260	10,240	64,065
Records and Technology	69,675	69,675	70,246	(705)	69,541	134	66,669
Insurance Benefits:							
Health	1,327,734	1,317,934	979,482	-	979,482	338,452	928,970
Dental and vision	53,800	53,800	39,407	-	39,407	14,393	38,869
Life	18,900	18,900	13,666	-	13,666	5,234	13,688
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	15,500	15,500	12,733	-	12,733	2,767	13,796
Pension contributions	1,219,594	1,219,594	1,145,680	-	1,145,680	73,914	1,142,652
Uniform expense	32,000	32,000	25,711	-	25,711	6,289	19,453
Contractual services:							
Medical service - arrestees	2,500	2,500	1,338	-	1,338	1,162	991
Data processing service	1,000	1,000	-	-	-	1,000	-
Dispatcher agreement	393,120	393,120	390,157	(18,829)	371,328	21,792	327,971
Postage and meter expense	3,200	3,200	1,050	-	1,050	2,150	2,500
Cell phone	3,500	3,500	3,007	181	3,188	312	3,053
Printing/publishing	3,800	3,800	1,790	38	1,828	1,972	1,756
LEADS expense	9,500	9,500	6,735	612	7,347	2,153	7,905
Dues/subscriptions	35,000	35,000	28,474	(191)	28,283	6,717	19,306
Training/travel expense	27,000	27,000	15,256	250	15,506	11,494	12,642
Tuition reimbursement	1,500	1,500	-	-	-	1,500	-

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE I-1
(CONTINUED)**

**Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Police department (continued):							
Contractual services (continued):							
Investigation expense	\$ 8,100	8,100	6,755	40	6,795	1,305	7,826
Booking/processing expense	1,000	1,000	-	-	-	1,000	-
Copier machine rental	5,408	5,408	4,414	317	4,731	677	4,557
Commodities:							
Maintenance:							
Building	1,000	1,000	464	-	464	536	147
Equipment	6,500	6,500	1,594	33	1,627	4,873	5,881
Vehicles	24,000	24,000	19,805	-	19,805	4,195	21,125
Communication equip.	15,000	15,000	2,475	738	3,213	11,787	778
Office supplies	8,000	17,500	17,345	73	17,418	82	5,542
Operating supplies	2,700	2,700	1,971	-	1,971	729	1,667
Janitorial supplies	3,000	3,300	3,138	161	3,299	1	2,281
Gas / oil / lubricants	92,500	92,500	46,409	2,506	48,915	43,585	53,591
DARE supplies	3,500	3,500	3,113	-	3,113	387	2,826
Drug law & crime prevention	1,000	1,000	156	-	156	844	290
Awards	1,300	1,300	45	-	45	1,255	337
Books and periodicals	1,400	1,400	-	-	-	1,400	-
Capital outlay:							
Equipment	100,000	100,000	59,794	-	59,794	40,206	39,450
Vehicles	106,350	106,350	53,448	-	53,448	52,902	65,192
Furniture	2,400	2,400	1,814	-	1,814	586	2,326
Communication equipment	30,000	30,000	20,997	-	20,997	9,003	28,982
Computer equipment	27,000	27,000	9,658	-	9,658	17,342	30,931
Other expenditures:							
Miscellaneous expense	11,000	11,000	4,939	-	4,939	6,061	2,844
Animal control	13,980	13,980	13,980	-	13,980	-	13,171
M.A.N.S. expense	1,000	1,000	-	-	-	1,000	-
Total police department	6,780,376	6,780,376	5,755,239	3,483	5,758,722	1,021,654	5,528,700
Streets and alleys:							
Personnel:							
Salaries:							
Superintendent of Streets	92,625	92,625	91,671	(937)	90,734	1,891	74,157
Mechanic	88,825	88,825	77,750	(350)	77,400	11,425	74,990
Class A Operator	355,300	355,300	242,150	2,577	244,727	110,573	314,722
Class B Operator	416,775	416,775	239,452	6,032	245,484	171,291	349,228
Class A Laborer	241,900	241,900	209,538	68	209,606	32,294	201,566
Class B Laborer	150,550	280,050	283,021	(3,187)	279,834	216	117,767
Insurance:							
Health	697,900	541,050	532,663	-	532,663	8,387	516,295
Dental and vision	27,700	27,700	21,169	-	21,169	6,531	21,518
Life	9,600	9,600	7,631	-	7,631	1,969	7,052
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	12,000	12,000	8,500	-	8,500	3,500	8,762
Contractual services:							
Engineering services	90,000	90,000	85,680	(1,165)	84,515	5,485	53,792
Medical service and testing	5,000	5,400	2,948	2,451	5,399	1	5,440
Cell phone	2,000	2,000	1,117	53	1,170	830	1,481
Printing/publishing	1,200	1,200	143	-	143	1,057	951
Training/travel expenses	5,000	5,000	2,335	50	2,385	2,615	2,054
Street light electricity	145,000	145,350	156,204	(10,896)	145,308	42	137,413
Rentals	6,000	6,000	-	-	-	6,000	2,200

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Streets and alleys (continued):							
Commodities:							
Maintenance:							
Buildings	\$ 2,500	2,500	533	24	557	1,943	1,466
Equipment	40,000	47,600	43,766	3,781	47,547	53	24,543
Vehicles	25,000	25,000	20,245	(1,034)	19,211	5,789	17,477
Streets	75,000	75,000	19,903	3,863	23,766	51,234	32,199
Traffic signals	75,000	94,000	91,221	2,736	93,957	43	51,519
Tree trimming	10,000	10,000	-	-	-	10,000	-
Street control	70,000	70,000	29,887	-	29,887	40,113	45,560
Street lights	60,000	60,000	28,107	-	28,107	31,893	20,257
Operating supplies	34,000	34,000	36,037	(2,731)	33,306	694	21,393
Tools and small equipment	20,000	20,000	8,125	161	8,286	11,714	8,117
Janitorial supplies	5,000	5,000	2,617	399	3,016	1,984	2,558
Gas / oil / lubricants	90,000	90,000	48,943	(2,617)	46,326	43,674	49,012
Capital outlay:							
Equipment	34,000	34,000	25,492	1,050	26,542	7,458	13,103
Vehicles	88,000	88,000	34,479	-	34,479	53,521	-
Street construction	1,003,000	1,003,000	541,684	981	542,665	460,335	328,775
Bridge construction	375,000	375,000	-	-	-	375,000	-
Storm sewer construction	10,000	10,000	990	-	990	9,010	1,814
Sidewalk construction	30,000	30,000	26,626	-	26,626	3,374	15,586
Street signs	20,000	20,000	1,496	-	1,496	18,504	7,708
Street lighting	40,000	40,000	-	-	-	40,000	-
Communication equipment	15,000	15,000	6,471	-	6,471	8,529	7,175
Other expenditures - misc.	12,000	12,000	2,886	120	3,006	8,994	1,402
Total streets and alleys	4,481,875	4,481,875	2,931,480	1,429	2,932,909	1,548,966	2,539,052
Parks department:							
Personnel:							
Salaries:							
Parks Leadsman	81,350	81,350	71,719	(547)	71,172	10,178	68,936
Asst. Parks Leadsman	79,250	79,250	68,471	(642)	67,829	11,421	66,757
Parks Laborer	75,500	75,500	63,431	1,800	65,231	10,269	65,504
Summer Maintenance	112,320	112,320	57,133	(103)	57,030	55,290	27,326
Insurance:							
Health	134,250	134,250	112,090	-	112,090	22,160	118,403
Dental and vision	5,850	5,850	4,741	-	4,741	1,109	5,015
Life	1,800	1,800	1,445	-	1,445	355	1,827
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	2,800	2,800	1,850	-	1,850	950	1,979
Contractual services:							
Engineering services	50,000	48,700	9,409	-	9,409	39,291	4,096
Electricity	15,000	15,000	9,820	766	10,586	4,414	7,000
Rentals	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Building	6,000	6,000	146	-	146	5,854	4,903
Equipment	25,000	25,000	10,771	-	10,771	14,229	20,683
Vehicles	4,000	4,000	2,036	228	2,264	1,736	1,458
Grounds	10,000	10,000	1,067	-	1,067	8,933	4,055
Tennis courts	2,500	2,500	308	-	308	2,192	74
Baseball fields	12,000	12,000	8,600	-	8,600	3,400	5,484

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	2020		2020			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Parks department (continued):							
Commodities (continued):							
Operating supplies	\$ 8,000	8,000	1,163	135	1,298	6,702	1,061
Tools and small equipment	5,000	5,000	2,666	-	2,666	2,334	1,496
Janitorial supplies	3,000	3,000	1,430	294	1,724	1,276	1,612
Gas / oil / lubricants	19,000	19,000	13,722	(963)	12,759	6,241	11,697
Capital outlay:							
Park improvements	300,000	300,000	81,849	-	81,849	218,151	170
Equipment	25,000	25,000	20,244	-	20,244	4,756	4,941
Vehicles	1,000	1,000	-	-	-	1,000	37,942
Other expenditures - misc.	1,000	2,300	1,068	1,190	2,258	42	1,265
Total parks department	981,620	981,620	545,179	2,158	547,337	434,283	463,684
Swimming Pool:							
Personnel:							
Salaries:							
Management	26,600	26,600	25,535	579	26,114	486	26,310
Summer employees	105,350	105,000	53,432	-	53,432	51,568	49,822
Red cross	7,300	7,300	4,195	-	4,195	3,105	3,114
Contractual services:							
Engineering service	1,200	1,200	-	-	-	1,200	708
Printing/publishing	4,000	4,000	110	-	110	3,890	408
Dues/subscriptions	1,000	1,000	425	-	425	575	800
Gas	1,000	1,000	508	-	508	492	486
Commodities:							
Maintenance	4,000	4,150	4,145	-	4,145	5	3,892
Operating supplies	3,000	3,000	2,909	-	2,909	91	1,826
Tools and small equipment	1,500	1,500	155	-	155	1,345	203
Janitorial supplies	1,000	1,000	84	-	84	916	204
Chemicals	13,000	13,200	13,183	-	13,183	17	8,781
Capital outlay:							
Pool improvements	5,000	5,000	2,635	-	2,635	2,365	-
Equipment	4,000	4,000	1,686	-	1,686	2,314	111
Other expenditures:							
Miscellaneous	2,000	2,000	536	-	536	1,464	356
Concession stand	17,500	17,500	10,990	-	10,990	6,510	10,587
Total swimming pool	197,450	197,450	120,528	579	121,107	76,343	107,608
Senior Van:							
Personnel - salaries	16,125	16,125	6,433	303	6,736	9,389	14,719
Contractual - printing	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance	5,000	5,000	33	-	33	4,967	223
Gas / oil / lubricants	6,000	6,000	2,264	74	2,338	3,662	2,481
Capital outlay - vehicles	1,000	1,000	-	-	-	1,000	26,213
Other expenditures - misc.	1,000	1,000	-	-	-	1,000	-
Total senior van	30,125	30,125	8,730	377	9,107	21,018	43,636
Provision for Contingencies	100,000	96,050	-	-	-	96,050	-
Total expenditures	17,642,591	17,638,641	12,879,497	435,656	13,315,153	4,323,488	12,350,192

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	GAAP	Adjustments	Budget		
			Basis		Basis		
Transfers to other funds:							
Airport Development	\$ 570,385	570,385	-	-	-	570,385	-
CDAP Loan Fund	-	-	-	-	-	-	193
Police Pension	70,000	73,950	-	-	-	73,950	-
Garbage	-	-	-	-	-	-	-
Total transfers to other funds	640,385	644,335	-	-	-	644,335	193
Total General Fund	\$ 18,282,976	18,282,976	12,879,497	435,656	13,315,153	4,967,823	12,350,385
Summary by Function:							
Current:							
General government	\$ 5,133,145	5,124,995	3,500,841	427,630	3,928,471	1,196,524	3,643,094
Public safety	5,295,032	5,295,032	4,463,848	3,483	4,467,331	827,701	4,219,167
Public works	2,896,000	2,896,000	2,302,972	(225)	2,302,747	593,253	2,182,314
Culture and recreation	844,070	844,070	559,293	2,737	562,030	282,040	528,128
Employee retirement costs	1,219,594	1,219,594	1,145,680	-	1,145,680	73,914	1,142,652
Capital outlay	2,254,750	2,258,950	906,863	2,031	908,894	1,350,056	634,837
Total expenditures	17,642,591	17,638,641	12,879,497	435,656	13,315,153	4,323,488	12,350,192
Transfers to other funds	640,385	644,335	-	-	-	644,335	193
Total General Fund	\$ 18,282,976	18,282,976	12,879,497	435,656	13,315,153	4,967,823	12,350,385

CITY OF MORRIS, ILLINOIS
 WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2

Expenses - Budget and Actual
 Year Ended April 30, 2020

(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis		GAAP
Administrative department:							
Personal services:							
Salaries:							
Senior Water Clerk	\$ 28,550	28,550	28,305	159	28,464	86	45,173
Water Clerk	78,550	78,550	40,312	1,125	41,437	37,113	40,868
Human Resources Admin.	-	-	-	-	-	-	6,319
Insurance:							
Health	104,400	104,400	45,883	-	45,883	58,517	40,385
Dental and vision	3,990	3,990	1,446	-	1,446	2,544	1,355
Life	1,800	1,800	963	-	963	837	1,024
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	35,000	35,000	15,350	-	15,350	19,650	15,023
Legal service	75,000	75,000	28,525	-	28,525	46,475	46,540
Data processing expenses	2,500	2,500	-	-	-	2,500	-
Postage and meter expense	15,000	15,000	9,363	-	9,363	5,637	12,576
Telephone and alarms	15,000	17,850	17,243	580	17,823	27	11,378
Cell phone	5,000	5,000	2,141	214	2,355	2,645	2,888
Printing and publishing	6,500	6,500	4,493	-	4,493	2,007	5,057
Dues and subscriptions	2,000	2,000	501	-	501	1,499	550
Training and travel expense	1,000	1,000	199	-	199	801	398
Gas	25,000	25,000	13,077	-	13,077	11,923	15,023
Insurance	225,000	222,150	178,290	(12,129)	166,161	55,989	172,519
Rentals	1,000	1,000	-	-	-	1,000	-
Copy machine rental	4,000	4,000	-	-	-	4,000	-
Commodities:							
Office supplies	20,000	20,000	11,356	405	11,761	8,239	2,790
Operating supplies	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Equipment	3,000	3,000	1,232	-	1,232	1,768	183
Computers and programs	25,000	25,000	11,481	-	11,481	13,519	17,380
Other expenses:							
Fees	40,000	40,000	32,577	-	32,577	7,423	29,375
Water refunds	2,000	2,000	-	-	-	2,000	-
Miscellaneous expenses	4,000	4,000	1,073	-	1,073	2,927	551
Total administrative department	725,290	725,290	443,810	(9,646)	434,164	291,126	467,355
Water department:							
Personal services:							
Salaries:							
Water foreman	92,725	92,725	92,705	(122)	92,583	142	90,190
Class A	177,650	177,650	157,792	3,079	160,871	16,779	161,653
Class B	81,150	81,150	72,915	405	73,320	7,830	70,004
Class C	159,525	159,525	139,416	256	139,672	19,853	133,603
Class D	1,000	1,000	(31)	31	-	1,000	9,026
Insurance:							
Health	206,125	200,825	188,253	-	188,253	12,572	166,910
Dental and vision	8,345	8,345	7,285	-	7,285	1,060	6,774
Life	3,625	3,625	3,372	-	3,372	253	3,300
VALIC - employer portion	3,400	3,400	2,450	-	2,450	950	1,583

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020 Actual Amounts			Budget Basis Variance with Final Budget	2019 Actual GAAP Basis
	Original	Final	GAAP	Adjustments	Budget		
			Basis		Basis		
Water department (continued):							
Contractual services:							
Engineering services	\$ 50,000	52,400	46,770	5,594	52,364	36	42,950
Medical service and supplies	1,200	1,200	162	-	162	1,038	
JULIE locate service	6,500	6,500	1,896	-	1,896	4,604	2,326
Training and travel expense	5,500	5,500	3,135	-	3,135	2,365	501
Electricity	215,000	215,000	181,880	14,641	196,521	18,479	195,654
Rental equipment	12,000	12,000	425	-	425	11,575	-
Copier machine rental	2,200	2,200	1,379	109	1,488	712	1,626
Commodities:							
Maintenance:							
Equipment	35,000	35,000	23,105	4,990	28,095	6,905	27,311
Meters	20,000	20,000	6,050	-	6,050	13,950	2,914
Vehicles	10,000	12,900	12,807	-	12,807	93	2,920
WTP and building	12,000	12,000	2,940	-	2,940	9,060	4,652
Water towers	5,000	5,000	1,643	-	1,643	3,357	215
Well houses	15,000	15,000	5,848	-	5,848	9,152	313
Water mains	30,000	30,000	22,778	3,197	25,975	4,025	24,622
Pumping equipment	15,000	15,000	7,017	-	7,017	7,983	6,018
Grounds	5,000	5,000	-	-	-	5,000	-
Office supplies & equipment	6,000	6,000	713	-	713	5,287	272
Operating supplies	20,000	20,000	10,225	128	10,353	9,647	8,934
Tools and small equipment	20,000	20,000	4,106	-	4,106	15,894	6,769
Janitorial supplies	1,000	1,000	355	136	491	509	796
Gas / oil / lubricant	44,000	44,000	15,533	275	15,808	28,192	20,716
Chemicals	70,000	70,000	24,813	1,927	26,740	43,260	31,870
Sodium chloride	225,000	225,000	178,633	(2,984)	175,649	49,351	179,586
Print & non-print materials	28,000	28,000	-	-	-	28,000	-
Capital outlay:							
WTP improvements	15,000	15,000	-	-	-	15,000	-
Equipment	90,000	90,000	-	19,958	19,958	70,042	29,232
Meters	320,000	320,000	213,466	1,922	215,388	104,612	219,037
Valves and hydrants	30,000	30,000	7,568	267	7,835	22,165	19,670
Hydra-stop equipment	2,500	2,500	353	-	353	2,147	-
Pumping equipment	15,000	15,000	-	-	-	15,000	-
Vehicles	22,000	22,000	-	-	-	22,000	-
Water main extensions	972,000	972,000	387,182	(7,719)	379,463	592,537	6,901
Water well construction	40,000	40,000	32,370	-	32,370	7,630	-
Water system control	2,500	2,500	-	-	-	2,500	-
Water towers	160,000	160,000	17,450	-	17,450	142,550	15,502
Furniture	1,000	1,000	-	-	-	1,000	-
Other expenses:							
Water analysis	13,000	13,000	5,097	1,498	6,595	6,405	6,281
Miscellaneous expenses	4,000	4,000	421	-	421	3,579	40
Total water department	3,273,945	3,273,945	1,880,277	47,588	1,927,865	1,346,080	1,500,671

**CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT**

**SCHEDULE I-2
(CONTINUED)**

**Expenses - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)**

	Budgeted Amounts		2020 Actual Amounts			Budget Basis	2019
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual
			Basis		Basis		GAAP
Sewer department:							
Contractual services:							
Engineering services	\$ 200,000	200,000	187,133	(27,622)	159,511	40,489	132,056
Rental equipment	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Equipment	5,000	5,000	-	-	-	5,000	-
Sewer machine	20,000	20,000	2,250	-	2,250	17,750	566
Lift stations	20,000	20,000	18,480	-	18,480	1,520	4,095
Sewer mains	150,000	150,000	20,100	-	20,100	129,900	44,943
Capital outlay:							
Equipment	1,000	1,000	-	-	-	1,000	7,850
Manholes and grates	50,000	50,000	-	-	-	50,000	13,067
Sewer extensions	2,800,000	2,591,800	20,000	(10,000)	10,000	2,581,800	6,654
Lift stations	75,000	283,200	283,167	-	283,167	33	-
Other expenses	15,000	15,000	9	-	9	14,991	-
Total sewer department	3,337,000	3,337,000	531,139	(37,622)	493,517	2,843,483	209,231
Sewer treatment department:							
Personal services:							
Salaries:							
Operator	90,925	90,925	90,209	486	90,695	230	89,192
Operator 1	88,825	88,825	81,984	1,055	83,039	5,786	83,418
Lab assistant T4	153,690	153,690	147,301	1,212	148,513	5,177	140,621
Lab assistant T	63,365	63,365	66,675	(6,543)	60,132	3,233	59,337
Summer maintenance	21,060	21,060	4,365	-	4,365	16,695	6,105
Insurance:							
Health	205,650	205,650	172,651	-	172,651	32,999	162,992
Dental and vision	8,410	8,410	6,818	-	6,818	1,592	6,668
Life	3,010	3,010	2,408	-	2,408	602	2,384
VALIC - employer portion	4,500	4,500	2,850	-	2,850	1,650	2,696
Contractual services:							
Engineering services	5,000	5,000	3,032	-	3,032	1,968	128
Engineering - NE STP	5,000	5,000	-	-	-	5,000	-
Medical service & supplies	1,500	1,500	132	-	132	1,368	408
Training/travel expense	1,000	1,000	297	-	297	703	70
Electricity - central	130,000	130,000	112,438	7,834	120,272	9,728	103,856
Electricity - NE STP	164,000	164,000	129,453	9,002	138,455	25,545	138,102
Sludge disposal expense	100,000	100,000	48,375	4,672	53,047	46,953	51,549
Copier machine rental	1,000	1,000	452	-	452	548	419
Commodities:							
Maintenance:							
Equipment	25,000	26,550	26,495	28	26,523	27	17,639
Vehicles	5,000	8,000	7,935	-	7,935	65	1,478
STP	15,000	10,050	2,539	174	2,713	7,337	10,365
Grounds	4,000	4,000	-	-	-	4,000	162
Office supplies and equip.	2,000	2,000	307	-	307	1,693	317
Operating supplies	8,000	8,000	2,641	-	2,641	5,359	1,642
Lab testing samples	17,000	17,000	15,175	1,013	16,188	812	9,201
Tools and small equipment	5,000	5,000	1,357	-	1,357	3,643	2,695
Janitorial supplies	1,000	1,000	778	171	949	51	650
Gasoline/diesel/oil/lubricants	9,000	9,400	9,230	149	9,379	21	4,205
Chemicals	7,000	7,000	2,278	632	2,910	4,090	3,873

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2020
(With Comparative Figures for the Year Ended April 30, 2019)

	Budgeted Amounts		2020			Budget Basis Variance with Final Budget	2019
	Original	Final	GAAP	Actual Amounts			Actual GAAP Basis
			Basis	Adjustments	Budget Basis		
Sewer treatment department (continued):							
Capital outlay:							
Sewer treatment plant	\$ 4,000	4,000	-	-	-	4,000	-
NE STP	4,000	4,000	-	-	-	4,000	-
Vehicles and equipment	49,000	49,000	289	34,479	34,768	14,232	599
Other expenses:							
IEPA/NPDES fees	40,000	40,000	31,000	-	31,000	9,000	30,500
Miscellaneous expenses	1,000	1,000	620	-	620	380	82
Total sewer treatment	1,242,935	1,242,935	970,084	54,364	1,024,448	218,487	931,353
Depreciation expense	-	-	973,465	(973,465)	-	-	950,173
Provision for Contingencies	100,000	100,000	-	-	-	100,000	-
Total expenses	8,679,170	8,679,170	4,798,775	(918,781)	3,879,994	4,799,176	4,058,783
Transfers:							
To Revenue Bond & Interest	545,000	545,000	536,933	-	536,933	8,067	540,205
To Capital Improvements	10,000	10,000	10,000	-	10,000	-	10,000
Total transfers	555,000	555,000	546,933	-	546,933	8,067	550,205
Total Operations & Maintenance	\$ 9,234,170	9,234,170	5,345,708	(918,781)	4,426,927	4,807,243	4,608,988
Summary by Function:							
Operating expenses:							
Personal services	\$ 1,591,270	1,585,970	1,356,327	1,143	1,357,470	228,500	1,331,580
Contractual services	1,312,900	1,315,300	986,141	2,895	989,036	326,264	951,597
Commodities	875,000	877,900	437,487	10,241	447,728	430,172	422,529
Capital outlay	4,681,000	4,681,000	974,558	38,907	1,013,465	3,667,535	336,075
Depreciation	-	-	973,465	(973,465)	-	-	950,173
Other expenses	219,000	219,000	70,797	1,498	72,295	146,705	66,829
Total operating expenses	8,679,170	8,679,170	4,798,775	(918,781)	3,879,994	4,799,176	4,058,783
Transfers to other accounts	555,000	555,000	546,933	-	546,933	8,067	550,205
Total Operations & Maintenance	\$ 9,234,170	9,234,170	5,345,708	(918,781)	4,426,927	4,807,243	4,608,988

**Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections**

City of Morris

	Tax Year				
	2015	2016	2017	2018	2019
Assessed valuations	\$ 266,588,885	283,037,021	284,942,500	329,474,997	344,806,898
Tax rates:					
General Corporate	0.0516	0.0462	0.0462	0.0605	0.0904
Police Pension	0.3190	0.3834	0.4010	0.3702	0.3650
Municipal Retirement	0.1388	0.1205	0.1081	0.1008	0.0900
Social Security	0.1155	0.0816	0.0916	0.1027	0.1059
Police Protection	0.0281	0.0159	0.0158	0.0228	0.0218
Totals	0.6530	0.6476	0.6627	0.6570	0.6730
Tax extensions:					
General Corporate	\$ 137,300	130,710	131,350	199,398	311,602
Police Pension	848,922	1,083,231	1,140,376	1,219,585	1,258,407
Municipal Retirement	369,397	340,422	307,403	332,012	310,257
Social Security	307,494	230,322	260,510	338,502	365,254
Police Protection	74,891	44,926	44,930	74,989	74,996
Total	1,738,004	1,829,611	1,884,569	2,164,486	2,320,516
Plus: Road & Bridge	77,308	80,574	80,725	61,055	65,561
Total Extensions	\$ 1,815,312	1,910,185	1,965,294	2,225,541	2,386,077
Tax Collections	\$ 1,812,093	1,912,745	1,942,505	2,166,144	-

TIF I:

	Tax Year	
	2018	2019
Assessed valuation	\$ 63,839,338	67,494,734
Tax rate	0.65695	0.67299
Tax Extension	\$ 5,022,601	5,295,548
Tax Collections	\$ 5,015,488	-

Marina TIF:

	Tax Year	
	2018	2019
Assessed valuation	\$ 175,390	2,137,147
Tax rate	0.65695	0.67299
Tax Extension	\$ 14,085	171,117
Tax Collections	\$ 13,085	-

OTHER REQUIRED REPORTING



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INDEPENDENT AUDITORS' 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 Mayor and Members of the City Council

City of Morris, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise City of Morris, Illinois' basic financial statements and have issued our report thereon dated November 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our 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, we 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2020-01 through 2020-03 that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of City of Morris, Illinois, in a separate letter dated November 2, 2020.

Purpose of this Report

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

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 2, 2020

**Schedule of Findings and Reponses
For the Year Ended April 30, 2020**

2020-01: Internal Controls and Oversight over Financial Reporting

Condition:

The City does not have formalized policies and procedures related to internal controls over financial reporting. The City also does not have a finance director or someone with adequate financial reporting knowledge to oversee the financial reporting processes and internal controls.

Criteria:

A strong system of internal controls and oversight related to accounting and financial reporting is integral to ensuring the City's external financial statements are complete and accurate. Formalized policies and procedures, as well as adequate financial reporting knowledge form the basis of a strong system of internal controls.

Cause:

The City has prepared informal job instructions sheets, which have been used as a guide for daily procedures. Accounting and administrative staff are long-time employees and formalized policies and procedures have not been developed.

Effect:

City personnel may not prevent or detect misstatements to the financial statements during their normal course of operations. Also, additional internal control deficiencies were identified as a result of the lack of financial reporting knowledge and oversight.

Recommendation:

The City should develop and document formal accounting and financial reporting policies and procedures. The City should also consider acquiring adequate financial reporting knowledge, either by providing current staff with additional training, or considering creating a finance director position.

Management's Response:

We agree with the finding and have begun the process of developing formalized policies and procedures related to internal controls over financial reporting. The City will also evaluate the costs and benefits involved in obtaining the required reporting knowledge to oversee the financial reporting process.

**Schedule of Findings and Reponses
For the Year Ended April 30, 2020**

2020-02: Financial Statement Preparation and Significant Audit Adjustments

Condition:

The City does not prepare its annual financial statements and related footnote disclosures, and has engaged the auditors to assist in this preparation. Significant audit adjustments were required to present the financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements, including the related disclosures, in conformity with GAAP.

Cause:

The City maintains its internal financial records on the cash basis, and relies on the audit firm to adjust the trial balances to the accrual basis, and prepare the financial statements and related footnote disclosures. However, management has reviewed and approved the audit adjustments, the annual financial statements, and the related footnote disclosures.

Effect:

The completeness of the financial statement disclosures and the accuracy of the overall financial statement presentation is negatively impacted as external auditors do not have the same comprehensive understanding of the City as its internal staff.

Recommendation:

The City should continue to review and approve the annual financial statements and the related footnote disclosures. The City should also designate an individual who is responsible for preparing cash-to-accrual financial statement adjustments and footnote supporting schedules to the auditors.

Management's Response:

We agree with the finding and will consider the costs and benefits of implementing the recommendations.

**Schedule of Findings and Reponses
For the Year Ended April 30, 2020**

2020-03: Police Pension Accounting and Financial Reporting

Condition:

The City accounts for activity in its Police Pension fund in-house; however, the City's internal financial reports do not account for the Pension Fund's investment balances and activity. The City relies on external auditors to record the investment balances and activity, as well as to prepare required year-end financial reports.

Criteria:

Management is responsible for accounting for all Pension Fund assets and activities, as well as for the preparation and fair presentation of the financial statements and all required year-end financial reports.

Cause:

The City maintains its internal financial records on the cash basis, and has historically relied on the audit firm to adjust the trial balances and prepare the financial statements and other required year-end reports.

Effect:

Internal accounting records are not complete, as the investment balances and transactions are excluded. The completeness and accuracy of the overall financial statement presentation and year-end reports is negatively impacted as external auditors do not have the same comprehensive understanding of the Pension Fund as its internal staff.

Recommendation:

The City should develop a process for including Pension Fund investments in its internal financial reports, and for preparing the required year-end reporting. The City may consider training existing staff to complete these accounting procedures, or could consider outsourcing accounting for the Pension Fund to a third party administrator.

Management's Response:

We agree with the finding and will consider the costs and benefits of implementing the recommendations.