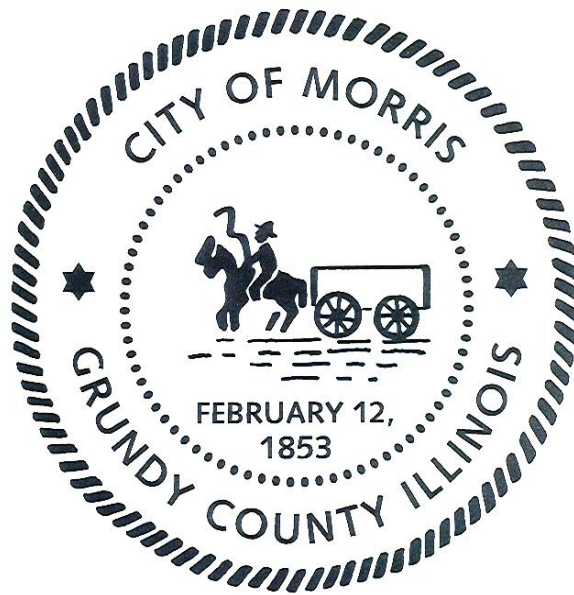
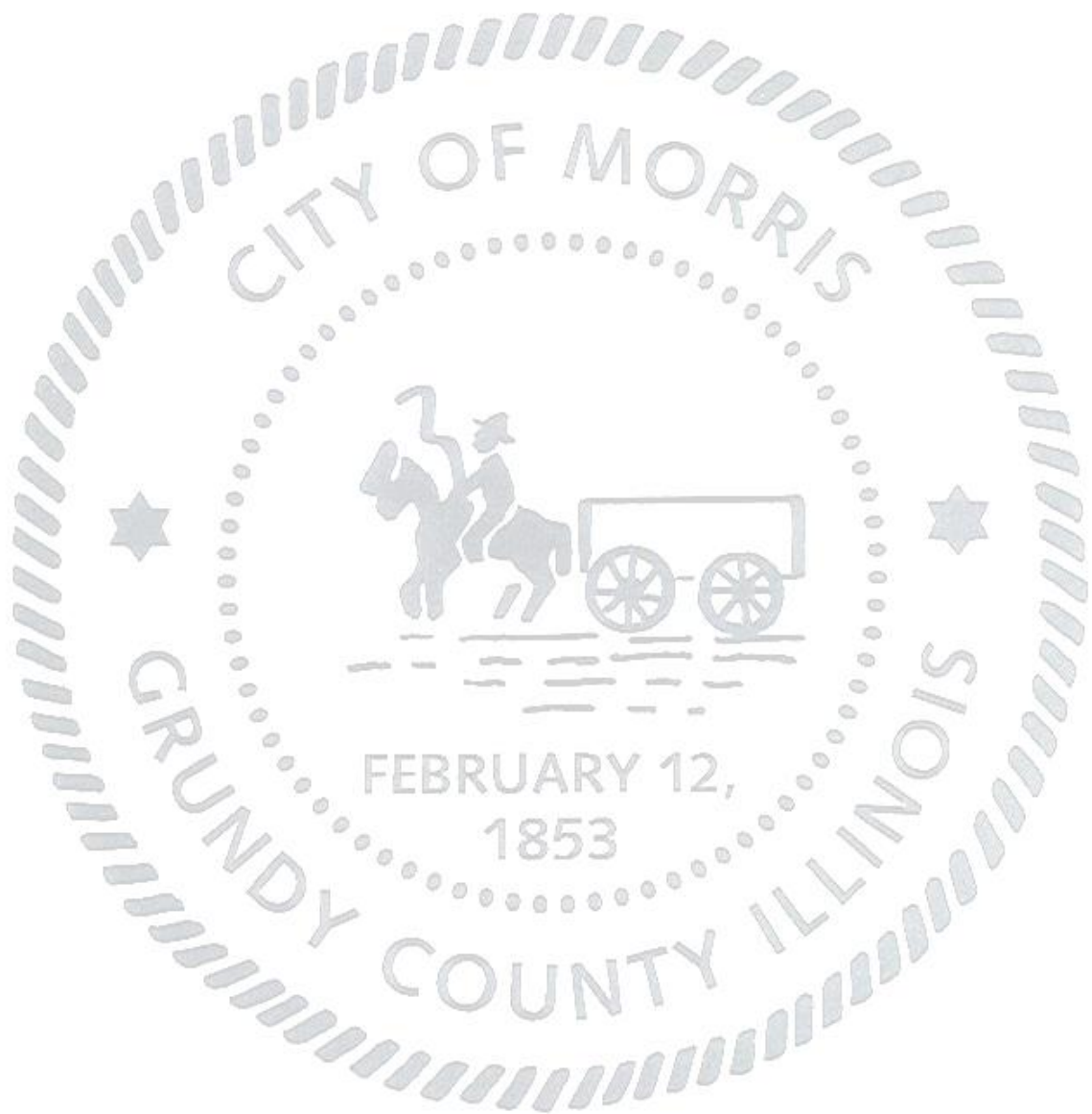


**CITY OF MORRIS, ILLINOIS**  
**Annual Financial Report**  
**For the Fiscal Year Ended April 30, 2018**





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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As described in Note 17 to the financial statements, the City has restated current year beginning balances to reflect the correction of an error in the prior year financial statements. I did not modify my opinions regarding this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Morris Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 17, 2018 on my consideration of the City of Morris, Illinois' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Morris, Illinois' 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.

A handwritten signature in blue ink that reads "William J. Crawford". The signature is fluid and cursive, with a large, stylized initial 'W'.

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

Coal City, Illinois  
August 17, 2018



# CITY OF MORRIS, ILLINOIS

## Management's Discussion and Analysis April 30, 2018

### **Introduction**

This narrative overview and analysis of the financial activities of the City of Morris, Illinois (the "City"), is intended to provide an overview of the City's financial performance as a whole for the fiscal year ended April 30, 2018. 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 \$72,751,593 (net position). Of this amount, \$2,458,197 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$ 1,547,587 (2.08%) for the fiscal year ended April 30, 2018. Of this amount, the governmental net position decreased by \$ 1,641,713 (4.14%) and the business-type net position increased by \$94,126 (0.27%). The governmental-type net position decreased primarily due to steady revenues being offset by increased expenditures for employee pensions, public safety and general government. The business-type net position increased primarily due to a 3% increase in water and sewer fees and the completion of phase II of the EPA mandated sanitary sewer/CSO project during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,271,190, a decrease of \$195,462 (1.06%) in comparison with the prior fiscal year. The small decrease is a considerable improvement over the prior fiscal year due to the completion of several large capital projects during the current fiscal year. Approximately 45.39% of the total fund balance, \$8,293,976, was unassigned and available for spending at the City's discretion.
- The City's total long-term debt decreased by \$521,925 during the current fiscal year due to scheduled payments on bond issues and capital leases.

### **Overview of the Financial Statements**

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

### **Government-wide Financial Statements**

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

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

*The Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused employee leave).

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with various finance-related legal 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 twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Financing Fund I, and Marina Tax Increment 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 nonmajor 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 two 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.

### **Notes to Financial Statements**

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

### **Other Information**

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

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,751,593 at the close of the most recent fiscal year.

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

**CITY OF MORRIS, ILLINOIS**

**Net Position**

	Governmental activities		Business-type activities		Total	
	(Restated)				(Restated)	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 27,075,732	26,505,783	8,177,478	8,117,903	35,253,210	34,623,686
Capital assets	33,428,817	34,426,663	31,472,586	32,085,551	64,901,403	66,512,214
Total assets	<u>60,504,549</u>	<u>60,932,446</u>	<u>39,650,064</u>	<u>40,203,454</u>	<u>100,154,613</u>	<u>101,135,900</u>
Deferred outflows	5,401,602	6,062,131	364,817	407,264	5,766,419	6,469,395
Current liabilities	1,361,609	835,117	783,304	943,118	2,144,913	1,778,235
Noncurrent liabilities	16,655,091	19,320,782	4,469,211	4,999,360	21,124,302	24,320,142
Total liabilities	<u>18,016,700</u>	<u>20,155,899</u>	<u>5,252,515</u>	<u>5,942,478</u>	<u>23,269,215</u>	<u>26,098,377</u>
Deferred inflows	9,900,224	7,207,738	-	-	9,900,224	7,207,738
Net position:						
Net investment in capital assets	33,428,817	34,426,663	25,855,325	25,988,812	59,284,142	60,415,475
Restricted	9,977,214	9,198,155	1,032,040	1,021,040	11,009,254	10,219,195
Unrestricted	(5,416,804)	(3,993,878)	7,875,001	7,658,388	2,458,197	3,664,510
Total net position	<u>\$ 37,989,227</u>	<u>39,630,940</u>	<u>34,762,366</u>	<u>34,668,240</u>	<u>72,751,593</u>	<u>74,299,180</u>

Net investment in capital assets — the largest portion (81.49%) 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 (15.13%) 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 balance of \$2,458,197 (3.38%) 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 \$1,547,587 decrease in net position is attributable to increases in public safety and pension expenses in relation to a steady, but low growth revenue stream.

Due to the implementation of GASB 68 and the recording of net pension liability beginning as of April 30, 2016, the City’s unrestricted net position on April 30, 2018 was only approximately \$2.45 million. As the net pension liability will likely remain a long-term liability for several decades, unrestricted net position is expected to remain at low levels for quite some time.

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

**CITY OF MORRIS, ILLINOIS**  
**Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2018	(Restated) 2017	2018	2017	2018	(Restated) 2017
<u>Revenues</u>						
Program revenues :						
Charges for services	\$ 405,917	486,839	5,571,753	5,485,251	5,977,670	5,972,090
Operating grants and contributions	335,612	314,180	1,478	-	337,090	314,180
Capital grants and contributions	466,839	450,520	131,980	19,318	598,819	469,838
General revenues:						
Property taxes	6,565,953	6,167,944	-	-	6,565,953	6,167,944
Sales and use taxes	6,744,337	5,426,211	-	-	6,744,337	5,426,211
Other taxes	286,886	300,653	-	-	286,886	300,653
Intergovernmental revenue	1,633,889	1,686,412	-	-	1,633,889	1,686,412
Franchise fees	205,318	202,242	-	-	205,318	202,242
Interest on investments	32,637	27,611	5,785	5,753	38,422	33,364
Other income	20,450	153,752	-	-	20,450	153,752
Total revenues	<u>16,697,838</u>	<u>15,216,364</u>	<u>5,710,996</u>	<u>5,510,322</u>	<u>22,408,834</u>	<u>20,726,686</u>
<u>Expenses</u>						
Program activities :						
Governmental activities:						
General government	3,702,557	3,753,756	-	-	3,702,557	3,753,756
Employee retirement costs	2,138,732	1,342,860	-	-	2,138,732	1,342,860
Public safety	4,162,917	3,328,746	-	-	4,162,917	3,328,746
Transportation and public service	4,787,954	4,217,795	-	-	4,787,954	4,217,795
Culture and recreation	1,095,814	914,085	-	-	1,095,814	914,085
Environment	112,345	196,442	-	-	112,345	196,442
Community development	2,339,232	2,186,127	-	-	2,339,232	2,186,127
Business-type activities:						
Water and sewer	-	-	3,697,062	3,932,642	3,697,062	3,932,642
Airport operations	-	-	809,833	889,934	809,833	889,934
Garbage collection & disposal	-	-	1,109,975	1,082,164	1,109,975	1,082,164
Total expenses	<u>18,339,551</u>	<u>15,939,811</u>	<u>5,616,870</u>	<u>5,904,740</u>	<u>23,956,421</u>	<u>21,844,551</u>
Change before transfers	(1,641,713)	(723,447)	94,126	(394,418)	(1,547,587)	(1,117,865)
Transfers	-	(100,000)	-	100,000	-	-
Change in net position	<u>(1,641,713)</u>	<u>(823,447)</u>	<u>94,126</u>	<u>(294,418)</u>	<u>(1,547,587)</u>	<u>(1,117,865)</u>
Net position-beginning	39,630,940	40,454,387	34,668,240	34,962,658	74,299,180	75,417,045
Net position-ending	<u>\$ 37,989,227</u>	<u>39,630,940</u>	<u>34,762,366</u>	<u>34,668,240</u>	<u>72,751,593</u>	<u>74,299,180</u>

Key components of the changes are detailed as follows:

### Governmental Activities

Governmental activities decreased the City's net position by \$1,641,713. The current year decrease has more than doubled compared to the prior year's decrease of \$723,447 before transfers as explained below.

The City's total governmental revenues increased by \$1,481,474 over the prior year. Most of the increase in the amount of \$1,318,126 is due to additional sales tax revenue resulting from the addition of one large new taxpayer in the City. Much of the remainder of the increase is due to additional property taxes statutorily required to meet funding requirements of the police pension fund.

Expenses increased by \$2,399,740 over the prior fiscal year. The increase is primarily attributable to increased expenditures for a sales tax rebate agreement with the new taxpayer previously mentioned as well as increased costs for employee pensions.

## **Business-type Activities**

Business-type activities increased the City's net position by \$94,126. The current year increase represents a considerable improvement over the prior year's decline of \$394,418 as explained below.

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 \$200,674 over the prior year. Most of the increase is due to receiving approximately \$164,000 in additional water and sewer sales revenue in relation to a 3% increase in rates and additional airport grant revenue of \$112,662. However, that increase was offset by a decrease in reimbursement and other miscellaneous income of \$82,205.

Expenses decreased by \$287,870 from the prior fiscal year. The relatively stable nature of expenses in this area is due to general decreased expenses in the water and sewer fund, while airport and garbage-related expenses have remained relatively consistent. Most of the decrease is due to the completion of phase II of the EPA mandated sanitary sewer/CSO project during the current fiscal year.

## **Financial Analysis of the Government's Funds**

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

## **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,271,190, a decrease of \$195,462 from the prior year. \$8,293,976 or 45% 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 \$9,977,214 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

A discussion of several important governmental funds follows:

**General Fund** – The General Fund represents the primary operating fund of the City. It accounts for all financial resources, except those to be accounted for in another fund. The General Fund revenues increased by \$1,282,249 mainly due to additional sales/use tax revenues.

On the expenditure side, the increase over the prior fiscal year was \$2,123,628. A large portion of the increase can be attributed to payments required according to sales tax rebate agreements and new equipment capital outlay expenditures. Although costs connected with the hiring of additional personnel, annual pay increases, health insurance, general insurance and pension costs continue to rise, the City continues to look to other areas to hold the line on spending.

**Tax Increment Financing Fund I** – The Tax Increment Financing Fund I represents a specific taxing district funded by local property taxes. Current year revenues show an increase of \$303,493. Property tax revenues have continued to recover, actually increasing by \$292,010.

Expenditures fell by \$178,644 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 \$2,304,503. Other major expenditures for the year consisted of \$360,713 for expenses related to the purchase of a portion of a sewer vactor and vehicles, and \$133,245 for an aeration monitoring system. Expenditures decreased from the prior year primarily due to a general decrease in capital outlays. The City transferred \$1,400,000 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 \$1,400,000.

Expenditures decreased by \$1,447,214 from the prior fiscal year. The entire decrease is due to the completion of the expansion of the east-side sewer treatment plant located in the District to accommodate a large expansion in Costco operations and any future marina development.

### **Proprietary Funds**

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 \$220,469 for the Garbage Fund, \$7,216,163 for the Water and Sewer Fund, and \$438,369 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of \$94,126 over the prior year. Of the increase, \$248,147 came from the Water and Sewer Fund, while the Garbage Fund increased by \$16,661 and the Airport fund decreased by \$170,682. A discussion of all proprietary funds follows:

***Water and Sewer Fund*** – The Water and Sewer Fund revenues increased by \$140,034. The only item of relevance is an increase in water and sewer sales revenue over the prior year in the amount of \$163,970. Expenses decreased by \$235,580 due to the completion of phase II of the EPA mandated sanitary sewer/CSO project during the current fiscal year.

***Airport Fund*** – The Airport Fund revenues increased by \$43,548. Most of this increase is related to an increase in grant income of \$112,662 as new airport projects were begun. The increase was somewhat offset by the receipt of \$74,000 in insurance proceeds for lighting damage to runway lighting which was received only in the prior fiscal year. Expenses decreased \$80,101 from the prior year. The entire decrease is due to a reduction in depreciation expense of \$82,125 for assets that became fully depreciated during the current fiscal year.

***Garbage Fund*** – Garbage fee income of \$1,126,497 exceeded garbage disposal costs of \$1,102,793 by \$23,704. 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 2018 fiscal year budget was adopted on April 17, 2017. The comparison of General Fund original budget to the final budget is on pages 66-67 and 103-107. 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 occurred during the current fiscal year.

General Fund revenues were \$1,008,988 above budget estimates due primarily to higher than expected sales tax revenue (\$1,093,238). The increased sales tax revenue was due to the unanticipated sales of a new large taxpayer in the City limits.

General Fund expenditures were \$1,940,639 under budget estimates mainly due to including anticipated expenditures that did not materialize in the areas of engineering fees, 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.

In the Administration Department, the sales tax reimbursement item was increased by \$616,725 to allow for an unanticipated increase in relation to sales tax rebates required under an agreement with a new taxpayer. Numerous other line items were decreased to allow for this transfer. In addition, the health insurance line item was reduced by \$23,575 to allow for an increase in the legal fees line item, due to various annexation/contract issues.

In the Police Department, the patrolpersons line item was reduced by \$41,600 to allow for a \$20,100 increase in the part-time patrolpersons line item and a \$21,500 increase in the sergeants line item to cover a shortfall due to officer retirements and promotions during the year.

In the Street and Alley Department, the street construction and improvement line item was reduced by \$118,500 to allow for an increase in the streetlight and improvement line item in relation to an LED upgrade to street lights in the community.

**Capital Assets and Debt Administration**

*Capital Assets* – The City’s investments in capital assets including land, buildings, infrastructure, vehicles and equipment amounts to \$64,901,403 at April 30, 2018. The City has elected to depreciate these assets over their useful lives and amounts are reported net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year.

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,222,388	6,222,388.00	5,546,795	5,546,795	11,769,183	11,769,183
Construction in progress	-	1,722,111	-	3,433,559	-	5,155,670
Land improvements	2,017,960	2,143,295	18,962	21,880	2,036,922	2,165,175
Buildings & improvements	8,292,955	8,345,531	1,613,589	1,661,182	9,906,544	10,006,713
Machinery & equipment	1,431,369	1,044,398	329,796	330,730	1,761,165	1,375,128
Vehicles	1,023,660	851,418	169,480	88,059	1,193,140	939,477
Infrastructure	14,440,485	14,097,522	23,793,964	21,003,346	38,234,449	35,100,868
Total	\$ 33,428,817	34,426,663.00	31,472,586	32,085,551	64,901,403	66,512,214



Net capital assets decreased by \$1,610,811 for the 2018 fiscal year. The City expended available resources to acquire \$1,731,431 in capital asset additions during the year. These additions were reduced by the current year's depreciation expense of \$3,332,188 and \$10,054 representing the basis of assets disposed. (Additional information on the City's capital assets is presented in the notes to the basic financial statements). The additions to capital assets were primarily for construction on the EPA mandated sanitary sewer/CSO sewer outflow elimination project in the amount of \$462,302, construction on the expansion of the east-side sewer treatment plant for \$258,136, LED street lighting upgrade for \$121,160, as well as the purchase of an aeration monitoring system in the amount of \$133,245. Other assets added include the purchase of vehicles, radios, sewer vactor, and other vehicles and equipment for \$756,588.

**Long-term Debt** - At April 30, 2018, the City had total net debt outstanding of \$4,982,078, including the present value of future minimum capital lease payments on airport hangars for \$562,476, and the remaining balance due on the 2012 alternate revenue bond issue of \$4,419,602.

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

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Refunding Bonds Alternate Revenue Source (incl. premium)	\$ -	-	4,419,602	4,865,956	4,419,602	4,865,956
Capital leases	-	-	562,476	638,047	562,476	638,047
Total	\$ -	-	4,982,078	5,504,003	4,982,078	5,504,003

Total outstanding debt decreased by \$521,925 during the fiscal year. The decrease was a result of the normal schedule of payments on existing debt. Additional information on the City's long-term debt is presented in the notes to the basic financial statements.

**Economic Factors and Next Year's Budget**

Following are currently known City of Morris, Illinois economic factors considered in going into the 2018-2019 fiscal year.

- The City's assessed value increased by 0.67% during the current fiscal year after increasing by 6.17% in the prior year. Assessed valuation figures have now recovered to those computed in 2011. 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, 2017 fiscal year and phase II was completed during the current fiscal year. Currently, the City is in the process of preparing for Phase III, but it will not be completed until the next fiscal year. Phases III and IV are expected to incur future costs, including engineering fees, of approximately \$5,856,570. By continually improving and developing this infrastructure, a positive impact upon economic growth is expected, as new businesses are attracted to the area.

- The City has completed work on the east side wastewater treatment plant expansion project in the amount of \$2,127,220. The project was primarily undertaken to accommodate Costco's meat packing plant expansion. The expansion of the east side wastewater treatment plant not only allows for Costco's current meat packing plant expansion, but will also allow Costco to make another expansion and still have capacity for other additional future development. The City anticipates that annual water and sewer revenues from this operation will generate approximately \$1,000,000 each year. Additional property tax revenues will also be generated, but the total amount is not yet known as the final occupancy permit was recently issued in January 2018.
- The Illinois Department of Commerce and Economic Opportunity has requested the City to implement the closure of the CDAP revolving loan fund in the amount of \$1,139,200 in the next fiscal year. Under the terms of the agreement and after approval of a new grant agreement, the City will be permitted to use those funds for the financing of the Illinois EPA mandated long term control sewer project phase IV-A.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Carol Adair, Budget Officer and City Clerk, 700 N. Division St., Morris, IL 60450, or by calling 815-942-4026 during regular office hours, Monday through Friday, from 8:00 a.m. to 4:30 p.m. central standard time.

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2018**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 15,418,970	8,957,005	24,375,975
Receivables:			
Property taxes	6,733,000	-	6,733,000
Sales and use taxes	1,706,820	-	1,706,820
Income taxes and replacement taxes	207,651	-	207,651
Grants	-	54,564	54,564
Other taxes and fees	164,702	-	164,702
Customer fees (net of allowance)	-	133,999	133,999
Internal balances	1,000,000	(1,000,000)	-
Inventories	-	31,910	31,910
Restricted cash and cash equivalents	1,134,656	-	1,134,656
Notes receivable	709,933	-	709,933
Capital assets:			
Land (non-depreciable)	6,222,388	5,546,795	11,769,183
Other capital assets, net of depreciation	27,206,429	25,925,791	53,132,220
Total assets	<u>60,504,549</u>	<u>39,650,064</u>	<u>100,154,613</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions - police pension	4,783,291	-	4,783,291
Deferred outflows related to pensions - IMRF	618,311	-	618,311
Deferred charge on refunding	-	364,817	364,817
Total deferred outflows of resources	<u>5,401,602</u>	<u>364,817</u>	<u>5,766,419</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	913,789	198,628	1,112,417
Noncurrent liabilities:			
Due within one year	447,820	584,676	1,032,496
Due in more than one year	6,419,037	4,469,211	10,888,248
Net pension liability-police pension	10,174,866	-	10,174,866
Net pension liability-IMRF	61,188	-	61,188
Total liabilities	<u>18,016,700</u>	<u>5,252,515</u>	<u>23,269,215</u>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,733,000	-	6,733,000
Deferred inflows related to pensions - police pension	1,381,111	-	1,381,111
Deferred inflows related to pensions - IMRF	1,786,113	-	1,786,113
Total deferred inflows of resources	<u>9,900,224</u>	<u>-</u>	<u>9,900,224</u>
<b>Net Position</b>			
Net investment in capital assets	33,428,817	25,855,325	59,284,142
Restricted	9,977,214	1,032,040	11,009,254
Unrestricted (deficit)	(5,416,804)	7,875,001	2,458,197
Total net position	<u>\$ 37,989,227</u>	<u>34,762,366</u>	<u>72,751,593</u>

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

**CITY OF MORRIS, ILLINOIS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 3,702,557	120,172	101,070	73,037	(3,408,278)	-	(3,408,278)
Employee retirement costs	2,138,732	-	-	-	(2,138,732)	-	(2,138,732)
Public safety	4,162,917	164,687	111,686	7,340	(3,879,204)	-	(3,879,204)
Transportation & public works	4,787,954	1,056	-	378,155	(4,408,743)	-	(4,408,743)
Culture & recreation	1,095,814	94,892	11,981	8,307	(980,634)	-	(980,634)
Environment	112,345	-	-	-	(112,345)	-	(112,345)
Community development	2,339,232	25,110	110,875	-	(2,203,247)	-	(2,203,247)
Total governmental activities	<u>18,339,551</u>	<u>405,917</u>	<u>335,612</u>	<u>466,839</u>	<u>(17,131,183)</u>	<u>-</u>	<u>(17,131,183)</u>
<b>Business-type activities:</b>							
Water and sewer	3,697,062	3,938,296	1,478	-	-	242,712	242,712
Airport operations	809,833	506,960	-	131,980	-	(170,893)	(170,893)
Garbage collection and disposal	1,109,975	1,126,497	-	-	-	16,522	16,522
Total business-type activities	<u>5,616,870</u>	<u>5,571,753</u>	<u>1,478</u>	<u>131,980</u>	<u>-</u>	<u>88,341</u>	<u>88,341</u>
Total government	<u>\$ 23,956,421</u>	<u>5,977,670</u>	<u>337,090</u>	<u>598,819</u>	<u>(17,131,183)</u>	<u>88,341</u>	<u>(17,042,842)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes							
					6,565,953	-	6,565,953
Municipal sales tax							
					6,744,337	-	6,744,337
Other taxes							
					286,886	-	286,886
Intergovernmental revenue not restricted							
to specific programs							
					1,633,889	-	1,633,889
Franchise fees							
					205,318	-	205,318
Interest on investments							
					32,637	5,785	38,422
Miscellaneous							
					20,450	-	20,450
Total general revenues and transfers							
					<u>15,489,470</u>	<u>5,785</u>	<u>15,495,255</u>
Change in net position							
					(1,641,713)	94,126	(1,547,587)
Net position-beginning (restated)							
					<u>39,630,940</u>	<u>34,668,240</u>	<u>74,299,180</u>
Net position-ending							
					<u>\$ 37,989,227</u>	<u>34,762,366</u>	<u>72,751,593</u>

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

**CITY OF MORRIS, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2018**

	<b>General Fund</b>	<b>Tax Increment Financing Fund I</b>	<b>Marina Tax Increment Financing Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 6,576,312	4,691,355	1,162,735	2,988,568	15,418,970
Receivables:					
Property taxes	1,316,000	4,850,000	-	567,000	6,733,000
Sales & use taxes	1,706,820	-	-	-	1,706,820
Income & replacement taxes	207,651	-	-	-	207,651
Other taxes & fees	93,828	6,001	-	64,873	164,702
Due from other funds	1,000,000	-	-	-	1,000,000
Restricted cash and cash equivalents	-	-	-	1,134,656	1,134,656
Notes receivable	-	574,273	-	135,660	709,933
Total assets	<u>\$ 10,900,611</u>	<u>10,121,629</u>	<u>1,162,735</u>	<u>4,890,757</u>	<u>27,075,732</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	<u>\$ 1,290,635</u>	<u>29,264</u>	<u>34,630</u>	<u>7,080</u>	<u>1,361,609</u>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	1,316,000	4,850,000	-	567,000	6,733,000
Unavailable loan repayment revenue	-	574,273	-	135,660	709,933
Total deferred inflows of resources	<u>1,316,000</u>	<u>5,424,273</u>	<u>-</u>	<u>702,660</u>	<u>7,442,933</u>
<b>Fund Balances:</b>					
Restricted	-	4,668,092	1,128,105	4,181,017	9,977,214
Unassigned	8,293,976	-	-	-	8,293,976
Total fund balances	<u>8,293,976</u>	<u>4,668,092</u>	<u>1,128,105</u>	<u>4,181,017</u>	<u>18,271,190</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,900,611</u>	<u>10,121,629</u>	<u>1,162,735</u>	<u>4,890,757</u>	<u>27,075,732</u>

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

**CITY OF MORRIS, ILLINOIS**  
**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**  
**APRIL 30, 2018**

<b>Total governmental fund balances</b>	\$ 18,271,190
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	33,428,817
Unavailable revenues reported in governmental funds includes balance of notes receivable. The balance was deferred because funds were not available to pay for current-period expenditures	709,933
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds:	
Deferred outflows - police pension	4,783,291
Deferred outflows - IMRF	618,311
Deferred inflows - police pension	(1,381,111)
Deferred inflows - IMRF	(1,786,113)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(50,418)
Net pension liability - police pension	(10,174,866)
Net pension liability - IMRF	(61,188)
Landfill closure	(6,368,619)
<b>Net position of governmental activities</b>	<u><u>\$ 37,989,227</u></u>

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Marina Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 1,379,287	4,609,583	5,284	571,799	6,565,953
Sales taxes	6,744,337	-	-	-	6,744,337
Other taxes	-	-	-	286,886	286,886
Intergovernmental revenues	1,650,154	-	-	403,860	2,054,014
Licenses & permits	120,172	-	-	-	120,172
Franchise fees	205,318	-	-	-	205,318
Charges for services	121,058	-	-	-	121,058
Fines	133,875	-	-	30,812	164,687
Interest income	3,689	24,949	-	3,999	32,637
Miscellaneous revenues	331,435	39,116	60,331	14,651	445,533
	<u>10,689,325</u>	<u>4,673,648</u>	<u>65,615</u>	<u>1,312,007</u>	<u>16,740,595</u>
<b>Expenditures</b>					
Current:					
General government	3,321,126	92,991	13,633	-	3,427,750
Employee retirement costs	1,085,076	-	-	657,084	1,742,160
Public Safety	4,011,201	-	-	10,474	4,021,675
Transportation & public service	1,976,522	-	-	30,349	2,006,871
Culture & recreation	558,642	-	-	261,509	820,151
Environment	-	-	109,907	2,438	112,345
Community development	-	2,304,503	1,585	-	2,306,088
Capital outlay	711,279	1,078,684	272,252	436,802	2,499,017
	<u>11,663,846</u>	<u>3,476,178</u>	<u>397,377</u>	<u>1,398,656</u>	<u>16,936,057</u>
Excess of revenues over (under) expenditures	(974,521)	1,197,470	(331,762)	(86,649)	(195,462)
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)	-	(1,400,000)	1,400,000	-	-
Net change in fund balances	(974,521)	(202,530)	1,068,238	(86,649)	(195,462)
Fund balances-beginning	9,268,497	4,870,622	59,867	4,267,666	18,466,652
Fund balances-ending	<u>\$ 8,293,976</u>	<u>4,668,092</u>	<u>1,128,105</u>	<u>4,181,017</u>	<u>18,271,190</u>

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

**CITY OF MORRIS, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2018**

<b>Net change in fund balances-total governmental funds</b>	\$ (195,462)
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
 Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over remaining estimated useful lives and reported as depreciation expense	
Add-cost of capital purchases	1,136,272
Deduct-depreciation expense	(2,125,489)
 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	
	(8,629)
 Repayment of notes receivable principal is a revenue in the governmental funds, but the repayment reduces notes receivable in the statement of net position	
	(53,081)
 Governmental funds report City pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Add-City pension contributions	1,742,160
Deduct-Cost of benefits incurred net of employee contributions	(2,138,732)
 Decrease (increase) in long-term accumulated employee compensated absences are recorded when earned in the statement of activities, but do not require the use of current resources, and, therefore, are not reported in the fund statements until they come due for payment	
	1,248
 <b>Change in net position of governmental activities</b>	 <b>\$ (1,641,713)</b>

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



**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2018**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 8,328,450	361,651	266,904	8,957,005
Customer receivables (net of allowance)	80,124	8,290	45,585	133,999
Grants receivable	-	54,564	-	54,564
Inventories	-	31,910	-	31,910
Total current assets	<u>8,408,574</u>	<u>456,415</u>	<u>312,489</u>	<u>9,177,478</u>
Noncurrent assets:				
Capital assets:				
Land (non-depreciable)	613,374	4,933,421	-	5,546,795
Other capital assets, net of depreciation	23,541,938	2,383,853	-	25,925,791
Total noncurrent assets	<u>24,155,312</u>	<u>7,317,274</u>	<u>-</u>	<u>31,472,586</u>
Total assets	<u>32,563,886</u>	<u>7,773,689</u>	<u>312,489</u>	<u>40,650,064</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	<u>364,817</u>	<u>-</u>	<u>-</u>	<u>364,817</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	88,562	18,046	92,020	198,628
Compensated absences	60,452	-	-	60,452
Due to General Fund	-	1,000,000	-	1,000,000
Alternate revenue bonds payable	445,000	-	-	445,000
Lease commitments payable	-	79,224	-	79,224
Total current liabilities	<u>594,014</u>	<u>1,097,270</u>	<u>92,020</u>	<u>1,783,304</u>
Noncurrent liabilities:				
Compensated absences	11,357	-	-	11,357
Alternate revenue bonds payable (net of bond premium)	3,974,602	-	-	3,974,602
Lease commitments payable	-	483,252	-	483,252
Total noncurrent liabilities	<u>3,985,959</u>	<u>483,252</u>	<u>-</u>	<u>4,469,211</u>
Total liabilities	<u>4,579,973</u>	<u>1,580,522</u>	<u>92,020</u>	<u>6,252,515</u>
<b>Net Position</b>				
Net investment in capital assets	20,100,527	5,754,798	-	25,855,325
Restricted for:				
Public works capital projects	1,024,848	-	-	1,024,848
Debt service	7,192	-	-	7,192
Unrestricted	<u>7,216,163</u>	<u>438,369</u>	<u>220,469</u>	<u>7,875,001</u>
Total net position	<u>\$ 28,348,730</u>	<u>6,193,167</u>	<u>220,469</u>	<u>34,762,366</u>

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Garbage Fund</b>	
<b>Operating Revenues</b>				
Water and sewer sales	\$ 3,763,126	-	-	3,763,126
Infrastructure fees	20,239	-	-	20,239
Garbage collection fees	-	-	1,126,497	1,126,497
Tap on fees/meters	60,460	-	-	60,460
Facilities rental	-	246,282	-	246,282
Fuel sales	-	242,895	-	242,895
Miscellaneous revenue	94,471	17,783	-	112,254
<b>Total operating revenues</b>	<b>3,938,296</b>	<b>506,960</b>	<b>1,126,497</b>	<b>5,571,753</b>
<b>Operating Expenses</b>				
Personal services	1,226,930	114,783	-	1,341,713
Contractual services	848,280	130,398	1,102,793	2,081,471
Commodities	322,128	189,805	-	511,933
Capital outlay/maintenance	178,563	52,113	-	230,676
Depreciation	918,287	288,411	-	1,206,698
Other expenses	70,796	5,349	7,182	83,327
<b>Total operating expenses</b>	<b>3,564,984</b>	<b>780,859</b>	<b>1,109,975</b>	<b>5,455,818</b>
<b>Operating income (loss)</b>	<b>373,312</b>	<b>(273,899)</b>	<b>16,522</b>	<b>115,935</b>
<b>Non-Operating Revenues (Expenses)</b>				
Bank service fees	(400)	-	-	(400)
State and Federal grants	1,478	131,980	-	133,458
Interest income	5,435	211	139	5,785
Interest expense	(131,678)	(28,974)	-	(160,652)
<b>Total nonoperating revenues (expenses)</b>	<b>(125,165)</b>	<b>103,217</b>	<b>139</b>	<b>(21,809)</b>
<b>Change in net position</b>	<b>248,147</b>	<b>(170,682)</b>	<b>16,661</b>	<b>94,126</b>
<b>Net position-beginning</b>	<b>28,100,583</b>	<b>6,363,849</b>	<b>203,808</b>	<b>34,668,240</b>
<b>Net position-ending</b>	<b>\$ 28,348,730</b>	<b>6,193,167</b>	<b>220,469</b>	<b>34,762,366</b>

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Garbage Fund</b>	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,870,049	486,398	1,136,709	5,493,156
Other operating receipts	55,441	2,702	-	58,143
Payments to suppliers for goods and services	(1,502,639)	(466,129)	(1,106,933)	(3,075,701)
Payments to employees for services	(1,230,997)	(74,556)	-	(1,305,553)
Net cash provided (used) by operating activities	<u>1,191,854</u>	<u>(51,585)</u>	<u>29,776</u>	<u>1,170,045</u>
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Bank account deficit balance shown as liability	-	16,578	-	16,578
<b>Cash Flows from Capital and Related Financing Activities</b>				
Grant receipts	1,478	81,425	-	82,903
Construction and purchase of capital assets	(595,159)	-	-	(595,159)
Payment on alternate revenue bonds	(539,610)	-	-	(539,610)
Payment on capital leases	-	(104,545)	-	(104,545)
Net cash provided (used) by capital and related financing activities	<u>(1,133,291)</u>	<u>(23,120)</u>	<u>-</u>	<u>(1,156,411)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	5,435	211	139	5,785
Net increase (decrease) in cash and cash equivalents	63,998	(57,916)	29,915	35,997
Cash and cash equivalents-beginning	<u>8,264,452</u>	<u>419,567</u>	<u>236,989</u>	<u>8,921,008</u>
Cash and cash equivalents-ending	<u>\$ 8,328,450</u>	<u>361,651</u>	<u>266,904</u>	<u>8,957,005</u>

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Garbage Fund</b>	
<b>Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 373,312	(273,899)	16,522	115,935
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	918,287	288,411	-	1,206,698
Changes in assets and liabilities:				
Decrease (increase) in receivables	21,602	(6,788)	10,212	25,026
Decrease (increase) in inventories	-	1,952	-	1,952
Increase (decrease) in compensated absences	(40,329)	(11,071)	-	(51,400)
Increase (decrease) in accounts payable	(81,018)	(50,190)	3,042	(128,166)
Total adjustments	818,542	222,314	13,254	1,054,110
Net cash provided (used) by operating activities	<u>\$ 1,191,854</u>	<u>(51,585)</u>	<u>29,776</u>	<u>1,170,045</u>

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**APRIL 30, 2018**

	<b>Police Pension Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 671,173	696,636
Investments:		
U.S. treasury securities	4,644,100	-
Corporate bonds	732,685	-
Equity securities	6,017,086	-
Mutual funds	2,570,093	-
Interest receivable	32,754	-
 Total assets	14,667,891	696,636
 <b>Liabilities</b>		
Accounts payable	88,620	-
Payable to others	-	696,636
 Total liabilities	88,620	\$ 696,636
 <b>Net Position-restricted for pension benefits</b>	\$ 14,579,271	

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

**CITY OF MORRIS, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Police Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,085,076
Employee	188,881
Total contributions	1,273,957
Investment Income:	
Net increase in fair value of investments	486,057
Interest & dividends	287,860
Total investment earnings	773,917
Less investment expenses-	
Investment management fees	(57,356)
Net investment income	716,561
Total additions	1,990,518
<b>Deductions</b>	
Benefits paid	985,328
Refunds to participants	27,778
Administrative expense	21,571
Total deductions	1,034,677
Change in net position	955,841
<b>Net Position - restricted for pension benefits:</b>	
Beginning of year	13,623,430
End of year	\$ 14,579,271

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

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

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

#### **A. Reporting Entity**

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

#### **Blended Component Unit – Police Pension Employees Retirement System**

The City’s sworn police employees participate in the Police Pension Employees Retirement System (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. Government-Wide and Fund Financial Statements**

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements

April 30, 2018

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

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

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

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

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

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

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

#### **Governmental Funds**

The City reports the following major governmental funds:

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



# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements

April 30, 2018

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.

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

### **Proprietary Funds**

The City reports the following major proprietary funds:

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

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

Garbage Fund – Accounts for the operation of the City's refuse collection and disposal service. Activities of the fund include refuse collection and disposal, 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, 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.

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

### **Fiduciary Funds**

The City additionally reports the following fiduciary fund types:

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

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

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

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

#### **Cash, Cash Equivalents, and Investments**

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

#### **Restricted Assets**

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

#### **Receivables**

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

#### Property Tax Receivable

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

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

In the Fund Financial Statements property tax revenues are recognized under the modified accrual basis of accounting so that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and unavailable revenue to be recognized as revenue in the future period for which it was levied. Therefore, property tax revenue reflected in the statement of revenues, expenditures and changes in fund balances includes no portion of the 2017 property tax levy because it is not due or expected to be received within 60 days after April 30, 2018. The entire portion of the 2017 property tax levy not currently available is reported as a receivable and deferred inflow of resources on both the government-wide and fund financial statements.

### Receivables from Others

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

### Accounts Receivable

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

### **Inventory**

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

### **Capital Assets**

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

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

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

### **Long-term Obligations**

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One item is the deferred charge on bond refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. 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 plans and are only recorded in the government-wide statement of net position.

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

### **Compensated Absences**

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

### **Fund Equity**

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

### Governmental Fund Balances

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

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

### Fund Balance Flow Assumptions

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

- Committed
- Assigned
- Unassigned

### Net Position

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

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

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

## **NOTE 2: DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES**

### **A. Deposits**

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

### **Custodial Credit Risk**

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

At year-end, the carrying amount of the City's deposits was \$26,877,060 and the bank balance was \$26,785,973. \$1,000,000 of bank balances was covered by federal depository insurance, with the remaining balance of \$25,785,973 having specific pledged collateral in the name of the City. Deposits at April 30, 2018, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 20,585,973	20,677,060
Bank short-term certificates of deposit	<u>6,200,000</u>	<u>6,200,000</u>
Total deposits	26,785,973	26,877,060
Petty cash on hand	<u>1,380</u>	<u>1,380</u>
Total cash and cash equivalents	<u>\$ 26,787,353</u>	<u>26,878,440</u>
Fiduciary Funds		\$ 1,367,809
All other City Funds		<u>25,510,631</u>
		<u>\$ 26,878,440</u>

### **B. Investments**

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

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.

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements presented for Police Pension Trust Fund investments as of April 30, 2018:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 4,644,100	4,644,100	-	-
Corporate Bonds	732,685	-	732,685	-
Equity Securities	6,017,086	6,017,086	-	-
Mutual Funds	2,570,093	2,570,093	-	-
 Total Investments	 \$ 13,963,964	 13,231,279	 732,685	 -

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.

### 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, 2018, the Police Pension Trust Fund investments were rated as follows:

Investment Type-Corporate Bonds	Fair Value	Standard & Poor's
3M Company	\$ 241,383	AA-
State Street Corporation	242,040	A
Wells Fargo & Company	249,262	A-
 Total Investments	 \$ 732,685	

### Concentration of credit risk

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

### Interest Rate Risk

Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase. As of April 30, 2018, the Police Pension Trust Fund had the following investments in treasury securities and corporate bonds, which were the only investments subject to interest rate risk:



**CITY OF MORRIS, ILLINOIS**

Notes to Basic Financial Statements  
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Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 3	3 - 5	5 - 10
U.S. Government securities	\$ 4,644,100	997,385	1,714,935	1,690,890	240,890
Corporate Bonds	\$ 732,685	249,262	-	483,423	-

**NOTE 3: RECEIVABLES**

In the government-wide and fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends. Major receivable balances for the governmental activities include sales taxes, property taxes, franchise fees, and various other taxes. Business-type activities report service fees and grants as their major receivables. All receivable balances are presented in detail in the government-wide and fund financial statements.

**Notes Receivable**

The City provides loans to local businesses under the Community Development Assistance Program and its Tax Increment Financing Fund I to promote commercial growth, redevelopment, and employment opportunities. The loans are offered in various amounts and terms with required monthly payments at interest rates from 1% to 3%. All loans are collateralized and payments are current on all listed loans with one exception. The Bimet loan is past due with a remaining balance of \$131,383 as of April 30, 2018. 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:

<u>Name</u>	Original Amount Loaned	Current Principal Received	Ending Balance
Community Development Loan Fund:			
Audacious Ink	\$ 10,000	1,014	4,277
Lola's (\$16,453 deemed uncollectible)	20,000	-	-
Bimet	150,000	-	131,383
Total CDL Fund		<u>1,014</u>	<u>135,660</u>
Tax Increment Financing Fund I:			
Greenway	600,000	25,272	543,840
Living Waters Church	55,000	7,842	25,358
Morris Downtown Devlp Partnership (\$2,500 forgiven)	12,500	-	5,075
Total TIF Fund		<u>33,114</u>	<u>574,273</u>
Total All Funds		<u>\$ 34,128</u>	<u>709,933</u>

**CITY OF MORRIS, ILLINOIS**

Notes to Basic Financial Statements  
April 30, 2018

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets for the year ended April 30, 2018 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,222,388	-	-	6,222,388
Construction in progress	1,722,111	-	1,722,111	-
Total capital assets not being depreciated	<u>7,944,499</u>	<u>-</u>	<u>1,722,111</u>	<u>6,222,388</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & improvements	10,192,372	152,799	-	10,345,171
Machinery & equipment	1,695,088	510,367	17,258	2,188,197
Vehicles	1,980,540	359,087	-	2,339,627
Infrastructure	47,614,872	1,836,130	-	49,451,002
Total capital assets being depreciated	<u>64,639,982</u>	<u>2,858,383</u>	<u>17,258</u>	<u>67,481,107</u>
Less accumulated depreciation for:				
Land improvements	1,013,815	125,335	-	1,139,150
Buildings & improvements	1,846,841	205,375	-	2,052,216
Machinery & equipment	650,690	114,767	8,629	756,828
Vehicles	1,129,122	186,845	-	1,315,967
Infrastructure	33,517,350	1,493,167	-	35,010,517
Total accumulated depreciation	<u>38,157,818</u>	<u>2,125,489</u>	<u>8,629</u>	<u>40,274,678</u>
Total capital assets being depreciated, net	<u>26,482,164</u>	<u>732,894</u>	<u>8,629</u>	<u>27,206,429</u>
Total governmental activities capital assets, net	<u>\$ 34,426,663</u>	<u>732,894</u>	<u>1,730,740</u>	<u>33,428,817</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Construction in progress	3,433,559	-	3,433,559	-
Total capital assets not being depreciated	<u>8,980,354</u>	<u>-</u>	<u>3,433,559</u>	<u>5,546,795</u>
Capital assets being depreciated:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,326,071	-	-	2,326,071
Machinery & equipment	695,462	32,783	112,850	615,395
Vehicles	607,852	100,073	259,398	448,527
Infrastructure	45,601,308	3,895,862	-	49,497,170
Total capital assets being depreciated	<u>49,289,038</u>	<u>4,028,718</u>	<u>372,248</u>	<u>52,945,508</u>
Less accumulated depreciation for:				
Land improvements	36,465	2,918	-	39,383
Buildings & improvements	664,889	47,593	-	712,482
Machinery & equipment	364,732	32,292	111,425	285,599
Vehicles	519,793	18,652	259,398	279,047
Infrastructure	24,597,962	1,105,244	-	25,703,206
Total accumulated depreciation	<u>26,183,841</u>	<u>1,206,699</u>	<u>370,823</u>	<u>27,019,717</u>
Total capital assets being depreciated, net	<u>23,105,197</u>	<u>2,822,019</u>	<u>1,425</u>	<u>25,925,791</u>
Total business-type activities capital assets, net	<u>\$ 32,085,551</u>	<u>2,822,019</u>	<u>3,434,984</u>	<u>31,472,586</u>

**CITY OF MORRIS, ILLINOIS**

Notes to Basic Financial Statements  
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Depreciation expense was charged to governmental and business-type functions as follows:

Governmental activities:		Business-type activities:	
General government	\$ 230,065	Water & sewer	\$ 918,287
Public safety	107,898	Airport	<u>288,412</u>
Transportation & public service	1,651,804		
Culture & recreation	<u>135,722</u>		
Total depreciation expense governmental activities	<u>\$ 2,125,489</u>	Total depreciation expense business-type activities	<u>\$ 1,206,699</u>

**NOTE 5: LONG-TERM LIABILITIES**

**A. A Summary of changes in Long-term Liabilities**

Long-term liability activity for the year ended April 30, 2018 follows:

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental activities</b>					
Landfill closure	\$ 6,368,619	-	-	6,368,619	-
Compensated absences	<u>526,642</u>	-	<u>28,404</u>	<u>498,238</u>	<u>447,820</u>
	6,895,261	-	28,404	6,866,857	447,820
Net pension liability-police pension	11,151,785	-	976,919	10,174,866	-
Net pension liability-IMRF	<u>1,748,712</u>	-	<u>1,687,524</u>	<u>61,188</u>	-
Governmental activity long-term liabilities	<u>\$ 19,795,758</u>	<u>-</u>	<u>2,692,847</u>	<u>17,102,911</u>	<u>447,820</u>
<b>Business-type activities</b>					
General Obligation Waterworks and Sewerage Refunding Bonds (Alt. Rev Source) Series 2012	\$ 4,805,000	-	440,000	4,365,000	445,000
Adjustments for deferred amounts:					
For issuance premiums	<u>60,956</u>	-	<u>6,354</u>	<u>54,602</u>	-
Total bonds payable	<u>4,865,956</u>	<u>-</u>	<u>446,354</u>	<u>4,419,602</u>	<u>445,000</u>
Capital leases-airport hangars:					
2004 hangar lease	510,576	-	60,473	450,103	63,396
2004 Corporate hangar lease	<u>127,471</u>	-	<u>15,098</u>	<u>112,373</u>	<u>15,828</u>
Total leases payable	<u>638,047</u>	<u>-</u>	<u>75,571</u>	<u>562,476</u>	<u>79,224</u>
Compensated absences	<u>122,779</u>	-	<u>50,971</u>	<u>71,808</u>	<u>60,452</u>
Business-type activity long-term liabilities	<u>\$ 5,626,782</u>	<u>-</u>	<u>572,896</u>	<u>5,053,886</u>	<u>584,676</u>

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 \$160,652 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - \$131,678 and Airport Fund - \$28,974.

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

### **B. Compensated Absences**

Compensated absences represent the estimated liability for employee's accrued vacation and personal leave, which is likely to be used before expiring on December 31, 2018, and sick leave for which employees are entitled to be paid at a rate of \$10 per day upon expiration according to City policies.

### **C. Alternate Revenue Bonds**

#### **Series 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.

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

**CITY OF MORRIS, ILLINOIS**

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April 30, 2018

use taxes distributed pursuant to applicable law (the “sales taxes”)(net revenues, revenue sharing receipts and sales taxes collectively constitute “pledged revenues”), and (c) from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors’ rights and by equitable judicial discretion.

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

Schedule of Maturities Year Ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2019	\$ 445,000	90,410	535,410
2020	455,000	81,510	536,510
2021	465,000	72,410	537,410
2022	475,000	63,110	538,110
2023	485,000	53,610	538,610
2024-2027	<u>2,040,000</u>	<u>113,400</u>	<u>2,153,400</u>
Total	<u>\$ 4,365,000</u>	<u>474,450</u>	<u>4,839,450</u>

The long-term portion of total alternate revenue bonds outstanding at April 30, 2018 is as follows:

Total Bonds Outstanding	\$ 4,365,000	
Less: Current Portion	<u>(445,000)</u>	3,920,000
Adjustments:		
Unamortized Bond Premium		<u>54,602</u>
Net Long-Term Portion of Bonds Outstanding		<u>\$ 3,974,602</u>

**D. Capital Lease Liabilities**

The City entered into lease agreements as lessee for financing the construction or acquisition of airport hangars. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. For the fiscal year ended April 30, 2018, 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 \$337,500 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.

**CITY OF MORRIS, ILLINOIS**

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

	3-12 T Hangars	100 x 120 Corporate Hangar
Original lease amount	\$ 1,000,000	250,000
Refinanced 2014	\$ 662,877	165,495
Date renewed	7/10/2014	7/10/2014
Interest rate	4.75%	4.75%
Payment frequency	Quarterly	Quarterly
Payment amount	\$ 20,915	5,222
Term	5 Years	5 Years
Final Pmt & Balloon amount	\$ 370,384	92,471
Unpaid April 30, 2018	\$ 450,103	112,373

Obligations of business-type activities under capital leases at April 30, 2018, incorporating the most recent lease terms which took effect July 10, 2014, are as follows:

	3-12 T Hangars	2004 Corporate Hangar	Total
April 30, 2019	\$ 83,658	20,886	104,544
April 30, 2020	391,299	97,692	488,991
Total minimum lease payments	474,957	118,578	593,535
Less amount representing interest costs	24,854	6,205	31,059
Present value of future minimum lease payments	\$ 450,103	112,373	562,476
Current portion	\$ 63,396	15,828	79,224

**E. 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.

**CITY OF MORRIS, ILLINOIS**

Notes to Basic Financial Statements  
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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, 2018:

<u>Fiscal Year Ended</u>	<u>Amount</u>
April 30, 2019	\$ 11,135
2020	7,920
2021	7,036
2022	4,940
2023	<u>1,280</u>
 Total	 <u><u>\$ 32,311</u></u>

**F. Legal Debt Limit and Debt Margin**

Illinois revised statute 65 ILCS 5/8-5-1 states that no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes. The City is in compliance with that provision as detailed below:

Assessed valuation-2017 tax year	<u><u>\$ 284,942,500</u></u>
Statutory debt limitation(8.625% of assessed valuation)	\$ 24,576,291
General Obligation debt applicable to limitation:	
General Obligation Refunding Bonds (ARS), Series 2012	<u>\$ 4,365,000</u>
Other debt applicable to limitation:	
Airport Hangar Capital Lease Commitment, dated July 10, 2014	450,103
Airport Hangar Capital Lease Commitment, dated July 10, 2014	<u>112,373</u>
Total other debt	<u>562,476</u>
Total debt	4,927,476
Less self-supporting bonded debt	<u>(4,365,000)</u>
Total debt subject to legal debt margin	<u>562,476</u>
Available legal debt margin	<u><u>\$ 24,013,815</u></u>

**NOTE 6: INDIVIDUAL FUND DISCLOSURES**

**A. Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables as of April 30, 2018:

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

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

**B. Transfers**

The following is a schedule of interfund transfers for the fiscal year ended April 30, 2018:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds and Activities</u>		
TIF Fund I	\$ -	1,400,000
Marina TIF Fund	1,400,000	-
Less: fund eliminations	(1,400,000)	(1,400,000)
Total - Governmental Activities	<u>\$ -</u>	<u>-</u>
Total - Fund and Government-Wide Financial Statements	<u>\$ -</u>	<u>-</u>

The Marina TIF is included within the TIF I District and has very little revenue at this time. Therefore, the City budgeted a \$1,400,000 transfer in order to separately account for the fund expenditures.

**NOTE 7: POST EMPLOYMENT BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and employee dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date, however retirees may continue indefinitely. Further details are disclosed in Note 13 to these financial statements.



# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

### **NOTE 8: RISK MANAGEMENT**

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

### **NOTE 9: LANDFILL CLOSURE AND POST-CLOSURE COSTS**

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

The most recent IEPA-approved estimates available for closure and post-closure costs were provided in connection with approval of a significant modification permit for the facility in November of 2000. These estimates of closure costs reflect current third party costs and assume the IEPA will contract for all closure and post-closure care work. Those estimates of closure costs total \$1,254,410 and \$2,191,930 for parcels A and B, respectively. Closure costs include equipment decontamination; drainage control; cover placement; vegetation, gas probes, inspection and certification of groundwater collection trench; and administrative costs. In addition, costs of \$950,000 are estimated to be required for Parcel B waste relocation.

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

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

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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 10: DEFINED BENEFIT PENSION PLAN-POLICE PENSION**

**A. General Information about Pension Plan**

**Plan Description** - The City of Morris Police Pension Fund was created and is administered as prescribed by "Article 3 Police Pension Fund - Municipalities 500,000 and under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). Police sworn personnel are covered by the Plan. Although this is a defined-benefit single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund and does not issue a separate financial report.

**Employees Covered by benefit terms** - As of April 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	25
Total	<u>43</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

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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.

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 of 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 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% 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, 2018, the City contribution was \$1,085,076.

**Investments/Investment policy** – 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.

### **B. Net Pension Liability**

The City's net pension liability was measured as of April 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The following are the methods and assumptions used to determine total pension liability at May 1, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Straight Line

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- 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 2.50 – 11.76%.
- The Investment Rate of Return was assumed to be 7.00%.
- Retirement Rates are based on Lauterbach & Amen 2016 Illinois police retirement rates capped at age 65.
- Disability and termination rates were based on Lauterbach & Amen 2016 Illinois police rates.
- Marital status assumption – 80% married.
- Active mortality follows the 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.
- Retiree mortality follows the Lauterbach & Amen assumption study for police 2016. These rates are experience weighted with raw rates as developed in the RP-2014 study, with blue-collar adjustment and improved generationally using MP-2016 improvement rates.
- Disabled mortality follows the sex distinct raw rates as developed in the RP-2014 study for disabled participants, with blue-collar adjustment. These rates are improved generationally using MP-2016 improvement rates.
- Spouse mortality follows the sex distinct raw rates as developed in the RP-2014 study. These rates are improved generationally using MP-2016 improvement rates.
- 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equity	60%	8.30%-9.30%
Fixed income	39%	3.20%-4.20%
Cash equivalents	1%	0.00%
Total	100%	

For the year ended April 30, 2017, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was 9.23 percent (0.91 percent in the prior year ended April 30, 2016). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. For more information on the actual investments being held by the Police Pension Plan and any significant concentration risk as of April 30, 2017, see “Note 2.B Investments” in the prior year financial statements for details.

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00% and the resulting single discount rate is 7.00%, because the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members.

**C. Changes in the Net Pension Liability**

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

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at April 30, 2016	\$ 23,427,990	12,276,206	11,151,784
Changes for the year:			
Service cost	462,606	-	462,606
Interest on the total pension liability	1,610,743	-	1,610,743
Differences between expected and actual experience of the total pension liability	276,567	-	276,567
Changes of assumptions	(1,144,868)	-	(1,144,868)
Contributions - employer	-	850,349	(850,349)
Contributions - employees	-	194,448	(194,448)
Net investment income	-	1,149,275	(1,149,275)
Benefit payments, including refunds of employee contributions	(834,742)	(834,742)	-
Other (net transfer)	-	(12,106)	12,106
Net changes	370,306	1,347,224	(976,918)
Balances at April 30, 2017	\$ 23,798,296	13,623,430	10,174,866
Police Pension Plan's fiduciary net position as a percentage of the total pension liability			
Beginning of the year	52.40%		
End of the year	57.25%		

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 27,509,837	23,798,296	20,807,540
Plan fiduciary net position	13,623,430	13,623,430	13,623,430
Net pension liability	\$ 13,886,407	10,174,866	7,184,110

**Pension Plan Fiduciary Net Position** – Detailed information about the Plan's April 30, 2017 fiduciary net position, depicted in this note, and related investment information is available in the April 30, 2017 annual financial report located on the City's website at [www.morrisil.org](http://www.morrisil.org).

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

For the year ended April 30, 2018, the City recognized pension expense of \$1,787,034. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ 240,224	160,277
Changes of assumptions	1,777,470	994,425
Net difference between projected and actual earnings on pension plan investments	541,131	226,409
Other changes in net pension liability	1,139,390	-
Total deferred amounts to be recognized in pension expense in future periods	3,698,215	1,381,111
Pension contributions made subsequent to the measurement date	1,085,076	-
Total deferred amounts related to pensions	\$ 4,783,291	1,381,111

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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:

Year Ending December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 762,290	-
2019	762,287	-
2020	729,470	-
2021	360,858	-
2022	-	114,100
Thereafter	-	183,701
Total	\$ 2,614,905	297,801

**NOTE 11: DEFINED BENEFIT PENSION PLAN-IMRF**

**A. General Information about Pension Plan**

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

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

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

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

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

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

***Employees Covered by benefit terms*** - As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries	50
Inactive, non-retired members	18
Active members	54
Total	<u>122</u>

***Contributions*** - As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 12.20%. For the fiscal year ended April 30, 2018, the City contributed \$360,965 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### **B. Net Pension Liability**

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

***Actuarial Assumptions*** - The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- 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 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.



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- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014 to 2016.
- 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 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.
- 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, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternative investments	7%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

**Single Discount Rate** - A Single Discount Rate of 7.50% 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).

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For the purpose of this valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

**C. Changes in the Net Pension Liability**

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

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 16,313,865	14,565,153	1,748,712
Changes for the year:			
Service cost	323,518	-	323,518
Interest on the total pension liability	1,215,723	-	1,215,723
Differences between expected and actual experience of the total pension liability	89,552	-	89,552
Changes of assumptions	(498,711)	-	(498,711)
Contributions - employer	-	367,818	(367,818)
Contributions - employees	-	155,955	(155,955)
Net investment income	-	2,445,736	(2,445,736)
Benefit payments, including refunds of employee contributions	(531,981)	(531,981)	-
Other (net transfer)	-	(151,903)	151,903
Net changes	598,101	2,285,625	(1,687,524)
Balances at December 31, 2017	\$ 16,911,966	16,850,778	61,188

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total pension liability	\$ 18,913,809	16,911,966	15,256,240
Plan fiduciary net position	16,850,778	16,850,778	16,850,778
Net pension liability	\$ 2,063,031	61,188	(1,594,538)

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

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

For the year ended April 30, 2018, the City recognized pension expense of \$55,578. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ 65,883	313,427
Changes of assumptions	4,451	385,203
Net difference between projected and actual earnings on pension plan investments	<u>436,802</u>	<u>1,087,483</u>
Total deferred amounts to be recognized in pension expense in future periods	507,136	1,786,113
Pension contributions made subsequent to the measurement date	111,175	-
Total deferred amounts related to pensions	<u><u>\$ 618,311</u></u>	<u><u>1,786,113</u></u>

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

<u>Year Ending December 31</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 382,469	-
2019	284,105	-
2020	340,533	-
2021	271,870	-
2022	-	-
Thereafter	-	-
Total	<u><u>\$ 1,278,977</u></u>	<u><u>-</u></u>

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**NOTE 12: AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS**

	Deferred Outflows of Resources- Pensions	Deferred Inflows of Resources- Pensions	Net Pension Liability	Pension Expense
Police Pension Plan	\$ 4,783,291	1,381,111	10,174,866	1,787,034
IMRF Pension Plan	618,311	1,786,113	61,188	55,578
Total Pension Plans	\$ 5,401,602	3,167,224	10,236,054	1,842,612
Social Security and Medicare Costs				296,120
Statement of Activities- Employee Retirement Costs				\$ 2,138,732

**NOTE 13: OTHER POST-EMPLOYMENT BENEFITS**

**A. General Information about OPEB Plan**

**Plan Description-**The City’s Other Postemployment Benefits (OPEB) Plan is a single-employer defined benefit plan administered by the City. The City provides postemployment benefits for eligible participants enrolled in the City sponsored plan. Benefits are provided in the form of an explicit subsidy where the City contributes towards the retiree premiums for police officers injured in the line of duty under the public safety employee benefits act (PSEBA) and an implicit rate subsidy under which retirees receive coverage by paying at a combined retiree/active rate. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City Council and can only be amended by the City Council through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

The May 1, 2016 GASB 45 reporting valuation is used for most of the following sections, except for OPEB obligation figures provided by the actuary in an interim year report for April 30, 2018 financial statement reporting purposes.

**Benefits Provided-**The City provides medical, dental, vision and life benefits to eligible retirees and their dependents at the blended employee rate to all eligible retirees. To be eligible for benefits, an employee must qualify for retirement under the City’s IMRF plan, police pension plan, or meet COBRA requirements.

All health care benefits are provided through the City’s health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions.

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**Employees Covered by benefit terms** - As of April 30, 2017, the following employees were covered by the benefit terms:

Active plan members fully eligible to retire	21
Active plan members not yet fully eligible to retire	52
Retirees and dependents currently receiving benefits	5
Total	78

**Funding Policy** - The City contributes 100% for all PSEBA eligible disabled police officers. All other retirees are responsible for paying the full monthly premiums, which may result in an implicit contribution as defined by GASB Statement No. 45. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. The General Fund typically has been used to liquidate the OPEB obligation.

**B. Annual OPEB Costs and Net OPEB Obligation**

The City had a GASB 45 reporting valuation performed under the alternative measurement method as of May 1, 2016 to determine the funded status of the plan as of that date as well as the employer’s annual required contribution (ARC) for the fiscal year ended April 30, 2017. In addition, the actuary provided an interim year report for April 30, 2018 financial statement reporting purposes. The results of the interim report correctly assume that no significant changes have been made to the retiree medical program rendering a full valuation unnecessary. According to the interim report, the City's annual OPEB cost (expense) was \$66,426, while the Annual Required Contribution (ARC) was \$66,450 for the fiscal year ended April 30, 2018. The City's OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for April 30, 2017 and 2018 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
04/30/18	\$ 66,426	70,641	106%	(7,802)
04/30/17	63,894	67,481	106%	(3,587)
04/30/16	N/A	N/A	N/A	N/A

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The net OPEB obligation of April 30, 2018 was calculated as follows:

Annual required contribution	\$ 66,450
Interest on net pension obligation	(143)
Adjustment to annual required contribution	<u>119</u>
Annual OPEB cost	66,426
Contributions made	<u>(70,641)</u>
Increase in net OPEB asset	(4,215)
Net OPEB obligation, beginning of year	<u>(3,587)</u>
Net OPEB obligation/(asset), end of year	<u><u>\$ (7,802)</u></u>

**C. Funded Status and Funding Progress**

The funded status of the plan as of May 1, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 1,006,251
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,006,251</u></u>
Funded ratio (Actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,007,688
UAAL as a percentage of covered payroll	20.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Because this is the initial computation, no required schedule of funding progress is presented as Other Information following the notes to the financial statements. In future years, as new computations are provided, the presentation of multi-year trend information will show whether the actuarial value of Plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

The actuarial results are based on the May 1, 2016 valuation date. Actuarial calculations were estimated based on this valuation date with the following methods and assumptions:

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## Notes to Basic Financial Statements April 30, 2018

**Methods and Assumptions:**

Actuarial Cost Method:	Entry age normal
Actuarial Valuation Method:	Alternate measurement method
Amortization Method:	Level percentage of payroll
Amortization Period:	30 years
Asset Valuation Method:	Not Applicable
Compensation Growth:	4.00%
Price Inflation:	2.50%
Discount Rate:	4.00%
Average Retirement Age:	The greater of age 60 or retirement requirements for IMRF employees The greater of age 54 or retirement requirements for Police Officers
Termination/Turnover Rates	Default Turnover assumptions based on paragraph 35b, Table 1 of GASB 45
Mortality	Life expectancies used were from the CDC National Vital Statistics report for 2014 and were applied on a sex distinct basis. The life expectancies reflect current studies (Paragraph 34d of GASB 45).
Starting Per Capita Costs:	Annual BCBS PPO premium rates provided by the City and are adjusted for "implicit" cost of covering retirees per the table provided for the Alternative Measurement Method in GASB 45.

	Retiree	Spouse
IMRF - Under 65	22,621	21,188
IMRF - Age 65 & Over	8,750	8,750
Police - Under 65	19,352	18,126
Police - Age 65 & Over	8,461	8,461

Health Care Trend Rate:	The initial trend rate is based on the 2017 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range. (Paragraph 34f of GASB 45)
BCBS PPO Plan(Pre-65):	Initial rate of 7.60% grading uniformly over 10 years to a 5.0% ultimate rate.
BCBS PPO Plan(Post-65):	Constant rate of 3.0% for all future years.
Dental Plan:	Constant rate of 4.1% for all future years.
Vision Plan:	Constant rate of 2.6% for all future years.
Life Plan:	No increases in premiums for all future years.

Retiree Contributions:	Based upon annual premiums.	
	Retiree	Spouse
BCBS PPO - Under 65	13,076	12,247
BCBS PPO - Age 65 & Over	7,232	7,232
Dental - Under 65 & Over	383	415
Vision - Under 65 & Over	58	55
Life Ins 6,000 - Under 65 & Over	41	N/A
Life Ins 12,000 - Under 65 & Over	82	N/A

Participation/Election Assumption:	10.0%, assumption chosen by City since the coverage is so cost prohibitive.
Spousal Coverage:	50.0%
Retiree Lapse Rates:	0%, as retirees tend to continue coverage once Medicare eligible due to the reduction in coverage cost.

# CITY OF MORRIS, ILLINOIS

## Notes to Basic Financial Statements April 30, 2018

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

### **NOTE 14: 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. During the prior fiscal year ended April 30, 2017, the City implemented GASB Statement No. 77. 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 for the 2017 levy year total only \$3,801.
- 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.
- 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 of 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, 2018 total \$1,338,947.



**CITY OF MORRIS, ILLINOIS**

Notes to Basic Financial Statements  
April 30, 2018

**NOTE 15: RESTRICTED NET ASSETS**

Restricted net assets balances reported on the government-wide statement of net position at April 30, 2018 includes the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Transportation/public works	\$ 6,952,945	1,024,848	7,977,793
Community development	1,234,656	-	1,234,656
Health & sanitation	579,641	-	579,641
Culture & recreation	543,566	-	543,566
Employee retirement costs	354,369	-	354,369
General government	221,000	-	221,000
Law enforcement	91,037	-	91,037
Debt Service	-	7,192	7,192
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total restricted	<u>\$ 9,977,214</u>	<u>1,032,040</u>	<u>11,009,254</u>

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

**NOTE 16: FUND BALANCES**

Governmental fund balances reported on the fund financial statements at April 30, 2018 includes the following:

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Marina Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Transportation/public works	\$ -	4,197,092	1,128,105	1,627,748	6,952,945
Community development	-	100,000	-	1,134,656	1,234,656
Health & sanitation	-	-	-	579,641	579,641
Culture & recreation	-	150,000	-	393,566	543,566
Employee retirement costs	-	-	-	354,369	354,369
General government	-	221,000	-	-	221,000
Law enforcement	-	-	-	91,037	91,037
Total restricted	<u>                    </u>	<u>4,668,092</u>	<u>1,128,105</u>	<u>4,181,017</u>	<u>9,977,214</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Unassigned</b>	<u>8,293,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,293,976</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>\$ 8,293,976</u>	<u>4,668,092</u>	<u>1,128,105</u>	<u>4,181,017</u>	<u>18,271,190</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  
April 30, 2018

**NOTE 17: RESTATEMENT-PRIOR PERIOD ADJUSTMENT**

**Government-Wide Statement of Activities**

During the current fiscal year, the City hired a new actuary to perform computations related to the police pension fund. As a result of the firm's computations, it was discovered that prior information provided to the City contained computational discrepancies. The correction, noted below, is due to the fact that the pension expense the prior actuary was reporting, which ended up being booked in prior financial statements, did not agree to the total changes in net pension liability that were being reported. The current actuary has corrected this error which is reflected in the information provided to the City. The correction is currently shown as a deferred outflow of resources and has been elected to be amortized over the next five years.

The governmental funds financial statements were not affected by this restatement. The following beginning balances have been restated in the fiscal year ended April 30, 2018 as follows:

<u>Fund Type/Account Description</u>	<u>Balance April 30, 2017</u>	<u>Retroactive Restatement</u>	<u>Balance May 1, 2017</u>
Governmental activities:			
Deferred outflows of resources- police pension	\$ 3,824,036	1,463,185	5,287,221
Net position - beginning	<u>(38,167,755)</u>	<u>(1,463,185)</u>	<u>(39,630,940)</u>
	<u>\$ (34,343,719)</u>	<u>-</u>	<u>(34,343,719)</u>

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

Fiscal year ending April 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Total pension liability</b>										
Service cost	\$ 462,606	527,656	476,599							
Interest on the total pension liability	1,610,743	1,425,267	1,263,077							
Benefit changes	-	-	-							
Differences between expected and actual experience	276,567	(133,043)	(142,339)							
Assumption changes	(1,144,868)	1,615,620	1,396,152							
Benefit payments and refunds	(834,742)	(736,933)	(616,037)							
<b>Net change in total pension liability</b>	<u>370,306</u>	<u>2,698,567</u>	<u>2,377,452</u>							
<b>Total pension liability-beginning</b>	<u>23,427,990</u>	<u>20,729,423</u>	<u>18,351,971</u>							
<b>Total pension liability-ending (a)</b>	<u><b>\$ 23,798,296</b></u>	<u><b>23,427,990</b></u>	<u><b>20,729,423</b></u>							
<b>Plan fiduciary net position</b>										
Employer contributions	\$ 850,349	695,513	695,513							
Employee contributions	194,448	184,586	193,488							
Pension plan net investment income	1,149,275	103,727	671,503							
Benefit payments and refunds	(834,742)	(736,933)	(616,037)							
Other	(12,106)	(13,833)	(12,384)							
<b>Net change in plan fiduciary net position</b>	<u>1,347,224</u>	<u>233,060</u>	<u>932,083</u>							
<b>Plan fiduciary net position-beginning</b>	<u>12,276,206</u>	<u>12,043,146</u>	<u>11,111,063</u>							
<b>Plan fiduciary net position-ending (b)</b>	<u><b>\$ 13,623,430</b></u>	<u><b>12,276,206</b></u>	<u><b>12,043,146</b></u>							
<b>Net pension liability-ending (a) - (b)</b>	<u><b>\$ 10,174,866</b></u>	<u><b>11,151,784</b></u>	<u><b>8,686,277</b></u>							
Plan fiduciary net position as a percentage of total pension liability	57.25%	52.40%	58.10%							
Covered valuation payroll	\$ 1,927,941	1,887,973	1,931,530							
Net pension liability as a percentage of covered valuation payroll	527.75%	590.67%	449.71%							

Notes to Schedule:

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

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

Calendar year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Total pension liability</b>										
Service cost	\$ 323,518	326,423	332,089							
Interest on the total pension liability	1,215,723	1,193,706	1,154,965							
Benefit changes	-	-	-							
Differences between expected and actual experience	89,552	(535,715)	(289,758)							
Assumption changes	(498,711)	(39,276)	20,234							
Benefit payments and refunds	(531,981)	(853,392)	(498,912)							
<b>Net change in total pension liability</b>	<u>598,101</u>	<u>91,746</u>	<u>718,618</u>							
<b>Total pension liability-beginning</b>	<u>16,313,865</u>	<u>16,222,119</u>	<u>15,503,501</u>							
<b>Total pension liability-ending (a)</b>	<u><b>\$ 16,911,966</b></u>	<u><b>16,313,865</b></u>	<u><b>16,222,119</b></u>							
<b>Plan fiduciary net position</b>										
Employer contributions	\$ 367,818	361,233	343,572							
Employee contributions	155,955	128,200	129,538							
Pension plan net investment income	2,445,736	948,357	70,089							
Benefit payments and refunds	(531,981)	(853,392)	(498,912)							
Other	(151,903)	165,739	(260,055)							
<b>Net change in plan fiduciary net position</b>	<u>2,285,625</u>	<u>750,137</u>	<u>(215,768)</u>							
<b>Plan fiduciary net position-beginning</b>	<u>14,565,153</u>	<u>13,815,016</u>	<u>14,030,784</u>							
<b>Plan fiduciary net position-ending (b)</b>	<u><b>\$ 16,850,778</b></u>	<u><b>14,565,153</b></u>	<u><b>13,815,016</b></u>							
<b>Net pension liability-ending (a) - (b)</b>	<u><b>\$ 61,188</b></u>	<u><b>1,748,712</b></u>	<u><b>2,407,103</b></u>							
Plan fiduciary net position as a percentage of total pension liability	99.64%	89.28%	85.16%							
Covered valuation payroll	\$ 3,014,910	2,848,846	2,853,592							
Net pension liability as a percentage of covered valuation payroll	2.03%	61.38%	84.35%							

Notes to Schedule:

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

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

<b>Fiscal Year Ended April</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual as a Percentage of Covered Valuation</b>
2017	850,349	850,349	-	1,927,941	44.10%
2016	695,513	695,513	-	1,887,973	36.84%
2015	658,445	658,445	-	1,931,530	34.09%
2014-2008					

**Notes to Schedule**

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

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate**

**Valuation Date:**

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

**Methods and Assumptions Used to determine 2017 Contribution Rates:**

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	100% funded, 16-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:	Retirement Rates are based on Lauterbach & Amen 2016 Illinois police retirement rates capped at age 65.
Disability/Withdrawal Rates:	Disability and termination rates were based on Lauterbach & Amen 2016 Illinois police rates.
Married Participants:	Marital status assumption – 80% married, female spouses assumed 4 years younger.
Mortality-Active Members:	Active mortality follows the 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:	Retiree mortality follows the Lauterbach & Amen assumption study for police 2016. These rates are experience weighted with raw rates as developed in the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates.
Mortality-Disabled Retirees:	Disabled mortality follows the sex distinct raw rates as developed in the RP-2014 study for disabled participants, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.
Mortality-Spouse:	Spouse mortality follows the sex distinct raw rates as developed in the RP-2014 study. These rates are improved generationally using MP-2016 improvement rates.
Other Information:	There were no benefit changes during the year.

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

<b>Calendar Year Ended December</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual as a Percentage of Covered Valuation</b>
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%
2014-2008					

**Notes to Schedule**

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

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\***

**Valuation Date:**

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

**Methods and Assumptions Used to determine 2017 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality-Non Disabled Retirees	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
Mortality-Disabled Retirees	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives.
Mortality-Active Members	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

\* Based on valuation assumptions used in the December 31, 2015, actuarial valuation

**CITY OF MORRIS, ILLINOIS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
<b>Revenues</b>						
Taxes:						
Property taxes:						
General corporate purposes	\$ 130,924	130,924	130,882	-	130,882	(42)
TIF District reimbursement	38,000	38,000	38,342	-	38,342	342
Police protection	75,000	75,000	44,985	-	44,985	(30,015)
Police pension	1,085,076	1,085,076	1,084,663	-	1,084,663	(413)
Township road and bridge	78,000	78,000	80,415	-	80,415	2,415
Total property taxes	1,407,000	1,407,000	1,379,287	-	1,379,287	(27,713)
Municipal sales tax:						
Municipal sales tax	4,800,000	4,800,000	4,892,750	(361,925)	4,530,825	(269,175)
Municipal sales tax-reimbursable	130,000	130,000	1,492,413	-	1,492,413	1,362,413
Local use tax	344,900	344,900	359,174	(5,440)	353,734	8,834
Intergovernmental:						
Illinois income tax	1,377,236	1,377,236	1,240,795	203,603	1,444,398	67,162
Illinois replacement income tax	100,000	100,000	95,228	(3,192)	92,036	(7,964)
Gaming taxes	250,000	250,000	255,140	(259)	254,881	4,881
Reimbursements/ grants	25,000	25,000	58,991	-	58,991	33,991
Licenses and permits:						
Liquor licenses	51,650	51,650	49,225	-	49,225	(2,425)
Other licenses	13,464	13,464	13,249	-	13,249	(215)
Contractor licenses	43,000	43,000	41,900	-	41,900	(1,100)
Building permits	25,100	25,100	15,498	-	15,498	(9,602)
Demolition permits	300	300	300	-	300	-
Franchise fees:						
Cable TV franchise fees	210,000	210,000	195,535	2,566	198,101	(11,899)
Telephone franchise fees	12,000	12,000	9,783	-	9,783	(2,217)
Services:						
Swimming pool fees	98,300	98,300	94,892	-	94,892	(3,408)
Senior van rider fees	1,100	1,100	1,056	-	1,056	(44)
Building inspection fees	12,000	12,000	13,255	-	13,255	1,255
Plumbing inspection fees	10,000	10,000	7,075	-	7,075	(2,925)
Electrical inspection fees	3,000	3,000	280	-	280	(2,720)
Public hearing/zoning fees	6,250	6,250	4,500	-	4,500	(1,750)
Fines	158,000	158,000	133,875	621	134,496	(23,504)
Interest income	4,000	4,000	3,689	-	3,689	(311)
Other revenues:						
Miscellaneous revenue	64,100	64,100	38,551	(13,111)	25,440	(38,660)
Developer reimbursements	160,000	160,000	44,094	-	44,094	(115,906)
Various reimbursements	181,800	181,800	177,030	34,000	211,030	29,230
Sale of property	15,000	15,000	71,760	(34,000)	37,760	22,760
Total revenues	9,503,200	9,503,200	10,689,325	(177,137)	10,512,188	1,008,988

See notes to required supplementary information.

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Total revenues(carried forward)	\$ 9,503,200	9,503,200	10,689,325	(177,137)	10,512,188	1,008,988
<b>Expenditures</b>						
Current:						
General government	2,630,407	2,637,207	3,321,126	(786,229)	2,534,897	102,310
Public safety	4,628,070	4,628,070	4,011,201	8,203	4,019,404	608,666
Transportation & public service	2,604,510	2,604,510	1,976,522	5,057	1,981,579	622,931
Culture & recreation	754,635	754,635	558,642	(1,468)	557,174	197,461
Employee retirement costs	1,085,076	1,085,076	1,085,076	-	1,085,076	-
Capital outlay	1,127,350	1,120,550	711,279	-	711,279	409,271
Total expenditures	12,830,048	12,830,048	11,663,846	(774,437)	10,889,409	1,940,639
Excess of revenues over (under) expenditures	(3,326,848)	(3,326,848)	(974,521)	597,300	(377,221)	2,949,627
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(104,100)	(104,100)	-	-	-	104,100
Net transfers	(104,100)	(104,100)	-	-	-	104,100
Net change in fund balances	(3,430,948)	(3,430,948)	(974,521)	597,300	(377,221)	3,053,727
Fund balances-beginning	6,721,802	6,721,802	9,268,497	(2,314,964)	6,953,533	231,731
Fund balances-ending	\$ 3,290,854	3,290,854	8,293,976	(1,717,664)	6,576,312	3,285,458
<b>Explanation of differences:</b>						
Fund balance-ending budget (cash) basis					\$ 6,576,312	
To adjust to GAAP basis revenues for changes in accounts receivable					225,025	
To adjust to GAAP basis expenditures for changes in unavailable income					(61,000)	
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					(761,325)	
The amount reported as "Fund balances-beginning on the budgetary cash basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balances-ending reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above					2,314,964	
Fund balance-GAAP basis					\$ 8,293,976	

See notes to required supplementary information.



**CITY OF MORRIS, ILLINOIS**  
**TAX INCREMENT FINANCING FUND I**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Incremental property tax	\$ 4,533,450	4,533,450	4,609,583	-	4,609,583	76,133
Principal-CBTDP LLC	25,272	25,272	25,272	-	25,272	-
Interest-CBTDP LLC	11,151	11,151	11,151	-	11,151	-
Principal-Living Waters Church	7,842	7,842	7,843	-	7,843	1
Interest-Living Waters Church	296	296	296	-	296	-
Interest income	6,800	6,800	13,502	-	13,502	6,702
Miscellaneous income	500	500	6,001	(6,001)	-	(500)
Total revenues	<u>4,585,311</u>	<u>4,585,311</u>	<u>4,673,648</u>	<u>(6,001)</u>	<u>4,667,647</u>	<u>82,336</u>
<b>Expenditures</b>						
General government:						
Accounting services	1,000	1,000	63	-	63	937
Engineering services	90,000	90,000	69,004	17,134	86,138	3,862
Legal services	40,000	40,000	23,024	-	23,024	16,976
Other professional services	40,000	40,000	900	-	900	39,100
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
Total general government	<u>176,000</u>	<u>176,000</u>	<u>92,991</u>	<u>17,134</u>	<u>110,125</u>	<u>65,875</u>
Community development:						
Loan/grant distributions	125,000	125,000	-	-	-	125,000
Reimbursement-taxing districts	2,266,725	2,304,725	2,304,503	-	2,304,503	222
Total community development	<u>2,391,725</u>	<u>2,429,725</u>	<u>2,304,503</u>	<u>-</u>	<u>2,304,503</u>	<u>125,222</u>
Capital outlay:						
Land purchases	20,000	20,000	-	-	-	20,000
Parks improvements	100,000	100,000	92,236	-	92,236	7,764
Building construction/improv.	250,000	250,000	26,742	-	26,742	223,258
Demolition of buildings	40,000	40,000	-	-	-	40,000
Bulk fuel storage facility	25,000	25,000	-	-	-	25,000
Sewerage treatment plant	350,000	350,000	226,990	(15,541)	211,449	138,551
Swimming pool/tennis courts	75,000	75,000	12,182	(6,364)	5,818	69,182
Equipment	600,000	600,000	365,539	-	365,539	234,461
Water system & well improv.	450,000	450,000	65,351	31,100	96,451	353,549
Water tower	10,000	10,000	-	-	-	10,000
Sanitary sewer systems	50,000	50,000	708	-	708	49,292
Street construction	325,000	325,000	241,729	-	241,729	83,271
Storm sewer construction	20,000	20,000	-	-	-	20,000
Street lighting improv.	30,000	30,000	28,528	(757)	27,771	2,229
Traffic signals	80,000	80,000	4,488	517	5,005	74,995
Off street parking	25,000	25,000	-	-	-	25,000
Downtown development	75,000	37,000	14,191	-	14,191	22,809
Provision for contingency	100,000	100,000	-	-	-	100,000
Total capital outlay	<u>2,625,000</u>	<u>2,587,000</u>	<u>1,078,684</u>	<u>8,955</u>	<u>1,087,639</u>	<u>1,499,361</u>
Total expenditures	<u>5,192,725</u>	<u>5,192,725</u>	<u>3,476,178</u>	<u>26,089</u>	<u>3,502,267</u>	<u>1,690,458</u>

See notes to required supplementary information.

**CITY OF MORRIS, ILLINOIS**  
**TAX INCREMENT FINANCING FUND I**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Excess of revenues over (under) expenditures	\$ (607,414)	(607,414)	1,197,470	(32,090)	1,165,380	1,772,794
<b>Other Financing Sources (Uses)</b>						
Transfers to Marina TIF Fund	<u>(4,235,000)</u>	<u>(4,235,000)</u>	<u>(1,400,000)</u>	<u>-</u>	<u>(1,400,000)</u>	<u>2,835,000</u>
Net change in fund balances	(4,842,414)	(4,842,414)	(202,530)	(32,090)	(234,620)	4,607,794
Fund balances-beginning	<u>4,915,198</u>	<u>4,915,198</u>	<u>4,870,622</u>	<u>55,353</u>	<u>4,925,975</u>	<u>10,777</u>
Fund balances-ending	<u>\$ 72,784</u>	<u>72,784</u>	<u>4,668,092</u>	<u>23,263</u>	<u>4,691,355</u>	<u>4,618,571</u>
<b>Explanation of differences:</b>						
Fund balance-ending budget (cash) basis					\$ 4,691,355	
To adjust to GAAP basis revenues for changes in receivables					204,387	
To adjust to GAAP basis expenditures for changes in unavailable income					(198,385)	
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					26,088	
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>(55,353)</u>	
Fund balance-GAAP basis					<u>\$ 4,668,092</u>	

See notes to required supplementary information.

**CITY OF MORRIS, ILLINOIS**  
**MARINA TAX INCREMENT FINANCING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
<b>Revenues</b>						
Incremental property tax	\$ 2,500	2,500	5,284	-	5,284	2,784
Miscellaneous income	-	-	60,331	-	60,331	60,331
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>65,615</u>	<u>-</u>	<u>65,615</u>	<u>63,115</u>
<b>Expenditures</b>						
General government:						
Accounting services	1,000	1,000	-	-	-	1,000
Engineering services	70,000	70,000	7,689	8,390	16,079	53,921
Other professional services	10,000	10,000	5,944	-	5,944	4,056
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
Total general government	<u>82,000</u>	<u>82,000</u>	<u>13,633</u>	<u>8,390</u>	<u>22,023</u>	<u>59,977</u>
Environment:						
Legal services	70,000	70,000	14,182	(7,878)	6,304	63,696
CLC closure expenses	3,400,000	3,400,000	95,725	(6,713)	89,012	3,310,988
Total environment	<u>3,470,000</u>	<u>3,470,000</u>	<u>109,907</u>	<u>(14,591)</u>	<u>95,316</u>	<u>3,374,684</u>
Community development:						
Reimbursement-taxing districts	2,500	2,500	1,585	-	1,585	915
Capital outlay:						
Land purchases	1,000	1,000	-	-	-	1,000
Building construction/improv.	1,000	1,000	-	-	-	1,000
Demolition of buildings	1,000	1,000	-	-	-	1,000
Sewerage treatment plant	800,000	800,000	272,252	209,745	481,997	318,003
Equipment	15,000	15,000	-	-	-	15,000
Water tower	1,000	1,000	-	-	-	1,000
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 improv.	1,000	1,000	-	-	-	1,000
Provision for contingency	100,000	100,000	-	-	-	100,000
Total capital outlay	<u>923,000</u>	<u>923,000</u>	<u>272,252</u>	<u>209,745</u>	<u>481,997</u>	<u>441,003</u>
Total expenditures	<u>4,477,500</u>	<u>4,477,500</u>	<u>397,377</u>	<u>203,544</u>	<u>600,921</u>	<u>3,876,579</u>
Excess of revenues over (under) expenditures	(4,475,000)	(4,475,000)	(331,762)	(203,544)	(535,306)	3,939,694
<b>Other Financing Sources (Uses)</b>						
Transfers from TIF I	4,325,000	4,325,000	1,400,000	-	1,400,000	(2,925,000)
Net change in fund balances	(150,000)	(150,000)	1,068,238	(203,544)	864,694	1,014,694
Fund balances-beginning	282,872	282,872	59,867	238,174	298,041	15,169
Fund balances-ending	<u>\$ 132,872</u>	<u>132,872</u>	<u>1,128,105</u>	<u>34,630</u>	<u>1,162,735</u>	<u>1,029,863</u>

See notes to required supplementary information.

**CITY OF MORRIS, ILLINOIS**  
**MARINA TAX INCREMENT FINANCING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

**Explanation of differences:**

Fund balance-ending budget (cash) basis	\$ 1,162,735
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	203,544
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	(238,174)
Fund balance-GAAP basis	\$ 1,128,105

See notes to required supplementary information.

# CITY OF MORRIS, ILLINOIS

## Notes to Required Supplementary Information April 30, 2018

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

1. Prior to 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 typewritten form in the office of the City Clerk for at least ten days prior to the passage.
2. Prior to May 1<sup>st</sup>, the annual budget is legally adopted through 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 17, 2017.

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

**CITY OF MORRIS, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
APRIL 30, 2018**

	<b>Special Revenue</b>				
	<b>Illinois Municipal Retirement Fund</b>	<b>Motor Fuel Tax Fund</b>	<b>Sanitary Landfill Contingency Fund</b>	<b>West Route 6 Special Assessment Fund</b>	<b>Park and Civic Improvements Fund</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 345,472	1,585,737	273,037	10,795	162,802
Restricted cash and cash equivalents	-	-	-	-	-
Receivables:					
Property taxes	567,000	-	-	-	-
Other taxes	8,897	31,216	-	-	-
Fines	-	-	-	-	-
Loans receivable-current	-	-	-	-	-
Loans receivable-long term	-	-	-	-	-
<b>Total assets</b>	<b>\$ 921,369</b>	<b>1,616,953</b>	<b>273,037</b>	<b>10,795</b>	<b>162,802</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accrued expenses	\$ -	-	-	-	7,032
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	567,000	-	-	-	-
Unavailable revolving loan revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>567,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances-</b>					
Restricted	354,369	1,616,953	273,037	10,795	155,770
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 921,369</b>	<b>1,616,953</b>	<b>273,037</b>	<b>10,795</b>	<b>162,802</b>

**CITY OF MORRIS, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
APRIL 30, 2018**

	<u>Special Revenue</u>				
	<u>Solid Waste Fund</u>	<u>Motel Tax Fund</u>	<u>Drug Fine and Forfeiture Fund</u>	<u>Community Development Loan Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 306,652	215,316	88,757	-	2,988,568
Restricted cash and cash equivalents	-	-	-	1,134,656	1,134,656
Receivables:					
Property taxes	-	-	-	-	567,000
Other taxes	-	22,480	-	-	62,593
Fines	-	-	2,280	-	2,280
Loans receivable-current	-	-	-	1,045	1,045
Loans receivable-long term	-	-	-	134,615	134,615
	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,615</u>	<u>134,615</u>
Total assets	<u>\$ 306,652</u>	<u>237,796</u>	<u>91,037</u>	<u>1,270,316</u>	<u>4,890,757</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
Liabilities:					
Accrued expenses	\$ 48	-	-	-	7,080
	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,080</u>
Deferred inflows of resources:					
Unavailable property tax revenue	-	-	-	-	567,000
Unavailable revolving loan revenue	-	-	-	135,660	135,660
	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,660</u>	<u>135,660</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,660</u>	<u>702,660</u>
Fund Balances-					
Restricted	<u>306,604</u>	<u>237,796</u>	<u>91,037</u>	<u>1,134,656</u>	<u>4,181,017</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 306,652</u>	<u>237,796</u>	<u>91,037</u>	<u>1,270,316</u>	<u>4,890,757</u>

**CITY OF MORRIS, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	Special Revenue				
	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund	Park and Civic Improvements Fund
<b>Revenues</b>					
Property taxes	\$ 571,799	-	-	-	-
Other local taxes	-	-	-	-	-
Intergovernmental	42,726	361,134	-	-	-
Fines	-	-	-	-	-
Interest income	262	1,920	137	5	81
Miscellaneous	-	-	-	-	8,307
<b>Total revenues</b>	<b>614,787</b>	<b>363,054</b>	<b>137</b>	<b>5</b>	<b>8,388</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Transportation & public service	-	30,349	-	-	-
Culture & recreation	-	-	-	-	7,032
Environment	-	-	-	-	-
Employee retirement costs	657,084	-	-	-	-
Capital outlay	-	378,777	-	-	9,408
<b>Total expenditures</b>	<b>657,084</b>	<b>409,126</b>	<b>-</b>	<b>-</b>	<b>16,440</b>
Excess of revenues over (under) expenditures	(42,297)	(46,072)	137	5	(8,052)
Fund balances-beginning	396,666	1,663,025	272,900	10,790	163,822
Fund balances-ending	<u>\$ 354,369</u>	<u>1,616,953</u>	<u>273,037</u>	<u>10,795</u>	<u>155,770</u>



**CITY OF MORRIS, ILLINOIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Solid Waste Tax Fund</b>	<b>Motel Tax Fund</b>	<b>Drug Fine and Forfeiture Fund</b>	<b>Community Development Loan Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>					
Property taxes	-	-	-	-	571,799
Other local taxes	\$ -	286,886	-	-	286,886
Intergovernmental	-	-	-	-	403,860
Fines	-	-	30,812	-	30,812
Interest income	155	191	39	1,209	3,999
Miscellaneous	-	5,000	330	1,014	14,651
<b>Total revenues</b>	<b>155</b>	<b>292,077</b>	<b>31,181</b>	<b>2,223</b>	<b>1,312,007</b>
<b>Expenditures</b>					
Current:					
Public Safety	-	-	10,474	-	10,474
Transportation & public service	-	-	-	-	30,349
Culture & recreation	-	254,477	-	-	261,509
Environment	2,438	-	-	-	2,438
Employee retirement costs	-	-	-	-	657,084
Capital outlay	-	48,498	119	-	436,802
<b>Total expenditures</b>	<b>2,438</b>	<b>302,975</b>	<b>10,593</b>	<b>-</b>	<b>1,398,656</b>
Excess of revenues over (under) expenditures	(2,283)	(10,898)	20,588	2,223	(86,649)
Fund balances-beginning	308,887	248,694	70,449	1,132,433	4,267,666
Fund balances-ending	\$ 306,604	237,796	91,037	1,134,656	4,181,017

**CITY OF MORRIS, ILLINOIS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Property taxes	\$ 572,000	572,000	571,799	-	571,799	(201)
Replacement income tax	62,304	62,304	42,726	(989)	41,737	(20,567)
Interest income	275	275	262	-	262	(13)
<b>Total revenues</b>	<b>634,579</b>	<b>634,579</b>	<b>614,787</b>	<b>(989)</b>	<b>613,798</b>	<b>(20,781)</b>
<b>Expenditures</b>						
Employee retirement costs:						
Contributions to Social Security Retirement System-City's share of social security cost	221,100	221,100	213,080	-	213,080	8,020
Contributions to Social Security Retirement System-City's share of medicare cost	107,950	107,950	83,039	-	83,039	24,911
Contributions to Illinois Municipal Retirement System-City's share of municipal retirement cost	433,175	433,175	360,965	-	360,965	72,210
<b>Total expenditures</b>	<b>762,225</b>	<b>762,225</b>	<b>657,084</b>	<b>-</b>	<b>657,084</b>	<b>105,141</b>
Excess of revenues over (under) expenditures	(127,646)	(127,646)	(42,297)	(989)	(43,286)	84,360
Fund balances-beginning	385,031	385,031	396,666	(7,908)	388,758	3,727
Fund balances-ending	\$ 257,385	257,385	354,369	(8,897)	345,472	88,087

**CITY OF MORRIS, ILLINOIS**  
**MOTOR FUEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Motor fuel tax	\$ 351,125	351,125	348,168	(1,361)	346,807	(4,318)
High growth allotment	13,100	13,100	12,966	-	12,966	(134)
Interest income	1,850	1,850	1,920	-	1,920	70
<b>Total revenues</b>	<b>366,075</b>	<b>366,075</b>	<b>363,054</b>	<b>(1,361)</b>	<b>361,693</b>	<b>(4,382)</b>
<b>Expenditures</b>						
Transportation services:						
Engineering services	175,000	175,000	30,349	-	30,349	144,651
Maintenance-streets	10,000	10,000	-	-	-	10,000
Maintenance-sidewalks	15,000	15,000	-	-	-	15,000
<b>Total transportation services</b>	<b>200,000</b>	<b>200,000</b>	<b>30,349</b>	<b>-</b>	<b>30,349</b>	<b>169,651</b>
Capital outlay:						
Improvements-streets	1,030,000	1,030,000	378,777	-	378,777	651,223
Improvements-bridges	100,000	100,000	-	-	-	100,000
Storm sewer construction	20,000	20,000	-	-	-	20,000
<b>Total capital outlay</b>	<b>1,150,000</b>	<b>1,150,000</b>	<b>378,777</b>	<b>-</b>	<b>378,777</b>	<b>771,223</b>
<b>Total expenditures</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>409,126</b>	<b>-</b>	<b>409,126</b>	<b>940,874</b>
Excess of revenues over (under) expenditures	(983,925)	(983,925)	(46,072)	(1,361)	(47,433)	936,492
Fund balances-beginning	1,633,162	1,633,162	1,663,025	(29,856)	1,633,169	7
Fund balances-ending	\$ 649,237	649,237	1,616,953	(31,217)	1,585,736	936,499

**CITY OF MORRIS, ILLINOIS**  
**SANITARY LANDFILL CONTINGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Interest income	\$ 140	140	137	-	137	(3)
<b>Expenditures</b>						
Environment:						
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
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
Total environment	37,200	37,200	-	-	-	37,200
Capital outlay-						
Landfill improv/closure costs	235,500	235,500	-	-	-	235,500
Total expenditures	272,700	272,700	-	-	-	272,700
Excess of revenues over (under) expenditures	(272,560)	(272,560)	137	-	137	272,697
Fund balances-beginning	272,901	272,901	272,900	-	272,900	(1)
Fund balances-ending	\$ 341	341	273,037	-	273,037	272,696

**CITY OF MORRIS, ILLINOIS**  
**WEST ROUTE 6 SPECIAL ASSESSMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Acreage fees	\$ 2,000	2,000	-	-	-	(2,000)
Interest income	5	5	5	-	5	-
<b>Total revenues</b>	<b>2,005</b>	<b>2,005</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>(2,000)</b>
<b>Expenditures</b>						
Transportation services:						
Engineering services	2,500	2,500	-	-	-	2,500
Miscellaneous expense	2,500	2,500	-	-	-	2,500
<b>Total transportation services</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
Capital outlay-						
Improvements-West Rte. 6	7,500	7,500	-	-	-	7,500
<b>Total expenditures</b>	<b>12,500</b>	<b>12,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,500</b>
Excess of revenues over (under) expenditures	(10,495)	(10,495)	5	-	5	10,500
Fund balances-beginning	10,790	10,790	10,790	-	10,790	-
Fund balances-ending	\$ 295	295	10,795	-	10,795	10,500

**CITY OF MORRIS, ILLINOIS**  
**PARK AND CIVIC IMPROVEMENTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Park site zoning fees	\$ 5,000	5,000	8,307	-	8,307	3,307
Interest income	90	90	81	-	81	(9)
Miscellaneous income	500	500	-	-	-	(500)
<b>Total revenues</b>	<b>5,590</b>	<b>5,590</b>	<b>8,388</b>	<b>-</b>	<b>8,388</b>	<b>2,798</b>
<b>Expenditures</b>						
Culture and recreation:						
Engineering services	2,000	2,000	7,032	(7,032)	-	2,000
Legal services	2,000	2,000	-	-	-	2,000
Other professional services	2,000	2,000	-	-	-	2,000
Printing/publishing/ads	1,000	1,000	-	-	-	1,000
Miscellaneous expense	1,000	1,000	-	-	-	1,000
Miscellaneous donations	10,000	10,000	-	-	-	10,000
<b>Total culture and recreation</b>	<b>18,000</b>	<b>18,000</b>	<b>7,032</b>	<b>(7,032)</b>	<b>-</b>	<b>18,000</b>
Capital outlay:						
Land purchase/improvement	80,000	80,000	9,408	-	9,408	70,592
Civic improvements	20,000	20,000	-	-	-	20,000
Building improvements	15,000	15,000	-	-	-	15,000
<b>Total capital outlay</b>	<b>115,000</b>	<b>115,000</b>	<b>9,408</b>	<b>-</b>	<b>9,408</b>	<b>105,592</b>
<b>Total expenditures</b>	<b>133,000</b>	<b>133,000</b>	<b>16,440</b>	<b>(7,032)</b>	<b>9,408</b>	<b>123,592</b>
Excess of revenues over (under) expenditures	(127,410)	(127,410)	(8,052)	7,032	(1,020)	126,390
Fund balances-beginning	161,106	161,106	163,822	-	163,822	2,716
<b>Fund balances-ending</b>	<b>\$ 33,696</b>	<b>33,696</b>	<b>155,770</b>	<b>7,032</b>	<b>162,802</b>	<b>129,106</b>

**CITY OF MORRIS, ILLINOIS**  
**SOLID WASTE TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Landfill tax	\$ -	-	-	-	-	-
Interest income	75	75	155	-	155	80
<b>Total revenues</b>	<b>75</b>	<b>75</b>	<b>155</b>	<b>-</b>	<b>155</b>	<b>80</b>
<b>Expenditures</b>						
Environment:						
Engineering services	20,000	20,000	-	207	207	19,793
Legal services	25,000	25,000	133	(48)	85	24,915
Other professional services	2,000	2,000	-	-	-	2,000
Recycling expenses	25,000	25,000	2,305	-	2,305	22,695
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
County solid waste plan	-	-	-	-	-	-
<b>Total environment</b>	<b>73,000</b>	<b>73,000</b>	<b>2,438</b>	<b>159</b>	<b>2,597</b>	<b>70,403</b>
Capital outlay-						
Landfill well monitoring	50,000	50,000	-	-	-	50,000
Landfill closure costs	150,000	150,000	-	-	-	150,000
<b>Total capital outlay</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>
<b>Total expenditures</b>	<b>273,000</b>	<b>273,000</b>	<b>2,438</b>	<b>159</b>	<b>2,597</b>	<b>270,403</b>
Excess of revenues over (under) expenditures	(272,925)	(272,925)	(2,283)	(159)	(2,442)	270,483
Fund balances-beginning	309,095	309,095	308,887	207	309,094	(1)
Fund balances-ending	\$ 36,170	36,170	306,604	48	306,652	270,482

**CITY OF MORRIS, ILLINOIS**  
**MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Motel taxes	\$ 300,000	300,000	286,886	(173)	286,713	(13,287)
Interest income	325	325	191	-	191	(134)
Miscellaneous income	5,250	5,250	5,000	-	5,000	(250)
<b>Total revenues</b>	<b>305,575</b>	<b>305,575</b>	<b>292,077</b>	<b>(173)</b>	<b>291,904</b>	<b>(13,671)</b>
<b>Expenditures</b>						
Culture and recreation:						
Other professional services	1,000	1,000	-	-	-	1,000
Printing/publishing/ads	7,500	7,500	3,156	-	3,156	4,344
Event sponsorship/donations	175,000	200,000	200,000	-	200,000	-
City special events	80,000	80,000	42,322	-	42,322	37,678
Tourism expenses	12,500	21,100	8,999	12,075	21,074	26
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
<b>Total culture and recreation</b>	<b>281,000</b>	<b>314,600</b>	<b>254,477</b>	<b>12,075</b>	<b>266,552</b>	<b>48,048</b>
Capital outlay:						
Land purchases	1,000	1,000	-	-	-	1,000
Parks/equipment Improvements	237,500	237,500	48,226	-	48,226	189,274
I&M canal improvements	1,000	1,000	-	-	-	1,000
Building improvements	100,000	66,400	272	-	272	66,128
<b>Total capital outlay</b>	<b>339,500</b>	<b>305,900</b>	<b>48,498</b>	<b>-</b>	<b>48,498</b>	<b>257,402</b>
<b>Total expenditures</b>	<b>620,500</b>	<b>620,500</b>	<b>302,975</b>	<b>12,075</b>	<b>315,050</b>	<b>305,450</b>
Excess of revenues over (under) expenditures	(314,925)	(314,925)	(10,898)	(12,248)	(23,146)	291,779
Fund balances-beginning	357,807	357,807	248,694	(10,232)	238,462	(119,345)
Fund balances-ending	\$ 42,882	42,882	237,796	(22,480)	215,316	172,434



**CITY OF MORRIS, ILLINOIS**  
**DRUG FINE AND FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
<b>Revenues</b>						
Drug enforcement fees	\$ 4,000	4,000	1,880	54	1,934	(2,066)
DUI equipment fees	11,500	11,500	17,553	(1,230)	16,323	4,823
Police vehicle equip fees	4,700	4,700	4,617	(37)	4,580	(120)
Failure to appear fines	2,000	2,000	2,380	(70)	2,310	310
E-Citation development fees	900	900	834	(4)	830	(70)
Drug forfeitures	1,000	1,000	3,548	-	3,548	2,548
Interest income	25	25	39	-	39	14
Donations	500	500	150	-	150	(350)
Property & evidence cash	2,000	2,000	160	-	160	(1,840)
Miscellaneous income	100	100	20	-	20	(80)
	<u>26,725</u>	<u>26,725</u>	<u>31,181</u>	<u>(1,287)</u>	<u>29,894</u>	<u>3,169</u>
<b>Expenditures</b>						
Public safety:						
Cell phone	2,500	2,500	1,200	-	1,200	1,300
Training/travel expense	1,500	1,500	-	-	-	1,500
Maintenance supplies	2,000	2,000	-	-	-	2,000
DARE supplies	1,000	1,000	-	-	-	1,000
Drug crime enforcement	15,000	15,000	7,454	-	7,454	7,546
Asset forfeiture refunds	3,000	3,000	-	-	-	3,000
Property/evidence payout	1,000	1,000	-	-	-	1,000
Miscellaneous expense	3,000	3,000	1,820	-	1,820	1,180
Total public safety	<u>29,000</u>	<u>29,000</u>	<u>10,474</u>	<u>-</u>	<u>10,474</u>	<u>18,526</u>
Capital outlay:						
Equipment	6,000	6,000	-	-	-	6,000
DUI equipment	3,000	3,000	119	-	119	2,881
E-Citation expenses	1,000	1,000	-	-	-	1,000
Vehicles	18,000	18,000	-	-	-	18,000
Communication equipment	5,000	5,000	-	-	-	5,000
Total capital outlay	<u>33,000</u>	<u>33,000</u>	<u>119</u>	<u>-</u>	<u>119</u>	<u>32,881</u>
Total expenditures	<u>62,000</u>	<u>62,000</u>	<u>10,593</u>	<u>-</u>	<u>10,593</u>	<u>51,407</u>
Excess of revenues over (under) expenditures	(35,275)	(35,275)	20,588	(1,287)	19,301	54,576
Fund balances-beginning	<u>65,398</u>	<u>65,398</u>	<u>70,449</u>	<u>(993)</u>	<u>69,456</u>	<u>4,058</u>
Fund balances-ending	<u>\$ 30,123</u>	<u>30,123</u>	<u>91,037</u>	<u>(2,280)</u>	<u>88,757</u>	<u>58,634</u>

**CITY OF MORRIS, ILLINOIS**  
**COMMUNITY DEVELOPMENT LOAN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues</b>						
Principal-Audacious Ink	\$ 1,014	1,014	1,014	-	1,014	-
Interest-Audacious Ink	145	145	145	-	145	-
Interest income	500	500	1,064	-	1,064	564
Total revenues	1,659	1,659	2,223	-	2,223	564
<b>Expenditures</b>						
Community development- Grant distributions	900,000	900,000	-	-	-	900,000
Excess of revenues over (under) expenditures	(898,341)	(898,341)	2,223	-	2,223	900,564
Fund balances-beginning	1,132,370	1,132,370	1,132,433	-	1,132,433	63
Fund balances-ending	\$ 234,029	234,029	1,134,656	-	1,134,656	900,627

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**APRIL 30, 2018**

	<b>Operations and Maintenance Account</b>	<b>Capital Improvement Account</b>	<b>Alternate Revenue Bond And Interest Account</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 7,296,218	1,025,040	7,192	8,328,450
Water & sewer fee receivables(net)	80,124	-	-	80,124
Capital assets:				
Land	613,374	-	-	613,374
Construction in progress	-	-	-	-
Machinery & equipment	532,958	15,513	-	548,471
Vehicles	346,027	-	-	346,027
Infrastructure	41,405,311	291,089	-	41,696,400
Accumulated depreciation	(19,039,327)	(9,633)	-	(19,048,960)
<b>Total assets</b>	<b>31,234,685</b>	<b>1,322,009</b>	<b>7,192</b>	<b>32,563,886</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	364,817	364,817
<b>Liabilities</b>				
Accounts payable and accrued expenses	51,113	192	-	51,305
Accrued interest payable	-	-	37,257	37,257
Compensated absences	60,452	-	-	60,452
Long-term liabilities due within one year:				
Alternate revenue bonds	-	-	445,000	445,000
Long-term liabilities due in more than one year:				
Compensated absences	11,357	-	-	11,357
Alternate revenue bonds(including bond premium)	-	-	3,974,602	3,974,602
<b>Total liabilities</b>	<b>122,922</b>	<b>192</b>	<b>4,456,859</b>	<b>4,579,973</b>
<b>Net Position</b>				
Net investment in capital assets	23,858,343	296,969	(4,054,785)	20,100,527
Restricted for:				
Public works capital projects	-	1,024,848	-	1,024,848
Debt service	-	-	7,192	7,192
Unrestricted	7,253,420	-	(37,257)	7,216,163
<b>Total net position</b>	<b>\$ 31,111,763</b>	<b>1,321,817</b>	<b>(4,084,850)</b>	<b>28,348,730</b>

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Operations and Maintenance Account</b>	<b>Capital Improvement Account</b>	<b>Alternate Revenue Bond And Interest Account</b>	<b>Total</b>
<b>Operating Revenues</b>				
Water and sewer sales	\$ 3,763,126	-	-	3,763,126
Infrastructure acre fees	-	20,239	-	20,239
Tap on fees/meters	60,460	-	-	60,460
Miscellaneous revenue	94,471	-	-	94,471
<b>Total operating revenues</b>	<b>3,918,057</b>	<b>20,239</b>	<b>-</b>	<b>3,938,296</b>
<b>Operating Expenses</b>				
Personal services	1,226,930	-	-	1,226,930
Contractual services	828,258	20,022	-	848,280
Commodities	322,128	-	-	322,128
Capital outlay/maintenance	178,563	-	-	178,563
Depreciation	914,342	3,945	-	918,287
Other expenses	70,796	-	-	70,796
<b>Total operating expenses</b>	<b>3,541,017</b>	<b>23,967</b>	<b>-</b>	<b>3,564,984</b>
<b>Operating income (loss)</b>	<b>377,040</b>	<b>(3,728)</b>	<b>-</b>	<b>373,312</b>
<b>Non-Operating Revenues (Expenses)</b>				
Bond service fees	-	-	(400)	(400)
Interest expense	-	-	(131,678)	(131,678)
State grants	1,478	-	-	1,478
Interest income	5,041	389	5	5,435
<b>Total nonoperating revenues (expenses)</b>	<b>6,519</b>	<b>389</b>	<b>(132,073)</b>	<b>(125,165)</b>
<b>Income (loss) before transfers</b>	<b>383,559</b>	<b>(3,339)</b>	<b>(132,073)</b>	<b>248,147</b>
<b>Transfers between accounts</b>	<b>(550,000)</b>	<b>10,000</b>	<b>540,000</b>	<b>-</b>
<b>Change in net position</b>	<b>(166,441)</b>	<b>6,661</b>	<b>407,927</b>	<b>248,147</b>
<b>Net position-beginning</b>	<b>31,278,204</b>	<b>1,315,156</b>	<b>(4,492,777)</b>	<b>28,100,583</b>
<b>Net position-ending</b>	<b>\$ 31,111,763</b>	<b>1,321,817</b>	<b>(4,084,850)</b>	<b>28,348,730</b>

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUND**  
**OPERATIONS AND MAINTENANCE ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Operating Revenues</b>						
Water and sewer sales	\$ 3,600,000	3,600,000	3,630,222	21,601	3,651,823	51,823
Waste disposal fees	130,000	130,000	132,904	-	132,904	2,904
Waste disposal license	100	100	-	-	-	(100)
Tap-on-fees	50,000	50,000	43,500	-	43,500	(6,500)
Meter sales	15,000	15,000	16,960	-	16,960	1,960
Rental income	4,500	4,500	4,623	-	4,623	123
Miscellaneous income	50,000	50,000	89,848	(34,407)	55,441	5,441
<b>Total operating revenues</b>	<b>3,849,600</b>	<b>3,849,600</b>	<b>3,918,057</b>	<b>(12,806)</b>	<b>3,905,251</b>	<b>55,651</b>
<b>Operating Expenses</b>						
Personal services	1,509,610	1,509,610	1,226,930	4,067	1,230,997	278,613
Contractual services	1,228,175	1,228,775	828,258	5,493	833,751	395,024
Commodities	818,500	817,900	322,128	2,473	324,601	493,299
Capital outlay/maintenance	3,105,000	3,093,800	178,563	668,870	847,433	2,246,367
Depreciation	-	-	914,342	(914,342)	-	-
Other expenses	188,000	199,200	70,796	-	70,796	128,404
<b>Total operating expenses</b>	<b>6,849,285</b>	<b>6,849,285</b>	<b>3,541,017</b>	<b>(233,439)</b>	<b>3,307,578</b>	<b>3,541,707</b>
<b>Operating income (loss)</b>	<b>(2,999,685)</b>	<b>(2,999,685)</b>	<b>377,040</b>	<b>220,633</b>	<b>597,673</b>	<b>3,597,358</b>
<b>Nonoperating Income</b>						
State grants	-	-	1,478	-	1,478	1,478
Interest income	5,100	5,100	5,041	-	5,041	(59)
<b>Total nonoperating income</b>	<b>5,100</b>	<b>5,100</b>	<b>6,519</b>	<b>-</b>	<b>6,519</b>	<b>1,419</b>
<b>Income (loss) before transfers</b>	<b>(2,994,585)</b>	<b>(2,994,585)</b>	<b>383,559</b>	<b>220,633</b>	<b>604,192</b>	<b>3,598,777</b>
<b>Transfers</b>						
Transfer to other accounts	(560,000)	(560,000)	(550,000)	-	(550,000)	10,000
<b>Change in net position</b>	<b>(3,554,585)</b>	<b>(3,554,585)</b>	<b>(166,441)</b>	<b>220,633</b>	<b>54,192</b>	<b>3,608,777</b>
<b>Net position-beginning</b>	<b>7,279,370</b>	<b>7,279,370</b>	<b>31,278,204</b>	<b>(24,036,178)</b>	<b>7,242,026</b>	<b>(37,344)</b>
<b>Net position-ending</b>	<b>\$ 3,724,785</b>	<b>3,724,785</b>	<b>31,111,763</b>	<b>(23,815,545)</b>	<b>7,296,218</b>	<b>3,571,433</b>

**CITY OF MORRIS, ILLINOIS  
WATER AND SEWER FUND  
CAPITAL IMPROVEMENT ACCOUNT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Operating Revenues</b>						
Infrastructure acre fees	\$ 25,000	25,000	20,239	-	20,239	(4,761)
<b>Operating Expenses</b>						
Engineering services	120,000	120,000	6,823	1,194	8,017	111,983
Legal services	80,000	80,000	13,199	-	13,199	66,801
Other professional services	20,000	20,000	-	-	-	20,000
STP improvements	20,000	20,000	-	-	-	20,000
WTP improvements	10,000	10,000	-	-	-	10,000
Watermain 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
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
Depreciation expense	-	-	3,945	(3,945)	-	-
Total operating expenses	415,000	415,000	23,967	(2,751)	21,216	393,784
Operating income (loss)	(390,000)	(390,000)	(3,728)	2,751	(977)	389,023
<b>Nonoperating Income (Expenses)</b>						
Interest income	360	300	389	-	389	89
Income (loss) before transfers	(389,640)	(389,700)	(3,339)	2,751	(588)	389,112
<b>Transfers</b>						
Transfer from water & sewer operations account	10,000	10,000	10,000	-	10,000	-
Change in net position	(379,640)	(379,700)	6,661	2,751	9,412	389,112
Net position-beginning	986,378	986,378	1,315,156	(299,529)	1,015,627	29,249
Net position-ending	\$ 606,738	606,678	1,321,817	(296,778)	1,025,039	418,361

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUND**  
**ALTERNATE REVENUE BOND AND INTEREST ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Operating Revenues</b>						
Operating revenue	\$ -	-	-	-	-	-
<b>Operating Expenses</b>						
Operating expenses	-	-	-	-	-	-
Operating income (loss)	-	-	-	-	-	-
<b>Nonoperating Income (Expenses)</b>						
Interest income	10	10	5	-	5	(5)
Miscellaneous income	-	-	-	-	-	-
Bond principal	(440,000)	(440,000)	-	(440,000)	(440,000)	-
Bond interest	(99,210)	(99,210)	(131,678)	32,468	(99,210)	-
Bond fees	(4,000)	(4,000)	(400)	-	(400)	3,600
Total nonoperating expenses	(543,200)	(543,200)	(132,073)	(407,532)	(539,605)	3,595
<b>Transfers</b>						
Transfer from water & sewer operations account	541,210	541,210	540,000	-	540,000	(1,210)
Change in net position	(1,990)	(1,990)	407,927	(407,532)	395	2,385
Net position-beginning	2,897	2,897	(4,492,777)	4,499,574	6,797	3,900
Net position-ending	\$ 907	907	(4,084,850)	4,092,042	7,192	6,285

**CITY OF MORRIS, ILLINOIS**  
**COMBINING STATEMENT OF NET POSITION**  
**AIRPORT FUNDS**  
**APRIL 30, 2018**

	<b>Airport Operations Account</b>	<b>Airport Development Account</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 361,651	-	361,651
Customer receivables	8,290	-	8,290
Grants receivable	37,986	16,578	54,564
Inventories	31,910	-	31,910
Capital assets:			
Land	655,560	4,277,861	4,933,421
Land improvements	58,345	-	58,345
Machinery & equipment	-	66,925	66,925
Buildings & improvements	1,850,000	476,071	2,326,071
Infrastructure	7,800,769	-	7,800,769
Vehicles	102,500	-	102,500
Accumulated depreciation	(7,864,031)	(106,726)	(7,970,757)
<b>Total assets</b>	<b>3,042,980</b>	<b>4,730,709</b>	<b>7,773,689</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,468	16,578	18,046
Due to General Fund	-	1,000,000	1,000,000
Long-term liabilities due within one year:			
Lease commitments payable	79,224	-	79,224
Long-term liabilities due in more than one year:			
Lease commitments payable	483,252	-	483,252
<b>Total liabilities</b>	<b>563,944</b>	<b>1,016,578</b>	<b>1,580,522</b>
<b>Net Position</b>			
Net investment in capital assets	2,040,667	3,714,131	5,754,798
Unrestricted	438,369	-	438,369
<b>Total net position</b>	<b>\$ 2,479,036</b>	<b>3,714,131</b>	<b>6,193,167</b>



**CITY OF MORRIS, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**AIRPORT FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Airport Operations Account</b>	<b>Airport Development Account</b>	<b>Total</b>
<b>Operating Revenues</b>			
Facilities rental	\$ 246,282	-	246,282
Fuel sales	242,895	-	242,895
Miscellaneous revenue	15,081	2,702	17,783
	<u>504,258</u>	<u>2,702</u>	<u>506,960</u>
<b>Operating Expenses</b>			
Personal services	114,783	-	114,783
Contractual services	42,863	87,535	130,398
Commodities	189,805	-	189,805
Capital outlay/maintenance	425	51,688	52,113
Depreciation	273,356	15,055	288,411
Other expenses	4,849	500	5,349
	<u>626,081</u>	<u>154,778</u>	<u>780,859</u>
Total operating revenues	<u>504,258</u>	<u>2,702</u>	<u>506,960</u>
Total operating expenses	<u>626,081</u>	<u>154,778</u>	<u>780,859</u>
Operating income (loss)	<u>(121,823)</u>	<u>(152,076)</u>	<u>(273,899)</u>
<b>Nonoperating Revenues (Expenses)</b>			
State & federal grants	33,977	98,003	131,980
Interest income	186	25	211
Interest expense	(28,974)	-	(28,974)
	<u>5,189</u>	<u>98,028</u>	<u>103,217</u>
Total nonoperating revenues (expenses)	<u>5,189</u>	<u>98,028</u>	<u>103,217</u>
Change in net position	(116,634)	(54,048)	(170,682)
Net position-beginning	<u>2,595,670</u>	<u>3,768,179</u>	<u>6,363,849</u>
Net position-ending	<u>\$ 2,479,036</u>	<u>3,714,131</u>	<u>6,193,167</u>

**CITY OF MORRIS, ILLINOIS**  
**AIRPORT FUND**  
**AIRPORT OPERATIONS ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
<b>Operating Revenues</b>						
Fuel sales	\$ 400,000	400,000	242,895	(545)	242,350	(157,650)
Rent-hangars/land	211,400	211,400	216,259	(2,234)	214,025	2,625
Rent-farmland	40,000	40,000	26,023	-	26,023	(13,977)
Rent-mechanic shop	6,000	6,000	4,000	-	4,000	(2,000)
Miscellaneous income	1,000	1,000	15,081	(15,081)	-	(1,000)
<b>Total operating revenues</b>	<b>658,400</b>	<b>658,400</b>	<b>504,258</b>	<b>(17,860)</b>	<b>486,398</b>	<b>(172,002)</b>
<b>Operating Expenses</b>						
Salary-Airport Manager	47,900	48,200	48,178	-	48,178	22
Salary-Airport Maintenance	33,500	33,200	26,378	-	26,378	6,822
Insurance-health	44,410	44,410	38,090	-	38,090	6,320
Insurance-dental & vision	1,900	1,900	1,684	-	1,684	216
Insurance-life	465	465	453	-	453	12
Insurance-unemployment	1,000	1,000	-	-	-	1,000
Engineering services	3,500	3,500	-	-	-	3,500
Legal fees	3,500	3,500	1,128	(96)	1,032	2,468
Medical services & supplies	1,000	1,000	-	-	-	1,000
Postage expenses	1,200	1,200	500	-	500	700
Telephone	2,800	2,800	2,484	-	2,484	316
Printing/publishing/ads	1,000	1,000	299	-	299	701
Dues/subscriptions	1,000	1,000	200	-	200	800
Training/travel expense	1,000	1,000	660	-	660	340
Utilities-gas	5,000	6,300	6,237	-	6,237	63
Utilities-electricity	30,000	28,700	17,579	(295)	17,284	11,416
Insurance-liability	20,000	20,000	13,776	-	13,776	6,224
Maintenance - buildings	14,000	14,000	1,582	-	1,582	12,418
Maintenance - equipment	10,000	10,000	4,031	-	4,031	5,969
Maintenance - vehicles	8,000	8,000	2,374	-	2,374	5,626
Maintenance - grounds	3,200	3,200	426	-	426	2,774
Office supplies	1,700	1,700	610	-	610	1,090
Operating supplies	2,000	2,000	798	-	798	1,202
Tools & small equipment	1,000	1,000	140	-	140	860
Janitorial supplies	1,000	1,000	365	-	365	635
Gasoline/diesel/oil/lubricants	6,000	6,000	2,840	-	2,840	3,160
Aviation fuel	400,000	400,000	162,764	25,586	188,350	211,650
Airport buildings/improv.	15,000	15,000	-	-	-	15,000
Equipment purchase/lease	31,000	31,000	-	-	-	31,000
Airport runway improvements	10,000	10,000	425	-	425	9,575
Miscellaneous expense	1,700	1,700	204	-	204	1,496
Bank/credit card fees	8,000	8,000	4,645	-	4,645	3,355
Fuel sales tax	30,500	30,500	13,875	-	13,875	16,625
Depreciation expense	-	-	273,356	(273,356)	-	-
<b>Total operating expenses</b>	<b>742,275</b>	<b>742,275</b>	<b>626,081</b>	<b>(248,161)</b>	<b>377,920</b>	<b>364,355</b>
<b>Operating income (loss)</b>	<b>(83,875)</b>	<b>(83,875)</b>	<b>(121,823)</b>	<b>230,301</b>	<b>108,478</b>	<b>192,353</b>

**CITY OF MORRIS, ILLINOIS**  
**AIRPORT FUND**  
**AIRPORT OPERATIONS ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (CONTINUED)**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Original</b>				
<b>Nonoperating Income (Expenses)</b>						
Federal & state grants	\$ -	-	33,977	(33,977)	-	-
Interest income	120	120	186	-	186	66
Interest expense	-	-	(28,974)	28,974	-	-
T-hangar lease payments	(104,545)	(104,545)	-	(104,545)	(104,545)	-
Nonoperating income (expense)	(104,425)	(104,425)	5,189	(109,548)	(104,359)	66
Income (loss) before transfers	(188,300)	(188,300)	(116,634)	120,753	4,119	192,419
<b>Transfers</b>						
Transfer from airport development account	20,000	20,000	-	-	-	(20,000)
Change in net position	(168,300)	(168,300)	(116,634)	120,753	4,119	172,419
Net position-beginning	299,869	299,869	2,595,670	(2,238,138)	357,532	57,663
Net position-ending	\$ 131,569	131,569	2,479,036	(2,117,385)	361,651	230,082

**CITY OF MORRIS, ILLINOIS**  
**AIRPORT FUND**  
**AIRPORT DEVELOPMENT ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Operating Revenues</b>						
Miscellaneous income	\$ 2,000	2,000	2,702	-	2,702	702
<b>Operating Expenses</b>						
Engineering service	160,000	160,000	64,385	21,657	86,042	73,958
Legal service	25,000	25,000	23,150	-	23,150	1,850
Other professional service	1,000	1,000	-	-	-	1,000
Equipment purchase	4,000	4,000	2,916	-	2,916	1,084
Vehicle purchase/lease	1,000	1,000	-	-	-	1,000
T-hangar construction/improv.	10,000	10,000	-	1,384	1,384	8,616
Airport building improv.	1,000	1,000	-	-	-	1,000
Land acquisition expenses	100,000	100,000	48,772	-	48,772	51,228
Miscellaneous expenses	7,500	7,500	500	-	500	7,000
Depreciation expense	-	-	15,055	(15,055)	-	-
Total operating expenses	309,500	309,500	154,778	7,986	162,764	146,736
Operating income (loss)	(307,500)	(307,500)	(152,076)	(7,986)	(160,062)	147,438
<b>Nonoperating Income (Expenses)</b>						
Federal & state grants	150,000	150,000	98,003	(16,578)	81,425	(68,575)
Interest income	10	10	25	-	25	15
Nonoperating income (expense)	150,010	150,010	98,028	(16,578)	81,450	(68,560)
Income (loss) before transfers	(157,490)	(157,490)	(54,048)	(24,564)	(78,612)	78,878
<b>Transfers in (out)</b>						
Transfer from general fund	100,000	100,000	-	-	-	(100,000)
Transfer to airport operations account	(20,000)	(20,000)	-	-	-	20,000
Total transfers in (out)	80,000	80,000	-	-	-	(80,000)
Change in net position	(77,490)	(77,490)	(54,048)	(24,564)	(78,612)	(1,122)
Net position-beginning	92,730	92,730	3,768,179	(3,706,145)	62,034	(30,696)
Net position-ending	\$ 15,240	15,240	3,714,131	(3,730,709)	(16,578)	(31,818)

**CITY OF MORRIS, ILLINOIS**  
**GARBAGE FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Operating Revenues</b>						
Garbage Collection Fees	\$ 1,104,800	1,104,800	1,126,497	10,212	1,136,709	31,909
<b>Operating Expenses</b>						
Garbage disposal expense	1,102,000	1,102,000	1,102,793	(3,042)	1,099,751	2,249
Miscellaneous expense	8,000	8,000	7,182	-	7,182	818
Total operating expenses	1,110,000	1,110,000	1,109,975	(3,042)	1,106,933	3,067
Operating income (loss)	(5,200)	(5,200)	16,522	13,254	29,776	34,976
<b>Nonoperating Income (Expenses)</b>						
Loan from General Fund	100	100	-	-	-	(100)
Miscellaneous income	100	100	-	-	-	(100)
Interest income	125	125	139	-	139	14
Nonoperating income (expense)	325	325	139	-	139	(186)
Change in net position	(4,875)	(4,875)	16,661	13,254	29,915	34,790
Net position-beginning	141,271	141,271	203,808	33,181	236,989	95,718
Net position-ending	\$ 136,396	136,396	220,469	46,435	266,904	130,508

**CITY OF MORRIS, ILLINOIS  
POLICE PENSION TRUST FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED APRIL 30, 2018**

**Additions**

Contributions:		
Employer	\$	1,085,076
Employee		188,881
		1,273,957
Total contributions		1,273,957
Investment earnings:		
Net increase in fair value of investments		486,057
Interest & dividends		287,860
		773,917
Total investment earnings		773,917
Less investment expenses-		
Investment management fees		(57,356)
		716,561
Net investment income		716,561
Total additions		1,990,518

**Deductions**

Benefits paid		985,328
Refunds to participants		27,778
Administrative expense		21,571
		1,034,677
Total deductions		1,034,677
Change in net position		955,841
Net position-beginning		13,623,430
Net position-ending		\$ 14,579,271

**CITY OF MORRIS, ILLINOIS**  
**COMBINING STATEMENT OF NET POSITION**  
**AGENCY FUNDS**  
**APRIL 30, 2018**

	<b>School Site Dedication Trust Fund</b>	<b>Library Trust Fund</b>	<b>Sex Offender Management Board Trust Fund</b>	<b>Security Deposit Trust Fund</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 26	-	900	695,710	696,636
<b>Liabilities</b>					
Payable to other governments	26	-	900	2,145	3,071
Security deposits payable	-	-	-	693,565	693,565
Total liabilities	26	-	900	695,710	696,636
<b>Net Position</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF MORRIS, ILLINOIS**  
**AGENCY FUND**  
**SCHOOL SITE DEDICATION TRUST FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED APRIL 30, 2018**

**Additions**

School site fees	\$	31,073
Interest income		<u>3</u>
Total additions		31,076

**Deductions**

Distributions to school districts		<u>31,073</u>
Change in assets and liabilities		3
Assets and liabilities-beginning		<u>23</u>
Assets and liabilities-ending	\$	<u><u>26</u></u>



**CITY OF MORRIS, ILLINOIS**  
**AGENCY FUND**  
**LIBRARY TRUST FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED APRIL 30, 2018**

<b>Additions</b>	
Replacement taxes	\$ 18,069
<b>Deductions</b>	
Distributions to library district	25,473
	<hr/>
Change in assets and liabilities	(7,404)
Assets and liabilities-beginning	7,404
	<hr/>
Assets and liabilities-ending	<u><u>\$ -</u></u>

**CITY OF MORRIS, ILLINOIS**  
**AGENCY FUND**  
**SEX OFFENDER MANAGEMENT BOARD TRUST FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED APRIL 30, 2018**

**Additions**

Registration fees	\$ 2,700
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**Deductions**

Distributions to agencies	<u>2,300</u>
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Change in assets and liabilities	400
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Assets and liabilities-beginning	<u>500</u>
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Assets and liabilities-ending	<u><u>\$ 900</u></u>
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**CITY OF MORRIS, ILLINOIS**  
**AGENCY FUND**  
**SECURITY DEPOSIT TRUST FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED APRIL 30, 2018**

<b>Additions</b>		
Security deposits	\$	553,479
Escrow fees-other		16,079
Interest income		214
		<hr/>
Total additions		569,772
<b>Deductions</b>		
Refund of security deposits & escrow fees		69,221
		<hr/>
Change in assets and liabilities		500,551
Assets and liabilities-beginning		195,159
		<hr/>
Assets and liabilities-ending	\$	<u><u>695,710</u></u>

**CITY OF MORRIS, ILLINOIS  
GENERAL FUND EXPENDITURES  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
<b>Finance and Administrative Department</b>						
Salary-Mayor	\$ 92,700	92,700	92,700	-	92,700	-
Salary-Liquor Commissioner	10,000	10,000	10,000	-	10,000	-
Salary-Mayor's Secretary	62,550	62,550	63,301	(973)	62,328	222
Salaries-Aldermen	38,400	40,050	40,050	-	40,050	-
Salary-City Clerk	80,752	80,752	87,873	(7,121)	80,752	-
Salary-Budget Officer	17,500	17,500	17,500	-	17,500	-
Salary-Treasurer	3,500	3,500	3,500	-	3,500	-
Salary-Deputy Treasurer	65,100	69,650	63,720	5,920	69,640	10
Salary-Building and Zoning Officer	80,250	80,250	87,287	(7,170)	80,117	133
Salary-Director of Public Works	95,030	94,880	96,937	(2,062)	94,875	5
Salary-Public Works Secretary	46,450	53,525	47,976	5,538	53,514	11
Salary-Custodian	35,775	35,375	35,694	(322)	35,372	3
Salary-Fire Marshall	32,675	32,675	31,658	1,017	32,675	-
Salary-Deputy City Clerk F&A	62,550	62,450	62,018	368	62,386	64
Salary-Human Resource Administrator	5,200	5,200	5,100	-	5,100	100
Salary-Summer Clerical	3,225	25	-	-	-	25
Wages-Zoning Board of Appeals	2,500	1,100	1,075	-	1,075	25
Wages-Planning Commission	3,500	1,500	1,470	-	1,470	30
Wages-Police Commission	5,000	800	800	-	800	-
Insurance-health	373,000	309,825	309,784	-	309,784	41
Insurance-dental & vision	25,000	13,100	13,077	-	13,077	23
Insurance-life	8,000	5,700	5,667	-	5,667	33
Insurance-unemployment	1,000	-	-	-	-	-
Accounting service	22,000	18,125	18,112	-	18,112	13
Engineering service	315,000	14,750	11,627	3,093	14,720	30
Legal service	280,000	303,575	294,466	9,085	303,551	24
Medical services & supplies	1,000	-	-	-	-	-
Data processing/internet service	4,000	-	-	-	-	-
Other professional service	36,750	24,650	24,556	-	24,556	94
Building inspector fee	20,000	14,100	14,085	-	14,085	15
Plumbing inspector fee	12,000	4,900	4,900	-	4,900	-
Electrical inspector fee	22,000	-	-	-	-	-
Postage & meter expense	8,000	5,600	5,593	-	5,593	7
Telephone	22,000	17,000	16,973	-	16,973	27
Cell phone	3,000	1,400	1,322	-	1,322	78
Printing/publishing & ads	18,500	6,700	6,691	-	6,691	9
Dues/subscriptions	26,000	20,800	20,784	-	20,784	16
Training/travel expense	4,000	900	820	-	820	80
Codification services	8,500	3,600	3,510	-	3,510	90
Building & zoning expense	2,500	1,100	1,052	-	1,052	48
Police/fire commission expense	52,000	22,000	21,995	-	21,995	5
Utilities-gas	1,000	-	-	-	-	-
Insurance	253,500	171,400	171,390	-	171,390	10
Copier machine rental	9,300	6,900	6,831	-	6,831	69
Maintenance-building	56,000	40,500	40,567	(115)	40,452	48
Maintenance-equipment	3,500	1,500	1,472	-	1,472	28
Maintenance-grounds	4,000	1,200	1,125	-	1,125	75
Office supplies	12,000	4,600	4,545	-	4,545	55
Operating supplies	2,000	1,100	1,058	-	1,058	42

**CITY OF MORRIS, ILLINOIS**  
**GENERAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
Janitorial supplies	\$ 2,700	1,900	1,892	-	1,892	8
Books & periodicals	6,000	900	845	-	845	55
Capital outlay-equipment	2,000	600	516	-	516	84
Capital outlay-furniture	2,000	-	-	-	-	-
Capital outlay-computers & maint.	21,000	17,600	17,569	-	17,569	31
Property tax reimbursement	5,500	500	405	-	405	95
Sales tax reimbursement	130,000	746,725	1,539,679	(793,488)	746,191	534
Miscellaneous expenses	13,000	2,950	2,929	-	2,929	21
Misc. expense-raise the flag	5,000	3,400	3,400	-	3,400	-
Miscellaneous donations	20,000	21,325	21,316	-	21,316	9
<b>Total finance and administrative dept.</b>	<b>2,555,407</b>	<b>2,555,407</b>	<b>3,339,212</b>	<b>(786,230)</b>	<b>2,552,982</b>	<b>2,425</b>
<b>Police Department</b>						
Salary-Chief of Police	111,325	111,325	112,280	(955)	111,325	-
Salary-Deputy Chief	96,875	96,875	92,888	3,987	96,875	-
Salary-Sergeants	450,000	471,500	477,425	(6,010)	471,415	85
Salary-Patrol Persons	1,856,000	1,813,800	1,599,766	10,235	1,610,001	203,799
Salary-Part-time Patrol Persons	55,000	75,100	75,056	-	75,056	44
Salary-Police Secretary	50,175	50,175	49,029	636	49,665	510
Salary-Computer Operator	34,600	34,600	34,342	(437)	33,905	695
Salary-Ordinance Enforcer	45,100	45,100	45,184	(326)	44,858	242
Salary-School Crossing Guards	69,500	69,500	63,160	-	63,160	6,340
Salary-Records & Technology	64,575	64,575	63,266	1,073	64,339	236
Insurance-health	1,120,930	1,120,930	861,600	-	861,600	259,330
Insurance-dental & vision	48,100	48,100	36,605	-	36,605	11,495
Insurance-life	16,990	16,990	12,907	-	12,907	4,083
Insurance-unemployment	1,000	1,000	-	-	-	1,000
Deferred compensation employer	15,000	15,000	11,600	-	11,600	3,400
Contribution to police pension	1,085,076	1,085,076	1,085,076	-	1,085,076	-
Uniform expense	26,000	26,000	22,170	-	22,170	3,830
Medical service-arrestees	2,500	2,500	551	-	551	1,949
Data processing service	1,000	1,000	-	-	-	1,000
Dispatcher agreement - County	326,700	326,700	290,885	-	290,885	35,815
Postage & meter expense	2,000	2,000	1,000	-	1,000	1,000
Cell phone	3,500	3,500	2,691	-	2,691	809
Printing/publishing/ads	3,800	3,800	2,628	-	2,628	1,172
LEADS expense	9,000	9,000	7,281	-	7,281	1,719
Dues/subscriptions	15,000	15,000	12,578	-	12,578	2,422
Training/travel expense	25,000	25,000	16,977	-	16,977	8,023
Tuition reimbursement	1,000	1,000	-	-	-	1,000
Investigation expense	7,700	7,700	5,821	-	5,821	1,879
Booking/processing expense	1,000	1,000	-	-	-	1,000
Copier machine rental	4,900	4,900	4,082	-	4,082	818
Maintenance-building	1,000	1,100	1,087	-	1,087	13
Maintenance-equipment	4,000	4,000	2,706	-	2,706	1,294
Maintenance-vehicles	24,000	24,000	16,033	-	16,033	7,967
Maintenance-comm. equip.	1,000	1,000	-	-	-	1,000
Office supplies	8,000	8,000	4,503	-	4,503	3,497
Operating supplies	2,000	2,400	2,365	-	2,365	35
Janitorial supplies	2,800	2,800	1,881	-	1,881	919

**CITY OF MORRIS, ILLINOIS**  
**GENERAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
Gasoline/diesel/propane/oil/lubricants	\$ 92,500	92,500	58,908	-	58,908	33,592
DARE supplies	3,000	3,100	3,051	-	3,051	49
Drug law enforcement/crime prev.	1,000	1,000	180	-	180	820
Awards	1,300	1,300	309	-	309	991
Books & periodicals	1,400	1,400	-	-	-	1,400
Capital outlay-equipment	45,000	45,000	17,039	-	17,039	27,961
Capital outlay-vehicles	93,350	93,350	53,308	-	53,308	40,042
Capital outlay-furniture	1,000	1,000	402	-	402	598
Capital outlay-comm. equip.	50,000	50,000	35,570	-	35,570	14,430
Capital outlay-computer/maint.	31,000	31,000	20,835	-	20,835	10,165
Miscellaneous expense	6,000	6,000	5,955	-	5,955	45
Animal control	14,800	14,800	12,450	-	12,450	2,350
M.A.N.S. expense	1,000	1,000	-	-	-	1,000
<b>Total police department</b>	<b>5,933,496</b>	<b>5,933,496</b>	<b>5,223,430</b>	<b>8,203</b>	<b>5,231,633</b>	<b>701,863</b>
<b>Street and Alley Department</b>						
Salary-Superintendent of Streets	85,685	85,685	58,403	25,834	84,237	1,448
Salary-Mechanic	80,100	80,100	74,353	(1,263)	73,090	7,010
Salary-Class A Operator	400,500	400,500	363,807	(3,097)	360,710	39,790
Salary-Class B Operator	258,000	258,000	206,913	(2,165)	204,748	53,252
Salary-Class A Laborer	218,500	218,500	198,487	(735)	197,752	20,748
Salary-Class B Laborer	135,800	135,800	128,474	(6,367)	122,107	13,693
Insurance-health	465,900	465,900	454,381	-	454,381	11,519
Insurance-dental & vision	22,225	22,225	19,047	-	19,047	3,178
Insurance-life	8,500	8,500	6,793	-	6,793	1,707
Insurance-unemployment	1,000	1,000	-	-	-	1,000
Deferred compensation employer	12,000	12,000	9,133	-	9,133	2,867
Engineering services	80,000	80,000	40,918	686	41,604	38,396
Medical service & testing	4,000	4,000	2,887	-	2,887	1,113
Cell phone	2,300	2,300	1,693	-	1,693	607
Printing/publishing/advertising	1,200	1,200	919	-	919	281
Training/travel expenses	5,000	5,000	2,163	-	2,163	2,837
Utilities-street light electricity	145,000	145,000	134,576	(139)	134,437	10,563
Rentals	7,000	7,000	-	-	-	7,000
Maintenance-buildings	2,500	2,500	1,506	-	1,506	994
Maintenance-equipment	28,000	28,000	20,119	(115)	20,004	7,996
Maintenance vehicles	30,000	30,000	15,654	-	15,654	14,346
Maintenance-streets	200,000	200,000	19,493	874	20,367	179,633
Maintenance-traffic signals	65,000	65,000	44,883	(7,690)	37,193	27,807
Maintenance-tree trimming	10,000	10,000	20	-	20	9,980
Maintenance-st. control mat.	70,000	70,000	27,009	-	27,009	42,991
Maintenance-street lights	60,000	60,000	32,644	(765)	31,879	28,121
Operating supplies	32,000	32,000	25,630	-	25,630	6,370
Tools & small equipment	25,000	25,000	6,335	-	6,335	18,665
Janitorial supplies	5,000	5,000	2,555	-	2,555	2,445
Gasoline/diesel/oil/lubricants	98,500	98,500	56,093	-	56,093	42,407
Capital outlay-equipment	175,000	175,000	101,358	-	101,358	73,642

**CITY OF MORRIS, ILLINOIS**  
**GENERAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
Capital outlay-vehicles	\$ 10,000	10,000	-	-	-	10,000
Capital outlay-street construction	375,000	256,500	244,863	-	244,863	11,637
Capital outlay-bridge construction	125,000	125,000	1,239	-	1,239	123,761
Capital outlay-storm sewer const.	7,000	7,000	2,197	-	2,197	4,803
Capital outlay-sidewalk/curb const.	60,000	60,000	20,874	-	20,874	39,126
Capital outlay-street signs	7,500	7,500	5,616	-	5,616	1,884
Capital outlay-street lighting	3,000	121,500	121,160	-	121,160	340
Capital outlay-communication equip	50,000	50,000	34,073	-	34,073	15,927
Miscellaneous expenses	12,000	12,000	2,727	-	2,727	9,273
<b>Total street and alley department</b>	<b>3,383,210</b>	<b>3,383,210</b>	<b>2,488,995</b>	<b>5,058</b>	<b>2,494,053</b>	<b>889,157</b>
<b>Parks Department</b>						
Salary-Parks Leadman	73,500	73,500	66,542	(289)	66,253	7,247
Salary-Assistant Parks Leadman	71,500	71,500	63,319	521	63,840	7,660
Salary-Parks Laborer	135,800	135,800	122,454	(1,792)	120,662	15,138
Salary-Summer Maintenance	70,000	70,000	34,170	-	34,170	35,830
Insurance-health	139,000	139,000	114,808	-	114,808	24,192
Insurance-dental & vision	5,770	5,770	4,908	-	4,908	862
Insurance-life	2,265	2,265	1,812	-	1,812	453
Insurance-unemployment	1,000	1,000	-	-	-	1,000
VALIC-employer portion	2,300	2,300	1,733	-	1,733	567
Engineering services	25,000	25,000	-	-	-	25,000
Utilities-electricity	15,000	15,000	8,376	(128)	8,248	6,752
Rentals	1,000	1,000	-	-	-	1,000
Maintenance-building	5,000	5,000	2,754	-	2,754	2,246
Maintenance-equipment	8,000	8,000	7,472	-	7,472	528
Maintenance-vehicles	4,000	4,000	1,465	-	1,465	2,535
Maintenance grounds	10,000	10,000	7,656	-	7,656	2,344
Maintenance-tennis courts	2,500	2,500	1,115	-	1,115	1,385
Maintenance-baseball fields	20,000	20,000	4,675	220	4,895	15,105
Operating supplies	2,500	2,500	1,122	-	1,122	1,378
Tools & small equipment	2,000	2,000	918	-	918	1,082
Janitorial supplies	3,000	3,000	727	-	727	2,273
Gasoline/diesel/oil/lubricants	19,000	19,000	11,758	-	11,758	7,242
Capital outlay-park improvements	5,000	5,000	72	-	72	4,928
Capital outlay-equipment	56,000	56,000	34,073	-	34,073	21,927
Capital outlay-vehicles	1,000	1,000	-	-	-	1,000
Miscellaneous expenses	1,000	1,000	546	-	546	454
<b>Total parks department</b>	<b>681,135</b>	<b>681,135</b>	<b>492,475</b>	<b>(1,468)</b>	<b>491,007</b>	<b>190,128</b>
<b>Swimming Pool</b>						
Salary-Management	27,000	27,000	24,322	-	24,322	2,678
Salary-Summer Employees	65,000	65,000	51,023	-	51,023	13,977
Salary-Red Cross	5,000	5,000	3,030	-	3,030	1,970
Engineering Service	1,000	1,000	-	-	-	1,000
Printing/publishing/ads	1,000	1,000	127	-	127	873
Dues/subscriptions	1,000	1,000	-	-	-	1,000
Utilities-gas	1,000	750	376	-	376	374

**CITY OF MORRIS, ILLINOIS**  
**GENERAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
Maintenance-building, pool & grounds	\$ 2,500	2,750	2,711	-	2,711	39
Operating supplies	3,000	3,000	1,278	-	1,278	1,722
Tools & small equipment	1,000	1,000	100	-	100	900
Janitorial supplies	1,000	1,000	-	-	-	1,000
Chemicals	10,000	10,000	6,121	-	6,121	3,879
Miscellaneous expenses	2,000	2,000	1,110	-	1,110	890
Concession stand expense	15,000	15,000	10,115	-	10,115	4,885
Capital outlay-pool improvements	5,000	5,000	-	-	-	5,000
Capital outlay-equipment	2,500	2,500	515	-	515	1,985
<b>Total swimming pool</b>	<b>143,000</b>	<b>143,000</b>	<b>100,828</b>	<b>-</b>	<b>100,828</b>	<b>42,172</b>
<b>Senior Van</b>						
Salary-senior van driver	15,800	15,800	14,632	-	14,632	1,168
Printing/publishing/ads	1,000	1,000	-	-	-	1,000
Maintenance-vehicles	10,000	10,000	2,181	-	2,181	7,819
Gasoline/diesel/oil/lubricants	6,000	6,000	2,093	-	2,093	3,907
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
<b>Total senior van</b>	<b>33,800</b>	<b>33,800</b>	<b>18,906</b>	<b>-</b>	<b>18,906</b>	<b>14,894</b>
<b>Provision For Contingencies</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>Transfers to Other Funds</b>						
Transfer to Airport Dev Fund	100,000	100,000	-	-	-	100,000
Transfer to Police Pension	4,000	4,000	-	-	-	4,000
Loan to Garbage Fund	100	100	-	-	-	100
<b>Total transfers to other funds</b>	<b>104,100</b>	<b>104,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,100</b>
<b>Total General Fund</b>	<b>\$ 12,934,148</b>	<b>12,934,148</b>	<b>11,663,846</b>	<b>(774,437)</b>	<b>10,889,409</b>	<b>2,044,739</b>
<b>Summary by Function:</b>						
<b>Current:</b>						
General government	\$ 2,630,407	2,637,207	3,321,126	(786,229)	2,534,897	102,310
Public safety	4,628,070	4,628,070	4,011,201	8,203	4,019,404	608,666
Transportation & public service	2,604,510	2,604,510	1,976,522	5,057	1,981,579	622,931
Culture & recreation	754,635	754,635	558,642	(1,468)	557,174	197,461
Employee retirement costs	1,085,076	1,085,076	1,085,076	-	1,085,076	-
<b>Capital outlay</b>	<b>1,127,350</b>	<b>1,120,550</b>	<b>711,279</b>	<b>-</b>	<b>711,279</b>	<b>409,271</b>
<b>Total expenditures</b>	<b>12,830,048</b>	<b>12,830,048</b>	<b>11,663,846</b>	<b>(774,437)</b>	<b>10,889,409</b>	<b>1,940,639</b>
<b>Transfers to other funds</b>	<b>104,100</b>	<b>104,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,100</b>
<b>Total General Fund</b>	<b>\$ 12,934,148</b>	<b>12,934,148</b>	<b>11,663,846</b>	<b>(774,437)</b>	<b>10,889,409</b>	<b>2,044,739</b>



**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUND**  
**OPERATION AND MAINTENANCE ACCOUNT EXPENSES**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
<b>Administrative Department</b>						
Salary-Senior Water Clerk	\$ 42,450	42,550	43,011	(474)	42,537	13
Salary-Water Clerk	72,150	72,050	37,767	(477)	37,290	34,760
Salary-Asst Human Resources	6,200	6,200	6,200	-	6,200	-
Insurance-health	79,320	79,320	27,100	-	27,100	52,220
Insurance-dental & vision	3,150	3,150	938	-	938	2,212
Insurance-life	1,700	1,700	906	-	906	794
Insurance-unemployment	1,000	1,000	-	-	-	1,000
Accounting services	23,000	23,000	16,705	-	16,705	6,295
Legal services	75,000	75,000	20,253	(77)	20,176	54,824
Data processing expenses	2,500	2,500	-	-	-	2,500
Postage & meter expense	13,000	13,000	11,233	-	11,233	1,767
Telephone & alarms	18,000	18,000	7,291	-	7,291	10,709
Cell phone	5,000	5,000	2,600	-	2,600	2,400
Printing/publishing/ads	5,000	5,000	3,091	-	3,091	1,909
Dues/subscriptions	1,000	1,000	898	-	898	102
Training/travel expense	1,000	1,000	398	-	398	602
Utilities-gas	25,000	25,000	14,636	-	14,636	10,364
Insurance-liability/auto/workers comp	228,275	228,275	177,863	-	177,863	50,412
Rentals	1,000	1,000	-	-	-	1,000
Copy machine rental	4,000	4,000	-	-	-	4,000
Office supplies	5,000	5,000	2,474	-	2,474	2,526
Operating supplies	1,000	1,000	-	-	-	1,000
Capital outlay-equipment	3,000	3,000	-	-	-	3,000
Capital outlay-computers/programs	40,000	28,800	12,098	-	12,098	16,702
Miscellaneous expenses	4,000	3,300	377	-	377	2,923
Miscellaneous water refunds	1,000	1,700	1,687	-	1,687	13
Bank/credit card & misc fees	20,000	31,200	31,117	-	31,117	83
	<u>681,745</u>	<u>681,745</u>	<u>418,643</u>	<u>(1,028)</u>	<u>417,615</u>	<u>264,130</u>
<b>Water Department</b>						
Salary-Water Foreman	85,775	85,775	85,774	(124)	85,650	125
Salary-Class A Laborer	94,100	160,800	160,539	246	160,785	15
Salary-Class B Laborer	148,525	81,825	64,094	4,679	68,773	13,052
Salary-Class C Laborer	143,125 )	143,125 )	67,481	(1,285)	66,196	33,848 )
Salary-Class D Laborer	- )	- )	43,278	(197)	43,081	)
Insurance-health	217,150	217,150	157,688	-	157,688	59,462
Insurance-dental & vision	9,250	9,250	6,618	-	6,618	2,632
Insurance-life	3,400	3,400	2,453	-	2,453	947
VALIC-employer portion	4,000	4,000	1,758	-	1,758	2,242
Engineering service	25,000	25,200	24,513	676	25,189	11
Medical service & supplies	1,200	1,000	-	-	-	1,000
JULIE locate service	7,500	7,500	3,580	(115)	3,465	4,035
Training/travel expense	5,000	5,000	752	-	752	4,248
Utilities-electricity	190,000	190,000	171,795	(1,463)	170,332	19,668
Rental equipment	12,000	12,000	-	-	-	12,000
Copier machine rental/expense	2,200	2,200	1,548	-	1,548	652
Maintenance supplies-equipment	42,000	42,000	7,410	-	7,410	34,590

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUND**  
**OPERATION AND MAINTENANCE ACCOUNT EXPENSES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
Maintenance supplies-meters	\$ 10,000	10,000	6,970	-	6,970	3,030
Maintenance supplies-vehicles	10,000	10,000	2,330	-	2,330	7,670
Maintenance supplies-WTP & bldg.	4,000	4,000	546	-	546	3,454
Maintenance supplies-water towers	15,000	15,000	353	493	846	14,154
Maintenance supplies-well houses	45,000	45,000	13,199	-	13,199	31,801
Maintenance supplies-water mains	60,000	60,000	29,026	-	29,026	30,974
Maintenance supplies-pumping equip.	50,000	50,000	28	-	28	49,972
Maintenance supplies-grounds	1,000	1,000	673	-	673	327
Office supplies & equipment	6,000	6,000	485	-	485	5,515
Operating supplies	20,000	20,000	11,882	-	11,882	8,118
Tools and small equipment	10,000	10,000	6,942	-	6,942	3,058
Janitorial supplies	1,000	1,000	316	-	316	684
Gasoline/diesel/oil/lubricants	44,000	44,000	19,760	-	19,760	24,240
Chemicals	70,000	70,000	29,579	-	29,579	40,421
Sodium chloride	205,000	205,000	135,060	2,550	137,610	67,390
Books/periodicals & misc.	26,000	26,000	-	-	-	26,000
Capital outlay-WTP improvements	15,000	15,000	-	-	-	15,000
Capital outlay-equipment	180,000	180,000	20,887	32,784	53,671	126,329
Capital outlay-meters	200,000	200,000	35,152	(6,748)	28,404	171,596
Capital outlay-valves/hydrants	50,000	50,000	11,145	-	11,145	38,855
Capital outlay-hydra-stop equipment	2,500	2,500	-	-	-	2,500
Capital outlay-pumping equipment	20,000	20,000	-	-	-	20,000
Capital outlay-vehicles	30,000	30,000	-	-	-	30,000
Capital outlay-watermain extensions	100,000	10,900	399	-	399	10,501
Capital outlay-water well construct.	1,000	90,100	90,018	-	90,018	82
Capital outlay-water system control	2,500	2,500	-	-	-	2,500
Capital outlay-water towers	25,000	25,000	-	-	-	25,000
Capital outlay-furniture	1,000	1,000	-	-	-	1,000
Water analysis	13,000	13,000	3,856	-	3,856	9,144
Miscellaneous expenses	4,000	4,000	649	-	649	3,351
<b>Total water department</b>	<b>2,211,225</b>	<b>2,211,225</b>	<b>1,218,536</b>	<b>31,496</b>	<b>1,250,032</b>	<b>961,193</b>
<b>Sewer Department</b>						
Engineering services	180,000	180,000	97,929	5,428	103,357	76,643
Rental equipment	1,000	1,000	-	-	-	1,000
Maintenance supplies-equipment	5,000	5,000	498	-	498	4,502
Maintenance supplies-sewer machine	20,000	20,000	276	-	276	19,724
Maintenance supplies-lift stations	40,000	40,000	1,262	21	1,283	38,717
Maintenance supplies-sewer mains	15,000	15,000	1,388	-	1,388	13,612
Capital outlay-equipment	125,000	125,000	-	100,073	100,073	24,927
Capital outlay-manholes and grates	20,000	20,000	-	-	-	20,000
Capital outlay-sewer extensions	2,200,000	2,200,000	6,900	542,762	549,662	1,650,338
Capital outlay-lift stations	75,000	75,000	-	-	-	75,000
Miscellaneous expenses	5,000	5,000	1,550	-	1,550	3,450
<b>Total sewer department</b>	<b>2,686,000</b>	<b>2,686,000</b>	<b>109,803</b>	<b>648,284</b>	<b>758,087</b>	<b>1,927,913</b>

**CITY OF MORRIS, ILLINOIS**  
**WATER AND SEWER FUND**  
**OPERATION AND MAINTENANCE ACCOUNT EXPENSES**  
**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Over (Under)</b>
<b>Sewer Treatment Department</b>						
Salary-Waste Water Operator	\$ 84,125	84,125	81,645	2,326	83,971	154
Salary-Waste Water Operator 1	80,075	80,075	76,705	357	77,062	3,013
Salary-Waste Water Asst./Lab T4	148,650	148,650	135,223	(327)	134,896	13,754
Salary-Waste Water Lab T Asst.	61,300	61,300	56,198	(658)	55,540	5,760
Salary-Summer Maintenance	22,800	22,800	6,047	-	6,047	16,753
Insurance-health	186,705	186,705	154,384	-	154,384	32,321
Insurance-dental & vision	7,810	7,810	6,458	-	6,458	1,352
Insurance-life	2,850	2,850	2,264	-	2,264	586
VALIC-employer portion	4,000	4,000	2,400	-	2,400	1,600
Engineering services	12,000	12,000	5,155	(256)	4,899	7,101
Engineering services-NE STP	12,000	12,000		-		12,000
Medical service & supplies	1,500	1,500	111	-	111	1,389
Training/travel expense	1,000	1,000	-	-	-	1,000
Utilities-electricity central	140,000	140,000	103,007	1,972	104,979	35,021
Utilities-electricity NE STP	150,000	150,000	127,278	(4,224)	123,054	26,946
Sludge disposal expense	85,000	85,000	36,028	3,553	39,581	45,419
Copier machine rental/expense	1,000	1,600	1,595	-	1,595	5
Maintenance supplies-equipment	25,000	24,400	17,651	-	17,651	6,749
Maintenance supplies-vehicles	10,000	10,000	2,667	-	2,667	7,333
Maintenance supplies-STP	12,000	12,000	5,415	(592)	4,823	7,177
Maintenance supplies-grounds	4,000	4,000	59	-	59	3,941
Office supplies & equipment	2,000	2,000	219	-	219	1,781
Operating supplies	8,000	8,000	2,614	-	2,614	5,386
Lab testing samples/supplies	17,000	17,000	9,205	-	9,205	7,795
Tools & small equipment	8,500	8,500	1,442	-	1,442	7,058
Janitorial supplies	1,000	1,000	761	-	761	239
Gasoline/diesel/oil/lubricants	12,000	12,000	6,265	-	6,265	5,735
Chemicals	14,000	14,000	5,373	-	5,373	8,627
Capital outlay-sewer treatment plant	5,000	5,000	-	-	-	5,000
Capital outlay-NE STP	5,000	5,000	-	-	-	5,000
Capital outlay-vehicles/equipment	5,000	5,000	1,964	-	1,964	3,036
IEPA/NPDES fees	40,000	40,000	31,500	-	31,500	8,500
Miscellaneous expenses	1,000	1,000	60	-	60	940
<b>Total sewer treatment department</b>	<b>1,170,315</b>	<b>1,170,315</b>	<b>879,693</b>	<b>2,151</b>	<b>881,844</b>	<b>288,471</b>
<b>Depreciation expense</b>	<b>-</b>	<b>-</b>	<b>914,342</b>	<b>(914,342)</b>	<b>-</b>	<b>-</b>
<b>Provision for contingency</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>

**CITY OF MORRIS, ILLINOIS  
WATER AND SEWER FUND  
OPERATION AND MAINTENANCE ACCOUNT EXPENSES  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED APRIL 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>				
<b>Transfers to Other Accounts</b>						
Revenue Bond & Interest Account	\$ 550,000	550,000	540,000	-	540,000	10,000
Capital Improvement Account	10,000	10,000	10,000	-	10,000	-
Total transfers to other accounts	560,000	560,000	550,000	-	550,000	10,000
Total operations and maintenance	<u>\$ 7,409,285</u>	<u>7,409,285</u>	<u>4,091,017</u>	<u>(233,439)</u>	<u>3,857,578</u>	<u>3,551,707</u>
<b>Summary by Function:</b>						
<b>Operating Expenses:</b>						
Personal services	\$ 1,509,610	1,509,610	1,226,930	4,067	1,230,997	278,613
Contractual services	1,228,175	1,228,775	828,258	5,493	833,751	395,024
Commodities	818,500	817,900	322,128	2,473	324,601	493,299
Capital outlay/maintenance	3,105,000	3,093,800	178,563	668,870	847,433	2,246,367
Depreciation	-	-	914,342	(914,342)	-	-
Other expenses	188,000	199,200	70,796	-	70,796	128,404
Total operating expenses	6,849,285	6,849,285	3,541,017	(233,439)	3,307,578	3,541,707
<b>Transfer to other accounts</b>	560,000	560,000	550,000	-	550,000	10,000
Total operations and maintenance	<u>\$ 7,409,285</u>	<u>7,409,285</u>	<u>4,091,017</u>	<u>(233,439)</u>	<u>3,857,578</u>	<u>3,551,707</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed valuations	\$ 260,122,672	255,713,612	266,588,885	283,037,021	284,942,500
General Corporate	0.1429	0.1311	0.0516	0.0462	0.0462
Garbage	0.0096	-	-	-	-
Police Pension	0.2531	0.2720	0.3190	0.3834	0.4010
Municipal Retirement	0.1300	0.1330	0.1388	0.1205	0.1081
Social Security/Medicare	0.0865	0.0841	0.1155	0.0816	0.0916
Police Protection	0.0288	0.0293	0.0281	0.0159	0.0158
Totals	<u>0.6509</u>	<u>0.6495</u>	<u>0.6530</u>	<u>0.6476</u>	<u>0.6627</u>
General Corporate	\$ 371,196	334,675	137,300	130,710	131,350
Garbage	24,982	-	-	-	-
Police Pension	657,345	694,342	848,922	1,083,231	1,140,376
Municipal Retirement	337,437	339,449	369,397	340,422	307,403
Social Security/Medicare	224,655	214,641	307,494	230,622	260,510
Police Protection	74,893	74,875	74,891	44,926	44,930
	<u>1,690,508</u>	<u>1,657,982</u>	<u>1,738,004</u>	<u>1,829,911</u>	<u>1,884,569</u>
Township Road & Bridge	<u>72,253</u>	<u>75,030</u>	<u>77,308</u>	<u>80,574</u>	<u>80,725</u>
Totals	<u>\$ 1,762,761</u>	<u>1,733,012</u>	<u>1,815,312</u>	<u>1,910,485</u>	<u>1,965,294</u>
Tax collections	<u>\$ 1,759,599</u>	<u>1,729,427</u>	<u>1,812,093</u>	<u>1,912,745</u>	<u>-</u>



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

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

I was engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' basic financial statements and have issued my report thereon dated August 17, 2018.

**Internal Control Over Financial Reporting**

In connection with my engagement to audit the financial statements of the City of Morris, Illinois, I considered the City of Morris, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Morris, Illinois' internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Morris, Illinois' internal control.

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

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

## **Internal Control Finding IC-1**

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

### Recommendation

The management of the City should assess its internal control system and implement additional controls appropriate to the size and needs of the organization. Some of the areas that represent significant deficiencies in the current system include the lack of comprehensive written accounting policies and procedures; and the lack of required expertise in order to prepare financial statements in accordance with U.S. generally accepted accounting principles.

### City management response:

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

## **Compliance and Other Matters**

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

### **City of Morris, Illinois' Response to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "William J. Crawford". The signature is fluid and cursive, with a large, stylized initial "W" and "C".

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