

CITY OF MORRIS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
APRIL 30, 2019



CITY OF MORRIS, ILLINOIS

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For the Year Ended April 30, 2019**

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INDEPENDENT AUDITORS' REPORT



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA
ERICA BLUMBERG, CPA
TREVOR DEBELAK, CPA
CHRIS CHRISTENSEN
STEPHANIE HEISNER
SONDRA RANKIN, MBA

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of April 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Data

Other auditors previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Morris, Illinois, for the year ended April 30, 2018, which are presented for comparison purposes with the accompanying financial statements. In their report dated August 17, 2018, they expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Morris, Illinois' basic financial statements. The schedules listed in the table of contents as "Other Information" and "Statistical Section" on pages 83-120 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements on pages 83-119 are the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuations, Rates, Extensions and Collections on page 120 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019 on our consideration of the City of Morris, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morris, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

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, 2019. 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 \$68,277,491 (net position). The City has a deficit unrestricted fund balance of (\$853,850) at April 30, 2019.
- The City's total net position decreased by \$2,735,198 (3.85%) for the fiscal year ended April 30, 2019. Of this amount, the governmental net position decreased by \$3,588,353 (9.90%) and the business-type net position increased by \$853,155 (2.45%). The governmental-type net position decreased primarily due to increased expenditures for employee pensions and culture & recreation, as well as a large repayment of CDAP loan funds to the State of Illinois in 2019. The business-type net position increased primarily due to an increase in water and sewer fees.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,300,380, a decrease of \$970,810 (5.31%) in comparison with the prior fiscal year. Approximately 43.85% of the total fund balance, \$7,585,594, was unassigned and available for spending at the City's discretion.
- The City's total long-term debt decreased by \$530,577 during the current fiscal year due to scheduled payments on bond issues and capital leases.

Using This Annual Report

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

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

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

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

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

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

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Using This Annual Report (Continued):

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

Reporting the City's Financial Activities

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

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

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

Fund Financial Statements

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

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

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

The City maintains 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

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Reporting the City's Financial Activities (Continued):

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

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

Enterprise funds are used to report business-type activities in the government-wide financial statements. The City presents three enterprise funds: Garbage, Water and Sewer, and Airport Funds and all are considered to be major funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for these funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds: agency funds, and a pension trust fund. The Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are included in the basic financial statement section of this report, while the Statement of Changes in Assets and Liabilities for agency funds is included in the combining and individual fund section of this report.

CITY OF MORRIS, ILLINOIS

**Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

Government-wide Financial Analysis:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018*	2019	2018*	2019	2018*
<u>Assets</u>						
Current and other assets	\$ 26,638,840	27,075,732	8,884,178	8,177,478	35,523,018	35,253,210
Capital assets	31,820,201	33,428,817	31,191,934	31,472,586	63,012,135	64,901,403
Total assets	58,459,041	60,504,549	40,076,112	39,650,064	98,535,153	100,154,613
Deferred Outflows	6,547,771	5,401,602	322,369	364,817	6,870,140	5,766,419
<u>Liabilities</u>						
Current liabilities	1,482,052	1,361,609	869,660	783,304	2,351,712	2,144,913
Long-term liabilities	21,047,662	18,393,995	3,913,300	4,469,211	24,960,962	22,863,206
Total liabilities	22,529,714	19,755,604	4,782,960	5,252,515	27,312,674	25,008,119
Deferred inflows	9,815,128	9,900,224	-	-	9,815,128	9,900,224
<u>Net Position</u>						
Net investment in capital assets	31,820,201	33,428,817	25,740,433	25,855,325	57,560,634	59,284,142
Restricted	10,235,393	9,977,214	1,335,314	1,032,040	11,570,707	11,009,254
Unrestricted	(9,393,624)	(7,155,708)	8,539,774	7,875,001	(853,850)	719,293
Total net position	\$ 32,661,970	36,250,323	35,615,521	34,762,366	68,277,491	71,012,689

* As restated

Net investment in capital assets – the largest portion (84.30%) 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 (16.95%) is restricted and represents resources that are subject to external restrictions by enabling legislation, debt covenants, or other legal requirements on how they may be used.

Unrestricted net position – the remaining deficit of \$853,850 (-1.25%) 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 \$2,735,198 decrease in net position is attributable to increases in culture and recreation and pension expenses, as well as a large refund of CDAP loan funds to the State of Illinois.

Due to the implementation of GASB 68 and 75 and the recording of net pension and OPEB liabilities, the City’s unrestricted net position on April 30, 2019 was a deficit of \$853,850. As the net pension and OPEB liabilities will likely remain a long-term liability for several decades, unrestricted net position is expected to remain at low levels for quite some time.

CITY OF MORRIS, ILLINOIS

**Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

Government-wide Financial Analysis – (Continued):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 418,946	405,917	6,872,836	5,571,753	7,291,782	5,977,670
Operating grants and contributions	345,310	335,612	-	1,478	345,310	337,090
Capital grants	404,664	466,839	102,805	131,980	507,469	598,819
General revenues:						
Property taxes	6,853,671	6,565,953	-	-	6,853,671	6,565,953
Sales and use taxes	7,365,164	6,744,337	-	-	7,365,164	6,744,337
Other taxes	300,667	286,886	-	-	300,667	286,886
Intergovernmental revenue	1,829,191	1,633,889	-	-	1,829,191	1,633,889
Franchise fees	196,787	205,318	-	-	196,787	205,318
Interest income	46,782	32,637	7,946	5,785	54,728	38,422
Other	27,122	20,450	-	-	27,122	20,450
Total revenues	<u>17,788,304</u>	<u>16,697,838</u>	<u>6,983,587</u>	<u>5,710,996</u>	<u>24,771,891</u>	<u>22,408,834</u>
Program expenses:						
General government	3,970,311	3,702,557	-	-	3,970,311	3,702,557
Employee retirement costs	2,736,087	2,138,732	-	-	2,736,087	2,138,732
Public safety	4,433,812	4,162,917	-	-	4,433,812	4,162,917
Transportation and public service	4,271,333	4,787,954	-	-	4,271,333	4,787,954
Culture & recreation	2,044,169	1,095,814	-	-	2,044,169	1,095,814
Environment	440,236	112,345	-	-	440,236	112,345
Community development	3,480,709	2,339,232	-	-	3,480,709	2,339,232
Water and sewer	-	-	4,186,289	3,697,062	4,186,289	3,697,062
Airport Operation	-	-	799,923	809,833	799,923	809,833
Garbage collection and disposal	-	-	1,144,220	1,109,975	1,144,220	1,109,975
Total expenses	<u>21,376,657</u>	<u>18,339,551</u>	<u>6,130,432</u>	<u>5,616,870</u>	<u>27,507,089</u>	<u>23,956,421</u>
Change in net position	(3,588,353)	(1,641,713)	853,155	94,126	(2,735,198)	(1,547,587)
Net position, beginning of year	36,250,323	39,630,940	34,762,366	34,668,240	71,012,689	74,299,180
Prior period adjustments	-	(1,738,904)	-	-	-	(1,738,904)
Net position, end of year	<u>\$ 32,661,970</u>	<u>36,250,323</u>	<u>35,615,521</u>	<u>34,762,366</u>	<u>68,277,491</u>	<u>71,012,689</u>

The City of Morris, Illinois' change in net position of governmental activities was a decrease of \$3,588,353 during the year.

Revenues for governmental activities increased \$1,090,466 over the prior year. The increase is primarily due to increased sales taxes (\$620,827). 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 for governmental activities increased by \$3,037,106 over the prior fiscal year. The increase is primarily attributable to increased pension and OPEB expense, expenditures for sales tax rebate agreements, as well as repayment of \$1,139,200 of CDAP loan funds to the State of Illinois. These funds will be made available to the City in the form of a grant in future years.

Business-type activities increased the City's net position by \$853,155. The current year increase represents a considerable improvement over the prior year's increase of \$94,126 as explained below.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Government-wide Financial Analysis – (Continued):

The City provides garbage collection and disposal, airport facilities, and water and sewer treatment to all residents. The City's total business-type revenues increased by \$1,272,591 over the prior year. Most of the increase is due to receiving additional water and sewer sales revenue in relation to an increase in rates as well as consumption due to one large customer.

Expenses increased by \$513,562 from the prior fiscal year. There has been a general increase in expenses in the water and sewer fund, while airport and garbage-related expenses have remained relatively consistent. Most of the increase is due to the increase in consumption, as well as increased maintenance expenses.

Individual Major Fund Analysis

Governmental Fund Highlights

As the City of Morris, Illinois completed the year, its governmental funds reported a combined fund balance of \$17,300,380, which is \$970,810 less than the \$18,271,190 total fund balance at April 30, 2018. \$7,585,594, or 44%, 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 \$9,714,786 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

General Fund – The General Fund represents the primary operating fund of the City. It accounts for all financial resources, except those to be accounted for in another fund. The General Fund revenues increased by \$774,149 mainly due to additional sales/use tax revenues.

On the expenditure side, the increase over the prior fiscal year was \$569,674. A large portion of the increase can be attributed to payments required according to sales tax rebate agreements. 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 \$280,859. Property tax revenues have continued to recover, actually increasing by \$253,423.

Expenditures fell by \$202,148 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 \$2,431,125. Other major expenditures for the year consisted capital outlays for various equipment and projects. Expenditures decreased from the prior year primarily due to a general decrease in these capital outlays. The City transferred \$2,000,000 from TIF I to the Marina TIF during the year.

Marina Tax Increment Financing Fund – The Marina Tax Increment Financing Fund represents a specific taxing district located in a proposed marina area funded by local property taxes. Due to a lack of current development, the funding is almost exclusively received from the TIF I Fund, as the Marina District is located entirely within that District. The current year transfer amounted to \$2,000,000.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Individual Major Fund Analysis – (Continued):

Expenditures increased by \$399,536 from the prior fiscal year. The increase is primarily due to the CLC closure expenses incurred in 2019.

Proprietary Fund Highlights

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position was \$239,988 for the Garbage Fund, \$7,911,942 for the Water and Sewer Fund, and \$390,844 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of \$853,155 over the prior year. Of the increase, \$1,093,348 came from the Water and Sewer Fund, while the Garbage Fund increased by \$16,519 and the Airport Fund decreased by \$256,712. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues increased by \$1,240,778. The only item of relevance is an increase in water and sewer sales revenue over the prior year in the amount of \$1,266,818. Operating expenses increased by \$497,744.

Airport Fund – The Airport Fund revenues increased by \$26,218. Most of this increase is related to an increase in fuel sales. Expenses decreased \$6,257 from the prior year. The decrease is due to a reduction in capital outlay due to projects completed in the prior year, and offset by an increase in fuel purchase expenses.

Garbage Fund – Garbage fee income of \$1,158,558 exceeded garbage disposal costs of \$1,136,748 by \$21,810. 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 2019 fiscal year budget was adopted on April 16, 2018. The comparison of General Fund original budget to the final budget is on pages 70-71 and 110-115. 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 \$2,745,630 below budget estimates due primarily to lower than expected sales tax revenue (\$2,774,373).

General Fund expenditures were \$4,222,323 under budget estimates mainly due to including anticipated expenditures that did not materialize in the areas of engineering fees, sales tax reimbursements, contingencies, capital outlay, and health insurance-related expenses. Several budget line item transfers were made by the Budget Officer during the year within individual departments. Most were not significant in amount, therefore only the significant transfers are explained in the following paragraphs.

CITY OF MORRIS, ILLINOIS

**Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019**

General Fund Budgetary Highlights – (Continued):

In the Administration Department, the health insurance line item was reduced by \$64,525 to allow for a building and zoning salary increase of \$28,200 for payout of accumulated sick and vacation time, a legal fees increase of \$34,400, and various insignificant other increases.

In the Street and Alley Department, the health insurance line item was reduced by \$43,500 to allow for a Class A Laborer salary increase of the same amount.

Capital Assets and Debt Administration

Capital Assets

The City’s capital assets include land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress. Capital assets for governmental activities totaled \$31,820,201 (net of accumulated depreciation/amortization) at April 30, 2019. Capital assets for business type activities totaled \$31,191,932 (net of accumulated depreciation) at April 30, 2019. See Note 5 to the financial statements for more information about the City’s capital assets.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,222,388	6,222,388	5,546,795	5,546,795	11,769,183	11,769,183
Land improvements	1,925,176	2,017,960	16,045	18,962	1,941,221	2,036,922
Buildings & improvements	8,407,840	8,292,955	1,565,995	1,613,589	9,973,835	9,906,544
Machinery & equipment	1,328,588	1,431,369	432,326	329,796	1,760,914	1,761,165
Vehicles	969,714	1,023,660	177,865	169,480	1,147,579	1,193,140
Infrastructure	12,966,495	14,440,485	23,452,908	23,793,964	36,419,403	38,234,449
Total	<u>\$ 31,820,201</u>	<u>33,428,817</u>	<u>31,191,934</u>	<u>31,472,586</u>	<u>63,012,135</u>	<u>64,901,403</u>

Net capital assets decreased by \$1,889,268 for the 2019 fiscal year. The City expended available resources to acquire \$1,500,299 in capital asset additions during the year. These additions were reduced by the current year’s depreciation expense of \$3,374,042 and \$15,525 representing the basis of assets disposed. (Additional information on the City’s capital assets is presented in Note 5 to the basic financial statements). The additions to capital assets were primarily for a salt storage shed (\$243,566), construction of the Gould Park bandshell restrooms (\$84,790), and sanitary sewer improvements of (\$783,782). Other assets added include the purchase of vehicles, a backhoe, and other equipment for \$388,161.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2019

Capital Assets and Debt Administration – (Continued)

Long-term Debt

Long-term Debt – At April 30, 2019, the City had total net debt outstanding of \$4,451,501, including the present value of future minimum capital lease payments on airport hangars for \$483,252, and the remaining balance due on the 2012 alternate revenue bond issue of \$3,968,249.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Refunding Bonds Alternate Revenue Source (incl. premium)	\$ -	-	3,968,249	4,419,602	3,968,249	4,419,602
Capital Leases	-	-	483,252	562,476	483,252	562,476
Total	\$ -	-	4,451,501	4,982,078	4,451,501	4,982,078

Total outstanding debt decreased by \$530,577 during the fiscal year. The decrease was a result of the normal schedule of payments on existing debt. Additional information on the City's long-term debt is presented in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

Following are currently known City of Morris, Illinois economic factors considered in going into the 2019-2020 fiscal year.

- The City's assessed value increased by 15.63% during the current fiscal year after increasing by 0.67% in the prior year. According to the Supervisor of Assessments, the growth will likely continue in the next couple of years. This growth should be reflected as increased assessed valuations in the coming years. The City's share of state sales tax, which represents the largest portion of General Fund revenue, has begun to experience increases in recent years and that trend is expected to continue.
- The City will continue work on an EPA mandated sanitary sewer/CSO project during future fiscal years, with the current estimated completion date of all phases to be May 31, 2021. This sanitary sewer outflow elimination project consists of a total of four phases. Phase I was completed during the April 30, 2016 fiscal year and Phase II was completed during the prior fiscal year. Phase IIIA was completed during the current fiscal year. Phases IV-A has been awarded but has not yet begun. Estimated project cost for Phase IV-A is \$2,092,153, plus engineering. Phase IV-B has not yet been started. Estimated total project cost for Phases IV-A and IV-B is \$4,000,000.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2019

Economic Factors and Next Year's Budget and Rates – (Continued)

- 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 allowed 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's 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 requested the City to implement the closure of the CDAP revolving loan fund in the amount of \$1,139,200 in the current 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.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position

April 30, 2019

(With Comparative Figures for April 30, 2018)

	Governmental	Business-type	Totals	
	Activities	Activities	2019	2018
<u>ASSETS</u>				
Cash and cash equivalents	\$ 15,538,645	9,623,254	25,161,899	24,375,975
Receivables:				
Property taxes	7,201,186	-	7,201,186	6,733,000
Sales and use taxes	1,752,982	-	1,752,982	1,706,820
Income and replacement taxes	302,270	-	302,270	207,651
Grants	4,514	-	4,514	54,564
Other taxes and fees	184,021	-	184,021	164,702
Customer fees (net of allowances)	-	228,161	228,161	133,999
Inventory	-	32,763	32,763	31,910
Internal balances	1,000,000	(1,000,000)	-	-
Restricted cash and cash equivalents	-	-	-	1,134,656
Notes receivable	655,222	-	655,222	709,933
Capital assets, net of accumulated depreciation	31,820,201	31,191,934	63,012,135	64,901,403
Total assets	58,459,041	40,076,112	98,535,153	100,154,613
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding	-	322,369	322,369	364,817
OPEB-related deferred outflows	25,824	-	25,824	-
Pension-related deferred outflows	6,521,947	-	6,521,947	5,401,602
Total deferred outflows	6,547,771	322,369	6,870,140	5,766,419
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	1,121,603	251,869	1,373,472	1,112,417
Noncurrent liabilities:				
Due within one year	360,449	617,791	978,240	1,032,496
Due in more than one year	6,417,630	3,913,300	10,330,930	10,888,248
Net OPEB liability	1,748,006	-	1,748,006	1,738,904
Net pension liability	12,882,026	-	12,882,026	10,236,054
Total liabilities	22,529,714	4,782,960	27,312,674	25,008,119
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Succeeding year property tax	7,201,186	-	7,201,186	6,733,000
Pension-related deferred inflows	2,613,942	-	2,613,942	3,167,224
Total deferred inflows	9,815,128	-	9,815,128	9,900,224
<u>NET POSITION</u>				
Net investment in capital assets	31,820,201	25,740,433	57,560,634	59,284,142
Restricted	10,235,393	1,335,314	11,570,707	11,009,254
Unrestricted	(9,393,624)	8,539,774	(853,850)	719,293
Total net position	\$ 32,661,970	35,615,521	68,277,491	71,012,689

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

Statement of Activities

Year Ended April 30, 2019

(With Comparative Figures for the Year Ended April 30, 2018)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2019	2018
Governmental activities:								
General government	\$ 3,970,311	109,596	117,560	5,190	(3,737,965)	-	(3,737,965)	(3,408,278)
Employee retirement costs	2,736,087	-	-	-	(2,736,087)	-	(2,736,087)	(2,138,732)
Public safety	4,433,812	182,371	104,051	9,980	(4,137,410)	-	(4,137,410)	(3,879,204)
Transportation and public works	4,271,333	815	-	383,983	(3,886,535)	-	(3,886,535)	(4,408,743)
Culture and recreation	2,044,169	107,559	-	5,511	(1,931,099)	-	(1,931,099)	(980,634)
Environment	440,236	-	-	-	(440,236)	-	(440,236)	(112,345)
Community development	3,480,709	18,605	123,699	-	(3,338,405)	-	(3,338,405)	(2,203,247)
Total governmental activities	21,376,657	418,946	345,310	404,664	(20,207,737)	-	(20,207,737)	(17,131,183)
Business-type activities:								
Water sewer	4,186,289	5,179,074	-	92,972	-	1,085,757	1,085,757	242,712
Airport operation	799,923	533,178	-	9,833	-	(256,912)	(256,912)	(170,893)
Garbage collection disposal	1,144,220	1,160,584	-	-	-	16,364	16,364	16,522
Total business-type activities	6,130,432	6,872,836	-	102,805	-	845,209	845,209	88,341
Total government	\$ 27,507,089	7,291,782	345,310	507,469	(20,207,737)	845,209	(19,362,528)	(17,042,842)
General revenues:								
Property taxes					6,853,671	-	6,853,671	6,565,953
Sales tax					7,365,164	-	7,365,164	6,744,337
Other taxes					300,667	-	300,667	286,886
Intergovernmental revenue					1,829,191	-	1,829,191	1,633,889
Franchise fees					196,787	-	196,787	205,318
Interest					46,782	7,946	54,728	38,422
Miscellaneous					27,122	-	27,122	20,450
Total general revenues					16,619,384	7,946	16,627,330	15,495,255
Change in net position					(3,588,353)	853,155	(2,735,198)	(1,547,587)
Net position, beginning of year					36,250,323	34,762,366	71,012,689	74,299,180
Prior period adjustment					-	-	-	(1,738,904)
Net position, end of year					\$ 32,661,970	35,615,521	68,277,491	71,012,689

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

Balance Sheet - Governmental Funds
April 30, 2019
(With Comparative Figures for April 30, 2018)

	General Fund	TIF I Fund	Marina TIF Fund	Non-major Governmental Funds	Total Governmental Funds	
					2019	2018
<u>ASSETS</u>						
Cash and cash equivalents	\$ 5,808,299	4,371,832	2,382,766	2,975,748	15,538,645	15,418,970
Receivables:						
Property taxes	1,494,000	5,022,601	14,085	670,500	7,201,186	6,733,000
Sales and use taxes	1,752,982	-	-	-	1,752,982	1,706,820
Income and replacement taxes	302,270	-	-	-	302,270	207,651
Other taxes & fees	114,836	-	-	69,185	184,021	164,702
Grants	4,514	-	-	-	4,514	-
Due from other funds	1,000,000	-	-	-	1,000,000	1,000,000
Restricted cash and cash equivalents	-	-	-	-	-	1,134,656
Notes receivable	134,615	520,607	-	-	655,222	709,933
Total assets	<u>\$ 10,611,516</u>	<u>9,915,040</u>	<u>2,396,851</u>	<u>3,715,433</u>	<u>26,638,840</u>	<u>27,075,732</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 949,733	28,396	33,560	22,789	1,034,478	913,789
Accrued payroll	87,125	-	-	-	87,125	-
Accrued benefits	360,449	-	-	-	360,449	447,820
Total liabilities	<u>1,397,307</u>	<u>28,396</u>	<u>33,560</u>	<u>22,789</u>	<u>1,482,052</u>	<u>1,361,609</u>
Deferred inflows of resources:						
Succeeding year property tax	1,494,000	5,022,601	14,085	670,500	7,201,186	6,733,000
Unavailable revenues from loans	134,615	520,607	-	-	655,222	709,933
Total deferred inflows	<u>1,628,615</u>	<u>5,543,208</u>	<u>14,085</u>	<u>670,500</u>	<u>7,856,408</u>	<u>7,442,933</u>
Fund balances:						
Restricted	-	4,343,436	2,349,206	3,022,144	9,714,786	9,977,214
Unassigned	7,585,594	-	-	-	7,585,594	8,293,976
Total fund balances	<u>7,585,594</u>	<u>4,343,436</u>	<u>2,349,206</u>	<u>3,022,144</u>	<u>17,300,380</u>	<u>18,271,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,611,516</u>	<u>9,915,040</u>	<u>2,396,851</u>	<u>3,715,433</u>	<u>26,638,840</u>	<u>27,075,732</u>

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

Balance Sheet - Governmental Funds
April 30, 2019
(With Comparative Figures for April 30, 2018)

	2019	2018
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	\$ 17,300,380	18,271,190
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources, and, therefore, are not report in the funds. The cost of capital assets is \$74,123,303 and the accumulated depreciation is \$42,303,102.	31,820,201	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 current-period expenditures.	655,222	709,933
Pension-related and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources - pensions	6,521,947	5,401,602
Deferred outflows of resources - OPEB	25,824	-
Deferred inflows of resources - pensions	(2,613,942)	(3,167,224)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
Landfill closure	(6,368,619)	(6,368,619)
Compensated absences	(49,011)	(50,418)
Net OPEB liability	(1,748,006)	(1,738,904)
Net pension liability / asset	(12,882,026)	(10,236,054)
Net position of governmental activities	<u>\$ 32,661,970</u>	<u>36,250,323</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	General	Tax Increment	Marina	Non-major	Total Governmental Funds	
	Fund	Financing Fund I	Tax Increment Financing Fund	Governmental Funds	2019	2018
Revenues:						
Property taxes	\$ 1,422,718	4,863,006	6,852	561,095	6,853,671	6,565,953
Sales and use taxes	7,365,164	-	-	-	7,365,164	6,744,337
Other taxes	-	-	-	300,667	300,667	286,886
Intergovernmental revenue	1,885,964	-	-	358,981	2,244,945	2,054,014
Licenses and permits	109,596	-	-	-	109,596	120,172
Franchise fees	196,787	-	-	-	196,787	205,318
Charges for services	126,979	-	-	-	126,979	121,058
Fines	153,913	-	-	28,458	182,371	164,687
Interest	3,439	27,231	10,091	6,021	46,782	32,637
Other	377,443	58,269	-	12,467	448,179	445,533
Total revenues	11,642,003	4,948,506	16,943	1,267,689	17,875,141	16,740,595
Expenditures:						
Current:						
General government	3,643,094	99,420	52,420	-	3,794,934	3,427,750
Employee retirement costs	1,142,652	-	-	637,812	1,780,464	1,742,160
Public safety	4,219,167	-	-	8,429	4,227,596	4,021,675
Transportation and public service	2,182,314	-	-	34,155	2,216,469	2,006,871
Culture and recreation	528,128	-	-	1,396,798	1,924,926	820,151
Environment	-	-	436,455	3,781	440,236	112,345
Community development	-	2,431,125	2,056	-	2,433,181	2,306,088
Capital outlay	634,837	742,617	304,911	345,780	2,028,145	2,499,017
Total expenditures	12,350,192	3,273,162	795,842	2,426,755	18,845,951	16,936,057
Excess (deficiency) of revenues over (under) expenditures	(708,189)	1,675,344	(778,899)	(1,159,066)	(970,810)	(195,462)
Other financing sources (uses):						
Transfers in (out)	(193)	(2,000,000)	2,000,000	193	-	-
Changes in fund balances	(708,382)	(324,656)	1,221,101	(1,158,873)	(970,810)	(195,462)
Fund balances, beginning of year	8,293,976	4,668,092	1,128,105	4,181,017	18,271,190	18,466,652
Fund balances, end of year	\$ 7,585,594	4,343,436	2,349,206	3,022,144	17,300,380	18,271,190

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019	2018
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities		
Net change in fund balances - total governmental funds	\$ (970,810)	(195,462)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	538,422	1,136,272
Depreciation expense	(2,131,513)	(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.	(15,525)	(8,629)
Repayment of notes receivable principal is revenue in the governmental funds, but reduces the notes receivable in the statement of net position.	(54,711)	(53,081)
Governmental funds report City Pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense.		
City pension contributions	1,463,723	1,742,160
City OPEB contributions	110,249	-
Cost of pension benefits incurred net of employee contributions	(2,436,068)	(2,138,732)
Cost of OPEB benefits incurred net of employee contributions	(93,527)	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Compensated absences	1,407	1,248
Change in net position of governmental activities	<u>\$ (3,588,353)</u>	<u>(1,641,713)</u>

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

Statement of Net Position - Proprietary Funds
April 30, 2019
(With Comparative Figures for April 30, 2018)

	Enterprise Funds				
	Water and Sewer Fund	Airport Fund	Garbage Fund	Total	
				2019	2018
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,967,792	370,906	284,556	9,623,254	8,957,005
Accounts receivable, net	162,567	17,983	47,611	228,161	133,999
Grants receivable	-	-	-	-	54,564
Inventory	-	32,763	-	32,763	31,910
Total current assets	9,130,359	421,652	332,167	9,884,178	9,177,478
Noncurrent assets:					
Land	613,374	4,933,421	-	5,546,795	5,546,795
Other capital assets, net of depreciation	23,549,697	2,095,442	-	25,645,139	25,925,791
Total noncurrent assets	24,163,071	7,028,863	-	31,191,934	31,472,586
Total assets	33,293,430	7,450,515	332,167	41,076,112	40,650,064
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	322,369	-	-	322,369	364,817
LIABILITIES					
Current liabilities:					
Accounts payable & accrued expenses	125,882	30,808	95,179	251,869	198,628
Compensated absences	69,726	-	-	69,726	60,452
Due to other funds	-	1,000,000	-	1,000,000	1,000,000
Lease payable	-	83,065	-	83,065	79,224
Revenue bonds payable	465,000	-	-	465,000	445,000
Total current liabilities	660,608	1,113,873	95,179	1,869,660	1,783,304
Non-current liabilities:					
Compensated absences	9,864	-	-	9,864	11,357
Lease payable	-	400,187	-	400,187	483,252
Revenue bonds payable	3,503,249	-	-	3,503,249	3,974,602
Total non-current liabilities	3,513,113	400,187	-	3,913,300	4,469,211
Total liabilities	4,173,721	1,514,060	95,179	5,782,960	6,252,515
NET POSITION					
Net investment in capital assets	20,194,822	5,545,611	-	25,740,433	25,855,325
Restricted	1,335,314	-	-	1,335,314	1,032,040
Unrestricted	7,911,942	390,844	236,988	8,539,774	7,875,001
Total net position	\$ 29,442,078	5,936,455	236,988	35,615,521	34,762,366

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

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Enterprise Funds			Total	
	Water and Sewer Fund	Airport Fund	Garbage Fund	2019	2018
Operating revenues:					
Water and sewer sales	\$ 5,029,944	-	-	5,029,944	3,763,126
Infrastructure fees	-	-	-	-	20,239
Garbage collection fees	-	-	1,160,584	1,160,584	1,126,497
Tap on fees/meters	41,350	-	-	41,350	60,460
Facilities rental	-	243,185	-	243,185	246,282
Fuel sales	-	288,900	-	288,900	242,895
Miscellaneous revenue	107,780	1,093	-	108,873	112,254
Total operating revenues	5,179,074	533,178	1,160,584	6,872,836	5,571,753
Operating expenses:					
Personal services	1,331,580	120,474	-	1,452,054	1,341,713
Contractual services	951,597	110,631	1,139,907	2,202,135	2,081,471
Commodities	422,529	239,073	-	661,602	511,933
Capital outlay/maintenance	336,075	9,425	-	345,500	230,676
Depreciation	954,118	288,411	-	1,242,529	1,206,698
Other expenses	66,829	6,588	4,313	77,730	83,327
Total operating expenses	4,062,728	774,602	1,144,220	5,981,550	5,455,818
Operating income (loss)	1,116,346	(241,424)	16,364	891,286	115,935
Non-operating revenues (expenses):					
Bank service fees	(350)	-	-	(350)	(400)
State and federal grants	-	9,833	-	9,833	133,458
Capital contributed	92,972	-	-	92,972	-
Interest income	7,591	200	155	7,946	5,785
Interest expense	(123,211)	(25,321)	-	(148,532)	(160,652)
Total non-operating revenues (expenses)	(22,998)	(15,288)	155	(38,131)	(21,809)
Change in net position	1,093,348	(256,712)	16,519	853,155	94,126
Net position, beginning of year	28,348,730	6,193,167	220,469	34,762,366	34,668,240
Net position, end of year	\$ 29,442,078	5,936,455	236,988	35,615,521	34,762,366

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

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Enterprise Funds			Total	
	Water and Sewer Fund	Airport Fund	Garbage Fund	2019	2018
Cash flows from operating activities:					
Receipts from customers	\$ 5,031,675	522,392	1,158,558	6,712,625	5,493,156
Other operation receipts	64,958	1,093	-	66,051	58,143
Payments to suppliers	(1,753,321)	(338,779)	(1,141,061)	(3,233,161)	(3,075,701)
Payments to employees	(1,306,896)	(118,925)	-	(1,425,821)	(1,305,553)
Net cash provided by (used in) operating activities	2,036,416	65,781	17,497	2,119,694	1,170,045
Cash flows from noncapital financing activities:					
Internal advances	-	(16,578)	-	(16,578)	16,578
Cash flows from capital and related financing activities:					
Capital assets acquired	(868,903)	-	-	(868,903)	(595,159)
Principal & interest on capital leases	-	(104,545)	-	(104,545)	(104,545)
Principal & interest on alternate revenue bonds	(535,410)	-	-	(535,410)	(539,610)
Grant receipts	-	64,397	-	64,397	82,903
Net cash provided by (used in) capital financing activities	(1,404,313)	(40,148)	-	(1,444,461)	(1,156,411)
Cash flows from investing activities:					
Interest received	7,239	200	155	7,594	5,785
Net change in cash and cash equivalents	639,342	9,255	17,652	666,249	35,997
Cash and cash equivalents, beginning of year	8,328,450	361,651	266,904	8,957,005	8,921,008
Cash and cash equivalents, end of year	\$ 8,967,792	370,906	284,556	9,623,254	8,957,005
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,116,346	(241,424)	16,364	891,286	115,935
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	954,118	288,411	-	1,242,529	1,206,698
Effects of changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(82,443)	(9,693)	(2,026)	(94,162)	25,026
(Increase) decrease in inventory	-	(853)	-	(853)	1,952
Increase (decrease) in accounts payable	40,614	29,340	3,159	73,113	(128,166)
Increase in compensated absences	7,781	-	-	7,781	(51,400)
Net cash provided by (used in) operating activities	\$ 2,036,416	65,781	17,497	2,119,694	1,170,045

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

Statement of Fiduciary Net Position

April 30, 2019

(With Comparative Figures for April 30, 2018)

	Police	Agency	Totals	
	Pension Trust Fund		Fund	2019
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,028,606	208,435	1,237,041	1,367,809
Investments:				
U.S. treasury securities	4,470,246	-	4,470,246	4,644,100
Corporate bonds	492,622	-	492,622	732,685
Equity securities	6,464,256	-	6,464,256	6,017,086
Mutual funds	3,598,868	-	3,598,868	2,570,093
Accrued interest	31,759	-	31,759	32,754
Total assets	<u>16,086,357</u>	<u>208,435</u>	<u>16,294,792</u>	<u>15,364,527</u>
<u>LIABILITIES</u>				
Accounts payable	90,948	-	90,948	88,620
Payable to others	-	208,435	208,435	696,636
Total liabilities	<u>90,948</u>	<u>208,435</u>	<u>299,383</u>	<u>785,256</u>
<u>NET POSITION</u>				
Held in trust for pension benefits	<u>\$ 15,995,409</u>	<u>-</u>	<u>15,995,409</u>	<u>14,579,271</u>

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

Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Police Pension Trust Fund	
	2019	2018
Additions:		
Contributions:		
Employer contributions	\$ 1,142,652	1,085,076
Plan member contributions	199,079	188,881
Total contributions	1,341,731	1,273,957
Net investment income:		
Net change in fair value of investments	837,421	486,057
Investment income	344,121	287,860
Total investment income	1,181,542	773,917
Less: Investment expense	(59,511)	(57,356)
Net investment income	1,122,031	716,561
Miscellaneous income	50	-
Total additions	2,463,812	1,990,518
Deductions:		
Administrative	32,714	21,571
Benefit payments, including member refunds	1,014,960	1,013,106
Total deductions	1,047,674	1,034,677
Changes in net position	1,416,138	955,841
Net position, beginning of year	14,579,271	13,623,430
Net position, end of year	\$ 15,995,409	14,579,271

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

NOTES TO BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Morris, Illinois (the City) was incorporated on February 12, 1853, and operates under an aldermanic-city form of government consisting of eight elected aldermen and a mayor. Services provided include police protection, collection and disposal of refuse, water and sewer services, storm water management, parks, swimming pool, airport facilities, and maintenance of streets.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

A. The Financial Reporting Entity

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

Blended Component Unit – Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). It functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The pension system is a component unit because of the composition of the board and the fact that the City is required by state statute to provide a majority of the funding. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it was part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. The activities of the Police Pension Employees Retirement System are accounted for in the Police Pension Trust Fund.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

B. Basis of Presentation - (Continued)

Government-wide Financial Statements - (Continued)

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Government</u>
Capital Assets, net of accumulated depreciation	\$ 31,820,201	31,191,934	63,012,135
Less:			
Loan from General Fund	-	(1,000,000)	(1,000,000)
Capital leases payable	-	(483,252)	(483,252)
Revenue bonds payable	-	<u>(3,968,249)</u>	<u>(3,968,249)</u>
Net investment in capital assets	<u>\$ 31,820,201</u>	<u>25,740,433</u>	<u>57,560,634</u>

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

B. Basis of Presentation - (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

B. Basis of Presentation - (Continued)

Fund Financial Statements – (Continued)

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days after year-end.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents are pooled into common accounts in order to maximize investment opportunities and improve cash management. The City considers all cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

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

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

Investments

State statutes authorize the government to invest in the following:

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

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

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

Restricted Assets

The City elects to use restricted before unrestricted assets when the situation arises where either can be used. Certain assets of the Water & Sewer Fund are restricted because their use is limited by applicable debt agreements.

Receivables

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

Property Taxes

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

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

In the Fund Financial Statements, property tax revenues are recognized under the modified accrual basis of accounting so that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and unavailable revenue to be recognized as revenue in the future period for which it was levied.

Property taxes generated from the 2017 property tax levy (\$1,965,294) are used to finance the operating budget of the fiscal year ending April 30, 2019. Although the 2018 property tax levy receivable has been recorded, the related revenue (\$2,225,541) is deferred in both the government-wide and fund financial statements. Recognition of revenue is deferred until the year it is intended to finance.

Customer Accounts Receivable and Unbilled Usage

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

Receivables from Others

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

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions among funds. To the extent certain transactions between funds had not been paid or received as of April 30, 2019, balances of inter-fund amounts receivable or payable have been reported in the fund financial statements. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as “internal balances”.

Inventories

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

Capital Assets

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

Impairment of Long-lived Assets

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

Deferred Outflows / Inflows of Resources

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

The City has three items that qualify for reporting as deferred outflows of resources. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The remaining two items are related to the City's pension and OPEB plans and are only recorded in the government-wide statement of net position.

The City has two types of items that qualify for reporting as deferred inflows of resources. One item, *unavailable property tax revenue*, is reported in the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The remaining item is related to the City's pension plans and is only recorded in the government-wide statement of net position.

Compensated Absences

The City's policy allows full-time employees to accumulate unused sick leave to a maximum of 37 ½ days per year cumulative to 112 ½ total days based upon length of employment. Police personnel may accumulate unused sick leave to a maximum of 17 ½ days per year cumulative to 1,080 hours based upon length of employment. Earned vacation and personal time are generally required to be used within one year of being earned and are not cumulative. Sick pay time, if not used by the employee, shall be paid to the employee at the rate of \$10 per day for each day not so used for all employees except police personnel.

The City has recorded a liability for accumulated compensated absences of \$489,049 as of April 30, 2019. See Note 6 for further information.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

Long-term Liabilities

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

Fund Equity

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

Fund Equity – (Continued):

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

1. Non-spendable:

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

2. Restricted:

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

3. Committed:

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

4. Assigned:

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

5. Unassigned:

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

E. Use of Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Cash

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

At year-end, the carrying amount of the City's deposits was \$25,161,899, including petty cash, and excluding Trust and Agency Fund balances, and bank balances totaled \$25,047,446. \$1,000,000 of the bank balance was covered by federal depository insurance, with the remaining balance of \$25,547,446 having specific pledged collateral in the name of the City. Deposits at April 30, 2019, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 19,547,466	19,660,519
Bank short-term certificates of deposit	<u>5,500,000</u>	<u>5,500,000</u>
Total deposits	25,047,466	25,160,519
Petty cash on hand	<u>1,380</u>	<u>1,380</u>
Total cash and cash equivalents - City	<u>\$ 25,048,846</u>	<u>25,161,899</u>
 Fiduciary Funds	 \$ 1,276,093	 1,237,041
Total cash and cash equivalents	<u>\$ 26,324,939</u>	<u>26,398,940</u>

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 2: DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments

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

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

Interest Rate Risk

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

City policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase. As of April 30, 2019, 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:

	Fair Value	Remaining Maturity			
		Less than One Year	1-5 Years	6-10 Years	11-15 Years
US Government Securities	\$ 4,470,246	993,848	3,476,398	-	-
Corporate Bonds	492,622	-	492,622	-	-
Total Fixed Income Securities	<u>\$ 4,962,868</u>	<u>993,848</u>	<u>3,969,020</u>	<u>-</u>	<u>-</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of April 30, 2019, the Police Pension Trust Fund investments were rated as follows:

Corporate Bonds	Fair Value	Standard & Poor's
3M Company	\$ 246,027	AA-
State Street Corporation	246,595	A
Total Corporate Bonds	<u>\$ 492,622</u>	

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 2: DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments – (Continued)

Concentration of Credit Risk

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

NOTE 3: FAIR VALUE MEASUREMENTS

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

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

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

	Balance at April 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Government securities	\$ 4,470,246	4,470,246	-	-
Corporate bonds	492,622	-	492,622	-
Equity securities	6,464,256	6,464,256	-	-
Mutual funds	3,598,868	3,598,868	-	-
Total investments	<u>\$ 15,025,992</u>	<u>14,533,370</u>	<u>492,622</u>	<u>-</u>

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 4: RECEIVABLES

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

Notes Receivable

The City provided loans to local businesses under the Community Development Assistance Program (CDAP) and its Tax Increment Financing Fund I to promote commercial growth, redevelopment, and employment opportunities. The loans were offered in various amounts and terms with required monthly payments at interest rates from 1% to 3%. All loans are collateralized and payments are current on all listed loans with one exception. The Bimet loan is past due with a remaining balance of \$131,383 as of April 30, 2019. A notice of default has been served by the City and the matter is currently being pursued in the Grundy County Circuit Court.

During the year ended April 30, 2019, the State of Illinois terminated the CDAP program, and the entire balance in the CDAP fund was remitted to the State. The outstanding loan balances of the Audacious Ink and Bimet loans were transferred to the City's General Fund, which will collect all payments going forward.

The following is a listing of notes receivable at April 30, 2019:

Name	Original Loan Amount	Balance April 30, 2018	Increases	Decreases	Balance April 30, 2019
CDAP Loan Fund:					
Audacious Ink	\$ 10,000	4,277	-	4,277	-
Bimet	150,000	131,383	-	131,383	-
Total CDAP Loan Fund	160,000	135,660	-	135,660	-
General Fund:					
Audacious Ink	4,277	-	4,277	1,045	3,232
Bimet	131,383	-	131,383	-	131,383
Total General Fund	135,660	-	135,660	1,045	134,615
TIF I Fund:					
Greenway	600,000	543,840	-	25,783	518,057
Living Waters Church	55,000	25,358	-	25,358	-
Morris Downtown Development Partnership*	12,500	5,075	-	2,525	2,550
Total TIF I Fund	667,500	574,273	-	53,666	520,607
Total notes receivable	\$963,160	709,933	135,660	190,371	655,222

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

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 5: CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2019 was as follows:

	Balance as of April 30, 2018	Additions	Deletions	Balance as of April 30, 2019
Capital assets not being depreciated:				
Land	\$ 6,222,388	-	-	6,222,388
Total capital assets not being depreciated	<u>6,222,388</u>	<u>-</u>	<u>-</u>	<u>6,222,388</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & Improvements	10,345,171	328,356	-	10,673,527
Machinery & equipment	2,188,197	34,143	-	2,222,340
Vehicles	2,339,627	175,923	118,614	2,396,936
Infrastructure	49,451,002	-	-	49,451,002
Total capital assets being depreciated	<u>67,481,107</u>	<u>538,422</u>	<u>118,614</u>	<u>67,900,915</u>
Total capital assets	<u>73,703,495</u>	<u>538,422</u>	<u>118,614</u>	<u>74,123,303</u>
Less accumulated depreciation:				
Land improvements	1,139,150	92,785	-	1,231,935
Buildings & improvements	2,052,216	213,471	-	2,265,687
Machinery & equipment	756,828	136,924	-	893,752
Vehicles	1,315,967	214,344	103,089	1,427,222
Infrastructure	35,010,517	1,473,989	-	36,484,506
Total accumulated depreciation:	<u>40,274,678</u>	<u>2,131,513</u>	<u>103,089</u>	<u>42,303,102</u>
Total capital assets being depreciated, net	<u>27,206,429</u>	<u>(1,593,091)</u>	<u>15,525</u>	<u>25,597,813</u>
Governmental activities capital assets, net	<u>\$ 33,428,817</u>	<u>(1,593,091)</u>	<u>15,525</u>	<u>31,820,201</u>

Depreciation for governmental activities in the current fiscal year was \$2,131,513 and was allocated as follows:

General government	\$ 230,717
Public Safety	108,204
Transportation & public service	1,656,485
Culture & recreation	<u>136,107</u>
Total depreciation – governmental activities	<u>\$ 2,131,513</u>

Significant capital additions for the year included salt storage shed (\$243,566), Gould Park Bandshell Restrooms (\$84,790) and Ford vehicles (\$175,923).

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 5: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Capital asset activity for business-type activities for the year ended April 30, 2019 was as follows:

	Balance as of April 30, 2018	Additions	Deletions	Balance as of April 30, 2019
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Total capital assets not being depreciated	<u>5,546,795</u>	<u>-</u>	<u>-</u>	<u>5,546,795</u>
Depreciable capital assets:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,326,071	-	-	2,326,071
Machinery & equipment	615,395	144,300	35,000	724,695
Vehicles	448,527	33,794	-	482,321
Infrastructure	49,497,170	783,783	-	50,280,953
Total depreciable capital assets:	<u>52,945,508</u>	<u>961,877</u>	<u>35,000</u>	<u>53,872,385</u>
Total capital assets	<u>58,492,303</u>	<u>961,877</u>	<u>35,000</u>	<u>59,419,180</u>
Less accumulated depreciation:				
Land improvements	39,383	2,917	-	42,300
Buildings & improvements	712,482	47,594	-	760,076
Machinery & equipment	285,599	41,770	35,000	292,369
Vehicles	279,047	25,410	-	304,457
Infrastructure	25,703,206	1,124,838	-	26,828,044
Total accumulated depreciation	<u>27,019,717</u>	<u>1,242,529</u>	<u>35,000</u>	<u>28,227,246</u>
Total capital assets being depreciated, net	<u>25,925,791</u>	<u>(280,652)</u>	<u>-</u>	<u>25,645,139</u>
Business-type activities capital assets, net	<u>\$ 31,472,586</u>	<u>(280,652)</u>	<u>-</u>	<u>31,191,934</u>

Depreciation expense for business-type activities in the current fiscal year was \$1,242,529 and was charged as follows:

Water & sewer	\$ 954,118
Airport	<u>288,411</u>
Total depreciation – business type activities	<u>\$ 1,242,529</u>

Significant capital additions for the year included a 2018 Caterpillar 440-07A Backhoe (\$120,750) and sanitary sewer improvements (\$783,782).

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2019, was as follows:

	Balance at April 30, 2018	Additions	Deductions	Balance at April 30, 2019	Due Within One Year
Governmental Activities:					
Landfill Closure (Note 12)	\$ 6,368,619	-	-	6,368,619	-
Compensated Absences (Note 1)	498,238	883,863	972,641	409,460	360,449
Total OPEB Liability (Note 10)	1,738,904	119,351	110,249	1,748,006	-
Net Pension Liability (Asset) (Note 9)	10,236,054	7,058,761	4,412,789	12,882,026	-
Total Governmental Activities	\$ 18,841,815	8,061,975	5,495,679	21,408,111	360,449
Business-type Activities:					
General Obligation Waterworks and Sewerage Refunding Bonds (Alt. Rev Source) Series 2012	\$ 4,365,000	-	445,000	3,920,000	465,000
Bond Premium/(Discount), Net	54,602	-	6,353	48,249	-
Capital Leases	562,476	-	79,224	483,252	83,065
Compensated Absences (Note 1)	71,808	166,859	159,078	79,589	69,726
Total Business-type activities	\$ 5,053,886	166,859	689,655	4,531,090	617,791

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 \$148,532 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - \$123,211 and Airport Fund - \$25,321.

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

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

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

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

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

Year Ending April 30,	Principal	Interest	Total P&I
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	495,000	43,910	538,910
2025-2027	1,545,000	69,490	1,614,490
	<u>\$ 3,920,000</u>	<u>384,040</u>	<u>4,304,040</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

Capital Lease Liabilities

The City entered into lease agreements as lessee for financing the construction or acquisition of airport hangars. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. For the fiscal year ended April 30, 2019, 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 \$362,500 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.

All leases were renewed during the fiscal year ended April 30, 2015 with the following details:

	<u>3-12 T Hangars</u>	<u>100 x 120 Corporate Hangar</u>
Original lease amount	<u>\$ 1,000,000</u>	<u>250,000</u>
Refinanced 2014	\$ 662,877	165,495
Date renewed	7/10/2014	7/10/2014
Interest rate	4.75%	4.75%
Payment frequency	Quarterly	Quarterly
Payment amount	\$ 20,915	5,222
Term	5 Years	5 Years
Final Pmt & Balloon amount	\$ 370,384	92,471
Unpaid April 30, 2019	<u>\$ 386,707</u>	<u>96,545</u>

CITY OF MORRIS, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended April 30, 2019**

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

Capital Lease Liabilities – (Continued):

Obligations of business-type activities under capital leases at April 30, 2019, incorporating the subsequent renewal which took place in July, 2019, are as follows:

Fiscal Year Ending	3-12 T Hangars	2004 Corporate Hangar	Total
April 30, 2020	\$ 83,658	20,886	104,544
April 30, 2021	83,658	20,886	104,544
April 30, 2022	83,658	20,886	104,544
April 30, 2023	83,658	20,886	104,544
April 30, 2024	83,658	20,886	104,544
April 30, 2025	20,915	5,222	26,137
Total minimum lease payments	439,205	109,652	548,857
Less: amount representing interest costs	52,498	13,107	65,605
Present value of future minimum payments	<u>\$ 386,707</u>	<u>96,545</u>	<u>483,252</u>

NOTE 7: LEGAL DEBT MARGIN

Legal debt margin is the percent of the City's assessed valuation which is subject to debt limitation. The statutory debt limitation for the City is 8.625%. The City's legal debt margin is as follows as of April 30, 2019:

Assessed valuation (2018)	<u>\$ 329,474,997</u>
Statutory debt limitation (8.625%)	\$ 28,417,218
Debt applicable to limitation:	
General Obligation Refunding Bonds (ARS), Series 2012	\$ 3,920,000
Airport Hangar Capital Lease Commitment, dated July 10, 2014	386,707
Airport Hangar Capital Lease Commitment, dated July 10, 2014	96,545
Total applicable debt	<u>4,403,252</u>
Less amounts not included in the debt limitation:	
Self-supporting bonded debt	<u>(3,920,000)</u>
Total debt applicable to the debt limitation	<u>483,252</u>
Legal debt margin	<u>\$ 27,933,966</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 8: OPERATING LEASES

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

The following is a schedule by years of rental payments required under operating leases that have initial noncancelable lease terms in excess of one year as of April 30, 2019:

	Fiscal Year Ended	
	April 30,	Amount
	2020	\$ 11,856
	2021	10,972
	2022	8,876
	2023	5,216
	2024	1,420
	Total	<u>\$ 38,340</u>

NOTE 9: DEFINED BENEFIT PENSION PLANS

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense
Police Pension	\$ 4,262,219	1,128,180	10,382,932	1,618,859
IMRF	2,259,728	1,485,762	2,499,094	817,209
Totals	<u>\$ 6,521,947</u>	<u>2,613,942</u>	<u>12,882,026</u>	<u>2,436,068</u>

Illinois Municipal Retirement Fund

Plan Description

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Benefits Provided

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

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

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

- 3% of original pension amount
- ½ of the increase in the Consumer Price Index of the original pension amount.

Membership

As of December 31, 2018, the City’s plan membership consisted of the following:

Retirees and beneficiaries	50
Inactive, non-retired members	18
Active members	53
Total	121

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Contributions

As set by statute, the City’s Regular plan members are required to contribute a percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The required contribution rates and actual City contributions for calendar year 2018 and the fiscal year ended April 30, 2019 are summarized below. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Member contribution rate	4.50%
City contribution rate - 2018	10.82%
City contribution rate - 2019	8.67%
City contributions - 2018	\$ 342,092
City contributions - fiscal year 2019	\$ 327,324

Net Pension Liability (Asset)

The City’s net pension liability (asset) was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Actuarial Assumptions – (Continued)

- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	<u>1%</u>	2.50%
Total	<u>100%</u>	

Single Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

The single discount rate reflects:

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

For purposes of the December 31, 2018 valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.50%.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: **DEFINED BENEFIT PENSION PLANS – (CONTINUED)**

Illinois Municipal Retirement Fund – (Continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2017	\$ 16,911,966	16,850,778	61,188
Changes for the year:			
Service Cost	313,358	-	313,358
Interest on the Total Pension Liability	1,261,016	-	1,261,016
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(452,470)	-	(452,470)
Changes of Assumptions	477,752	-	477,752
Contributions - Employer	-	342,092	(342,092)
Contributions - Employees	-	142,275	(142,275)
Net Investment Income	-	(713,029)	713,029
Benefit Payments, including Refunds of Employee Contributions	(510,196)	(510,196)	-
Other (Net Transfer)	-	(609,588)	609,588
Net Changes	<u>1,089,460</u>	<u>(1,348,446)</u>	<u>2,437,906</u>
Balances at December 31, 2018	<u>\$ 18,001,426</u>	<u>15,502,332</u>	<u>2,499,094</u>

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$ 20,165,450	18,001,426	16,221,400
Plan Fiduciary Net Position	<u>15,502,332</u>	<u>15,502,332</u>	<u>15,502,332</u>
Net Pension Liability (Asset)	<u>\$ 4,663,118</u>	<u>2,499,094</u>	<u>719,068</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$817,209. At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42,214	427,245
Changes in assumptions	338,518	242,905
Net difference between projected and actual earnings on pension plan investments	<u>1,788,842</u>	<u>815,612</u>
Total deferred amounts to be recognized in future pension expense	2,169,574	1,485,762
Contributions subsequent to the measurement date	<u>90,154</u>	<u>-</u>
Total	<u><u>\$ 2,259,728</u></u>	<u><u>1,485,762</u></u>

\$90,154 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Calendar Year Ending December 31,	Net Deferred Outflows of Resources
2019	\$ 113,866
2020	57,438
2021	121,907
2022	<u>390,601</u>
Total	<u><u>\$ 683,812</u></u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan

Plan Description

Administration

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

Membership

As of April 30, 2018, the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled To but Not Yet Receiving Benefits	0
Active Plan Members	<u>25</u>
Total	<u><u>43</u></u>

Benefits Provided

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Benefits Provided – (Continued)

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

Contributions

As set by statute, employees are required to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost of the Plan. For the year ended April 30, 2019, the City contribution was \$1,142,652.

Investments

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

Net Pension Liability

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2017.

The components of the net pension liability of the Plan at April 30, 2019, were as follows:

Total Pension Liability	\$ 24,962,203
Plan Fiduciary Net Position	<u>14,579,271</u>
Net Pension Liability	<u>\$ 10,382,932</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2017, updated to April 30, 2019, using the following actuarial assumptions.

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Straight Line.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- 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:

<u>Asset Class</u>	<u>Target Portfolio Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	8.30%-10.50%
Fixed Income	39.00%	3.20%-4.20%
Cash equivalents	1.00%	0.00%
Total	<u>100.00%</u>	

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions – (Continued)

For the year ended April 30, 2018, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was -1.44 percent (9.23 percent in the prior year ended April 30, 2017). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Discount Rate

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

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: **DEFINED BENEFIT PENSION PLANS – (CONTINUED)**

Police Pension Plan – (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2017	\$ 23,798,296	13,623,430	10,174,866
Changes for the year:			
Service Cost	494,988	-	494,988
Interest on the Total Pension Liability	1,630,422	-	1,630,422
Differences Between Expected and Actual Experience of the Total Pension Liability	51,603	-	51,603
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,085,076	(1,085,076)
Contributions - Employees	-	188,881	(188,881)
Net Investment Income	-	716,561	(716,561)
Benefit Payments, including Refunds of Employee Contributions	(1,013,106)	(1,013,106)	-
Other (Net Transfer)	-	(21,571)	21,571
Net Changes	1,163,907	955,841	208,066
Balances at April 30, 2018	\$ 24,962,203	14,579,271	10,382,932

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset)	\$ 14,242,003	10,382,932	7,269,540

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

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

For the year ended April 30, 2019, the City recognized pension expense of \$1,618,859. At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,298,633	114,392
Changes in assumptions	1,274,758	843,982
Net difference between projected and actual earnings on pension plan investments	<u>546,176</u>	<u>169,806</u>
Total deferred amounts to be recognized in pension expense in future periods	3,119,567	1,128,180
Pension contributions made subsequent to the measurement date	<u>1,142,652</u>	-
Total	<u>\$ 4,262,219</u>	<u>1,128,180</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2020	\$ 720,465
2021	687,648
2022	319,038
2023	128,925
2024	79,835
Thereafter	<u>55,476</u>
Total	<u>\$ 1,991,387</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

Medical / Prescription Coverage

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

Dental, Vision, and Life Coverage

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

Membership

As of April 30, 2019, the following employees were covered by the benefit terms:

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

Contributions

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

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

Of the benefit payments made in 2019, \$32,265 are explicit benefit payments due to the PSEBA pensioners and \$77,984 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.

Net OPEB Liability

At April 30, 2019, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 1,748,006
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 1,748,006</u></u>

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at May 1, 2018	\$ 1,738,904	-	1,738,904
Changes for the year:			
Service Cost	23,957	-	23,957
Interest	66,845	-	66,845
Differences in Actuarial Experience	-	-	-
Changes of Assumptions	28,549	-	28,549
Contributions - Employer	-	110,249	(110,249)
Contributions - Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(110,249)	(110,249)	-
Administrative expense	-	-	-
Net Changes	9,102	-	9,102
Balances at April 30, 2019	\$ 1,748,006	-	1,748,006

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2019:

- The Actuarial Cost Method used was Entry Age Normal (Level %)
- Discount rate used for the Total OPEB Liability:
 - Beginning of year – 3.97%
 - End of year – 3.79%
- High Quality 20 Year Tax-Exempt GO Bond Rate:
 - Beginning of year – 3.97%
 - End of year – 3.79%
- Payroll increases – 2.75%
- Healthcare Cost Trend Rates – The initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
- Election at retirement is assumed to be 10%, except for police currently waiving coverage, which are assumed to elect coverage at 3%.
- Spousal election assumption is 50%
- Plan participation rates – 100%
- Retiree lapse ranges upon attaining age 65 – 0%
- Termination & Disability rates are based on the IMRF 2017 rates for IMRF employees and on the L&A Assumption Study 2016 for Police Officers.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

Actuarial Assumptions – (Continued)

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

Single Discount Rate

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

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the municipal bond rate. Because the City does not have a trust dedicated exclusively to the payment of OPEB benefits, only the municipal bond rate is used in determining the Total OPEB Liability. The municipal bond rate at April 30, 2019 was 3.79%.

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

Sensitivity of Net OPEB Liability to the Single Discount Rate

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

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Net OPEB Liability/(Asset)	<u>\$ 1,924,369</u>	<u>1,748,006</u>	<u>1,599,160</u>

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

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

	1% Decrease (Varies)	Current Trend Rate (Varies)	1% Increase (Varies)
Net OPEB Liability/(Asset)	\$ 1,567,894	1,748,006	1,960,782

Current healthcare cost trend rates are as follows:

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

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

For the year ended April 30, 2019, the City recognized OPEB expense of \$93,527.

At April 30, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	-
Changes in assumptions	25,824	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 25,824	-

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

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

Fiscal Year Ending April 30,	Deferred Outflows	Deferred Inflows
2020	\$ 2,725	-
2021	2,725	-
2022	2,725	-
2023	2,725	-
2024	2,725	-
Thereafter	12,199	-
Total	<u>\$ 25,824</u>	<u>-</u>

NOTE 11: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

The following is a schedule of interfund receivables and payables as of April 30, 2019:

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	1,000,000
Airport Development Fund	1,000,000	-
Total	<u>\$ 1,000,000</u>	<u>1,000,000</u>

The interfund balances above represent an advance from the General Fund to the Airport Development Fund for capital project financing until grant revenues can be obtained.

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

Operating Transfers

During the year ended April 30, 2019 permanent transfers were made among funds. Funds were transferred between the General and CDAP Loan Funds in order to close out the CDAP Loan Fund. Additionally, \$2,000,000 was transferred from the TIF I Fund to the Marina TIF Fund to cover expenditures.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	193
Special Revenue Funds:		
CDAP Loan Fund	193	-
TIF I Fund	-	2,000,000
Marina TIF Fund	2,000,000	-
Total	<u>\$ 2,000,193</u>	<u>2,000,193</u>

NOTE 12: LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

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

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

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

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

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

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

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

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

NOTE 13: RISK MANAGEMENT

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 14: CONTINGENCIES

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

NOTE 15: RISKS AND UNCERTAINTIES

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

NOTE 16: TAX ABATEMENTS

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

- By the authority of 35 ILCS 200/18-184 and 65 ILCS 5/11-15.1-2 (e-5), the City enters into agreements with property owners to abate 100% of the City portion of property taxes on selected property that is the subject of an annexation agreement. The abatement typically remains in effect for a period of 20 years unless the property is developed. Once development of the property is approved, the abatement ceases. Once the abatement is filed, the property taxes are abated by the County Clerk before the issuance of the property tax bill. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. Property taxes abated under this program total \$3,492 for the 2017 levy year and \$4,012 for the 2018 levy year.
- By the authority of 35 ILCS 200/18-165, Section 10 of Article VII of the Constitution of the State of Illinois of 1970 and 5 ILCS 220/1 et seq., the City enters into agreements with property owners to abate a portion of the City portion of property taxes on selected property that is the subject of an approved abatement over a period of 4 years. Once the abatement is filed and the property developed, the property taxes are abated by the County Clerk before the issuance of the property tax bill as follows: year 1 – 75%, year 2 – 50%, year 3 – 25%, year 4 – 0%. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. There are no property taxes abated and subject to reimbursement under this program for the 2017 or 2018 levy years.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 16: TAX ABATEMENTS – (CONTINUED)

- By the authority of 65 ILCS 5/8-11-20, the City enters into economic incentive agreements. Under these agreements, the City, at its discretion, agrees to rebate a percentage of the local portion of any retailers' occupation taxes received that is generated over a finite period of time. Once the agreement is in place and after receipt of the taxes from the State and appropriate documentation/verification procedures, the City rebates the appropriate amounts to the interested party. In exchange for the rebate of retailers' occupation taxes, the City benefits from the creation or retainage of jobs, creation or further development, strengthening of the commercial sector, and enhancement of the tax base. Retailers' occupation taxes subject to reimbursement for the fiscal year ended April 30, 2019 totaled \$2,336,664, and reimbursements of \$1,853,321 were made during the fiscal year.

NOTE 17: RESTRICTED NET POSITION

Restricted net position balances reported on the government-wide statement of net position at April 30, 2019 includes the following:

	Governmental Activities	Business-type Activities	Total
Restricted for:			
Transportation/public works	\$ 7,933,473	1,323,651	9,257,124
Community development	620,607	-	620,607
Health & sanitation	576,149	-	576,149
Culture & recreation	463,062	-	463,062
Employee retirement costs	322,845	-	322,845
General government	221,000	-	221,000
Law enforcement	98,257	-	98,257
Debt Service	-	11,663	11,663
Total restricted	<u>\$ 10,235,393</u>	<u>1,335,314</u>	<u>11,570,707</u>

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 18: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2019 includes the following:

	General	Fund	Tax Increment Financing Fund I	Marina Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Transportation/public works	\$ -	-	3,872,436	2,349,206	1,711,831	7,933,473
Community development	-	-	100,000	-	-	100,000
Health & sanitation	-	-	-	-	576,149	576,149
Culture & recreation	-	-	150,000	-	313,062	463,062
Employee retirement costs	-	-	-	-	322,845	322,845
General government	-	-	221,000	-	-	221,000
Law enforcement	-	-	-	-	98,257	98,257
Total restricted		-	4,343,436	2,349,206	3,022,144	9,714,786
Unassigned	7,585,594		-	-	-	7,585,594
Total fund balances	\$ 7,585,594		4,343,436	2,349,206	3,022,144	17,300,380

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

NOTE 19: ACCOUNTING CHANGE AND PRIOR PERIOD ADJUSTMENT

GASB Statement No. 75, Financial Reporting for *Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by employers for OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 45, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*. This statement requires the City to report a net OPEB liability on the Statement of Net Position for its postretirement healthcare plan. As a result, the net position of governmental activities has been restated by \$1,738,904 as of April 30, 2018. See Note 10 for disclosures required under GASB Statement No. 75.

Implementation of GASB 75 resulted in the restatement of net position in the government-wide financial statements. GASB 75 requires recognition and disclosure of the net OPEB liability resulting from defined benefit OPEB plans, and the related deferred inflows and outflows of resources. Recognition of these liabilities and deferred inflows and outflows was not previously required.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2019

NOTE 19: ACCOUNTING CHANGE AND PRIOR PERIOD ADJUSTMENT – (CONTINUED)

The restatement of beginning net position and fund balance resulting from the change in accounting principles are as follows:

<u>Statement of Net Position</u>		
	<u>Liabilities</u>	<u>Net Position</u>
Balance at April 30, 2018, as previously reported	\$23,269,215	72,751,593
Prior period adjustment:		
Change in reporting net OPEB liability	<u>1,738,904</u>	<u>(1,738,904)</u>
Balance at April 30, 2018, as restated	<u>\$25,008,119</u>	<u>71,012,689</u>

NOTE 20: SUBSEQUENT EVENTS

Management evaluated subsequent events through September 16, 2019, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of April 30, 2019 as a result of events occurring between May 1, 2019 and September 16, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	GAAP	Actual Amounts		Variance with Final Budget	Actual GAAP Basis
			Basis	Adjustments	Budget Basis		
Revenues:							
Taxes:							
Property tax							
General corporate	\$ 131,598	131,598	129,776	-	129,776	(1,822)	130,882
TIF reimbursement	40,000	40,000	41,308	-	41,308	1,308	38,342
Police protection	45,000	45,000	44,390	-	44,390	(610)	44,985
Police pension	1,142,652	1,142,652	1,126,688	-	1,126,688	(15,964)	1,084,663
Township road & bridge	85,240	85,240	80,556	-	80,556	(4,684)	80,415
Municipal sales tax:							
Municipal sales tax	6,500,000	6,500,000	4,606,988	387,386	4,994,374	(1,505,626)	4,892,750
Reimbursible sales tax	3,190,200	3,190,200	2,336,664	(415,211)	1,921,453	(1,268,747)	1,492,413
Local use tax	358,630	358,630	421,512	(18,336)	403,176	44,546	359,174
Total taxes	11,493,320	11,493,320	8,787,882	(46,161)	8,741,721	(2,751,599)	8,123,624
Intergovernmental:							
State income tax	1,306,330	1,306,330	1,410,716	(86,811)	1,323,905	17,575	1,240,795
Replacement tax	67,900	67,900	104,274	(7,808)	96,466	28,566	95,228
Video gaming tax	260,000	260,000	314,201	(33,564)	280,637	20,637	255,140
Federal and state grants	60,000	60,000	56,773	(4,514)	52,259	(7,741)	58,991
Total intergovernmental	1,694,230	1,694,230	1,885,964	(132,697)	1,753,267	59,037	1,650,154
Licenses and permits:							
Contractor licenses	28,000	28,000	31,350	-	31,350	3,350	41,900
Liquor licenses	50,225	50,225	51,110	(2,035)	49,075	(1,150)	49,225
Other licenses	12,504	12,504	13,804	-	13,804	1,300	13,249
Building permits	22,100	22,100	13,332	-	13,332	(8,768)	15,498
Demolition permits	300	300	-	-	-	(300)	300
Total licenses and permits	113,129	113,129	109,596	(2,035)	107,561	(5,568)	120,172
Franchise fees:							
Cable TV franchise fees	205,000	205,000	187,004	11,630	198,634	(6,366)	195,535
Telephone franchise fees	9,800	9,800	9,783	-	9,783	(17)	9,783
Total franchise fees	214,800	214,800	196,787	11,630	208,417	(6,383)	205,318
Charges for services:							
Swimming pool	103,500	103,500	107,559	-	107,559	4,059	94,892
Senior van rider fees	1,200	1,200	815	-	815	(385)	1,056
Building inspections	17,000	17,000	10,210	-	10,210	(6,790)	13,255
Plumbing inspections	10,000	10,000	5,310	-	5,310	(4,690)	7,075
Electrical inspections	1,000	1,000	385	-	385	(615)	280
Public hearing	6,000	6,000	2,700	-	2,700	(3,300)	4,500
Total charges for services	138,700	138,700	126,979	-	126,979	(11,721)	121,058
Fines	155,000	155,000	153,913	927	154,840	(160)	133,875
Interest	4,500	4,500	3,439	(114)	3,325	(1,175)	3,689
Other revenues:							
Miscellaneous revenue	63,625	63,625	94,169	(10,079)	84,090	20,465	38,551
Developer reimbursements	160,000	160,000	116,570	-	116,570	(43,430)	44,094
Other reimbursements	146,800	146,800	134,578	-	134,578	(12,222)	177,030
Sale of vehicles/equipment	25,000	25,000	32,126	-	32,126	7,126	71,760
Total other revenues	395,425	395,425	377,443	(10,079)	367,364	(28,061)	331,435
Total revenues	\$ 14,209,104	14,209,104	11,642,003	(178,529)	11,463,474	(2,745,630)	10,689,325

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE A-1
(CONTINUED)**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	2019					Budget Basis Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts				Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis		GAAP Basis
Total revenues (carried forward)	\$ 14,209,104	14,209,104	11,642,003	(178,529)	11,463,474	(2,745,630)	10,689,325
Expenditures:							
Current:							
General government	5,318,926	5,318,926	3,643,094	(66,273)	3,576,821	1,742,105	3,321,127
Public safety	5,004,380	4,992,380	4,219,167	(39,616)	4,179,551	812,829	4,011,200
Transportation & public works	2,602,010	2,602,010	2,182,314	(506)	2,181,808	420,202	1,976,521
Culture and recreation	844,975	833,975	528,128	(8,246)	519,882	314,093	558,643
Employee retirement costs	1,142,652	1,142,652	1,142,652	-	1,142,652	-	1,085,076
Capital outlay	1,554,900	1,565,900	634,837	(2,031)	632,806	933,094	711,279
Total expenditures	16,467,843	16,455,843	12,350,192	(116,672)	12,233,520	4,222,323	11,663,846
Excess of revenue over (under) expenditures	(2,258,739)	(2,246,739)	(708,189)	(61,857)	(770,046)	1,476,693	(974,521)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(104,100)	(116,100)	(193)	-	(193)	(115,907)	-
Total other financing sources (uses)	(104,100)	(116,100)	(193)	-	(193)	(115,907)	-
Changes in fund balance	(2,362,839)	(2,362,839)	(708,382)	(61,857)	(770,239)	1,592,600	(974,521)
Fund balance, beginning of year	5,925,422	5,925,422	8,293,976	(1,717,664)	6,576,312	650,890	9,268,497
Fund balance, end of year	\$ 3,562,583	3,562,583	7,585,594	(1,779,521)	5,806,073	2,243,490	8,293,976
Explanation of differences							
Fund balance - ending budget (cash) basis					\$ 5,806,073		
To adjust to GAAP basis revenues for changes in accounts receivable					178,529		
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					(116,672)		
The amount reported as "Fund balances - beginning" on the budgetary cash basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balances - ending reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.					1,717,664		
Fund balance - GAAP basis					\$ 7,585,594		

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

SCHEDULE A-2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	Budgeted Amounts		2019 Actual Amounts			Budget Basis	2018
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual
			Basis		Basis		GAAP
Revenues:							
Property tax	\$ 4,978,350	4,978,350	4,863,006	-	4,863,006	(115,344)	4,609,583
Interest:							
CBTDP LLC	10,641	10,641	10,641	-	10,641	-	11,151
Living Waters Church	247	247	119	-	119	(128)	296
Principal:							
CBTDP LLC	25,782	25,782	25,782	-	25,782	-	25,272
Living Waters Church	7,921	7,921	25,358	-	25,358	17,437	7,843
Interest income	12,000	12,000	16,471	-	16,471	4,471	13,502
Miscellaneous income	500	500	7,129	6,001	13,130	12,630	6,001
Total revenues	5,035,441	5,035,441	4,948,506	6,001	4,954,507	(80,934)	4,673,648
Expenditures:							
General government:							
Accounting services	1,000	1,000	188	-	188	812	63
Engineering services	150,000	149,500	73,409	(27,729)	45,680	103,820	69,004
Legal services	20,000	20,500	20,438	-	20,438	62	23,024
Other professional services	20,000	20,000	5,385	(75)	5,310	14,690	900
Miscellaneous expenses	5,000	5,000	-	-	-	5,000	-
Total general government	196,000	196,000	99,420	(27,804)	71,616	124,384	92,991
Community development:							
Loan/grant distributions	200,000	200,000	-	-	-	200,000	-
TIF reimbursement	2,489,175	2,489,175	2,431,125	-	2,431,125	58,050	2,304,503
Total community development	2,689,175	2,689,175	2,431,125	-	2,431,125	258,050	2,304,503
Capital outlay:							
Land purchases	1,000	1,000	794	-	794	206	-
Parks improvements	125,000	125,000	89,839	-	89,839	35,161	92,236
Building construction	220,000	220,000	74,154	-	74,154	145,846	26,742
Demolition of buildings	1,000	1,000	-	-	-	1,000	-
Bulk fuel storage facility	10,000	10,000	1,918	-	1,918	8,082	-
Sewerage treatment plant	525,000	525,000	76,465	14,949	91,414	433,586	226,990
Swimming pool/tennis courts	25,000	25,000	1,699	6,364	8,063	16,937	12,182
Equipment	230,000	230,000	157,797	-	157,797	72,203	365,539
Water system improvement	725,000	725,000	137,502	-	137,502	587,498	65,351
Water tower	1,000	1,000	-	-	-	1,000	-
Sanitary sewer systems	50,000	50,000	-	-	-	50,000	708
Street construction	250,000	250,000	175,068	-	175,068	74,932	241,729
Storm sewer construction	20,000	20,000	-	-	-	20,000	-
Street lighting improvement	50,000	50,000	5,466	7,359	12,825	37,175	28,528
Traffic signals	70,000	70,000	18,546	-	18,546	51,454	4,488
Off street parking	25,000	25,000	-	-	-	25,000	-
Downtown development	100,000	100,000	3,369	-	3,369	96,631	14,191
Total capital outlay	2,428,000	2,428,000	742,617	28,672	771,289	1,656,711	1,078,684
Provision for contingency	100,000	100,000	-	-	-	100,000	-
Total expenditures	5,413,175	5,413,175	3,273,162	868	3,274,030	2,139,145	3,476,178

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I

SCHEDULE A-2
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis	2018
	Original	Final	GAAP	Adjustments	Budget	Variance with	Actual
			Basis		Basis	Final Budget	GAAP
Excess of revenue over (under) expenditures	\$ (377,734)	(377,734)	1,675,344	5,133	1,680,477	(2,220,079)	1,197,470
Other financing sources (uses):							
Transfers to Marina TIF Fund	(4,235,000)	(4,235,000)	(2,000,000)	-	(2,000,000)	-	(1,400,000)
Changes in fund balances	(4,612,734)	(4,612,734)	(324,656)	5,133	(319,523)	4,293,211	(202,530)
Fund balance, beginning of year	4,663,701	4,663,701	4,668,092	23,263	4,691,355	27,654	4,870,622
Fund balance, end of year	\$ 50,967	50,967	4,343,436	28,396	4,371,832	4,320,865	4,668,092

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 4,371,832
To adjust to GAAP basis revenues for changes in receivable	47,665
To adjust to GAAP basis expenditures for changes in unavailable income	(53,666)
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	868
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.	(23,263)
Fund balance - GAAP basis	\$ 4,343,436

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

**SCHEDULE A-3
(CONTINUED)**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	Budgeted Amounts		2019 Actual Amounts			Budget Basis	2018
	Original	Final	GAAP Basis	Adjustments	Budget Basis	Variance with Final Budget	Actual GAAP Basis
Revenues:							
Property tax	\$ 5,700	5,700	6,852	-	6,852	1,152	5,284
Interest income	-	-	10,091	-	10,091	10,091	-
Miscellaneous income	1,000	1,000	-	-	-	(1,000)	60,331
Total revenues	6,700	6,700	16,943	-	16,943	10,243	65,615
Expenditures:							
General government:							
Accounting services	1,000	1,000	-	-	-	1,000	-
Engineering services	60,000	60,000	46,492	3,792	50,284	9,716	7,689
Other professional services	10,000	10,000	5,928	-	5,928	4,072	5,944
Miscellaneous expenses	1,000	1,000	-	-	-	1,000	-
Total general government	72,000	72,000	52,420	3,792	56,212	15,788	13,633
Environment:							
Legal services	70,000	70,000	60,920	7,879	68,799	1,201	14,182
CLC closure expenses	4,400,000	4,400,000	375,535	(19,683)	355,852	4,044,148	95,725
Total environment	4,470,000	4,470,000	436,455	(11,804)	424,651	4,045,349	109,907
Community development:							
TIF reimbursement	2,850	2,850	2,056	-	2,056	794	1,585
TIF loan distribution	1,000	1,000	-	-	-	1,000	-
Total community development	3,850	3,850	2,056	-	2,056	1,794	1,585
Capital outlay:							
Land purchases	1,000	1,000	-	-	-	1,000	-
Building construction	1,000	251,100	251,087	-	251,087	13	-
Demolition of buildings	1,000	1,000	-	-	-	1,000	-
Sewerage treatment plant	400,000	149,900	46,073	9,083	55,156	94,744	272,252
Equipment	1,000	1,000	-	-	-	1,000	-
Water tower	15,000	15,000	7,751	-	7,751	7,249	-
Sanitary sewer systems	1,000	1,000	-	-	-	1,000	-
Street construction	1,000	1,000	-	-	-	1,000	-
Storm sewer construction	1,000	1,000	-	-	-	1,000	-
Street lighting improvement	1,000	1,000	-	-	-	1,000	-
Total capital outlay	423,000	423,000	304,911	9,083	313,994	109,006	272,252
Provision for contingency	100,000	100,000	-	-	-	100,000	-
Total expenditures	5,068,850	5,068,850	795,842	1,071	796,913	4,271,937	397,377
Excess of revenue over (under) expenditures	(5,062,150)	(5,062,150)	(778,899)	(1,071)	(779,970)	4,282,180	(331,762)
Other financing sources (uses):							
Transfers from TIF I Fund	4,235,000	4,235,000	2,000,000	-	2,000,000	(2,235,000)	1,400,000
Changes in fund balances	(827,150)	(827,150)	1,221,101	(1,071)	1,220,030	2,047,180	1,068,238
Fund balances, beginning of year	1,163,703	1,163,703	1,128,105	34,631	1,162,736	(967)	59,867
Fund balances, end of year	\$ 336,553	336,553	2,349,206	33,560	2,382,766	2,046,213	1,128,105

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND

SCHEDULE A-3
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 2,382,766
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	1,071
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>(34,631)</u>
Fund balance - GAAP basis	<u>\$ 2,349,206</u>

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

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

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

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

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

Notes to Schedule:

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

Methods and assumptions used to determine 2018 contribution rate:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 25-year closed period Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 29 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Inflation	2.75%
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 - 2013.
Mortality	For 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. For 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 adjustments that were applied for non-disabled lives. For 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:

Notes: There were no benefit changes during the year.

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

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

	Year Ended April 30,			
	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 494,988	462,606	527,656	476,599
Interest	1,630,422	1,610,743	1,425,267	1,263,077
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	51,603	276,567	(133,043)	(142,339)
Changes of assumptions	-	(1,144,868)	1,615,620	1,396,152
Benefit payments, including refunds of employee contributions	(1,013,106)	(834,742)	(736,933)	(616,037)
Net Change in Total Pension Liability	1,163,907	370,306	2,698,567	2,377,452
Total Fiduciary Pension Liability - Beginning	23,798,296	23,427,990	20,729,423	18,351,971
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 24,962,203</u>	<u>23,798,296</u>	<u>23,427,990</u>	<u>20,729,423</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,085,076	850,349	695,513	695,513
Contributions - employee	188,881	194,448	184,586	193,488
Net investment income	716,561	1,149,275	103,727	671,503
Benefit payments, including refunds of employee contributions	(1,013,106)	(834,742)	(736,933)	(616,037)
Administrative expense	(21,571)	(12,106)	(13,833)	(12,384)
Net Change in Plan Fiduciary Net Position	955,841	1,347,224	233,060	932,083
Plan Fiduciary Net Position - Beginning	13,623,430	12,276,206	12,043,146	11,111,063
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,579,271</u>	<u>13,623,430</u>	<u>12,276,206</u>	<u>12,043,146</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ 10,382,932</u>	<u>10,174,866</u>	<u>11,151,784</u>	<u>8,686,277</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.41%	57.25%	52.40%	58.10%
Covered Valuation Payroll	\$ 1,990,599	1,927,941	1,887,973	1,931,530
Net Pension Liability as a Percentage of Covered Valuation Payroll	521.60%	527.76%	590.67%	449.71%

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

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

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

Notes to Schedule:

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

Methods and assumptions used to determine 2018 contribution rate:

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

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

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

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

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

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

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

Note to Schedule:

There is no actuarially determined contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City resources in the current year in the amount of \$110,249.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS

Notes to Required Supplementary Information For the Year Ended April 30, 2019

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the beginning of the fiscal year, the City Budget Officer submits to the City Council a tentative annual budget ordinance for the fiscal year commencing May 1st. The aforementioned ordinance includes proposed expenditures and the means of financing them. Copies of the tentative annual budget ordinance are made available for public inspection in printed or type-written form in the office of the City Clerk for at least ten days prior to the passage.
2. Prior to May 1st, the annual budget is legally adopted through the passage of an ordinance.
3. The City Budget Officer is authorized to transfer from any budgeted line item with anticipated unexpended funds to any other budgeted line item within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for all funds, excluding trust and agency fund types.
5. Budgeted amounts were originally adopted by the City Council on April 16, 2018. During the year, the Budget Officer made various transfers among line items, which did not require approval by the City Council.

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

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS – MAJOR FUNDS

None of the City's major funds had expenditures in excess of appropriations for the year ended April 30, 2019.

NOTE 3: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2019, amounts reported as changes of assumptions resulted from the following changes:

- The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.82% to 3.97% for the current year.
- The discount rate used in the determination of the total Pension Liability remained unchanged at 7.00%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Balance Sheet

April 30, 2019

(With Comparative Figures for April 30, 2018)

	Total Non-major Governmental Funds		Special Revenue Funds			
			Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund
	2019	2018				
<u>Assets</u>						
Cash and cash equivalents	\$ 2,975,748	2,988,568	322,307	1,670,849	273,174	10,799
Restricted cash and cash equivalents	-	1,134,656	-	-	-	-
Receivables:						
Property taxes	670,500	567,000	670,500	-	-	-
Other taxes	67,431	62,593	12,264	30,183	-	-
Fines	1,754	2,280	-	-	-	-
Loans receivable - current	-	1,045	-	-	-	-
Loans receivable - long term	-	134,615	-	-	-	-
Total assets	<u>\$ 3,715,433</u>	<u>4,890,757</u>	<u>1,005,071</u>	<u>1,701,032</u>	<u>273,174</u>	<u>10,799</u>
<u>Liabilities</u>						
Accrued expenses	\$ 22,789	7,080	11,726	-	-	-
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	670,500	567,000	670,500	-	-	-
Unavailable revenues	-	135,660	-	-	-	-
Total deferred inflows of resources	<u>670,500</u>	<u>702,660</u>	<u>670,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	<u>3,022,144</u>	<u>4,181,017</u>	<u>322,845</u>	<u>1,701,032</u>	<u>273,174</u>	<u>10,799</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,715,433</u>	<u>4,890,757</u>	<u>1,005,071</u>	<u>1,701,032</u>	<u>273,174</u>	<u>10,799</u>

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2019
(With Comparative Figures for April 30, 2018)

	Special Revenue Funds				
	Park and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Community Development Loan Fund
<u>Assets</u>					
Cash and cash equivalents	\$ 116,569	302,975	182,572	96,503	-
Restricted cash and cash equivalents	-	-	-	-	-
Receivables:					
Property taxes	-	-	-	-	-
Other taxes	-	-	24,984	-	-
Fines	-	-	-	1,754	-
Loans receivable - current	-	-	-	-	-
Loans receivable - long term	-	-	-	-	-
Total assets	<u>\$ 116,569</u>	<u>302,975</u>	<u>207,556</u>	<u>98,257</u>	<u>-</u>
<u>Liabilities</u>					
Accrued expenses	\$ -	-	11,063	-	-
<u>Deferred Inflows of Resources</u>					
Property taxes levied for subsequent years	-	-	-	-	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>					
Restricted	<u>116,569</u>	<u>302,975</u>	<u>196,493</u>	<u>98,257</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 116,569</u>	<u>302,975</u>	<u>207,556</u>	<u>98,257</u>	<u>-</u>

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Totals		Special Revenue Funds			
			Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Board Fund	West Route 6 Special Assessment Fund
	2019	2018				
Revenues:						
Property taxes	\$ 561,095	571,799	561,095	-	-	-
Other local taxes	300,667	286,886	44,965	-	-	-
Intergovernmental	358,981	403,860	-	358,981	-	-
Fines	28,458	30,812	-	-	-	-
Interest income	6,021	3,999	228	5,077	137	4
Miscellaneous	12,467	14,651	-	-	-	-
Total revenues	1,267,689	1,312,007	606,288	364,058	137	4
Expenditures:						
Current:						
Public safety	8,429	10,474	-	-	-	-
Transportation and public service	34,155	30,349	-	34,155	-	-
Culture and recreation	1,396,798	261,509	-	-	-	-
Environment	3,781	2,438	-	-	-	-
Employee retirement costs	637,812	657,084	637,812	-	-	-
Capital outlay	345,780	436,802	-	245,824	-	-
Total expenditures	2,426,755	1,398,656	637,812	279,979	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,159,066)	(86,649)	(31,524)	84,079	137	4
Other financing sources (uses):						
Transfers from other funds	193	-	-	-	-	-
Total other financing sources (uses)	193	-	-	-	-	-
Net change in fund balance	(1,158,873)	(86,649)	(31,524)	84,079	137	4
Fund balance (deficit), beginning of year	4,181,017	4,267,666	354,369	1,616,953	273,037	10,795
Fund balance (deficit), end of year	\$ 3,022,144	4,181,017	322,845	1,701,032	273,174	10,799

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2
(CONTINUED)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Special Revenue Funds				
	Parks and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Community Development Loan Fund
Revenues:					
Property taxes	\$ -	-	-	-	-
Other local taxes	-	-	255,702	-	-
Intergovernmental	-	-	-	-	-
Fines	-	-	-	28,458	-
Interest income	67	152	61	49	246
Miscellaneous	6,511	-	5,000	956	-
Total revenues	6,578	152	260,763	29,463	246
Expenditures:					
Current:					
Public safety	-	-	-	8,429	-
Transportation and public service	-	-	-	-	-
Culture and recreation	5,757	-	255,946	-	1,135,095
Environment	-	3,781	-	-	-
Employee retirement costs	-	-	-	-	-
Capital outlay	40,022	-	46,120	13,814	-
Total expenditures	45,779	3,781	302,066	22,243	1,135,095
Excess (deficiency) of revenues over (under) expenditures	(39,201)	(3,629)	(41,303)	7,220	(1,134,849)
Other financing sources (uses):					
Transfers from other funds	-	-	-	-	193
Total other financing sources (uses)	-	-	-	-	193
Net change in fund balance	(39,201)	(3,629)	(41,303)	7,220	(1,134,656)
Fund balance (deficit), beginning of year	155,770	306,604	237,796	91,037	1,134,656
Fund balance (deficit), end of year	\$ 116,569	302,975	196,493	98,257	-

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis Variance with Final Budget	2018
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis		GAAP
Revenues:							
Property taxes	\$ 569,000	569,000	561,095	-	561,095	(7,905)	571,799
Replacement income taxes	44,400	44,400	44,965	(3,367)	41,598	(2,802)	42,726
Interest income	260	260	228	-	228	(32)	262
Total revenues	613,660	613,660	606,288	(3,367)	602,921	(10,739)	614,787
Expenditures:							
Personnel:							
Social security contribution	237,597	237,597	223,315	(3,932)	219,383	18,214	213,080
Medicare contribution	96,232	96,232	87,173	(1,540)	85,633	10,599	83,039
IMRF contribution	400,061	400,061	327,324	(6,254)	321,070	78,991	360,965
Total expenditures	733,890	733,890	637,812	(11,726)	626,086	107,804	657,084
Excess (deficiency) of revenues over (under) expenditures	(120,230)	(120,230)	(31,524)	8,359	(23,165)	97,065	(42,297)
Fund balance, beginning of year	339,375	339,375	354,369	(8,897)	345,472	6,097	396,666
Fund balance, end of year	\$ 219,145	219,145	322,845	(538)	322,307	103,162	354,369

CITY OF MORRIS, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-4

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Motor fuel tax allotment	344,100	344,100	346,145	1,033	347,178	3,078	348,168
High growth allotment	13,000	13,000	12,836	-	12,836	(164)	12,966
Interest income	1,850	1,850	5,077	-	5,077	3,227	1,920
Total revenues	358,950	358,950	364,058	1,033	365,091	6,141	363,054
Expenditures:							
Contractual services:							
Engineering	100,000	100,000	34,155	-	34,155	65,845	30,349
Commodities:							
Maintenance - streets	10,000	10,000	-	-	-	10,000	-
Maintenance - sidewalks	15,000	15,000	-	-	-	15,000	-
Capital outlay							
Improvements - streets	1,007,525	1,007,525	245,824	-	245,824	761,701	378,777
Improvements - bridges	100,000	100,000	-	-	-	100,000	-
Storm sewer construction	20,000	20,000	-	-	-	20,000	-
Total expenditures	1,252,525	1,252,525	279,979	-	279,979	972,546	409,126
Excess (deficiency) of revenues over (under) expenditures	(893,575)	(893,575)	84,079	1,033	85,112	978,687	(46,072)
Fund balance, beginning of year	1,579,392	1,579,392	1,616,953	(31,217)	1,585,736	6,344	1,663,025
Fund balance, end of year	\$ 685,817	685,817	1,701,032	(30,184)	1,670,848	985,031	1,616,953

CITY OF MORRIS, ILLINOIS
 SANITARY LANDFILL CONTINGENCY FUND

SCHEDULE C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Interest income	\$ 140	140	137	-	137	(3)	137
Total revenues	140	140	137	-	137	(3)	137
Expenditures:							
Contractual services:							
Engineering services	10,000	10,000	-	-	-	10,000	-
Legal service	25,000	25,000	-	-	-	25,000	-
Other professional services	1,200	1,200	-	-	-	1,200	-
Other expenditures:							
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Landfill closure costs	235,500	235,500	-	-	-	235,500	-
Total expenditures	272,700	272,700	-	-	-	272,700	-
Excess (deficiency) of revenues over (under) expenditures	(272,560)	(272,560)	137	-	137	272,697	137
Fund balance, beginning of year	273,035	273,035	273,037	-	273,037	2	272,900
Fund balance, end of year	\$ 475	475	273,174	-	273,174	272,699	273,037

CITY OF MORRIS, ILLINOIS
 WEST ROUTE 6 SPECIAL ASSESSMENT FUND

SCHEDULE C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis	2018
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual GAAP Basis
			Basis		Basis		
Revenues:							
Acreage fees	\$ 2,000	2,000	-	-	-	(2,000)	-
Interest income	5	5	4	-	4	(1)	5
Miscellaneous income	2,000	2,000	-	-	-	(2,000)	-
Total revenues	4,005	4,005	4	-	4	(4,001)	5
Expenditures:							
Other expenditures:							
Engineering services	2,500	2,500	-	-	-	2,500	-
Improvements	7,500	7,500	-	-	-	7,500	-
Miscellaneous expense	2,500	2,500	-	-	-	2,500	-
Total expenditures	12,500	12,500	-	-	-	12,500	-
Excess (deficiency) of revenues over (under) expenditures	(8,495)	(8,495)	4	-	4	8,499	5
Fund balance, beginning of year	10,794	10,794	10,795	-	10,795	1	10,790
Fund balance, end of year	\$ 2,299	2,299	10,799	-	10,799	8,500	10,795

CITY OF MORRIS, ILLINOIS
PARK AND CIVIC IMPROVEMENTS FUND

SCHEDULE C-7

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Park site zoning fees	\$ 10,000	10,000	5,511	-	5,511	(4,489)	8,307
Miscellaneous income	500	500	1,000	-	1,000	500	-
Interest income	95	95	67	-	67	(28)	81
Total revenues	10,595	10,595	6,578	-	6,578	(4,017)	8,388
Expenditures:							
Contractual services:							
Engineering services	10,000	12,700	5,598	7,032	12,630	70	7,032
Legal services	2,000	2,000	-	-	-	2,000	-
Other professional services	2,000	2,000	-	-	-	2,000	-
Printing/publishing	1,000	1,000	159	-	159	841	-
Other expenditures:							
Miscellaneous donations	10,000	10,000	-	-	-	10,000	-
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay :							
Land purchase & improv.	80,000	77,300	40,022	-	40,022	37,278	9,408
Civic & safety improvements	20,000	20,000	-	-	-	20,000	-
Building construction	15,000	15,000	-	-	-	15,000	-
Total expenditures	141,000	141,000	45,779	7,032	52,811	88,189	16,440
Excess (deficiency) of revenues over (under) expenditures	(130,405)	(130,405)	(39,201)	(7,032)	(46,233)	84,172	(8,052)
Fund balance, beginning of year	161,566	161,566	155,770	7,032	162,802	1,236	163,822
Fund balance, end of year	\$ 31,161	31,161	116,569	-	116,569	85,408	155,770

**CITY OF MORRIS, ILLINOIS
SOLID WASTE TAX FUND**

SCHEDULE C-8

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Interest income	\$ 155	155	152	-	152	(3)	155
Total revenues	155	155	152	-	152	(3)	155
Expenditures:							
Contractual services:							
Engineering services	20,000	20,000	-	-	-	20,000	-
Legal services	25,000	25,000	1,137	48	1,185	23,815	133
Other professional services	2,000	2,000	-	-	-	2,000	-
Recycling expenses	50,000	50,000	2,644	-	2,644	47,356	2,305
Other expenditures:							
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Landfill well monitoring	50,000	50,000	-	-	-	50,000	-
Landfill closure costs	150,000	150,000	-	-	-	150,000	-
Total expenditures	298,000	298,000	3,781	48	3,829	294,171	2,438
Excess (deficiency) of revenues over (under) expenditures	(297,845)	(297,845)	(3,629)	(48)	(3,677)	294,168	(2,283)
Fund balance, beginning of year	306,651	306,651	306,604	48	306,652	1	308,887
Fund balance, end of year	\$ 8,806	8,806	302,975	-	302,975	294,169	306,604

CITY OF MORRIS, ILLINOIS
MOTEL TAX FUND

SCHEDULE C-9

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Motel taxes	\$ 300,000	300,000	255,702	(2,503)	253,199	(46,801)	286,886
Interest income	200	200	61	-	61	(139)	191
Miscellaneous income	5,000	5,000	5,000	-	5,000	-	5,000
Total revenues	305,200	305,200	260,763	(2,503)	258,260	(46,940)	292,077
Expenditures:							
Contractual services:							
Other professional services	1,000	1,000	-	-	-	1,000	-
Printing/publishing	7,500	7,500	2,450	-	2,450	5,050	3,156
Other expenditures:							
Sponsorships & donations	250,000	250,000	200,690	-	200,690	49,310	200,000
City special events	60,000	60,000	25,309	(1,000)	24,309	35,691	42,322
Tourism expenses	30,000	30,000	27,368	(10,063)	17,305	12,695	8,999
Miscellaneous expenses	3,000	3,000	129	-	129	2,871	-
Capital outlay :							
Land purchases	1,000	1,000	-	-	-	1,000	-
Parks improvements	125,000	125,000	45,873	-	45,873	79,127	48,226
I&M canal improvements	1,000	1,000	247	-	247	753	-
Building improvements	10,000	10,000	-	-	-	10,000	272
Total expenditures	488,500	488,500	302,066	(11,063)	291,003	197,497	302,975
Excess (deficiency) of revenues over (under) expenditures	(183,300)	(183,300)	(41,303)	8,560	(32,743)	150,557	(10,898)
Fund balance, beginning of year	216,005	216,005	237,796	(22,480)	215,316	(689)	248,694
Fund balance, end of year	\$ 32,705	32,705	196,493	(13,920)	182,573	149,868	237,796

CITY OF MORRIS, ILLINOIS
 DRUG FINE AND FORFEITURE FUND

SCHEDULE C-10

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Drug enforcement fees	\$ 4,000	4,000	1,251	(66)	1,185	(2,815)	1,880
DUI equipment fees	20,000	20,000	17,022	178	17,200	(2,800)	17,553
Police vehicle equip fees	5,000	5,000	4,103	357	4,460	(540)	4,617
Failure to appear fines	2,600	2,600	1,610	70	1,680	(920)	2,380
E-Citation development fees	1,000	1,000	851	(13)	838	(162)	834
Drug forfeitures	5,000	5,000	3,621	-	3,621	(1,379)	3,548
Interest income	50	50	49	-	49	(1)	39
Donations	500	500	-	-	-	(500)	150
Property and evidence cash	1,000	1,000	956	-	956	(44)	160
Sale of evidence	1,000	1,000	-	-	-	(1,000)	-
Miscellaneous income	1,000	1,000	-	-	-	(1,000)	20
Total revenues	41,150	41,150	29,463	526	29,989	(11,161)	31,181
Expenditures:							
Communications:							
Cell phone	2,500	2,500	1,200	-	1,200	1,300	1,200
Contractual services:							
Training/travel expense	2,500	2,500	1,348	-	1,348	1,152	-
Commodities:							
Maintenance supplies	2,000	2,000	-	-	-	2,000	-
DARE supplies	1,000	1,000	677	-	677	323	-
Other expenditures:							
Drug crime enforcement	15,000	15,000	3,301	-	3,301	11,699	7,454
Asset forfeiture refunds	3,000	3,000	-	-	-	3,000	-
Property/evidence payout	1,000	1,000	-	-	-	1,000	-
Miscellaneous expense	3,000	3,000	1,903	-	1,903	1,097	1,820
Capital outlay :							
Equipment	6,000	6,000	4,420	-	4,420	1,580	-
DUI equipment	3,000	3,000	850	-	850	2,150	119
E-citation expense	14,200	14,200	-	-	-	14,200	-
Vehicles	18,000	18,000	8,544	-	8,544	9,456	-
Communication equipment	50,000	50,000	-	-	-	50,000	-
Total expenditures	121,200	121,200	22,243	-	22,243	98,957	10,593
Excess (deficiency) of revenues over (under) expenditures	(80,050)	(80,050)	7,220	526	7,746	87,796	20,588
Fund balance, beginning of year	90,444	90,444	91,037	(2,280)	88,757	(1,687)	70,449
Fund balance, end of year	\$ 10,394	10,394	98,257	(1,754)	96,503	86,109	91,037

CITY OF MORRIS, ILLINOIS
COMMUNITY DEVELOPMENT LOAN FUND

SCHEDULE C-11

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	Actual Amounts		Budget Basis		
			GAAP Basis	Adjustments			
Revenues:							
Principal - Audacious Ink	\$ 606	606	-	-	-	(606)	1,014
Interest - Audacious Ink	70	70	-	-	-	(70)	145
Interest income	528	528	246	-	246	(282)	1,064
Total revenues	1,204	1,204	246	-	246	(958)	2,223
Expenditures:							
State repayment	1,135,870	1,135,870	1,135,095	-	1,135,095	775	-
Total expenditures	1,135,870	1,135,870	1,135,095	-	1,135,095	775	-
Excess (deficiency) of revenues over (under) expenditures	(1,134,666)	(1,134,666)	(1,134,849)	-	(1,134,849)	(183)	2,223
Other financing sources (uses):							
Transfers from other funds	-	-	193	-	193	193	-
Net change in fund balance	(1,134,666)	(1,134,666)	(1,134,656)	-	(1,134,656)	10	2,223
Fund balance, beginning of year	1,134,666	1,134,666	1,134,656	-	1,134,656	(10)	1,132,433
Fund balance, end of year	\$ -	-	-	-	-	-	1,134,656

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS

SCHEDULE D-1

Combining Statement of Net Position

April 30, 2019

(With Comparative Figures for April 30, 2018)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Totals	
				2019	2018
<u>Assets</u>					
Cash and cash equivalents	\$ 7,920,884	1,035,245	11,663	8,967,792	8,328,450
Water and sewer fee receivables (net)	162,567	-	-	162,567	80,124
Capital assets:					
Land	613,374	-	-	613,374	613,374
Machinery and equipment	642,258	15,513	-	657,771	548,471
Vehicles	379,821	-	-	379,821	346,027
Infrastructure	42,189,094	291,089	-	42,480,183	41,696,400
Accumulated depreciation	(19,954,500)	(13,578)	-	(19,968,078)	(19,048,960)
Total assets	<u>31,953,498</u>	<u>1,328,269</u>	<u>11,663</u>	<u>33,293,430</u>	<u>32,563,886</u>
<u>Deferred Outflows of Resources</u>					
Deferred charge on refunding	-	-	322,369	322,369	364,817
<u>Liabilities</u>					
Accounts payable and accrued expenses	91,919	-	-	91,919	51,305
Accrued interest payable	-	-	33,963	33,963	37,257
Long-term liabilities due within on year:					
Compensated absences	69,726	-	-	69,726	60,452
Alternate revenue bonds	-	-	465,000	465,000	445,000
Long term liabilities due in more than one year:					
Compensated absences	9,864	-	-	9,864	11,357
Alternate revenue bonds	-	-	3,503,249	3,503,249	3,974,602
Total liabilities	<u>171,509</u>	<u>-</u>	<u>4,002,212</u>	<u>4,173,721</u>	<u>4,579,973</u>
<u>Net Position</u>					
Net investment in capital assets	23,870,047	293,024	(3,968,249)	20,194,822	20,100,527
Restricted for:					
Public works capital projects	-	1,035,245	-	1,035,245	1,024,848
Debt service	-	-	300,069	300,069	7,192
Unrestricted	7,911,942	-	-	7,911,942	7,216,163
Total net position	<u>\$ 31,781,989</u>	<u>1,328,269</u>	<u>(3,668,180)</u>	<u>29,442,078</u>	<u>28,348,730</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Total	
				2019	2018
Operating revenues:					
Water and sewer sales	\$ 5,029,944	-	-	5,029,944	3,763,126
Infrastructure acre fees	-	-	-	-	20,239
Tap on fees/meters	41,350	-	-	41,350	60,460
Miscellaneous revenue	107,780	-	-	107,780	94,471
Total operating revenues	5,179,074	-	-	5,179,074	3,938,296
Operating expenses:					
Personal services	1,331,580	-	-	1,331,580	1,226,930
Contractual services	951,597	-	-	951,597	848,280
Commodities	422,529	-	-	422,529	322,128
Capital outlay/maintenance	336,075	-	-	336,075	178,563
Depreciation	950,173	3,945	-	954,118	918,287
Other expenses	66,829	-	-	66,829	70,796
Total operating expenses	4,058,783	3,945	-	4,062,728	3,564,984
Operating income (loss)	1,120,291	(3,945)	-	1,116,346	373,312
Non-operating revenues (expenses):					
Bond service fees	-	-	(350)	(350)	(400)
State and federal grants	-	-	-	-	1,478
Capital contributed	92,972	-	-	92,972	-
Interest income	7,168	397	26	7,591	5,435
Interest expense	-	-	(123,211)	(123,211)	(131,678)
Total non-operating revenues (expenses)	100,140	397	(123,535)	(22,998)	(125,165)
Income (loss) before transfers	1,220,431	(3,548)	(123,535)	1,093,348	248,147
Transfers among accounts	(550,205)	10,000	540,205	-	-
Change in net position	670,226	6,452	416,670	1,093,348	248,147
Net position, beginning of year	31,111,763	1,321,817	(4,084,850)	28,348,730	28,100,583
Net position, end of year	\$ 31,781,989	1,328,269	(3,668,180)	29,442,078	28,348,730

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

SCHEDULE D-3

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	Actual Amounts		Variance with Final Budget	Actual GAAP Basis	
			GAAP Basis	Adjustments			Budget Basis
Operating revenues:							
Water and sewer sales	\$ 3,725,000	3,725,000	4,909,339	(39,621)	4,869,718	1,144,718	3,630,222
Waste disposal fees	75,000	75,000	120,555	-	120,555	45,555	132,904
Waste disposal license	100	100	50	-	50	(50)	-
Tap-on-fees	60,000	60,000	30,000	-	30,000	(30,000)	43,500
Meter sales	23,000	23,000	11,350	-	11,350	(11,650)	16,960
Rental income	-	-	4,855	-	4,855	4,855	4,623
Miscellaneous income	53,000	53,000	102,925	(42,822)	60,103	7,103	89,848
Total operating revenues	3,936,100	3,936,100	5,179,074	(82,443)	5,096,631	1,160,531	3,918,057
Operating expenses:							
Personal services	1,532,590	1,525,490	1,331,580	(25,069)	1,306,511	218,979	1,226,929
Contractual services	1,267,400	1,235,900	951,597	(13,100)	938,497	297,403	828,259
Commodities	752,000	783,700	422,529	(11,193)	411,336	372,364	322,128
Capital outlay/maintenance	4,384,500	4,391,400	336,075	871,177	1,207,252	3,184,148	178,563
Depreciation	-	-	950,173	(950,173)	-	-	914,342
Other expenses	241,500	241,500	66,829	(1,498)	65,331	176,169	70,796
Total operating expenses	8,177,990	8,177,990	4,058,783	(129,856)	3,928,927	4,249,063	3,541,017
Operating income (loss)	(4,241,890)	(4,241,890)	1,120,291	47,413	1,167,704	5,409,594	377,040
Non-operating income (loss):							
Federal and state grants	1,136,870	1,136,870	-	-	-	(1,136,870)	1,478
Capital contributed	-	-	92,972	(92,972)	-	-	-
Interest income	5,200	5,200	7,168	-	7,168	1,968	5,041
Total non-operating income (loss)	1,142,070	1,142,070	100,140	(92,972)	7,168	(1,134,902)	6,519
Income (loss) before transfers	(3,099,820)	(3,099,820)	1,220,431	(45,559)	1,174,872	4,274,692	383,559
Transfers in (out)	(553,000)	(553,000)	(550,205)	-	(550,205)	(2,795)	(550,000)
Change in net position	(3,652,820)	(3,652,820)	670,226	(45,559)	624,667	4,277,487	(166,441)
Net position, beginning of year	6,828,789	6,828,789	31,111,763	(23,815,545)	7,296,218	467,429	31,278,204
Net position, end of year	\$ 3,175,969	3,175,969	31,781,989	(23,861,104)	7,920,885	4,744,916	31,111,763

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

SCHEDULE D-4

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	2019					Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating revenues:							
Infrastructure acre fees	\$ 25,000	25,000	-	-	-	(25,000)	20,239
Total operating revenues	25,000	25,000	-	-	-	(25,000)	20,239
Operating expenses:							
Contractual services:							
Engineering services	100,000	100,000	-	(192)	(192)	100,192	6,823
Legal services	80,000	80,000	-	-	-	80,000	13,199
Other professional services	20,000	20,000	-	-	-	20,000	-
Capital outlay:							
STP improvements	20,000	20,000	-	-	-	20,000	-
WTP improvements	20,000	20,000	-	-	-	20,000	-
Water main improvements	100,000	100,000	-	-	-	100,000	-
Sanitary sewer improvements	50,000	50,000	-	-	-	50,000	-
NE STP improvements	10,000	10,000	-	-	-	10,000	-
Other expenses - misc.	5,000	5,000	-	-	-	5,000	-
Depreciation expense	-	-	3,945	(3,945)	-	-	3,945
Total operating expenses	405,000	405,000	3,945	(4,137)	(192)	405,192	23,967
Operating income	(380,000)	(380,000)	(3,945)	4,137	192	380,192	(3,728)
Nonoperating income (expense):							
Interest income	400	400	397	-	397	(3)	389
Transfers in (out)	10,000	10,000	10,000	-	10,000	-	10,000
Change in net position	(369,600)	(369,600)	6,452	4,137	10,589	380,189	6,661
Net position, beginning of year	1,025,032	1,025,032	1,321,817	(296,778)	1,025,039	7	1,315,156
Net position, end of year	\$ 655,432	655,432	1,328,269	(292,641)	1,035,628	380,196	1,321,817

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

SCHEDULE D-5

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	2019					2018	
	Budgeted Amounts		Actual Amounts			Budget Basis	Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis	Variance with Final Budget	GAAP Basis
Operating revenue:	\$ -	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-
Operating income (loss)	-	-	-	-	-	-	-
Non-operating income (expense):							
Interest income	5	5	26	-	26	21	5
Bond principal	(445,000)	(445,000)	-	(445,000)	(445,000)	-	-
Bond interest	(90,410)	(90,410)	(123,211)	32,801	(90,410)	-	(131,678)
Bond fees	(6,000)	(6,000)	(350)	-	(350)	(5,650)	(400)
Total non-operating income (expense)	(541,405)	(541,405)	(123,535)	(412,199)	(535,734)	(5,629)	(132,073)
Transfers in (out)	543,000	543,000	540,205	-	540,205	(2,795)	540,000
Change in net position	1,595	1,595	416,670	(412,199)	4,471	2,876	407,927
Net position, beginning of year	7,191	7,191	(4,084,850)	4,092,042	7,192	1	(4,492,777)
Net position, end of year	\$ 8,786	8,786	(3,668,180)	3,679,843	11,663	2,877	(4,084,850)

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-1

Combining Statement of Net Position
April 30, 2019
(With Comparative Figures for April 30, 2018)

	Airport	Airport	Totals	
	Operations Fund	Development Fund	2019	2018
<u>Assets</u>				
Cash and cash equivalents	\$ 370,906	-	370,906	361,651
Accounts receivable	17,983	-	17,983	8,290
Grants receivable	-	-	-	54,564
Inventories	32,763	-	32,763	31,910
Capital assets				
Land	655,560	4,277,861	4,933,421	4,933,421
Land improvements	58,345	-	58,345	58,345
Machinery and equipment	-	66,925	66,925	66,925
Buildings and improvements	1,850,000	476,071	2,326,071	2,326,071
Infrastructure	7,800,769	-	7,800,769	7,800,769
Vehicles	102,500	-	102,500	102,500
Accumulated depreciation	(8,137,386)	(121,782)	(8,259,168)	(7,970,757)
Total assets	2,751,440	4,699,075	7,450,515	7,773,689
<u>Liabilities</u>				
Accounts payable and accrued expenses	30,808	-	30,808	18,046
Due to General Fund	-	1,000,000	1,000,000	1,000,000
Long-term liabilities due within on year:				
Lease commitments payable	83,065	-	83,065	79,224
Long term liabilities due in more than one year:				
Lease commitments payable	400,187	-	400,187	483,252
Total liabilities	514,060	1,000,000	1,514,060	1,580,522
<u>Net Position</u>				
Net investment in capital assets	1,846,536	3,699,075	5,545,611	5,754,798
Unrestricted	390,844	-	390,844	438,369
Total net position	\$ 2,237,380	3,699,075	5,936,455	6,193,167

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-2

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Airport	Airport	Total	
	Operations Fund	Development Fund	2019	2018
Operating revenues:				
Facilities rental	\$ 243,185	-	243,185	246,282
Fuel sales	288,900	-	288,900	242,895
Miscellaneous revenue	1,093	-	1,093	17,783
Total operating revenues	<u>533,178</u>	<u>-</u>	<u>533,178</u>	<u>506,960</u>
Operating expenses:				
Personal services	120,474	-	120,474	114,783
Contractual services	110,631	-	110,631	130,398
Commodities	239,073	-	239,073	189,805
Capital outlay/maintenance	9,425	-	9,425	52,113
Depreciation	273,355	15,056	288,411	288,411
Other expenses	6,588	-	6,588	5,349
Total operating expenses	<u>759,546</u>	<u>15,056</u>	<u>774,602</u>	<u>780,859</u>
Operating income (loss)	<u>(226,368)</u>	<u>(15,056)</u>	<u>(241,424)</u>	<u>(273,899)</u>
Non-operating revenues (expenses):				
State and federal grants	9,833	-	9,833	131,980
Interest income	200	-	200	211
Interest expense	(25,321)	-	(25,321)	(28,974)
Total non-operating revenues (expenses)	<u>(15,288)</u>	<u>-</u>	<u>(15,288)</u>	<u>103,217</u>
Change in net position	(241,656)	(15,056)	(256,712)	(170,682)
Net position, beginning of year	<u>2,479,036</u>	<u>3,714,131</u>	<u>6,193,167</u>	<u>6,363,849</u>
Net position, end of year	<u>\$ 2,237,380</u>	<u>3,699,075</u>	<u>5,936,455</u>	<u>6,193,167</u>

CITY OF MORRIS, ILLINOIS
 AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Operating revenues:							
Fuel sales	\$ 400,000	400,000	288,900	(7,862)	281,038	(118,962)	242,895
Rent:							
Hangars/land	208,175	208,175	216,471	(1,831)	214,640	6,465	216,259
Farmland	35,000	35,000	26,714	-	26,714	(8,286)	26,023
Mechanic shop	-	-	-	-	-	-	4,000
Miscellaneous income	2,340	2,340	1,093	4,009	5,102	2,762	15,081
Total operating revenues	645,515	645,515	533,178	(5,684)	527,494	(118,021)	504,258
Operating expenses:							
Personnel:							
Salaries:							
Airport Manager	49,625	49,625	50,578	(954)	49,624	1	48,178
Airport Maintenance	46,000	46,000	27,531	(595)	26,936	19,064	26,378
Insurance:							
Health	47,948	47,948	40,139	-	40,139	7,809	38,090
Dental and vision	2,100	2,100	1,749	-	1,749	351	1,684
Life	566	566	477	-	477	89	453
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Engineering services	160,000	157,700	55,435	(26,666)	28,769	128,931	-
Legal fees	50,000	50,000	6,840	95	6,935	43,065	1,128
Medical services and supplies	1,000	1,000	-	-	-	1,000	-
Other professional services	62,500	62,500	-	-	-	62,500	-
Postage expenses	1,200	1,200	1,000	-	1,000	200	500
Telephone	3,000	3,000	2,679	(223)	2,456	544	2,484
Printing/publishing	1,000	1,000	206	-	206	794	299
Dues/subscriptions	1,000	3,300	3,224	-	3,224	76	200
Training/travel expense	1,000	1,000	450	-	450	550	660
Gas	9,000	9,000	6,063	-	6,063	2,937	6,237
Electricity	30,000	30,000	20,958	(974)	19,984	10,016	17,579
Insurance liability	20,000	20,000	13,776	-	13,776	6,224	13,776
Commodities:							
Maintenance:							
Buildings	9,000	9,000	1,014	-	1,014	7,986	1,582
Equipment	18,000	18,000	3,707	-	3,707	14,293	4,031
Vehicles	7,000	7,000	993	-	993	6,007	2,374
Grounds	3,000	3,000	2,392	-	2,392	608	426
Office supplies	1,700	1,700	-	-	-	1,700	610
Operating supplies	2,000	2,000	892	-	892	1,108	798
Tools and small equipment	2,000	2,000	50	-	50	1,950	140
Janitorial supplies	1,000	1,000	330	-	330	670	365
Gasoline/diesel/oil/lubricants	5,000	5,000	1,450	(23)	1,427	3,573	2,840
Aviation fuel	350,000	350,000	211,498	853	212,351	137,649	162,764
Fuel sales tax	23,200	23,200	16,747	-	16,747	6,453	13,875

CITY OF MORRIS, ILLINOIS
 AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3
 (CONTINUED)

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	Actual Amounts		Variance with Final Budget	Actual GAAP Basis	
			GAAP Basis	Adjustments			Budget Basis
Operating expenses (continued):							
Capital outlay:							
Buildings & improvements	\$ 15,000	15,000	-	-	-	15,000	-
Land purchase & improv.	10,000	10,000	-	-	-	10,000	-
T-hangar const. & improv.	10,000	10,000	-	-	-	10,000	-
Equipment purchase/lease	15,000	15,000	-	-	-	15,000	-
Vehicle purchase/lease	60,000	60,000	-	-	-	60,000	-
Runway improvements	10,000	10,000	9,425	-	9,425	575	425
Other expenses:							
Miscellaneous expenses	1,700	1,700	769	-	769	931	204
Bank/credit card fees	9,000	9,000	5,819	-	5,819	3,181	4,645
Depreciation expense	-	-	273,355	(273,355)	-	-	273,356
Total operating expense	1,039,539	1,039,539	759,546	(301,842)	457,704	581,835	626,081
Operating income (loss)	(394,024)	(394,024)	(226,368)	296,158	69,790	(699,856)	(121,823)
Nonoperating income (expense):							
Federal and state grants	44,465	44,465	9,833	33,977	43,810	(655)	33,977
Interest income	190	190	200	-	200	10	186
T - hangar loan payments	(104,545)	(104,545)	-	(104,545)	(104,545)	-	-
Interest expense	-	-	(25,321)	25,321	-	-	(28,974)
Total nonoperating income (expense)	(59,890)	(59,890)	(15,288)	(45,247)	(60,535)	(645)	5,189
Income (loss) before transfers	(453,914)	(453,914)	(241,656)	250,911	9,255	(700,501)	(116,634)
Transfers:							
From General Fund	100,000	100,000	-	-	-	(100,000)	-
From Airport Development	16,855	16,855	-	-	-	(16,855)	-
Total transfers	116,855	116,855	-	-	-	(116,855)	-
Change in net position	(337,059)	(337,059)	(241,656)	250,911	9,255	346,314	(116,634)
Net position, beginning of year	351,153	351,153	2,479,036	(2,117,385)	361,651	10,498	2,595,670
Net position, end of year	\$ 14,094	14,094	2,237,380	(1,866,474)	370,906	356,812	2,479,036

CITY OF MORRIS, ILLINOIS
 AIRPORT FUND - AIRPORT DEVELOPMENT ACCOUNT

SCHEDULE E-4

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis Variance with Final Budget	2018
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Operating income:							
Miscellaneous income	\$ -	-	-	-	-	-	2,702
Operating expenses:							
Contractual services:							
Engineering services	-	-	-	-	-	-	64,385
Legal service	-	-	-	-	-	-	23,150
Capital outlay:							
Equipment purchase/lease	-	-	-	-	-	-	2,916
Land acquisition	-	-	-	-	-	-	48,772
Other expenses - misc.	-	-	-	-	-	-	500
Depreciation expense	-	-	15,056	(15,056)	-	-	15,055
Total operating expenses	-	-	15,056	(15,056)	-	-	154,778
Operating income (loss)	-	-	(15,056)	15,056	-	-	(152,076)
Non-operating income (expense):							
Federal and state grants	-	-	-	16,578	16,578	16,578	98,003
Interest income	-	-	-	-	-	-	25
Total non-operating income (expense)	-	-	-	16,578	16,578	16,578	98,028
Income (loss) before transfers	-	-	(15,056)	31,634	16,578	16,578	(54,048)
Transfers:							
To Airport Operations	(16,855)	(16,855)	-	-	-	16,855	-
Change in net position	(16,855)	(16,855)	(15,056)	31,634	16,578	33,433	(54,048)
Net position, beginning of year	16,855	16,855	3,714,131	(3,730,709)	(16,578)	(33,433)	3,768,179
Net position, end of year	\$ -	-	3,699,075	(3,699,075)	-	-	3,714,131

CITY OF MORRIS, ILLINOIS
GARBAGE FUND

SCHEDULE F

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019					Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating revenues:							
Garbage collection fees	\$ 1,147,788	1,147,788	1,160,584	(2,026)	1,158,558	10,770	1,126,497
Operating expenses:							
Garbage disposal expense	1,145,592	1,145,592	1,139,907	(3,159)	1,136,748	8,844	1,102,793
Miscellaneous expenses	10,000	10,000	4,313	-	4,313	5,687	7,182
Total operating expenses	1,155,592	1,155,592	1,144,220	(3,159)	1,141,061	14,531	1,109,975
Operating income (loss)	(7,804)	(7,804)	16,364	1,133	17,497	25,301	16,522
Non-operating income (expense):							
Interest income	135	135	155	-	155	20	139
Miscellaneous income	100	100	-	-	-	(100)	-
Transfer from general fund	100	100	-	-	-	(100)	-
Total non-operating income (expense):	335	335	155	-	155	(180)	139
Change in net position	(7,469)	(7,469)	16,519	1,133	17,652	25,121	16,661
Net position, beginning of year	241,299	241,299	220,469	46,435	266,904	25,605	203,808
Net position, end of year	\$ 233,830	233,830	236,988	47,568	284,556	50,726	220,469

CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND

SCHEDULE G

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Year Ended April 30,	
	2019	2018
Additions		
Contributions:		
Employer	\$ 1,142,652	1,085,076
Employee	199,079	188,881
Total contributions	1,341,731	1,273,957
Investment earnings:		
Net increase in fair value of investments	837,421	486,057
Interest and dividends	344,121	287,862
Total investment earnings	1,181,542	773,919
Less investment expenses:		
Investment management fees	(59,511)	(57,356)
Net investment income	1,122,031	716,563
Miscellaneous income	50	-
Total additions	2,463,812	1,990,520
Deductions		
Benefits paid	1,014,960	985,328
Refunds to participants	-	27,778
Administrative expense	32,714	21,573
Total deductions	1,047,674	1,034,679
Change in net position	1,416,138	955,841
Net position, beginning of year	14,579,271	13,623,430
Net position, end of year	\$ 15,995,409	14,579,271

CITY OF MORRIS, ILLINOIS
 AGENCY FUNDS

SCHEDULE H-1

Combining Statement of Net Position
 April 30, 2019
 (With Comparative Figures for April 30, 2018)

	School Site Dedication Trust Fund	Library Trust Fund	Sex Offender Management Board Trust Fund	Security Deposit Trust Fund	Totals	
					2019	2018
<u>Assets</u>						
Cash and cash equivalents	\$ 28	-	900	207,507	208,435	696,636
<u>Liabilities</u>						
Payable to other governments	28	-	900	-	928	3,071
Security deposits payable	-	-	-	207,507	207,507	693,565
Total liabilities	28	-	900	207,507	208,435	696,636
<u>Net Position</u>						
Unrestricted	\$ -	-	-	-	-	-

CITY OF MORRIS, ILLINOIS
 AGENCY FUNDS

SCHEDULE H-2

Combining Statement of Changes in Assets and Liabilities
 April 30, 2019
 (With Comparative Figures for April 30, 2018)

	School Site Dedication Trust Fund	Library Trust Fund	Sex Offender Management Board Trust Fund	Security Deposit Trust Fund	Totals	
					2019	2018
Additions:						
School site fees	\$ 20,236	-	-	-	20,236	31,073
Replacement taxes	-	18,649	-	-	18,649	18,069
Registration fees	-	-	2,800	-	2,800	2,700
Security deposits	-	-	-	97,978	97,978	553,479
Escrow fees	-	-	-	30,000	30,000	16,079
Interest income	2	-	-	245	247	217
Total additions	20,238	18,649	2,800	128,223	169,910	621,617
Deductions:						
Distribution to school districts	20,236	-	-	-	20,236	31,073
Distributions to library district	-	18,649	-	-	18,649	25,473
Distributions to agencies	-	-	2,800	-	2,800	2,300
Refund of deposits & fees	-	-	-	616,426	616,426	69,221
Total deductions	20,236	18,649	2,800	616,426	658,111	128,067
Change in assets & liabilities	2	-	-	(488,203)	(488,201)	493,550
Assets & liabilities - beginning	26	-	900	695,710	696,636	203,086
Assets & liabilities - ending	\$ 28	-	900	207,507	208,435	696,636

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

SCHEDULE I-1

Expenditures - Budget and Actual

Year Ended April 30, 2019

(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	Actual Amounts		Budget Basis	Variance with Final Budget	Actual GAAP Basis
			GAAP Basis	Adjustments			
Finance and administration:							
Personnel:							
Salaries:							
Mayor	\$ 95,481	95,481	97,317	(1,836)	95,481	-	92,700
Liquor Commissioner	10,000	10,000	10,192	(192)	10,000	-	10,000
Mayor's Secretary	77,972	77,972	73,350	(1,231)	72,119	5,853	63,301
Aldermen	38,400	38,400	38,400	-	38,400	-	40,050
Aldermen - Committee Mtg	6,000	6,000	3,025	-	3,025	2,975	
City Clerk	83,175	83,175	84,775	(1,600)	83,175	-	87,873
Budget Officer	17,500	17,500	17,837	(337)	17,500	-	17,500
Treasurer	3,500	3,500	2,464	1,036	3,500	-	3,500
Deputy Treasurer	67,050	67,050	67,953	(1,278)	66,675	375	63,720
Building and Zoning Officer	82,800	111,000	67,138	43,773	110,911	89	87,287
Director of Public Works	97,400	97,625	98,793	(1,180)	97,613	12	96,937
Public Works Secretary	47,950	47,950	48,650	(1,097)	47,553	397	47,976
Custodian	37,050	37,050	37,285	(790)	36,495	555	35,694
Fire Marshall	33,675	33,675	33,655	-	33,655	20	31,658
Deputy City Clerk F&A	64,600	64,600	64,416	(185)	64,231	369	62,018
Human Resource Admin.	4,200	4,200	4,119	-	4,119	81	5,100
Summer Clerical	6,450	6,450	5,684	-	5,684	766	-
Zoning Board of Appeals	2,500	2,500	400	-	400	2,100	1,075
Planning Commission	3,500	3,500	660	-	660	2,840	1,470
Police Commission	5,000	5,000	300	-	300	4,700	800
Insurance:							
Health	378,100	313,575	293,703	-	293,703	19,872	309,784
Dental and vision	16,220	16,220	11,509	-	11,509	4,711	13,077
Life	7,453	7,453	6,082	-	6,082	1,371	5,667
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	25,000	25,000	16,288	-	16,288	8,712	18,112
Engineering service	300,000	300,000	7,306	(1,650)	5,656	294,344	11,627
Legal service	300,000	334,400	317,457	16,906	334,363	37	294,466
Medical service & supplies	1,000	1,000	-	-	-	1,000	-
Data processing/internet	1,000	1,000	-	-	-	1,000	-
Other professional services	36,750	36,750	11,995	(1,759)	10,236	26,514	24,556
Building inspector fee	20,000	20,000	10,850	-	10,850	9,150	14,085
Plumbing inspector fee	12,000	12,000	3,675	-	3,675	8,325	4,900
Electrical inspector fee	15,000	15,000	-	-	-	15,000	-
Postage and meter expense	8,000	8,000	5,627	(81)	5,546	2,454	5,593
Telephone	22,000	22,000	19,638	(1,091)	18,547	3,453	16,973
Cell phone	3,000	3,000	1,444	(160)	1,284	1,716	1,322
Printing/publishing	18,500	18,500	7,103	-	7,103	11,397	6,691
Dues/subscriptions	36,000	37,700	37,864	(180)	37,684	16	20,784
Training/travel expense	4,000	4,000	597	-	597	3,403	820
Codification services	8,500	8,500	2,730	-	2,730	5,770	3,510
Building & zoning expense	2,000	2,000	823	-	823	1,177	1,052
Police/fire commission	40,000	40,000	2,077	-	2,077	37,923	21,995
Gas	1,000	1,000	-	-	-	1,000	-
Insurance	245,000	245,000	184,038	(5,871)	178,167	66,833	171,390
Copier machine rental	9,000	9,000	7,709	(526)	7,183	1,817	6,831

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE I-1
(CONTINUED)**

**Expenditures - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	2019		2018		Budget Basis Variance with Final Budget	Actual GAAP Basis	
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments			
Finance and administration (continued):							
Commodities:							
Maintenance:							
Building	\$ 56,000	56,000	37,922	(1,720)	36,202	19,798	40,567
Equipment	3,500	3,500	3,380	(810)	2,570	930	1,472
Grounds	7,000	7,000	5,856	(5,282)	574	6,426	1,125
Office supplies	12,000	12,000	4,454	(188)	4,266	7,734	4,545
Operating supplies	2,500	2,500	1,248	-	1,248	1,252	1,058
Janitorial supplies	3,200	3,200	2,081	-	2,081	1,119	1,892
Books and periodicals	6,000	6,000	77	-	77	5,923	845
Capital outlay:							
Equipment	2,000	2,000	-	-	-	2,000	516
Furniture	2,000	2,000	-	-	-	2,000	-
Computer equipment	36,000	36,000	24,418	-	24,418	11,582	17,569
Other expenditures:							
Property tax reimbursement	-	-	-	-	-	-	405
Sales tax reimbursement	2,750,000	2,750,000	1,853,321	(88,944)	1,764,377	985,623	1,539,679
Memorials	3,000	3,000	-	-	-	3,000	-
Donations	68,000	68,000	18,775	(10,000)	8,775	59,225	21,316
Miscellaneous expense	13,000	13,000	11,052	-	11,052	1,948	6,329
Total finance and administration	5,258,926	5,258,926	3,667,512	(66,273)	3,601,239	1,657,687	3,339,212
Police department:							
Personnel:							
Salaries:							
Chief of Police	114,665	114,665	110,965	3,700	114,665	-	112,280
Deputy Chief	99,781	99,781	102,367	(2,586)	99,781	-	92,888
Sergeants	575,000	575,000	510,572	20,944	531,516	43,484	477,425
Patrol Persons	1,920,000	1,920,000	1,658,723	(37,950)	1,620,773	299,227	1,599,766
Part-time Patrol Persons	95,000	95,000	50,127	(803)	49,324	45,676	75,056
Police Secretary	51,455	51,455	57,209	(6,054)	51,155	300	49,029
Computer Operator	35,410	35,410	37,181	(2,073)	35,108	302	34,342
Ordinance Enforcer	46,420	46,420	47,526	(1,315)	46,211	209	45,184
School Crossing Guards	67,500	67,500	64,065	(1,825)	62,240	5,260	63,160
Records and Technology	66,400	66,400	66,669	(419)	66,250	150	63,266
Insurance Benefits:							
Health	1,213,909	1,200,009	928,970	-	928,970	271,039	861,600
Dental and vision	50,000	50,000	38,869	-	38,869	11,131	36,605
Life	17,710	17,710	13,688	-	13,688	4,022	12,907
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	15,000	15,000	13,796	-	13,796	1,204	11,600
Pension contributions	1,142,652	1,142,652	1,142,652	-	1,142,652	-	1,085,076
Uniform expense	30,000	30,000	19,453	-	19,453	10,547	22,170
Contractual services:							
Medical service - arrestees	2,500	2,500	991	-	991	1,509	551
Data processing service	1,000	1,000	-	-	-	1,000	-
Dispatcher agreement	360,000	360,000	327,971	-	327,971	32,029	290,885
Postage and meter expense	2,500	2,500	2,500	-	2,500	-	1,000
Cell phone	3,500	3,500	3,053	(181)	2,872	628	2,691
Printing/publishing	3,800	3,800	1,756	(38)	1,718	2,082	2,628
LEADS expense	9,500	9,500	7,905	(612)	7,293	2,207	7,281
Dues/subscriptions	15,000	15,000	19,306	(6,286)	13,020	1,980	12,578
Training/travel expense	27,000	27,000	12,642	(250)	12,392	14,608	16,977
Tuition reimbursement	1,500	1,500	-	-	-	1,500	-

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE I-1
(CONTINUED)**

**Expenditures - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)**

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	GAAP	Actual Amounts		Variance with	Actual
			Basis	Adjustments	Basis	Final Budget	GAAP
Police department (continued):							
Contractual services (continued):							
Investigation expense	\$ 8,100	8,100	7,826	(40)	7,786	314	5,821
Booking/processing expense	1,000	1,000	-	-	-	1,000	-
Copier machine rental	5,150	5,150	4,557	(317)	4,240	910	4,082
Commodities:							
Maintenance:							
Building	1,000	1,000	147	-	147	853	1,087
Equipment	4,000	5,900	5,881	(33)	5,848	52	2,706
Vehicles	24,000	24,000	21,125	-	21,125	2,875	16,033
Communication equip.	1,000	1,000	778	(738)	40	960	-
Office supplies	8,000	8,000	5,542	(73)	5,469	2,531	4,503
Operating supplies	2,700	2,700	1,667	-	1,667	1,033	2,365
Janitorial supplies	2,800	2,800	2,281	(161)	2,120	680	1,881
Gas / oil / lubricants	92,500	92,500	53,591	(2,506)	51,085	41,415	58,908
DARE supplies	3,000	3,000	2,826	-	2,826	174	3,051
Drug law & crime prevention	1,000	1,000	290	-	290	710	180
Awards	1,300	1,300	337	-	337	963	309
Books and periodicals	1,400	1,400	-	-	-	1,400	-
Capital outlay:							
Equipment	45,000	45,000	39,450	-	39,450	5,550	17,039
Vehicles	75,000	75,000	65,192	-	65,192	9,808	53,308
Furniture	2,400	2,400	2,326	-	2,326	74	402
Communication equipment	30,000	30,000	28,982	-	28,982	1,018	35,570
Computer equipment	31,000	31,000	30,931	-	30,931	69	20,835
Other expenditures:							
Miscellaneous expense	6,000	6,000	2,844	-	2,844	3,156	5,955
Animal control	14,880	14,880	13,171	-	13,171	1,709	12,450
M.A.N.S. expense	1,000	1,000	-	-	-	1,000	-
Total police department	6,330,432	6,318,432	5,528,700	(39,616)	5,489,084	829,348	5,223,430
Streets and alleys:							
Personnel:							
Salaries:							
Superintendent of Streets	88,240	88,240	74,157	13,925	88,082	158	58,403
Mechanic	82,500	82,500	74,990	18	75,008	7,492	74,353
Class A Operator	330,000	330,000	314,722	(6,393)	308,329	21,671	363,807
Class B Operator	390,000	390,000	349,228	(4,576)	344,652	45,348	206,913
Class A Laborer	155,000	198,500	201,566	(3,544)	198,022	478	198,487
Class B Laborer	140,000	140,000	117,767	(133)	117,634	22,366	128,474
Insurance:							
Health	610,000	566,500	516,295	-	516,295	50,205	454,381
Dental and vision	25,970	25,970	21,518	-	21,518	4,452	19,047
Life	8,500	8,500	7,052	-	7,052	1,448	6,793
Deferred compensation	12,000	12,000	8,762	-	8,762	3,238	9,133
Contractual services:							
Engineering services	80,000	80,000	53,792	-	53,792	26,208	40,918
Medical service and testing	4,500	4,500	5,440	(2,451)	2,989	1,511	2,887
Cell phone	2,300	2,300	1,481	(53)	1,428	872	1,693
Printing/publishing	1,200	1,200	951	-	951	249	919
Training/travel expenses	5,000	5,000	2,054	(50)	2,004	2,996	2,163
Street light electricity	145,000	145,000	137,413	(1,320)	136,093	8,907	134,576
Rentals	6,000	6,000	2,200	-	2,200	3,800	-

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	GAAP	Actual Amounts		Variance with	Actual
			Basis	Adjustments	Basis	Final Budget	GAAP
Streets and alleys (continued):							
Commodities:							
Maintenance:							
Buildings	\$ 2,500	2,500	1,466	(24)	1,442	1,058	1,506
Equipment	28,000	28,000	24,543	(3,666)	20,877	7,123	20,119
Vehicles	30,000	30,000	17,477	(266)	17,211	12,789	15,654
Streets	75,000	75,000	32,199	(1,587)	30,612	44,388	19,493
Traffic signals	65,000	65,000	51,519	7,695	59,214	5,786	44,883
Tree trimming	10,000	10,000	-	-	-	10,000	20
Street control	50,000	50,000	45,560	-	45,560	4,440	27,009
Street lights	60,000	60,000	20,257	3,823	24,080	35,920	32,644
Operating supplies	34,000	34,000	21,393	(209)	21,184	12,816	25,630
Tools and small equipment	25,000	25,000	8,117	(161)	7,956	17,044	6,335
Janitorial supplies	5,000	5,000	2,558	(399)	2,159	2,841	2,555
Gas / oil / lubricants	90,000	90,000	49,012	(638)	48,374	41,626	56,093
Capital outlay:							
Equipment	20,000	20,000	13,103	(1,050)	12,053	7,947	101,358
Vehicles	90,000	90,000	-	-	-	90,000	-
Street construction	460,000	460,000	328,775	(981)	327,794	132,206	244,863
Bridge construction	250,000	250,000	-	-	-	250,000	1,239
Storm sewer construction	10,000	10,000	1,814	-	1,814	8,186	2,197
Sidewalk construction	30,000	30,000	15,586	-	15,586	14,414	20,874
Street signs	12,000	12,000	7,708	-	7,708	4,292	5,616
Street lighting	40,000	40,000	-	-	-	40,000	121,160
Communication equipment	20,000	20,000	7,175	-	7,175	12,825	34,073
Other expenditures - misc.	12,000	12,000	1,402	(120)	1,282	10,718	2,727
Total streets and alleys	3,504,710	3,504,710	2,539,052	(2,160)	2,536,892	967,818	2,488,995
Parks department:							
Personnel:							
Salaries:							
Parks Leadsman	75,600	75,600	68,936	(933)	68,003	7,597	66,542
Asst. Parks Leadsman	73,620	73,620	66,757	(1,286)	65,471	8,149	63,319
Parks Laborer	140,300	140,300	65,504	(2,089)	63,415	76,885	122,454
Summer Maintenance	83,655	83,655	27,326	-	27,326	56,329	34,170
Insurance:							
Health	144,500	133,500	118,403	-	118,403	15,097	114,808
Dental and vision	6,200	6,200	5,015	-	5,015	1,185	4,908
Life	2,300	2,300	1,827	-	1,827	473	1,812
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	2,800	2,800	1,979	-	1,979	821	1,733
Contractual services:							
Engineering services	50,000	50,000	4,096	-	4,096	45,904	-
Electricity	15,000	15,000	7,000	(638)	6,362	8,638	8,376
Rentals	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Building	6,000	6,000	4,903	-	4,903	1,097	2,754
Equipment	24,000	24,000	20,683	-	20,683	3,317	7,472
Vehicles	4,000	4,000	1,458	(228)	1,230	2,770	1,465
Grounds	10,000	10,000	4,055	-	4,055	5,945	7,656
Tennis courts	2,500	2,500	74	-	74	2,426	1,115
Baseball fields	20,000	20,000	5,484	-	5,484	14,516	4,675

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	2019		2019			2018	
	Budgeted Amounts		Actual Amounts			Budget Basis	Actual
	Original	Final	GAAP Basis	Adjustments	Budget Basis	Variance with Final Budget	GAAP Basis
Parks department (continued):							
Commodities (continued):							
Operating supplies	\$ 4,500	4,500	1,061	(135)	926	3,574	1,122
Tools and small equipment	3,000	3,000	1,496	-	1,496	1,504	918
Janitorial supplies	3,000	3,000	1,612	(294)	1,318	1,682	727
Gas / oil / lubricants	19,000	19,000	11,697	(311)	11,386	7,614	11,758
Capital outlay:							
Park improvements	300,000	300,000	170	-	170	299,830	72
Equipment	20,000	20,000	4,941	-	4,941	15,059	34,073
Vehicles	27,000	38,000	37,942	-	37,942	58	-
Other expenditures - misc.	1,000	1,000	1,265	(1,190)	75	925	546
Total parks department	1,039,975	1,039,975	463,684	(7,104)	456,580	583,395	492,475
Swimming Pool:							
Personnel:							
Salaries:							
Management	30,000	30,000	26,310	(1,142)	25,168	4,832	24,322
Summer employees	65,000	65,000	49,822	-	49,822	15,178	51,023
Red cross	6,000	6,000	3,114	-	3,114	2,886	3,030
Contractual services:							
Engineering service	1,000	1,000	708	-	708	292	-
Printing/publishing	4,000	4,000	408	-	408	3,592	127
Dues/subscriptions	1,000	1,000	800	-	800	200	-
Gas	1,000	1,000	486	-	486	514	376
Commodities:							
Maintenance	5,500	5,500	3,892	-	3,892	1,608	2,711
Operating supplies	3,000	3,000	1,826	-	1,826	1,174	1,278
Tools and small equipment	5,000	5,000	203	-	203	4,797	100
Janitorial supplies	1,000	1,000	204	-	204	796	-
Chemicals	10,000	10,000	8,781	-	8,781	1,219	6,121
Capital outlay:							
Pool improvements	5,000	5,000	-	-	-	5,000	-
Equipment	15,000	15,000	111	-	111	14,889	515
Other expenditures:							
Miscellaneous	2,000	2,000	356	-	356	1,644	1,110
Concession stand	17,500	17,500	10,587	-	10,587	6,913	10,115
Total swimming pool	172,000	172,000	107,608	(1,142)	106,466	65,534	100,828
Senior Van:							
Personnel - salaries	16,300	16,300	14,719	(303)	14,416	1,884	14,632
Contractual - printing	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance	5,000	5,000	223	-	223	4,777	2,181
Gas / oil / lubricants	6,000	6,000	2,481	(74)	2,407	3,593	2,093
Capital outlay - vehicles	32,500	32,500	26,213	-	26,213	6,287	-
Other expenditures - misc.	1,000	1,000	-	-	-	1,000	-
Total senior van	61,800	61,800	43,636	(377)	43,259	18,541	18,906
Provision for Contingencies	100,000	100,000	-	-	-	100,000	-
Total expenditures	16,467,843	16,455,843	12,350,192	(116,672)	12,233,520	4,222,323	11,663,846

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019			Budget Basis	2018
	Original	Final	GAAP	Actual Amounts		Variance with	Actual
			Basis	Adjustments	Basis	Final Budget	GAAP
							Basis
Transfers to other funds:							
Airport Development	100,000	100,000	-	-	-	100,000	-
CDAP Loan Fund	-	-	193	(193)	-	-	-
Police Pension	4,000	16,000	-	-	-	16,000	-
Garbage	100	100	-	-	-	100	-
Total transfers to other funds	104,100	116,100	193	(193)	-	116,100	-
Total General Fund	\$ 16,571,943	16,571,943	12,350,385	(116,865)	12,233,520	4,338,423	11,663,846
Summary by Function:							
Current:							
General government	5,318,926	5,318,926	3,643,094	(66,273)	3,576,821	1,742,105	3,321,127
Public safety	5,004,380	4,992,380	4,219,167	(39,616)	4,179,551	812,829	4,011,200
Public works	2,602,010	2,602,010	2,182,314	(506)	2,181,808	420,202	1,976,521
Culture and recreation	844,975	833,975	528,128	(8,246)	519,882	314,093	558,643
Employee retirement costs	1,142,652	1,142,652	1,142,652	-	1,142,652	-	1,085,076
Capital outlay	1,554,900	1,565,900	634,837	(2,031)	632,806	933,094	711,279
Total expenditures	16,467,843	16,455,843	12,350,192	(116,672)	12,233,520	4,222,323	11,663,846
Transfers to other funds	104,100	116,100	193	(193)	-	116,100	-
Total General Fund	\$ 16,571,943	16,571,943	12,350,385	(116,865)	12,233,520	4,338,423	11,663,846

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

SCHEDULE I-2

Expenses - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis Variance with Final Budget	2018
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis	GAAP	
Administrative department:							
Personal services:							
Salaries:							
Senior Water Clerk	\$ 44,223	44,223	45,173	(1,449)	43,724	499	43,011
Water Clerk	75,879	75,879	40,868	(1,384)	39,484	36,395	37,767
Human Resources Admin.	6,200	6,200	6,319	(119)	6,200	-	6,200
Insurance:							
Health	98,330	98,330	40,385	-	40,385	57,945	27,100
Dental and vision	3,834	3,834	1,355	-	1,355	2,479	938
Life	1,698	1,698	1,024	-	1,024	674	906
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	23,000	23,000	15,023	-	15,023	7,977	16,705
Legal service	75,000	75,000	46,540	758	47,298	27,702	20,253
Data processing expenses	2,500	2,500	-	-	-	2,500	-
Postage and meter expense	15,000	15,000	12,576	-	12,576	2,424	11,233
Telephone and alarms	12,000	12,000	11,378	(580)	10,798	1,202	7,291
Cell phone	5,000	5,000	2,888	(214)	2,674	2,326	2,600
Printing and publishing	6,000	6,000	5,057	-	5,057	943	3,091
Dues and subscriptions	2,000	2,000	550	-	550	1,450	898
Training and travel expense	1,000	1,000	398	-	398	602	398
Gas	25,000	25,000	15,023	-	15,023	9,977	14,636
Insurance	225,000	225,000	172,519	(257)	172,262	52,738	177,863
Rentals	1,000	1,000	-	-	-	1,000	-
Copy machine rental	4,000	4,000	-	-	-	4,000	-
Commodities:							
Office supplies	5,000	5,000	2,790	(405)	2,385	2,615	2,474
Operating supplies	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Equipment	3,000	3,000	183	-	183	2,817	-
Computers and programs	40,000	40,000	17,380	-	17,380	22,620	12,098
Other expenses:							
Fees	40,000	40,000	29,375	-	29,375	10,625	31,117
Water refunds	2,000	2,000	-	-	-	2,000	1,687
Miscellaneous expenses	4,000	4,000	551	-	551	3,449	377
Total administrative department	722,664	722,664	467,355	(3,650)	463,705	258,959	418,643
Water department:							
Personal services:							
Salaries:							
Water foreman	88,333	88,333	90,190	(2,102)	88,088	245	85,774
Class A	164,985	164,985	161,653	(4,055)	157,598	7,387	160,539
Class B	75,362	75,362	70,004	386	70,390	4,972	64,094
Class C	147,221	135,221	133,603	(3,270)	130,333	4,888	67,481
Class D	1,000	5,900	9,026	(3,148)	5,878	22	43,278
Insurance:							
Health	194,850	194,850	166,910	-	166,910	27,940	157,688
Dental and vision	8,030	8,030	6,774	-	6,774	1,256	6,618
Life	3,400	3,400	3,300	-	3,300	100	2,453
VALIC - employer portion	4,000	4,000	1,583	-	1,583	2,417	1,758

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

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis Variance with Final Budget	2018
	Original	Final	GAAP	Adjustments	Budget		Actual
			Basis		Basis		GAAP
Water department (continued):							
Contractual services:							
Engineering services	\$ 50,000	50,000	42,950	(5,594)	37,356	12,644	24,513
Medical service and supplies	1,200	1,200	-	-	-	1,200	-
JULIE locate service	6,500	6,500	2,326	115	2,441	4,059	3,580
Training and travel expense	5,500	5,500	501	-	501	4,999	752
Electricity	190,000	195,400	195,654	(315)	195,339	61	171,795
Rental equipment	12,000	12,000	-	-	-	12,000	-
Copier machine rental	2,200	2,200	1,626	(109)	1,517	683	1,548
Commodities:							
Maintenance:							
Equipment	35,000	35,000	27,311	-	27,311	7,689	7,410
Meters	10,000	10,000	2,914	-	2,914	7,086	6,970
Vehicles	10,000	10,000	2,920	-	2,920	7,080	2,330
WTP and building	3,000	4,700	4,652	-	4,652	48	546
Water towers	5,000	5,000	215	-	215	4,785	353
Well houses	25,000	25,000	313	-	313	24,687	13,199
Water mains	50,000	50,000	24,622	(3,197)	21,425	28,575	29,026
Pumping equipment	20,000	20,000	6,018	-	6,018	13,982	28
Grounds	1,000	1,000	-	-	-	1,000	673
Office supplies & equipment	6,000	6,000	272	-	272	5,728	485
Operating supplies	20,000	20,000	8,934	(128)	8,806	11,194	11,882
Tools and small equipment	15,000	15,000	6,769	-	6,769	8,231	6,942
Janitorial supplies	1,000	1,000	796	(136)	660	340	316
Gas / oil / lubricant	44,000	44,000	20,716	(275)	20,441	23,559	19,760
Chemicals	70,000	70,000	31,870	(1,927)	29,943	40,057	29,579
Sodium chloride	225,000	225,000	179,586	(4,344)	175,242	49,758	135,060
Print & non-print materials	18,000	18,000	-	-	-	18,000	-
Capital outlay:							
WTP improvements	15,000	15,000	-	-	-	15,000	-
Equipment	115,000	115,000	29,232	68,225	97,457	17,543	20,887
Meters	300,000	300,000	219,037	2,540	221,577	78,423	35,152
Valves and hydrants	30,000	30,000	19,670	(267)	19,403	10,597	11,145
Hydra-stop equipment	2,500	2,500	-	-	-	2,500	-
Pumping equipment	15,000	15,000	-	-	-	15,000	-
Vehicles	1,000	1,000	-	-	-	1,000	-
Water main extensions	540,000	540,000	6,901	-	6,901	533,099	399
Water well construction	41,000	41,000	-	-	-	41,000	90,018
Water system control	2,500	2,500	-	-	-	2,500	-
Water towers	22,000	22,000	15,502	-	15,502	6,498	-
Furniture	1,000	1,000	-	-	-	1,000	-
Other expenses:							
Water analysis	13,000	13,000	6,281	(1,498)	4,783	8,217	3,856
Miscellaneous expenses	4,000	4,000	40	-	40	3,960	649
Total water department	2,614,581	2,614,581	1,500,671	40,901	1,541,572	1,073,009	1,218,536

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

SCHEDULE I-2
 (CONTINUED)

Expenses - Budget and Actual
 Year Ended April 30, 2019
 (With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis	2018
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual
			Basis		Basis		GAAP
Sewer department:							
Contractual services:							
Engineering services	\$ 200,000	163,100	132,056	1,604	133,660	29,440	97,929
Rental equipment	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Equipment	5,000	5,000	-	-	-	5,000	498
Sewer machine	20,000	20,000	566	-	566	19,434	276
Lift stations	40,000	40,000	4,095	419	4,514	35,486	1,262
Sewer mains	15,000	45,000	44,943	-	44,943	57	1,388
Capital outlay:							
Equipment	1,000	7,900	7,850	-	7,850	50	-
Manholes and grates	50,000	50,000	13,067	-	13,067	36,933	-
Sewer extensions	3,055,000	3,055,000	6,654	783,782	790,436	2,264,564	6,900
Lift stations	75,000	75,000	-	-	-	75,000	-
Other expenses	37,500	37,500	-	-	-	37,500	1,550
Total sewer department	3,499,500	3,499,500	209,231	785,805	995,036	2,504,464	109,803
Sewer treatment department:							
Personal services:							
Salaries:							
Operator	86,635	86,635	89,192	(2,781)	86,411	224	81,645
Operator 1	82,495	82,495	83,418	(2,798)	80,620	1,875	76,705
Lab assistant T4	153,060	153,060	140,621	(2,376)	138,245	14,815	135,223
Lab assistant T	63,105	63,105	59,337	(1,973)	57,364	5,741	56,198
Summer maintenance	19,300	19,300	6,105	-	6,105	13,195	6,047
Insurance:							
Health	194,250	194,250	162,992	-	162,992	31,258	154,384
Dental and vision	8,050	8,050	6,668	-	6,668	1,382	6,458
Life	2,850	2,850	2,384	-	2,384	466	2,264
VALIC - employer portion	4,500	4,500	2,696	-	2,696	1,804	2,400
Contractual services:							
Engineering services	12,000	12,000	128	256	384	11,616	5,155
Engineering - NE STP	12,000	12,000	-	-	-	12,000	-
Medical service & supplies	1,500	1,500	408	-	408	1,092	111
Training/travel expense	1,000	1,000	70	-	70	930	-
Electricity - central	140,000	140,000	103,856	(211)	103,645	36,355	103,007
Electricity - NE STP	150,000	150,000	138,102	1,513	139,615	10,385	127,278
Sludge disposal expense	85,000	85,000	51,549	(10,066)	41,483	43,517	36,028
Copier machine rental	1,000	1,000	419	-	419	581	1,595
Commodities:							
Maintenance:							
Equipment	25,000	25,000	17,639	(28)	17,611	7,389	17,651
Vehicles	10,000	10,000	1,478	-	1,478	8,522	2,667
STP	13,000	13,000	10,365	793	11,158	1,842	5,415
Grounds	4,000	4,000	162	-	162	3,838	59
Office supplies and equip.	2,000	2,000	317	-	317	1,683	219
Operating supplies	8,000	8,000	1,642	-	1,642	6,358	2,614
Lab testing samples	17,000	17,000	9,201	(1,013)	8,188	8,812	9,205
Tools and small equipment	5,000	5,000	2,695	-	2,695	2,305	1,442
Janitorial supplies	1,000	1,000	650	(171)	479	521	761
Gasoline/diesel/oil/lubricants	9,000	9,000	4,205	(149)	4,056	4,944	6,265
Chemicals	14,000	14,000	3,873	(632)	3,241	10,759	5,373

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

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2019
(With Comparative Figures for the Year Ended April 30, 2018)

	Budgeted Amounts		2019 Actual Amounts			Budget Basis Variance with Final Budget	2018 Actual GAAP Basis
	Original	Final	GAAP	Adjustments	Budget		
			Basis		Basis		
Sewer treatment department (continued):							
Capital outlay:							
Sewer treatment plant	\$ 4,000	4,000	-	-	-	4,000	-
NE STP	4,000	4,000	-	-	-	4,000	-
Vehicles and equipment	67,500	67,500	599	16,897	17,496	50,004	1,964
Other expenses:							
IEPA/NPDES fees	40,000	40,000	30,500	-	30,500	9,500	31,500
Miscellaneous expenses	1,000	1,000	82	-	82	918	60
Total sewer treatment	1,241,245	1,241,245	931,353	(2,739)	928,614	312,631	879,693
Depreciation expense	-	-	950,173	(950,173)	-	-	914,342
Provision for Contingencies	100,000	100,000	-	-	-	100,000	-
Total expenses	8,177,990	8,177,990	4,058,783	(129,856)	3,928,927	4,249,063	3,541,017
Transfers:							
To Revenue Bond & Interest	543,000	543,000	540,205	-	540,205	2,795	(540,000)
To Capital Improvements	10,000	10,000	10,000	-	10,000	-	(10,000)
Total transfers	553,000	553,000	550,205	-	550,205	2,795	(550,000)
Total Operations & Maintenance	\$ 8,730,990	8,730,990	4,608,988	(129,856)	4,479,132	4,251,858	2,991,017
Summary by Function:							
Operating expenses:							
Personal services	\$ 1,532,590	1,525,490	1,331,580	(25,069)	1,306,511	218,979	1,226,929
Contractual services	1,267,400	1,235,900	951,597	(13,100)	938,497	297,403	828,259
Commodities	752,000	783,700	422,529	(11,193)	411,336	372,364	322,128
Capital outlay	4,384,500	4,391,400	336,075	871,177	1,207,252	3,184,148	178,563
Depreciation	-	-	950,173	(950,173)	-	-	914,342
Other expenses	241,500	241,500	66,829	(1,498)	65,331	176,169	70,796
Total operating expenses	8,177,990	8,177,990	4,058,783	(129,856)	3,928,927	4,249,063	3,541,017
Transfers to other accounts	553,000	553,000	550,205	-	550,205	2,795	(550,000)
Total Operations & Maintenance	\$ 8,730,990	8,730,990	4,608,988	(129,856)	4,479,132	4,251,858	2,991,017

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

City of Morris	Tax Year				
	2014	2015	2016	2017	2018
Assessed valuations	\$ 255,713,612	266,588,885	283,037,021	284,942,500	329,474,997
Tax rates:					
General Corporate	0.1311	0.0516	0.0462	0.0462	0.0605
Police Pension	0.2720	0.3190	0.3834	0.4010	0.3702
Municipal Retirement	0.1330	0.1388	0.1205	0.1081	0.1008
Social Security	0.0841	0.1155	0.0816	0.0916	0.1027
Police Protection	0.0293	0.0281	0.0159	0.0158	0.0228
Totals	0.6495	0.6530	0.6476	0.6627	0.6570
Tax extensions:					
General Corporate	\$ 334,675	137,300	130,710	131,350	199,398
Police Pension	694,342	848,922	1,083,231	1,140,376	1,219,585
Municipal Retirement	339,449	369,397	340,422	307,403	332,012
Social Security	214,641	307,494	230,322	260,510	338,502
Police Protection	74,875	74,891	44,926	44,930	74,989
Total	1,657,982	1,738,004	1,829,611	1,884,569	2,164,486
Plus: Road & Bridge	75,030	77,308	80,574	80,725	61,055
Total Extensions	\$ 1,733,012	1,815,312	1,910,185	1,965,294	2,225,541
Tax Collections	\$ 1,729,427	1,812,093	1,912,745	1,942,505	-

TIF I:	Tax Year 2018
Assessed valuation	\$ 63,839,338
Tax rate	0.65695
Tax Extension	\$ 419,393
Tax Collections	\$ -

Marina TIF:	Tax Year 2018
Assessed valuation	\$ 175,390
Tax rate	0.65695
Tax Extension	\$ 1,152
Tax Collections	\$ -

OTHER REQUIRED REPORTING



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA
ERICA BLUMBERG, CPA
TREVOR DEBELAK, CPA
CHRIS CHRISTENSEN
STEPHANIE HEISNER
SONDRA RANKIN, MBA

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and Members of the City Council

City of Morris, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise City of Morris, Illinois' basic financial statements and have issued our report thereon dated September 16, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2019-01 through 2019-03 that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of City of Morris, Illinois, in a separate letter dated September 16, 2019.

Purpose of this Report

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

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 16, 2019

**Schedule of Findings and Reponses
For the Year Ended April 30, 2019**

2019-01: Internal Controls and Oversight over Financial Reporting

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Management's Response:

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

**Schedule of Findings and Reponses
For the Year Ended April 30, 2019**

2019-02: Financial Statement Preparation and Significant Audit Adjustments

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Management's Response:

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

**Schedule of Findings and Reponses
For the Year Ended April 30, 2019**

2019-03: Police Pension Accounting and Financial Reporting

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Management's Response:

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