

CITY OF MORRIS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
APRIL 30, 2021



CITY OF MORRIS, ILLINOIS

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For the Year Ended April 30, 2021**

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Data

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Morris, Illinois, for the year ended April 30, 2020, which are presented for comparison purposes with the accompanying financial statements. In our report dated November 2, 2020, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Morris, Illinois' basic financial statements. The schedules listed in the table of contents as "Other Supplementary Information" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the "Other Supplementary Information", except for the Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections, are the responsibility of management and were derived from and related 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 "Other Supplementary Information" and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 on our consideration of the City of Morris, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morris, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2021

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, 2021. 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 \$65,980,045 (net position). The City has a deficit unrestricted fund balance of (\$4,328,819) at April 30, 2021.
- The City's total net position increased by \$3,793,916 (6.10%) for the fiscal year ended April 30, 2021. Of this amount, the governmental net position increased by \$329,822 (1.26%) and the business-type net position increased by \$3,464,094 (9.63%). The governmental-type net position increased primarily due to increased grant funding received in the current year. The business-type net position also increased primarily due to grants received in the current year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,122,642, an increase of \$1,726,208 (11.21%) in comparison with the prior fiscal year. Approximately 35% of the total fund balance, \$6,045,805, was unassigned and available for spending at the City's discretion.
- The City's total long-term debt decreased by \$488,748 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, 2021

Using This Annual Report – (Continued):

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

Reporting the City's Financial Activities

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Financing Fund I, and Marina Tax Increment

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2021

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 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 custodial 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, 2021**

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	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 26,293,461	24,607,191	8,851,068	9,015,413	35,144,529	33,622,604
Capital assets	28,630,720	30,254,061	33,799,223	30,606,158	62,429,943	60,860,219
Total assets	54,924,181	54,861,252	42,650,291	39,621,571	97,574,472	94,482,823
Deferred Outflows	1,951,293	3,275,568	377,357	279,805	2,328,650	3,555,373
<u>Liabilities</u>						
Current liabilities	959,978	978,614	820,293	804,129	1,780,271	1,782,743
Long-term liabilities	16,728,110	20,305,700	2,762,431	3,116,417	19,490,541	23,422,117
Total liabilities	17,688,088	21,284,314	3,582,724	3,920,546	21,270,812	25,204,860
Deferred inflows	12,652,265	10,647,207	-	-	12,652,265	10,647,207
<u>Net Position</u>						
Net investment in capital assets	28,630,720	30,254,061	29,330,755	25,648,942	57,961,475	55,903,003
Restricted	11,076,837	10,020,257	1,270,552	1,306,972	12,347,389	11,327,229
Unrestricted	(13,172,436)	(14,069,019)	8,843,617	9,024,916	(4,328,819)	(5,044,103)
Total net position	\$ 26,535,121	26,205,299	39,444,924	35,980,830	65,980,045	62,186,129

Net investment in capital assets – the largest portion (87.8%) of the City’s net position is invested in capital assets (land, infrastructure, buildings, and equipment) less any related outstanding debt. These assets are used to provide services to City residents; consequently, they are not available for future spending. While the City’s investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position – another portion of net position (18.71%) 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 \$4,328,819 (-6.56%) 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 \$3,793,916 increase in net position is attributable to increases in capital assets and a decrease in long-term liabilities.

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, 2021 was a deficit of \$4,328,819. 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, 2021**

Government-wide Financial Analysis – (Continued):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 420,091	380,303	7,511,108	6,644,871	7,931,199	7,025,174
Operating grants and contributions	1,348,497	275,065	-	-	1,348,497	275,065
Capital grants	17,241	35,109	4,358,721	504,493	4,375,962	539,602
General revenues:						
Property taxes	7,596,676	7,089,090	-	-	7,596,676	7,089,090
Sales and use taxes	7,177,819	7,029,326	-	-	7,177,819	7,029,326
Other taxes	246,205	306,609	-	-	246,205	306,609
Intergovernmental revenue	3,136,236	2,267,397	-	-	3,136,236	2,267,397
Franchise fees	222,372	220,768	-	-	222,372	220,768
Interest income	29,228	86,650	9,915	11,598	39,143	98,248
Other	144,812	146,745	-	-	144,812	146,745
Total revenues	<u>20,339,177</u>	<u>17,837,062</u>	<u>11,879,744</u>	<u>7,160,962</u>	<u>32,218,921</u>	<u>24,998,024</u>
Program expenses:						
General government	4,580,322	4,949,917	-	-	4,580,322	4,949,917
Employee retirement costs	1,106,768	4,716,429	-	-	1,106,768	4,716,429
Public safety	4,915,953	4,741,746	-	-	4,915,953	4,741,746
Transportation and public service	5,664,216	6,010,868	-	-	5,664,216	6,010,868
Culture & recreation	704,307	852,847	-	-	704,307	852,847
Environment	278,316	251,602	-	-	278,316	251,602
Community development	2,759,804	2,770,324	-	-	2,759,804	2,770,324
Water and sewer	-	-	6,662,850	4,917,054	6,662,850	4,917,054
Airport Operation	-	-	522,665	687,029	522,665	687,029
Garbage collection and disposal	-	-	1,230,135	1,191,570	1,230,135	1,191,570
Total expenses	<u>20,009,686</u>	<u>24,293,733</u>	<u>8,415,650</u>	<u>6,795,653</u>	<u>28,425,336</u>	<u>31,089,386</u>
Change in net position	329,491	(6,456,671)	3,464,094	365,309	3,793,585	(6,091,362)
Adjustment to include agency funds	331	-	-	-	331	-
Net position, beginning of year	<u>26,205,299</u>	<u>32,661,970</u>	<u>35,980,830</u>	<u>35,615,521</u>	<u>62,186,129</u>	<u>68,277,491</u>
Net position, end of year	<u>\$ 26,535,121</u>	<u>26,205,299</u>	<u>39,444,924</u>	<u>35,980,830</u>	<u>65,980,045</u>	<u>62,186,129</u>

The City of Morris, Illinois' change in net position of governmental activities was an increase of \$3,793,916 during the year.

Revenues for governmental activities was increased compared to the prior year by \$2,502,115.

Expenses for governmental activities decreased by \$4,284,047 over the prior fiscal year. The change is primarily attributable to decreased pension and OPEB expense, as well as additional capital outlay.

Business-type activities increased the City's net position by \$3,464,094.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2021

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 \$4,718,782 over the prior year. Most of the increase is due to additional grants received in the current year.

Expenses increased by \$1,619,997 from the prior fiscal year. There has been a general increase in expenses in the water and sewer fund, while airport and garbage-related expenses have remained relatively consistent. Most of the increase is due to increased capital expenditures.

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 \$17,122,642, which is \$1,726,208 more than the \$15,396,103 total fund balance at April 30, 2020. \$6,045,805, or 35%, 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 \$11,076,837 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 \$1,410,658 largely due to increased tax revenues and intergovernmental revenues.

On the expenditure side, the increase over the prior fiscal year was \$485,208. A large portion of the increase can be attributed to capital outlay and general government expenditures.

Tax Increment Financing Fund I – The Tax Increment Financing Fund I represents a specific taxing district funded by local property taxes. Current year revenues show an increase of \$721,639. Property tax revenues have continued to recover contributing to the increase.

Expenditures remained consistent with a decrease of \$57,194 from the prior fiscal 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 \$300,000.

Expenditures decreased by \$831,261 from the prior fiscal year. The decrease is primarily due to additional capital outlay in the prior year.

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited For the Year Ended April 30, 2021

Individual Major Fund Analysis – (Continued):

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 \$267,548 for the Garbage Fund, \$8,185,478 for the Water and Sewer Fund, and \$390,591 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of \$3,464,094 over the prior year. Of the increase, \$3,448,340 came from the Water and Sewer Fund, while the Garbage Fund increased by \$18,857 and the Airport Fund decreased by \$3,103. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues increased by \$4,656,929 due to an increase in grants and contributed capital. Operating expenses increased by \$1,755,150, mostly due to capital outlay / maintenance expenditures.

Airport Fund – The Airport Fund revenues increased by \$16,134. Most of this increase is related to an increase in rent. Expenses decreased \$164,364 from the prior year.

Garbage Fund – Garbage fee income of \$1,248,818 exceeded garbage disposal costs of \$1,230,135 by \$18,683. 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 2021 fiscal year budget was adopted on April 20, 2020. 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 were made to the General Fund during the current fiscal year.

General Fund revenues were \$2,012,604 below budget estimates.

General Fund expenditures were \$3,875,510 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.

CITY OF MORRIS, ILLINOIS

**Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2021**

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 \$28,630,720 (net of accumulated depreciation/amortization) at April 30, 2021. Capital assets for business type activities totaled \$33,799,223 (net of accumulated depreciation) at April 30, 2021. 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,496,556	6,496,556	5,546,795	5,546,795	12,043,351	12,043,351
Construction in Progress	-	-	1,423,578	-	1,423,578	-
Land Improvements	1,695,761	1,802,787	10,210	13,128	1,705,971	1,815,915
Buildings & Improvements	7,980,899	8,194,369	1,513,896	1,563,884	9,494,795	9,758,253
Machinery & Equipment	1,298,560	1,272,041	555,854	552,050	1,854,414	1,824,091
Vehicles	938,770	936,387	173,156	203,481	1,111,926	1,139,868
Infrastructure	10,220,174	11,551,921	24,575,734	22,726,820	34,795,908	34,278,741
Total	\$ 28,630,720	30,254,061	33,799,223	30,606,158	62,429,943	60,860,219

Net capital assets increased by \$1,569,724 for the 2021 fiscal year. The City expended available resources to acquire \$4,760,340 in capital asset additions during the year. These additions were reduced by the current year’s depreciation expense of \$3,190,617. (Additional information on the City’s capital assets is presented in Note 5 to the basic financial statements).

CITY OF MORRIS, ILLINOIS

Management’s Discussion and Analysis - Unaudited
For the Year Ended April 30, 2021

Capital Assets and Debt Administration – (Continued)

Long-term Debt

Long-term Debt – At April 30, 2021, the City had total net debt outstanding of \$3,098,083, including the present value of future minimum capital lease payments on airport hangars for \$62,558, and the remaining balance due on the 2012 alternate revenue bond issue of \$3,035,525.

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

	Business-type activities		Total	
	2021	2020	2021	2020
Refunding Bonds Alternate Revenue Source (incl. premium)	\$ 3,035,525	3,506,878	3,035,525	3,506,878
Capital Leases	62,558	79,953	62,558	79,953
Total	<u>\$ 3,098,083</u>	<u>3,586,831</u>	<u>3,098,083</u>	<u>3,586,831</u>

Total outstanding debt decreased by \$488,748 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 2021-2022 fiscal year.

- The City’s assessed value decreased by -0.03% during the current fiscal year after increasing by 4.65% in the prior year. According to the Supervisor of Assessments, 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 prior fiscal year. Phases IV-A was completed in the current fiscal year. Phase IV-B began in the current fiscal year but has not been completed. 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, 2021**

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 Lori Werden, 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, 2021

(With Comparative Figures for April 30, 2020)

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,858,386	10,027,352	24,885,738	23,495,740
Receivables:				
Property taxes	7,591,875	-	7,591,875	7,607,181
Sales and use taxes	1,294,445	-	1,294,445	1,359,253
Income and replacement taxes	270,066	-	270,066	153,060
Grants	-	-	-	3,575
Other taxes and fees	289,338	-	289,338	128,436
Customer fees (net of allowances)	-	156,683	156,683	216,968
Inventory	-	37,418	37,418	33,098
Internal balances	1,370,385	(1,370,385)	-	-
Notes receivable	1,047	-	1,047	625,293
Net pension asset	617,919	-	617,919	-
Capital assets, net of accumulated depreciation	28,630,720	33,799,223	62,429,943	60,860,219
Total assets	54,924,181	42,650,291	97,574,472	94,482,823
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding	-	237,357	237,357	279,805
Pension-related deferred outflows	1,951,293	-	1,951,293	3,275,568
Asset retirement obligation	-	140,000	140,000	-
Total deferred outflows	1,951,293	377,357	2,328,650	3,555,373
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	547,835	252,957	800,792	818,705
Noncurrent liabilities:				
Due within one year	412,143	567,336	979,479	964,038
Due in more than one year	6,421,877	2,762,431	9,184,308	9,533,757
Net OPEB liability	2,126,359	-	2,126,359	2,061,675
Net pension liability	8,179,874	-	8,179,874	11,826,685
Total liabilities	17,688,088	3,582,724	21,270,812	25,204,860
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Succeeding year property tax	7,591,875	-	7,591,875	7,607,181
Pension-related deferred inflows	5,060,390	-	5,060,390	3,040,026
Total deferred inflows	12,652,265	-	12,652,265	10,647,207
<u>NET POSITION</u>				
Net investment in capital assets	28,630,720	29,330,755	57,961,475	55,903,003
Restricted	11,076,837	1,270,552	12,347,389	11,327,229
Unrestricted	(13,172,436)	8,843,617	(4,328,819)	(5,044,103)
Total net position	\$ 26,535,121	39,444,924	65,980,045	62,186,129

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

Statement of Activities

Year Ended April 30, 2021

(With Comparative Figures for the Year Ended April 30, 2020)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2021	2020
Governmental activities:								
General government	\$ 4,580,322	220,429	63,681	11,171	(4,285,041)	-	(4,285,041)	(4,744,311)
Employee retirement costs	1,106,768	-	-	-	(1,106,768)	-	(1,106,768)	(4,716,429)
Public safety	4,915,953	134,624	644,624	-	(4,136,705)	-	(4,136,705)	(4,482,137)
Transportation and public works	5,664,216	759	449,333	-	(5,214,124)	-	(5,214,124)	(6,009,993)
Culture and recreation	704,307	10,839	-	6,070	(687,398)	-	(687,398)	(752,598)
Environment	278,316	-	-	-	(278,316)	-	(278,316)	(251,602)
Community development	2,759,804	53,440	190,859	-	(2,515,505)	-	(2,515,505)	(2,646,186)
Total governmental activities	20,009,686	420,091	1,348,497	17,241	(18,223,857)	-	(18,223,857)	(23,603,256)
Business-type activities:								
Water sewer	4,604,684	5,775,132	-	2,268,326	-	3,438,774	3,438,774	525,919
Airport operation	522,665	487,158	-	32,229	-	(3,278)	(3,278)	(183,751)
Garbage collection disposal	1,230,135	1,248,818	-	-	-	18,683	18,683	11,543
Total business-type activities	6,357,484	7,511,108	-	2,300,555	-	3,454,179	3,454,179	353,711
Total government	\$ 26,367,170	7,931,199	1,348,497	2,317,796	(18,223,857)	3,454,179	(14,769,678)	(23,249,545)
General revenues:								
Property taxes					7,596,676	-	7,596,676	7,089,090
Sales tax					7,177,819	-	7,177,819	7,029,326
Other taxes					246,205	-	246,205	306,609
Intergovernmental revenue					3,136,236	-	3,136,236	2,267,397
Franchise fees					222,372	-	222,372	220,768
Interest					29,228	9,915	39,143	98,248
Miscellaneous					144,812	-	144,812	146,745
Total general revenues					18,553,348	9,915	18,563,263	17,158,183
Change in net position					329,491	3,464,094	3,793,585	(6,091,362)
Net position, beginning of year					26,205,299	35,980,830	62,186,129	68,277,491
Adjustment to include agency funds					331	-	331	-
Net position, end of year					\$ 26,535,121	39,444,924	65,980,045	62,186,129

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

Balance Sheet - Governmental Funds
April 30, 2021
(With Comparative Figures for April 30, 2020)

	General Fund	TIF I Fund	Marina TIF Fund	Non-major Governmental Funds	Total Governmental Funds	
					2021	2020
<u>ASSETS</u>						
Cash and cash equivalents	\$ 3,663,527	5,147,954	2,097,414	3,949,491	14,858,386	13,360,008
Receivables:						
Property taxes	1,669,753	5,272,693	24,672	624,757	7,591,875	7,607,181
Sales and use taxes	1,294,445	-	-	-	1,294,445	1,359,253
Income and replacement taxes	270,066	-	-	-	270,066	153,060
Other taxes & fees	219,530	-	-	69,808	289,338	128,436
Grants	-	-	-	-	-	3,575
Due from other funds	1,370,385	-	-	-	1,370,385	1,370,385
Notes receivable	1,047	-	-	-	1,047	625,293
Total assets	<u>\$ 8,488,753</u>	<u>10,420,647</u>	<u>2,122,086</u>	<u>4,644,056</u>	<u>25,675,542</u>	<u>24,607,191</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 301,599	180,517	-	7,313	489,429	544,088
Accrued payroll	58,406	-	-	-	58,406	38,341
Accrued benefits	412,143	-	-	-	412,143	396,185
Total liabilities	<u>772,148</u>	<u>180,517</u>	<u>-</u>	<u>7,313</u>	<u>959,978</u>	<u>978,614</u>
Deferred inflows of resources:						
Succeeding year property tax	1,669,753	5,272,693	24,672	624,757	7,591,875	7,607,181
Unavailable revenues from loans	1,047	-	-	-	1,047	625,293
Total deferred inflows	<u>1,670,800</u>	<u>5,272,693</u>	<u>24,672</u>	<u>624,757</u>	<u>7,592,922</u>	<u>8,232,474</u>
Fund balances:						
Restricted	-	4,967,437	2,097,414	4,011,986	11,076,837	9,528,502
Unassigned	6,045,805	-	-	-	6,045,805	5,867,601
Total fund balances	<u>6,045,805</u>	<u>4,967,437</u>	<u>2,097,414</u>	<u>4,011,986</u>	<u>17,122,642</u>	<u>15,396,103</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,488,753</u>	<u>10,420,647</u>	<u>2,122,086</u>	<u>4,644,056</u>	<u>25,675,542</u>	<u>24,607,191</u>

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

Balance Sheet - Governmental Funds
April 30, 2021
(With Comparative Figures for April 30, 2020)

	<u>2021</u>	<u>2020</u>
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	\$ 17,122,642	15,396,103
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 \$74,969,193 and the accumulated depreciation is \$46,338,473.	28,630,720	30,254,061
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.	1,047	625,293
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	1,951,293	3,275,568
Deferred inflows of resources - pensions	(5,060,390)	(3,040,026)
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	(53,258)	(48,721)
Net OPEB liability	(2,126,359)	(2,061,675)
Net pension liability / asset	<u>(7,561,955)</u>	<u>(11,826,685)</u>
Net position of governmental activities	<u>\$ 26,535,121</u>	<u>26,205,299</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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	General	Tax Increment	Marina	Non-major	Total Governmental Funds	
	Fund	Financing Fund I	Tax Increment Financing Fund	Governmental Funds	2021	2020
Revenues:						
Property taxes	\$ 1,660,754	5,282,663	15,835	637,424	7,596,676	7,089,090
Sales and use taxes	7,177,819	-	-	-	7,177,819	7,029,326
Other taxes	-	-	-	246,205	246,205	306,609
Intergovernmental revenue	2,616,946	-	-	519,290	3,136,236	2,267,397
Licenses and permits	208,869	-	-	-	208,869	104,983
Franchise fees	222,372	-	-	-	222,372	220,768
Charges for services	65,038	-	-	-	65,038	122,610
Rebuild Illinois grant	-	-	-	449,333	449,333	-
Fines	115,848	-	-	30,336	146,184	152,710
Interest	1,289	18,920	7,207	1,812	29,228	86,650
Other	503,227	546,820	-	11,170	1,061,217	456,919
Total revenues	12,572,162	5,848,403	23,042	1,895,570	20,339,177	17,837,062
Expenditures:						
Current:						
General government	3,174,565	273,448	5,660	-	3,453,673	3,879,780
Employee retirement costs	1,258,390	-	-	703,785	1,962,175	1,759,814
Public safety	4,754,077	-	-	13,366	4,767,443	4,472,042
Transportation and public service	2,233,327	-	-	49,287	2,282,614	2,337,300
Culture and recreation	447,842	-	-	124,858	572,700	785,839
Environment	-	-	272,209	2,179	274,388	251,602
Community development	-	2,685,562	4,750	-	2,690,312	2,636,435
Capital outlay	526,088	1,614,001	109,960	359,615	2,609,664	3,618,527
Total expenditures	12,394,289	4,573,011	392,579	1,253,090	18,612,969	19,741,339
Excess (deficiency) of revenues over (under) expenditures	177,873	1,275,392	(369,537)	642,480	1,726,208	(1,904,277)
Other financing sources (uses):						
Transfers in (out)	-	(300,000)	300,000	-	-	-
Changes in fund balances	177,873	975,392	(69,537)	642,480	1,726,208	(1,904,277)
Fund balances, beginning of year	5,867,601	3,992,045	2,166,951	3,369,506	15,396,103	17,300,380
Adjustment to include agency funds	331	-	-	-	331	-
Fund balances, end of year	\$ 6,045,805	4,967,437	2,097,414	4,011,986	17,122,642	15,396,103

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021	2020
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities		
Net change in fund balances - total governmental funds	\$ 1,726,208	(1,904,277)
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	433,848	534,720
Depreciation expense	(2,057,189)	(2,100,860)
Repayment of notes receivable principal is revenue in the governmental funds, but reduces the notes receivable in the statement of net position.	(624,246)	(29,929)
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	1,608,121	1,328,146
City OPEB contributions	115,655	108,367
Cost of pension benefits incurred net of employee contributions	(688,030)	(3,945,268)
Cost of OPEB benefits incurred net of employee contributions	(180,339)	(447,860)
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	(4,537)	290
Change in net position of governmental activities	<u>\$ 329,491</u>	<u>(6,456,671)</u>

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

Statement of Net Position - Proprietary Funds
April 30, 2021
(With Comparative Figures for April 30, 2020)

	Enterprise Funds			Total	
	Water and Sewer Fund	Airport Fund	Garbage Fund	2021	2020
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,327,280	373,349	326,723	10,027,352	10,135,732
Accounts receivable, net	93,101	18,901	44,681	156,683	216,968
Inventory	-	37,418	-	37,418	33,098
Total current assets	9,420,381	429,668	371,404	10,221,453	10,385,798
Noncurrent assets:					
Land	613,374	4,933,421	-	5,546,795	5,546,795
Other capital assets, net of depreciation	26,393,746	1,858,682	-	28,252,428	25,059,363
Total noncurrent assets	27,007,120	6,792,103	-	33,799,223	30,606,158
Total assets	36,427,501	7,221,771	371,404	44,020,676	40,991,956
DEFERRED OUTFLOWS OF RESOURCES					
Asset retirement obligation	140,000	-	-	140,000	-
Deferred charge on refunding	237,357	-	-	237,357	279,805
	377,357	-	-	377,357	279,805
LIABILITIES					
Current liabilities:					
Accounts payable & accrued expenses	110,024	39,077	103,856	252,957	236,276
Compensated absences	74,100	-	-	74,100	85,458
Due to other funds	-	1,370,385	-	1,370,385	1,370,385
Lease payable	-	18,236	-	18,236	17,395
Revenue bonds payable	475,000	-	-	475,000	465,000
Total current liabilities	659,124	1,427,698	103,856	2,190,678	2,174,514
Non-current liabilities:					
Compensated absences	17,584	-	-	17,584	11,981
Lease payable	-	44,322	-	44,322	62,558
Asset retirement obligation	140,000	-	-	140,000	-
Revenue bonds payable	2,560,525	-	-	2,560,525	3,041,878
Total non-current liabilities	2,718,109	44,322	-	2,762,431	3,116,417
Total liabilities	3,377,233	1,472,020	103,856	4,953,109	5,290,931
NET POSITION					
Net investment in capital assets	23,971,595	5,359,160	-	29,330,755	25,648,942
Restricted	1,270,552	-	-	1,270,552	1,306,972
Unrestricted	8,185,478	390,591	267,548	8,843,617	9,024,916
Total net position	\$ 33,427,625	5,749,751	267,548	39,444,924	35,980,830

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Enterprise Funds				
	Water and Sewer Fund	Airport Fund	Garbage Fund	Total	
				2021	2020
Operating revenues:					
Water and sewer sales	\$ 5,526,132	-	-	5,526,132	4,847,923
Garbage collection fees	-	-	1,248,818	1,248,818	1,203,113
Tap on fees/meters	174,875	-	-	174,875	57,350
Facilities rental	5,352	248,187	-	253,539	234,326
Fuel sales	-	231,608	-	231,608	234,141
Miscellaneous revenue	68,773	7,363	-	76,136	68,018
Total operating revenues	5,775,132	487,158	1,248,818	7,511,108	6,644,871
Operating expenses:					
Personal services	1,429,796	117,088	-	1,546,884	1,496,071
Contractual services	1,267,318	83,176	1,225,328	2,575,822	2,247,703
Commodities	388,902	171,044	-	559,946	669,360
Capital outlay/maintenance	308,072	40,963	-	349,035	1,015,391
Depreciation	1,032,172	101,255	-	1,133,427	1,160,790
Other expenses	73,444	5,648	4,807	83,899	82,118
Total operating expenses	4,499,704	519,174	1,230,135	6,249,013	6,671,433
Operating income (loss)	1,275,428	(32,016)	18,683	1,262,095	(26,562)
Non-operating revenues (expenses):					
Bank service fees	(350)	-	-	(350)	(423)
State and federal grants	1,139,200	32,229	-	1,171,429	36,781
Capital contributed	1,129,126	-	-	1,129,126	467,712
Interest income	9,566	175	174	9,915	11,598
Interest expense	(104,630)	(3,491)	-	(108,121)	(123,797)
Total non-operating revenues (expenses)	2,172,912	28,913	174	2,201,999	391,871
Change in net position	3,448,340	(3,103)	18,857	3,464,094	365,309
Net position, beginning of year	29,979,285	5,752,854	248,691	35,980,830	35,615,521
Net position, end of year	\$ 33,427,625	5,749,751	267,548	39,444,924	35,980,830

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

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Enterprise Funds			Total	
	Water and Sewer Fund	Airport Fund	Garbage Fund	2021	2020
Cash flows from operating activities:					
Receipts from customers	\$ 5,762,049	470,085	1,257,771	7,489,905	6,582,949
Other operation receipts	74,125	7,363	-	81,488	73,115
Payments to suppliers	(2,041,857)	(284,572)	(1,226,281)	(3,552,710)	(4,025,895)
Payments to employees	(1,426,515)	(125,880)	-	(1,552,395)	(1,479,035)
Net cash provided by (used in) operating activities	<u>2,367,802</u>	<u>66,996</u>	<u>31,490</u>	<u>2,466,288</u>	<u>1,151,134</u>
Cash flows from noncapital financing activities:					
Internal advances	-	-	-	-	370,385
Cash flows from capital and related financing activities:					
Capital assets acquired	(3,197,366)	-	-	(3,197,366)	(107,725)
Principal & interest on capital leases	-	(20,886)	-	(20,886)	(413,185)
Principal & interest on alternate revenue bonds	(537,760)	-	-	(537,760)	(536,510)
Grant receipts	1,139,200	32,229	-	1,171,429	36,781
Net cash provided by (used in) capital financing activities	<u>(2,595,926)</u>	<u>11,343</u>	<u>-</u>	<u>(2,584,583)</u>	<u>(1,020,639)</u>
Cash flows from investing activities:					
Interest received	9,566	175	174	9,915	11,598
Net change in cash and cash equivalents	(218,558)	78,514	31,664	(108,380)	512,478
Cash and cash equivalents, beginning of year	9,545,838	294,835	295,059	10,135,732	9,623,254
Cash and cash equivalents, end of year	<u>\$ 9,327,280</u>	<u>373,349</u>	<u>326,723</u>	<u>10,027,352</u>	<u>10,135,732</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,275,428	(32,016)	18,683	1,262,095	(26,562)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,032,172	101,255	-	1,133,427	1,160,790
Effects of changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	61,042	(9,710)	8,953	60,285	11,193
(Increase) decrease in inventory	-	(4,320)	-	(4,320)	(335)
Increase (decrease) in accounts payable	(4,121)	20,823	3,854	20,556	(11,801)
Increase in compensated absences	3,281	(9,036)	-	(5,755)	17,849
Net cash provided by (used in) operating activities	<u>\$ 2,367,802</u>	<u>66,996</u>	<u>31,490</u>	<u>2,466,288</u>	<u>1,151,134</u>

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

Statement of Fiduciary Net Position
April 30, 2021
(With Comparative Figures for April 30, 2020)

	Police Pension Trust Fund	Custodial Fund	Totals	
			2021	2020
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,235,270	167,119	1,402,389	1,063,855
Investments:				
U.S. treasury securities	5,162,607	-	5,162,607	5,431,883
Corporate bonds	505,308	-	505,308	508,353
Common stock	11,885,940	-	11,885,940	6,254,192
Mutual funds	1,910,017	-	1,910,017	3,602,892
Accrued interest	37,670	-	37,670	38,670
Total assets	<u>20,736,812</u>	<u>167,119</u>	<u>20,903,931</u>	<u>16,899,845</u>
<u>LIABILITIES</u>				
Accounts payable	200,484	-	200,484	100,810
Payable to others	-	167,119	167,119	183,752
Total liabilities	<u>200,484</u>	<u>167,119</u>	<u>367,603</u>	<u>284,562</u>
<u>NET POSITION</u>				
Held in trust for pension benefits	<u>\$ 20,536,328</u>	<u>-</u>	<u>20,536,328</u>	<u>16,615,283</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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Police Pension Trust Fund	
	2021	2020
Additions:		
Contributions:		
Employer contributions	\$ 1,258,390	1,219,594
Plan member contributions	226,195	212,683
Total contributions	1,484,585	1,432,277
Net investment income:		
Net change in fair value of investments	3,347,427	72,716
Investment income	332,087	354,003
Total investment income	3,679,514	426,719
Less: Investment expense	(68,370)	(63,020)
Net investment income	3,611,144	363,699
Total additions	5,095,729	1,795,976
Deductions:		
Administrative	18,428	27,562
Benefit payments, including member refunds	1,156,256	1,148,540
Total deductions	1,174,684	1,176,102
Changes in net position	3,921,045	619,874
Net position, beginning of year	16,615,283	15,995,409
Net position, end of year	\$ 20,536,328	16,615,283

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, 2021

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, 2021

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	\$ 28,630,720	33,799,223	62,429,943
Less:			
Loan from General Fund	-	(1,370,385)	(1,370,385)
Capital leases payable	-	(62,558)	(62,558)
Revenue bonds payable	-	(3,035,525)	(3,035,525)
Net investment in capital assets	<u>\$ 28,630,720</u>	<u>29,330,755</u>	<u>57,961,475</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, 2021

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 custodial funds.

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021

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, 2021**

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, 2021

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 2019 property tax levy (\$2,252,466) are used to finance the operating budget of the fiscal year ending April 30, 2021. Although the 2020 property tax levy receivable has been recorded, the related revenue (\$2,294,510) 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, 2021

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, 2021, 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, 2021

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 \$557,085 as of April 30, 2021. See Note 6 for further information.

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021

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, 2021

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 \$24,885,738, including petty cash, and excluding fiduciary fund balances, and bank balances totaled \$23,819,617. \$2,500,000 of the bank balance was covered by federal depository insurance, with the remaining balance having specific pledged collateral in the name of the City. Deposits at April 30, 2021, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 19,516,046	19,334,358
Bank short-term certificates of deposit	5,550,000	5,550,000
Total deposits	25,066,046	24,884,358
Petty cash on hand	1,380	1,380
Total cash and cash equivalents - City	<u>\$ 25,067,426</u>	<u>24,885,738</u>
Fiduciary Funds	\$ 1,423,573	1,402,389
Total cash and cash equivalents	<u>\$ 26,490,999</u>	<u>26,288,127</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021, 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	\$ 5,162,607	1,008,691	4,153,916	-	-
Corporate Bonds	505,308	-	505,308	-	-
Total Fixed Income Securities	\$ 5,667,915	1,008,691	4,659,224	-	-

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, 2021, the Police Pension Trust Fund investments were rated as follows:

Corporate Bonds	Fair Value	Standard & Poor's
3M Company	\$ 255,121	AA-
State Street Corporation	250,187	A
Total Corporate Bonds	\$ 505,308	

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021	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 treasury securities	\$ 5,162,607	5,162,607	-	-
Corporate bonds	505,308	-	505,308	-
Common stock	11,885,940	11,885,940	-	-
Mutual funds	1,910,017	1,910,017	-	-
Total investments	\$ 19,463,872	18,958,564	505,308	-

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, 2021

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. As of April 30, 2021, the Bimet loan is considered uncollectable, and the outstanding balance was written off.

The following is a listing of notes receivable at April 30, 2021:

Name	Original Loan Amount	Balance April 30, 2020	Increases	Decreases	Balance April 30, 2021
General Fund:					
Audacious Ink	\$ 4,277	2,155	-	1,108	1,047
Bimet	131,383	131,383	-	131,383	-
Total General Fund	135,660	133,538	-	132,491	1,047
TIF I Fund:					
Greenway	600,000	491,755	-	491,755	-
Total TIF I Fund	600,000	491,755	-	491,755	-
Total notes receivable	\$895,660	625,293	-	624,246	1,047

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 5: CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2021 was as follows:

	Balance as of April 30, 2020	Additions	Deletions	Balance as of April 30, 2021
Capital assets not being depreciated:				
Land	\$ 6,496,556	-	-	6,496,556
Total capital assets not being depreciated	<u>6,496,556</u>	<u>-</u>	<u>-</u>	<u>6,496,556</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & Improvements	10,673,527	-	-	10,673,527
Machinery & equipment	2,303,053	166,799	-	2,469,852
Vehicles	2,454,097	243,156	-	2,697,253
Infrastructure	49,451,002	23,893	-	49,474,895
Total capital assets being depreciated	<u>68,038,789</u>	<u>433,848</u>	<u>-</u>	<u>68,472,637</u>
Total capital assets	<u>74,535,345</u>	<u>433,848</u>	<u>-</u>	<u>74,969,193</u>
Less accumulated depreciation:				
Land improvements	1,354,323	107,026	-	1,461,349
Buildings & improvements	2,479,158	213,471	-	2,692,629
Machinery & equipment	1,031,012	140,280	-	1,171,292
Vehicles	1,517,710	240,771	-	1,758,481
Infrastructure	37,899,081	1,355,641	-	39,254,722
Total accumulated depreciation:	<u>44,281,284</u>	<u>2,057,189</u>	<u>-</u>	<u>46,338,473</u>
Total capital assets being depreciated, net	<u>23,757,505</u>	<u>(1,623,341)</u>	<u>-</u>	<u>22,134,164</u>
Governmental activities capital assets, net	<u>\$ 30,254,061</u>	<u>(1,623,341)</u>	<u>-</u>	<u>28,630,720</u>

Depreciation for governmental activities in the current fiscal year was \$2,057,189 and was allocated as follows:

General government	\$ 222,672
Public Safety	104,431
Transportation & public service	1,598,725
Culture & recreation	<u>131,361</u>
Total depreciation – governmental activities	<u>\$ 2,057,189</u>

Significant capital additions for the year included a 2021 International Truck (\$139,024), 3 2020 Ford Explorer Squad Cars (\$104,132), a 2010 International Truck (\$44,086), and a camera system upgrade at the Municipal Building (\$105,583).

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 5: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Capital asset activity for business-type activities for the year ended April 30, 2021 was as follows:

	Balance as of April 30, 2020	Additions	Deletions	Balance as of April 30, 2021
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Construction in progress	-	1,423,578	-	1,423,578
Total capital assets not being depreciated	<u>5,546,795</u>	<u>1,423,578</u>	<u>-</u>	<u>6,970,373</u>
Depreciable capital assets:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,373,946	-	-	2,373,946
Machinery & equipment	895,136	55,825	-	950,961
Vehicles	541,749	-	-	541,749
Infrastructure	50,578,223	2,847,089	-	53,425,312
Total depreciable capital assets:	<u>54,447,399</u>	<u>2,902,914</u>	<u>-</u>	<u>57,350,313</u>
Total capital assets	<u>59,994,194</u>	<u>4,326,492</u>	<u>-</u>	<u>64,320,686</u>
Less accumulated depreciation:				
Land improvements	45,217	2,917	-	48,134
Buildings & improvements	810,063	49,987	-	860,050
Machinery & equipment	343,086	52,022	-	395,108
Vehicles	338,267	30,326	-	368,593
Infrastructure	27,851,403	998,175	-	28,849,578
Total accumulated depreciation	<u>29,388,036</u>	<u>1,133,427</u>	<u>-</u>	<u>30,521,463</u>
Total capital assets being depreciated, net	<u>25,059,363</u>	<u>1,769,487</u>	<u>-</u>	<u>26,828,850</u>
Business-type activities capital assets, net	<u>\$ 30,606,158</u>	<u>3,193,065</u>	<u>-</u>	<u>33,799,223</u>

Depreciation expense for business-type activities in the current fiscal year was \$1,133,427 and was charged as follows:

Water & sewer	\$ 1,032,172
Airport	<u>101,255</u>
Total depreciation – business type activities	<u>\$ 1,133,427</u>

Significant capital additions for the year included a sanitary sewer rehab project (\$2,114,645), a dewatering / sludge press project (\$732,444), and construction in progress which consisted of a sanitary sewer rehab project (\$1,106,584) and a raw sewage pump project (\$316,994).

**Notes to Basic Financial Statements
For the Year Ended April 30, 2021**
NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2021, was as follows:

	Balance at April 30, 2020, Restated	Additions	Deductions	Balance at April 30, 2021	Due Within One Year
Governmental Activities:					
Landfill Closure (Note 12)	\$ 6,368,619	-	-	6,368,619	-
Compensated Absences (Note 1)	444,906	995,380	974,885	465,401	412,143
Total OPEB Liability (Note 10)	2,061,675	180,339	115,655	2,126,359	-
Net Pension Liability (Note 9)	11,143,442	2,433,468	5,397,036	8,179,874	-
Total Governmental Activities	\$ 20,018,642	3,609,187	6,487,576	17,140,253	412,143
Business-type Activities:					
General Obligation Waterworks and Sewerage Refunding Bonds					
(Alt. Rev Source) Series 2012	\$ 3,465,000	-	465,000	3,000,000	475,000
Bond Premium/(Discount), Net	41,878	-	6,353	35,525	-
Asset retirement obligation	140,000	-	-	140,000	-
Capital Leases	79,953	-	17,395	62,558	18,236
Compensated Absences (Note 1)	97,437	170,310	176,063	91,684	74,100
Total Business-type activities	\$ 3,824,268	170,310	664,811	3,329,767	567,336

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 \$108,120 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - \$104,629 and Airport Fund - \$3,491.

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, 2021

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
2022	\$ 475,000	63,110	538,110
2023	485,000	53,610	538,610
2024	495,000	43,910	538,910
2025	505,000	34,010	539,010
2026	515,000	23,405	538,405
2027	525,000	12,075	537,075
	\$ 3,000,000	230,120	3,230,120

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon five water wells at the end of their estimated useful lives in accordance with state requirements. The ARO was measured using historical costs for similar abandonments, adjusted for inflation through the end of the year and engineering estimates. The estimated remaining useful lives of the water wells is 75 years.

Capital Lease Liabilities

The City entered into lease agreements as lessee for financing the construction or acquisition of airport hangars. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. For the fiscal year ended April 30, 2020, the gross amount of assets recorded under capital leases was \$1,250,000 with current year amortization expense recorded as depreciation of \$25,000 and accumulated depreciation of \$412,500 in the business-type airport activity.

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

The Corporate Hangar Lease was renewed during the fiscal year ended April 30, 2021 with the following details:

	<u>100 x 120 Corporate Hangar</u>
Original lease amount	<u>\$ 250,000</u>
Refinanced 2020	\$ 92,471
Date renewed	7/10/2019
Interest rate	4.75%
Payment frequency	Quarterly
Payment amount	\$ 5,222
Term	5 Years
Unpaid April 30, 2021	<u>\$ 62,558</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED)

Capital Lease Liabilities – (Continued):

Obligations of business-type activities under capital leases at April 30, 2021 are as follows:

Fiscal Year Ending	2004 Corporate Hangar
April 30, 2022	\$ 20,886
April 30, 2023	20,886
April 30, 2024	20,886
April 30, 2025	<u>5,222</u>
Total minimum lease payments	67,880
Less: amount representing interest costs	<u>5,322</u>
Present value of future minimum payments	<u>\$ 62,558</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, 2021:

Assessed valuation (2020)	\$ 344,712,482
Statutory debt limitation (8.625%)	<u>\$ 29,731,452</u>
Debt applicable to limitation:	
General Obligation Refunding Bonds (ARS), Series 2012	\$ 3,000,000
Airport Hangar Capital Lease Commitment, dated July 10, 2014	<u>62,558</u>
Total applicable debt	<u>3,062,558</u>
Less amounts not included in the debt limitation:	
Self-supporting bonded debt	<u>(3,000,000)</u>
Total debt applicable to the debt limitation	62,558
Legal debt margin	<u>\$ 29,668,894</u>

**Notes to Basic Financial Statements
For the Year Ended April 30, 2021**

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, 2021:

	Fiscal Year Ended April 30,	Amount
	2022	\$ 8,876
	2023	5,216
	2024	1,420
Total		<u>\$ 15,512</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 (Asset)	Pension Expense (Income)
Police Pension	\$ 901,918	(2,706,934)	8,179,874	1,092,973
IMRF	1,049,375	(2,353,456)	(617,919)	(404,943)
Totals	<u>\$ 1,951,293</u>	<u>(5,060,390)</u>	<u>7,561,955</u>	<u>688,030</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, 2021

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

Retirees and beneficiaries	56
Inactive, non-retired members	19
Active members	48
Total	123

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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 2020 and the fiscal year ended April 30, 2021 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 - 2020	10.72%
City contribution rate - 2021	10.16%
City contributions - 2020	\$ 354,118
City contributions - fiscal year 2021	\$ 380,985

Net Pension Liability (Asset)

The City’s net pension liability (asset) was measured as of December 31, 2020. 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, 2020:

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2020:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	<u>1%</u>	0.70%
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, 2020 valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2019	\$ 18,749,882	18,066,639	683,243
Changes for the year:			
Service Cost	331,547	-	331,547
Interest on the Total Pension Liability	1,348,997	-	1,348,997
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	139,616	-	139,616
Changes of Assumptions	(80,971)	-	(80,971)
Contributions - Employer	-	354,118	(354,118)
Contributions - Employees	-	148,652	(148,652)
Net Investment Income	-	2,453,983	(2,453,983)
Benefit Payments, including Refunds of Employee Contributions	(617,605)	(617,605)	-
Other (Net Transfer)	-	83,598	(83,598)
Net Changes	<u>1,121,584</u>	<u>2,422,746</u>	<u>(1,301,162)</u>
Balances at December 31, 2020	<u>\$ 19,871,466</u>	<u>20,489,385</u>	<u>(617,919)</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	\$ 22,075,995	19,871,466	18,129,584
Plan Fiduciary Net Position	<u>20,489,385</u>	<u>20,489,385</u>	<u>20,489,385</u>
Net Pension Liability (Asset)	<u>\$ 1,586,610</u>	<u>(617,919)</u>	<u>(2,359,801)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021, the City recognized pension benefit income of \$404,943. At April 30, 2021, 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	\$ 94,814	170,146
Changes in assumptions	60,050	54,988
Net difference between projected and actual earnings on pension plan investments	<u>781,203</u>	<u>2,128,322</u>
Total deferred amounts to be recognized in future pension expense	936,067	2,353,456
Contributions subsequent to the measurement date	<u>113,308</u>	<u>-</u>
Total	<u>\$ 1,049,375</u>	<u>2,353,456</u>

\$113,308 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, 2021. 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
2021	\$ (480,069)
2022	(167,988)
2023	(540,276)
2024	<u>(229,056)</u>
Total	<u>\$ (1,417,389)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021, the City’s plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled To but Not Yet Receiving Benefits	2
Active Plan Members	<u>27</u>
Total	<u><u>50</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, 2021

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, 2021, the City contribution was \$1,258,390.

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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2020.

The components of the net pension liability of the Plan at April 30, 2021, were as follows:

Total Pension Liability	\$ 28,716,202
Plan Fiduciary Net Position	<u>20,536,328</u>
Net Pension Liability	<u>\$ 8,179,874</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2020, updated to April 30, 2021, using the following actuarial assumptions.

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions – (Continued)

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

For the year ended April 30, 2021, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was not available (-4.56 percent in the prior year ended April 30, 2020). 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, 2021

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, 2020	\$ 27,758,725	16,615,283	11,143,442
Changes for the year:			
Service Cost	530,667	-	530,667
Interest on the Total Pension Liability	1,884,373	-	1,884,373
Differences Between Expected and Actual Experience of the Total Pension Liability	(301,307)	-	(301,307)
Changes of Assumptions	-	-	-
Change of Benefit Terms	-	-	-
Contributions - Employer	-	1,258,390	(1,258,390)
Contributions - Employees	-	226,195	(226,195)
Net Investment Income	-	3,611,144	(3,611,144)
Benefit Payments, including Refunds of Employee Contributions	(1,156,256)	(1,156,256)	-
Other	-	(18,428)	18,428
Net Changes	957,477	3,921,045	(2,963,568)
Balances at April 30, 2021	<u>\$ 28,716,202</u>	<u>20,536,328</u>	<u>8,179,874</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset)	\$ 12,545,184	8,179,874	4,657,670

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021, the City recognized pension expense of \$1,092,973. At April 30, 2021, 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	\$ 393,857	258,015
Changes in assumptions	-	462,645
Net difference between projected and actual earnings on pension plan investments	508,061	1,986,274
Total	<u>\$ 901,918</u>	<u>2,706,934</u>

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

Year Ending April 30,	Net Deferred Outflows of Resources
2021	\$ (415,343)
2022	(464,429)
2023	(401,688)
2024	(487,719)
2025	(11,556)
Thereafter	<u>(24,281)</u>
Total	<u>\$ (1,805,016)</u>

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021

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

Membership

As of April 30, 2021, the following employees were covered by the benefit terms:

Active employees	74
Inactive employees entitled to but not yet receiving benefits	0
Inactive employees currently receiving benefits	<u>5</u>
Total	<u><u>79</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 2021, \$28,259 are explicit benefit payments due to the PSEBA pensioners and \$87,396 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, 2021, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	\$ 2,126,359
Plan Fiduciary Net Position	<u>-</u>
Net OPEB Liability	<u><u>\$ 2,126,359</u></u>

The net OPEB liability was measured as of April 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2021, using 2021 data.

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2020	\$ 2,061,675	-	2,061,675
Changes for the year:			
Service Cost	33,711	-	33,711
Interest	51,298	-	51,298
Differences in Actuarial Experience	(5,535)	-	(5,535)
Changes of Assumptions	100,865	-	100,865
Contributions - Employer	-	115,655	(115,655)
Contributions - Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(115,655)	(115,655)	-
Administrative expense	-	-	-
Net Changes	64,684	-	64,684
Balances at April 30, 2021	<u>\$ 2,126,359</u>	<u>-</u>	<u>2,126,359</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2021:

- The Actuarial Cost Method used was Entry Age Normal (Level %)
- Discount rate used for the Total OPEB Liability:
 - Beginning of year – 2.56%
 - End of year – 2.27%
- High Quality 20 Year Tax-Exempt GO Bond Rate:
 - Beginning of year – 3.79%
 - End of year – 2.56%
- Payroll increases – 2.75%
- Healthcare Cost Trend Rates – The initial trend rate is based on the 2021 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
- Election at retirement is assumed to be 10%, except for police currently waiving coverage, which are assumed to elect coverage at 3%.
- Spousal election assumption is 50%
- Plan participation rates – 100%
- Retiree lapse ranges upon attaining age 65 – 0%
- Termination & Disability rates are based on the IMRF 2017 rates for IMRF employees and on the L&A Assumption Study 2020 for Police Officers.

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021 was 2.27%.

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

Sensitivity of Net OPEB Liability to the Single Discount Rate

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

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Net OPEB Liability/(Asset)	<u>\$ 2,442,435</u>	<u>2,126,359</u>	<u>1,875,246</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, 2021

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)	\$ 1,865,526	2,126,359	2,451,286

Current healthcare cost trend rates are as follows:

- Medical trend rates for retirees under 65 decrease from 7.10% to 5.00%.
- Dental trend rates remain flat at 2.60%
- Vision trend rates remain flat at 2.10%
- 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, 2021, the City recognized OPEB expense of \$180,339.

At April 30, 2021, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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
2021	\$ -	-
2022	-	-
2023	-	-
2024	-	-
2025	-	-
Thereafter	-	-
Total	<u>\$ -</u>	<u>-</u>

NOTE 11: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

The following is a schedule of interfund receivables and payables as of April 30, 2021:

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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

Operating Transfers

During the year ended April 30, 2021, \$300,000 was transferred from the TIF I Fund to the Marina TIF Fund to cover expenditures.

	Transfers In	Transfers Out
TIF Fund I	\$ -	300,000
Marina TIF Fund	300,000	-
Total	<u>\$ 300,000</u>	<u>300,000</u>

NOTE 12: LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

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

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

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021**

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 \$3,660 for the 2019 levy year and \$3,779 for the 2020 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. In the 2019 levy year, property taxes abated and subject to reimbursement under this program were \$121,987. In the 2020 levy year, property taxes abated and subject to reimbursement under this program were \$120,653.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

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, 2021 totaled \$1,342,613, and reimbursements of \$1,078,945 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, 2021 includes the following:

	Governmental Activities	Business-type Activities	Total
Restricted for:			
Transportation/public works	\$ 9,424,829	1,055,556	10,480,385
Community development	469,015	-	469,015
Health & sanitation	568,469	-	568,469
Culture & recreation	549,930	-	549,930
Employee retirement costs	382,858	-	382,858
General government	-	-	-
Law enforcement	146,657	-	146,657
Debt Service	-	214,996	214,996
Total restricted	<u>\$ 11,541,758</u>	<u>1,270,552</u>	<u>12,812,310</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, 2021

NOTE 18: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2021 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	\$ -	4,348,422	2,097,414	2,514,072	8,959,908
Community development	-	469,015	-	-	469,015
Health & sanitation	-	-	-	568,469	568,469
Culture & recreation	-	150,000	-	399,930	549,930
Employee retirement costs	-	-	-	382,858	382,858
General government	-	-	-	-	-
Law enforcement	-	-	-	146,657	146,657
Total restricted	-	4,967,437	2,097,414	4,011,986	11,076,837
Unassigned	6,045,805	-	-	-	6,045,805
Total fund balances	\$ 6,045,805	4,967,437	2,097,414	4,011,986	17,122,642

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

Notes to Basic Financial Statements
For the Year Ended April 30, 2021

NOTE 19: GASB 84 IMPLEMENTATION

GASB 84 redefined activities in fiduciary funds as follows:

1. Pension (and other employee benefit) trust funds – Used to report pension plans and OPEB plans administered through trusts that meet the criteria in paragraph 3 of Statement 74, as well as other employee benefit plans for which resources are held in a trust which meet the criteria in paragraph 11(c) and contributions to the trust and earnings on those contributions are irrevocable.
2. Investment Trust Funds – Used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in GASB 84, paragraph 11c(1).
3. Private-purpose trust funds – Used to report all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and are held in a trust that meets the criteria in GASB 84, paragraph 11c(1).
4. Custodial Funds – Used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The external portion of investment pools that are not held in a trust that meets the criteria in GASB 84, paragraph 11c(1) should be reported in a separate external investment pool fund column, under the custodial funds classification.

With the implementation of GASB 84, the City determined three funds previously reported as fiduciary activities will be presented as City special revenue funds moving forward. The three funds and resulting prior period adjustments are as follows:

1. School Site Donation Trust Fund - \$31
2. Library Trust Fund – \$0
3. Sex Offender Management Board Trust Fund - \$300

NOTE 20: SUBSEQUENT EVENTS

Management evaluated subsequent events through November 15, 2021, 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, 2021 as a result of events occurring between May 1, 2021 and November 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021 Actual Amounts		Budget Basis Variance with Final Budget	2020	
	Original	Final	GAAP	Budget		Actual	
			Basis	Basis		GAAP	
			Adjustments			Basis	
Revenues:							
Taxes:							
Property tax							
General corporate	\$ 194,950	194,950	293,928	-	293,928	98,978	187,461
TIF reimbursement	43,100	43,100	45,712	-	45,712	2,612	42,201
Police protection	71,000	71,000	70,768	-	70,768	(232)	70,444
Police pension	1,258,390	1,258,390	1,187,415	-	1,187,415	(70,975)	1,071,766
Township road & bridge	50,000	50,000	62,931	-	62,931	12,931	58,762
Municipal sales tax:							
Municipal sales tax	5,700,000	5,700,000	5,130,226	257,339	5,387,565	(312,435)	5,362,976
Reimbursable sales tax	2,000,000	2,000,000	1,342,613	(192,531)	1,150,082	(849,918)	1,299,405
Local use tax	460,000	460,000	704,980	(84,176)	620,804	160,804	366,945
Total taxes	9,777,440	9,777,440	8,838,573	(19,368)	8,819,205	(958,235)	8,459,960
Intergovernmental:							
State income tax	1,540,000	1,540,000	1,655,169	(91,975)	1,563,194	23,194	1,341,577
Replacement tax	130,000	130,000	146,298	(25,031)	121,267	(8,733)	114,142
Video gaming tax	340,000	340,000	218,472	(51,047)	167,425	(172,575)	267,072
Federal and state grants	55,000	55,000	597,007	3,575	600,582	545,582	38,219
Total intergovernmental	2,065,000	2,065,000	2,616,946	(164,478)	2,452,468	387,468	1,761,010
Licenses and permits:							
Contractor licenses	41,500	41,500	39,350	-	39,350	(2,150)	35,100
Liquor licenses	55,825	55,825	44,700	(2,700)	42,000	(13,825)	34,405
Other licenses	11,004	11,004	11,575	-	11,575	571	16,539
Building permits	27,300	27,300	112,944	-	112,944	85,644	17,939
Demolition permits	300	300	300	-	300	-	1,000
Total licenses and permits	135,929	135,929	208,869	(2,700)	206,169	70,240	104,983
Franchise fees:							
Cable TV franchise fees	225,000	225,000	212,589	(3,383)	209,206	(15,794)	210,985
Telephone franchise fees	9,800	9,800	9,783	-	9,783	(17)	9,783
Total franchise fees	234,800	234,800	222,372	(3,383)	218,989	(15,811)	220,768
Charges for services:							
Swimming pool	117,000	117,000	10,839	(1,583)	9,256	(107,744)	96,085
Senior van rider fees	1,200	1,200	759	-	759	(441)	875
Building inspections	19,000	19,000	30,990	-	30,990	11,990	13,555
Plumbing inspections	7,100	7,100	18,410	-	18,410	11,310	6,205
Electrical inspections	1,000	1,000	140	-	140	(860)	490
Public hearing	-	-	3,900	-	3,900	3,900	5,400
Total charges for services	145,300	145,300	65,038	(1,583)	63,455	(81,845)	122,610
Fines	180,000	180,000	115,848	(10,253)	105,595	(74,405)	116,232
Interest	3,100	3,100	1,289	-	1,289	(1,811)	2,341
Activity fund revenue	-	-	126,460	-	126,460	126,460	-
Other revenues:							
Miscellaneous revenue	164,800	164,800	56,867	-	56,867	(107,933)	53,900
Developer reimbursements	120,000	120,000	171,745	-	171,745	51,745	54,368
Other reimbursements	207,757	207,757	148,155	-	148,155	(59,602)	227,882
Sale of vehicles/equipment	35,000	35,000	-	-	-	(35,000)	37,450
Total other revenues	527,557	527,557	376,767	-	376,767	(150,790)	373,600
Total revenues	13,069,126	13,069,126	12,572,162	(201,765)	12,370,397	(825,189)	11,161,504

**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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)**

	2021		2021			Budget Basis Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Budget Basis		Actual
	Original	Final	GAAP Basis	Adjustments			GAAP Basis
Total revenues (carried forward)	\$ 13,069,126	13,069,126	12,572,162	(201,765)	12,370,397	(825,189)	11,161,504
Expenditures:							
Current:							
General government	4,349,646	4,349,646	3,174,565	307,647	3,482,212	993,683	3,500,841
Public safety	5,393,422	5,393,422	4,754,077	(130,055)	4,624,022	769,400	4,463,848
Transportation & public works	2,832,951	2,832,951	2,233,327	12,741	2,246,068	586,883	2,302,972
Culture and recreation	794,244	789,744	447,842	5,221	453,063	336,681	559,293
Employee retirement costs	1,258,390	1,258,390	1,258,390	-	1,258,390	-	1,145,680
Capital outlay	1,704,400	1,708,900	526,088	(6,051)	520,037	1,188,863	906,863
Total expenditures	16,333,053	16,333,053	12,394,289	189,503	12,583,792	3,875,510	12,879,497
Excess of revenue over (under) expenditures	(3,263,927)	(3,263,927)	177,873	(391,268)	(213,395)	3,050,532	(1,717,993)
Other financing sources (uses):							
Transfers out	(350,000)	(350,000)	-	-	-	(350,000)	-
Total other financing sources (uses)	(350,000)	(350,000)	-	-	-	(350,000)	-
Changes in fund balance	(3,613,927)	(3,613,927)	177,873	(391,268)	(213,395)	3,400,532	(1,717,993)
Fund balance, beginning of year	4,171,096	4,171,096	5,867,601	(1,624,908)	4,242,693	71,597	7,585,594
Adjustment to include agency funds	-	-	331	-	331	-	-
Fund balance, end of year	\$ 557,169	557,169	6,045,805	(2,016,176)	4,029,629	3,472,129	5,867,601

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 4,029,629
To adjust to GAAP basis revenues for changes in accounts receivable	201,765
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	189,503
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.	1,624,908
Fund balance - GAAP basis	<u>\$ 6,045,805</u>

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2020		Budget Basis Variance with Final Budget	Actual GAAP Basis	
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Budget Basis			
Revenues:							
Property tax	\$ 5,170,000	5,170,000	5,282,663	-	5,282,663	112,663	5,015,488
Interest:							
CBTDP LLC	9,590	9,590	9,605	-	9,605	15	10,121
Principal:							
CBTDP LLC	26,834	26,834	491,755	-	491,755	464,921	26,303
Interest income	22,000	22,000	9,315	-	9,315	(12,685)	30,732
Developer Reimbursement	-	-	35,951	-	35,951	35,951	-
Miscellaneous income	500	500	19,114	-	19,114	18,614	44,120
Total revenues	5,228,924	5,228,924	5,848,403	-	5,848,403	619,479	5,126,764
Expenditures:							
General government:							
Accounting services	1,000	1,000	-	-	-	1,000	-
Engineering services	550,000	437,100	212,504	(10,586)	201,918	235,182	303,703
Legal services	20,000	45,000	44,003	-	44,003	997	24,614
Other professional services	10,000	16,900	16,861	-	16,861	39	2,325
Miscellaneous expenses	5,000	5,000	80	-	80	4,920	-
Total general government	586,000	505,000	273,448	(10,586)	262,862	242,138	330,642
Community development:							
Loan/grant distributions	50,000	50,000	44,230	-	44,230	5,770	124,766
TIF reimbursement	2,585,000	2,642,000	2,641,332	-	2,641,332	668	2,507,744
Total community development	2,635,000	2,692,000	2,685,562	-	2,685,562	6,438	2,632,510
Capital outlay:							
Land purchases	5,000	5,000	-	-	-	5,000	866
Parks improvements	75,000	75,000	2,547	-	2,547	72,453	40,480
Building construction	675,000	675,000	143,662	-	143,662	531,338	53,888
Demolition of buildings	1,000	1,000	-	-	-	1,000	-
Bulk fuel storage facility	10,000	10,000	3,839	-	3,839	6,161	391
Sewerage treatment plant	2,800,000	2,800,000	1,159,059	(169,931)	989,128	1,810,872	411,684
Swimming pool/tennis courts	24,000	24,000	-	-	-	24,000	-
Equipment	160,000	160,000	134,281	-	134,281	25,719	135,509
Water system improvement	580,000	580,000	54,282	-	54,282	525,718	581,498
Water tower improvements	5,000	5,000	-	-	-	5,000	-
Sanitary sewer systems	30,000	30,000	-	-	-	30,000	805
Street construction	1,000	25,000	24,562	-	24,562	438	223,038
Storm sewer construction	10,000	10,000	-	-	-	10,000	-
Street lighting improvement	35,000	35,000	11,390	-	11,390	23,610	-
Traffic signals	90,000	90,000	75,015	-	75,015	14,985	49,070
Off street parking	250,000	250,000	-	-	-	250,000	-
Downtown development	25,000	25,000	5,364	-	5,364	19,636	17,774
Total capital outlay	4,776,000	4,800,000	1,614,001	(169,931)	1,444,070	3,355,930	1,515,003
Provision for contingency	100,000	100,000	-	-	-	100,000	-
Total expenditures	8,097,000	8,097,000	4,573,011	(180,517)	4,392,494	3,704,506	4,478,155

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			Budget Basis Variance with Final Budget	2020
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Excess of revenue over (under) expenditures	\$ (2,868,076)	(2,868,076)	1,275,392	180,517	1,455,909	(3,085,027)	648,609
Other financing sources (uses): Transfers to Marina TIF Fund	(800,000)	(800,000)	(300,000)	-	(300,000)	-	(1,000,000)
Changes in fund balances	(3,668,076)	(3,668,076)	975,392	180,517	1,155,909	4,823,985	(351,391)
Fund balance, beginning of year	3,837,835	3,837,835	3,992,045	-	3,992,045	154,210	4,343,436
Fund balance, end of year	\$ 169,759	169,759	4,967,437	180,517	5,147,954	4,978,195	3,992,045

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 5,147,954
To adjust to GAAP basis revenues for changes in receivables	28,852
To adjust to GAAP basis expenditures for changes in unavailable income	(28,852)
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	(180,517)
Fund balance - GAAP basis	\$ 4,967,437

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND

SCHEDULE A-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2020		Budget Basis Variance with Final Budget	Actual GAAP Basis	
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Budget Basis			
Revenues:							
Property tax	\$ 13,477	13,477	15,835	-	15,835	2,358	13,085
Interest income	22,000	22,000	7,207	-	7,207	(14,793)	28,500
Total revenues	35,477	35,477	23,042	-	23,042	(12,435)	41,585
Expenditures:							
General government:							
Accounting services	1,000	1,000	-	-	-	1,000	-
Engineering services	75,000	75,000	-	-	-	75,000	42,428
Other professional services	10,000	10,000	5,660	-	5,660	4,340	5,869
Miscellaneous expenses	1,000	1,000	-	-	-	1,000	-
Total general government	87,000	87,000	5,660	-	5,660	81,340	48,297
Environment:							
Legal services	75,000	75,000	11,260	-	11,260	63,740	29,293
CLC closure expenses	1,000,000	1,000,000	260,949	11,830	272,779	727,221	220,164
Total environment	1,075,000	1,075,000	272,209	11,830	284,039	790,961	249,457
Community development:							
TIF reimbursement	104,043	105,043	4,750	-	4,750	100,293	3,925
TIF loan distribution	1,000	1,000	-	-	-	1,000	-
Total community development	105,043	106,043	4,750	-	4,750	101,293	3,925
Capital outlay:							
Land purchases	1,000	1,000	837	-	837	163	279,367
Building construction	267,500	198,500	2,436	-	2,436	196,064	17,078
Demolition of buildings	1,000	69,000	68,002	-	68,002	998	531,803
Sewerage treatment plant	800,000	800,000	8,255	-	8,255	791,745	42,510
Equipment	1,000	1,000	-	-	-	1,000	22,043
Water system	100,000	100,000	30,430	-	30,430	69,570	20,780
Water tower	6,000	6,000	-	-	-	6,000	8,580
Sanitary sewer systems	1,000	1,000	-	-	-	1,000	-
Street construction	1,000	1,000	-	-	-	1,000	-
Storm sewer construction	1,000	1,000	-	-	-	1,000	-
Street lighting improvement	1,000	1,000	-	-	-	1,000	-
Total capital outlay	1,180,500	1,179,500	109,960	-	109,960	1,069,540	922,161
Provision for contingency	1,000	1,000	-	-	-	1,000	-
Total expenditures	2,448,543	2,448,543	392,579	11,830	404,409	2,044,134	1,223,840
Excess of revenue over (under) expenditures	(2,413,066)	(2,413,066)	(369,537)	(11,830)	(381,367)	2,031,699	(1,182,255)
Other financing sources (uses):							
Transfers from TIF I Fund	800,000	800,000	300,000	-	300,000	(500,000)	1,000,000
Changes in fund balances	(1,613,066)	(1,613,066)	(69,537)	(11,830)	(81,367)	1,531,699	(182,255)
Fund balances, beginning of year	2,199,112	2,199,112	2,166,951	11,830	2,178,781	(20,331)	2,349,206
Fund balances, end of year	\$ 586,046	586,046	2,097,414	-	2,097,414	1,511,368	2,166,951

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

Explanation of differences

Fund balance - ending budget (cash) basis	\$ 2,097,414
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	11,830
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>(11,830)</u>
Fund balance - GAAP basis	<u>\$ 2,097,414</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,					
	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service cost	\$ 331,547	338,662	313,358	323,518	326,423	332,089
Interest on the total pension liability	1,348,997	1,295,073	1,261,016	1,215,723	1,193,706	1,154,965
Benefit changes	-	-	-	-	-	-
Differences between expected and actual experience	139,616	(269,929)	(452,470)	89,552	(535,715)	(289,758)
Assumption changes	(80,971)	-	477,752	(498,711)	(39,276)	20,234
Benefit payments and refunds	(617,605)	(615,350)	(510,196)	(531,981)	(853,392)	(498,912)
Net Change in Total Pension Liability	1,121,584	748,456	1,089,460	598,101	91,746	718,618
Total Pension Liability - Beginning	18,749,882	18,001,426	16,911,966	16,313,865	16,222,119	15,503,501
Total Pension Liability - Ending (a)	<u>\$ 19,871,466</u>	<u>18,749,882</u>	<u>18,001,426</u>	<u>16,911,966</u>	<u>16,313,865</u>	<u>16,222,119</u>
PLAN FIDUCIARY NET POSITION						
Employer contributions	\$ 354,118	276,400	342,092	367,818	361,233	343,572
Employee contributions	148,652	143,461	142,275	155,955	128,200	129,538
Pension Plan Net Investment Income	2,453,983	2,686,531	(713,029)	2,445,736	948,357	70,089
Benefit Payments and Refunds	(617,605)	(615,350)	(510,196)	(531,981)	(853,392)	(498,912)
Other	83,598	73,265	(609,588)	(151,903)	165,739	(260,055)
Net Change in Plan Fiduciary Net Position	2,422,746	2,564,307	(1,348,446)	2,285,625	750,137	(215,768)
Plan Fiduciary Net Position - Beginning	18,066,639	15,502,332	16,850,778	14,565,153	13,815,016	14,030,784
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,489,385</u>	<u>18,066,639</u>	<u>15,502,332</u>	<u>16,850,778</u>	<u>14,565,153</u>	<u>13,815,016</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	<u>\$ (617,919)</u>	<u>683,243</u>	<u>2,499,094</u>	<u>61,188</u>	<u>1,748,712</u>	<u>2,407,103</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.11%	96.36%	86.12%	99.64%	89.28%	85.16%
Covered Valuation Payroll	\$ 3,303,341	3,187,998	3,161,676	3,014,910	2,848,846	2,853,592
Net Pension Liability as a Percentage of Covered Valuation Payroll	-18.71%	21.43%	79.04%	2.03%	61.38%	84.35%

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

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

Calendar Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 354,118	354,118	-	3,303,341	10.72%
2019	276,399	276,400	(1)	3,187,998	8.67%
2018	342,093	342,092	1	3,161,676	10.82%
2017	367,819	367,818	1	3,014,910	12.20%
2016	361,234	361,233	1	2,848,846	12.68%
2015	343,572	343,572	-	2,853,592	12.04%

Notes to Schedule:

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

Methods and assumptions used to determine 2020 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): 23-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 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

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

Required Supplementary Information

Police Pension Fund

Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios*

	Year Ended April 30,						
	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service Cost	\$ 530,667	522,376	521,843	494,988	462,606	527,656	476,599
Interest	1,884,373	1,802,222	1,711,831	1,630,422	1,610,743	1,425,267	1,263,077
Changes of benefit terms	-	101,138	-	-	-	-	-
Difference between expected and actual experience	(301,307)	255,193	139,383	51,603	276,567	(133,043)	(142,339)
Changes of assumptions	-	(93,964)	-	-	(1,144,868)	1,615,620	1,396,152
Benefit payments, including refunds of employee contributions	(1,156,256)	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)	(736,933)	(616,037)
Net Change in Total Pension Liability	957,477	1,438,425	1,358,097	1,163,907	370,306	2,698,567	2,377,452
Total Fiduciary Pension Liability - Beginning	27,758,725	26,320,300	24,962,203	23,798,296	23,427,990	20,729,423	18,351,971
Total Fiduciary Pension Liability - Ending (a)	<u>\$ 28,716,202</u>	<u>27,758,725</u>	<u>26,320,300</u>	<u>24,962,203</u>	<u>23,798,296</u>	<u>23,427,990</u>	<u>20,729,423</u>
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 1,258,390	1,219,594	1,142,652	1,085,076	850,349	695,513	695,513
Contributions - employee	226,195	212,683	199,079	188,881	194,448	184,586	193,488
Net investment income	3,611,144	363,699	1,122,081	716,561	1,149,275	103,727	671,503
Benefit payments, including refunds of employee contributions	(1,156,256)	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)	(736,933)	(616,037)
Administrative expense	(18,428)	(27,662)	(32,614)	(21,571)	(12,106)	(13,833)	(12,384)
Net Change in Plan Fiduciary Net Position	3,921,045	619,774	1,416,238	955,841	1,347,224	233,060	932,083
Plan Fiduciary Net Position - Beginning	16,615,283	15,995,509	14,579,271	13,623,430	12,276,206	12,043,146	11,111,063
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,536,328</u>	<u>16,615,283</u>	<u>15,995,509</u>	<u>14,579,271</u>	<u>13,623,430</u>	<u>12,276,206</u>	<u>12,043,146</u>
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	\$ 8,179,874	11,143,442	10,324,791	10,382,932	10,174,866	11,151,784	8,686,277
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.51%	59.86%	60.77%	58.41%	57.25%	52.40%	58.10%
Covered Valuation Payroll	\$ 2,265,394	2,135,662	2,008,053	1,990,599	1,927,941	1,887,973	1,931,530
Net Pension Liability as a Percentage of Covered Valuation Payroll	361.08%	521.78%	514.17%	521.60%	527.76%	590.67%	449.71%

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

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

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 1,258,390	1,258,390	-	2,265,394	55.55%
2020	1,219,594	1,219,594	-	2,135,662	57.11%
2019	1,142,652	1,142,652	-	2,008,053	56.90%
2018	1,085,076	1,085,076	-	1,990,599	54.51%
2017	850,349	850,349	-	1,927,941	44.11%
2016	695,513	695,513	-	1,887,973	36.84%
2015	658,445	658,445	-	1,931,530	34.09%

Notes to Schedule:

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

Methods and assumptions used to determine 2021 contribution rate:

Actuarial cost method	Entry age normal (level % of pay)
Amortization method	Level percent of pay (closed)
Remaining amortization period	100% funded, 14.02 Years (Layered)
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 2020 Illinois police retirement rates capped at age 65
Disability / withdrawal rates	Lauterbach & Amen 2020 Illinois police disability rates
Married participants	80% married; female spouses assumed 4 years younger
Mortality - active members	Sex-distinct raw rates as developed in the PubS-2010(A) study, with blue collar adjustment. These rates are improved generationally using MP-2019 improvement rates.
Mortality - non-disabled retirees	L&A assumption study for police 2020. These rates are experience-weighted with the raw rates as developed in the PubS-2010(A) study, with blue collar adjustment and improved generationally using MP-2019 improvement rates.
Mortality - disabled retirees	Sex-distinct raw rates as developed in the PubS-2010(A) study, with blue collar adjustment. These rates are improved generationally using MP-2019 improvement rates.
Mortality - spouse	Sex-distinct raw rates as developed in the PubS-2010(A) study, with blue collar adjustment. These rates are improved generationally using MP-2019 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,		
	2021	2020	2019
TOTAL OPEB LIABILITY			
Service Cost	\$ 33,711	25,601	23,957
Interest	51,298	64,184	66,845
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(5,535)	-	-
Changes of assumptions	100,865	332,251	28,549
Benefit payments, including refunds of employee contributions	(115,655)	(108,367)	(110,249)
Net Change in Total OPEB Liability	64,684	313,669	9,102
Total OPEB Liability - Beginning	2,061,675	1,748,006	1,738,904
Total OPEB Liability - Ending (a)	<u>\$ 2,126,359</u>	<u>2,061,675</u>	<u>1,748,006</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 115,655	108,367	110,249
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(115,655)	(108,367)	(110,249)
Administrative expense	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>-</u>	<u>-</u>
EMPLOYER'S NET OPEB LIABILITY (ASSET) (a-b)	<u>\$ 2,126,359</u>	<u>2,061,675</u>	<u>1,748,006</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 5,394,079	5,724,584	5,571,371
Net OPEB Liability as a Percentage of Covered Valuation Payroll	39.42%	36.01%	31.37%

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

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

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	N/A	-	N/A	\$ 5,394,079	0.00%
2020	N/A	-	N/A	5,724,584	0.00%
2019	N/A	-	N/A	5,571,371	0.00%

Note to Schedule:

There is no actuarially determined contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City resources in the current year in the amount of \$115,655.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information
For the Year Ended April 30, 2021

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 20, 2020. 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, 2021.

NOTE 3: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2021, 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 2.56% to 2.27% for the current year.
- The discount rate used in the determination of the total Pension Liability remained unchanged at 7.00%.
- A comprehensive study of Police Officers and Police Pension Funds in Illinois was performed, resulting in changes to various assumptions to better reflect the future anticipated experience of the Plan.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Balance Sheet
April 30, 2021
(With Comparative Figures for April 30, 2020)

	Total Non-major Governmental Funds		Special Revenue Funds			
	2021	2020	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund
<u>Assets</u>						
Cash and cash equivalents	\$ 3,949,491	3,316,874	372,658	2,458,343	269,517	10,808
Receivables:						
Property taxes	624,757	675,511	624,757	-	-	-
Other taxes	69,808	57,765	17,513	44,921	-	-
Total assets	<u>\$ 4,644,056</u>	<u>4,050,150</u>	<u>1,014,928</u>	<u>2,503,264</u>	<u>269,517</u>	<u>10,808</u>
<u>Liabilities</u>						
Accrued expenses	\$ 7,313	5,133	7,313	-	-	-
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years	624,757	675,511	624,757	-	-	-
Total deferred inflows of resources	<u>624,757</u>	<u>675,511</u>	<u>624,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	4,011,986	3,369,506	382,858	2,503,264	269,517	10,808
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,644,056</u>	<u>4,050,150</u>	<u>1,014,928</u>	<u>2,503,264</u>	<u>269,517</u>	<u>10,808</u>

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2021
(With Comparative Figures for April 30, 2020)

		Special Revenue Funds				
		Park and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund
<u>Assets</u>						
Cash and cash equivalents		\$ 112,415	298,952	280,141	130,500	16,157
Receivables:						
Property taxes		-	-	-	-	-
Other taxes		-	-	7,374	-	-
Total assets		<u>\$ 112,415</u>	<u>298,952</u>	<u>287,515</u>	<u>130,500</u>	<u>16,157</u>
<u>Liabilities</u>						
Accrued expenses		-	-	-	-	-
<u>Deferred Inflows of Resources</u>						
Property taxes levied for subsequent years		-	-	-	-	-
Total deferred inflows of resources		-	-	-	-	-
<u>Fund Balances</u>						
Restricted		<u>\$ 112,415</u>	<u>298,952</u>	<u>287,515</u>	<u>130,500</u>	<u>16,157</u>
Total liabilities, deferred inflows, and fund balances		<u>\$ 112,415</u>	<u>298,952</u>	<u>287,515</u>	<u>130,500</u>	<u>16,157</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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Totals		Special Revenue Funds			
			Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Board Fund	West Route 6 Special Assessment Fund
	2021	2020				
Revenues:						
Property taxes	\$ 637,424	629,883	637,424	-	-	-
Other local taxes	246,205	306,609	60,912	-	-	-
Intergovernmental	519,290	506,387	-	519,290	-	-
Rebuild Illinois grant	449,333	-	-	449,333	-	-
Fines	30,336	36,478	-	-	-	-
Interest income	1,812	14,956	240	1,049	134	5
Miscellaneous	11,170	12,896	-	-	-	-
Total revenues	1,895,570	1,507,209	698,576	969,672	134	5
Expenditures:						
Current:						
Public safety	13,366	8,194	-	-	-	-
Transportation and public service	49,287	34,328	-	49,287	-	-
Culture and recreation	124,858	226,546	-	-	-	-
Environment	2,179	2,145	-	-	-	-
Employee retirement costs	703,785	614,134	703,785	-	-	-
Capital outlay	359,615	274,500	-	344,103	3,928	-
Total expenditures	1,253,090	1,159,847	703,785	393,390	3,928	-
Excess (deficiency) of revenues over (under) expenditures	642,480	347,362	(5,209)	576,282	(3,794)	5
Net change in fund balance	642,480	347,362	(5,209)	576,282	(3,794)	5
Fund balance, beginning of year	3,369,506	3,022,144	388,067	1,926,982	273,311	10,803
Fund balance, end of year	\$ 4,011,986	3,369,506	382,858	2,503,264	269,517	10,808

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Special Revenue Funds				
	Parks and Civic Improvements Fund	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund
Revenues:					
Property taxes	\$ -	-	-	-	-
Other local taxes	-	-	185,293	-	-
Intergovernmental	-	-	-	-	-
Rebuild Illinois grant	-	-	-	-	-
Fines	-	-	-	18,776	11,560
Interest income	56	150	114	64	-
Miscellaneous	6,070	-	5,000	100	-
Total revenues	6,126	150	190,407	18,940	11,560
Expenditures:					
Current:					
Public safety	-	-	-	10,926	2,440
Transportation and public service	-	-	-	-	-
Culture and recreation	-	-	124,858	-	-
Environment	-	2,179	-	-	-
Employee retirement costs	-	-	-	-	-
Capital outlay	4,800	-	6,729	55	-
Total expenditures	4,800	2,179	131,587	10,981	2,440
Excess (deficiency) of revenues over (under) expenditures	1,326	(2,029)	58,820	7,959	9,120
Net change in fund balance	1,326	(2,029)	58,820	7,959	9,120
Fund balance, beginning of year	111,089	300,981	228,695	122,541	7,037
Fund balance, end of year	\$ 112,415	298,952	287,515	130,500	16,157

CITY OF MORRIS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021 Actual Amounts			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Original	Final	GAAP	Adjustments	Budget		
			Basis		Basis		
Revenues:							
Property taxes	\$ 637,000	637,000	637,424	-	637,424	424	629,883
Replacement income taxes	44,800	44,800	60,912	(10,794)	50,118	5,318	49,221
Interest income	125	125	240	-	240	115	252
Total revenues	681,925	681,925	698,576	(10,794)	687,782	5,857	679,356
Expenditures:							
Personnel:							
Social security contribution	249,260	249,260	227,912	(833)	227,079	22,181	224,821
Medicare contribution	95,790	91,090	91,091	(311)	90,780	310	88,864
IMRF contribution	379,100	383,800	384,782	(1,036)	383,746	54	300,449
Total expenditures	724,150	724,150	703,785	(2,180)	701,605	22,545	614,134
Excess (deficiency) of revenues over (under) expenditures	(42,225)	(42,225)	(5,209)	(8,614)	(13,823)	28,402	65,222
Fund balance, beginning of year	371,311	371,311	388,067	(1,586)	386,481	15,170	322,845
Fund balance, end of year	\$ 329,086	329,086	382,858	(10,200)	372,658	43,572	388,067

**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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)**

	Budgeted Amounts		2021			Budget Basis	2020
	Original	Final	Actual Amounts		Variance with Final Budget	Actual GAAP Basis	
			GAAP Basis	Adjustments			Budget Basis
Revenues:							
Motor fuel tax allotment	\$ 540,000	540,000	488,224	(4,478)	483,746	(56,254)	503,191
High growth allotment	3,196	3,196	31,066	-	31,066	27,870	3,196
Rebuild Illinois grant	-	-	449,333	-	449,333	449,333	-
Interest income	15,000	15,000	1,049	-	1,049	(13,951)	14,219
Total revenues	558,196	558,196	969,672	(4,478)	965,194	406,998	520,606
Expenditures:							
Contractual services:							
Engineering	100,000	100,000	49,287	-	49,287	50,713	34,328
Commodities:							
Maintenance - streets	10,000	10,000	-	-	-	10,000	-
Maintenance - sidewalks	15,000	15,000	-	-	-	15,000	-
Capital outlay							
Improvements - streets	1,082,525	1,082,525	344,103	-	344,103	738,422	260,328
Improvements - bridges	100,000	100,000	-	-	-	100,000	-
Storm sewer construction	20,000	20,000	-	-	-	20,000	-
Total expenditures	1,327,525	1,327,525	393,390	-	393,390	934,135	294,656
Excess (deficiency) of revenues over (under) expenditures	(769,329)	(769,329)	576,282	(4,478)	571,804	1,341,133	225,950
Fund balance, beginning of year	1,886,528	1,886,528	1,926,982	(40,443)	1,886,539	11	1,701,032
Fund balance, end of year	<u>\$ 1,117,199</u>	<u>1,117,199</u>	<u>2,503,264</u>	<u>(44,921)</u>	<u>2,458,343</u>	<u>1,341,144</u>	<u>1,926,982</u>

**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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)**

	2021		2021			2020	
	Budgeted Amounts		Actual Amounts			Budget Basis	
	Original	Final	GAAP Basis	Adjustments	Budget Basis	Variance with Final Budget	
Revenues:							
Interest income	\$ 140	140	134	-	134	(6)	137
Total revenues	140	140	134	-	134	(6)	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	3,928	-	3,928	231,572	-
Total expenditures	272,700	272,700	3,928	-	3,928	268,772	-
Excess (deficiency) of revenues over (under) expenditures	(272,560)	(272,560)	(3,794)	-	(3,794)	268,766	137
Fund balance, beginning of year	273,310	273,310	273,311	-	273,311	1	273,174
Fund balance, end of year	\$ 750	750	269,517	-	269,517	268,767	273,311

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, 2021
 (With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021 Actual Amounts			Budget Basis	2020
	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	5	-	5	-	4
Miscellaneous income	2,000	2,000	-	-	-	(2,000)	-
Total revenues	4,005	4,005	5	-	5	(4,000)	4
Expenditures:							
Other expenditures:							
Engineering services	2,500	2,500	-	-	-	2,500	-
Improvements	7,500	7,500	-	-	-	7,500	-
Miscellaneous expense	2,500	2,500	-	-	-	2,500	-
Total expenditures	12,500	12,500	-	-	-	12,500	-
Excess (deficiency) of revenues over (under) expenditures	(8,495)	(8,495)	5	-	5	8,500	4
Fund balance, beginning of year	10,803	10,803	10,803	-	10,803	-	10,799
Fund balance, end of year	\$ 2,308	2,308	10,808	-	10,808	8,500	10,803

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		Budget Basis		Actual
	Original	Final	GAAP Basis	Adjustments			GAAP Basis
Revenues:							
Park site zoning fees	\$ 10,000	10,000	6,070	-	6,070	(3,930)	4,164
Miscellaneous income	50	50	-	-	-	(50)	-
Interest income	60	60	56	-	56	(4)	57
Total revenues	10,110	10,110	6,126	-	6,126	(3,984)	4,221
Expenditures:							
Contractual services:							
Engineering services	10,000	10,000	-	-	-	10,000	-
Legal services	2,000	2,000	-	-	-	2,000	-
Other professional services	2,000	2,000	-	-	-	2,000	-
Printing/publishing	1,000	1,000	-	-	-	1,000	-
Other expenditures:							
Miscellaneous donations	5,000	5,000	-	-	-	5,000	-
Miscellaneous expense	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Land purchase & improv.	70,000	70,000	4,800	-	4,800	65,200	9,701
Civic & safety improvements	10,000	10,000	-	-	-	10,000	-
Building construction	15,000	15,000	-	-	-	15,000	-
Total expenditures	116,000	116,000	4,800	-	4,800	111,200	9,701
Excess (deficiency) of revenues over (under) expenditures	(105,890)	(105,890)	1,326	-	1,326	107,216	(5,480)
Fund balance, beginning of year	111,648	111,648	111,089	-	111,089	(559)	116,569
Fund balance, end of year	\$ 5,758	5,758	112,415	-	112,415	106,657	111,089

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020
	Budgeted Amounts		Actual Amounts		GAAP Basis		Actual GAAP Basis
	Original	Final	Adjustments	Budget Basis			
Revenues:							
Interest income	\$ 155	155	150	-	150	(5)	151
Total revenues	155	155	150	-	150	(5)	151
Expenditures:							
Contractual services:							
Engineering services	20,000	20,000	-	-	-	20,000	-
Legal services	25,000	25,000	-	-	-	25,000	-
Other professional services	2,000	2,000	-	-	-	2,000	-
Recycling expenses	50,000	50,000	2,039	-	2,039	47,961	2,005
Other expenditures:							
Miscellaneous expense	1,000	1,000	140	-	140	860	140
Capital outlay:							
Landfill well monitoring	50,000	50,000	-	-	-	50,000	-
Landfill closure costs	150,000	150,000	-	-	-	150,000	-
Total expenditures	298,000	298,000	2,179	-	2,179	295,821	2,145
Excess (deficiency) of revenues over (under) expenditures	(297,845)	(297,845)	(2,029)	-	(2,029)	295,816	(1,994)
Fund balance, beginning of year	300,979	300,979	300,981	-	300,981	2	302,975
Fund balance, end of year	\$ 3,134	3,134	298,952	-	298,952	295,818	300,981

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021 Actual Amounts			Budget Basis	2020
	Original	Final	GAAP	Adjustments	Budget	Variance with Final Budget	Actual GAAP Basis
			Basis		Basis		
Revenues:							
Motel taxes	\$ 290,000	290,000	185,293	3,229	188,522	(101,478)	257,388
Interest income	75	75	114	-	114	39	82
Miscellaneous income	5,000	5,000	5,000	-	5,000	-	5,000
Total revenues	295,075	295,075	190,407	3,229	193,636	(101,439)	262,470
Expenditures:							
Contractual services:							
Other professional services	1,200	1,200	-	-	-	1,200	1,104
Printing/publishing	5,000	4,000	939	-	939	3,061	2,194
Other expenditures:							
Sponsorships & donations	180,000	180,000	116,000	-	116,000	64,000	199,210
City special events	30,000	30,000	2,834	-	2,834	27,166	13,738
Tourism expenses	25,000	25,000	4,395	-	4,395	20,605	9,869
Miscellaneous expenses	2,000	2,000	690	-	690	1,310	431
Capital outlay:							
Land purchases	1,000	2,000	1,663	-	1,663	337	-
Parks improvements	62,000	62,000	5,066	-	5,066	56,934	3,722
I&M canal improvements	1,000	1,000	-	-	-	1,000	-
Building improvements	1,000	1,000	-	-	-	1,000	-
Total expenditures	308,200	308,200	131,587	-	131,587	176,613	230,268
Excess (deficiency) of revenues over (under) expenditures	(13,125)	(13,125)	58,820	3,229	62,049	75,174	32,202
Fund balance, beginning of year	226,640	226,640	228,695	(10,603)	218,092	(8,548)	196,493
Fund balance, end of year	\$ 213,515	213,515	287,515	(7,374)	280,141	66,626	228,695

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, 2021
 (With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget Basis		
	Original	Final	GAAP Basis	Adjustments			
Revenues:							
Drug enforcement fees	\$ -	-	47	-	47	47	393
DUI equipment fees	20,000	20,000	14,219	-	14,219	(5,781)	21,381
Police vehicle equip fees	5,000	5,000	540	-	540	(4,460)	2,078
Failure to appear fines	2,800	2,800	2,730	-	2,730	(70)	2,730
E-Citation development fees	1,000	1,000	1,240	-	1,240	240	983
Drug forfeitures	-	-	-	-	-	-	1,408
Interest income	50	50	64	-	64	14	54
Donations	500	500	100	-	100	(400)	-
Property and evidence cash	1,000	1,000	-	-	-	(1,000)	-
Sale of evidence	1,000	1,000	-	-	-	(1,000)	-
Miscellaneous income	1,000	1,000	-	-	-	(1,000)	3,732
Total revenues	32,350	32,350	18,940	-	18,940	(13,410)	32,759
Expenditures:							
Communications:							
Cell phone	2,500	2,500	800	-	800	1,700	1,200
Contractual services:							
Training/travel expense	2,500	2,500	-	-	-	2,500	45
Commodities:							
Maintenance supplies	2,000	2,000	-	-	-	2,000	-
DARE supplies	1,000	1,000	-	-	-	1,000	-
Other expenditures:							
Drug crime enforcement	15,000	15,000	8,185	-	8,185	6,815	2,010
Asset forfeiture refunds	1,000	1,000	-	-	-	1,000	2,216
Property/evidence payout	1,000	1,000	-	-	-	1,000	-
Miscellaneous expense	3,000	3,000	1,941	-	1,941	1,059	2,255
Capital outlay :							
Equipment	1,000	1,000	-	-	-	1,000	122
DUI equipment	3,000	3,000	55	-	55	2,945	-
E-citation expense	5,000	5,000	-	-	-	5,000	-
Vehicles	1,000	1,000	-	-	-	1,000	627
Communication equipment	5,000	5,000	-	-	-	5,000	-
Total expenditures	43,000	43,000	10,981	-	10,981	32,019	8,475
Excess (deficiency) of revenues over (under) expenditures	(10,650)	(10,650)	7,959	-	7,959	18,609	24,284
Fund balance, beginning of year	116,561	116,561	122,541	-	122,541	5,980	98,257
Fund balance, end of year	\$ 105,911	105,911	130,500	-	130,500	24,589	122,541

CITY OF MORRIS, ILLINOIS
POLICE SEIZURE AND FORFEITURE FUND

SCHEDULE C-11

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			Budget Basis	2020
	Original	Final	Actual Amounts		Variance with Final Budget	Actual GAAP Basis	
			GAAP Basis	Adjustments			Budget Basis
Revenues:							
Seizure / asset forfeitures	\$ 50,000	50,000	11,560	-	11,560	(38,440)	7,505
Total revenues	50,000	50,000	11,560	-	11,560	(38,440)	7,505
Expenditures:							
IL State Police disbursement	50,000	50,000	2,440	-	2,440	47,560	468
Total expenditures	50,000	50,000	2,440	-	2,440	47,560	468
Net change in fund balance	-	-	9,120	-	9,120	9,120	7,037
Fund balance, beginning of year	-	-	7,037	-	7,037	7,037	-
Fund balance, end of year	\$ -	-	16,157	-	16,157	16,157	7,037

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS

SCHEDULE D-1

Combining Statement of Net Position
April 30, 2021
(With Comparative Figures for April 30, 2020)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Totals	
				2021	2020
<u>Assets</u>					
Cash and cash equivalents	\$ 8,267,789	1,055,556	3,935	9,327,280	9,545,838
Water and sewer fee receivables (net)	93,101	-	-	93,101	154,143
Capital assets:					
Land	613,374	-	-	613,374	613,374
Construction in progress	1,423,578	-	-	1,423,578	-
Machinery and equipment	868,524	15,513	-	884,037	828,212
Vehicles	439,248	-	-	439,248	439,248
Infrastructure	45,333,454	291,089	-	45,624,543	42,777,454
Accumulated depreciation	(21,956,192)	(21,468)	-	(21,977,660)	(20,945,488)
Total assets	35,082,876	1,340,690	3,935	36,427,501	33,412,781
<u>Deferred Outflows of Resources</u>					
Asset retirement obligation	140,000	-	-	140,000	-
Deferred charge on refunding	-	-	237,357	237,357	279,805
	140,000	-	237,357	377,357	279,805
<u>Liabilities</u>					
Accounts payable and accrued expenses	83,728	-	-	83,728	87,849
Accrued interest payable	-	-	26,296	26,296	30,171
Long-term liabilities due within on year:					
Compensated absences	74,100	-	-	74,100	76,422
Alternate revenue bonds	-	-	475,000	475,000	465,000
Long term liabilities due in more than one year:					
Compensated absences	17,584	-	-	17,584	11,981
Asset retirement obligation	140,000	-	-	140,000	-
Alternate revenue bonds	-	-	2,560,525	2,560,525	3,041,878
Total liabilities	315,412	-	3,061,821	3,377,233	3,713,301
<u>Net Position</u>					
Net investment in capital assets	26,721,986	285,134	(3,035,525)	23,971,595	20,205,922
Restricted for:					
Public works capital projects	-	1,055,556	-	1,055,556	1,045,648
Debt service	-	-	214,996	214,996	261,324
Unrestricted	8,185,478	-	-	8,185,478	8,466,391
Total net position	\$ 34,907,464	1,340,690	(2,820,529)	33,427,625	29,979,285

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Total	
				2021	2020
Operating revenues:					
Water and sewer sales	\$ 5,526,132	-	-	5,526,132	4,847,923
Tap on fees/meters	174,875	-	-	174,875	57,350
Miscellaneous revenue	68,773	-	-	68,773	64,891
Total operating revenues	5,769,780	-	-	5,769,780	4,970,164
Operating expenses:					
Personal services	1,429,297	499	-	1,429,796	1,356,327
Contractual services	1,267,318	-	-	1,267,318	986,141
Commodities	388,902	-	-	388,902	437,487
Capital outlay/maintenance	308,072	-	-	308,072	974,558
Depreciation	1,028,227	3,945	-	1,032,172	977,410
Other expenses	73,444	-	-	73,444	70,797
Total operating expenses	4,495,260	4,444	-	4,499,704	4,802,720
Operating income (loss)	1,274,520	(4,444)	-	1,270,076	167,444
Non-operating revenues (expenses):					
Bond service fees	-	-	(350)	(350)	(423)
State and federal grants	1,139,200	-	-	1,139,200	-
Capital contributed	1,129,126	-	-	1,129,126	467,712
Rental income	5,352	-	-	5,352	5,097
Interest income	9,154	407	5	9,566	11,288
Interest expense	-	-	(104,630)	(104,630)	(113,911)
Total non-operating revenues (expenses)	2,282,832	407	(104,975)	2,178,264	369,763
Income (loss) before transfers	3,557,352	(4,037)	(104,975)	3,448,340	537,207
Transfers among accounts	(540,000)	10,000	530,000	-	-
Change in net position	3,017,352	5,963	425,025	3,448,340	537,207
Net position, beginning of year	31,890,112	1,334,727	(3,245,554)	29,979,285	29,442,078
Net position, end of year	\$ 34,907,464	1,340,690	(2,820,529)	33,427,625	29,979,285

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021		Budget Basis Variance with Final Budget	2020 Actual GAAP Basis	
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments			
Operating revenues:							
Water and sewer sales	\$ 5,000,000	5,000,000	5,479,255	61,042	5,540,297	540,297	4,779,747
Waste disposal fees	130,000	150,000	46,877	-	46,877	(103,123)	68,176
Waste disposal license	50	100	-	-	-	(100)	-
Tap-on-fees	50,000	30,000	130,500	-	130,500	100,500	43,500
Meter sales	15,000	20,000	44,375	-	44,375	24,375	13,850
Rental income	-	5,050	5,352	-	5,352	302	5,097
Reimbursement	-	-	3,125	-	3,125	3,125	-
Miscellaneous income	80,000	53,000	65,648	-	65,648	12,648	64,891
Total operating revenues	5,275,050	5,258,150	5,775,132	61,042	5,836,174	578,024	4,975,261
Operating expenses:							
Personal services	1,673,901	1,667,851	1,429,297	(7,094)	1,422,203	245,648	1,356,327
Contractual services	1,403,200	1,621,150	1,267,318	(14,963)	1,252,355	368,795	986,141
Commodities	810,000	751,100	388,902	2,892	391,794	359,306	437,487
Capital outlay/maintenance	3,351,256	3,198,256	308,072	2,078,171	2,386,243	812,013	974,558
Depreciation	-	-	1,028,227	(1,028,227)	-	-	973,465
Other expenses	279,000	279,000	73,444	-	73,444	205,556	70,797
Total operating expenses	7,517,357	7,517,357	4,495,260	1,030,779	5,526,039	1,991,318	4,798,775
Operating income (loss)	(2,242,307)	(2,259,207)	1,279,872	(969,737)	310,135	2,569,342	176,486
Non-operating income (loss):							
Federal and state grants	2,000	2,000	1,139,200	-	1,139,200	1,137,200	-
Capital contributed	-	-	1,129,126	(1,129,126)	-	-	467,712
Interest income	9,000	5,500	9,154	-	9,154	3,654	10,858
Total non-operating income (loss)	11,000	7,500	2,277,480	(1,129,126)	1,148,354	1,140,854	478,570
Income (loss) before transfers	(2,231,307)	(2,251,707)	3,557,352	(2,098,863)	1,458,489	3,710,196	655,056
Transfers in (out)	(551,500)	(551,500)	(540,000)	-	(540,000)	(11,500)	(546,933)
Change in net position	(2,782,807)	(2,803,207)	3,017,352	(2,098,863)	918,489	3,721,696	108,123
Net position, beginning of year	8,526,119	8,526,119	31,890,112	(23,401,612)	8,488,500	(37,619)	31,781,989
Net position, end of year	\$ 5,743,312	5,722,912	34,907,464	(25,500,475)	9,406,989	3,684,077	31,890,112

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			2020	
	Budgeted Amounts		Actual Amounts			Budget Basis	
	Original	Final	GAAP Basis	Adjustments	Budget Basis	Variance with Final Budget	Actual GAAP Basis
Operating revenues:							
Infrastructure acre fees	\$ 500,000	500,000	-	-	-	(500,000)	-
Total operating revenues	500,000	500,000	-	-	-	(500,000)	-
Operating expenses:							
Contractual services:							
Engineering services	5,000	5,000	-	-	-	5,000	-
Legal services	5,000	5,000	-	-	-	5,000	-
Other professional services	1,000	1,000	499	-	499	501	-
Capital outlay:							
STP improvements	1,000	1,000	-	-	-	1,000	-
WTP improvements	1,000	1,000	-	-	-	1,000	-
Water main improvements	1,500,000	1,500,000	-	-	-	1,500,000	-
Sanitary sewer improvements	1,000	1,000	-	-	-	1,000	-
NE STP improvements	1,000	1,000	-	-	-	1,000	-
Other expenses - misc.	1,000	1,000	-	-	-	1,000	-
Depreciation expense	-	-	3,945	(3,945)	-	-	3,945
Total operating expenses	1,516,000	1,516,000	4,444	(3,945)	499	1,515,501	3,945
Operating income	(1,016,000)	(1,016,000)	(4,444)	3,945	(499)	1,015,501	(3,945)
Nonoperating income (expense):							
Interest income	420	420	407	-	407	(13)	403
Transfers in (out)	10,000	10,000	10,000	-	10,000	-	10,000
Change in net position	(1,005,580)	(1,005,580)	5,963	3,945	9,908	1,015,488	6,458
Net position, beginning of year	1,045,649	1,045,649	1,334,727	(289,079)	1,045,648	(1)	1,328,269
Net position, end of year	\$ 40,069	40,069	1,340,690	(285,134)	1,055,556	1,015,487	1,334,727

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			2020	
	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	28	28	5	-	5	(23)	27
Bond principal	(465,000)	(465,000)	-	(465,000)	(465,000)	-	-
Bond interest	(72,410)	(72,410)	(104,630)	32,220	(72,410)	-	(113,911)
Bond fees	(4,000)	(4,000)	(350)	-	(350)	(3,650)	(423)
Total non-operating income (expense)	(541,382)	(541,382)	(104,975)	(432,780)	(537,755)	(3,673)	(114,307)
Transfers in (out)	541,500	541,500	530,000	-	530,000	(11,500)	536,933
Change in net position	118	118	425,025	(432,780)	(7,755)	(7,873)	422,626
Net position, beginning of year	11,690	11,690	(3,245,554)	3,257,244	11,690	-	(3,668,180)
Net position, end of year	\$ 11,808	11,808	(2,820,529)	2,824,464	3,935	(7,873)	(3,245,554)

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-1

Combining Statement of Net Position
April 30, 2021
(With Comparative Figures for April 30, 2020)

	Airport Operations Fund	Airport Development Fund	Totals	
			2021	2020
<u>Assets</u>				
Cash and cash equivalents	\$ 373,349	-	373,349	294,835
Accounts receivable	18,901	-	18,901	9,191
Inventories	37,418	-	37,418	33,098
Capital assets				
Land	655,560	4,277,861	4,933,421	4,933,421
Land improvements	58,345	-	58,345	58,345
Machinery and equipment	-	66,925	66,925	66,925
Buildings and improvements	1,897,875	476,071	2,373,946	2,373,946
Infrastructure	7,800,769	-	7,800,769	7,800,769
Vehicles	102,500	-	102,500	102,500
Accumulated depreciation	(8,387,123)	(156,680)	(8,543,803)	(8,442,548)
Total assets	<u>2,557,594</u>	<u>4,664,177</u>	<u>7,221,771</u>	<u>7,230,482</u>
<u>Liabilities</u>				
Accounts payable and accrued expenses	39,077	-	39,077	18,254
Due to General Fund	370,385	1,000,000	1,370,385	1,370,385
Long-term liabilities due within on year:				
Compensated absences	-	-	-	9,036
Lease commitments payable	18,236	-	18,236	17,395
Long term liabilities due in more than one year:				
Lease commitments payable	44,322	-	44,322	62,558
Total liabilities	<u>472,020</u>	<u>1,000,000</u>	<u>1,472,020</u>	<u>1,477,628</u>
<u>Net Position</u>				
Net investment in capital assets	1,694,983	3,664,177	5,359,160	5,443,020
Unrestricted	390,591	-	390,591	309,834
Total net position	<u>\$ 2,085,574</u>	<u>3,664,177</u>	<u>5,749,751</u>	<u>5,752,854</u>

**CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS**

SCHEDULE E-2

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)**

	Airport	Airport	Total	
	Operations Fund	Development Fund	2021	2020
Operating revenues:				
Facilities rental	\$ 248,187	-	248,187	229,229
Fuel sales	231,608	-	231,608	234,141
Miscellaneous revenue	7,363	-	7,363	3,127
Total operating revenues	487,158	-	487,158	466,497
Operating expenses:				
Personal services	117,088	-	117,088	139,744
Contractual services	83,176	-	83,176	75,205
Commodities	171,044	-	171,044	231,873
Capital outlay/maintenance	40,963	-	40,963	40,833
Depreciation	83,806	17,449	101,255	183,380
Other expenses	5,648	-	5,648	6,108
Total operating expenses	501,725	17,449	519,174	677,143
Operating income (loss)	(14,567)	(17,449)	(32,016)	(210,646)
Non-operating revenues (expenses):				
State and federal grants	32,229	-	32,229	36,781
Interest income	175	-	175	150
Interest expense	(3,491)	-	(3,491)	(9,886)
Total non-operating revenues (expenses)	28,913	-	28,913	27,045
Change in net position	14,346	(17,449)	(3,103)	(183,601)
Net position, beginning of year	2,071,228	3,681,626	5,752,854	5,936,455
Net position, end of year	\$ 2,085,574	3,664,177	5,749,751	5,752,854

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, 2021
 (With Comparative Figures for the Year Ended April 30, 2020)

	2021					Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating revenues:							
Fuel sales	\$ 325,000	325,000	231,608	3,019	234,627	(90,373)	234,141
Rent:							
Hangars/land	218,000	218,000	219,817	(12,729)	207,088	(10,912)	206,967
Farmland	30,000	30,000	28,370	-	28,370	(1,630)	22,262
Miscellaneous income	11,000	11,000	7,363	-	7,363	(3,637)	3,127
Total operating revenues	584,000	584,000	487,158	(9,710)	477,448	(106,552)	466,497
Operating expenses:							
Personnel:							
Salaries:							
Airport Manager	39,000	39,000	43,772	8,874	52,646	(13,646)	60,611
Airport Maintenance	52,646	52,646	37,021	(82)	36,939	15,707	34,604
Insurance:							
Health	49,425	49,425	34,484	-	34,484	14,941	42,256
Dental and vision	2,083	2,083	1,330	-	1,330	753	1,791
Life	559	559	481	-	481	78	482
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Engineering services	135,000	135,000	22,765	-	22,765	112,235	25,319
Legal fees	10,000	10,000	8,144	-	8,144	22,765	4,630
Medical services and supplies	1,000	1,000	-	-	-	1,000	-
Other professional services	130,000	130,000	-	-	-	130,000	-
Postage expenses	1,500	1,500	500	-	500	1,000	300
Telephone	3,000	3,000	2,761	-	2,761	239	2,543
Printing/publishing	1,000	1,000	212	-	212	788	411
Dues/subscriptions	4,000	4,000	3,500	-	3,500	500	3,416
Training/travel expense	1,000	1,000	-	-	-	1,000	-
Gas	9,000	9,000	5,551	-	5,551	3,449	5,603
Electricity	25,000	25,000	23,243	-	23,243	1,757	19,207
Insurance liability	20,000	20,000	16,500	-	16,500	3,500	13,776
Commodities:							
Maintenance:							
Buildings	10,000	10,000	2,097	-	2,097	7,903	2,090
Equipment	12,000	12,000	6,594	-	6,594	5,406	3,502
Vehicles	20,000	20,000	697	-	697	19,303	7,130
Grounds	16,000	16,000	8,956	-	8,956	7,044	22,042
Office supplies	2,000	2,000	244	-	244	1,756	1,453
Operating supplies	2,000	2,000	283	-	283	1,717	915
Tools and small equipment	2,000	2,000	18	-	18	1,982	25
Janitorial supplies	1,000	1,000	272	-	272	728	422
Gasoline/diesel/oil/lubricants	6,500	6,500	2,093	-	2,093	4,407	5,362
Aviation fuel	250,000	249,500	136,941	21,838	158,779	90,721	174,610
Fuel sales tax	23,000	23,000	12,849	-	12,849	10,151	14,322

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021					2020	
	Budgeted Amounts		Actual Amounts			Budget Basis Variance with Final Budget	Actual GAAP Basis
	Original	Final	GAAP Basis	Adjustments	Budget Basis		
Operating expenses (continued):							
Capital outlay:							
Buildings & improvements	\$ 7,000	7,000	656	-	656	6,344	-
Land purchase & improv.	1,000	1,000	-	-	-	1,000	-
T-hangar const. & improv.	7,000	7,000	-	-	-	7,000	1,762
Equipment purchase/lease	170,000	170,000	21,442	(21,199)	243	169,757	30,267
Vehicle purchase/lease	1,000	1,000	-	-	-	1,000	-
Runway improvements	25,000	25,000	18,865	(16,898)	1,967	23,033	8,804
Other expenses:							
Miscellaneous expenses	2,000	2,000	860	-	860	1,140	1,043
Bank/credit card fees	9,000	9,000	4,788	-	4,788	4,212	5,065
Depreciation expense	-	-	83,806	(83,806)	-	-	165,931
Total operating expense	1,051,713	1,051,213	501,725	(91,273)	410,452	661,670	659,694
Operating income (loss)	(467,713)	(467,213)	(14,567)	81,563	66,996	(768,222)	(193,197)
Nonoperating income (expense):							
Federal and state grants	192,800	192,800	32,229	-	32,229	(160,571)	36,781
Interest income	150	150	175	-	175	25	150
T - hangar loan payments	(144,386)	(144,886)	-	20,886	20,886	165,772	-
Interest expense	-	-	(3,491)	3,491	-	-	(9,886)
Total nonoperating income (expense)	48,564	48,064	28,913	24,377	53,290	5,226	27,045
Income (loss) before transfers	(419,149)	(419,149)	14,346	105,940	120,286	(762,996)	(166,152)
Transfers:							
From General Fund	200,000	200,000	-	-	-	(200,000)	-
Total transfers	200,000	200,000	-	-	-	(200,000)	-
Change in net position	(219,149)	(219,149)	14,346	105,940	120,286	339,435	(166,152)
Net position, beginning of year	301,120	301,120	2,071,228	(1,776,393)	294,835	(6,285)	2,237,380
Net position, end of year	\$ 81,971	81,971	2,085,574	(1,670,453)	415,121	333,150	2,071,228

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
 Year Ended April 30, 2021
 (With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			2020	
	Original	Final	Actual Amounts		Budget Basis	Variance with Final Budget	Actual GAAP Basis
			GAAP Basis	Adjustments			
Operating income:							
Miscellaneous income	\$ -	-	-	-	-	-	-
Operating expenses:							
Depreciation expense	-	-	17,449	(17,449)	-	-	17,449
Total operating expenses	-	-	17,449	(17,449)	-	-	17,449
Operating income (loss)	-	-	(17,449)	17,449	-	-	(17,449)
Net position, beginning of year	-	-	3,681,626	(3,681,626)	-	-	3,699,075
Net position, end of year	\$ -	-	3,664,177	(3,664,177)	-	-	3,681,626

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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			Budget Basis	2020
	Original	Final	Actual Amounts		Variance with Final Budget	Actual GAAP Basis	
			GAAP Basis	Adjustments			Budget Basis
Operating revenues:							
Garbage collection fees	\$ 1,207,412	1,292,865	1,248,818	8,953	1,257,771	(35,094)	1,203,113
Operating expenses:							
Garbage disposal expense	1,208,758	1,290,120	1,225,328	(3,854)	1,221,474	68,646	1,186,357
Miscellaneous expenses	10,000	10,000	4,807	-	4,807	5,193	5,213
Total operating expenses	1,218,758	1,300,120	1,230,135	(3,854)	1,226,281	73,839	1,191,570
Operating income (loss)	(11,346)	(7,255)	18,683	12,807	31,490	38,745	11,543
Non-operating income (expense):							
Interest income	170	170	174	-	174	4	160
Miscellaneous income	100	100	-	-	-	(100)	-
Transfer from general fund	100	100	-	-	-	(100)	-
Total non-operating income (expense):	370	370	174	-	174	(196)	160
Change in net position	(10,976)	(6,885)	18,857	12,807	31,664	38,549	11,703
Net position, beginning of year	290,381	270,409	248,691	46,368	295,059	24,650	236,988
Net position, end of year	\$ 279,405	263,524	267,548	59,175	326,723	63,199	248,691

CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND

SCHEDULE G

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Year Ended April 30,	
	2021	2020
Additions		
Contributions:		
Employer	\$ 1,258,390	1,219,594
Employee	226,195	212,683
Total contributions	1,484,585	1,432,277
Investment earnings:		
Net increase in fair value of investments	3,347,427	72,716
Interest and dividends	332,087	354,003
Total investment earnings	3,679,514	426,719
Less investment expenses:		
Investment management fees	(68,370)	(63,020)
Net investment income	3,611,144	363,699
Total additions	5,095,729	1,795,976
Deductions		
Benefits paid	1,156,256	1,148,540
Administrative expense	18,428	27,562
Total deductions	1,174,684	1,176,102
Change in net position	3,921,045	619,874
Net position, beginning of year	16,615,283	15,995,409
Net position, end of year	\$ 20,536,328	16,615,283

CITY OF MORRIS, ILLINOIS
 CUSTODIAL FUNDS

SCHEDULE H-1

Combining Statement of Net Position
 April 30, 2021
 (With Comparative Figures for April 30, 2020)

		Security Deposit Trust Fund	Totals	
			2021	2020
<u>Assets</u>				
Cash and cash equivalents		\$ 167,119	167,119	183,421
<u>Liabilities</u>				
Payable to other governments		500	500	-
Security deposits payable		166,619	166,619	183,421
Total liabilities		167,119	167,119	183,421
<u>Net Position</u>				
Unrestricted		\$ -	-	-

CITY OF MORRIS, ILLINOIS
 CUSTODIAL FUNDS

SCHEDULE H-2

Combining Statement of Changes in Assets and Liabilities
 April 30, 2021
 (With Comparative Figures for April 30, 2020)

	Security Deposit Trust Fund	Totals	
		2021	2020
Additions:			
Security deposits	\$ 13,157	13,157	246,397
Interest income	100	100	110
Total additions	13,257	13,257	246,507
Deductions:			
Refund of deposits & fees	30,059	30,059	270,593
Total deductions	30,059	30,059	270,593
Change in assets & liabilities	(16,802)	(16,802)	(24,086)
Assets & liabilities - beginning	183,421	183,421	207,507
Assets & liabilities - ending	\$ 166,619	166,619	183,421

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1

Expenditures - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Finance and administration:							
Personnel:							
Salaries:							
Mayor	\$ 101,296	101,296	101,624	(328)	101,296	-	97,328
Liquor Commissioner	10,000	10,200	10,220	(28)	10,192	8	10,082
Mayor's Secretary	65,908	65,958	66,151	(203)	65,948	10	64,531
Aldermen	38,400	38,400	38,200	-	38,200	200	37,400
Aldermen - Committee Mtg	9,000	9,000	4,750	-	4,750	4,250	5,125
City Clerk	88,240	88,240	90,479	(2,239)	88,240	-	92,776
Budget Officer	17,500	17,850	17,885	(48)	17,837	13	17,644
Treasurer	3,500	3,500	-	-	-	3,500	3,892
Deputy Treasurer	70,981	70,981	68,633	1,848	70,481	500	69,352
Building and Zoning Officer	111,024	111,524	109,950	1,565	111,515	9	118,031
Director of Public Works	103,295	103,645	101,543	2,077	103,620	25	107,376
Public Works Secretary	50,711	50,711	50,655	(154)	50,501	210	49,555
Custodian	39,139	39,139	38,108	679	38,787	352	38,458
Fire Marshall	35,705	35,705	32,729	-	32,729	2,976	34,665
Deputy City Clerk F&A	68,386	68,386	67,279	926	68,205	181	67,632
Human Resource Admin.	32,550	32,600	32,641	(75)	32,566	34	32,192
Summer Clerical	-	-	-	-	-	-	3,670
Zoning Board of Appeals	2,000	2,000	725	-	725	1,275	500
Planning Commission	2,000	2,000	1,290	-	1,290	710	800
Police Commission	2,000	2,000	175	-	175	1,825	600
Insurance:							
Health	356,605	293,805	266,535	-	266,535	27,270	310,080
Dental and vision	13,475	13,475	11,882	-	11,882	1,593	11,726
Life	7,100	7,100	5,523	-	5,523	1,577	5,872
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	25,000	25,000	15,331	-	15,331	9,669	16,100
Engineering service	30,000	31,650	33,907	(2,297)	31,610	40	16,371
Legal service	350,000	368,500	360,127	8,121	368,248	252	367,104
Medical service & supplies	1,000	1,000	77	-	77	923	-
Data processing/internet	1,000	1,000	-	-	-	1,000	-
Other professional services	40,000	40,000	14,988	14,189	29,177	10,823	47,857
Building inspector fee	15,000	30,250	33,478	(3,273)	30,205	45	15,750
Plumbing inspector fee	7,000	8,600	8,575	-	8,575	25	3,535
Electrical inspector fee	5,000	5,000	-	-	-	5,000	-
Postage and meter expense	6,000	6,000	2,805	-	2,805	3,195	2,264
Telephone	22,000	24,500	22,932	1,433	24,365	135	24,320
Cell phone	3,000	3,000	873	-	873	2,127	977
Printing/publishing	18,000	18,000	5,536	268	5,804	12,196	9,782
Dues/subscriptions	40,000	40,000	39,949	(2,758)	37,191	2,809	30,780
Training/travel expense	4,000	4,000	796	-	796	3,204	995
Codification services	6,000	9,400	9,400	-	9,400	-	3,450
Building & zoning expense	3,500	3,500	1,179	-	1,179	2,321	1,456
Police/fire commission	22,000	22,000	473	-	473	21,527	19,477
Gas	1,000	1,000	-	-	-	1,000	-
Insurance	177,500	194,500	184,780	9,661	194,441	59	178,543
Copier machine rental	9,000	9,000	5,771	813	6,584	2,416	7,403

**CITY OF MORRIS, ILLINOIS
GENERAL FUND**

**SCHEDULE I-1
(CONTINUED)**

**Expenditures - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)**

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Finance and administration (continued):							
Commodities:							
Maintenance:							
Building	\$ 56,000	56,000	31,517	3,316	34,833	21,167	37,959
Equipment	30,000	30,000	2,636	-	2,636	27,364	2,706
Grounds	7,000	7,000	4,593	-	4,593	2,407	387
Office supplies	20,000	20,000	9,356	-	9,356	10,644	12,334
Operating supplies	2,500	2,500	978	-	978	1,522	972
Janitorial supplies	3,200	3,200	1,288	-	1,288	1,912	1,416
Books and periodicals	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Equipment	24,000	24,000	3,264	-	3,264	20,736	1,344
Furniture	2,000	2,000	-	-	-	2,000	-
Computer equipment	20,000	20,000	16,019	-	16,019	3,981	16,156
Other expenditures:							
Sales tax reimbursement	1,686,131	1,686,131	704,403	273,195	977,598	708,533	1,094,767
Memorials	3,000	4,400	4,382	-	4,382	18	-
Donations	410,000	410,000	400,100	-	400,100	9,900	420,451
Miscellaneous expense	15,000	15,000	3,609	959	4,568	10,432	4,398
Total finance and administration	4,295,646	4,295,646	3,040,099	307,647	3,347,746	947,900	3,518,341
Police department:							
Personnel:							
Salaries:							
Chief of Police	121,648	121,648	119,697	1,951	121,648	-	119,642
Deputy Chief	105,856	105,906	103,071	2,787	105,858	48	106,811
Sergeants	620,000	620,000	568,002	(3,369)	564,633	55,367	572,923
Patrol Persons	2,100,000	2,100,000	1,836,395	(30,976)	1,805,419	294,581	1,713,615
Part-time Patrol Persons	85,000	85,000	32,889	(212)	32,677	52,323	43,728
Police FOIA Officer	7,500	7,500	7,520	(20)	7,500	-	-
Police Secretary	55,034	55,034	55,789	(1,227)	54,562	472	52,997
Computer Operator	38,108	39,908	40,536	(657)	39,879	29	36,538
Ordinance Enforcer	49,217	49,217	52,424	(3,337)	49,087	130	46,504
School Crossing Guards	67,500	67,500	43,768	(883)	42,885	24,615	55,435
Records and Technology	70,500	70,500	69,100	1,009	70,109	391	70,246
Insurance Benefits:							
Health	1,193,717	1,191,867	1,030,245	-	1,030,245	161,622	979,482
Dental and vision	47,806	47,806	42,185	-	42,185	5,621	39,407
Life	17,528	17,528	14,468	-	14,468	3,060	13,666
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	16,000	16,000	12,967	-	12,967	3,033	12,733
Pension contributions	1,258,390	1,258,390	1,258,390	-	1,258,390	-	1,145,680
Uniform expense	32,000	32,000	13,548	-	13,548	18,452	25,711
Contractual services:							
Medical service - arrestees	2,500	2,500	1,851	-	1,851	649	1,338
Data processing service	1,000	1,000	-	-	-	1,000	-
Dispatcher agreement	420,000	420,000	514,937	(101,598)	413,339	6,661	390,157
Postage and meter expense	3,200	3,200	1,504	-	1,504	1,696	1,050
Cell phone	3,500	3,500	2,657	-	2,657	843	3,007
Printing/publishing	3,800	3,800	1,447	-	1,447	2,353	1,790
LEADS expense	9,500	9,500	7,347	-	7,347	2,153	6,735
Dues/subscriptions	50,100	50,100	27,181	6,477	33,658	16,442	28,474
Training/travel expense	30,000	30,000	7,881	-	7,881	22,119	15,256
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, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget Basis		
	Original	Final	GAAP Basis	Adjustments			
Police department (continued):							
Contractual services (continued):							
Investigation expense	\$ 8,100	8,100	5,335	-	5,335	2,765	6,755
Booking/processing expense	28,000	28,000	20,890	-	20,890	7,110	-
Copier machine rental	5,408	5,408	4,353	-	4,353	1,055	4,414
Commodities:							
Maintenance:							
Building	1,000	1,000	160	-	160	840	464
Equipment	6,500	6,500	2,565	-	2,565	3,935	1,594
Vehicles	24,000	24,000	18,694	-	18,694	5,306	19,805
Communication equip.	15,000	15,000	2,198	-	2,198	12,802	2,475
Office supplies	18,000	18,000	17,869	-	17,869	131	17,345
Operating supplies	2,700	2,700	2,594	-	2,594	106	1,971
Janitorial supplies	3,500	3,500	3,318	-	3,318	182	3,138
Gas / oil / lubricants	92,000	92,000	49,238	-	49,238	42,762	46,409
DARE supplies	3,500	3,500	1,438	-	1,438	2,062	3,113
Drug law & crime prevention	1,000	1,000	-	-	-	1,000	156
Awards	1,300	1,300	65	-	65	1,235	45
Books and periodicals	1,400	1,400	215	-	215	1,185	-
Capital outlay:							
Equipment	75,000	75,000	17,628	-	17,628	57,372	59,794
Vehicles	160,000	160,000	59,020	-	59,020	100,980	53,448
Furniture	2,400	2,400	1,900	-	1,900	500	1,814
Communication equipment	30,000	30,000	20,632	-	20,632	9,368	20,997
Computer equipment	30,000	30,000	7,367	-	7,367	22,633	9,658
Other expenditures:							
Miscellaneous expense	12,500	12,500	5,016	-	5,016	7,484	4,939
Animal control	15,000	15,000	12,720	-	12,720	2,280	13,980
M.A.N.S. expense	1,000	1,000	-	-	-	1,000	-
Total police department	6,949,212	6,949,212	6,119,014	(130,055)	5,988,959	960,253	5,755,239
Streets and alleys:							
Personnel:							
Salaries:							
Superintendent of Streets	93,580	93,580	91,875	1,570	93,445	135	91,671
Mechanic	83,705	83,705	77,162	874	78,036	5,669	77,750
Class A Operator	448,775	448,775	391,706	(146)	391,560	57,215	242,150
Class B Operator	84,230	84,230	75,458	(1,177)	74,281	9,949	239,452
Class A Laborer	324,000	324,000	202,081	(733)	201,348	122,652	209,538
Class B Laborer	304,210	317,710	326,974	(9,291)	317,683	27	283,021
Insurance:							
Health	619,517	557,617	484,353	-	484,353	73,264	532,663
Dental and vision	24,566	24,566	19,732	-	19,732	4,834	21,169
Life	8,940	8,940	7,729	-	7,729	1,211	7,631
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	12,000	12,000	7,550	-	7,550	4,450	8,500
Contractual services:							
Engineering services	90,000	135,800	134,605	1,165	135,770	30	85,680
Medical service and testing	10,000	10,000	2,353	-	2,353	7,647	2,948
Cell phone	2,000	2,000	1,038	-	1,038	962	1,117
Printing/publishing	1,200	1,200	-	-	-	1,200	143
Training/travel expenses	5,000	5,000	690	-	690	4,310	2,335
Street light electricity	160,000	160,000	105,567	21,599	127,166	32,834	156,204
Rentals	10,000	10,000	1,750	-	1,750	8,250	-

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Streets and alleys (continued):							
Commodities:							
Maintenance:							
Buildings	\$ 2,500	2,500	297	-	297	2,203	533
Equipment	50,000	50,000	17,922	-	17,922	32,078	43,766
Vehicles	30,000	32,600	31,201	1,300	32,501	99	20,245
Streets	75,000	75,000	15,751	(2,144)	13,607	61,393	19,903
Traffic signals	100,000	100,000	74,089	(6,318)	67,771	32,229	91,221
Tree trimming	5,000	5,000	600	-	600	4,400	-
Street control	60,000	60,000	34,901	-	34,901	25,099	29,887
Street lights	50,000	50,000	24,733	-	24,733	25,267	28,107
Operating supplies	36,000	36,000	21,512	2,940	24,452	11,548	36,037
Tools and small equipment	20,000	20,000	4,481	-	4,481	15,519	8,125
Janitorial supplies	5,000	5,000	2,125	-	2,125	2,875	2,617
Gas / oil / lubricants	75,000	75,000	53,949	3,255	57,204	17,796	48,943
Capital outlay:							
Equipment	24,500	24,500	-	-	-	24,500	25,492
Vehicles	39,000	39,000	35,063	-	35,063	3,937	34,479
Street construction	600,000	600,000	272,491	-	272,491	327,509	541,684
Bridge construction	500,000	500,000	-	-	-	500,000	-
Storm sewer construction	10,000	10,000	23	-	23	9,977	990
Sidewalk construction	45,000	45,000	15,616	-	15,616	29,384	26,626
Street signs	14,500	14,500	10,755	(6,051)	4,704	9,796	1,496
Street lighting	40,000	40,000	687	-	687	39,313	-
Communication equipment	15,000	15,000	6,295	-	6,295	8,705	6,471
Other expenditures - misc.	12,000	12,000	8,453	-	8,453	3,547	2,886
Total streets and alleys	4,091,223	4,091,223	2,561,567	6,843	2,568,410	1,522,813	2,931,480
Parks department:							
Personnel:							
Salaries:							
Parks Leadsman	82,245	82,245	67,959	3,120	71,079	11,166	71,719
Asst. Parks Leadsman	80,100	80,100	66,656	1,350	68,006	12,094	68,471
Parks Laborer	76,305	76,305	66,091	(198)	65,893	10,412	63,431
Summer Maintenance	75,000	75,000	38,865	103	38,968	36,032	57,133
Insurance:							
Health	131,112	126,612	103,460	-	103,460	23,152	112,090
Dental and vision	5,516	5,516	4,307	-	4,307	1,209	4,741
Life	1,676	1,676	1,445	-	1,445	231	1,445
Unemployment	1,000	1,000	-	-	-	1,000	-
Deferred compensation	2,800	2,800	1,850	-	1,850	950	1,850
Contractual services:							
Engineering services	25,000	25,000	-	-	-	25,000	9,409
Electricity	15,000	15,000	8,589	-	8,589	6,411	9,820
Rentals	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Building	6,000	6,000	305	-	305	5,695	146
Equipment	25,000	25,000	11,196	-	11,196	13,804	10,771
Vehicles	4,000	4,000	1,356	-	1,356	2,644	2,036
Grounds	10,000	10,000	2,317	-	2,317	7,683	1,067
Tennis courts	2,500	2,500	102	-	102	2,398	308
Baseball fields	17,000	17,000	-	-	-	17,000	8,600

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021			Budget Basis Variance with Final Budget	2020 Actual GAAP Basis
	Budgeted Amounts		Actual Amounts		Budget		
	Original	Final	GAAP Basis	Adjustments	Basis		
Parks department (continued):							
Commodities (continued):							
Operating supplies	\$ 8,000	8,000	3,185	-	3,185	4,815	1,163
Tools and small equipment	7,000	7,000	3,803	-	3,803	3,197	2,666
Janitorial supplies	3,000	3,000	698	-	698	2,302	1,430
Gas / oil / lubricants	19,000	19,000	11,159	1,274	12,433	6,567	13,722
Capital outlay:							
Park improvements	35,000	39,500	39,381	-	39,381	119	81,849
Equipment	30,000	30,000	17,403	-	17,403	12,597	20,244
Vehicles	1,000	1,000	-	-	-	1,000	-
Other expenditures - misc.	2,500	2,500	-	-	-	2,500	1,068
Total parks department	666,754	666,754	450,127	5,649	455,776	210,978	545,179
Swimming Pool:							
Personnel:							
Salaries:							
Management	29,590	29,590	25,937	(187)	25,750	3,840	25,535
Summer employees	106,000	106,000	18,125	(183)	17,942	88,058	53,432
Red cross	11,500	11,500	58	(58)	-	11,500	4,195
Contractual services:							
Engineering service	1,200	1,200	-	-	-	1,200	-
Printing/publishing	4,000	4,000	10	-	10	3,990	110
Dues/subscriptions	1,000	1,000	-	-	-	1,000	425
Gas	1,000	1,000	518	-	518	482	508
Commodities:							
Maintenance	4,000	4,000	2,747	-	2,747	1,253	4,145
Operating supplies	3,500	3,500	648	-	648	2,852	2,909
Tools and small equipment	1,200	1,200	70	-	70	1,130	155
Janitorial supplies	500	500	77	-	77	423	84
Chemicals	14,000	14,000	5,373	-	5,373	8,627	13,183
Capital outlay:							
Pool improvements	3,000	3,000	2,544	-	2,544	456	2,635
Equipment	3,000	3,000	-	-	-	3,000	1,686
Other expenditures:							
Miscellaneous	1,000	1,000	200	-	200	800	536
Concession stand	15,000	15,000	736	-	736	14,264	10,990
Total swimming pool	199,490	199,490	57,043	(428)	56,615	142,875	120,528
Senior Van:							
Personnel - salaries	16,728	16,728	11,196	(153)	11,043	5,685	6,433
Contractual - printing	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance	5,000	5,000	36	-	36	4,964	33
Gas / oil / lubricants	6,000	6,000	1,458	-	1,458	4,542	2,264
Capital outlay - vehicles	1,000	1,000	-	-	-	1,000	-
Other expenditures - misc.	1,000	1,000	-	-	-	1,000	-
Total senior van	30,728	30,728	12,690	(153)	12,537	18,191	8,730
Activity fund expenditures	-	-	126,249	-	126,249	(126,249)	-
Provision for Contingencies	100,000	100,000	27,500	-	27,500	72,500	-
Total expenditures	16,333,053	16,333,053	12,394,289	189,503	12,583,792	3,875,510	12,879,497

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			Budget Basis Variance with Final Budget	2020
	Original	Final	Actual Amounts		Actual GAAP Basis		
			GAAP Basis	Adjustments			Budget Basis
Transfers to other funds:							
Airport Development	\$ 200,000	200,000	-	-	-	200,000	-
CDAP Loan Fund	-	-	-	-	-	-	-
Police Pension	150,000	150,000	-	-	-	150,000	-
Garbage	-	-	-	-	-	-	-
Total transfers to other funds	350,000	350,000	-	-	-	350,000	-
Total General Fund	\$ 16,683,053	16,683,053	12,394,289	189,503	12,583,792	4,225,510	12,879,497
Summary by Function:							
Current:							
General government	\$ 4,349,646	4,349,646	3,174,565	307,647	3,482,212	993,683	3,500,841
Public safety	5,393,422	5,393,422	4,754,077	(130,055)	4,624,022	769,400	4,463,848
Public works	2,832,951	2,832,951	2,233,327	12,741	2,246,068	586,883	2,302,972
Culture and recreation	794,244	789,744	447,842	5,221	453,063	336,681	559,293
Employee retirement costs	1,258,390	1,258,390	1,258,390	-	1,258,390	-	1,145,680
Capital outlay	1,704,400	1,708,900	526,088	(6,051)	520,037	1,188,863	906,863
Total expenditures	16,333,053	16,333,053	12,394,289	189,503	12,583,792	3,875,510	12,879,497
Transfers to other funds	350,000	350,000	-	-	-	350,000	-
Total General Fund	\$ 16,683,053	16,683,053	12,394,289	189,503	12,583,792	4,225,510	12,879,497

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

SCHEDULE I-2

Expenses - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021		Budget Basis Variance with Final Budget	2020	
	Budgeted Amounts		Actual Amounts			Actual	
	Original	Final	GAAP Basis	Adjustments		GAAP Basis	
Administrative department:							
Personal services:							
Salaries:							
Senior Water Clerk	\$ 28,851	28,851	29,436	(1,070)	28,366	485	28,305
Water Clerk	42,277	42,277	45,051.00	(3,124)	41,927	350	40,312
Human Resources Admin.	-	-	-	-	-	-	-
Insurance:							
Health	53,887	53,887	45,302	-	45,302	8,585	45,883
Dental and vision	1,682	1,682	1,482	-	1,482	200	1,446
Life	1,118	1,268	1,244	-	1,244	24	963
Unemployment	1,000	1,000	-	-	-	1,000	-
Contractual services:							
Accounting service	35,000	35,000	14,364	-	14,364	20,636	15,350
Legal service	75,000	45,350	21,149	-	21,149	24,201	28,525
Data processing expenses	2,500	2,500	-	-	-	2,500	-
Postage and meter expense	15,000	15,000	13,607	-	13,607	1,393	9,363
Telephone and alarms	20,000	20,000	17,027	-	17,027	2,973	17,243
Cell phone	4,000	4,000	2,509	-	2,509	1,491	2,141
Printing and publishing	6,500	6,500	4,561	-	4,561	1,939	4,493
Dues and subscriptions	2,000	2,000	1,112	-	1,112	888	501
Training and travel expense	1,000	1,000	-	-	-	1,000	199
Gas	19,000	33,500	33,343	-	33,343	157	13,077
Insurance	177,500	192,500	186,437	5,967	192,404	96	178,290
Rentals	1,000	1,000	-	-	-	1,000	-
Copy machine rental	4,000	4,000	-	-	-	4,000	-
Commodities:							
Office supplies	20,000	20,000	5,622	-	5,622	14,378	11,356
Operating supplies	1,000	1,000	-	-	-	1,000	-
Capital outlay:							
Equipment	3,000	3,000	1,961	-	1,961	1,039	1,232
Computers and programs	20,000	20,000	8,775	-	8,775	11,225	11,481
Other expenses:							
Fees	4,000	4,000	32,318	-	32,318	(28,318)	32,577
Water refunds	2,000	2,000	-	-	-	2,000	-
Miscellaneous expenses	40,000	40,000	547	-	547	39,453	1,073
Total administrative department	581,315	581,315	465,847	1,773	467,620	113,695	443,810
Water department:							
Personal services:							
Salaries:							
Water foreman	93,682	93,682	92,748	809	93,557	125	92,705
Assistant foreman	83,640	83,640	83,576	(256)	83,320	320	-
Class A	269,264	124,764	79,370	484	79,854	44,910	157,792
Class B	1,000	75,500	80,443	(4,957)	75,486	14	72,915
Class C	80,086	143,886	145,201	(1,323)	143,878	8	139,416
Class D	73,737	73,737	56,571	(4,843)	51,728	22,009	(31)
Insurance:							
Health	269,950	269,950	189,995	-	189,995	79,955	188,253
Dental and vision	10,558	10,558	7,536	-	7,536	3,022	7,285
Life	3,911	3,911	3,412	-	3,412	499	3,372
VALIC - employer portion	4,000	4,000	2,050	-	2,050	1,950	2,450

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

SCHEDULE I-2
(Continued)

Expenses - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2021		Budget Basis Variance with Final Budget	2020	
	Budgeted Amounts		Actual Amounts			Actual	
	Original	Final	GAAP Basis	Adjustments		GAAP Basis	
Water department (continued):							
Contractual services:							
Engineering services	\$ 90,000	90,000	57,742	-	57,742	32,258	46,770
Medical service and supplies	1,200	1,300	1,262	-	1,262	38	162
JULIE locate service	5,000	5,000	2,111	-	2,111	2,889	1,896
Training and travel expense	9,000	9,000	983	-	983	8,017	3,135
Electricity	215,000	215,000	161,842	-	161,842	53,158	181,880
Rental equipment	12,000	12,000	315	-	315	11,685	425
Copier machine rental	2,000	2,000	1,562	-	1,562	438	1,379
Commodities:							
Maintenance:							
Equipment	35,000	35,000	20,146	-	20,146	14,854	23,105
Meters	15,000	15,000	-	-	-	15,000	6,050
Vehicles	15,000	15,000	9,463	-	9,463	5,537	12,807
WTP and building	12,000	12,000	6,817	-	6,817	5,183	2,940
Water towers	5,000	9,500	9,436	-	9,436	64	1,643
Well houses	15,000	15,000	5,970	-	5,970	9,030	5,848
Water mains	33,000	33,000	31,345	-	31,345	1,655	22,778
Pumping equipment	15,000	15,000	5,000	-	5,000	10,000	7,017
Grounds	5,000	5,000	-	-	-	5,000	-
Office supplies & equipment	3,000	3,000	141	-	141	2,859	713
Operating supplies	15,000	16,600	16,566	-	16,566	34	10,225
Tools and small equipment	15,000	15,000	1,486	-	1,486	13,514	4,106
Janitorial supplies	1,000	1,000	413	-	413	587	355
Gas / oil / lubricant	44,000	44,000	14,920	-	14,920	29,080	15,533
Chemicals	70,000	70,000	29,632	-	29,632	40,368	24,813
Sodium chloride	225,000	225,000	162,263	2,892	165,155	59,845	178,633
Print & non-print materials	28,000	28,000	-	-	-	28,000	-
Capital outlay:							
WTP improvements	15,000	15,000	-	-	-	15,000	-
Equipment	32,000	32,000	-	-	-	32,000	-
Meters	320,000	320,000	230,675	2,286	232,961	87,039	213,466
Valves and hydrants	30,000	30,000	19,982	-	19,982	10,018	7,568
Hydra-stop equipment	8,000	8,000	5,232	-	5,232	2,768	353
Pumping equipment	15,000	15,000	-	-	-	15,000	-
Vehicles	35,756	35,756	35,063	-	35,063	693	-
Water main extensions	590,000	590,000	5,384	7,719	13,103	576,897	387,182
Water well construction	20,000	20,000	1,000	-	1,000	19,000	32,370
Water system control	1,500	1,500	-	-	-	1,500	-
Water towers	5,000	5,000	-	-	-	5,000	17,450
Furniture	1,000	1,000	-	-	-	1,000	-
Other expenses:							
Water analysis	13,000	13,000	5,526	-	5,526	7,474	5,097
Miscellaneous expenses	4,000	4,000	510	-	510	3,490	421
Total water department	2,865,284	2,865,284	1,583,689	2,811	1,586,500	1,278,784	1,880,277

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

SCHEDULE I-2
(Continued)

Expenses - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	2021		2020		Budget Basis Variance with Final Budget	Actual GAAP Basis	
	Budgeted Amounts		Actual Amounts				
	Original	Final	GAAP Basis	Budget Basis			
Sewer department:							
Contractual services:							
Engineering services	\$ 250,000	468,000	446,539	21,305	467,844	156	187,133
Rental equipment	1,000	1,000	-	-	-	1,000	-
Commodities:							
Maintenance:							
Equipment	5,000	5,000	-	-	-	5,000	-
Sewer machine	10,000	10,000	1,531	-	1,531	8,469	2,250
Lift stations	22,000	22,000	11,823	-	11,823	10,177	18,480
Sewer mains	70,000	5,000	550	-	550	4,450	20,100
Capital outlay:							
Equipment	1,000	1,000	-	-	-	1,000	-
Manholes and grates	50,000	20,000	-	-	-	20,000	-
Sewer extensions	1,895,000	2,070,000	-	2,068,166	2,068,166	1,834	20,000
Lift stations	300,000	2,000	-	-	-	2,000	283,167
Other expenses	5,000	5,000	-	-	-	5,000	9
Total sewer department	2,609,000	2,609,000	460,443	2,089,471	2,549,914	59,086	531,139
Sewer treatment department:							
Personal services:							
Salaries:							
Operator	91,879	91,879	80,372	11,358	91,730	149	90,209
Operator 1	89,755	89,755	92,042	(8,782)	83,260	6,495	81,984
Lab assistant T4	166,525	166,525	146,341	199	146,540	19,985	147,301
Lab assistant T	68,650	68,650	55,602	4,411	60,013	8,637	66,675
Summer maintenance	21,060	21,060	4,020	-	4,020	17,040	4,365
Insurance:							
Health	202,163	202,163	174,993	-	174,993	27,170	172,651
Dental and vision	7,932	7,932	7,052	-	7,052	880	6,818
Life	2,794	2,794	2,408	-	2,408	386	2,408
VALIC - employer portion	4,500	4,500	3,050	-	3,050	1,450	2,850
Contractual services:							
Engineering services	56,000	56,000	7,263	-	7,263	48,737	3,032
Engineering - NE STP	6,000	6,000	-	-	-	6,000	-
Medical service & supplies	1,500	1,500	347	-	347	1,153	132
Training/travel expense	1,000	1,000	-	-	-	1,000	297
Electricity - central	130,000	130,000	93,394	-	93,394	36,606	112,438
Electricity - NE STP	160,000	160,000	110,464	-	110,464	49,536	129,453
Sludge disposal expense	100,000	100,000	88,966	(42,235)	46,731	53,269	48,375
Copier machine rental	1,000	1,000	419	-	419	581	452
Commodities:							
Maintenance:							
Equipment	30,000	30,000	13,742	-	13,742	16,258	26,495
Vehicles	15,000	15,000	1,655	-	1,655	13,345	7,935
STP	15,000	15,000	9,060	-	9,060	5,940	2,539
Grounds	4,000	4,000	43	-	43	3,957	-
Office supplies and equip.	5,000	5,000	195	-	195	4,805	307
Operating supplies	8,000	8,000	772	-	772	7,228	2,641
Lab testing samples	25,000	25,000	18,516	-	18,516	6,484	15,175
Tools and small equipment	6,000	6,000	604	-	604	5,396	1,357
Janitorial supplies	1,000	1,000	676	-	676	324	778
Gasoline/diesel/oil/lubricants	15,000	15,000	7,583	-	7,583	7,417	9,230
Chemicals	7,000	7,000	2,932	-	2,932	4,068	2,278

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

SCHEDULE I-2
(Continued)

Expenses - Budget and Actual
Year Ended April 30, 2021
(With Comparative Figures for the Year Ended April 30, 2020)

	Budgeted Amounts		2021			Budget Basis	2020
	Original	Final	Actual Amounts		Budget Basis	Variance with Final Budget	Actual GAAP Basis
			GAAP Basis	Adjustments			
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	1,000	1,000	-	-	-	1,000	289
Other expenses:							
IEPA/NPDES fees	110,000	110,000	34,543	-	34,543	75,457	31,000
Miscellaneous expenses	1,000	1,000	-	-	-	1,000	620
Total sewer treatment	<u>1,361,758</u>	<u>1,361,758</u>	<u>957,054</u>	<u>(35,049)</u>	<u>922,005</u>	<u>439,753</u>	<u>970,084</u>
Depreciation expense	-	-	1,028,227	(1,028,227)	-	-	973,465
Provision for Contingencies	<u>100,000</u>	<u>100,000</u>	-	-	-	100,000	-
Total expenses	<u>7,517,357</u>	<u>7,517,357</u>	<u>4,495,260</u>	<u>1,030,779</u>	<u>5,526,039</u>	<u>1,991,318</u>	<u>4,798,775</u>
Transfers:							
To Revenue Bond & Interest	541,500	541,500	530,000	-	530,000	11,500	536,933
To Capital Improvements	10,000	10,000	10,000	-	10,000	-	10,000
Total transfers	<u>551,500</u>	<u>551,500</u>	<u>540,000</u>	<u>-</u>	<u>540,000</u>	<u>11,500</u>	<u>546,933</u>
Total Operations & Maintenance	<u>\$ 8,068,857</u>	<u>8,068,857</u>	<u>5,035,260</u>	<u>1,030,779</u>	<u>6,066,039</u>	<u>2,002,818</u>	<u>5,345,708</u>
Summary by Function:							
Operating expenses:							
Personal services	\$ 1,673,901	1,667,851	1,429,297	(7,094)	1,422,203	245,648	1,356,327
Contractual services	1,403,200	1,621,150	1,267,318	(14,963)	1,252,355	368,795	986,141
Commodities	810,000	751,100	388,902	2,892	391,794	359,306	437,487
Capital outlay	3,351,256	3,198,256	308,072	2,078,171	2,386,243	812,013	974,558
Depreciation	-	-	1,028,227	(1,028,227)	-	-	973,465
Other expenses	279,000	279,000	73,444	-	73,444	205,556	70,797
Total operating expenses	<u>7,517,357</u>	<u>7,517,357</u>	<u>4,495,260</u>	<u>1,030,779</u>	<u>5,526,039</u>	<u>1,991,318</u>	<u>4,798,775</u>
Transfers to other accounts	<u>551,500</u>	<u>551,500</u>	<u>540,000</u>	<u>-</u>	<u>540,000</u>	<u>11,500</u>	<u>546,933</u>
Total Operations & Maintenance	<u>\$ 8,068,857</u>	<u>8,068,857</u>	<u>5,035,260</u>	<u>1,030,779</u>	<u>6,066,039</u>	<u>2,002,818</u>	<u>5,345,708</u>

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

City of Morris	Tax Year				
	2015	2016	2018	2019	2020
Assessed valuations	\$ 283,037,021	284,942,500	329,474,997	344,806,898	344,712,482
Tax rates:					
General Corporate	0.0462	0.0462	0.0605	0.0904	0.0843
Police Pension	0.3834	0.4010	0.3702	0.3650	0.3784
Municipal Retirement	0.1205	0.1081	0.1008	0.0900	0.0949
Social Security	0.0816	0.0916	0.1027	0.1059	0.0863
Police Protection	0.0159	0.0158	0.0228	0.0218	0.0218
Totals	0.6476	0.6627	0.6570	0.6730	0.6656
Tax extensions:					
General Corporate	\$ 130,710	131,350	199,398	311,602	290,420
Police Pension	1,083,231	1,140,376	1,219,585	1,258,407	1,304,323
Municipal Retirement	340,422	307,403	332,012	310,257	327,236
Social Security	230,322	260,510	338,502	365,254	297,521
Police Protection	44,926	44,930	74,989	74,996	75,009
Total	1,829,611	1,884,569	2,164,486	2,320,516	2,294,510
Plus: Road & Bridge	80,574	80,725	61,055	65,561	47,019
Total Extensions	\$ 1,910,185	1,965,294	2,225,541	2,386,077	2,341,529
Tax Collections	\$ 1,912,745	1,942,505	2,166,144	2,252,466	-

TIF I:	Tax Year		
	2018	2019	2020
Assessed valuation	\$ 63,839,338	67,494,734	66,992,697
Tax rate	0.65695	0.67299	0.652
Tax Extension	\$ 5,022,601	5,295,548	5,272,692
Tax Collections	\$ 5,015,488	5,282,663	-

Marina TIF:	Tax Year		
	2018	2019	2020
Assessed valuation	\$ 175,390	210,755	306,582
Tax rate	0.65695	0.67299	0.652
Tax Extension	\$ 14,085	10,257	24,672
Tax Collections	\$ 13,085	15,835	-

OTHER REQUIRED REPORTING



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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, 2021, and the related notes to the financial statements, which collectively comprise City of Morris, Illinois' basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of City of Morris, Illinois, in a separate letter dated November 15, 2021.

Purpose of this Report

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

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 15, 2021



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with the Illinois Tax Increment Allocation Redevelopment Act

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Morris, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

We have also audited the City of Morris, Illinois' compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142).

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the City of Morris, Illinois' Tax Increment Financing District.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) based on our audit.

We conducted our audit of compliance 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 noncompliance with subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1145) has occurred. An audit includes examining, on a test basis, evidence about the City of Morris, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142). However, our audit does not provide a legal determination of the City of Morris, Illinois' compliance.

Opinion

In our opinion, the City of Morris, Illinois complied, in all material respects, with the compliance requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) for the year ended April 30, 2021.

This report is intended for the information and use of the Mayor and members of the City Council, management, and the State of Illinois and is not intended to be and should not be used by anyone other than these specified parties.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 15, 2021

SINGLE AUDIT SECTION



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Chairman and Members of the Board

City of Morris, Illinois

Report on Compliance for Each Major Federal Program

We have audited City of Morris, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Morris, Illinois' major federal programs for the year ended April 30, 2021. City of Morris, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Morris, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Morris, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Morris, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Morris, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2021.

Report on Internal Control Over Compliance

Management of the City of Morris, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Morris, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Morris, Illinois' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 15, 2021

CITY OF MORRIS, ILLINOIS

Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2021

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Treasury</u>			
Passed through State of Illinois			
CARES	21.019	20-494645	\$ 562,526
CARES - Airport Improvement	20.106	3-17-SBGP-164	<u>30,000</u>
Total Coronavirus Relief Fund			<u>592,526</u>
<u>U.S. Department of Transportation</u>			
HIDTA Grant	95.001		32,184
Airport PAPIs	20.106	3-17-SBGP-120N	<u>2,112</u>
<u>U.S. Executive Office of the President</u>			
Bullet Proof Vests	16.607		<u>976</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant (M)	14.228	18-248372	<u>1,139,200</u>
Total Expenditures of Federal Awards			<u>\$ 1,766,998</u>

(M) Denoted as Major Program

CITY OF MORRIS, ILLINOIS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal grants of City of Morris, Illinois, under programs of the federal government for the year ended April 30, 2021. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies are included on the schedule. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards. Because the schedule presents only a selected portion of the operations of City of Morris, Illinois, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Morris, Illinois.

The City of Morris reporting entity is defined in the Summary of Significant Accounting Policies (Note 1) of the City's basic financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 2: INDIRECT FACILITIES & ADMINISTRATION COSTS

City of Morris, Illinois elected not to use the 10% de minimis cost rate.

NOTE 3: SUB-RECIPIENT PAYMENTS

City of Morris, Illinois provided no awards to sub-recipients during the fiscal year ended April 30, 2021.

NOTE 4: OTHER DISCLOSURES

The City did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees.

CITY OF MORRIS, ILLINOIS

Summary of Findings and Questioned Costs For the Year Ended April 30, 2021

A. SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of City of Morris, Illinois.
2. No material weaknesses or significant deficiencies relating to the audit of the City's financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Morris, Illinois were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the City of Morris, Illinois expresses an unmodified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the City of Morris, Illinois are reported in Part B of this Schedule.
7. The major program tested was the Community Development Block Grant - CFDA #14.228.
8. Total federal expenditures for the fiscal year ended April 30, 2021 were \$1,766,998, and major programs tested represented 64.47% of that total.
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. City of Morris, Illinois was not determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2021

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

We consider the deficiencies in internal control described below to be significant deficiencies:

2021-01: 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 Questioned Costs
For the Year Ended April 30, 2021

B. FINDINGS - FINANCIAL STATEMENTS AUDIT – (Continued)

2021-02: 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 Questioned Costs
For the Year Ended April 30, 2021

B. FINDINGS - FINANCIAL STATEMENTS AUDIT – (Continued)

2021-03: 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.

CITY OF MORRIS, ILLINOIS

**Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2021**

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

None

CITY OF MORRIS, ILLINOIS

**Summary of Prior Audit Findings
For the Year Ended April 30, 2021**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None reported.