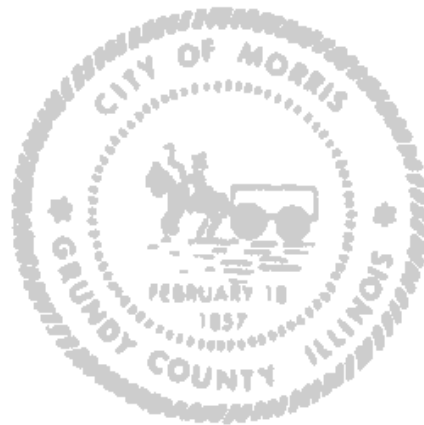
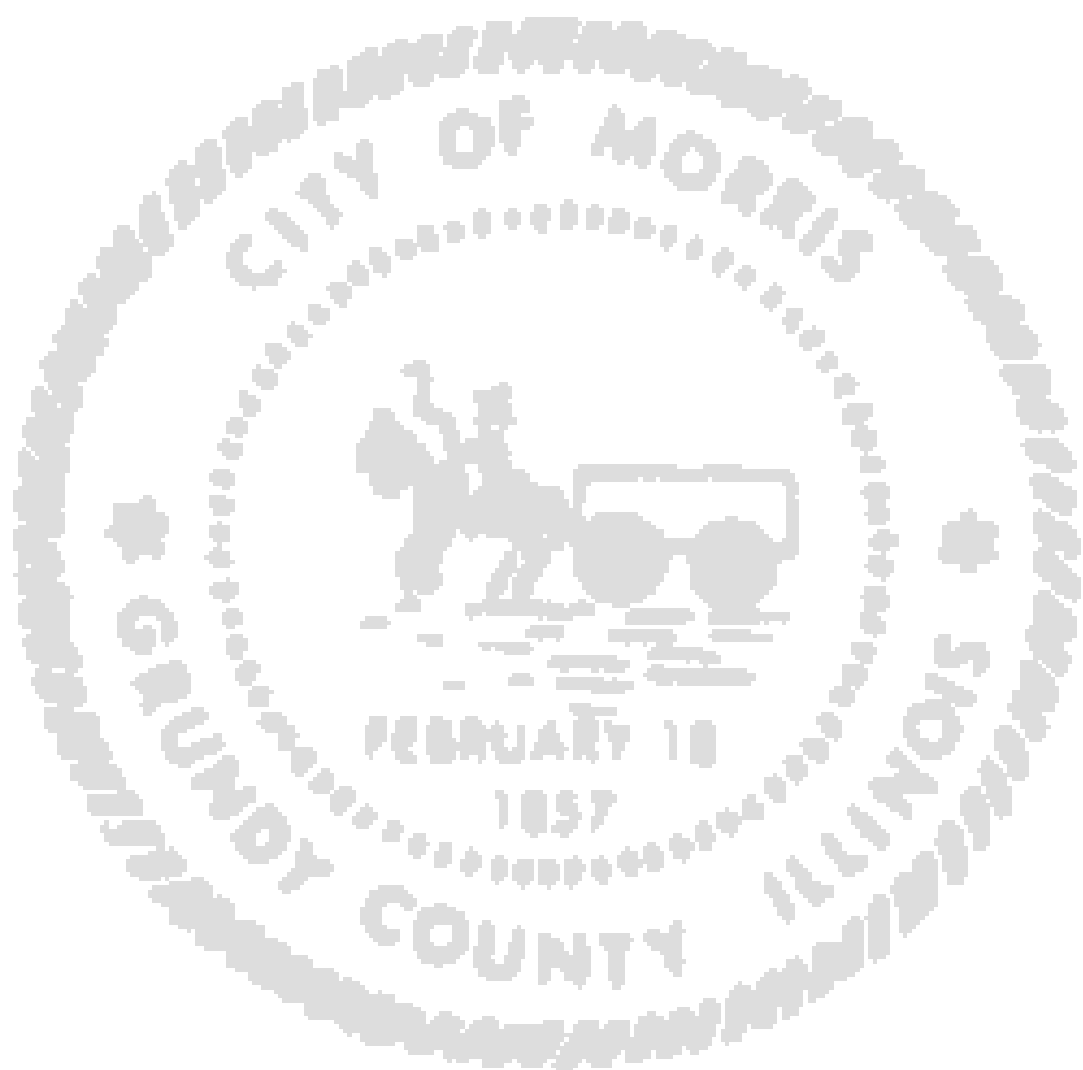


CITY OF MORRIS, ILLINOIS
Annual Financial Report
For the Fiscal Year Ended April 30, 2017





CITY OF MORRIS, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of April 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 16 to the financial statements, the City has restated current year beginning balances to reflect the correction of an error in the prior year financial statements. I did not modify my opinions regarding this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 8, 2017 on my consideration of the City of Morris, Illinois' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morris, Illinois' internal control over financial reporting and compliance.

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

Coal City, Illinois
August 21, 2017

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis April 30, 2017

Introduction

This narrative overview and analysis of the financial activities of the City of Morris, Illinois (the "City"), is intended to provide an overview of the City's financial performance as a whole for the fiscal year ended April 30, 2017. Readers are encouraged to consider the information presented here in conjunction with the additional information found in the financial statements and notes to financial statements to enhance their understanding of the City's overall financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,835,995 (net position). Of this amount, \$2,201,325 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$ 1,117,865 (1.51%) for the fiscal year ended April 30, 2017. Of this amount, the governmental net position decreased by \$ 823,447 (2.11%) and the business-type net position decreased by \$294,418 (0.84%). The governmental-type net position decreased primarily due to steady revenues being offset by increased expenditures for public safety and general government. The business-type net position decreased primarily due to airport operations which are currently unable to be self-sustaining.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,466,652, a decrease of \$1,243,598 (6.31%) in comparison with the prior fiscal year. The decrease is entirely due to the expenditure of TIF funds for the expansion of the east-side sewer treatment plant to accommodate a large expansion in Costco operations. Approximately 50.19% of the total fund balance, \$9,268,497, was unassigned and available for spending at the City's discretion.
- The City's total long-term debt decreased by \$508,437 during the current fiscal year due to scheduled payments on bond issues and capital leases.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Financing Fund I, and Marina Tax Increment Financing Fund, which are considered to be major funds. Financial information for the other nine governmental funds is combined into a single, aggregated presentation called non-major governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements elsewhere in this report.

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

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

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

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

Notes to Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,835,995 at the close of the most recent fiscal year.

Approximately 83% of the City’s net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related outstanding debt. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City’s investment in its 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.

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

CITY OF MORRIS, ILLINOIS

Net Position

	Governmental activities		Business-type activities		Total	
	(Restated)				(Restated)	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 26,505,783	27,353,037	8,117,903	11,141,425	34,623,686	38,494,462
Capital assets	34,426,663	34,012,659	32,085,551	29,762,163	66,512,214	63,774,822
Total assets	<u>60,932,446</u>	<u>61,365,696</u>	<u>40,203,454</u>	<u>40,903,588</u>	<u>101,135,900</u>	<u>102,269,284</u>
Deferred outflows	4,598,946	2,209,952	407,264	449,712	5,006,210	2,659,664
Current liabilities	835,117	685,702	943,118	866,313	1,778,235	1,552,015
Noncurrent liabilities	19,320,782	17,520,813	4,999,360	5,524,329	24,320,142	23,045,142
Total liabilities	<u>20,155,899</u>	<u>18,206,515</u>	<u>5,942,478</u>	<u>6,390,642</u>	<u>26,098,377</u>	<u>24,597,157</u>
Deferred inflows	7,207,738	6,377,931	-	-	7,207,738	6,377,931
Net position:						
Net investment in capital assets	34,426,663	34,012,659	25,988,812	23,199,435	60,415,475	57,212,094
Restricted	9,198,155	10,208,611	1,021,040	1,552,366	10,219,195	11,760,977
Unrestricted	(5,457,063)	(5,230,068)	7,658,388	10,210,857	2,201,325	4,980,789
Total net position	<u>\$ 38,167,755</u>	<u>38,991,202</u>	<u>34,668,240</u>	<u>34,962,658</u>	<u>72,835,995</u>	<u>73,953,860</u>

A portion of net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position \$2,201,325 and may be used to meet the City's ongoing obligations to its citizens and creditors.

Due to the implementation of GASB 68 and the recording of net pension liability beginning as of April 30, 2016, the City's unrestricted net position on April 30, 2017 was only approximately \$2.2 million. As the net pension liability will likely remain a long-term liability for several decades, unrestricted net position is expected to remain at low levels for quite some time.

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

CITY OF MORRIS, ILLINOIS

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	(Restated)				(Restated)	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program revenues :						
Charges for services	\$ 486,839	696,112	5,485,251	6,293,654	5,972,090	6,989,766
Operating grants and contributions	314,180	287,395	-	-	314,180	287,395
Capital grants and contributions	450,520	390,957	19,318	132,428	469,838	523,385
General revenues:						
Property taxes	6,167,944	5,801,977	-	-	6,167,944	5,801,977
Sales and use taxes	5,426,211	4,935,883	-	-	5,426,211	4,935,883
Other taxes	300,653	409,883	-	-	300,653	409,883
Intergovernmental revenue	1,686,412	1,744,695	-	-	1,686,412	1,744,695
Franchise fees	202,242	195,706	-	-	202,242	195,706
Interest on investments	27,611	27,093	5,753	5,745	33,364	32,838
Other income	153,752	26,784	-	-	153,752	26,784
Total revenues	<u>15,216,364</u>	<u>14,516,485</u>	<u>5,510,322</u>	<u>6,431,827</u>	<u>20,726,686</u>	<u>20,948,312</u>

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

	Governmental activities		Business-type activities		Total	
	2017	(Restated) 2016	2017	2016	2017	(Restated) 2016
<u>Expenses</u>						
Program activities :						
Governmental activities:						
General government	\$ 3,753,756	3,382,435	-	-	3,753,756	3,382,435
Public safety	3,328,746	3,117,131	-	-	3,328,746	3,117,131
Transportation and public service	4,217,795	4,472,459	-	-	4,217,795	4,472,459
Culture and recreation	914,085	706,815	-	-	914,085	706,815
Environment	196,442	483,618	-	-	196,442	483,618
Community development	2,186,127	2,075,285	-	-	2,186,127	2,075,285
Employee retirement costs	1,342,860	1,863,671	-	-	1,342,860	1,863,671
Business-type activities:						
Water and sewer	-	-	3,932,642	3,755,028	3,932,642	3,755,028
Airport operations	-	-	889,934	931,164	889,934	931,164
Garbage collection & disposal	-	-	1,082,164	1,092,245	1,082,164	1,092,245
Total expenses	<u>15,939,811</u>	<u>16,101,414</u>	<u>5,904,740</u>	<u>5,778,437</u>	<u>21,844,551</u>	<u>21,879,851</u>
Change before transfers	(723,447)	(1,584,929)	(394,418)	653,390	(1,117,865)	(931,539)
Transfers	(100,000)	-	100,000	-	-	-
Change in net position	<u>(823,447)</u>	<u>(1,584,929)</u>	<u>(294,418)</u>	<u>653,390</u>	<u>(1,117,865)</u>	<u>(931,539)</u>
Net position-beginning	<u>38,991,202</u>	<u>40,576,131</u>	<u>34,962,658</u>	<u>34,309,268</u>	<u>73,953,860</u>	<u>74,885,399</u>
Net position-ending	<u>\$ 38,167,755</u>	<u>38,991,202</u>	<u>34,668,240</u>	<u>34,962,658</u>	<u>72,835,995</u>	<u>73,953,860</u>

Key components of the changes are detailed as follows:

Governmental Activities

Governmental activities decreased the City's net position by \$823,447. The current year decrease represents a considerable improvement compared to the prior year's decrease of \$1,584,929 as explained below.

The City's total governmental revenues increased by \$699,879 over the prior year. Most of the increase in the amount of \$490,328 is due to additional sales and use tax revenue resulting from the current economic recovery. Much of the remainder of the increase is due to additional property taxes statutorily required to meet funding requirements of the police pension fund.

Expenses decreased by \$161,603 from the prior fiscal year. The decrease is primarily attributable to decreased expenditures for environmental programs as well as decreased costs for employee pensions.

Business-type Activities

Business-type activities decreased the City's net position by \$294,418. The current year decrease represents a considerable decline over prior year's increase of \$653,390 as explained below.

The City provides garbage collection and disposal, airport facilities, and water and sewer treatment to all residents. The City's total business-type revenues decreased by \$921,505 from the prior year. Most of the decrease is due to receiving only \$2,659 for infrastructure fee revenue during the current fiscal year. In the prior year, \$963,212 was received for infrastructure fees related to the Costco expansion.

Expenses increased by \$126,303 over the prior fiscal year. The relatively stable nature of expenses in this area is due to general increased expenses in the water and sewer fund, while airport and garbage-related expenses have remained relatively consistent.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,466,652, a decrease of \$1,243,598 from the prior year. \$9,268,497 or 50.19% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance of \$9,198,155 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

A discussion of several important governmental funds follows:

General Fund – The General Fund represents the primary operating fund of the City. It accounts for all financial resources, except those to be accounted for in another fund. The General Fund revenues increased by \$371,164 mainly due to additional sales/use tax revenues.

On the expenditure side, the increase over the prior fiscal year was \$470,338. The increase cannot be attributed to any specific area. Although costs connected with the hiring of additional personnel, annual pay increases, health insurance, general insurance and pension costs continue to rise, the City continues to look to other areas to hold the line on spending.

Tax Increment Financing Fund I – The Tax Increment Financing Fund I represents a specific taxing district funded by local property taxes. Current year revenues show a modest increase of \$85,966. Property tax revenues have begun to recover, actually increasing by \$280,719. Much of this increase was offset by less additional income resulting from the early payoff of a local TIF loan in the prior year.

Expenditures fell by \$716,746 from the prior fiscal year. A major use of funds was due to an agreement requiring the City to reimburse local taxing districts for 50% of tax increment financing property taxes totaling \$2,158,787. Other major expenditures for the year consisted of \$414,858 for expenses related to the purchase of emergency generators, and \$234,420 for sewer easement improvements. Expenditures decreased from the prior year primarily due to a general decrease in capital outlays and a \$650,000 decrease in loan/grant distributions during the current fiscal year. The City transferred \$2,000,000 from TIF I to the Marina TIF during the year.

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

Expenditures increased by \$1,245,174 over the prior fiscal year. The entire increase is due to expenditures for the expansion of the east-side sewer treatment plant located in the District to accommodate a large expansion in Costco operations and any future marina development.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position was \$203,808 for the Garbage Fund, \$7,058,370 for the Water and Sewer Fund, and \$396,210 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported a decrease in net position of \$294,418 from the prior year. Of the decrease, \$127,467 came from the Water and Sewer Fund, while the Garbage Fund increased by \$27,380 and the Airport fund decreased by \$194,331. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues decreased by \$895,620. The only item of relevance is a reduction of infrastructure fee revenue from the prior year in the amount of \$989,087. Expenses increased by \$177,614 due to general cost increases throughout the various functions of the fund.

Airport Fund – The Airport Fund revenues decreased by \$32,503. Most of this decrease is related to a decrease in grant income of \$113,110 as airport projects were completed. The decrease was somewhat offset by the receipt of \$74,000 in insurance proceeds for lighting damage to runway lighting. Expenses decreased \$41,230 from the prior year. A majority of the decrease was related to less engineering fees, as projects were completed during the fiscal year. Profit on fuel sales increased by \$10,311 because the fuel price fee was actively managed to take advantage of the falling price environment.

Garbage Fund – Garbage fee income of \$1,109,416 exceeded garbage disposal costs of \$1,080,066 by \$29,350. 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 2017 fiscal year budget was adopted on April 18, 2016. The comparison of General Fund original budget to the final budget is on pages 64-65 and 101-106. Over the course of the year, the Budget Officer and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. No budget amendments occurred during the current fiscal year.

General Fund revenues were \$556,829 above budget estimates due primarily to a combination of slightly higher than expected sales tax revenue (\$475,881), developer reimbursements (\$59,134) and higher than expected host benefit fees (\$68,012) due to the anticipated closure, which did not occur until after the fiscal year was under way.

General Fund expenditures were \$2,128,319 under budget estimates mainly due to including anticipated expenditures that did not materialize in the areas of engineering fees, contingencies, capital outlay, and health insurance-related expenses. Several budget line item transfers were made by the Budget Officer during the year within individual departments. Most were not significant in amount, therefore only two significant transfers are explained in the following paragraphs.

In the Administration Department, the health insurance line item was reduced by \$12,000 to allow for an unanticipated increase in the legal fees line item, due to Costco annexation issues and various CDAP loan issues. In the Police Department, the patrolpersons line item was reduced by \$15,000 to allow for an increase in the part-time patrolpersons line item to cover a shortfall due to officer retirements during the year.

Capital Assets and Debt Administration

Capital Assets – The City’s investments in capital assets including land, buildings, infrastructure, vehicles and equipment amounts to \$66,512,214 at April 30, 2017. The City has elected to depreciate these assets over their useful lives and amounts are reported net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of depreciable assets for the year.

Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,222,388	6,088,388.00	5,546,795	5,546,795	11,769,183	11,635,183
Construction in progress	1,722,111	109,392	3,433,559	-	5,155,670	109,392
Land improvements	2,143,295	2,268,629	21,880	24,797	2,165,175	2,293,426
Buildings & improvements	8,345,531	8,549,378	1,661,182	1,708,776	10,006,713	10,258,154
Machinery & equipment	1,044,398	562,814	330,730	255,145	1,375,128	817,959
Vehicles	851,418	861,731	88,059	74,894	939,477	936,625
Infrastructure	14,097,522	15,572,327	21,003,346	22,151,756	35,100,868	37,724,083
Total	<u>\$ 34,426,663</u>	<u>34,012,659.00</u>	<u>32,085,551</u>	<u>29,762,163</u>	<u>66,512,214</u>	<u>63,774,822</u>

Net capital assets increased by \$2,737,392 for the 2017 fiscal year. The City expended available resources to acquire \$6,034,927 in capital asset additions during the year. These additions were reduced by the current year's depreciation expense of \$3,297,535. (Additional information on the City's capital assets is presented in the notes to the basic financial statements). The additions to capital assets were primarily for construction on the EPA mandated sanitary sewer/CSO sewer outflow elimination project in the amount of \$3,142,470, construction on the expansion of the east-side sewer treatment plant for \$1,869,083, as well as the purchase of emergency generators in the amount of \$518,644. Other assets added include the purchase of vehicles, land, and equipment for \$504,730.

Long-term Debt - At April 30, 2017, the City had total net debt outstanding of \$5,504,003, including the present value of future minimum capital lease payments on airport hangars for \$638,047, and the remaining balance due on the 2012 alternate revenue bond issue of \$4,865,956.

Outstanding Debt at Year-end Bonds and Capital Leases Payable

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Refunding Bonds Alternate Revenue Source (incl. premium)	\$ -	-	4,865,956	5,302,309	4,865,956	5,302,309
Capital leases	-	-	638,047	710,131	638,047	710,131
Total	<u>\$ -</u>	<u>-</u>	<u>5,504,003</u>	<u>6,012,440</u>	<u>5,504,003</u>	<u>6,012,440</u>

Total outstanding debt decreased by \$508,437 during the fiscal year. The decrease was a result of the normal schedule of payments on existing debt. Additional information on the City's long-term debt is presented in the notes to the basic financial statements.

Economic Factors and Next Year's Budget

Following are currently known City of Morris, Illinois economic factors considered in going into the 2017-2018 fiscal year.

- The City's assessed value increased by 6.17% during the current fiscal year after increasing by 4.25% in the prior year. Assessed valuation figures have now recovered to those computed in 2011. According to the Supervisor of Assessments, the growth will likely continue in the next couple of years. This growth should be reflected as increased assessed valuations in the coming years. The City's share of state sales tax, which represents the largest portion of General Fund revenue, had experienced declines in recent years. The trend now also appears to be on the upswing for sales tax revenue.
- The City will continue work on an EPA mandated sanitary sewer/CSO project during future fiscal years, with the current estimated completion date of all phases to be the fiscal year ended April 30, 2021. This sanitary sewer outflow elimination project consists of a total of four phases. Phase I was completed during the prior fiscal year. Currently, the City is in the process of construction on Phase II, but it will not be completed until the next fiscal year. Phases III and IV are expected to incur future costs of approximately \$4,726,640. By continually improving and developing this infrastructure, a positive impact upon economic growth is expected, as new businesses are attracted to the area.
- The City has awarded the contract for the east side wastewater treatment plant expansion project to Leander Construction, Inc. in the amount of \$2,056,900.00. The completion of this project is expected to be no later than June 30, 2017 and is primarily being done to accommodate Costco's meat packing plant expansion. The expansion of the east side wastewater treatment plant will not only allow for Costco's current meat packing plant expansion, but will also allow Costco to make another expansion and still have capacity for other additional future development.
- The local Environtech landfill has reached capacity during the current fiscal year. Upon reaching capacity, the City no longer receives gate revenue or solid waste fees. In addition, waste collection fees assessed to the City will increase, as the waste will have to be hauled to other destinations at further distances

REQUESTS FOR INFORMATION

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,263,998	8,921,008	24,185,006
Receivables (net of allowance for uncollectibles):			
Property taxes	6,441,000	-	6,441,000
Sales and use taxes	1,339,454	-	1,339,454
Income taxes and replacement taxes	408,062	-	408,062
Other taxes and fees	157,822	-	157,822
Customer fees	-	163,033	163,033
Internal balances	1,000,000	(1,000,000)	-
Inventory	-	33,862	33,862
Restricted cash and cash equivalents	1,132,433	-	1,132,433
Notes receivable	763,014	-	763,014
Capital assets:			
Land	6,222,388	5,546,795	11,769,183
Construction in progress	1,722,111	3,433,559	5,155,670
Other capital assets, net of depreciation	26,482,164	23,105,197	49,587,361
 Total assets	 <u>60,932,446</u>	 <u>40,203,454</u>	 <u>101,135,900</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions - police pension	3,824,036	-	3,824,036
Deferred outflows related to pensions - IMRF	774,910	-	774,910
Deferred charge on refunding	-	407,264	407,264
 Total deferred outflows of resources	 <u>4,598,946</u>	 <u>407,264</u>	 <u>5,006,210</u>
Liabilities			
Accounts payable and accrued expenses	360,141	315,696	675,837
Noncurrent liabilities:			
Due within one year	474,976	627,422	1,102,398
Due in more than one year	6,420,285	4,999,360	11,419,645
Net pension liability-police pension	11,151,785	-	11,151,785
Net pension liability-IMRF	1,748,712	-	1,748,712
 Total liabilities	 <u>20,155,899</u>	 <u>5,942,478</u>	 <u>26,098,377</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	6,441,000	-	6,441,000
Deferred inflows related to pensions - police pension	206,164	-	206,164
Deferred inflows related to pensions - IMRF	560,574	-	560,574
 Total deferred inflows of resources	 <u>7,207,738</u>	 <u>-</u>	 <u>7,207,738</u>
Net Position			
Net investment in capital assets	34,426,663	25,988,812	60,415,475
Restricted	9,198,155	1,021,040	10,219,195
Unrestricted (deficit)	(5,457,063)	7,658,388	2,201,325
 Total net position	 <u>\$ 38,167,755</u>	 <u>34,668,240</u>	 <u>72,835,995</u>

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

**CITY OF MORRIS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,753,756	117,339	46,984	11,098	(3,578,335)	-	(3,578,335)
Employee retirement costs	1,342,860	-	-	-	(1,342,860)	-	(1,342,860)
Public safety	3,328,746	204,821	95,692	12,680	(3,015,553)	-	(3,015,553)
Transportation & public service	4,217,795	1,043	-	419,515	(3,797,237)	-	(3,797,237)
Culture & recreation	914,085	91,855	6,145	7,227	(808,858)	-	(808,858)
Environment	196,442	41,906	-	-	(154,536)	-	(154,536)
Community development	2,186,127	29,875	165,359	-	(1,990,893)	-	(1,990,893)
Total governmental activities	<u>15,939,811</u>	<u>486,839</u>	<u>314,180</u>	<u>450,520</u>	<u>(14,688,272)</u>	<u>-</u>	<u>(14,688,272)</u>
Business-type activities:							
Water and sewer	3,932,642	3,799,695	-	-	-	(132,947)	(132,947)
Airport operations	889,934	576,140	-	19,318	-	(294,476)	(294,476)
Garbage collection and disposal	1,082,164	1,109,416	-	-	-	27,252	27,252
Total business-type activities	<u>5,904,740</u>	<u>5,485,251</u>	<u>-</u>	<u>19,318</u>	<u>-</u>	<u>(400,171)</u>	<u>(400,171)</u>
Total government	<u>\$ 21,844,551</u>	<u>5,972,090</u>	<u>314,180</u>	<u>469,838</u>	<u>(14,688,272)</u>	<u>(400,171)</u>	<u>(15,088,443)</u>
General revenues:							
Taxes:							
Property taxes							
					6,167,944	-	6,167,944
Municipal sales tax							
					5,426,211	-	5,426,211
Other taxes							
					300,653	-	300,653
Intergovernmental revenue not restricted							
to specific programs							
					1,686,412	-	1,686,412
Franchise fees							
					202,242	-	202,242
Interest on investments							
					27,611	5,753	33,364
Miscellaneous							
					153,752	-	153,752
Transfers							
					(100,000)	100,000	-
Total general revenues and transfers							
					<u>13,864,825</u>	<u>105,753</u>	<u>13,970,578</u>
Change in net position							
					(823,447)	(294,418)	(1,117,865)
Net position-beginning (restated)							
					<u>38,991,202</u>	<u>34,962,658</u>	<u>73,953,860</u>
Net position-ending							
					<u>\$ 38,167,755</u>	<u>34,668,240</u>	<u>72,835,995</u>

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

CITY OF MORRIS, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2017

	General Fund	Tax Increment Financing Fund I	Marina Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,953,532	4,925,974	298,041	3,086,451	15,263,998
Receivables:					
Property taxes	1,255,000	4,616,000	-	570,000	6,441,000
Sales & use taxes	1,339,454	-	-	-	1,339,454
Income & replacement taxes	408,062	-	-	-	408,062
Other taxes & fees	96,758	-	-	61,064	157,822
Due from other funds	1,000,000	-	-	-	1,000,000
Restricted cash and cash equivalents	-	-	-	1,132,433	1,132,433
Notes receivable	-	609,887	-	153,127	763,014
Total assets	<u>\$ 11,052,806</u>	<u>10,151,861</u>	<u>298,041</u>	<u>5,003,075</u>	<u>26,505,783</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable and accrued expenses	<u>\$ 529,309</u>	<u>55,352</u>	<u>238,174</u>	<u>12,282</u>	<u>835,117</u>
Deferred inflows of resources:					
Unavailable property tax revenue	1,255,000	4,616,000	-	570,000	6,441,000
Unavailable loan repayment revenue	-	609,887	-	153,127	763,014
Total deferred inflows of resources	<u>1,255,000</u>	<u>5,225,887</u>	<u>-</u>	<u>723,127</u>	<u>7,204,014</u>
Fund Balances:					
Restricted	-	4,870,622	59,867	4,267,666	9,198,155
Unassigned	9,268,497	-	-	-	9,268,497
Total fund balances	<u>9,268,497</u>	<u>4,870,622</u>	<u>59,867</u>	<u>4,267,666</u>	<u>18,466,652</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,052,806</u>	<u>10,151,861</u>	<u>298,041</u>	<u>5,003,075</u>	<u>26,505,783</u>

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

CITY OF MORRIS, ILLINOIS
RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
APRIL 30, 2017

Total governmental fund balances	\$ 18,466,652
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	34,426,663
Unavailable revenues reported in governmental funds includes balance of notes receivable. The balance was deferred because funds were not available to pay for current-period expenditures	763,014
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds:	
Deferred outflows - police pension	3,824,036
Deferred outflows - IMRF	774,910
Deferred inflows - police pension	(206,164)
Deferred inflows - IMRF	(560,574)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(51,666)
Net pension liability - police pension	(11,151,785)
Net pension liability - IMRF	(1,748,712)
Landfill closure	(6,368,619)
Net position of governmental activities	\$ 38,167,755

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Marina Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 1,172,489	4,317,573	2,238	675,644	6,167,944
Sales taxes	5,426,211	-	-	-	5,426,211
Other taxes	-	-	-	300,653	300,653
Intergovernmental revenues	1,674,245	-	-	421,021	2,095,266
Licenses & permits	117,339	-	-	-	117,339
Franchise fees	202,242	-	-	-	202,242
Charges for services	164,679	-	-	-	164,679
Fines	155,030	-	-	49,791	204,821
Interest income	3,807	18,231	-	5,573	27,611
Miscellaneous revenues	491,034	34,351	-	131,308	656,693
Total revenues	<u>9,407,076</u>	<u>4,370,155</u>	<u>2,238</u>	<u>1,583,990</u>	<u>15,363,459</u>
Expenditures					
Current:					
General government	3,297,227	111,114	77,233	-	3,485,574
Employee retirement costs	850,349	-	-	641,081	1,491,430
Public Safety	3,156,101	-	-	16,092	3,172,193
Transportation & public service	1,539,756	-	-	27,544	1,567,300
Culture & recreation	393,641	-	-	219,457	613,098
Environment	-	-	186,857	9,585	196,442
Community development	-	2,158,787	671	-	2,159,458
Capital outlay	303,144	1,384,921	1,579,830	553,667	3,821,562
Total expenditures	<u>9,540,218</u>	<u>3,654,822</u>	<u>1,844,591</u>	<u>1,467,426</u>	<u>16,507,057</u>
Excess of revenues over (under) expenditures	(133,142)	715,333	(1,842,353)	116,564	(1,143,598)
Other Financing Sources (Uses)					
Transfers in (out)	(100,000)	(2,000,000)	2,000,000	-	(100,000)
Net change in fund balances	(233,142)	(1,284,667)	157,647	116,564	(1,243,598)
Fund balances-beginning	9,501,639	6,155,289	(97,780)	4,151,102	19,710,250
Fund balances-ending	<u>\$ 9,268,497</u>	<u>4,870,622</u>	<u>59,867</u>	<u>4,267,666</u>	<u>18,466,652</u>

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

**CITY OF MORRIS, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017**

Net change in fund balances-total governmental funds \$ (1,243,598)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over remaining estimated useful lives and reported as depreciation expense

Add-cost of capital purchases	2,468,706
Deduct-depreciation expense	(2,054,702)

Repayment of notes receivable principal is a revenue in the governmental funds, but the repayment reduces notes receivable in the statement of net position (149,571)

Governmental funds report City pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Add-City pension contributions	1,210,369
Deduct-Cost of benefits incurred net of employee contributions	(1,061,799)

Decrease (increase) in long-term accumulated employee compensated absences are recorded when earned in the statement of activities, but do not require the use of current resources, and, therefore, are not reported in the fund statements until they come due for payment 7,148

Change in net position of governmental activities \$ (823,447)

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2017

	Business-type Activities			
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,264,452	419,567	236,989	8,921,008
Customer receivables (net of uncollectible amounts)	101,726	5,510	55,797	163,033
Inventory	-	33,862	-	33,862
Total current assets	<u>8,366,178</u>	<u>458,939</u>	<u>292,786</u>	<u>9,117,903</u>
Noncurrent assets:				
Capital assets:				
Land	613,374	4,933,421	-	5,546,795
Construction in progress	3,433,559	-	-	3,433,559
Other capital assets, net of depreciation	20,432,932	2,672,265	-	23,105,197
Total noncurrent assets	<u>24,479,865</u>	<u>7,605,686</u>	<u>-</u>	<u>32,085,551</u>
Total assets	<u>32,846,043</u>	<u>8,064,625</u>	<u>292,786</u>	<u>41,203,454</u>
Deferred Outflows of Resources				
Deferred charge on refunding	<u>407,264</u>	<u>-</u>	<u>-</u>	<u>407,264</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	175,060	51,658	88,978	315,696
Compensated absences	100,781	11,071	-	111,852
Due to General Fund	-	1,000,000	-	1,000,000
Alternate revenue bonds payable	440,000	-	-	440,000
Lease commitments payable	-	75,570	-	75,570
Total current liabilities	<u>715,841</u>	<u>1,138,299</u>	<u>88,978</u>	<u>1,943,118</u>
Noncurrent liabilities:				
Compensated absences	10,927	-	-	10,927
Alternate revenue bonds payable (net of bond premium)	4,425,956	-	-	4,425,956
Lease commitments payable	-	562,477	-	562,477
Total noncurrent liabilities	<u>4,436,883</u>	<u>562,477</u>	<u>-</u>	<u>4,999,360</u>
Total liabilities	<u>5,152,724</u>	<u>1,700,776</u>	<u>88,978</u>	<u>6,942,478</u>
Net Position				
Net investment in capital assets	20,021,173	5,967,639	-	25,988,812
Restricted for:				
Public works capital projects	1,014,242	-	-	1,014,242
Debt service	6,798	-	-	6,798
Unrestricted	<u>7,058,370</u>	<u>396,210</u>	<u>203,808</u>	<u>7,658,388</u>
Total net position	<u>\$ 28,100,583</u>	<u>6,363,849</u>	<u>203,808</u>	<u>34,668,240</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Operating Revenues				
Water and sewer sales	\$ 3,599,156	-	-	3,599,156
Infrastructure fees	2,659	-	-	2,659
Garbage collection fees	-	-	1,109,416	1,109,416
Tap on fees/meters	80,200	-	-	80,200
Facilities rental	-	248,935	-	248,935
Fuel sales	-	250,426	-	250,426
Miscellaneous revenue	117,680	76,779	-	194,459
Total operating revenues	3,799,695	576,140	1,109,416	5,485,251
Operating Expenses				
Personal services	1,195,811	77,984	-	1,273,795
Contractual services	1,000,227	144,784	1,080,066	2,225,077
Commodities	349,104	213,300	-	562,404
Capital outlay/maintenance	322,809	44,287	-	367,096
Depreciation	872,297	370,536	-	1,242,833
Other expenses	51,934	6,583	2,098	60,615
Total operating expenses	3,792,182	857,474	1,082,164	5,731,820
Operating income (loss)	7,513	(281,334)	27,252	(246,569)
Non-Operating Revenues (Expenses)				
Bank service fees	(100)	-	-	(100)
State and Federal grants	-	19,318	-	19,318
Interest income	5,480	145	128	5,753
Interest expense	(140,360)	(32,460)	-	(172,820)
Total nonoperating revenues (expenses)	(134,980)	(12,997)	128	(147,849)
Income (loss) before transfers	(127,467)	(294,331)	27,380	(394,418)
Other Financing Sources (Uses)				
Transfer from General Fund	-	100,000	-	100,000
Change in net position	(127,467)	(194,331)	27,380	(294,418)
Net position-beginning	28,228,050	6,558,180	176,428	34,962,658
Net position-ending	<u>\$ 28,100,583</u>	<u>6,363,849</u>	<u>203,808</u>	<u>34,668,240</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,664,456	510,113	1,104,354	5,278,923
Other operating receipts	47,297	76,779	-	124,076
Payments to suppliers for goods and services	(1,650,268)	(367,336)	(1,083,363)	(3,100,967)
Payments to employees for services	(1,180,714)	(73,636)	-	(1,254,350)
Net cash provided by (used in) operating activities	880,771	145,920	20,991	1,047,682
Cash Flows from Noncapital and Related Financing Activities				
Transfer from General Fund	-	100,000	-	100,000
Cash Flows from Capital and Related Financing Activities				
Grant receipts	-	19,318	-	19,318
Construction and purchase of capital assets	(3,566,222)	-	-	(3,566,222)
Payment on alternate revenue bonds	(537,910)	-	-	(537,910)
Payment on capital leases	-	(104,545)	-	(104,545)
Net cash provided by (used in) capital and related financing activities	(4,104,132)	(85,227)	-	(4,189,359)
Cash Flows from Investing Activities				
Interest on investments	5,480	145	128	5,753
Net increase (decrease) in cash and cash equivalents	(3,217,881)	160,838	21,119	(3,035,924)
Cash and cash equivalents-beginning	11,482,333	258,729	215,870	11,956,932
Cash and cash equivalents-ending	\$ 8,264,452	419,567	236,989	8,921,008

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Garbage Fund	
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 7,513	(281,334)	27,252	(246,569)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	872,297	370,536	-	1,242,833
Changes in assets and liabilities:				
Decrease (increase) in receivables	(21,962)	10,752	(5,063)	(16,273)
Decrease (increase) in inventories	-	3,871	-	3,871
Increase (decrease) in compensated absences	(47,837)	4,347	-	(43,490)
Increase (decrease) in accounts payable	70,760	37,748	(1,198)	107,310
Total adjustments	873,258	427,254	(6,261)	1,294,251
Net cash provided by operating activities	<u>\$ 880,771</u>	<u>145,920</u>	<u>20,991</u>	<u>1,047,682</u>

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2017

	Police Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 632,680	203,086
Investments:		
U.S. treasury securities	4,040,023	-
Corporate bonds	699,404	-
Equity securities	6,131,767	-
Mutual funds	2,168,217	-
Interest receivable	36,523	-
 Total assets	13,708,614	203,086
 Liabilities		
Accounts payable	85,184	-
Payable to others	-	203,086
 Total liabilities	85,184	\$ 203,086
 Net Position-		
Held in Trust for Pension Benefits	\$ 13,623,430	

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

CITY OF MORRIS, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Police Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 850,349
Employee	194,448
	<hr/>
Total contributions	1,044,797
	<hr/>
Investment Income:	
Net increase in fair value of investments	944,620
Interest & dividends	257,667
	<hr/>
Total investment earnings	1,202,287
Less investment expenses-	
Investment management fees	(53,012)
	<hr/>
Net investment income	1,149,275
	<hr/>
Total additions	2,194,072
	<hr/>
Deductions	
Benefits paid	834,742
Administrative expense	12,106
	<hr/>
Total deductions	846,848
	<hr/>
Change in net position	1,347,224
Net Position - Held in Trust for Pension Benefits:	
Beginning of year	12,276,206
	<hr/>
End of year	\$ 13,623,430
	<hr/> <hr/>

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Unit – Police Pension Employees Retirement System

The City’s sworn police employees participate in the Police Pension Employees Retirement System (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 were part of the primary government because its sole purpose is to finance and administer the pensions of the City’s police employees and because of the fiduciary nature of such activities. The activities of the Police Pension Employees Retirement System are accounted for in the Police Pension Trust Fund.

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

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

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

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

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

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

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

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

Governmental Funds

The City reports the following major governmental funds:

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

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 will be primarily comprised of incremental property tax proceeds.

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

Proprietary Funds

The City reports the following major proprietary funds:

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

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

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

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

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

Fiduciary Funds

The City additionally reports the following fiduciary fund types:

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

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

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

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

Cash, Cash Equivalents, and Investments

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

Restricted Assets

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

Receivables

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

Property Tax Receivable

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

In the Fund Financial Statements property tax revenues are recognized under the modified accrual basis of accounting so that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and unavailable revenue to be recognized as revenue in the future period for which it was levied. Therefore, property tax revenue reflected in the statement of revenues, expenditures and changes in fund balances includes no portion of the 2016 property tax levy because it is not due or expected to be received within 60 days after April 30, 2017. The entire portion of the 2016 property tax levy not currently available is reported as a receivable and deferred inflow of resources on both the government-wide and fund financial statements.

Receivables from Others

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

Accounts Receivable

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

Inventory

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

Capital Assets

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

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

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

Long-term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

Compensated Absences

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

Fund Equity

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

Governmental Fund Balances

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

Fund Balance Flow Assumptions

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

- Committed
- Assigned
- Unassigned

Net Position

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

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

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

NOTE 2: DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

A. Deposits

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

Custodial Credit Risk

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

At year-end, the carrying amount of the City's deposits was \$26,151,825 and the bank balance was \$26,359,196. \$1,000,000 of bank balances was covered by federal depository insurance, with the remaining balance of \$25,359,196 having specific pledged collateral in the name of the City. Deposits at April 30, 2017, are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank demand deposits/NOW accounts	\$ 19,009,196	18,801,825
Bank short-term certificates of deposit	<u>7,350,000</u>	<u>7,350,000</u>
Total deposits	26,359,196	26,151,825
Petty cash on hand	<u>1,380</u>	<u>1,380</u>
Total cash and cash equivalents	<u>\$ 26,360,576</u>	<u>26,153,205</u>
Fiduciary Funds		\$ 835,766
All other City Funds		<u>25,317,439</u>
		<u>\$ 26,153,205</u>

B. Investments

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

The City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements presented for Police Pension Trust Fund investments as of April 30, 2017:

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 4,040,023	4,040,023	-	-
Corporate Bonds	699,404	-	699,404	-
Equity Securities	6,131,767	6,131,767	-	-
Mutual Funds	2,168,217	2,168,217	-	-
Total Investments	<u>\$ 13,039,411</u>	<u>12,340,007</u>	<u>699,404</u>	<u>-</u>

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

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, 2017, the Police Pension Trust Fund investments were rated as follows:

Investment Type-Corporate Bonds	Fair Value	Standard & Poor's
3M Company	\$ 247,930	AA-
Bank of New York Mellon	200,174	A
Wells Fargo & Company	<u>251,300</u>	A
Total Investments	<u>\$ 699,404</u>	

Concentration of credit risk

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

Interest Rate Risk

Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase. As of April 30, 2017, the Police Pension Trust Fund had the following investments in

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

treasury securities and corporate bonds, which were the only investments subject to interest rate risk:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 3</u>	<u>3 - 5</u>	<u>5 - 10</u>
U.S. Government securities	\$ 4,040,023	301,218	1,999,458	1,488,440	250,907
Corporate Bonds	\$ 699,404	200,174	251,300	247,930	-

NOTE 3: RECEIVABLES

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

Notes Receivable

The City provides loans to local businesses under the Community Development Assistance Program and its Tax Increment Financing Fund I to promote commercial growth, redevelopment, and employment opportunities. The loans are offered in various amounts and terms with required monthly payments at interest rates from 1% to 3%. All loans are collateralized and payments are current on all listed loans with two exceptions. The Bimet and Lola's loans are past due with a remaining balance of \$131,383 and \$16,453, respectively as of April 30, 2017. Notices of default have been served by the City and the matters are currently being pursued in the Grundy County Circuit court. The following is a listing of notes receivable:

<u>Name</u>	<u>Original Amount Loaned</u>	<u>Current Principal Received</u>	<u>Ending Balance</u>
Community Development Loan Fund:			
Holiday Inn Express	\$ 300,000	83,626	-
Audacious Ink	10,000	984	5,291
Echo Lanes	98,000	14,824	-
Lagoon Saloon	100,000	15,126	-
Lola's	20,000	-	16,453
Bimet	150,000	-	131,383
Total CDL Fund		<u>114,560</u>	<u>153,127</u>
Tax Increment Financing Fund I:			
Greenway	600,000	24,772	569,112
Living Waters Church	55,000	7,765	33,200
Morris Downtown Devlp Partnership (\$2,475 forgiven)	12,500	-	7,575
Total TIF Fund		<u>32,537</u>	<u>609,887</u>
Total All Funds		<u>\$ 147,097</u>	<u>763,014</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets for the year ended April 30, 2017 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,088,388	134,000	-	6,222,388
Construction in progress	109,392	1,612,719	-	1,722,111
Total capital assets not being depreciated	<u>6,197,780</u>	<u>1,746,719</u>	<u>-</u>	<u>7,944,499</u>
Capital assets being depreciated:				
Land improvements	3,157,110	-	-	3,157,110
Buildings & improvements	10,192,372	-	-	10,192,372
Machinery & equipment	1,131,493	563,595	-	1,695,088
Vehicles	2,040,990	158,392	218,842	1,980,540
Infrastructure	47,614,872	-	-	47,614,872
Total capital assets being depreciated	<u>64,136,837</u>	<u>721,987</u>	<u>218,842</u>	<u>64,639,982</u>
Less accumulated depreciation for:				
Land improvements	888,481	125,334	-	1,013,815
Buildings & improvements	1,642,994	203,847	-	1,846,841
Machinery & equipment	568,679	82,011	-	650,690
Vehicles	1,179,259	168,705	218,842	1,129,122
Infrastructure	32,042,545	1,474,805	-	33,517,350
Total accumulated depreciation	<u>36,321,958</u>	<u>2,054,702</u>	<u>218,842</u>	<u>38,157,818</u>
Total capital assets being depreciated, net	<u>27,814,879</u>	<u>(1,332,715)</u>	<u>-</u>	<u>26,482,164</u>
Total governmental activities capital assets, net	<u>\$ 34,012,659</u>	<u>414,004</u>	<u>-</u>	<u>34,426,663</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,546,795	-	-	5,546,795
Construction in progress	-	3,433,559	-	3,433,559
Total capital assets not being depreciated	<u>5,546,795</u>	<u>3,433,559</u>	<u>-</u>	<u>8,980,354</u>
Capital assets being depreciated:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,326,071	-	-	2,326,071
Machinery & equipment	591,676	103,786	-	695,462
Vehicles	621,359	28,876	42,383	607,852
Infrastructure	45,601,308	-	-	45,601,308
Total capital assets being depreciated	<u>49,198,759</u>	<u>132,662</u>	<u>42,383</u>	<u>49,289,038</u>
Less accumulated depreciation for:				
Land improvements	33,548	2,917	-	36,465
Buildings & improvements	617,295	47,594	-	664,889
Machinery & equipment	336,531	28,201	-	364,732
Vehicles	546,465	15,711	42,383	519,793
Infrastructure	23,449,552	1,148,410	-	24,597,962
Total accumulated depreciation	<u>24,983,391</u>	<u>1,242,833</u>	<u>42,383</u>	<u>26,183,841</u>
Total capital assets being depreciated, net	<u>24,215,368</u>	<u>(1,110,171)</u>	<u>-</u>	<u>23,105,197</u>
Total business-type activities capital assets, net	<u>\$ 29,762,163</u>	<u>2,323,388</u>	<u>-</u>	<u>32,085,551</u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

B. Compensated Absences

Compensated absences represent the estimated liability for employee's accrued vacation and personal leave, which is likely to be used before expiring on December 31, 2017, and sick leave for which employees are entitled to be paid at a rate of \$10 per day upon expiration according to City policies.

C. Alternate Revenue Bonds

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

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

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

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

The Bonds are valid and legally binding general obligations of the City payable from (i) net revenues of the waterworks and sewerage system of the City (after the required monthly deposits and credits have been made to certain prior lien accounts, if any, established pursuant to future ordinances of the City authorizing waterworks and sewerage revenue bonds (the "net revenues), (ii) from the City's receipts of its distributive share of (a) State of Illinois income taxes imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act, and (b) (the "Revenue Sharing Receipts"), retailer's occupation taxes, service occupation taxes, use taxes and service

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

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

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

Schedule of Maturities	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended:			
April 30, 2018	\$ 440,000	99,210	539,210
2019	445,000	90,410	535,410
2020	455,000	81,510	536,510
2021	465,000	72,410	537,410
2022	475,000	63,110	538,110
2023-2027	<u>2,525,000</u>	<u>167,010</u>	<u>2,692,010</u>
Total	<u>\$ 4,805,000</u>	<u>573,660</u>	<u>5,378,660</u>

The long-term portion of total alternate revenue bonds outstanding at April 30, 2017 is as follows:

Total Bonds Outstanding	\$ 4,805,000	
Less: Current Portion	<u>(440,000)</u>	4,365,000
Adjustments:		
Unamortized Bond Premium		<u>60,956</u>
Net Long-Term Portion of Bonds Outstanding		<u>\$ 4,425,956</u>

D. Capital Lease Liabilities

The City entered into lease agreements as lessee for financing the construction or acquisition of airport hangars. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. For the fiscal year ended April 30, 2017, the gross amount of assets recorded under capital leases was \$1,250,000 with current year depreciation of \$25,000 and accumulated depreciation of \$312,500.

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

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

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	3-12 T Hangars	100 x 120 Corporate Hangar
Original lease amount	\$ 1,000,000	250,000
Refinanced 2014	\$ 662,877	165,495
Date renewed	7/10/2014	7/10/2014
Interest rate	4.75%	4.75%
Payment frequency	Quarterly	Quarterly
Payment amount	\$ 20,915	5,222
Term	5 Years	5 Years
Final Pmt & Balloon amount	\$ 370,384	92,471
Unpaid April 30, 2017	\$ 510,576	127,471

Obligations of business-type activities under capital leases at April 30, 2017, incorporating recently negotiated lease terms taking effect July 10, 2014, are as follows:

	3-12 T Hangars	2004 Corporate Hangar	Total
April 30, 2018	\$ 83,658	20,886	104,544
April 30, 2019	83,658	20,886	104,544
April 30, 2020	391,299	97,692	488,991
Total minimum lease payments	558,615	139,464	698,079
Less amount representing interest costs	48,039	11,993	60,032
Present value of future minimum lease payments	\$ 510,576	127,471	638,047
Current portion	\$ 60,472	15,098	75,570

E. Legal Debt Limit and Debt Margin

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

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Assessed valuation-2016 tax year		<u>\$ 283,037,021</u>
Statutory debt limitation(8.625% of assessed valuation)		\$ 24,411,943
General Obligation debt applicable to limitation:		
General Obligation Refunding Bonds (ARS), Series 2012	<u>\$ 4,805,000</u>	
Other debt applicable to limitation:		
Airport Hangar Capital Lease Commitment, dated July 10, 2014	510,576	
Airport Hangar Capital Lease Commitment, dated July 10, 2014	<u>127,471</u>	
Total other debt	<u>638,047</u>	
Total debt	5,443,047	
Less self-supporting bonded debt	<u>(4,805,000)</u>	
Total debt subject to legal debt margin		<u>638,047</u>
Available legal debt margin		<u>\$ 23,773,896</u>

NOTE 6: INDIVIDUAL FUND DISCLOSURES

A. Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables as of April 30, 2017:

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

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

B. Transfers

The following is a schedule of interfund transfers for the fiscal year ended April 30, 2017:

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<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds and Activities</u>		
TIF Fund I	\$ -	2,000,000
Marina TIF Fund	2,000,000	-
General Fund	-	100,000
Less: fund eliminations	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Total - Governmental Activities	-	100,000
<u>Proprietary Funds and Business-type Activities</u>		
Airport Development Fund	<u>100,000</u>	<u>-</u>
Total - Fund and Government-Wide Financial Statements	<u>\$ 100,000</u>	<u>100,000</u>
<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	<u>\$ 100,000</u>

The Marina TIF is included within the TIF I District and has very little revenue at this time. Therefore, the City budgeted a \$2,000,000 transfer in order to separately account for the fund expenditures. The principal purpose of the interfund transfer of \$100,000 from the General Fund to the Airport Development Fund was to provide operating funds.

NOTE 7: POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and employee dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date, however retirees may continue indefinitely. Further details are disclosed in Note 12 to these financial statements.

NOTE 8: RISK MANAGEMENT

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

NOTE 9: LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws require the operator of a landfill to place a final cover on the site when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. The City owns the land upon which a landfill facility is located, comprised of two parcels A and B, which have

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been developed and operated by Community Landfill Corporation. A June 8, 2009 decision by the Illinois Pollution Control Board found Community Landfill Corporation must cease and desist from accepting any additional waste at the site, legally making the remaining capacity zero cubic yards.

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

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

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

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landfill consultants, there are substantial questions as to whether the groundwater in question would need to be treated. Due to these issues, and the litigation described above, no agreed-upon estimate is currently available for the cost of leachate treatment. Pending final resolution of the entire matter, the potential liability could range from as low as zero to as high as \$22,739,617. Currently, the revised estimate of \$6,368,619 of closure/post closure costs is reflected as a potential liability of the City of Morris in the government-wide statement of net position.

NOTE 10: DEFINED BENEFIT PENSION PLAN-POLICE PENSION

A. General Information about Pension Plan

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

Employees Covered by benefit terms - As of April 30, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	25
Total	<u>41</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.

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a tier 2 police officer shall be increased annually at age 60 on the January 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, 2017, the City contribution was \$850,349.

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

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at May 1, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Level Percentage of Pay: 17 years closed
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 5.50%.
- The Investment Rate of Return was assumed to be 7.00%.
- Retirement Age was based on studies of the Fund and the Department of Insurance provided Sample Table of Rates. (100% by age 70)
- Mortality rates (for non-disabled retirees) were developed from the RP-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. Other assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012. There is no margin for future mortality improvement beyond the valuation date.

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- Disability rates were based on studies of the Fund and the Department of Insurance provided Sample Table of Rates.
- Withdrawal rates were based on studies of the Fund and the Department of Insurance provided Sample Table of Rates.
- Marital status assumption – 80% married, female spouses 3 years younger.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

For the year ended April 30, 2016, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was 0.91 percent (5.91 percent in the prior year ended April 30, 2015). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. For more information on the actual investments being held by the Police Pension Plan and any significant concentration risk as of April 30, 2016, see “Note 2.B Investments” in the prior year financial statements for details.

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

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

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

C. Changes in the Net Pension Liability

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

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at April 30, 2015 (restated)	\$ 20,729,423	12,043,146	8,686,277
Changes for the year:			
Service cost	527,656	-	527,656
Interest on the total pension liability	1,425,267	-	1,425,267
Differences between expected and actual experience of the total pension liability	(133,043)	-	-
Changes of assumptions	1,615,620	-	1,615,620
Contributions - employer	-	695,513	(695,513)
Contributions - employees	-	184,586	(184,586)
Net investment income	-	103,727	(103,727)
Benefit payments, including refunds of employee contributions	(736,933)	(736,933)	-
Other (net transfer)	-	(13,834)	13,834
Net changes	2,698,567	233,059	2,465,508
Balances at April 30, 2016	\$ 23,427,990	12,276,205	11,151,785
Police Pension Plan's fiduciary net position as a percentage of the total pension liability			
Beginning of the year (restated)	58.10%		
End of the year	52.40%		

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 26,752,973	23,427,990	20,699,341
Plan fiduciary net position	12,276,205	12,276,205	12,276,205
Net pension liability	\$ 14,476,768	11,151,785	8,423,136

CITY OF MORRIS, ILLINOIS

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April 30, 2017

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s April 30, 2016 fiduciary net position, depicted in this note, and related investment information is available in the April 30, 2016 annual financial report located on the City’s website at www.morrisil.org.

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

For the year ended April 30, 2017, the City recognized pension expense of \$877,517. At April 30, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ -	206,164
Changes of assumptions	2,280,184	-
Net difference between projected and actual earnings on pension plan investments	<u>693,503</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	2,973,687	206,164
Pension contributions made subsequent to the measurement date	<u>850,349</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 3,824,036</u></u>	<u><u>206,164</u></u>

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

Year Ending December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 638,406	-
2018	638,406	-
2019	638,408	-
2020	605,591	-
2021	246,712	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u><u>\$ 2,767,523</u></u>	<u><u>-</u></u>

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

NOTE 11: DEFINED BENEFIT PENSION PLAN-IMRF

A. General Information about Pension Plan

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

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

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

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

Employees Covered by benefit terms - As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	47
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	<u>56</u>
Total	<u>121</u>

Contributions - As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2016 was 12.68%. For the fiscal year ended April 30, 2017, the City contributed \$360,020 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

B. Net Pension Liability

The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	38%	6.85%
International equity	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternative investments	9%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	100%	

Single Discount Rate - A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of this valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50%.

C. Changes in the Net Pension Liability

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 16,222,119	13,815,016	2,407,103
Changes for the year:			
Service cost	326,423	-	326,423
Interest on the total pension liability	1,193,706	-	1,193,706
Differences between expected and actual experience of the total pension liability	(535,715)	-	-
Changes of assumptions	(39,276)	-	(39,276)
Contributions - employer	-	361,233	(361,233)
Contributions - employees	-	128,200	(128,200)
Net investment income	-	948,357	(948,357)
Benefit payments, including refunds of employee contributions	(853,392)	(853,392)	-
Other (net transfer)	-	165,739	(165,739)
Net changes	91,746	750,137	(658,391)
Balances at December 31, 2016	\$ 16,313,865	14,565,153	1,748,712

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

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total pension liability	\$ 18,436,207	16,313,865	14,599,580
Plan fiduciary net position	14,565,153	14,565,153	14,565,153
Net pension liability	\$ 3,871,054	1,748,712	34,427

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

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

For the year ended April 30, 2017, the City recognized pension expense of \$184,282. At April 30, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense of future periods:		
Difference between expected and actual experience	\$ -	531,784
Changes of assumptions	9,712	28,790
Net difference between projected and actual earnings on pension plan investments	<u>647,169</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	656,881	560,574
Pension contributions made subsequent to the measurement date	<u>118,029</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 774,910</u></u>	<u><u>560,574</u></u>

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

<u>Year Ending December 31</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ -	13,215
2018	-	2,455
2019	95,909	-
2020	16,068	-
2021	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u><u>\$ 111,977</u></u>	<u><u>15,670</u></u>

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

A. General Information about OPEB Plan

Plan Description-The City’s Other Postemployment Benefits (OPEB) Plan is a single-employer defined benefit plan administered by the City. The City provides postemployment benefits for eligible participants enrolled in the City sponsored plan. Benefits are provided in the form of an explicit subsidy where the City contributes towards the retiree premiums for police officers injured in the line of duty under the public safety employee benefits act (PSEBA) and an implicit rate subsidy under which retirees receive coverage by paying at a combined retiree/active rate. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City Council and can only be amended by the City Council through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The May 1, 2016 GASB 45 reporting valuation is used for the following sections.

CITY OF MORRIS, ILLINOIS

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

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

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

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

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

B. Annual OPEB Costs and Net OPEB Obligation

The City had a GASB 45 reporting valuation performed as of May 1, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2017. The City's annual OPEB cost (expense) was \$63,895, while the Annual Required Contribution (ARC) was \$63,895 for the fiscal year ended April 30, 2017. The City's OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for April 30, 2017 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
04/30/17	\$ 63,895	67,482	105.60%	(3,587)
04/30/16	N/A	N/A	N/A	N/A
04/30/15	N/A	N/A	N/A	N/A

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

The net OPEB obligation of April 30, 2017 was calculated as follows:

Annual required contribution	\$ 63,895
Interest on net pension obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	63,895
Contributions made	(67,482)
	<hr/>
Increase in net OPEB asset	(3,587)
Net OPEB obligation, beginning of year	-
	<hr/>
Net OPEB obligation/(asset), end of year	<u>\$ (3,587)</u>

C. Funded Status and Funding Progress

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

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

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

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements April 30, 2017

Methods and Assumptions:

Actuarial Cost Method:	Entry age normal																					
Actuarial Valuation Method:	Alternate measurement method																					
Amortization Method:	Level percentage of payroll																					
Amortization Period:	30 years																					
Asset Valuation Method:	Not Applicable																					
Compensation Growth:	4.00%																					
Price Inflation:	2.50%																					
Discount Rate:	4.00%																					
Average Retirement Age:	The greater of age 60 or retirement requirements for IMRF employees The greater of age 54 or retirement requirements for Police Officers																					
Termination/Turnover Rates	Default Turnover assumptions based on paragraph 35b, Table 1 of GASB 45																					
Mortality	Life expectancies used were from the CDC National Vital Statistics report for 2014 and were applied on a sex distinct basis. The life expectancies reflect current studies (Paragraph 34d of GASB 45).																					
Starting Per Capita Costs:	Annual BCBS PPO premium rates provided by the City and are adjusted for "implicit" cost of covering retirees per the table provided for the Alternative Measurement Method in GASB 45.																					
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Retiree</th> <th style="width: 35%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Spouse</th> </tr> </thead> <tbody> <tr> <td>IMRF - Under 65</td> <td style="text-align: center;">22,621</td> <td style="text-align: center;">21,188</td> </tr> <tr> <td>IMRF - Age 65 & Over</td> <td style="text-align: center;">8,750</td> <td style="text-align: center;">8,750</td> </tr> <tr> <td>Police - Under 65</td> <td style="text-align: center;">19,352</td> <td style="text-align: center;">18,126</td> </tr> <tr> <td>Police - Age 65 & Over</td> <td style="text-align: center;">8,461</td> <td style="text-align: center;">8,461</td> </tr> </tbody> </table>		Retiree	Spouse	IMRF - Under 65	22,621	21,188	IMRF - Age 65 & Over	8,750	8,750	Police - Under 65	19,352	18,126	Police - Age 65 & Over	8,461	8,461						
	Retiree	Spouse																				
IMRF - Under 65	22,621	21,188																				
IMRF - Age 65 & Over	8,750	8,750																				
Police - Under 65	19,352	18,126																				
Police - Age 65 & Over	8,461	8,461																				
Health Care Trend Rate:	The initial trend rate is based on the 2017 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range. (Paragraph 34f of GASB 45)																					
BCBS PPO Plan(Pre-65):	Initial rate of 7.60% grading uniformly over 10 years to a 5.0% ultimate rate.																					
BCBS PPO Plan(Post-65):	Constant rate of 3.0% for all future years.																					
Dental Plan:	Constant rate of 4.1% for all future years.																					
Vision Plan:	Constant rate of 2.6% for all future years.																					
Life Plan:	No increases in premiums for all future years.																					
Retiree Contributions:	Based upon annual premiums.																					
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Retiree</th> <th style="width: 35%; text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">Spouse</th> </tr> </thead> <tbody> <tr> <td>BCBS PPO - Under 65</td> <td style="text-align: center;">13,076</td> <td style="text-align: center;">12,247</td> </tr> <tr> <td>BCBS PPO - Age 65 & Over</td> <td style="text-align: center;">7,232</td> <td style="text-align: center;">7,232</td> </tr> <tr> <td>Dental - Under 65 & Over</td> <td style="text-align: center;">383</td> <td style="text-align: center;">415</td> </tr> <tr> <td>Vision - Under 65 & Over</td> <td style="text-align: center;">58</td> <td style="text-align: center;">55</td> </tr> <tr> <td>Life Ins 6,000 - Under 65 & Over</td> <td style="text-align: center;">41</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>Life Ins 12,000 - Under 65 & Over</td> <td style="text-align: center;">82</td> <td style="text-align: center;">N/A</td> </tr> </tbody> </table>		Retiree	Spouse	BCBS PPO - Under 65	13,076	12,247	BCBS PPO - Age 65 & Over	7,232	7,232	Dental - Under 65 & Over	383	415	Vision - Under 65 & Over	58	55	Life Ins 6,000 - Under 65 & Over	41	N/A	Life Ins 12,000 - Under 65 & Over	82	N/A
	Retiree	Spouse																				
BCBS PPO - Under 65	13,076	12,247																				
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Vision - Under 65 & Over	58	55																				
Life Ins 6,000 - Under 65 & Over	41	N/A																				
Life Ins 12,000 - Under 65 & Over	82	N/A																				
Participation/Election Assumption:	10.0%, assumption chosen by City since the coverage is so cost prohibitive.																					
Spousal Coverage:	50.0%																					
Retiree Lapse Rates:	0%, as retirees tend to continue coverage once Medicare eligible due to the reduction in coverage cost.																					

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements

April 30, 2017

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

NOTE 13: TAX ABATEMENTS

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose certain information about their tax abatement agreements. During the current fiscal year ended April 30, 2017, the City implemented GASB Statement No. 77. Currently, the City is not participating in any programs operated by other governments, but has its own tax abatement programs described below.

- By the authority of 35 ILCS 200/18-184 and 65 ILCS 5/11-15.1-2 (e-5), the City enters into agreements with property owners to abate 100% of the City portion of property taxes on selected property that is the subject of an annexation agreement. The abatement typically remains in effect for a period of 20 years unless the property is developed. Once development of the property is approved, the abatement ceases. Once the abatement is filed, the property taxes are abated by the County Clerk before the issuance of the property tax bill. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. Property taxes abated under this program for the 2016 levy year total only \$3,492.
- By the authority of 35 ILCS 200/18-165, Section 10 of Article VII of the Constitution of the State of Illinois of 1970 and 5 ILCS 220/1 et seq., the City enters into agreements with property owners to abate a portion of the City portion of property taxes on selected property that is the subject of an approved abatement over a period of 4 years. Once the abatement is filed and the property developed, the property taxes are abated by the County Clerk before the issuance of the property tax bill as follows: year 1 – 75%, year 2 – 50%, year 3 – 25%, year 4 – 0%. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. There are no property taxes abated and subject to reimbursement under this program for the 2016 levy year.
- By the authority of 65 ILCS 5/8-11-20, the City enters into economic incentive agreements. Under these agreements, the City, at its discretion, agrees to rebate a percentage of the local portion of any retailers' occupation taxes received that is generated over a finite period of time. Once the agreement is in place and after receipt of the taxes from the State and appropriate documentation/verification procedures, the City rebates the appropriate amounts to the interested party. In exchange for the rebate of retailers' occupation taxes, the City benefits from the creation or retainage of jobs, creation of further development, strengthening of the commercial sector, and enhancement of the tax base. Retailers' occupation taxes subject to reimbursement for the fiscal year ended April 30, 2017 total \$80,742.

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

NOTE 14: RESTRICTED NET ASSETS

Restricted net assets balances reported on the government-wide statement of net position at April 30, 2017 includes the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Position:			
Restricted for:			
Transportation/public works	\$ 6,084,304	1,014,242	7,098,546
Community development	1,207,433	-	1,207,433
Health & sanitation	581,787	-	581,787
Culture & recreation	587,516	-	587,516
Employee retirement costs	396,666	-	396,666
General government	270,000	-	270,000
Law enforcement	70,449	-	70,449
Debt Service	-	6,798	6,798
	<u> </u>	<u> </u>	<u> </u>
Total restricted	<u>\$ 9,198,155</u>	<u>1,021,040</u>	<u>10,219,195</u>

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

NOTE 15: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2017 includes the following:

	<u>General Fund</u>	<u>Tax Increment Financing Fund I</u>	<u>Marina Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Restricted for:					
Transportation/public works	\$ -	4,350,622	59,867	1,673,815	6,084,304
Community development	-	75,000	-	1,132,433	1,207,433
Health & sanitation	-	-	-	581,787	581,787
Culture & recreation	-	175,000	-	412,516	587,516
Employee retirement costs	-	-	-	396,666	396,666
General government	-	270,000	-	-	270,000
Law enforcement	-	-	-	70,449	70,449
Total restricted	<u>-</u>	<u>4,870,622</u>	<u>59,867</u>	<u>4,267,666</u>	<u>9,198,155</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	9,268,497	-	-	-	9,268,497
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>\$ 9,268,497</u>	<u>4,870,622</u>	<u>59,867</u>	<u>4,267,666</u>	<u>18,466,652</u>

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

CITY OF MORRIS, ILLINOIS

Notes to Basic Financial Statements
April 30, 2017

NOTE 16: RESTATEMENT- PRIOR PERIOD ADJUSTMENTS

Government-Wide Statement of Activities

During the prior fiscal year, due to implementation of the GASB Statement 68, *Accounting and Financial Reporting for Pensions*, a restatement of beginning net position in the statement of changes in fiduciary net position was required. Due to a change in the definition of contributions receivable under GASB 68, beginning net position was decreased by the \$695,513 and beginning contributions receivable were decreased by the same amount. This change was later reflected in a beginning adjustment of the pension liability when the actuary completed the computation for the year ended April 30, 2016 after the financial statements were issued. The police pension deferred outflows and inflows of resources were also restated as shown below to correct differences in the prior year calculation based upon corrected amounts reported. The governmental funds financial statements were not affected by the original restatements as they used an April 30, 2015 measurement date. As a result, the following beginning balances have been restated in the fiscal year ended April 30, 2017 to properly reflect affected balances as follows:

<u>Fund Type/Account Description</u>	<u>Balance April 30, 2016</u>	<u>Retroactive Restatement</u>	<u>Balance May 1, 2016</u>
Governmental activities:			
Net pension liability	\$ (10,397,867)	(695,513)	(11,093,380)
Deferred outflows of resources	2,290,302	(80,350)	2,209,952
Deferred inflows of resources	(6,386,123)	8,192	(6,377,931)
Net position-beginning	<u>(39,758,873)</u>	<u>767,671</u>	<u>(38,991,202)</u>
	<u>\$ (54,252,561)</u>	<u>-</u>	<u>(54,252,561)</u>

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

Fiscal year ending April 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total pension liability										
Service cost	\$ 527,656	476,599								
Interest on the total pension liability	1,425,267	1,263,077								
Benefit changes	-	-								
Differences between expected and actual experience	(133,043)	(142,339)								
Assumption changes	1,615,620	1,396,152								
Benefit payments and refunds	(736,933)	(616,037)								
Net change in total pension liability	<u>2,698,567</u>	<u>2,377,452</u>								
Total pension liability-beginning	<u>20,729,423</u>	<u>18,351,971</u>								
Total pension liability-ending (a)	<u>\$ 23,427,990</u>	<u>20,729,423</u>								
Plan fiduciary net position										
Employer contributions	\$ 695,513	695,513								
Employee contributions	184,586	193,488								
Pension plan net investment income	103,727	671,503								
Benefit payments and refunds	(736,933)	(616,037)								
Other	(13,834)	(12,384)								
Net change in plan fiduciary net position	<u>233,059</u>	<u>932,083</u>								
Plan fiduciary net position-beginning	<u>12,043,146</u>	<u>11,111,063</u>								
Plan fiduciary net position-ending (b)	<u>\$ 12,276,205</u>	<u>12,043,146</u>								
Net pension liability-ending (a) - (b)	<u>\$ 11,151,785</u>	<u>8,686,277</u>								
Plan fiduciary net position as a percentage of total pension liability	52.40%	58.10%								
Covered valuation payroll	\$ 1,887,973	1,931,530								
Net pension liability as a percentage of covered valuation payroll	590.67%	449.71%								

Notes to Schedule:

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

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

Calendar year ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total pension liability										
Service cost	\$ 326,423	332,089								
Interest on the total pension liability	1,193,706	1,154,965								
Benefit changes	-	-								
Differences between expected and actual experience	(535,715)	(289,758)								
Assumption changes	(39,276)	20,234								
Benefit payments and refunds	(853,392)	(498,912)								
Net change in total pension liability	<u>91,746</u>	<u>718,618</u>								
Total pension liability-beginning	<u>16,222,119</u>	<u>15,503,501</u>								
Total pension liability-ending (a)	<u>\$ 16,313,865</u>	<u>16,222,119</u>								
Plan fiduciary net position										
Employer contributions	\$ 361,233	343,572								
Employee contributions	128,200	129,538								
Pension plan net investment income	948,357	70,089								
Benefit payments and refunds	(853,392)	(498,912)								
Other	165,739	(260,055)								
Net change in plan fiduciary net position	<u>750,137</u>	<u>(215,768)</u>								
Plan fiduciary net position-beginning	<u>13,815,016</u>	<u>14,030,784</u>								
Plan fiduciary net position-ending (b)	<u>\$ 14,565,153</u>	<u>13,815,016</u>								
Net pension liability-ending (a) - (b)	<u>\$ 1,748,712</u>	<u>2,407,103</u>								
Plan fiduciary net position as a percentage of total pension liability	89.28%	85.16%								
Covered valuation payroll	\$ 2,848,846	2,853,592								
Net pension liability as a percentage of covered valuation payroll	61.38%	84.35%								

Notes to Schedule:

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

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

Fiscal Year Ended April	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation
2016	695,513	695,513	-	1,887,973	36.84%
2015	658,445	658,445	-	1,931,530	34.09%
2014-2007					

Notes to Schedule

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to determine 2016 Contribution Rates:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	17-year closed period
Asset Valuation Method:	5-year average market value
Price Inflation:	2.50%
Salary Increases:	5.50%
Investment Rate of Return:	7.00%
Retirement Age:	50 - 70
Mortality:	RP-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015.
Other Information:	There were no benefit changes during the year.

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

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

Calendar Year Ended December	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual as a Percentage of Covered Valuation
2016	361,234	361,233	1	2,848,846	12.68%
2015	343,572	343,572	-	2,853,592	12.04%
2014-2007					

Notes to Schedule

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period until remaining period reaches 15 years then 15-year rolling period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality-Non Disabled Retirees	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
Mortality-Disabled Retirees	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives.
Mortality-Active Members	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2014, actuarial valuation

CITY OF MORRIS, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Over (Under)</u>
Revenues						
Taxes:						
Property taxes:						
General corporate purposes	\$ 350,000	350,000	137,166	-	137,166	(212,834)
TIF District reimbursement	34,000	34,000	36,040	-	36,040	2,040
Police protection	75,000	75,000	74,752	-	74,752	(248)
Police pension	850,439	850,439	847,356	-	847,356	(3,083)
Township road and bridge	75,000	75,000	77,175	-	77,175	2,175
Total property taxes	1,384,439	1,384,439	1,172,489	-	1,172,489	(211,950)
Municipal sales tax:						
Municipal sales tax	4,350,000	4,350,000	4,971,154	(145,273)	4,825,881	475,881
Municipal sales tax-reimbursable	110,000	110,000	115,842	-	115,842	5,842
Local use tax	320,446	320,446	339,215	(6,053)	333,162	12,716
Intergovernmental:						
Illinois income tax	1,342,205	1,342,205	1,285,708	12,613	1,298,321	(43,884)
Illinois replacement income tax	83,361	83,361	102,631	(2,420)	100,211	16,850
Gaming taxes	205,000	205,000	235,836	(4,099)	231,737	26,737
Reimbursements/ grants	21,357	21,357	50,070	-	50,070	28,713
Licenses and permits:						
Liquor licenses	49,050	49,050	48,365	-	48,365	(685)
Other licenses	13,964	13,964	13,029	-	13,029	(935)
Contractor licenses	38,400	38,400	35,900	-	35,900	(2,500)
Building permits	35,100	35,100	19,645	-	19,645	(15,455)
Demolition permits	200	200	400	-	400	200
Franchise fees:						
Cable TV franchise fees	183,000	183,000	192,459	(2,653)	189,806	6,806
Telephone franchise fees	10,000	10,000	9,783	13	9,796	(204)
Services:						
Host benefit fees	-	-	41,906	26,106	68,012	68,012
Swimming pool fees	72,400	72,400	91,855	-	91,855	19,455
Senior van rider fees	1,000	1,000	1,043	-	1,043	43
Building inspection fees	12,000	12,000	14,595	-	14,595	2,595
Plumbing inspection fees	10,000	10,000	8,295	-	8,295	(1,705)
Electrical inspection fees	5,000	5,000	385	-	385	(4,615)
Public hearing/zoning fees	6,250	6,250	6,600	-	6,600	350
Fines	148,000	148,000	155,030	(74)	154,956	6,956
Interest income	3,800	3,800	3,807	-	3,807	7
Other revenues:						
Miscellaneous revenue	42,025	42,025	162,830	-	162,830	120,805
Developer reimbursements	100,000	100,000	159,134	-	159,134	59,134
Various reimbursements	171,410	171,410	149,297	-	149,297	(22,113)
Sale of property	10,000	10,000	19,773	-	19,773	9,773
Total revenues	8,728,407	8,728,407	9,407,076	(121,840)	9,285,236	556,829

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Total revenues(carried forward)	\$ 8,728,407	8,728,407	9,407,076	(121,840)	9,285,236	556,829
Expenditures						
Current:						
General government	4,194,098	4,193,198	3,297,227	(26,280)	3,270,947	922,251
Public safety	3,342,005	3,342,005	3,156,101	(16,032)	3,140,069	201,936
Transportation & public service	2,103,650	2,108,350	1,539,756	(2,673)	1,537,083	571,267
Culture & recreation	560,950	560,950	393,641	(10)	393,631	167,319
Employee retirement costs	850,439	850,439	850,349	-	850,349	90
Capital outlay	572,400	568,600	303,144	-	303,144	265,456
Total expenditures	11,623,542	11,623,542	9,540,218	(44,995)	9,495,223	2,128,319
Excess of revenues over (under) expenditures	(2,895,135)	(2,895,135)	(133,142)	(76,845)	(209,987)	2,685,148
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(105,100)	(105,100)	(100,000)	-	(100,000)	5,100
Net transfers	(105,100)	(105,100)	(100,000)	-	(100,000)	5,100
Net change in fund balances	(3,000,235)	(3,000,235)	(233,142)	(76,845)	(309,987)	2,690,248
Fund balances-beginning	7,079,472	7,079,472	9,501,639	(2,238,119)	7,263,520	184,048
Fund balances-ending	\$ 4,079,237	4,079,237	9,268,497	(2,314,964)	6,953,533	2,874,296
Explanation of differences:						
Fund balance-ending budget (cash) basis					\$ 6,953,533	
To adjust to GAAP basis revenues for changes in accounts receivable					321,840	
To adjust to GAAP basis expenditures for changes in unavailable income					(200,000)	
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses					(44,995)	
The amount reported as "Fund balances-beginning on the budgetary cash basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balances-ending reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above					2,238,119	
Fund balance-GAAP basis					\$ 9,268,497	

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Incremental property tax	\$ 4,393,655	4,393,655	4,317,573	-	4,317,573	(76,082)
Principal-CBTDP LLC	24,772	24,772	24,772	-	24,772	-
Interest-CBTDP LLC	11,651	11,651	11,651	-	11,651	-
Principal-Living Waters Church	7,765	7,765	7,765	-	7,765	-
Interest-Living Waters Church	374	374	374	-	374	-
Interest income	6,800	6,800	6,206	-	6,206	(594)
Miscellaneous income	500	500	1,814	-	1,814	1,314
Total revenues	<u>4,445,517</u>	<u>4,445,517</u>	<u>4,370,155</u>	<u>-</u>	<u>4,370,155</u>	<u>(75,362)</u>
Expenditures						
General government:						
Accounting services	500	500	-	-	-	500
Engineering services	75,000	75,000	90,225	(17,134)	73,091	1,909
Legal services	40,000	40,000	17,389	-	17,389	22,611
Other professional services	40,000	40,000	3,500	-	3,500	36,500
Miscellaneous expenses	8,000	8,000	-	-	-	8,000
Total general government	<u>163,500</u>	<u>163,500</u>	<u>111,114</u>	<u>(17,134)</u>	<u>93,980</u>	<u>69,520</u>
Community development:						
Loan/grant distributions	125,000	125,000	-	-	-	125,000
Reimbursement-taxing districts	2,120,000	2,160,000	2,158,787	-	2,158,787	1,213
Total community development	<u>2,245,000</u>	<u>2,285,000</u>	<u>2,158,787</u>	<u>-</u>	<u>2,158,787</u>	<u>126,213</u>
Capital outlay:						
Land purchases	20,000	20,000	2,806	-	2,806	17,194
Parks improvements	430,000	430,000	38,055	-	38,055	391,945
Building construction/improv.	270,000	270,000	25,273	-	25,273	244,727
Demolition of buildings	40,000	40,000	-	-	-	40,000
Bulk fuel storage facility	25,000	25,000	2,098	-	2,098	22,902
Sewerage treatment plant	105,000	105,000	84,541	19,998	104,539	461
Swimming pool/tennis courts	150,000	150,000	104,693	-	104,693	45,307
Equipment	160,000	160,000	122,693	-	122,693	37,307
Water system & well improv.	775,000	775,000	516,409	(10,171)	506,238	268,762
Water tower	10,000	10,000	-	-	-	10,000
Sanitary sewer systems	1,280,000	1,240,000	235,270	35,000	270,270	969,730
Street construction	170,000	170,000	147,918	-	147,918	22,082
Storm sewer construction	20,000	20,000	2,074	-	2,074	17,926
Street lighting improv.	50,000	50,000	11,028	(6,156)	4,872	45,128
Traffic signals	70,000	70,000	67,465	431	67,896	2,104
Off street parking	25,000	25,000	405	-	405	24,595
Downtown development	60,000	60,000	24,193	682	24,875	35,125
Provision for contingency	100,000	100,000	-	-	-	100,000
Total capital outlay	<u>3,760,000</u>	<u>3,720,000</u>	<u>1,384,921</u>	<u>39,784</u>	<u>1,424,705</u>	<u>2,295,295</u>
Total expenditures	<u>6,168,500</u>	<u>6,168,500</u>	<u>3,654,822</u>	<u>22,650</u>	<u>3,677,472</u>	<u>2,491,028</u>

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Excess of revenues over (under) expenditures	\$ (1,722,983)	(1,722,983)	715,333	(22,650)	692,683	2,415,666
Other Financing Sources (Uses)						
Transfers to Marina TIF Fund	<u>(4,325,000)</u>	<u>(4,325,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>2,325,000</u>
Net change in fund balances	(6,047,983)	(6,047,983)	(1,284,667)	(22,650)	(1,307,317)	4,740,666
Fund balances-beginning	<u>6,203,307</u>	<u>6,203,307</u>	<u>6,155,289</u>	<u>78,003</u>	<u>6,233,292</u>	<u>29,985</u>
Fund balances-ending	<u>\$ 155,324</u>	<u>155,324</u>	<u>4,870,622</u>	<u>55,353</u>	<u>4,925,975</u>	<u>4,770,651</u>

Explanation of differences:

Fund balance-ending budget (cash) basis	\$ 4,925,975
To adjust to GAAP basis revenues for changes in receivables	266,488
To adjust to GAAP basis expenditures for changes in unavailable income	(266,488)
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses	22,650
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>(78,003)</u>
Fund balance-GAAP basis	<u>\$ 4,870,622</u>

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Incremental property tax	\$ 3,102	3,102	2,238	-	2,238	(864)
Expenditures						
General government:						
Accounting services	500	500	-	-	-	500
Engineering services	50,000	62,000	71,060	(9,080)	61,980	20
Other professional services	10,000	10,000	6,173	-	6,173	3,827
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
Total general government	61,500	73,500	77,233	(9,080)	68,153	5,347
Environment:						
Legal services	50,000	50,000	8,664	-	8,664	41,336
CLC closure expenses	3,400,000	2,733,000	178,193	113,119	291,312	2,441,688
Total environment	3,450,000	2,783,000	186,857	113,119	299,976	2,483,024
Community development:						
Reimbursement-taxing districts	3,100	3,100	671	-	671	2,429
Capital outlay:						
Land purchases	1,000	1,000	-	-	-	1,000
Building construction/improv.	1,000	1,000	-	-	-	1,000
Demolition of buildings	1,000	1,000	-	-	-	1,000
Sewerage treatment plant	705,000	1,360,000	1,578,230	(218,828)	1,359,402	598
Equipment	15,000	15,000	1,600	-	1,600	13,400
Water tower	1,000	1,000	-	-	-	1,000
Sanitary sewer systems	1,000	1,000	-	-	-	1,000
Street construction	1,000	1,000	-	-	-	1,000
Storm sewer construction	1,000	1,000	-	-	-	1,000
Street lighting improv.	1,000	1,000	-	-	-	1,000
Provision for contingency	100,000	100,000	-	-	-	100,000
Total capital outlay	828,000	1,483,000	1,579,830	(218,828)	1,361,002	121,998
Total expenditures	4,342,600	4,342,600	1,844,591	(114,789)	1,729,802	2,612,798
Excess of revenues over (under) expenditures	(4,339,498)	(4,339,498)	(1,842,353)	114,789	(1,727,564)	2,611,934
Other Financing Sources (Uses)						
Transfers from TIF I	4,325,000	4,325,000	2,000,000	-	2,000,000	(2,325,000)
Net change in fund balances	(14,498)	(14,498)	157,647	114,789	272,436	286,934
Fund balances-beginning	16,607	16,607	(97,780)	123,385	25,605	8,998
Fund balances-ending	\$ 2,109	2,109	59,867	238,174	298,041	295,932

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

Explanation of differences:

Fund balance-ending budget (cash) basis	\$	298,041
To adjust to GAAP basis expenditures for changes in accounts payable and other accrued expenses		(114,789)
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>(123,385)</u>
Fund balance-GAAP basis	\$	<u><u>59,867</u></u>

See notes to required supplementary information.

CITY OF MORRIS, ILLINOIS

Notes to Required Supplementary Information April 30, 2017

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

1. Prior to April 1, the City Budget Officer submits to the City Council a tentative annual budget and appropriation ordinance for the fiscal year commencing May 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to April 30th, the annual budget and appropriation ordinance is legally adopted through passage of an ordinance after a public hearing is held to obtain comments from the community.
3. The City Budget Officer is authorized to transfer from any appropriation item its anticipated unexpended funds to any other item of appropriation within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for most funds.
5. Budgeted amounts were originally adopted by the City Council on April 18, 2016.

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

**CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
APRIL 30, 2017**

	Special Revenue				
	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund	Park and Civic Improvements Fund
Assets					
Cash and cash equivalents	\$ 388,757	1,633,169	272,900	10,790	163,822
Restricted cash and cash equivalents	-	-	-	-	-
Receivables:					
Property taxes	570,000	-	-	-	-
Other taxes	7,909	29,856	-	-	-
Fines	-	-	-	-	-
Loans receivable-current	-	-	-	-	-
Loans receivable-long term	-	-	-	-	-
Total assets	\$ 966,666	1,663,025	272,900	10,790	163,822
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accrued expenses	\$ -	-	-	-	-
Deferred inflows of resources:					
Unavailable property tax revenue	570,000	-	-	-	-
Unavailable revolving loan revenue	-	-	-	-	-
Total deferred inflows of resources	570,000	-	-	-	-
Fund Balances-					
Restricted	396,666	1,663,025	272,900	10,790	163,822
Total liabilities, deferred inflows and fund balances	\$ 966,666	1,663,025	272,900	10,790	163,822

**CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
APRIL 30, 2017**

	<u>Special Revenue</u>				
	<u>Solid Waste Fund</u>	<u>Motel Tax Fund</u>	<u>Drug Fine and Forfeiture Fund</u>	<u>Community Development Loan Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 309,094	238,462	69,457	-	3,086,451
Restricted cash and cash equivalents	-	-	-	1,132,433	1,132,433
Receivables:					
Property taxes	-	-	-	-	570,000
Other taxes	-	22,307	-	-	60,072
Fines	-	-	992	-	992
Loans receivable-current	-	-	-	1,014	1,014
Loans receivable-long term	-	-	-	152,113	152,113
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 309,094</u>	<u>260,769</u>	<u>70,449</u>	<u>1,285,560</u>	<u>5,003,075</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accrued expenses	\$ 207	12,075	-	-	12,282
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred inflows of resources:					
Unavailable property tax revenue	-	-	-	-	570,000
Unavailable revolving loan revenue	-	-	-	153,127	153,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,127</u>	<u>723,127</u>
Fund Balances-					
Restricted	<u>308,887</u>	<u>248,694</u>	<u>70,449</u>	<u>1,132,433</u>	<u>4,267,666</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 309,094</u>	<u>260,769</u>	<u>70,449</u>	<u>1,285,560</u>	<u>5,003,075</u>

CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2017

	Special Revenue				
	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	Sanitary Landfill Contingency Fund	West Route 6 Special Assessment Fund	Park and Civic Improvements Fund
Revenues					
Property taxes	\$ 675,644	-	-	-	-
Other local taxes	-	-	-	-	-
Intergovernmental	62,237	358,784	-	-	-
Fines	-	-	-	-	-
Interest income	269	1,818	136	4	80
Miscellaneous	-	-	-	-	7,227
Total revenues	738,150	360,602	136	4	7,307
Expenditures					
Current:					
Public safety	-	-	-	-	-
Transportation & public service	-	27,544	-	-	-
Culture & recreation	-	-	-	-	1,590
Environment	-	-	-	-	-
Employee retirement costs	641,081	-	-	-	-
Capital outlay	-	313,784	-	-	110
Total expenditures	641,081	341,328	-	-	1,700
Excess of revenues over (under) expenditures	97,069	19,274	136	4	5,607
Fund balances-beginning	299,597	1,643,751	272,764	10,786	158,215
Fund balances-ending	<u>\$ 396,666</u>	<u>1,663,025</u>	<u>272,900</u>	<u>10,790</u>	<u>163,822</u>

CITY OF MORRIS, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Solid Waste Tax Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Community Development Loan Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	-	-	-	-	675,644
Other local taxes	\$ 14,735	285,918	-	-	300,653
Intergovernmental	-	-	-	-	421,021
Fines	-	-	49,791	-	49,791
Interest income	154	319	26	2,767	5,573
Miscellaneous	-	5,000	4,523	114,558	131,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	14,889	291,237	54,340	117,325	1,583,990
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures					
Current:					
Public Safety	-	-	16,092	-	16,092
Transportation & public service	-	-	-	-	27,544
Culture & recreation	-	217,867	-	-	219,457
Environment	9,585	-	-	-	9,585
Employee retirement costs	-	-	-	-	641,081
Capital outlay	-	209,485	30,288	-	553,667
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Total expenditures	9,585	427,352	46,380	-	1,467,426
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Excess of revenues over (under) expenditures	5,304	(136,115)	7,960	117,325	116,564
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Fund balances-beginning	303,583	384,809	62,489	1,015,108	4,151,102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances-ending	\$ 308,887	248,694	70,449	1,132,433	4,267,666
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CITY OF MORRIS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Property taxes	\$ 678,000	678,000	675,644	-	675,644	(2,356)
Replacement income tax	57,100	57,100	62,237	1,671	63,908	6,808
Interest income	250	250	269	-	269	19
Total revenues	<u>735,350</u>	<u>735,350</u>	<u>738,150</u>	<u>1,671</u>	<u>739,821</u>	<u>4,471</u>
Expenditures						
Employee retirement costs:						
Contributions to Social Security Retirement System-City's share of social security cost	206,200	206,200	200,033	-	200,033	6,167
Contributions to Social Security Retirement System-City's share of medicare cost	88,000	88,000	81,028	-	81,028	6,972
Contributions to Illinois Municipal Retirement System-City's share of municipal retirement cost	435,175	435,175	360,020	-	360,020	75,155
Total expenditures	<u>729,375</u>	<u>729,375</u>	<u>641,081</u>	<u>-</u>	<u>641,081</u>	<u>88,294</u>
Excess of revenues over (under) expenditures	5,975	5,975	97,069	1,671	98,740	92,765
Fund balances-beginning	<u>289,311</u>	<u>289,311</u>	<u>299,597</u>	<u>(9,579)</u>	<u>290,018</u>	<u>707</u>
Fund balances-ending	<u>\$ 295,286</u>	<u>295,286</u>	<u>396,666</u>	<u>(7,908)</u>	<u>388,758</u>	<u>93,472</u>

CITY OF MORRIS, ILLINOIS
MOTOR FUEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Motor fuel tax	\$ 353,172	353,172	345,625	1,178	346,803	(6,369)
High growth allotment	-	-	13,159	-	13,159	13,159
Interest income	1,700	1,700	1,818	-	1,818	118
Miscellaneous income	-	-	-	-	-	-
Total revenues	354,872	354,872	360,602	1,178	361,780	6,908
Expenditures						
Transportation services:						
Engineering services	50,000	50,000	27,544	-	27,544	22,456
Maintenance-streets	10,000	10,000	-	-	-	10,000
Maintenance-sidewalks	15,000	15,000	-	-	-	15,000
Total transportation services	75,000	75,000	27,544	-	27,544	47,456
Capital outlay:						
Improvements-streets	1,035,000	1,035,000	313,784	-	313,784	721,216
Improvements-bridges	100,000	100,000	-	-	-	100,000
Storm sewer construction	20,000	20,000	-	-	-	20,000
Total capital outlay	1,155,000	1,155,000	313,784	-	313,784	841,216
Total expenditures	1,230,000	1,230,000	341,328	-	341,328	888,672
Excess of revenues over (under) expenditures	(875,128)	(875,128)	19,274	1,178	20,452	895,580
Fund balances-beginning	1,612,714	1,612,714	1,643,751	(31,034)	1,612,717	3
Fund balances-ending	\$ 737,586	737,586	1,663,025	(29,856)	1,633,169	895,583

CITY OF MORRIS, ILLINOIS
SANITARY LANDFILL CONTINGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Interest income	\$ 130	130	136	-	136	6
Expenditures						
Environment:						
Engineering services	10,000	10,000	-	-	-	10,000
Legal service	25,000	25,000	-	-	-	25,000
Other professional services	1,200	1,200	-	-	-	1,200
Miscellaneous expenses	1,500	1,500	-	-	-	1,500
Total environment	37,700	37,700	-	-	-	37,700
Capital outlay-						
Landfill improv/closure costs	235,000	235,000	-	-	-	235,000
Total expenditures	272,700	272,700	-	-	-	272,700
Excess of revenues over (under) expenditures	(272,570)	(272,570)	136	-	136	272,706
Fund balances-beginning	272,760	272,760	272,764	-	272,764	4
Fund balances-ending	\$ 190	190	272,900	-	272,900	272,710

CITY OF MORRIS, ILLINOIS
WEST ROUTE 6 SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Acreage fees	\$ 2,000	2,000	-	-	-	(2,000)
Interest income	10	10	4	-	4	(6)
Total revenues	2,010	2,010	4	-	4	(2,006)
Expenditures						
Transportation services:						
Engineering services	2,500	2,500	-	-	-	2,500
Miscellaneous expense	2,500	2,500	-	-	-	2,500
Total transportation services	5,000	5,000	-	-	-	5,000
Capital outlay-						
Improvements-West Rte. 6	7,500	7,500	-	-	-	7,500
Total expenditures	12,500	12,500	-	-	-	12,500
Excess of revenues over (under) expenditures	(10,490)	(10,490)	4	-	4	10,494
Fund balances-beginning	10,786	10,786	10,786	-	10,786	-
Fund balances-ending	\$ 296	296	10,790	-	10,790	10,494

CITY OF MORRIS, ILLINOIS
PARK AND CIVIC IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Park site zoning fees	\$ 5,000	5,000	6,227	-	6,227	1,227
Interest income	100	100	80	-	80	(20)
Miscellaneous income	-	-	1,000	-	1,000	1,000
Total revenues	5,100	5,100	7,307	-	7,307	2,207
Expenditures						
Culture and recreation:						
Engineering services	2,000	2,000	863	-	863	1,137
Legal services	2,000	2,000	-	-	-	2,000
Other professional services	2,000	2,000	-	-	-	2,000
Printing/publishing/ads	1,000	1,000	727	-	727	273
Miscellaneous expense	1,000	1,000	-	-	-	1,000
Miscellaneous donations	10,000	10,000	-	-	-	10,000
Total culture and recreation	18,000	18,000	1,590	-	1,590	16,410
Capital outlay:						
Land purchase/improvement	100,000	100,000	110	-	110	99,890
Civic improvements	30,000	30,000	-	-	-	30,000
Building improvements	1,100	1,100	-	-	-	1,100
Total capital outlay	131,100	131,100	110	-	110	130,990
Total expenditures	149,100	149,100	1,700	-	1,700	147,400
Excess of revenues over (under) expenditures	(144,000)	(144,000)	5,607	-	5,607	149,607
Fund balances-beginning	158,213	158,213	158,215	-	158,215	2
Fund balances-ending	\$ 14,213	14,213	163,822	-	163,822	149,609

**CITY OF MORRIS, ILLINOIS
SOLID WASTE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Landfill tax-Environtech	\$ -	-	14,735	5,836	20,571	20,571
Interest income	100	100	154	-	154	54
Total revenues	100	100	14,889	5,836	20,725	20,625
Expenditures						
Environment:						
Engineering services	20,000	20,000	207	(207)	-	20,000
Legal services	25,000	25,000	85	-	85	24,915
Other professional services	2,000	2,000	-	-	-	2,000
Recycling expenses	10,000	10,000	3,518	-	3,518	6,482
Miscellaneous expenses	1,000	1,000	-	-	-	1,000
County solid waste plan	30,000	30,000	5,775	-	5,775	24,225
Total environment	88,000	88,000	9,585	(207)	9,378	78,622
Capital outlay-						
Landfill well monitoring	50,000	50,000	-	-	-	50,000
Landfill closure costs	95,000	95,000	-	-	-	95,000
Total capital outlay	145,000	145,000	-	-	-	145,000
Total expenditures	233,000	233,000	9,585	(207)	9,378	223,622
Excess of revenues over (under) expenditures	(232,900)	(232,900)	5,304	6,043	11,347	244,247
Fund balances-beginning	280,300	280,300	303,583	(5,836)	297,747	17,447
Fund balances-ending	\$ 47,400	47,400	308,887	207	309,094	261,694

CITY OF MORRIS, ILLINOIS
MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Motel taxes	\$ 300,000	300,000	285,918	(2,611)	283,307	(16,693)
Interest income	280	280	319	-	319	39
Miscellaneous income	5,250	5,250	5,000	-	5,000	(250)
Total revenues	305,530	305,530	291,237	(2,611)	288,626	(16,904)
Expenditures						
Culture and recreation:						
Other professional services	1,000	1,000	40	-	40	960
Printing/publishing/ads	3,500	3,500	855	-	855	2,645
Broadcasting	4,000	4,000	881	-	881	3,119
Event sponsorship/donations	175,000	175,000	162,500	-	162,500	12,500
City special events	65,000	65,000	37,197	-	37,197	27,803
Tourism expenses	12,500	12,500	16,068	(12,075)	3,993	8,507
Miscellaneous expenses	5,000	5,000	326	-	326	4,674
Total culture and recreation	266,000	266,000	217,867	(12,075)	205,792	60,208
Capital outlay:						
Land purchases	1,000	133,000	132,259	-	132,259	741
Park improvements	80,000	80,000	56,245	-	56,245	23,755
Riverfront park improvements	2,500	2,500	-	-	-	2,500
Park equipment	200,000	68,000	20,956	-	20,956	47,044
I&M canal improvements	1,000	1,000	25	-	25	975
Building improvements	30,000	30,000	-	-	-	30,000
Total capital outlay	314,500	314,500	209,485	-	209,485	105,015
Total expenditures	580,500	580,500	427,352	(12,075)	415,277	165,223
Excess of revenues over (under) expenditures	(274,970)	(274,970)	(136,115)	9,464	(126,651)	148,319
Fund balances-beginning	316,208	316,208	384,809	(19,696)	365,113	48,905
Fund balances-ending	\$ 41,238	41,238	248,694	(10,232)	238,462	197,224

CITY OF MORRIS, ILLINOIS
DRUG FINE AND FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Drug enforcement fees	\$ 5,000	5,000	3,688	315	4,003	(997)
DUI equipment fees	6,000	6,000	11,039	(69)	10,970	4,970
Police vehicle equip fees	6,000	6,000	4,815	240	5,055	(945)
Failure to appear fines	2,500	2,500	1,680	(140)	1,540	(960)
E-Citation development fees	900	900	820	48	868	(32)
Drug forfeitures	600	600	27,749	-	27,749	27,149
Interest income	25	25	26	-	26	1
Donations	2,000	2,000	3,565	-	3,565	1,565
Property & evidence cash	1,500	1,500	933	-	933	(567)
Miscellaneous income	500	500	25	-	25	(475)
Total revenues	<u>25,025</u>	<u>25,025</u>	<u>54,340</u>	<u>394</u>	<u>54,734</u>	<u>29,709</u>
Expenditures						
Public safety:						
Telephone	2,500	2,500	650	-	650	1,850
Training/travel expense	1,500	1,500	891	-	891	609
Maintenance supplies	300	300	-	-	-	300
Drug crime enforcement	15,000	15,000	11,411	-	11,411	3,589
Asset forfeiture refunds	3,000	3,000	200	-	200	2,800
Property/evidence payout	500	500	-	-	-	500
Miscellaneous expense	3,000	3,000	2,940	-	2,940	60
Total public safety	<u>25,800</u>	<u>25,800</u>	<u>16,092</u>	<u>-</u>	<u>16,092</u>	<u>9,708</u>
Capital outlay:						
Equipment	6,000	6,000	-	-	-	6,000
DUI equipment	3,000	3,000	-	-	-	3,000
E-Citation development	1,000	1,000	-	-	-	1,000
Vehicles	37,000	37,000	30,288	-	30,288	6,712
Communication equipment	5,000	5,000	-	-	-	5,000
Total capital outlay	<u>52,000</u>	<u>52,000</u>	<u>30,288</u>	<u>-</u>	<u>30,288</u>	<u>21,712</u>
Total expenditures	<u>77,800</u>	<u>77,800</u>	<u>46,380</u>	<u>-</u>	<u>46,380</u>	<u>31,420</u>
Excess of revenues over (under) expenditures	(52,775)	(52,775)	7,960	394	8,354	61,129
Fund balances-beginning	<u>60,581</u>	<u>60,581</u>	<u>62,489</u>	<u>(1,387)</u>	<u>61,102</u>	<u>521</u>
Fund balances-ending	<u>\$ 7,806</u>	<u>7,806</u>	<u>70,449</u>	<u>(993)</u>	<u>69,456</u>	<u>61,650</u>

CITY OF MORRIS, ILLINOIS
COMMUNITY DEVELOPMENT LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Revenues						
Principal-Echo Lanes	\$ 11,062	11,062	14,823	-	14,823	3,761
Interest-Echo Lanes	293	293	317	-	317	24
Principal-Lagoon Saloon	15,419	15,419	15,126	-	15,126	(293)
Interest-Lagoon Saloon	443	443	291	-	291	(152)
Principal-Holiday Inn Express	32,700	32,700	83,625	-	83,625	50,925
Interest-Holiday Inn Express	2,062	2,062	880	-	880	(1,182)
Principal-Audacious Ink	984	984	984	-	984	-
Interest-Audacious Ink	175	175	175	-	175	-
Interest income	800	800	1,104	-	1,104	304
Total revenues	63,938	63,938	117,325	-	117,325	53,387
Expenditures						
Community development- Grant distributions	900,000	900,000	-	-	-	900,000
Excess of revenues over (under) expenditures	(836,062)	(836,062)	117,325	-	117,325	953,387
Fund balances-beginning	1,014,065	1,014,065	1,015,108	-	1,015,108	1,043
Fund balances-ending	\$ 178,003	178,003	1,132,433	-	1,132,433	954,430

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS
COMBINING STATEMENT OF NET POSITION
APRIL 30, 2017

	Operations and Maintenance Account	Capital Improvement Account	Alternate Revenue Bond And Interest Account	Total
Assets				
Cash and cash equivalents	\$ 7,242,026	1,015,628	6,798	8,264,452
Water & sewer fee receivables(net)	101,726	-	-	101,726
Capital assets:				
Land	613,374	-	-	613,374
Construction in progress	3,142,470	291,089	-	3,433,559
Machinery & equipment	613,024	15,513	-	628,537
Vehicles	505,352	-	-	505,352
Infrastructure	37,800,539	-	-	37,800,539
Accumulated depreciation	(18,495,808)	(5,688)	-	(18,501,496)
Total assets	31,522,703	1,316,542	6,798	32,846,043
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	407,264	407,264
Liabilities				
Accounts payable and accrued expenses	132,791	1,386	-	134,177
Accrued interest payable	-	-	40,883	40,883
Compensated absences	100,781	-	-	100,781
Long-term liabilities due within one year:				
Alternate revenue bonds	-	-	440,000	440,000
Long-term liabilities due in more than one year:				
Compensated absences	10,927	-	-	10,927
Alternate revenue bonds(including bond premium)	-	-	4,425,956	4,425,956
Total liabilities	244,499	1,386	4,906,839	5,152,724
Net Position				
Net investment in capital assets	24,178,951	300,914	(4,458,692)	20,021,173
Restricted for:				
Public works capital projects	-	1,014,242	-	1,014,242
Debt service	-	-	6,798	6,798
Unrestricted	7,099,253	-	(40,883)	7,058,370
Total net position	\$ 31,278,204	1,315,156	(4,492,777)	28,100,583

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED APRIL 30, 2017

	Operations and Maintenance Account	Capital Improvement Account	Alternate Revenue Bond And Interest Account	Total
Operating Revenues				
Water and sewer sales	\$ 3,599,156	-	-	3,599,156
Infrastructure acre fees	-	2,659	-	2,659
Tap on fees/meters	80,200	-	-	80,200
Miscellaneous revenue	117,680	-	-	117,680
Total operating revenues	3,797,036	2,659	-	3,799,695
Operating Expenses				
Personal services	1,195,811	-	-	1,195,811
Contractual services	924,529	75,698	-	1,000,227
Commodities	338,247	10,857	-	349,104
Capital outlay/maintenance	153,811	168,998	-	322,809
Depreciation	871,263	1,034	-	872,297
Other expenses	51,934	-	-	51,934
Total operating expenses	3,535,595	256,587	-	3,792,182
Operating income (loss)	261,441	(253,928)	-	7,513
Non-Operating Revenues (Expenses)				
Bond service fees	-	-	(100)	(100)
Interest expense	-	-	(140,360)	(140,360)
Interest income	4,914	562	4	5,480
Total nonoperating revenues (expenses)	4,914	562	(140,456)	(134,980)
Income (loss) before transfers	266,355	(253,366)	(140,456)	(127,467)
Transfers between accounts	(550,000)	10,000	540,000	-
Change in net position	(283,645)	(243,366)	399,544	(127,467)
Net position-beginning	31,561,849	1,558,522	(4,892,321)	28,228,050
Net position-ending	<u>\$ 31,278,204</u>	<u>1,315,156</u>	<u>(4,492,777)</u>	<u>28,100,583</u>

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATIONS AND MAINTENANCE ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Water and sewer sales	\$ 3,600,000	3,600,000	3,483,071	(21,962)	3,461,109	(138,891)
Waste disposal fees	125,000	125,000	115,985	-	115,985	(9,015)
Waste disposal license	100	100	100	-	100	-
Tap-on-fees	65,000	65,000	61,500	-	61,500	(3,500)
Meter sales	15,000	15,000	18,700	-	18,700	3,700
Rental income	3,840	3,840	4,403	-	4,403	563
Miscellaneous income	35,000	35,000	113,277	(65,980)	47,297	12,297
Total operating revenues	3,843,940	3,843,940	3,797,036	(87,942)	3,709,094	(134,846)
Operating Expenses						
Personal services	1,521,025	1,303,875	1,195,811	(15,097)	1,180,714	123,161
Contractual services	1,167,400	1,127,800	924,529	(29,234)	895,295	232,505
Commodities	605,600	568,750	338,247	1,472	339,719	229,031
Capital outlay/maintenance	3,335,500	3,732,600	153,811	3,230,476	3,384,287	348,313
Depreciation	-	-	871,263	(871,263)	-	-
Other expenses	185,200	81,700	51,934	-	51,934	29,766
Total operating expenses	6,814,725	6,814,725	3,535,595	2,316,354	5,851,949	962,776
Operating income (loss)	(2,970,785)	(2,970,785)	261,441	(2,404,296)	(2,142,855)	827,930
Nonoperating Income						
State grants	500	500	-	-	-	(500)
Interest income	5,100	5,100	4,914	-	4,914	(186)
Total nonoperating income	5,600	5,600	4,914	-	4,914	(686)
Income (loss) before transfers	(2,965,185)	(2,965,185)	266,355	(2,404,296)	(2,137,941)	827,244
Transfers						
Transfer to other accounts	(550,000)	(550,000)	(550,000)	-	(550,000)	-
Change in net position	(3,515,185)	(3,515,185)	(283,645)	(2,404,296)	(2,687,941)	827,244
Net position-beginning	9,874,859	9,874,859	31,561,849	(21,631,882)	9,929,967	55,108
Net position-ending	\$ 6,359,674	6,359,674	31,278,204	(24,036,178)	7,242,026	882,352

**CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
CAPITAL IMPROVEMENT ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Infrastructure acre fees	\$ 25,000	25,000	2,659	-	2,659	(22,341)
Operating Expenses						
Engineering services	90,000	90,000	74,976	(1,386)	73,590	16,410
Legal services	80,000	80,000	-	-	-	80,000
Other professional services	20,000	20,000	-	-	-	20,000
Sludge disposal expenses	5,000	5,000	722	-	722	4,278
Maintenance supplies-sewer	20,000	20,000	10,857	-	10,857	9,143
STP improvements	1,000,000	1,000,000	-	291,090	291,090	708,910
WTP improvements	10,000	10,000	-	-	-	10,000
Watermain improvements	270,000	270,000	160,098	-	160,098	109,902
Sanitary sewer improvements	10,000	10,000	8,900	-	8,900	1,100
NE STP Improvements	10,000	10,000	-	-	-	10,000
Miscellaneous expenses	5,000	5,000	-	-	-	5,000
Depreciation expense	-	-	1,034	(1,034)	-	-
Total operating expenses	1,520,000	1,520,000	256,587	288,670	545,257	974,743
Operating income (loss)	(1,495,000)	(1,495,000)	(253,928)	(288,670)	(542,598)	952,402
Nonoperating Income (Expenses)						
Interest income	300	300	562	-	562	262
Income (loss) before transfers	(1,494,700)	(1,494,700)	(253,366)	(288,670)	(542,036)	952,664
Transfers						
Transfer from water & sewer operations account	10,000	10,000	10,000	-	10,000	-
Change in net position	(1,484,700)	(1,484,700)	(243,366)	(288,670)	(532,036)	952,664
Net position-beginning	1,528,637	1,528,637	1,558,522	(10,859)	1,547,663	19,026
Net position-ending	\$ 43,937	43,937	1,315,156	(299,529)	1,015,627	971,690

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
ALTERNATE REVENUE BOND AND INTEREST ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Operating revenue	\$ -	-	-	-	-	-
Operating Expenses						
Operating expenses	-	-	-	-	-	-
Operating income (loss)	-	-	-	-	-	-
Nonoperating Income (Expenses)						
Interest income	10	10	4	-	4	(6)
Miscellaneous income	-	-	-	-	-	-
Bond principal	(430,000)	(430,000)	-	(430,000)	(430,000)	-
Bond interest	(107,810)	(107,810)	(140,360)	32,550	(107,810)	-
Bond fees	(2,000)	(2,000)	(100)	-	(100)	1,900
Total nonoperating expenses	(539,800)	(539,800)	(140,456)	(397,450)	(537,906)	1,894
Transfers						
Transfer from water & sewer operations account	540,000	540,000	540,000	-	540,000	-
Change in net position	200	200	399,544	(397,450)	2,094	1,894
Net position-beginning	4,703	4,703	(4,892,321)	4,897,024	4,703	-
Net position-ending	\$ 4,903	4,903	(4,492,777)	4,499,574	6,797	1,894

CITY OF MORRIS, ILLINOIS
COMBINING STATEMENT OF NET POSITION
AIRPORT FUNDS
APRIL 30, 2017

	Airport Operations Account	Airport Development Account	Total
Assets			
Cash and cash equivalents	\$ 357,533	62,034	419,567
Customer receivables	5,510	-	5,510
Inventory	33,862	-	33,862
Capital assets:			
Land	655,560	4,277,861	4,933,421
Land improvements	58,345	-	58,345
Machinery & equipment	-	66,925	66,925
Buildings & improvements	1,850,000	476,071	2,326,071
Infrastructure	7,800,769	-	7,800,769
Vehicles	102,500	-	102,500
Accumulated depreciation	(7,590,674)	(91,671)	(7,682,345)
Total assets	3,273,405	4,791,220	8,064,625
Liabilities			
Accounts payable and accrued expenses	28,617	23,041	51,658
Compensated absences	11,071	-	11,071
Due to General Fund	-	1,000,000	1,000,000
Long-term liabilities due within one year:			
Lease commitments payable	75,570	-	75,570
Long-term liabilities due in more than one year:			
Lease commitments payable	562,477	-	562,477
Total liabilities	677,735	1,023,041	1,700,776
Net Position			
Net investment in capital assets	2,238,453	3,729,186	5,967,639
Unrestricted	357,217	38,993	396,210
Total net position	\$ 2,595,670	3,768,179	6,363,849

CITY OF MORRIS, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AIRPORT FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Airport Operations Account	Airport Development Account	Total
Operating Revenues			
Facilities rental	\$ 248,935	-	248,935
Fuel sales	250,426	-	250,426
Miscellaneous revenue	74,000	2,779	76,779
	<u>573,361</u>	<u>2,779</u>	<u>576,140</u>
Operating Expenses			
Personal services	77,984	-	77,984
Contractual services	41,373	103,411	144,784
Commodities	213,300	-	213,300
Capital outlay/maintenance	35,580	8,707	44,287
Depreciation	355,481	15,055	370,536
Other expenses	6,083	500	6,583
	<u>729,801</u>	<u>127,673</u>	<u>857,474</u>
Total operating revenues	<u>573,361</u>	<u>2,779</u>	<u>576,140</u>
Total operating expenses	<u>729,801</u>	<u>127,673</u>	<u>857,474</u>
Operating income (loss)	<u>(156,440)</u>	<u>(124,894)</u>	<u>(281,334)</u>
Nonoperating Revenues (Expenses)			
State & federal grants	-	19,318	19,318
Interest income	140	5	145
Interest expense	(32,460)	-	(32,460)
	<u>(32,320)</u>	<u>19,323</u>	<u>(12,997)</u>
Total nonoperating revenues (expenses)	<u>(32,320)</u>	<u>19,323</u>	<u>(12,997)</u>
Income (loss) before transfers	<u>(188,760)</u>	<u>(105,571)</u>	<u>(294,331)</u>
Other Financing Sources (Uses)			
Transfer from General Fund	-	100,000	100,000
	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Change in net position	<u>(188,760)</u>	<u>(5,571)</u>	<u>(194,331)</u>
Net position-beginning	<u>2,784,430</u>	<u>3,773,750</u>	<u>6,558,180</u>
Net position-ending	<u>\$ 2,595,670</u>	<u>3,768,179</u>	<u>6,363,849</u>

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT OPERATIONS ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Operating Revenues						
Fuel sales	\$ 443,400	443,400	250,426	6,352	256,778	(186,622)
Rent-hangars/land	206,790	206,790	211,001	4,400	215,401	8,611
Rent-farmland	40,000	40,000	31,934	-	31,934	(8,066)
Rent-mechanic shop	6,000	6,000	6,000	-	6,000	-
Miscellaneous income	1,500	1,500	74,000	-	74,000	72,500
Total operating revenues	697,690	697,690	573,361	10,752	584,113	(113,577)
Operating Expenses						
Salary-Airport Manager	46,800	46,800	46,775	-	46,775	25
Salary-Airport Maintenance	34,950	34,950	26,861	-	26,861	8,089
Compensated absences	-	-	4,348	(4,348)	-	-
Engineering services	3,500	3,500	-	-	-	3,500
Legal fees	3,500	3,500	298	850	1,148	2,352
Medical services & supplies	300	300	-	-	-	300
Postage & meter expense	1,200	1,200	500	-	500	700
Telephone	2,500	2,500	2,415	-	2,415	85
Printing/publishing/ads	500	500	412	-	412	88
Broadcasting	200	200	-	-	-	200
Dues/subscriptions	500	500	200	-	200	300
Training/travel expense	500	500	-	-	-	500
Utilities-gas	8,000	8,000	4,610	-	4,610	3,390
Utilities-electricity	30,000	30,000	19,162	(769)	18,393	11,607
Insurance-liability	20,000	20,000	13,776	-	13,776	6,224
Maintenance - buildings	10,500	10,500	3,000	-	3,000	7,500
Maintenance - equipment	12,000	24,000	23,972	-	23,972	28
Maintenance - vehicles	10,000	10,000	1,483	-	1,483	8,517
Maintenance - grounds	3,200	3,200	101	-	101	3,099
Office supplies	1,700	1,700	656	-	656	1,044
Operating supplies	500	1,000	746	-	746	254
Tools & small equipment	300	300	153	-	153	147
Janitorial supplies	450	450	259	-	259	191
Gasoline	3,000	3,000	1,992	-	1,992	1,008
Oil/lubricants	5,000	5,000	267	-	267	4,733
Aviation fuel	400,000	365,500	165,778	(18,657)	147,121	218,379
Airport buildings/improv.	7,000	7,000	-	-	-	7,000
Equipment purchase/lease	19,000	19,000	10,029	-	10,029	8,971
Airport runway improvements	9,000	27,000	25,551	-	25,551	1,449
Miscellaneous expense	1,700	1,700	1,000	-	1,000	700
Bank/credit card fees	1,200	5,200	5,083	-	5,083	117
Fuel sales tax	30,500	30,500	14,893	-	14,893	15,607
Depreciation expense	-	-	355,481	(355,481)	-	-
Total operating expenses	667,500	667,500	729,801	(378,405)	351,396	316,104
Operating income (loss)	30,190	30,190	(156,440)	389,157	232,717	202,527

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT OPERATIONS ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Original				
Nonoperating Income (Expenses)						
Interest income	\$ 100	100	140	-	140	40
Interest expense	-	-	(32,460)	32,460	-	-
T-hangar lease payments	(104,545)	(104,545)	-	(104,545)	(104,545)	-
Nonoperating income (expense)	(104,445)	(104,445)	(32,320)	(72,085)	(104,405)	40
Income (loss) before transfers	(74,255)	(74,255)	(188,760)	317,072	128,312	202,567
Transfers						
Transfer from airport development account	20,000	20,000	-	-	-	(20,000)
Change in net position	(54,255)	(54,255)	(188,760)	317,072	128,312	182,567
Net position-beginning	200,700	200,700	2,784,430	(2,555,210)	229,220	28,520
Net position-ending	\$ 146,445	146,445	2,595,670	(2,238,138)	357,532	211,087

CITY OF MORRIS, ILLINOIS
AIRPORT FUND
AIRPORT DEVELOPMENT ACCOUNT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Miscellaneous income	\$ 76,000	76,000	2,779	-	2,779	(73,221)
Operating Expenses						
Engineering service	160,000	160,000	91,290	(21,656)	69,634	90,366
Legal service	20,000	20,000	12,121	-	12,121	7,879
Other professional service	5,000	5,000	-	-	-	5,000
Equipment purchase	4,000	4,000	2,868	-	2,868	1,132
Vehicle purchase/lease	500	500	-	-	-	500
T-hangar construction/improv.	10,000	10,000	5,839	(1,384)	4,455	5,545
Airport building improv.	10,000	10,000	-	-	-	10,000
Land acquisition expenses	10,000	10,000	-	-	-	10,000
Miscellaneous expenses	7,500	7,500	500	-	500	7,000
Depreciation expense	-	-	15,055	(15,055)	-	-
Total operating expenses	227,000	227,000	127,673	(38,095)	89,578	137,422
Operating income (loss)	(151,000)	(151,000)	(124,894)	38,095	(86,799)	64,201
Nonoperating Income (Expenses)						
Federal & state grants	77,000	77,000	19,318	-	19,318	(57,682)
Interest income	25	25	5	-	5	(20)
Nonoperating income (expense)	77,025	77,025	19,323	-	19,323	(57,702)
Income (loss) before transfers	(73,975)	(73,975)	(105,571)	38,095	(67,476)	6,499
Transfers in (out)						
Transfer from general fund	100,000	100,000	100,000	-	100,000	-
Transfer to airport operations account	(20,000)	(20,000)	-	-	-	20,000
Total transfers in (out)	80,000	80,000	100,000	-	100,000	20,000
Change in net position	6,025	6,025	(5,571)	38,095	32,524	26,499
Net position-beginning	1,097	1,097	3,773,750	(3,744,240)	29,510	28,413
Net position-ending	\$ 7,122	7,122	3,768,179	(3,706,145)	62,034	54,912

CITY OF MORRIS, ILLINOIS
GARBAGE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Operating Revenues						
Garbage Collection Fees	\$ 1,101,000	1,101,000	1,109,416	(5,062)	1,104,354	3,354
Operating Expenses						
Garbage disposal expense	1,093,000	1,093,000	1,080,066	1,198	1,081,264	11,736
Miscellaneous expense	8,000	8,000	2,098	-	2,098	5,902
Total operating expenses	1,101,000	1,101,000	1,082,164	1,198	1,083,362	17,638
Operating income (loss)	-	-	27,252	(6,260)	20,992	20,992
Nonoperating Income (Expenses)						
Loan from General Fund	100	100	-	-	-	(100)
Interest income	125	125	128	-	128	3
Nonoperating income (expense)	225	225	128	-	128	(97)
Change in net position	225	225	27,380	(6,260)	21,120	20,895
Net position-beginning	207,436	207,436	176,428	39,441	215,869	8,433
Net position-ending	\$ 207,661	207,661	203,808	33,181	236,989	29,328

**CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED APRIL 30, 2017**

Additions

Contributions:	
Employer	\$ 850,349
Employee	194,448
	1,044,797
Total contributions	1,044,797
Investment earnings:	
Net increase in fair value of investments	944,620
Interest & dividends	257,667
	1,202,287
Total investment earnings	1,202,287
Less investment expenses-	
Investment management fees	(53,012)
	1,149,275
Net investment income	1,149,275
Total additions	2,194,072

Deductions

Benefits paid	834,742
Administrative expense	12,106
	846,848
Total deductions	846,848
Change in net position	1,347,224
Net position-beginning	12,276,206
Net position-ending	\$ 13,623,430

CITY OF MORRIS, ILLINOIS
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
APRIL 30, 2017

	School Site Dedication Trust Fund	Library Trust Fund	Sex Offender Management Board Trust Fund	Security Deposit Trust Fund	Total
Assets					
Cash and cash equivalents	\$ 23	7,404	500	195,159	203,086
Liabilities					
Payable to other governments	23	7,404	500	1,931	9,858
Security deposits payable	-	-	-	193,228	193,228
Total liabilities	23	7,404	500	195,159	203,086
Net Position	\$ -	-	-	-	-

CITY OF MORRIS, ILLINOIS
AGENCY FUND
SCHOOL SITE DEDICATION TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2017

Additions

School site fees	\$	21,239
Interest income		<u>3</u>
Total additions		21,242

Deductions

Distributions to school districts		<u>21,239</u>
Change in assets and liabilities		3
Assets and liabilities-beginning		<u>20</u>
Assets and liabilities-ending	\$	<u><u>23</u></u>

CITY OF MORRIS, ILLINOIS
AGENCY FUND
LIBRARY TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2017

Additions

Replacement taxes	\$ 22,168
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Deductions

Distributions to library district	<u>18,877</u>
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Change in assets and liabilities	3,291
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Assets and liabilities-beginning	<u>4,113</u>
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Assets and liabilities-ending	<u><u>\$ 7,404</u></u>
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CITY OF MORRIS, ILLINOIS
AGENCY FUND
SEX OFFENDER MANAGEMENT BOARD TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2017

Additions	
Registration fees	\$ 1,300
Deductions	
Distributions to agencies	<u>1,300</u>
Change in assets and liabilities	-
Assets and liabilities-beginning	<u>500</u>
Assets and liabilities-ending	<u><u>\$ 500</u></u>

CITY OF MORRIS, ILLINOIS
AGENCY FUND
SECURITY DEPOSIT TRUST FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2017

Additions

Security deposits	\$	95,650
Escrow fees-other		53,000
Interest income		149
		148,799
Total additions		148,799

Deductions

Refund of security deposits & escrow fees		298,335
		(149,536)
Change in assets and liabilities		(149,536)
Assets and liabilities-beginning		344,695
		344,695
Assets and liabilities-ending	\$	195,159

**CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Over (Under)</u>
Finance and Administrative Department						
Salary-Mayor	\$ 90,000	90,000	90,000	-	90,000	-
Salary-Liquor Commissioner	5,000	5,000	5,000	-	5,000	-
Salary-Mayor's Secretary	60,675	60,675	60,581	-	60,581	94
Salaries-Aldermen	38,400	38,400	37,800	-	37,800	600
Salary-City Clerk	78,400	78,400	78,400	-	78,400	-
Salary-Budget Officer	17,500	17,500	17,500	-	17,500	-
Salary-Treasurer	3,500	3,500	3,500	-	3,500	-
Salary-Deputy Treasurer	62,500	62,825	62,812	-	62,812	13
Salary-Building and Zoning Officer	77,425	79,925	79,837	-	79,837	88
Salary-Director of Public Works	91,800	93,800	93,675	-	93,675	125
Salary-Public Works Secretary	44,850	44,925	44,900	-	44,900	25
Salary-Custodian	33,280	33,355	33,328	-	33,328	27
Salary-Fire Marshall	31,700	31,700	31,700	-	31,700	-
Salary-Deputy City Clerk F&A	60,675	60,675	60,583	-	60,583	92
Salary-Human Resource Administrator	6,200	6,200	6,200	-	6,200	-
Salary-Summer Clerical	4,600	4,600	2,030	-	2,030	2,570
Compensated absences	-	-	20,871	(20,871)	-	-
Wages-Zoning Board of Appeals	2,500	2,500	850	-	850	1,650
Wages-Planning Commission	3,500	3,500	1,380	-	1,380	2,120
Wages-Police Commission	5,000	5,000	2,125	-	2,125	2,875
Insurance-health	1,917,171	1,896,696	1,661,792	-	1,661,792	234,904
Insurance-dental & vision	90,508	90,508	71,721	-	71,721	18,787
Insurance-life	33,064	33,064	26,756	-	26,756	6,308
Insurance-unemployment	100	100	-	-	-	100
Accounting service	22,000	22,000	16,212	-	16,212	5,788
Engineering service	315,000	315,000	98,741	(3,093)	95,648	219,352
Legal service	250,000	262,000	273,086	(12,745)	260,341	1,659
Medical services & supplies	500	500	-	-	-	500
Data processing/internet service	4,000	4,000	189	-	189	3,811
Other professional service	36,750	36,750	14,022	-	14,022	22,728
Building inspector fee	20,000	20,000	12,775	-	12,775	7,225
Plumbing inspector fee	12,000	12,000	6,125	-	6,125	5,875
Electrical inspector fee	22,000	22,000	2,255	-	2,255	19,745
Postage & meter expense	7,500	7,500	1,562	-	1,562	5,938
Telephone	21,000	21,000	17,754	-	17,754	3,246
Cell phone	3,000	3,000	1,347	-	1,347	1,653
Printing/publishing & ads	10,000	10,000	8,710	-	8,710	1,290
Broadcasting	5,500	5,500	1,972	-	1,972	3,528
Dues/subscriptions	23,000	23,000	20,204	-	20,204	2,796
Training/travel expense	4,000	4,000	2,599	-	2,599	1,401
Codification services	8,500	8,500	2,394	-	2,394	6,106
Building & zoning expense	2,500	2,500	146	-	146	2,354
Police commission expense	22,000	22,000	2,080	-	2,080	19,920
Utilities-gas	1,000	1,000	-	-	-	1,000
Insurance-general	3,300	3,300	2,681	-	2,681	619
Insurance-liability/auto/workers comp	265,600	265,600	197,367	4,320	201,687	63,913
Copier machine rental	7,500	7,500	6,250	-	6,250	1,250
Copier machine rental-public works	1,800	1,800	1,345	-	1,345	455
Maintenance-building	60,000	60,000	34,260	-	34,260	25,740
Maintenance-pw building	500	800	752	-	752	48

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with Final Budget Over (Under)
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	
Maintenance-equipment	\$ 500	2,000	1,565	-	1,565	435
Maintenance-pw equipment	200	200	-	-	-	200
Maintenance-grounds	1,500	1,700	1,611	-	1,611	89
Maintenance-pw grounds	100	100	-	-	-	100
Office supplies	10,000	10,000	6,560	-	6,560	3,440
Office supplies-building & zoning	750	750	181	-	181	569
Office supplies-public works	750	750	240	-	240	510
Operating supplies	300	900	804	-	804	96
Janitorial supplies	1,500	1,500	949	-	949	551
Janitorial supplies-public works	1,200	1,200	556	-	556	644
Books & periodicals	5,000	5,000	-	-	-	5,000
Video/Audio/Software	100	100	-	-	-	100
Capital outlay-equipment	1,000	1,200	1,109	-	1,109	91
Capital outlay-pw equipment	250	250	-	-	-	250
Capital outlay-furniture	2,000	2,700	2,650	-	2,650	50
Capital outlay-pw furniture	100	100	-	-	-	100
Capital outlay-computers & maint.	6,000	6,000	1,343	-	1,343	4,657
Capital outlay-computer programs	17,000	17,000	8,544	-	8,544	8,456
Property tax reimbursement	5,500	5,500	387	-	387	5,113
Sales tax reimbursement	130,000	130,000	52,803	6,108	58,911	71,089
Miscellaneous expenses	10,000	10,000	6,497	-	6,497	3,503
Misc. expense-Mayor's office	2,000	2,000	50	-	50	1,950
Misc. expense-corn festival	400	400	-	-	-	400
Misc. expense-police commission	15,000	15,000	435	-	435	14,565
Miscellaneous donations	22,000	22,000	6,421	-	6,421	15,579
Total finance and administrative dept.	4,120,448	4,120,448	3,310,874	(26,281)	3,284,593	835,855
Police Department						
Salary-Chief of Police	136,175	136,175	134,574	-	134,574	1,601
Salary-Deputy Chief	94,100	96,100	96,039	-	96,039	61
Salary-Sergeants	450,000	450,000	435,679	-	435,679	14,321
Salary-Patrol Persons	1,800,200	1,781,750	1,695,046	-	1,695,046	86,704
Salary-Part-time Patrol Persons	50,000	65,000	64,936	-	64,936	64
Salary-Police Secretary	47,425	47,425	47,300	-	47,300	125
Salary-Computer Operator	24,055	24,055	22,513	-	22,513	1,542
Salary-Ordinance Enforcer	43,550	43,600	43,583	-	43,583	17
Salary-School Crossing Guards	69,500	69,500	63,510	-	63,510	5,990
Salary-Records & Technology	62,550	62,550	62,458	-	62,458	92
Compensated absences	-	-	16,031	(16,031)	-	-
Deferred compensation employer	15,000	15,000	12,150	-	12,150	2,850
Contribution to police pension	850,439	850,439	850,349	-	850,349	90
Uniform expense	25,000	25,000	19,786	-	19,786	5,214
Medical service-arrestees	2,500	2,500	908	-	908	1,592
Data processing service	1,000	1,000	-	-	-	1,000
Dispatcher agreement - County	290,950	290,950	290,885	-	290,885	65
Postage & meter expense	2,000	2,000	2,000	-	2,000	-
Cell phone	3,500	3,500	2,977	-	2,977	523
Printing/publishing/ads	3,500	3,500	1,827	-	1,827	1,673
Broadcasting	300	300	-	-	-	300
LEADS expense	9,000	9,000	7,624	-	7,624	1,376
Dues/subscriptions	15,000	15,000	6,059	-	6,059	8,941

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with Final Budget Over (Under)
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	
Training/travel expense	\$ 25,000	25,000	14,856	-	14,856	10,144
Tuition reimbursement	500	500	-	-	-	500
Investigation expense	7,500	7,500	6,326	-	6,326	1,174
Booking/processing expense	500	500	-	-	-	500
Copier machine rental	3,800	4,300	4,224	-	4,224	76
Maintenance-building	1,000	1,000	594	-	594	406
Maintenance-equipment	4,000	4,000	2,970	-	2,970	1,030
Maintenance-vehicles	24,000	24,000	11,190	-	11,190	12,810
Maintenance-comm. equip.	500	500	-	-	-	500
Office supplies	8,000	8,000	5,294	-	5,294	2,706
Operating supplies	2,000	2,000	1,771	-	1,771	229
Janitorial supplies	2,800	2,800	1,966	-	1,966	834
Gasoline	90,000	90,000	58,840	-	58,840	31,160
Oil/lubricants	1,800	1,800	1,143	-	1,143	657
DARE supplies	3,000	3,000	2,257	-	2,257	743
Drug law enforcement/crime prev.	750	750	241	-	241	509
Awards	1,300	1,300	633	-	633	667
Books & periodicals	500	500	369	-	369	131
Video/audio/software	200	200	-	-	-	200
Capital outlay-equipment	35,000	35,000	30,102	-	30,102	4,898
Capital outlay-vehicles	144,000	144,000	106,202	-	106,202	37,798
Capital outlay-furniture	750	750	454	-	454	296
Capital outlay-comm. equip.	11,000	11,000	901	-	901	10,099
Capital outlay-computer/maint.	30,000	30,000	25,107	-	25,107	4,893
Capital outlay-computer programs	1,000	1,000	199	-	199	801
Miscellaneous expense	5,000	5,900	5,791	-	5,791	109
Animal control	14,500	14,500	11,749	-	11,749	2,751
M.A.N.S. expense	50	50	-	-	-	50
Total police department	4,414,194	4,414,194	4,169,413	(16,031)	4,153,382	260,812
Street and Alley Department						
Salary-Superintendent of Streets	82,700	85,700	85,232	-	85,232	468
Salary-Mechanic	74,500	74,500	70,682	-	70,682	3,818
Salary-Class A Operator	391,500	391,500	351,900	-	351,900	39,600
Salary-Class B Operator	305,900	305,900	195,679	-	195,679	110,221
Salary-Class A Laborer	229,500	229,500	189,588	-	189,588	39,912
Salary-Class B Laborer	122,750	122,750	83,743	-	83,743	39,007
Compensated absences	-	-	-	-	-	-
Deferred compensation employer	10,000	10,000	8,500	-	8,500	1,500
Engineering services	80,000	80,000	22,014	(686)	21,328	58,672
Medical service & testing	1,500	3,000	2,796	-	2,796	204
Cell phone	1,800	1,800	1,713	-	1,713	87
Printing/publishing/advertising	700	900	854	-	854	46
Training/travel expenses	5,000	5,000	1,978	-	1,978	3,022
Utilities-street light electricity	133,000	133,000	131,268	(522)	130,746	2,254
Rentals	1,500	1,500	780	-	780	720
Maintenance-buildings	2,500	2,500	715	-	715	1,785
Maintenance-equipment	28,000	28,000	19,406	-	19,406	8,594
Maintenance vehicles	30,000	30,000	9,512	-	9,512	20,488

CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		GAAP Basis	Adjustments	Actual	Variance with Final Budget Over (Under)
	Original	Final		Budget Basis	Budget Basis	
Maintenance-streets	\$ 175,000	175,000	146,040	(3,150)	142,890	32,110
Maintenance-traffic signals	65,000	65,000	42,211	(407)	41,804	23,196
Maintenance-tree trimming	10,000	10,000	215	-	215	9,785
Maintenance-st. control mat.	70,000	70,000	14,222	-	14,222	55,778
Maintenance-street lights	60,000	60,000	46,567	2,092	48,659	11,341
Operating supplies	32,000	32,000	15,493	-	15,493	16,507
Tools & small equipment	25,000	25,000	12,018	-	12,018	12,982
Janitorial supplies	5,000	5,000	2,440	-	2,440	2,560
Gasoline	50,000	50,000	21,029	-	21,029	28,971
Diesel fuel	60,000	60,000	35,347	-	35,347	24,653
Oil/lubricants	8,500	8,500	3,718	-	3,718	4,782
Books & periodicals	150	150	-	-	-	150
Capital outlay-equipment	75,000	75,000	56,227	-	56,227	18,773
Capital outlay-vehicles	10,000	10,000	-	-	-	10,000
Capital outlay-street construction	10,000	10,000	3,992	-	3,992	6,008
Capital outlay-bridge construction	125,000	120,300	-	-	-	120,300
Capital outlay-storm sewer const.	5,000	5,000	2,269	-	2,269	2,731
Capital outlay-sidewalk/curb const.	62,000	62,000	52,931	-	52,931	9,069
Capital outlay-street signs	10,000	10,000	2,459	-	2,459	7,541
Capital outlay-street lighting	3,000	3,000	-	-	-	3,000
Capital outlay-communication equip	3,000	3,000	-	-	-	3,000
Miscellaneous expenses	8,000	8,000	6,474	-	6,474	1,526
Total street and alley department	2,372,500	2,372,500	1,640,012	(2,673)	1,637,339	735,161
Parks Department						
Salary-Parks Leadman	66,950	66,950	58,891	-	58,891	8,059
Salary-Assistant Parks Leadman	65,350	65,350	45,534	-	45,534	19,816
Salary-Parks Laborer	125,100	125,100	102,959	-	102,959	22,141
Salary-Summer Maintenance	65,500	65,500	39,581	-	39,581	25,919
VALIC-employer portion	2,300	2,300	1,104	-	1,104	1,196
Engineering services	25,000	25,000	-	-	-	25,000
Utilities-electricity	15,000	15,000	8,231	-	8,231	6,769
Rentals	250	250	-	-	-	250
Maintenance-building	5,000	5,000	1,797	-	1,797	3,203
Maintenance-equipment	8,000	8,000	4,719	-	4,719	3,281
Maintenance-vehicles	4,000	4,000	1,386	-	1,386	2,614
Maintenance grounds	6,000	6,000	4,534	-	4,534	1,466
Maintenance-tennis courts	1,000	1,000	-	105	105	895
Maintenance-baseball fields	20,000	20,000	10,439	(115)	10,324	9,676
Operating supplies	2,500	2,500	995	-	995	1,505
Tools & small equipment	2,000	2,500	2,344	-	2,344	156
Janitorial supplies	3,000	3,000	1,248	-	1,248	1,752
Gasoline/Diesel	18,000	17,500	10,928	-	10,928	6,572
Oil/lubricants	500	500	344	-	344	156
Capital outlay-park improvements	5,000	5,000	171	-	171	4,829
Capital outlay-equipment	8,500	8,500	4,062	-	4,062	4,438
Capital outlay-vehicles	1,000	1,000	-	-	-	1,000
Miscellaneous expenses	500	500	200	-	200	300
Total parks department	450,450	450,450	299,467	(10)	299,457	150,993

**CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Final Budget Over (Under)
Swimming Pool						
Salary-Management	\$ 26,000	26,000	23,556	-	23,556	2,444
Salary-Summer Employees	60,000	59,800	49,923	-	49,923	9,877
Salary-Red Cross	4,000	4,000	3,045	-	3,045	955
Engineering Service	500	500	-	-	-	500
Printing/publishing/ads	400	400	-	-	-	400
Dues/subscriptions	600	600	600	-	600	-
Utilities-gas	500	500	413	-	413	87
Maintenance-building	1,000	1,000	131	-	131	869
Maintenance-pool & grounds	1,000	1,200	1,182	-	1,182	18
Operating supplies	4,000	4,000	1,299	-	1,299	2,701
Tools & small equipment	100	100	66	-	66	34
Janitorial supplies	400	400	285	-	285	115
Chemicals	10,000	10,000	7,336	-	7,336	2,664
Miscellaneous expenses	1,500	1,500	495	-	495	1,005
Concession stand expense	15,000	15,000	10,075	-	10,075	4,925
Capital outlay-pool improvements	1,500	1,500	200	-	200	1,300
Capital outlay-equipment	5,300	5,300	4,224	-	4,224	1,076
Total swimming pool	131,800	131,800	102,830	-	102,830	28,970
Senior Van						
Salary-senior van driver	14,500	14,500	14,222	-	14,222	278
Printing/publishing/ads	100	100	65	-	65	35
Maintenance-vehicles	12,000	12,000	578	-	578	11,422
Gasoline	7,000	7,000	2,671	-	2,671	4,329
Oil/lubricants	400	400	86	-	86	314
Miscellaneous expenses	150	150	-	-	-	150
Total senior van	34,150	34,150	17,622	-	17,622	16,528
Provision For Contingencies	100,000	100,000	-	-	-	100,000
Transfers to Other Funds						
Transfer to Airport Dev Fund	100,000	100,000	100,000	-	100,000	-
Transfer to Police Pension	5,000	5,000	-	-	-	5,000
Loan to Garbage Fund	100	100	-	-	-	100
Total transfers to other funds	105,100	105,100	100,000	-	100,000	5,100
Total General Fund	\$ 11,728,642	11,728,642	9,640,218	(44,995)	9,595,223	2,133,419

**CITY OF MORRIS, ILLINOIS
GENERAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
Summary by Function:						
Current:						
General government	\$ 4,194,098	4,193,198	3,297,227	(26,280)	3,270,947	922,251
Public safety	3,342,005	3,342,005	3,156,101	(16,032)	3,140,069	201,936
Transportation & public service	2,103,650	2,108,350	1,539,756	(2,673)	1,537,083	571,267
Culture & recreation	560,950	560,950	393,641	(10)	393,631	167,319
Employee retirement costs	850,439	850,439	850,349	-	850,349	90
Capital outlay	<u>572,400</u>	<u>568,600</u>	<u>303,144</u>	<u>-</u>	<u>303,144</u>	<u>265,456</u>
Total expenditures	11,623,542	11,623,542	9,540,218	(44,995)	9,495,223	2,128,319
Transfers to other funds	<u>105,100</u>	<u>105,100</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>5,100</u>
Total General Fund	<u>\$ 11,728,642</u>	<u>11,728,642</u>	<u>9,640,218</u>	<u>(44,995)</u>	<u>9,595,223</u>	<u>2,133,419</u>

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with Final Budget Over (Under)
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	
Administrative Department						
Salary-Senior Water Clerk	\$ 41,200	41,250	41,228	-	41,228	22
Salary-Water Clerk	71,050	36,050	36,034	-	36,034	16
Salary-Asst Human Resources	3,000	3,000	2,711	-	2,711	289
Compensated absences	-	-	1,319	(1,319)	-	-
Insurance-health	71,400	26,400	22,613	-	22,613	3,787
Insurance-dental & vision	3,700	3,700	839	-	839	2,861
Insurance-life	1,650	1,650	899	-	899	751
Insurance-unemployment	1,000	1,000	-	-	-	1,000
Accounting services	23,000	23,000	14,633	-	14,633	8,367
Legal services	75,000	25,000	20,010	4,955	24,965	35
Data processing expenses	2,500	2,500	189	-	189	2,311
Postage & meter expense	13,000	13,000	10,060	-	10,060	2,940
Telephone & alarms	18,000	18,000	7,473	-	7,473	10,527
Cell phone	5,000	5,000	2,675	-	2,675	2,325
Printing/publishing/ads	5,000	5,000	4,686	-	4,686	314
Dues/subscriptions	750	750	487	-	487	263
Training/travel expense	300	300	-	-	-	300
Utilities-gas	25,000	25,000	14,250	-	14,250	10,750
Insurance-liability/auto/workers comp	257,100	257,000	189,579	4,320	193,899	63,101
Rentals	1,000	1,000	-	-	-	1,000
Copy machine rental	4,000	4,000	101	-	101	3,899
Office supplies	5,000	5,000	2,796	-	2,796	2,204
Operating supplies	250	250	-	-	-	250
Capital outlay-equipment	2,500	2,550	2,540	-	2,540	10
Capital outlay-computers	12,000	12,000	1,249	-	1,249	10,751
Capital outlay-computer programs	30,000	30,000	9,869	-	9,869	20,131
Miscellaneous expenses	4,000	4,000	160	-	160	3,840
Miscellaneous water refunds	1,000	1,000	-	-	-	1,000
Bank/credit card & misc fees	20,000	20,000	14,920	-	14,920	5,080
Total administrative dept.	697,400	567,400	401,320	7,956	409,276	158,124
Water Department						
Salary-Water Foreman	82,775	83,275	83,150	-	83,150	125
Salary-Class A Laborer	75,200	-	-	-	-	-
Salary-Class B Laborer	144,800	144,800	133,955	-	133,955	10,845
Salary-Class C Laborer	141,500	141,500	129,031	-	129,031	12,469
Salary-Class D Laborer	55,000	55,000	52,661	-	52,661	2,339
Compensated absences	-	-	4,939	(4,939)	-	-
Insurance-health	253,500	163,500	161,769	-	161,769	1,731
Insurance-dental & vision	10,300	10,300	7,431	-	7,431	2,869
Insurance-life	3,800	3,800	2,399	-	2,399	1,401
VALIC-employer portion	4,000	4,000	2,663	-	2,663	1,337
Engineering service	25,000	25,000	10,864	(676)	10,188	14,812
Medical service & supplies	1,200	1,200	199	-	199	1,001
JULIE locate service	5,000	5,000	3,534	324	3,858	1,142
Training/travel expense	5,000	5,000	513	-	513	4,487
Utilities-electricity	190,000	165,000	174,117	(12,425)	161,692	3,308
Rental equipment	12,000	12,000	900	-	900	11,100
Copier machine rental/expense	2,200	2,200	1,728	-	1,728	472
Maintenance supplies-equipment	15,000	15,750	15,563	-	15,563	187

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Maintenance supplies-meters	\$ 10,000	10,000	806	-	806	9,194
Maintenance supplies-vehicles	7,000	7,000	4,364	-	4,364	2,636
Maintenance supplies-WTP & bldg.	2,000	2,100	2,003	68	2,071	29
Maintenance supplies-water towers	1,500	1,500	828	(493)	335	1,165
Maintenance supplies-well houses	3,500	3,500	1,845	-	1,845	1,655
Maintenance supplies-water mains	60,000	60,000	48,425	-	48,425	11,575
Maintenance supplies-pumping equip.	8,000	8,000	951	-	951	7,049
Maintenance supplies-grounds	750	750	-	-	-	750
Office supplies & equipment	4,000	4,000	380	-	380	3,620
Operating supplies	20,000	20,000	10,967	-	10,967	9,033
Tools and small equipment	5,000	5,000	2,158	-	2,158	2,842
Janitorial supplies	700	1,000	916	-	916	84
Gasoline/diesel	40,000	40,000	17,218	-	17,218	22,782
Oil/lubricants	4,000	4,000	1,121	-	1,121	2,879
Chemicals	55,000	55,000	23,798	-	23,798	31,202
Sodium chloride	189,000	189,000	139,049	(1,027)	138,022	50,978
Books/periodicals & misc.	500	500	-	-	-	500
Video/audio/software & misc.	25,000	25,000	-	-	-	25,000
Capital outlay-WTP improvements	25,000	25,000	2,468	-	2,468	22,532
Capital outlay-equipment	200,000	197,850	-	109,845	109,845	88,005
Capital outlay-meters	150,000	150,000	110,645	-	110,645	39,355
Capital outlay-valves/hydrants	60,000	60,000	6,203	11,596	17,799	42,201
Capital outlay-hydra-stop equipment	2,500	2,500	-	-	-	2,500
Capital outlay-pumping equipment	30,000	30,000	6,910	-	6,910	23,090
Capital outlay-Vehicles	31,000	31,000	470	15,618	16,088	14,912
Capital outlay-watermain extensions	80,000	15,000	11,352	-	11,352	3,648
Capital outlay-water well construct.	1,000	1,000	-	-	-	1,000
Capital outlay-water system control	2,500	2,500	-	-	-	2,500
Capital outlay-water towers	30,000	30,000	-	-	-	30,000
Capital outlay-furniture	1,000	1,000	-	-	-	1,000
Water analysis	13,000	13,000	3,247	-	3,247	9,753
Miscellaneous expenses	2,000	2,500	2,308	-	2,308	192
Total water department	2,090,225	1,835,025	1,183,848	117,891	1,301,739	533,286
Sewer Department						
Engineering services	140,000	207,000	212,376	(7,032)	205,344	1,656
Rental equipment	1,000	1,000	-	-	-	1,000
Maintenance supplies-equipment	5,000	5,000	-	-	-	5,000
Maintenance supplies-lift stations	40,000	10,000	6,668	(440)	6,228	3,772
Maintenance supplies-sewer mains	15,000	3,000	1,233	-	1,233	1,767
Capital outlay-equipment	50,000	-	-	-	-	-
Capital outlay-manholes and grates	5,000	5,000	8	-	8	4,992
Capital outlay-sewer extensions	2,500,000	3,081,200	-	3,080,159	3,080,159	1,041
Capital outlay-lift stations	100,000	33,000	-	-	-	33,000
Miscellaneous expenses	5,000	1,000	200	-	200	800
Total sewer department	2,861,000	3,346,200	220,485	3,072,687	3,293,172	53,028

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Over (Under)
Sewer Treatment Department						
Salary-Waste Water Operator	\$ 81,200	83,700	83,439	-	83,439	261
Salary-Waste Water Operator 1	77,575	77,575	73,279	-	73,279	4,296
Salary-Waste Water Asst./Lab T4	137,375	137,375	98,502	-	98,502	38,873
Salary-Waste Water Lab T Asst.	59,000	84,000	80,464	-	80,464	3,536
Salary-Summer Maintenance	17,700	17,700	9,620	-	9,620	8,080
Compensated absences	-	-	8,840	(8,840)	-	-
Insurance-health	170,000	170,000	147,139	-	147,139	22,861
Insurance-dental & vision	7,600	7,600	6,243	-	6,243	1,357
Insurance-life	2,700	2,700	2,246	-	2,246	454
VALIC-employer portion	4,000	4,000	2,400	-	2,400	1,600
Engineering services	12,000	12,000	8,968	-	8,968	3,032
Engineering services-NE STP	12,000	12,000	-	-	-	12,000
Medical service & supplies	1,500	1,500	139	-	139	1,361
Training/travel expense	750	750	-	-	-	750
Utilities-electricity central	140,000	140,000	105,604	(8,857)	96,747	43,253
Utilities-electricity NE STP	130,000	98,500	86,826	(6,290)	80,536	17,964
Sludge disposal expense	60,000	60,000	54,617	(3,554)	51,063	8,937
Copier machine rental/expense	100	100	-	-	-	100
Maintenance supplies-equipment	30,000	30,000	17,116	2,968	20,084	9,916
Maintenance supplies-vehicles	5,000	8,500	8,170	-	8,170	330
Maintenance supplies-STP	5,000	5,000	2,713	398	3,111	1,889
Maintenance supplies-grounds	4,000	4,000	158	-	158	3,842
Office supplies & equipment	400	400	346	-	346	54
Operating supplies	3,000	3,500	3,104	-	3,104	396
Lab testing samples/supplies	17,000	17,000	14,275	-	14,275	2,725
Tools & small equipment	5,000	5,000	167	-	167	4,833
Janitorial supplies	1,000	1,000	730	-	730	270
Gasoline/diesel	10,000	10,000	5,371	-	5,371	4,629
Oil/lubricants	2,000	2,000	893	-	893	1,107
Chemicals	7,000	7,000	4,113	-	4,113	2,887
Capital outlay-sewer treatment plant	2,500	2,500	2,098	-	2,098	402
Capital outlay-NE STP	2,500	2,500	-	-	-	2,500
Capital outlay-vehicles/equipment	18,000	18,000	-	13,258	13,258	4,742
IEPA/NPDES fees	40,000	40,000	31,000	-	31,000	9,000
Miscellaneous expenses	200	200	99	-	99	101
Total sewer treatment department	1,066,100	1,066,100	858,679	(10,917)	847,762	218,338
Depreciation expense	-	-	871,263	(871,263)	-	-
Provision for contingency	100,000	-	-	-	-	-

**CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND
OPERATION AND MAINTENANCE ACCOUNT EXPENSES
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2017**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under)
	Original	Final				
Transfers to Other Accounts						
Revenue Bond & Interest Account	\$ 540,000	540,000	540,000	-	540,000	-
Capital Improvement Account	10,000	10,000	10,000	-	10,000	-
Total transfers to other accounts	550,000	550,000	550,000	-	550,000	-
Total operations and maintenance	<u>\$ 7,364,725</u>	<u>7,364,725</u>	<u>4,085,595</u>	<u>2,316,354</u>	<u>6,401,949</u>	<u>962,776</u>
Summary by Function:						
Operating Expenses:						
Personal services	\$ 1,521,025	1,303,875	1,195,811	(15,097)	1,180,714	123,161
Contractual services	1,167,400	1,127,800	924,529	(29,234)	895,295	232,505
Commodities	605,600	568,750	338,247	1,472	339,719	229,031
Capital outlay/maintenance	3,335,500	3,732,600	153,811	3,230,476	3,384,287	348,313
Depreciation	-	-	871,263	(871,263)	-	-
Other expenses	185,200	81,700	51,934	-	51,934	29,766
Total operating expenses	6,814,725	6,814,725	3,535,595	2,316,354	5,851,949	962,776
Transfer to other accounts	550,000	550,000	550,000	-	550,000	-
Total operations and maintenance	<u>\$ 7,364,725</u>	<u>7,364,725</u>	<u>4,085,595</u>	<u>2,316,354</u>	<u>6,401,949</u>	<u>962,776</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed valuations	\$ 266,562,827	260,122,672	255,713,612	266,588,885	283,037,021
General Corporate	0.1801	0.1429	0.1311	0.0516	0.0462
Garbage	0.0469	0.0096	-	-	-
Police Pension	0.2190	0.2531	0.2720	0.3190	0.3834
Municipal Retirement	0.1032	0.1300	0.1330	0.1388	0.1205
Social Security/Medicare	0.0750	0.0865	0.0841	0.1155	0.0816
Police Protection	0.0281	0.0288	0.0293	0.0281	0.0159
Totals	<u>0.6523</u>	<u>0.6509</u>	<u>0.6495</u>	<u>0.6530</u>	<u>0.6476</u>
General Corporate	\$ 479,277	371,196	334,675	137,300	130,710
Garbage	124,816	24,982	-	-	-
Police Pension	582,776	657,345	694,342	848,922	1,083,231
Municipal Retirement	274,568	337,437	339,449	369,397	340,422
Social Security/Medicare	199,705	224,655	214,641	307,494	230,622
Police Protection	74,890	74,893	74,875	74,891	44,926
	<u>1,736,032</u>	<u>1,690,508</u>	<u>1,657,982</u>	<u>1,738,004</u>	<u>1,829,911</u>
Township Road & Bridge	<u>69,364</u>	<u>72,253</u>	<u>75,030</u>	<u>77,308</u>	<u>80,574</u>
Totals	<u>\$ 1,805,396</u>	<u>1,762,761</u>	<u>1,733,012</u>	<u>1,815,312</u>	<u>1,910,485</u>
Tax collections	<u>\$ 1,801,916</u>	<u>1,759,599</u>	<u>1,729,427</u>	<u>1,812,093</u>	<u>-</u>



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

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

I was engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Morris, Illinois' basic financial statements and have issued my report thereon dated August 21, 2017.

Internal Control Over Financial Reporting

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

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

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

Internal Control Finding IC-1

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

Recommendation

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

City management response:

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

Compliance and Other Matters

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

City of Morris, Illinois' Response to Findings

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

Purpose of this Report

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

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