

City of Morrison, Illinois

Financial Report

Year Ended April 30, 2017

City of Morrison, Illinois

Year Ended April 30, 2017

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Morrison, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
September 1, 2017

Management's Discussion and Analysis

City of Morrison, Illinois

Management's Discussion and Analysis

The City of Morrison, Illinois (the "City") provides this Management's Discussion and Analysis ("MD&A") of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended April 30, 2017. Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements, which follow:

2017 Financial Highlights

- The City's Governmental Activities net position decreased from \$3,589 thousand (April 30, 2016) to \$3,443 thousand on April 30, 2017. The Business-Type Activities net position was \$5,426 thousand on April 30, 2016, rose to \$10,889 thousand on April 30, 2017.
- The City's combined Governmental Funds on April 30, 2017 was \$2,483 thousand, an increase of \$253 thousand from the prior year end balance of \$2,230 thousand.
- The April 30, 2017 General Fund balance alone stood at \$729 thousand and increase of \$83 thousand from the prior year end.
- General Fund revenues decreased from \$1,757 thousand in fiscal year 2016 to \$1,472 thousand in fiscal year 2017, while General Fund expenditures increased from \$1,521 thousand in fiscal year 2016 to \$1,720 thousand in fiscal year 2017.
- The Water and Sewer Fund revenues increased from \$2,129 thousand in fiscal year 2016 to \$6,753 thousand in fiscal year 2017. The increase is due to a \$4,550 thousand capital contribution made by the IEPA in loan principal forgiven. Water and Sewer Fund expenses decreased from \$1,320 thousand in fiscal year 2016 to \$1,207 thousand in fiscal year 2017.

City of Morrison, Illinois

Management's Discussion and Analysis

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the City as a whole and present an overall view of the City's finances.

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

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

Required Supplemental Information further explains and supports the financial statements with a comparison of the City's major funds budgets for the year to the major funds activity for the year.

Supplementary Information provides detailed information about the nonmajor governmental funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Government-Wide Financial Statements are designed to emulate the corporate sector's annual reports by consolidating all governmental and business-type activities into columns that add to a total for the Primary Government. The Statement of Net Position and Statement of Activities provide information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

City of Morrison, Illinois

Management's Discussion and Analysis

REPORTING THE CITY'S FINANCIAL ACTIVITIES (continued)

Government-Wide Financial Statements (continued)

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

- Governmental Activities include general government, public safety, public works, parks and recreation, and community and economic development. Property taxes and intergovernmental revenues finance most of these activities.
- Business-Type Activities include the water and sewer systems and refuse disposal. These activities are financed primarily by user charges and are intended to be self-sustaining.

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 has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

- 2) Proprietary funds account for the City's Enterprise Fund. This fund reports services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business-type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The Enterprise Fund include the Water and Sewer Fund and Refuse Disposal Fund. Both are considered to be a major fund of the City. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

City of Morrison, Illinois

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Condensed Statement of Net Position (in thousands) at April 30,					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$2,802	\$2,574	\$4,018	\$1,725	\$6,820	\$4,299
Noncurrent assets	4,057	4,079	22,290	10,719	26,347	14,798
Total assets	6,859	6,653	26,308	12,444	33,167	19,097
Deferred outflow of resources	273	279	113	144	386	423
Total assets and deferred outflow of resources	7,132	6,932	26,421	12,588	33,553	19,520
Current liabilities	210	308	1,888	2,304	2,098	2,612
Noncurrent liabilities	2,844	2,468	13,619	4,857	16,463	7,325
Total liabilities	3,054	2,776	15,507	7,161	18,561	9,937
Deferred inflows of resources	635	567	25	1	660	568
Total liabilities and deferred inflows of resources	3,689	3,343	15,532	7,162	19,221	10,505
Net position:						
Net investment in capital assets	1,456	1,838	8,062	3,976	9,518	5,814
Restricted	1,731	1,603	0	0	1,731	1,603
Unrestricted	256	148	2,827	1,450	3,083	1,598
Total net position	\$3,443	\$3,589	\$10,889	\$5,426	\$14,332	\$9,015

Net position of governmental activities decreased from fiscal year 2016 by approximately \$146 thousand. Net position of business-type activities increased from fiscal year 2016 by approximately \$5,463 thousand. A portion of the City's net position is invested in capital assets less the related debt. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$3,083 thousand at the end of this year.

City of Morrison, Illinois

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	Condensed Statement of Activities (in thousands) for the Year Ended April 30,					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues -						
Charges for services	\$234	\$448	\$2,463	\$2,128	\$2,697	\$2,576
Operating grants and contributions	113	111	0	0	113	111
Capital grants and contributions	0	0	4,550	0	4,550	0
General revenues:						
Property taxes	575	574	0	0	575	574
Sales tax	669	657	0	0	669	657
State income tax	392	450	0	0	392	450
Other taxes	425	371	0	0	425	371
Unrestricted investment earnings	18	16	1	1	19	17
Miscellaneous	89	76	0	0	89	76
Total revenues	2,515	2,703	7,014	2,129	9,529	4,832
Expenses:						
General government	611	649	0	0	611	649
Public safety	605	562	0	0	605	562
Public works	655	608	0	0	655	608
Parks and recreation	601	540	0	0	601	540
Cemetery operations	148	106	0	0	148	106
Interest	143	82	0	0	143	82
Water and sewer	0	0	1,207	1,320	1,207	1,320
Refuse Disposal	0	0	242	0	242	0
Total expenses	2,763	2,547	1,449	1,320	4,212	3,867
Change in net position before transfers	(248)	156	5,565	809	5,317	965
Transfers	102	8	(102)	(8)	0	0
Change in net position	(146)	164	5,463	801	5,317	965
Net position, beginning of year	3,589	3,425	5,426	4,625	9,015	8,050
Net position, end of year	\$3,443	\$3,589	\$10,889	\$5,426	\$14,332	\$9,015

City of Morrison, Illinois

Management's Discussion and Analysis

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Morrison, Illinois completed this year with its governmental funds reported at a combined fund balance of \$2,483 thousand, which is \$253 thousand more than the \$2,230 thousand total fund balance at April 30, 2016.

Proprietary Fund Highlights

The proprietary funds ended fiscal year 2017 with a \$10,889 thousand net position balance compared to the prior year ending net position balance of \$5,426 thousand. The increase is primarily due to a \$4,550 million capital contribution made by the IEPA in loan principal forgiven.

BUDGETARY HIGHLIGHTS

Budgetary Highlights

The City's budget is prepared according to Illinois law and is based on accounting for certain transactions on the modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund.

General Fund Budgetary Variances

Revenues

Intergovernmental revenues for 2017 were \$1,001 thousand compared with budgeted amount of \$1,024 thousand. This variance is due to the City received less Sales Tax than expected.

Expenditures

Personnel Services remains the highest expenditure in City operations. Government service requires people to provide both services and information to the citizens it supports. It is a sizeable expenditure; however, it is also a long-term investment. Benefit payments remain a significant portion of the total personnel services costs. Pension, FICA and Health Insurance rates have all affected the total cost of personnel services.

The public safety expenditures for 2017 were \$448 thousand compared to a budgeted amount of \$501 thousand. The City over budgeted for health insurance during the current year.

The public works expenditures for 2017 were \$214 thousand compared to a budgeted amount of \$273 thousand. The City over budgeted for health insurance, maintenance service equipment, and snow removal during the current year.

City of Morrison, Illinois

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental activities totaled \$3,697 thousand (net of accumulated depreciation) at April 30, 2017. Capital assets for business-type activities totaled \$22,290 thousand (net of accumulated depreciation) at April 30, 2017. See Note 5 to the financial statements for more information about the City's capital assets.

The major addition for fiscal year 2017:

- Waste Water Treatment Plant Improvements - \$11,816,314
- Street Sweeper - \$210,000

Net Book Value of Capital assets at April 30, 2017 (in thousands)

	Governmental Activities	Business-Type Activities
Land	\$264	\$321
Construction in progress	0	16,453
Buildings	2,299	0
Equipment	256	37
Vehicles	18	13
Infrastructure – highways and streets	860	0
Infrastructure – water and sewer	0	5,466
Total	\$3,697	\$22,290

Net Book Value of Capital assets at April 30, 2016 (in thousands)

	Governmental Activities	Business-Type Activities
Land	\$264	\$321
Construction in progress	0	4,637
Buildings	2,512	0
Equipment	42	7
Vehicles	31	16
Infrastructure – highways and streets	921	0
Infrastructure – water and sewer	0	5,738
Total	\$3,770	\$10,719

City of Morrison, Illinois

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration

At April 30, 2017, the City had \$2,329 thousand in governmental activities long term debt which consisted of general obligation debt certificates and bonds, notes payable, and accrued compensated absences. Amounts due next year on these obligations are \$78 thousand. See Note 11 for details of debt.

Governmental Activities Outstanding Debt at April 30, 2017 (in thousands)	
Debt certificates and bonds payable, net	\$2,001
Notes payable	241
Accrued compensated absences	87
	\$2,329

Governmental Activities Outstanding Debt at April 30, 2016 (in thousands)	
Debt certificates payable, net	\$1,927
Notes payable	12
Accrued compensated absences	90
	\$2,029

At April 30, 2017, the City had \$13,524 thousand in business-type activities long term debt which consisted of notes payable and accrued compensated absences. Amounts due next year on these obligations are \$184 thousand. See Note 11 for details of debt.

Business-Type Activities Outstanding Debt at April 30, 2017 (in thousands)	
Notes payable	\$13,488
Accrued compensated absences	36
	\$13,524

Business-Type Activities Outstanding Debt at April 30, 2016 (in thousands)	
Notes payable	\$4,678
Accrued compensated absences	35
	\$4,713

City of Morrison, Illinois

Management's Discussion and Analysis

ECONOMIC FACTORS THAT AFFECT THE CITY OF MORRISON

Economic conditions affecting the City of Morrison are relatively stable and unchanged since last year. The City's EAV remains steady with a slight increase each of the past four years. The City Council is aggressively reinvesting proceeds from the new 1% Sales Tax into its road infrastructure. The new federal prison in Thompson is opening and eventually totaling 1,100 jobs in the region. The City of Morrison experiences upticks in home sales during hiring periods for the prison. In order to meet IEPA environmental regulations, the city is near completion of a major wastewater treatment plant and system upgrade project. To meet the cost demands of the \$15,000,000 project, the community has seen an increase in utility rates. The City Council has focused on long range planning efforts and recently restructured existing debt to lower annual payments and redirect those resources to capital equipment and vehicle needs. In conjunction with that process, S&P improved the city's credit rating.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's finances and operating activities. If you have any questions or require additional information please contact the City Administrator at:

Barry Dykhuizen
City Administrator
City Hall
200 West Main Street
Morrison, IL 61270
815-772-7657
bdykhuizen@morrisonil.org

Basic Financial Statements

City of Morrison, Illinois

Statement of Net Position

April 30, 2017

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash, deposits, and investments	\$1,460,765	\$3,147,131	\$4,607,896
Cash, deposits, and investments - restricted	25,503	0	25,503
Deposits	261,141	0	261,141
Accounts receivable, net	52,190	345,249	397,439
Property taxes receivable	581,674	0	581,674
Due from other governments	318,437	473,679	792,116
Inventory	1,007	0	1,007
Prepaid items	58,313	47,144	105,457
Internal balances	(4,914)	4,914	0
Notes receivable	48,264	0	48,264
Total current assets	2,802,380	4,018,117	6,820,497
Noncurrent assets:			
Notes receivable	359,391	0	359,391
Capital assets:			
Land and construction in progress	264,429	16,773,766	17,038,195
Depreciable assets	7,262,146	10,440,733	17,702,879
Less: accumulated depreciation	(3,829,186)	(4,924,848)	(8,754,034)
Total capital assets	3,697,389	22,289,651	25,987,040
Total noncurrent assets	4,056,780	22,289,651	26,346,431
Total assets	6,859,160	26,307,768	33,166,928
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension resources	240,655	113,249	353,904
Unamortized loss on refunding	31,742	0	31,742
Total deferred outflows of resources	272,397	113,249	385,646
Total assets and deferred outflows of resources	7,131,557	26,421,017	33,552,574

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois
Statement of Net Position (continued)
April 30, 2017

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued payroll	97,109	1,663,443	1,760,552
Accrued interest payable	35,235	11,313	46,548
Customer deposits	0	29,691	29,691
Debt certificates, net of unamortized premiums	40,472	0	40,472
Notes payable	37,472	183,636	221,108
Total current liabilities	210,288	1,888,083	2,098,371
Noncurrent liabilities:			
Compensated absences	87,235	36,162	123,397
Debt certificates and bonds, net of unamortized premiums	1,960,000	0	1,960,000
Notes payable	203,479	13,304,028	13,507,507
Net pension liability	593,113	279,112	872,225
Total noncurrent liabilities	2,843,827	13,619,302	16,463,129
Total liabilities	3,054,115	15,507,385	18,561,500
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	581,674	0	581,674
Deferred inflows of pension resources	52,770	24,833	77,603
Total deferred inflows of resources	634,444	24,833	659,277
Total liabilities and deferred inflows of resources	3,688,559	15,532,218	19,220,777
NET POSITION			
Net investment in capital assets	1,455,966	7,260,227	8,716,193
Restricted	1,731,381	0	1,731,381
Unrestricted	255,651	3,628,572	3,884,223
Total net position	\$3,442,998	\$10,888,799	\$14,331,797

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Statement of Activities

For the year ended April 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$611,154	\$66,974	\$0	\$0	(\$544,180)	\$0	(\$544,180)
Public safety	604,776	18,635	0	0	(586,141)	0	(586,141)
Public works	654,490	0	106,152	0	(548,338)	0	(548,338)
Parks and recreation	601,078	92,249	6,478	0	(502,351)	0	(502,351)
Cemetery operations	147,695	56,017	0	0	(91,678)	0	(91,678)
Interest	143,165	0	0	0	(143,165)	0	(143,165)
Total governmental activities	2,762,358	233,875	112,630	0	(2,415,853)	0	(2,415,853)
Business-type activities -							
Water and Sewer	1,206,603	2,201,576	0	4,549,800	0	5,544,773	5,544,773
Refuse Disposal	242,306	260,820	0	0	0	18,514	18,514
Total business-type activities	1,448,909	2,462,396	0	4,549,800	0	5,563,287	5,563,287
Total government	\$3,968,961	\$2,435,451	\$112,630	\$4,549,800	(2,415,853)	5,544,773	3,128,920
General revenues							
Taxes:							
Property taxes					575,285	0	575,285
Sales tax					669,159	0	669,159
State income tax					391,833	0	391,833
Utility tax					175,185	0	175,185
Telecommunication tax					49,460	0	49,460
Other					200,380	0	200,380
Unrestricted investment earnings					17,865	1,146	19,011
Miscellaneous revenues					88,932	0	88,932
Transfers					102,000	(102,000)	0
Total general revenues and transfers					2,270,099	(100,854)	2,169,245
Change in net position					(145,754)	5,462,433	5,316,679
Net position - beginning of year					3,588,752	5,426,366	9,015,118
Net position - ending					\$3,442,998	\$10,888,799	\$14,331,797

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Balance Sheet

Governmental Funds

April 30, 2017

ASSETS	General Fund	Nonmajor Funds	Total
Cash, deposits, and investments	\$528,423	\$957,845	\$1,486,268
Deposits	0	261,141	261,141
Accounts receivable	37,816	14,374	52,190
Property taxes receivable	175,533	406,141	581,674
Due from other governments	241,466	76,971	318,437
Inventory	1,007	0	1,007
Prepaid expenditures	11,891	46,422	58,313
Advances to other funds	2,456	1,600	4,056
Notes receivable	0	48,264	48,264
Total current assets	998,592	1,812,758	2,811,350
Noncurrent assets - Notes receivables	0	359,391	359,391
Total assets	\$998,592	\$2,172,149	\$3,170,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$43,093	\$7,269	\$50,362
Accrued payroll	43,809	2,938	46,747
Advances from other funds	7,370	1,600	8,970
Total liabilities	94,272	11,807	106,079
Deferred inflows of resources - Unavailable property taxes	175,533	406,141	581,674
Fund balances (deficit):			
Nonspendable	12,898	46,422	59,320
Restricted	17,382	1,713,999	1,731,381
Committed	12,414	0	12,414
Unassigned	686,093	(6,220)	679,873
Total fund balances (deficit)	728,787	1,754,201	2,482,988
Total liabilities, deferred inflows of resources, and fund balances	\$998,592	\$2,172,149	\$3,170,741

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois
Reconciliation of the Balance Sheet to the
Statement of Net Position
April 30, 2017

Total governmental fund balances	\$2,482,988
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 as assets in governmental funds. Net book value of assets reported.	3,697,389
Loss on refunding revenue is amortized over the life of the bonds in the governmental activities.	31,742
Long-term liabilities, including debt certificates, notes payable obligations are not reported in the fund financial statements:	
Debt certificates, notes payable, and discounts/premiums on debt certificate	(2,241,423)
Net pension liability and related deferred pension resources	(405,228)
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(35,235)
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>(87,235)</u>
Net position of governmental activities	<u><u>\$3,442,998</u></u>

City of Morrison, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the year ended April 30, 2017

	General Fund	Nonmajor Funds	Total
Revenues:			
Property taxes	\$190,805	\$384,480	\$575,285
Utilities taxes	0	175,185	175,185
Intergovernmental revenue	1,001,144	422,318	1,423,462
Licenses and permits	69,884	0	69,884
Fines and costs	18,232	1,354	19,586
Charges for services	73,940	14,448	88,388
Cemetery revenues	54,732	1,285	56,017
Interest	3,454	14,411	17,865
Miscellaneous revenues	60,233	28,699	88,932
Total revenues	1,472,424	1,042,180	2,514,604
Expenditures:			
Current:			
General government	428,685	147,363	576,048
Public safety	447,955	111,792	559,747
Public works	216,511	355,278	571,789
Parks and recreation	258,279	144,674	402,953
Cemetery operations	126,745	20,514	147,259
Debt service:			
Principal	992	48,140	49,132
Interest	0	54,179	54,179
Bond issuance costs	0	74,308	74,308
Capital outlay	240,764	0	240,764
Total expenditures	1,719,931	956,248	2,676,179
Excess (deficiency) of revenues over (under) expenditures	(247,507)	85,932	(161,575)
Other financing sources (uses):			
Proceeds from debt	237,794	1,960,000	2,197,794
Payment to refunded bond escrow agent	0	(1,886,320)	(1,886,320)
Debt issuance premium	0	628	628
Transfers in	246,000	17,486	263,486
Transfers out	(153,448)	(8,038)	(161,486)
Total other financing sources (uses)	330,346	83,756	414,102
Net change in fund balances	82,839	169,688	252,527
Fund balances, beginning of year	645,948	1,584,513	2,230,461
Fund balances, end of year	\$728,787	\$1,754,201	\$2,482,988

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the year ended April 30, 2017

Net change in fund balance - Governmental funds	\$252,527
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets:	
Capital asset purchases	240,764
Depreciation expense	(313,264)
Debt certificate and notes payable payments are reported in governmental funds as expenditures. However, only the interest on debt certificates and notes payable is recorded in the statement of activities. This is the amount of debt certificate and notes payable payments in the period.	49,132
The issuance of long-term debt and related costs are shown on the fund financial statements as other financing sources (uses) and current expenditures, but are recorded as long-term liabilities and deferred outflows of resources on the government-wide statements	
Issuance of debt	(2,197,794)
Payment of refunded bonds	1,840,000
Loss on refunding	33,858
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Amortization of bond premiums	5,805
Amortization of loss on refunding	(2,116)
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and deferred pension resources	(51,013)
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.	(6,533)
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>2,880</u>
Change in net position of governmental activities	<u><u>(\$145,754)</u></u>

See Accompanying Notes to Financial Statements.

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City of Morrison, Illinois

Statement of Net Position

Proprietary Funds

April 30, 2017

ASSETS	Water and Sewer	Refuse Disposal	Total
Current assets:			
Cash, deposits, and investments	\$3,111,842	\$35,289	\$3,147,131
Deposits	0	0	0
Accounts receivable, net	341,776	3,473	345,249
Due from other governments	473,679	0	473,679
Inventory	0	0	0
Prepaid items	47,144	0	47,144
Advances to other funds	4,914	0	4,914
Total current assets	3,979,355	38,762	4,018,117
Noncurrent assets:			
Land and construction in progress	16,773,766	0	16,773,766
Depreciable assets	10,440,733	0	10,440,733
Total - at cost	27,214,499	0	27,214,499
Less: accumulated depreciation	(4,924,848)	0	(4,924,848)
Total capital assets (net of accumulated depreciation)	22,289,651	0	22,289,651
Total assets	26,269,006	38,762	26,307,768
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension resources	113,249	0	113,249
Total assets and deferred outflows of resources	26,382,255	38,762	26,421,017

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois
Statement of Net Position (continued)
Proprietary Funds
April 30, 2017

LIABILITIES	Water and Sewer	Refuse Disposal	Total
Current liabilities:			
Accounts payable	1,608,844	37,241	1,646,085
Accrued payroll	17,358	0	17,358
Customer deposits	29,691	0	29,691
Accrued interest payable	11,313	0	11,313
Note payable	183,636	0	183,636
Total current liabilities	1,850,842	37,241	1,888,083
Noncurrent liabilities:			
Accrued compensated absences	36,162	0	36,162
Note payable	13,304,028	0	13,304,028
Net pension liability	279,112	0	279,112
Total noncurrent liabilities	13,619,302	0	13,619,302
Total liabilities	15,470,144	37,241	15,507,385
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension resources	24,833	0	24,833
Total liabilities and deferred inflows of resources	15,494,977	37,241	15,532,218
NET POSITION			
Net investment in capital assets	7,260,227	0	7,260,227
Unrestricted	3,627,051	1,521	3,628,572
Total net position	\$10,887,278	\$1,521	\$10,888,799

City of Morrison, Illinois

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended April 30, 2017

	Water and Sewer	Refuse Disposal	Total
Operating revenues:			
Charges for services	\$2,155,485	\$257,116	\$2,412,601
Penalties	46,091	3,704	49,795
Miscellaneous	0	0	0
Total operating revenues	2,201,576	260,820	2,462,396
Operating expenses:			
Personnel services	428,374	0	428,374
Contractual services	234,382	242,306	476,688
Commodities	87,778	0	87,778
Other expenses	133,042	0	133,042
Depreciation	283,027	0	283,027
Total operating expenses	1,166,603	242,306	1,408,909
Operating income	1,034,973	18,514	1,053,487
Nonoperating revenues (expenses) -			
Interest income	1,139	7	1,146
Interest expense	(40,000)	0	(40,000)
Income before capital contributions and transfers	996,112	18,521	1,014,633
Forgivable portion of EPA loan	4,549,800	0	4,549,800
Transfers in	0	0	0
Transfers out	(85,000)	(17,000)	(102,000)
Change in net position	5,460,912	1,521	5,462,433
Net position, beginning of year	5,426,366	0	5,426,366
Net position, end of year	\$10,887,278	\$1,521	\$10,888,799

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Statement of Cash Flows

Proprietary Funds

For the year ended April 30, 2017

	Water and Sewer	Refuse Disposal	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$2,187,393	\$257,347	\$2,444,740
Cash paid to suppliers	(402,562)	(205,065)	(607,627)
Cash paid to employees	(415,024)	0	(415,024)
Cash received from others	0	0	0
Net cash flows from operating activities	1,369,807	52,282	1,422,089
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -			
Transfers with other funds (net)	(85,000)	(17,000)	(102,000)
Advances with other funds (net)	0	0	0
Net cash flows from non-capital financing activities	(85,000)	(17,000)	(102,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Forgivable portion of EPA loan	4,076,121	0	4,076,121
Proceeds from note payable/line of credit	8,991,019	0	8,991,019
Principal payments on note payable	(181,361)	0	(181,361)
Acquisition of capital assets	(12,376,683)	0	(12,376,683)
Proceeds from sale of capital assets	0	0	0
Interest paid	(40,705)	0	(40,705)
Net cash flows from capital and related financing activities	468,391	0	468,391
CASH FLOWS FROM INVESTING ACTIVITIES -			
Interest income	1,139	7	1,146
Gain (loss) on disposal of capital assets	0	0	0
Net cash flows from capital and related financing activities	1,139	7	1,146
Net increase in cash and cash equivalents	1,754,337	35,289	1,789,626
Cash and cash equivalents, beginning	1,357,505	0	1,357,505
Cash and cash equivalents, ending	\$3,111,842	\$35,289	\$3,147,131
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$1,034,973	\$18,514	\$1,053,487
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	283,027	0	283,027
Effects of changes in operating assets and liabilities:			
Receivables	(19,204)	(3,473)	(22,677)
Prepaid expenses	(7,632)	0	(7,632)
Accounts payable	60,272	37,241	97,513
Accrued expenses	13,350	0	13,350
Customer deposits	5,021	0	5,021
Net cash flows from operating activities	\$1,369,807	\$52,282	\$1,422,089
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES -			
Purchase of capital assets on account	(\$1,541,760)	\$0	(\$1,541,760)

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The City is governed by an elected mayor and eight aldermen. The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship.

Blended Component Unit - The Odell Public Library (the "Library") serves all the citizens of the City and is governed by the Library Board of Trustees. The budget and tax levy ordinance is approved by the Library Board and City Council. Although it is legally separate from the City, the Library is reported as if it were part of the primary government because the City Council appoints the governing board. The Library is reported as a Special Revenue Fund.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (continued)**

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – This fund is used to account for all financial resources of the City except those which are required to be accounted for in another fund. The General Fund consists of the General Fund, Community Landscaping Fund, Public Works Vehicle Fund, and Self Insured Deductible Fund.

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. The services which are administered by and accounted for in the general fund include general government, public safety, public works, and parks and recreation, and cemetery operations.

Community Landscaping Fund – This fund was created to account for a donation restricted for community landscaping.

Public Works Vehicle Fund – This fund was created by the City Council to accumulate funds for future purchases of public works vehicles.

Self Insured Deductible Fund – This fund was created by the City Council to account for the partially self-funded high deductible in the employee health insurance plan.

The City reports the following major proprietary funds:

Water and Sewer Fund – This fund is used to account for the operation and maintenance of the City's water and sewer systems.

Refuse Disposal Fund – This fund is used to account for the operation and maintenance of the City's refuse disposal.

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

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements

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

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City has elected to take exception to this assumption for revenue remitted by the State. Due to the State being late with payments, the City considers those amounts applicable to the current fiscal year to be available as it is vouchered by the State and will be paid after the 60 day period. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Use of Estimates

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

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash and cash equivalents and restricted deposits consist of bond requirement accounts.

The cash balances of most City funds are pooled and invested. Each fund's share of the investment pool is reflected on its respective balance sheet.

Investments

The City is a participant in the Local Government Investment Pool (LGIP) which is authorized in Illinois Compiled Statutes 30 ILCS 235 under the Public Funds Investment Act. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in LGIP. The investment is not subject to the fair value hierarchy disclosures.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Restricted Assets

The ordinance authorizing the general obligation limited debt certificates issue in 2010 for \$1,000,000 imposed certain covenants and financial requirements on the City. The bond ordinance requires that certain monies held in the governmental funds be segregated and restricted in separate special reserve accounts, in the priority indicated by the order of the following:

Account	Amount	Purpose
Proceeds Account	The balance of all issued bond and grant proceeds.	Moneys in the account shall be used for the acquisition, construction and installation of the project.
Debt Service Agreement	A fraction of the amount sufficient to pay principal and interest maturing during the next twelve months.	Paying principal and interest
Depreciation	Amount to be adequate and reasonable	Paying cost of any needful repairs or replacements to the project.
Surplus	All remaining funds after crediting above accounts.	All lawful purposes.

The City has established the following accounts to meet the ordinance requirements and to account for the bond proceeds restricted for debt service.

Restricted Cash Balances April 30, 2017	
Debt Service Account	\$25,503

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, are defined by the City as assets with an initial, individual cost of more than the threshold identified below and an estimated useful life in excess of two years.

Plant and related properties	\$25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	15,000

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Plant and related properties	10 to 40 years
Machinery and equipment	3 to 10 years
Vehicles	3 to 10 years
Infrastructure	20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 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.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

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

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized an official of the City Council to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as *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 segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1 and are payable in two installments in June and September subsequent to the year of levy. The City receives significant distributions of tax receipts approximately one month after these due dates. The 2015 levy was approved on December 14, 2015. The 2016 levy was approved on December 12, 2016.

Since the 2016 property tax levy is levied to finance the operations of fiscal year 2018, the 2016 property tax is recorded as a receivable and the 2016 property tax revenue is shown as unavailable revenue. The 2015 property tax levy is recorded as revenue by the City in accordance with the applicable measurement focus and basis of accounting for fiscal year 2017.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences

Vacation, Compensated Time, & Sick

The City's policy permits employees to accumulate earned but unused vacation, compensated time, and sick benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Pensions

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

<u>Fund</u>	<u>Amount</u>
General -	
Public Works Vehicle	\$213,007
Audit Fund	\$2,250
Street Lighting	\$11,972
Odell Public Library	\$11,381
Drug Traffic Prevention	\$178
Revolving Loan	\$2,493
Memorial Park	\$330
Refuse Disposal	\$11,856

Deficit fund equity

As of April 30, 2017, the Street Lighting Fund and Police Vehicle Fund had deficit fund balances of \$5,349 and \$871, respectively.

City of Morrison, Illinois

Notes to Financial Statements

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2017, the City's bank balance was \$4,884,357 and \$249,256 of that balance was uncollateralized.

Note 4 Investments

As of April 30, 2017, the City had the following investments:

	<u>Fair Value Total</u>
Illinois Funds Money Market Fund	\$49,055

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Local government investment pool	\$49,055	\$0	\$0	\$49,055

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the actual rating as of year-end for each investment type:

Investment Type	Total as of April 30, 2017	AAAm	Aa	Unrated
Local government investment pool	\$49,055	\$49,055	\$0	\$0

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City's total investments.

City of Morrison, Illinois

Notes to Financial Statements

Note 4 Investments (continued)

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of April 30, 2017, there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk. The City has no foreign currency risk for investments at year end.

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended April 30, 2017 is as follows:

Governmental Activities:	Balance 4/30/16	Additions	Transfers & Deletions	Balance 4/30/17
Capital assets not being depreciated:				
Land	\$264,429	\$0	\$0	\$264,429
Construction in progress	0	0	0	0
Total assets being not depreciated	264,429	0	0	264,429
Capital assets being depreciated:				
Plant and related properties	4,854,585	0	0	4,854,585
Infrastructure	1,232,471	0	0	1,232,471
Machinery and equipment	485,713	240,764	0	726,477
Vehicles	448,613	0	0	448,613
Total assets being depreciated	7,021,382	240,764	0	7,262,146
Less accumulated depreciation for:				
Plant and related properties	2,342,636	212,690	0	2,555,326
Infrastructure	311,489	61,312	0	372,801
Machinery and equipment	443,942	26,953	0	470,895
Vehicles	417,855	12,309	0	430,164
Total accumulated depreciation	3,515,922	313,264	0	3,829,186
Total capital assets being depreciated, net	3,505,460	(72,500)	0	3,432,960
Governmental activities capital assets, net	\$3,769,889	(\$72,500)	\$0	\$3,697,389
Depreciation expense was charged to functions of the City as follows:				
General government				\$30,743
Public safety				18,527
Public works				77,272
Parks and recreation				186,722
Total governmental activities depreciation expense				\$313,264

City of Morrison, Illinois

Notes to Financial Statements

Note 5 Capital Assets (continued)

The business-type activities capital asset activity for the year ended April 30, 2017 is as follows:

Business-type activities:	Balance 4/30/16	Additions	Transfers & Deletions	Balance 4/30/17
Capital assets not being depreciated -				
Land	\$320,459	\$0	\$0	\$320,459
Construction in progress	4,636,993	11,816,314	0	16,453,307
Total assets being not depreciated	4,957,452	11,816,314	0	16,773,766
Water plant and related property	7,262,977	0	0	7,262,977
Sewer plant and related property	3,110,866	0	0	3,110,866
Machinery and equipment	12,482	37,134	0	49,616
Vehicles	17,274	0	0	17,274
Total assets being depreciated	10,403,599	37,134	0	10,440,733
Less accumulated depreciation for:				
Water plant and related property	2,179,052	196,081	0	2,375,133
Sewer plant and related property	2,456,443	75,815	0	2,532,258
Machinery and equipment	5,174	7,676	0	12,850
Vehicles	1,152	3,455	0	4,607
Total accumulated depreciation	4,641,821	283,027	0	4,924,848
Total capital assets being depreciated, net	5,761,778	(245,893)	0	5,515,885
Business-type activities capital assets, net	\$10,719,230	\$11,570,421	0	\$22,289,651

Depreciation expense was charged to functions of the City as follows:

Water	\$207,212
Sewer	75,815
Total business-type activities depreciation expense	\$283,027

City of Morrison, Illinois

Notes to Financial Statements

Note 6 Loans Receivable

The City received a grant from the Department of Commerce and Economic Opportunity (DCEO) for economic development loans to local businesses. These loans are to be repaid to the City with the principal and interest being deposited into the Revolving Loan Fund. This fund was established to provide financial assistance to new or expanding businesses and to secure public benefit for the residents of the City. The following is a summary of changes in loans receivable for the year ended April 30, 2017:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Loans Receivable:				
Morrison True Value Hardware, Inc.	\$30,174	\$0	\$4,363	\$25,811
Vision Source of Morrison	30,316	0	3,660	26,656
Resthava Home of Whiteside County	233,295	0	28,147	205,148
Coz-E-Corner, Inc	58,302	0	7,038	51,264
Happy Joe's/KK	0	100,000	1,224	98,776
Allowance for doubtful accounts	0	0	0	0
<hr/>				
Governmental activity loans receivable	\$352,087	\$100,000	\$44,432	\$407,655

Note 7 Retirement Plans

IMRF 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 document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Retirement Plans (continued)

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.

Regular Personnel:

Employees Covered by the Benefit Terms –

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

Retirees and beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	24
<hr/>	
Total	58

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 12.98%. For the fiscal year ended April 30, 2017, the City contributed \$142,996 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.

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Retirement Plans (continued)

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 year 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 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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%	

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Retirement Plans (continued)

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 the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in Net Plan Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	\$7,459,892	\$6,501,024	\$958,868
Changes for the year:			
Service cost	135,161	0	135,161
Interest on total pension liability	547,851	0	547,851
Differences between expected and actual experience of the total pension liability	(68,411)	0	(68,411)
Changes in assumptions	(27,868)	0	(27,868)
Contributions - employer	0	150,185	(150,185)
Contributions - employees	0	52,067	(52,067)
Net investment income	0	442,101	(442,101)
Benefit payments, including refunds of employee refunds	(386,917)	(386,917)	0
Other (net transfers)	0	29,023	(29,023)
Net changes	199,816	286,459	(86,643)
Balances as of December 31, 2016	\$7,659,708	\$6,787,483	\$872,225

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% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$1,873,824	\$872,225	\$46,837

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Retirement Plans (continued)

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

For the year ended April 30, 2017, the Plan recognized pension expense of \$142,996. At April 30, 2017, the Plan reported deferred outflows of 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
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$0	\$55,493
Changes in assumptions	11,102	22,110
Net difference between projected and actual earnings on pension plan investments	303,707	0
<hr/>		
Total deferred amounts to be recognized in pension expense in future periods	314,809	77,603
<hr/>		
<i>Pension contributions made subsequent to the measurement date</i>	39,095	0
<hr/>		
Total deferred amounts related to pensions	\$353,904	\$77,603

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:	Net Deferred Outflows of Resources
2017	\$82,049
2018	82,049
2019	81,884
2020	(8,776)
2021	0
Thereafter	0
<hr/>	
Total	\$237,206

Payable to the Pension Plan

At April 30, 2017, the Plan reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2017.

City of Morrison, Illinois

Notes to Financial Statements

Note 8 Other Post-Employment Benefits

The City has evaluated its potential other postemployment benefits liability. The City provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the City are required to pay 100% of the current premium. However, only one former employee has chosen to stay in the City's health insurance plan in the last several years. Therefore, there has been low utilization and, therefore, an immaterial implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the City has no former employees for whom the City was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the City has not recorded any postemployment benefit liability as of April 30, 2017.

Note 9 Construction and Other Significant Commitments

Construction commitments. The City has active construction projects as of April 30, 2017.

Wastewater Treatment Plant Project

The City was notified from the Illinois Environmental Protection Agency (EPA) in 2012 that their waste water systems were in violation of provisions of Section 31(a)(7)(i) of the Illinois Environmental Protection Act, 415 ILCS 5/31(a)(7)(i), and Illinois Pollution Control Board Regulations. In January 2013, the City signed a compliance commitment agreement with the Illinois EPA that states the City will remediate the EPA violations.

Currently, the City is in the construction phase of the new waste water treatment plan. The total waste water treatment plant building project is estimated to cost \$19 million. The Illinois EPA awarded the City a \$4 million 20-year EPA loan in the current fiscal year to help fund the waste water treatment plant construction. As of April 30, 2017, the City has expended \$16.45 million relating to design engineering and construction of the waste water treatment plant. The estimated completion date is August 2017.

Sewer Lining Project

In July 2016 the City signed a contract with Fehr Graham for the engineering for the sanitary sewer lining project, and in February 2017 the City signed a contract with Hoerr Construction for construction of the sanitary sewer lining project. The estimated total cost of the project is \$441,614. As of April 30, 2017, the City has expended \$34,200 of engineering costs of the project. The estimated completion date is December 2017.

Windfield Street Improvement Project

In April 2017, the City signed a contract with Martin & Company for the Windfield Street Improvement Project in the amount of \$219,681. As of April 30, 2017, the remaining amount of the contract was \$219,681. The estimated completion date is July 2017.

City of Morrison, Illinois

Notes to Financial Statements

Note 10 Risk Management

The City is exposed to various risks of loss including, but not limited to, employee health, property, liability and casualty, worker compensation, and public officer's liability. In order to limit its exposure to these risks, the City participates in the Illinois Municipal Risk Management Association. The City is liable for up to \$25,000 a year deductible for all years it participates in the plan. The City's policy is to record any related expenditures in the year in which they are notified and pay the assessment. Potentially, the City could be assessed additional premiums for its share of any losses of the pool. The City is not aware of any additional assessments owed as of April 30, 2017.

During the year ended April 30, 2017, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 11 Long-Term Debt

The City issues general obligation debt certificates and bonds and notes payable to provide funds for the acquisition and construction of major capital facilities. The debt has been issued for governmental and business-type type activities. The debt is generally paid by sources other than property taxes. Debt outstanding at April 30, 2017 are as follows:

Governmental Activities:

<u>Debt Certificates and Bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 4/30/17</u>
Series 2008 – debt certificates	6/15/08	\$2,000,000	4.00 – 4.25	1/13/17	\$0
Series 2010 – debt certificates	3/1/10	1,000,000	2.75 – 6.75	12/15/17	40,000
Series 2016 – bonds	12/14/16	1,960,000	2.00 – 4.00	12/15/35	1,960,000
Total					\$2,000,000

Debt Certificates and Bonds

The general obligation limited debt certificates, Series 2008, bear interest at 4.00 to 4.25 percent, which is due June 15 and December 15 of each year, while principal amounts mature serially on December 15 of each year, with an original final maturity on December 15, 2022. The original issue was \$2,000,000. The bond proceeds were used 100.00% for the purpose of paying costs of certain park improvements in and for the City. The debt certificates were fully defeased by the Series 2016 bond.

The general obligation limited debt certificates, Series 2010, bear interest at 2.75 to 6.75 percent, which is due June 15 and December 15 of each year, while principal mature serially on December 15 of each year with an original final maturity on December 15, 2029. The original issue was \$1,000,000. The bond proceeds were used 100.00% to acquire, construct and equip the completion of a sports complex and other capital projects including the Route 30 bridge project and a street improvement program. The debt certificates were partially defeased by the Series 2016 bond.

Of the \$1,000,000 bond issuance, \$35,000 is general obligation alternate revenue bonds (taxable Series 2010) and \$965,000 is general obligation alternate revenue bonds (taxable Build America Bonds – direct pay) Series 2010. Direct Pay Build America Bonds (BABs) allow the City to receive a 35% treasury rebate on each interest payment date and the bond proceeds must be used for capital purchases. The City anticipates receiving \$120,556 in treasury rebates. The amount of treasury rebates due to the City in the next fiscal year totals \$15,080.

City of Morrison, Illinois

Notes to Financial Statements

Note 11 Long-Term Debt (continued)

Debt Certificates and Bonds (continued)

The general obligation bonds (alternate revenue source), Series 2016, bear interest at 2.00 to 4.00 percent, which is due June 15 and December 15 of each year, while principal mature serially on December 15 of each year with an original final maturity on December 15, 2035. The original issue was \$1,960,000. The bond proceeds were used to refinance the general obligation limited debt certificates, Series 2008 and a portion of the general obligation limited debt certificates, Series 2010. The bonds will be repaid from telecommunications taxes, utility taxes, and State of Illinois income taxes.

Debt Defeasance

In December 2016, the City defeased the series 2008 and series 2010 debt certificates by placing the proceeds of the Series 2016 general obligation refunding bond issue in irrevocable trust funds. New debt was issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. The defeased portion of the 2008 debt certificates were called on January 13, 2017 and the defeased portion of the 2010 debt certificates will be called on December 15, 2017. As of April 30, 2017, the City has \$700,000 balance in the trust account. During the year ended April 30, 2017, the City refunded \$1,840,000 of the general obligation debt certificates. The decrease in cash flow requirements as a result of the economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid. The City had an economic loss of \$33,858 which will be amortized through 2023.

Notes Payable

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/17
Dodge Charger	2013	\$39,000	2.95	9/15/17	\$4,149
John Deere Utility Tractor	2017	27,794	0.00	10/27/21	26,802
Street Sweeper	2017	210,000	2.96	4/26/24	210,000
Total					\$240,951

Dodge Charger Police Vehicle Note Payable

The City obtained a \$39,000 loan from Community State Bank of Rock Falls for the purchase of a police vehicle with an interest rate of 2.950% payable in semi-annual installments of \$4,224 through September 15, 2017.

John Deere Utility Tractor Note Payable

The City obtained a \$27,794 loan from John Deere Financial for the purchase of a John Deere utility tractor with an interest rate of 0.0% payable in monthly installments of \$496 through October 27, 2021.

City of Morrison, Illinois

Notes to Financial Statements

Note 11 Long-Term Debt (continued)

Notes Payable (continued)

Street Sweeper Note Payable

The City obtained a \$210,000 loan from TBK Bank for the purchase of a street sweeper with an interest rate of 2.960% payable in monthly installments of \$2,775 through April 26, 2024.

Business-Type Activities:

Loan Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/17
Public Water Supply Loan (2011)	2013	\$3,729,743	1.25	7/15/32	\$3,120,296
Public Water Supply Loan (2015)	2017	8,544,870	1.86		8,544,870
Public Water Supply Loan (2016)	2017	1,822,498	1.75		1,822,498
					\$13,487,664

Illinois Environmental Protection Agency Loans

In September 2011, the City entered into a public water supply loan with the Illinois Environmental Protection Agency and borrowed \$3,729,743 on a reimbursement basis at a stated interest rate of 1.250 percent payable in semi-annual installments through July 15, 2032. A total of \$831,628 of the loan has been forgiven.

In November 2015, the City entered into a loan with the Illinois Environmental Protection Agency and borrowed \$15,166,000 on a reimbursement basis at a stated interest rate of 1.86%. As of April 30, 2017, the City has received \$8,544,870 from the IEPA. Payment schedule to begin after the project is completed and approved by IEPA. A total of \$4,549,800 of the loan has been forgiven. At April 30, 2017, all future debt service requirements are considered long-term.

In August 2016, the City entered into a loan with the Illinois Environmental Protection Agency and borrowed \$4,010,869 on a reimbursement basis at a stated interest rate of 1.75%. As of April 30, 2017, the City has received \$1,822,498 from the IEPA. Payment schedule to begin after the project is completed and approved by IEPA. At April 30, 2017, all future debt service requirements are considered long-term.

Debt service requirements to maturity are as follows:

Governmental activities

Year ending April 30:	Note Payables		Debt Certificates and Bonds	
	Principal	Interest	Principal	Interest
2018	\$37,472	\$5,992	\$40,000	\$93,772
2019	34,154	5,098	80,000	65,582
2020	35,005	4,248	90,000	63,982
2021	35,910	3,354	90,000	62,182
2022	33,839	2,442	90,000	60,202
2023 – 2027	64,571	2,041	485,000	261,070
2028 – 2032	0	0	575,000	173,890
2033 – 2037	0	0	550,000	56,400
	\$240,951	\$23,175	\$2,000,000	\$837,080

City of Morrison, Illinois

Notes to Financial Statements

Note 11 Long-Term Debt (continued)

Business-type activities

Year ending April 30:	Loan Payable	
	Principal	Interest
2018	\$183,636	\$38,432
2019	185,939	36,129
2020	188,270	33,798
2021	190,632	31,436
2022	193,021	29,047
2023 – 2027	1,002,020	108,317
2028 – 2032	1,066,431	43,899
2033 – 2037	110,347	689
	<u>\$3,120,296</u>	<u>\$321,747</u>

The Illinois Environmental Protection Agency November 2015 and August 2016 loans have no formal payment schedule. The entire \$8,544,870 and \$1,822,498 balances are being shown as non-current on the Statement of Net Position.

Long term liability activity for the year ended April 30, 2017 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Debt certificates and bonds payable:					
Debt certificates	\$1,920,000	\$0	(\$1,880,000)	\$40,000	\$40,000
Bonds	\$0	1,960,000	0	1,960,000	0
Plus: premium on certificates	6,277	628	(6,433)	472	472
Notes payable	12,289	237,794	(9,132)	240,951	37,472
Accrued compensated absences	90,115	47,612	(50,492)	87,235	0
Governmental activity long-term liabilities	<u>\$2,028,681</u>	<u>\$2,246,034</u>	<u>(\$1,946,057)</u>	<u>\$2,328,658</u>	<u>\$77,944</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Public water supply loan (2011)	\$3,301,657	\$0	(\$181,361)	\$3,120,296	\$183,636
Public water supply loan (2015)	1,376,349	7,168,521	0	8,544,870	0
Public water supply loan (2016)	0	1,822,498	0	1,822,498	0
Accrued compensated absence	34,577	26,870	(25,285)	36,162	0
Business-type activity Long-term liabilities	<u>\$4,712,583</u>	<u>\$9,017,889</u>	<u>(\$206,646)</u>	<u>\$13,523,826</u>	<u>\$183,636</u>

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$51,323,562. As of April 30, 2017, the City had \$4,185,706 of remaining legal debt margin.

City of Morrison, Illinois

Notes to Financial Statements

Note 12 Net Position

Net position reported on the government wide statement of net position at April 30, 2017 as follows:

Governmental Activities:

Net investment in capital assets:

Land and construction in progress	\$264,429
Other capital assets, net of accumulated depreciation	3,432,960
Less: related long-term debt outstanding	(2,241,423)

Total net investment in capital assets	1,455,966
--	-----------

Restricted:

State statutes and enabling legislation	871,787
Donor requirements	44,761
Debt service	170,699
Externally imposed by grantors	644,134

Total restricted	1,731,381
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Unrestricted	255,651
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Total governmental activities net position	\$3,442,998
--	-------------

Business-type Activities:

Net investment in capital assets:

Land and construction in progress	\$16,773,766
Other capital assets, net of accumulated depreciation	5,515,885
Less: related long-term debt outstanding	(15,029,424)

Total net investment in capital assets	7,260,227
--	-----------

Unrestricted:

Board designated	476,497
Unrestricted	3,152,075

Total unrestricted	3,628,572
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Total business-type activities net position	\$10,888,799
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Note 13 Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The City has nonspendable balances at year end that are listed below.

City of Morrison, Illinois

Notes to Financial Statements

Note 13 Fund Balance (continued)

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted balances at year end that are listed below.

Committed Fund Balance

The City commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The City has committed balances at year end that are listed below.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The City has no assigned balances at year end.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund and for funds with negative fund balances.

Nonspendable Fund Balance

Major Funds -	
General	\$12,898
Nonmajor Funds -	
Insurance Levy	43,151
Odell Public Library	3,271
<hr/>	
Total nonspendable fund balance	<u>\$59,320</u>

Restricted Fund Balance

Major Funds:	
Donor requirements -	
General	\$17,382
Nonmajor Funds:	
State statutes and enabling legislation:	
Audit	8,515
Local 1% sales tax	169,340

City of Morrison, Illinois

Notes to Financial Statements

Note 13 Fund Balance (continued)

Nonmajor Funds (continued):	
Insurance Levy	26,132
Motor Fuel Tax	134,065
Social security	95,060
Drug traffic prevention	446
Illinois municipal retirement	111,949
Odell public library	207,215
Grove Hill cemetery perpetual care	119,065
Externally imposed by grantors:	
Revolving loan	644,134
Donor requirement:	
Memorial park	6,287
Odell public library	21,092
Bond agreement -	
Debt service	170,699
<hr/>	
Total restricted fund balance	<u>\$1,731,381</u>
Committed Balance	
Major Funds -	
General	\$12,414
<hr/>	
Total committed fund balance	<u>\$12,414</u>
Unassigned Fund Balance	
Major Funds -	
General	\$686,093
Nonmajor Funds -	
Street lighting	(5,349)
Police Vehicle	(871)
<hr/>	
Total unassigned fund balance	<u>\$679,873</u>

Note 14 Interfund Receivables and Payables

Below are the advances to/from as of April 30, 2017:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental funds:		
General	\$2,456	\$7,370
Nonmajor governmental	1,600	1,600
Proprietary funds -		
Water and sewer	4,914	0
<hr/>		
	<u>\$8,970</u>	<u>\$8,970</u>

The outstanding balances between funds result from cash shortfalls in the General and Street Lighting funds. These loans are to be repaid as soon as funding is available.

City of Morrison, Illinois

Notes to Financial Statements

Note 15 Interfund Transfers

Below are the interfund transfers as of April 30, 2017:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major funds:		
General	\$246,000	\$153,448
Water and Sewer Fund	0	85,000
Refuse disposal	0	17,000
Nonmajor governmental funds	17,486	8,038
	<u>\$263,486</u>	<u>\$263,486</u>

Transfers generally related to expense reimbursements and payroll liabilities within the City's funds in accordance with budgetary authorizations.

Note 16 Contingencies

From time to time, the City is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Note 17 Impact of Pending Accounting Principles

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City has not determined the effect of this Statement.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The City has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The City has not determined the effect of this Statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The City has not determined the effect of this Statement.

City of Morrison, Illinois

Notes to Financial Statements

Note 17 **Impact of Pending Accounting Principles**

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined the effect of this Statement.

GASB Statement No. 85, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The City has not determined the effect of this Statement.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The City has not determined the effect of this Statement.

Note 18 **Subsequent Events**

On June 26, 2017, the City approved the purchase of a 2018 Peterbilt Dump Truck for approximately \$149,000. The City expects to take possession of the Dump Truck in October 2017.

Required Supplementary Information

City of Morrison, Illinois

Budgetary Comparison Schedule

General Fund

For the year ended April 30, 2017

	Budgeted Amounts		
	Original and Final	Actual	Variance with Final Budget
Revenues:			
Property taxes	\$199,750	\$190,805	(\$8,945)
Utilities taxes	0	0	0
Intergovernmental revenue	1,024,342	1,001,144	(23,198)
Licenses and permits	62,250	69,884	7,634
Fines and costs	20,500	18,232	(2,268)
Charges for services	62,000	73,940	11,940
Cemetery revenues	43,000	54,732	11,732
Interest	150	3,333	3,183
Miscellaneous revenues	12,700	34,562	21,862
Total revenues	1,424,692	1,446,632	21,940
Expenditures:			
General government	249,045	198,860	50,185
Public safety	501,443	447,955	53,488
Public works	272,700	213,504	59,196
Parks and recreation	233,650	286,033	(52,383)
Cemetery operations	173,525	126,745	46,780
Debt Service:			
Principal	0	992	(992)
Interest	0	0	0
Bond issuance costs	0	0	0
Total expenditures	1,430,363	1,274,089	156,274
Excess (deficiency) of revenues over (under) expenditures	(5,671)	172,543	178,214
Other financing sources (uses):			
Proceeds from loan	0	27,794	27,794
Payment to refunded bond escrow agent	0	0	0
Debt issuance premium	0	0	0
Transfers in	17,000	17,000	0
Transfers out	(9,448)	(153,448)	(144,000)
Total other financing sources (uses)	7,552	(108,654)	(116,206)
Net change in fund balance	\$1,881	63,889	\$62,008
Fund balances, beginning of year		636,831	
Fund balances, end of year		\$700,720	
GAAP fund balance for General Funds			
General Fund		700,720	
Community Landscaping Fund		17,382	
Public Works Vehicle Fund		(1,729)	
Self Insured Deductible Fund		12,414	
GAAP fund balance, General Funds		\$728,787	

See Notes to Required Supplementary Information.

City of Morrison, Illinois

Schedules of Required Supplementary Information Multiyear Schedule of Changes in Net Pension Liability and Related Ratios IMRF Regular Plan - Last 10 Calendar Years (schedule to be built prospectively from 2015)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$135,161	\$124,005								
Interest on the total pension liability	547,851	526,388								
Changes of benefit terms	0	0								
Difference between expected and actual experience of the total pension liability	(68,411)	(2,044)								
Changes of assumptions	(27,868)	18,626								
Benefit payments, including refunds of employee contributions	(386,917)	(345,905)								
Net change in total pension liability	199,816	321,070								
Total pension liability - beginning	7,459,892	7,138,822								
Total pension liability - ending (a)	7,659,708	7,459,892								
Plan fiduciary net position:										
Contributions - employer	150,185	163,428								
Contributions - employee	52,067	53,408								
Net investment income	442,101	32,049								
Benefit payments, including refunds of employee contributions	(386,917)	(345,905)								
Other (net transfers)	29,023	123,641								
Net change in plan fiduciary net position	286,459	26,621								
Plan fiduciary net position - beginning	6,501,024	6,474,403								
Plan fiduciary net position - ending (b)	\$6,787,483	\$6,501,024								
Net pension liability - Ending (a) - (b)	\$872,225	\$958,868								
Plan fiduciary net position as a percentage of total pension liability	88.61%	87.15%								
Covered valuation payroll	\$1,157,048	\$1,186,840								
Net pension liability as a percentage of covered valuation payroll	75.38%	80.79%								

The City implemented GASB Statement No. 68 in April 30, 2016.

City of Morrison, Illinois
 Required Supplementary Information
 Multiyear Schedule of IMRF Contributions

Fiscal Year Ending April 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2017	\$142,996	\$142,996	\$0	\$1,145,226	12.49%
2016	156,017	156,017	0	1,153,478	13.53%

*Estimate based on contribution rate of 11.34% 2017 calendar year contribution rate, 12.98% 2016 calendar year contribution rate, and covered valuation payroll of \$1,145,226.

The City implemented GASB Statement No. 68 in April 30, 2016.

City of Morrison, Illinois

Notes to Required Supplementary Information

Note 1 Budgetary Basis

Annual budgets are adopted for all governmental funds using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Note 2 Excess Expenditures Over Appropriations

There were no major governmental funds that had expenditures that exceeded appropriations.

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 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	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
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%

Supplementary Information

City of Morrison, Illinois
Combining Balance Sheet - General Fund
April 30, 2017

ASSETS	General Fund	Community Landscaping Fund	Public Works Vehicle Fund	Self Insured Deductible Fund	Total General
Cash, deposits, and investments	\$487,389	\$17,382	\$1,046	\$22,606	\$528,423
Deposits	0	0	0	0	0
Investments	0	0	0	0	0
Accounts receivable	37,816	0	0	0	37,816
Property taxes receivable	175,533	0	0	0	175,533
Due from other governments	241,466	0	0	0	241,466
Inventory	1,007	0	0	0	1,007
Prepaid expenditures	11,891	0	0	0	11,891
Advances to other funds	2,456	0	0	0	2,456
Total assets	\$957,558	\$17,382	\$1,046	\$22,606	\$998,592
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$37,496	\$0	\$2,775	\$2,822	\$43,093
Accrued payroll	43,809	0	0	0	43,809
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	7,370	7,370
Total liabilities	81,305	0	2,775	10,192	94,272
Deferred inflows of resources -					
Unavailable property taxes	175,533	0	0	0	175,533
Fund balances:					
Nonspendable	12,898	0	0	0	12,898
Restricted	0	17,382	0	0	17,382
Committed	0	0	0	12,414	12,414
Unassigned	687,822	0	(1,729)	0	686,093
Total fund balances	700,720	17,382	(1,729)	12,414	728,787
Total liabilities, deferred inflows of resources, and fund balances	\$957,558	\$17,382	\$1,046	\$22,606	\$998,592

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the year ended April 30, 2017

	General Fund	Community Landscaping Fund	Public Work Vehicle Fund	Self Insured Deductible Fund	Total General
Revenues:					
Property taxes	\$190,805	\$0	\$0	\$0	\$190,805
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	1,001,144	0	0	0	1,001,144
Licenses and permits	69,884	0	0	0	69,884
Fines and costs	18,232	0	0	0	18,232
Charges for services	73,940	0	0	0	73,940
Cemetery revenues	54,732	0	0	0	54,732
Interest	3,333	11	2	108	3,454
Miscellaneous revenues	34,562	0	0	25,671	60,233
Total revenues	1,446,632	11	2	25,779	1,472,424
Expenditures:					
General government	198,860	0	0	232,835	431,695
Public safety	447,955	0	0	0	447,955
Public works	213,504	0	213,007	0	426,511
Parks and recreation	286,033	0	0	0	286,033
Cemetery operations	126,745	0	0	0	126,745
Debt Service:					
Principal	992	0	0	0	992
Interest	0	0	0	0	0
Bond issuance costs	0	0	0	0	0
Total expenditures	1,274,089	0	213,007	232,835	1,719,931
Excess (deficiency) of revenues over (under) expenditures	172,543	11	(213,005)	(207,056)	(247,507)
Other financing sources (uses):					
Proceeds from debt	27,794	0	210,000	0	237,794
Payment to refunded bond escrow agent	0	0	0	0	0
Debt issuance premium	0	0	0	0	0
Transfers in	17,000	0	0	229,000	246,000
Transfers out	(153,448)	0	0	0	(153,448)
Total other financing sources (uses)	(108,654)	0	210,000	229,000	330,346
Net change in fund balance	63,889	11	(3,005)	21,944	82,839
Fund balances (deficit), beginning of year	636,831	17,371	1,276	(9,530)	645,948
Fund balances (deficit), end of year	\$700,720	\$17,382	(\$1,729)	\$12,414	\$728,787

City of Morrison, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2017

ASSETS	Special Revenue Funds				
	Total	Audit Fund	Street Lighting Fund	Local 1% Sales Tax Fund	Insurance Levy Fund
Cash, deposits, and investments	\$957,845	\$8,515	\$0	\$115,380	\$26,132
Deposits	261,141	0	0	0	0
Investments	0	0	0	0	0
Accounts receivable	14,374	0	0	0	0
Property taxes receivable	406,141	18,791	26,844	0	64,426
Due from other governments	76,971	0	0	53,960	0
Inventory	0	0	0	0	0
Prepaid expenditures	46,422	0	0	0	43,151
Advances to other funds	1,600	0	0	0	0
Notes receivable	48,264	0	0	0	0
Total current assets	1,812,758	27,306	26,844	169,340	133,709
Noncurrent assets -					
Notes receivables	359,391	0	0	0	0
	0				
Total assets	\$2,172,149	\$27,306	\$26,844	\$169,340	\$133,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$7,269	\$0	\$3,749	\$0	\$0
Accrued payroll	2,938	0	0	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	1,600	0	1,600	0	0
Total liabilities	11,807	0	5,349	0	0
Deferred inflows of resources -					
Unavailable property taxes	406,141	18,791	26,844	0	64,426
Fund balances:					
Nonspendable	46,422	0	0	0	43,151
Restricted	1,713,999	8,515	0	169,340	26,132
Committed	0	0	0	0	0
Unassigned	(6,220)	0	(5,349)	0	0
Total fund balances	1,754,201	8,515	(5,349)	169,340	69,283
Total liabilities, deferred inflows of resources, and fund balances	\$2,172,149	\$27,306	\$26,844	\$169,340	\$133,709

City of Morrison, Illinois
Combining Balance Sheet (continued)
Nonmajor Governmental Funds
April 30, 2017

	Special Revenue Funds					
	Fire Protection Fund	Motor Fuel Tax Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund	Memorial Park Fund
ASSETS						
Cash, deposits, and investments	\$0	\$123,295	\$95,200	\$427	\$390	\$6,287
Deposits	0	0	0	0	0	0
Investments	0	0	0	0	0	0
Accounts receivable	0	0	0	19	0	0
Property taxes receivable	62,000	0	70,331	0	0	0
Due from other governments	0	9,170	0	0	0	0
Inventory	0	0	0	0	0	0
Prepaid expenditures	0	0	0	0	0	0
Advances to other funds	0	1,600	0	0	0	0
Notes receivable	0	0	0	0	0	0
Total current assets	62,000	134,065	165,531	446	390	6,287
Noncurrent assets -						
Notes receivables	0	0	0	0	0	0
Total assets	\$62,000	\$134,065	\$165,531	\$446	\$390	\$6,287
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts payable	\$0	\$0	\$0	\$0	\$1,261	\$0
Accrued payroll	0	0	140	0	0	0
Accrued compensated absences	0	0	0	0	0	0
Advances from other funds	0	0	0	0	0	0
Total liabilities	0	0	140	0	1,261	0
Deferred inflows of resources -						
Unavailable property taxes	62,000	0	70,331	0	0	0
Fund balances:						
Nonspendable	0	0	0	0	0	0
Restricted	0	134,065	95,060	446	0	6,287
Committed	0	0	0	0	0	0
Unassigned	0	0	0	0	(871)	0
Total fund balances	0	134,065	95,060	446	(871)	6,287
Total liabilities, deferred inflows of resources, and fund balances	\$62,000	\$134,065	\$165,531	\$446	\$390	\$6,287

City of Morrison, Illinois

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

April 30, 2017

ASSETS	Special Revenue Funds				Debt Service Funds
	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund	Debt Service Fund
Cash, deposits, and investments	\$236,479	\$112,525	\$79,585	\$9,015	\$144,615
Deposits	0	0	151,091	110,050	0
Investments	0	0	0	0	0
Accounts receivable	0	0	2,112	0	12,243
Property taxes receivable	0	72,479	91,270	0	0
Due from other governments	0	0	0	0	13,841
Inventory	0	0	0	0	0
Prepaid expenditures	0	0	3,271	0	0
Advances to other funds	0	0	0	0	0
Notes receivable	48,264	0	0	0	0
Total current assets	284,743	185,004	327,329	119,065	170,699
Noncurrent assets -					
Notes receivables	359,391	0	0	0	0
Total assets	\$644,134	\$185,004	\$327,329	\$119,065	\$170,699
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$2,259	\$0	\$0
Accrued payroll	0	576	2,222	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	0	0
Total liabilities	0	576	4,481	0	0
Deferred inflows of resources -					
Unavailable property taxes	0	72,479	91,270	0	0
Fund balances:					
Nonspendable	0	0	3,271	0	0
Restricted	644,134	111,949	228,307	119,065	170,699
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	644,134	111,949	231,578	119,065	170,699
Total liabilities, deferred inflows of resources, and fund balances	\$644,134	\$185,004	\$327,329	\$119,065	\$170,699

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and and Changes in Fund Balances Nonmajor Governmental Funds For the year ended April 30, 2017

	Special Revenue Funds				
	Total	Audit Fund	Street Lighting Fund	Local 1% Sales Tax Fund	Insurance Levy Fund
Revenues:					
Property taxes	\$384,480	\$29,715	\$25,182	\$0	\$95,491
Utilities taxes	175,185	0	0	0	0
Intergovernmental revenue	422,318	0	0	222,318	0
Licenses and permits	0	0	0	0	0
Fines and costs	1,354	0	0	0	0
Charges for services	14,448	0	0	0	0
Cemetery lot sales	1,285	0	0	0	0
Interest	14,411	5	3	72	35
Miscellaneous revenues	28,699	0	0	0	0
Total revenues	1,042,180	29,720	25,185	222,390	95,526
Expenditures:					
General government	147,363	22,250	0	0	26,243
Public safety	111,792	0	0	0	0
Public works	355,278	0	36,972	237,792	0
Parks and recreation	144,674	0	0	0	0
Cemetery operations	20,514	0	0	0	0
Debt Service:					
Principal	48,140	0	0	0	0
Interest	54,179	0	0	0	0
Bond issuance costs	74,308	0	0	0	0
Capital outlay		0	0	0	0
Total expenditures	956,248	22,250	36,972	237,792	26,243
Excess (deficiency) of revenues over (under) expenditures	85,932	7,470	(11,787)	(15,402)	69,283
Other financing sources (uses):					
Proceeds from debt	1,960,000	0	0	0	0
Payment to refunded bond escrow agent	(1,886,320)	0	0	0	0
Debt issuance premium	628	0	0	0	0
Transfers in	17,486	0	8,038	0	0
Transfers out	(8,038)	0	0	0	0
Total other financing sources (uses)	83,756	0	8,038	0	0
Net change in fund balance	169,688	7,470	(3,749)	(15,402)	69,283
Fund balances (deficit), beginning of year	1,584,513	1,045	(1,600)	184,742	0
Fund balances (deficit), end of year	\$1,754,201	\$8,515	(\$5,349)	\$169,340	\$69,283

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and and Changes in Fund Balances (continued)

Nonmajor Governmental Funds

For the year ended April 30, 2017

	Special Revenue Funds					
	Fire Protection Fund	Motor Fuel Tax Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund	Memorial Park Fund
Revenues:						
Property taxes	\$64,315	\$0	\$44,572	\$0	\$0	\$0
Utilities taxes	0	0	0	0	0	0
Intergovernmental revenue	9,303	106,152	0	0	0	0
Licenses and permits	0	0	0	0	0	0
Fines and costs	0	0	0	223	180	0
Charges for services	0	0	0	0	0	0
Cemetery lot sales	0	0	0	0	0	0
Interest	0	78	85	1	4	4
Miscellaneous revenues	0	0	0	0	0	1,000
Total revenues	73,618	106,230	44,657	224	184	1,004
Expenditures:						
General government	0	0	38,825	0	0	0
Public safety	73,618	0	14,082	578	1,261	0
Public works	0	67,251	5,101	0	0	0
Parks and recreation	0	0	5,164	0	0	1,330
Cemetery operations	0	0	3,314	0	0	0
Debt Service:						
Principal	0	0	0	0	8,140	0
Interest	0	0	0	0	307	0
Bond issuance costs	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	73,618	67,251	66,486	578	9,708	1,330
Excess (deficiency) of revenues over (under) expenditures	0	38,979	(21,829)	(354)	(9,524)	(326)
Other financing sources (uses):						
Proceeds from debt	0	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0	0
Debt issuance premium	0	0	0	0	0	0
Transfers in	0	0	0	0	8,448	1,000
Transfers out	0	(8,038)	0	0	0	0
Total other financing sources (uses)	0	(8,038)	0	0	8,448	1,000
Net change in fund balance	0	30,941	(21,829)	(354)	(1,076)	674
Fund balances (deficit), beginning of year	0	103,124	116,889	800	205	5,613
Fund balances (deficit), end of year	\$0	\$134,065	\$95,060	\$446	(\$871)	\$6,287

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and and Changes in Fund Balances (continued)

Nonmajor Governmental Funds

For the year ended April 30, 2017

	Special Revenue Funds				Debt Service Funds
	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund	Debt Service Fund
Revenues:					
Property taxes	\$0	\$39,586	\$85,619	\$0	\$0
Utilities taxes	0	0	0	0	175,185
Intergovernmental revenue	0	17,711	17,374	0	49,460
Licenses and permits	0	0	0	0	0
Fines and costs	0	0	951	0	0
Charges for services	0	0	14,448	0	0
Cemetery lot sales	0	0	0	1,285	0
Interest	11,065	49	1,295	1,691	24
Miscellaneous revenues	0	0	27,699	0	0
Total revenues	11,065	57,346	147,386	2,976	224,669
Expenditures:					
General government	2,493	57,552	0	0	0
Public safety	0	22,253	0	0	0
Public works	0	8,162	0	0	0
Parks and recreation	0	5,915	130,161	0	2,104
Cemetery operations	0	17,200	0	0	0
Debt Service:					
Principal	0	0	0	0	40,000
Interest	0	0	0	0	53,872
Bond issuance costs	0	0	0	0	74,308
Capital outlay	0	0	0	0	0
Total expenditures	2,493	111,082	130,161	0	170,284
Excess (deficiency) of revenues over (under) expenditures	8,572	(53,736)	17,225	2,976	54,385
Other financing sources (uses):					
Proceeds from debt	0	0	0	0	1,960,000
Payment to refunded bond escrow agent	0	0	0	0	(1,886,320)
Debt issuance premium	0	0	0	0	628
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	74,308
Net change in fund balance	8,572	(53,736)	17,225	2,976	128,693
Fund balances (deficit), beginning of year	635,562	165,685	214,353	116,089	42,006
Fund balances (deficit), end of year	\$644,134	\$111,949	\$231,578	\$119,065	\$170,699