

City of Morrison, Illinois

Financial Report

Year Ended April 30, 2016

City of Morrison, Illinois

Year Ended April 30, 2016

Table of Contents

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government -Wide Financial Statements:	
Statement of Net Position	13 - 14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds:	
Statement of Net Position	20 - 21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Notes to Financial Statements	24 - 49
Required Supplementary Information:	
Budgetary Comparison Schedules for:	
General Fund	50
Motor Fuel Tax Fund	51
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios	52
Multiyear Schedule of IMRF Contributions	53
Notes to Required Supplementary Information	54 - 55
Supplementary Information:	
Combining Balance Sheet-General Fund	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund	57
Nonmajor Governmental Funds:	
Combining Balance Sheet	58 - 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61 - 63



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, 2016, 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, 2016, 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.

Emphasis of Matter

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB 68*, during the year ended April 30, 2016. Statement No. 68 and 71 changed how net pension liability is reported on the statement of net position and the footnotes related to the retirement systems the City participates in. Our opinions are not modified with respect to this matter.

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 4 through 12 and 50 through 55 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 August 15, 2016, 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
August 15, 2016

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, 2016. 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:

2016 Financial Highlights

- The City's Governmental Activities net position increased from \$3,425 thousand (April 30, 2015 as restated) to \$3,589 thousand on April 30, 2016. The Business-Type Activities net position were \$4,851 thousand on April 30, 2015, rose to \$5,426 thousand on April 30, 2016.
- The City's combined Governmental Funds on April 30, 2016 was \$2,230 thousand, an increase of \$191 thousand from the prior year end balance of \$2,039 thousand.
- The April 30, 2016 General Fund balance alone stood at \$646 thousand and increase of \$293 thousand from the prior year end.
- General Fund revenues increased from \$1,717 thousand in fiscal year 2015 to \$1,757 thousand in fiscal year 2016, while General Fund expenditures decreased from \$1,640 thousand in fiscal year 2015 to \$1,521 thousand in fiscal year 2016.
- The Water and Sewer Fund revenues increased from \$1,787 thousand in fiscal year 2015 to \$2,129 thousand in fiscal year 2016. The increase is due to an increase in water and sewer rates in fiscal year 2016. Water and Sewer Fund expenses decreased from \$1,339 thousand in fiscal year 2015 to \$1,320 thousand in fiscal year 2016.

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. 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 is the Water and Sewer Fund and is considered to be a major fund of the City. The City is responsible for ensuring the assets reported in this fund 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	
	2016	2015*	2016	2015*	2016	2015*
Current assets	\$2,574	\$2,333	\$1,725	\$1,109	\$4,299	\$3,442
Noncurrent assets	4,079	4,406	10,719	8,304	14,798	12,710
Total assets	6,653	6,739	12,444	9,413	19,097	16,152
Deferred outflow of resources	279	0	144	0	423	0
Total assets and deferred outflow of resources	6,932	6,739	12,588	9,413	19,520	16,152
Current liabilities	308	317	2,304	1,225	2,612	1,542
Noncurrent liabilities	2,468	2,015	4,857	3,337	7,325	5,352
Total liabilities	2,776	2,332	7,161	4,562	9,937	6,894
Deferred inflows of resources	567	544	1	0	568	544
Total liabilities and deferred inflows of resources	3,343	2,876	7,162	4,562	10,505	7,438
Net position:						
Net investment in capital assets	1,838	1,939	3,976	3,956	5,814	5,895
Restricted	1,603	1,707	0	0	1,603	1,707
Unrestricted	148	217	1,450	895	1,598	1,112
Total net position	\$3,589	\$3,863	\$5,426	\$4,851	\$9,015	\$8,714

*Adjustments have not been made to restate prior years for the effects of GASB Statement No. 68 and 71.

Net position of governmental activities increased from fiscal year 2015 by approximately \$164 thousand. Net position of business-type activities increased from fiscal year 2015 by approximately \$801 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 \$1,598 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	
	2016	2015*	2016	2015*	2016	2015*
Revenues:						
Program revenues -						
Charges for services	\$448	\$446	\$2,128	\$1,786	\$2,576	\$2,232
Operating grants and contributions	111	163	0	0	111	163
Capital grants and contributions	0	0	0	0	0	0
General revenues:						
Property taxes	574	543	0	0	574	543
Sales tax	657	482	0	0	657	482
State income tax	450	410	0	0	450	410
Other taxes	371	465	0	0	371	465
Unrestricted investment earnings	16	15	1	1	17	16
Miscellaneous	76	71	0	0	76	71
Total revenues	2,703	2,595	2,129	1,787	4,832	4,382
Expenses:						
General government	649	712	0	0	649	712
Public safety	562	596	0	0	562	596
Public works	608	415	0	0	608	415
Parks and recreation	540	566	0	0	540	566
Cemetery operations	106	113	0	0	106	113
Interest	82	88	0	0	82	88
Water and sewer	0	0	1,320	1,339	1,320	1,339
Total expenses	2,547	2,490	1,320	1,339	3,867	3,829
Change in net position before transfers	156	105	809	448	965	553
Transfers	8	418	(8)	(418)	0	0
Change in net position	164	523	801	30	965	553
Net position beginning, as restated	3,425	3,340	4,625	4,821	8,050	8,161
Net position, end of year	\$3,589	\$3,863	\$5,426	\$4,851	\$9,015	\$8,714

*Adjustments have not been made to restate prior years for the effects of GASB Statement No. 68 and 71.

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 \$2,230 thousand, which is \$191 thousand more than the \$2,039 thousand total fund balance at April 30, 2015.

Proprietary Fund Highlights

The water and sewer fund ended fiscal year 2016 with a \$5,426 thousand net position balance compared to the prior year ending net position balance of \$4,851 thousand. The increase is primarily due to the increase in water and sewer rates.

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 and major special revenue funds.

General Fund Budgetary Variances

Revenues

Intergovernmental revenues for 2016 were \$1,102 thousand compared with budgeted amount of \$1,019 thousand. This variance is due to the City receiving more State Income Tax, Sales Tax, and Use Tax revenue 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 general government expenditures for 2016 were \$564 thousand compared to a budgeted amount of \$636 thousand. The City over budgeted for legal expenditures and sales tax rebate during the current year.

Motor Fuel Tax Fund Budgetary Variances

Actual revenue and expenditures were comparable to budget.

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 \$3,770 thousand (net of accumulated depreciation) at April 30, 2016. Capital assets for business-type activities totaled \$10,719 thousand (net of accumulated depreciation) at April 30, 2016. See Note 5 to the financial statements for more information about the City's capital assets.

The major addition for fiscal year 2016:

- Waste Water Treatment Plant Improvements - \$2,801,694

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

Net Book Value of Capital assets at April 30, 2015 (in thousands)

	Governmental Activities	Business-Type Activities
Land	\$264	\$442
Construction in progress	0	1,835
Buildings	2,725	0
Equipment	64	0
Vehicles	19	0
Infrastructure – highways and streets	982	0
Infrastructure – water and sewer	0	6,027
Total	\$4,054	\$8,304

City of Morrison, Illinois

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration

At April 30, 2016, the City had \$2,029 thousand in governmental activities long term debt which consisted of general obligation debt certificates, notes payable, and accrued compensated absences. Amounts due next year on these obligations are \$194 thousand. See Note 11 for details of debt.

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

Governmental Activities	
Outstanding Debt at April 30, 2015 (in thousands)	
Debt certificates payable, net	\$2,102
Notes payable	20
Accrued compensated absences	90
	\$2,212

At April 30, 2016, the City had \$4,713 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 \$181 thousand. See Note 11 for details of debt.

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

Business-Type Activities	
Outstanding Debt at April 30, 2015 (in thousands)	
Notes payable	\$4,349
Accrued compensated absences	41
	\$4,390

City of Morrison, Illinois

Management's Discussion and Analysis

ECONOMIC FACTORS THAT AFFECT THE CITY OF MORRISON

Economic conditions affecting the City of Morrison seem relatively stable and unchanged since last year. The City is utilizing grant opportunities that assist in home buying and home improvements for income-qualified applicants. In order to meet IEPA environmental regulations, the city is building a \$19,000,000 wastewater treatment plant and system upgrades. The cost is a burden on rate payers. Sources of state revenue are declining or stagnant. The City's EAV remains steady with a slight increase each of the past three 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 1100 jobs in the region. The City of Morrison expects to see a modest number of new residents due to the prison.

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
bdykhuzen@morrisonil.org

Basic Financial Statements

City of Morrison, Illinois

Statement of Net Position

April 30, 2016

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash, deposits, and investments	\$1,252,874	\$1,357,505	\$2,610,379
Cash, deposits, and investments - restricted	25,893	0	25,893
Deposits	263,127	0	263,127
Accounts receivable, net	47,343	322,572	369,915
Property taxes receivable	566,400	0	566,400
Due from other governments	327,380	0	327,380
Inventory	1,007	0	1,007
Prepaid items	51,427	39,512	90,939
Internal balances	(4,914)	4,914	0
Notes receivable	43,208	0	43,208
Total current assets	2,573,745	1,724,503	4,298,248
Noncurrent assets:			
Notes receivable	308,879	0	308,879
Capital assets:			
Land and construction in progress	264,429	4,957,452	5,221,881
Depreciable assets	7,021,382	10,403,599	17,424,981
Less: accumulated depreciation	(3,515,922)	(4,641,821)	(8,157,743)
Total capital assets	3,769,889	10,719,230	14,489,119
Total noncurrent assets	4,078,768	10,719,230	14,797,998
Total assets	6,652,513	12,443,733	19,096,246
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension resources	279,714	144,095	423,809
Total assets and deferred outflows of resources	6,932,227	12,587,828	19,520,055

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois
Statement of Net Position (continued)
April 30, 2016

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued payroll	85,763	2,085,621	2,171,384
Accrued interest payable	28,702	12,018	40,720
Customer deposits	0	24,670	24,670
Debt certificates, net of unamortized premiums	185,590	0	185,590
Loan payable	8,140	181,363	189,503
Total current liabilities	308,195	2,303,672	2,611,867
Noncurrent liabilities:			
Compensated absences	90,115	34,577	124,692
Debt certificates, net of unamortized premiums	1,740,687	0	1,740,687
Loan payable	4,149	4,496,643	4,500,792
Net pension liability	632,853	326,015	958,868
Total noncurrent liabilities	2,467,804	4,857,235	7,325,039
Total liabilities	2,775,999	7,160,907	9,936,906
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	566,400	0	566,400
Deferred inflows of pension resources	1,076	555	1,631
Total deferred inflows of resources	567,476	555	568,031
Total liabilities and deferred inflows of resources	3,343,475	7,161,462	10,504,937
NET POSITION			
Net investment in capital assets	1,837,600	3,976,229	5,813,829
Restricted	1,603,484	0	1,603,484
Unrestricted	147,668	1,450,137	1,597,805
Total net position	\$3,588,752	\$5,426,366	\$9,015,118

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Statement of Activities

For the year ended April 30, 2016

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	\$649,303	\$298,688	\$0	\$0	(\$350,615)	\$0	(\$350,615)
Public safety	562,293	26,487	0	0	(535,806)	0	(535,806)
Public works	607,853	3,230	107,125	0	(497,498)	0	(497,498)
Parks and recreation	539,677	87,178	4,100	0	(448,399)	0	(448,399)
Cemetary operations	105,756	32,651	0	0	(73,105)	0	(73,105)
Interest	81,758	0	0	0	(81,758)	0	(81,758)
Total governmental activities	2,546,640	448,234	111,225	0	(1,987,181)	0	(1,987,181)
Business-type activities -							
Water and Sewer	1,320,010	2,127,660	0	0	0	807,650	807,650
Total government	\$3,866,650	\$2,575,894	\$111,225	\$0	(1,987,181)	807,650	(1,179,531)
General revenues							
Taxes:							
Property taxes					574,037	0	574,037
Sales tax					656,380	0	656,380
State income tax					449,702	0	449,702
Utility tax					169,226	0	169,226
Telecommunication tax					9,189	0	9,189
Other					192,766	0	192,766
Unrestricted investment earnings					15,870	1,312	17,182
Miscellaneous revenues					76,174	0	76,174
Transfers					8,000	(8,000)	0
Total general revenues and transfers					2,151,344	(6,688)	2,144,656
Change in net position					164,163	800,962	965,125
Net position - beginning of year as restated					3,424,589	4,625,404	8,049,993
Net position - ending					\$3,588,752	\$5,426,366	\$9,015,118

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Balance Sheet - Governmental Funds

April 30, 2016

ASSETS	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Nonmajor Funds	Total
Cash, deposits, and investments	\$374,021	\$91,993	\$25,893	\$786,860	\$1,278,767
Deposits	0	0	0	263,127	263,127
Accounts receivable	33,039	0	12,543	1,761	47,343
Property taxes receivable	172,750	0	0	393,650	566,400
Due from other governments	257,087	9,531	5,445	55,317	327,380
Inventory	1,007	0	0	0	1,007
Prepaid expenditures	49,125	0	0	2,302	51,427
Advances to other funds	4,331	1,600	0	0	5,931
Notes receivable	0	0	0	43,208	43,208
Total current assets	891,360	103,124	43,881	1,546,225	2,584,590
Noncurrent assets -					
Notes receivables	0	0	0	308,879	308,879
Total assets	\$891,360	\$103,124	\$43,881	\$1,855,104	\$2,893,469
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	36,220	0	0	8,602	44,822
Accrued payroll	29,072	0	0	11,869	40,941
Advances from other funds	7,370	0	1,875	1,600	10,845
Total liabilities	72,662	0	1,875	22,071	96,608
Deferred inflows of resources -					
Unavailable property taxes	172,750	0	0	393,650	566,400
Fund balances (deficit):					
Nonspendable	50,132	0	0	2,302	52,434
Restricted	17,371	103,124	42,006	1,438,681	1,601,182
Committed	1,276	0	0	0	1,276
Unassigned	577,169	0	0	(1,600)	575,569
Total fund balances (deficit)	645,948	103,124	42,006	1,439,383	2,230,461
Total liabilities, deferred inflows of resources, and fund balances	\$891,360	\$103,124	\$43,881	\$1,855,104	\$2,893,469

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois
Reconciliation of the Balance Sheet to the
Statement of Net Position
April 30, 2016

Total governmental fund balances	\$2,230,461
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. The cost of the assets is \$7,285,811 and the accumulated depreciation is \$3,515,922.	\$3,769,889
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	(1,938,566)
Net pension liability and related deferred pension resources	(354,215)
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(28,702)
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>(90,115)</u>
Net position of governmental activities	<u><u>\$3,588,752</u></u>

City of Morrison, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the year ended April 30, 2016

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Nonmajor Funds	Total
Revenues:					
Property taxes	\$188,232	\$0	\$0	\$385,805	\$574,037
Utilities taxes	0	0	169,226	0	169,226
Intergovernmental revenue	1,102,502	107,125	9,189	200,446	1,419,262
Licenses and permits	74,729	0	0	0	74,729
Fines and costs	29,144	0	0	1,799	30,943
Charges for services	297,354	0	0	12,557	309,911
Cemetery revenues	32,430	0	0	221	32,651
Interest	491	226	70	15,083	15,870
Miscellaneous revenues	32,389	0	0	43,785	76,174
Total revenues	1,757,271	107,351	178,485	659,696	2,702,803
Expenditures:					
Current:					
General government	585,772	0	0	43,671	629,443
Public safety	391,281	0	0	177,952	569,233
Public works	219,931	271,443	0	58,063	549,437
Parks and recreation	208,027	0	2,120	159,969	370,116
Cemetery operations	91,149	0	0	17,464	108,613
Debt service:					
Principal	0	0	175,000	7,900	182,900
Interest	0	0	84,185	547	84,732
Capital outlay	24,950	0	0	0	24,950
Total expenditures	1,521,110	271,443	261,305	465,566	2,519,424
Excess (deficiency) of revenues over (under) expenditures	236,161	(164,092)	(82,820)	194,130	183,379
Other financing sources (uses):					
Proceeds from loan	0	0	0	0	0
Transfers in	70,000	0	0	9,448	79,448
Transfers out	(13,448)	0	(50,000)	(8,000)	(71,448)
Total other financing sources (uses)	56,552	0	(50,000)	1,448	8,000
Net change in fund balances	292,713	(164,092)	(132,820)	195,578	191,379
Fund balances, beginning of year	353,235	267,216	174,826	1,243,805	2,039,082
Fund balances, end of year	\$645,948	\$103,124	\$42,006	\$1,439,383	\$2,230,461

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, 2016

Net change in fund balance - Governmental funds	\$191,379
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. Donated capital assets are only reported in the statement of activities. This is the amount by which depreciation expense of \$309,113 exceeded capitalized fixed assets of \$24,950 during the period.	(284,163)
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.	182,900
The costs associated with issuing long-term debt are an expenditure of governmental funds, but increase other assets (unamortized bond premiums) in the statements of net position.	591
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	84,302
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.	2,383
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>(13,229)</u>
Change in net position of governmental activities	<u><u>\$164,163</u></u>

City of Morrison, Illinois

Statement of Net Position

Proprietary Funds

April 30, 2016

ASSETS	Water and Sewer
<hr/>	
Current assets:	
Cash, deposits, and investments	\$1,357,505
Deposits	0
Accounts receivable, net	322,572
Due from other governments	0
Inventory	0
Prepaid items	39,512
Advances to other funds	4,914
Total current assets	<hr/> 1,724,503
Noncurrent assets:	
Land and construction in progress	4,957,452
Depreciable assets	10,403,599
Total - at cost	<hr/> 15,361,051
Less: accumulated depreciation	(4,641,821)
Total capital assets (net of accumulated depreciation)	<hr/> 10,719,230
Total assets	<hr/> 12,443,733
<hr/>	
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of pension resources	144,095
Total assets and deferred outflows of resources	<hr/> 12,587,828

City of Morrison, Illinois
Statement of Net Position (continued)
Proprietary Funds
April 30, 2016

**Water and
Sewer**

LIABILITIES

Current liabilities:	
Accounts payable	2,071,807
Accrued payroll	13,814
Customer deposits	24,670
Accrued interest payable	12,018
Note payable	181,363
Total current liabilities	2,303,672
Noncurrent liabilities:	
Accrued compensated absences	34,577
Note payable	4,496,643
Net pension liability	326,015
Total noncurrent liabilities	4,857,235
Total liabilities	7,160,907

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension resources	555
Total liabilities and deferred inflows of resources	7,161,462

NET POSITION

Net investment in capital assets	3,976,229
Unrestricted	1,450,137
Total net position	\$5,426,366

City of Morrison, Illinois

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended April 30, 2016

	Water and Sewer
Operating revenues:	
Charges for services	\$2,099,302
Penalties	28,358
Miscellaneous	0
Total operating revenues	2,127,660
Operating expenses:	
Personnel services	519,713
Contractual services	222,205
Commodities	91,765
Other expenses	141,519
Depreciation	282,771
Total operating expenses	1,257,973
Operating income	869,687
Nonoperating revenues (expenses) -	
Interest income	1,312
Interest expense	(62,037)
Income before transfers	808,962
Transfers in	0
Transfers out	(8,000)
Change in net position	800,962
Net position, beginning of year as restated	4,625,404
Net position, end of year	\$5,426,366

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois

Statement of Cash Flows

Proprietary Funds

For the year ended April 30, 2016

	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$2,083,027
Cash paid to suppliers	(542,902)
Cash paid to employees	(569,957)
Cash received from others	(4,914)
Net cash flows from operating activities	965,254
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -	
Transfers with other funds (net)	(8,000)
Net cash flows from non-capital financing activities	(8,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from note payable/line of credit	1,376,349
Principal payments on note payable	(1,047,023)
Acquisition of capital assets	(753,973)
Proceeds from sale of capital assets	121,322
Interest paid	(64,565)
Net cash flows from capital and related financing activities	(367,890)
CASH FLOWS FROM INVESTING ACTIVITIES -	
Interest income	1,312
Gain (loss) on disposal of capital assets	0
Net cash flows from capital and related financing activities	1,312
Net increase in cash and cash equivalents	590,676
Cash and cash equivalents, beginning	766,829
Cash and cash equivalents, ending	\$1,357,505
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income	\$869,687
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	282,771
Effects of changes in operating assets and liabilities:	
Receivables	(46,028)
Due from other governments	0
Advances to other funds	(4,914)
Prepaid expenses	25,601
Accounts payable	(113,014)
Accrued expenses	(50,244)
Customer deposits	1,395
Net cash flows from operating activities	\$965,254
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES -	
Purchase of capital assets on account	(\$2,064,995)

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.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for sources allocated to the City for maintenance and repair of City streets.

Debt Service Fund – This fund is used to account for the 2008 and 2010 Debt Certificates principal and interest payments.

The City reports the following major proprietary fund:

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

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)

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

Statutes authorize the City to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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.

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, 2016
<u>Debt Service Account</u>	<u>\$25,893</u>

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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.

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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.

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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 2014 levy was approved on December 8, 2014. The 2015 levy was approved on December 14, 2015.

Since the 2015 property tax levy is levied to finance the operations of fiscal year 2017, the 2015 property tax is recorded as a receivable and the 2015 property tax revenue is shown as unavailable revenue. The 2014 property tax levy is recorded as revenue by the City in accordance with the applicable measurement focus and basis of accounting for fiscal year 2016.

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

Fund	Amount
General fund:	
Community Landscaping	\$7,647
Public Works Vehicle	\$10,000
Self Insured Deductible	\$10,231
Street Lighting	\$2,023
Fire Protections	\$557
Social Security	\$988
Drug Traffic Prevention	\$58
Police Vehicle	\$1,506
Revolving Loan	\$488
Debt Service	\$1,812

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, 2016, the City's bank balance was \$3,005,813 and the entire balance was insured and collateralized with securities in the City's name.

Note 4 Investments

As of April 30, 2016, the City had the following investments:

	Fair Value Total
Illinois Funds Money Market Fund	\$4,595

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	
External investment pool	\$4,595	\$0	\$0	\$4,595

City of Morrison, Illinois

Notes to Financial Statements

Note 4 Investments (continued)

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, 2016	AAAm	Aa	Unrated
External investment pool	\$4,595	\$4,595	\$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.

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, 2016, 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, 2016 is as follows:

Governmental Activities:	Balance 4/30/15	Additions	Transfers & Deletions	Balance 4/30/16
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	577,193	0	91,480	485,713
Vehicles	423,663	24,950	0	448,613
Total assets being depreciated	7,087,912	24,950	91,480	7,021,382
Less accumulated depreciation for:				
Plant and related properties	2,129,946	212,690	0	2,342,636
Infrastructure	249,970	61,519	0	311,489
Machinery and equipment	513,446	21,976	91,480	443,942
Vehicles	404,927	12,928	0	417,855
Total accumulated depreciation	3,298,289	309,113	91,480	3,515,922

City of Morrison, Illinois

Notes to Financial Statements

Note 5 Capital Assets

Governmental Activities:	Balance 4/30/15	Additions	Transfers & Deletions	Balance 4/30/16
Total capital assets being depreciated, net	3,789,623	(284,163)	0	3,505,460
Governmental activities capital assets, net	\$4,054,052	(\$284,163)	\$0	\$3,769,889
Depreciation expense was charged to functions of the City as follows:				
General government				\$30,191
Public safety				20,479
Public works				72,646
Parks and recreation				185,797
Total governmental activities depreciation expense				\$309,113
Business-type activities:	Balance 4/30/15	Additions	Transfers & Deletions	Balance 4/30/16
Capital assets not being depreciated -				
Land	\$441,781	\$0	\$121,322	\$320,459
Construction in progress	1,835,299	2,801,694	0	4,636,993
Total assets being not depreciated	2,277,080	2,801,694	121,322	4,957,452
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	0	0	12,482
Vehicles	0	17,274	0	17,274
Total assets being depreciated	10,386,325	17,274	0	10,403,599
Less accumulated depreciation for:				
Water plant and related property	1,974,116	204,936	0	2,179,052
Sewer plant and related property	2,380,628	75,815	0	2,456,443
Machinery and equipment	4,306	868	0	5,174
Vehicles	0	1,152	0	1,152
Total accumulated depreciation	4,359,050	282,771	0	4,641,821
Total capital assets being depreciated, net	6,027,275	(265,497)	0	5,761,778
Business-type activities capital assets, net	\$8,304,355	\$2,536,197	(\$121,322)	\$10,719,230

City of Morrison, Illinois

Notes to Financial Statements

Note 5 Capital Assets

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

Water	\$206,956
Sewer	75,815
<hr/>	
Total business-type activities depreciation expense	\$282,771

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 City has net loans receivable with area businesses in the amount of \$352,087 at April 30, 2016. The following is a summary of changes in loans receivable for the year ended April 30, 2016:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Loans Receivable:				
Morrison True Value Hardware, Inc.	\$34,406	\$0	\$4,232	\$30,174
Vision Source of Morrison	33,868	0	3,552	30,316
Resthava Home of Whiteside County	260,592	0	27,297	233,295
Coz-E-Corner, Inc	65,132	0	6,830	58,302
Allowance for doubtful accounts	0	0	0	0
<hr/>				
Governmental activity loans receivable	\$393,998	\$0	\$41,911	\$352,087

Note 7 Pension Plan and Retirement System

Plan description – Employees of the City are provided with pensions through the Illinois Municipal Retirement Fund (IMRF) —an agent multiple-employer defined benefit pension plan. Established by the Illinois State Legislature for the benefit of Illinois municipal employed outside the city of Chicago, IMRF is governed by the Illinois Pension Code. IMRF issues a publicly available financial report that can be obtained at <http://imrf.org>.

Benefits provided – IMRF provides retirement, disability, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. The benefit provisions in effect on the member's date of participation determine a member's minimum benefit while the benefit provisions in effect on the member's date of termination determine a member's maximum benefit. Public Act 96-0889 added a new section to the Pension Code that applies different benefits to anyone who first contributes to IMRF on or after January 1, 2011 and does not have any other previous service credit with one of the reciprocal retirement systems in Illinois.

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Pension Plan and Retirement System (continued)

Members who first participate on or after that date are members of Tier II. Anyone who made contributions to IMRF prior to January 1, 2011 remain participants of Tier I. Tier I retirement benefit are determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. The pension amount is 1 2/3 percent of the final rate of earnings for each of the first fifteen years of service and 2 percent for each year of service credit in excess of fifteen years, up to a maximum of 75 percent of the final rate of earnings.

Tier II benefits are determined by the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Pension earnings are initially capped at \$110,631 increasing annually by 3 percent or ½ the consumer price index, whichever is less.

Regular Personnel:

Employees Covered by the Benefit Terms – The City's covered employees are comingled with the Plan employees. At the December 31st 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	9
Active employees	25
<hr/>	
Total	59

Contributions – Employees are required to contribute 4.5 percent of their annual pay as set by statute. The statutes require each participating employer to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. Employer contributions for disability benefits, death benefits and the supplemental retirement benefits are pooled. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.47%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Pension Plan and Retirement System (continued)

Mortality

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

Other Information:

Notes

There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study dated April 15, 2016 for the period January 1, 2015 through December 31, 2015. As a result of the December 31, 2015 actuarial experience study, new assumptions for the assumed rate of return, salary increase, inflation and related economic assumptions were adopted in the December 31, 2015 actuarial valuation to more closely reflect actual experience.

Discount rate – The discount rate used to measure the total pension liability was 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Pension Plan and Retirement System (continued)

Changes in Net Plan Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2015	\$7,138,822	\$6,474,403	\$664,419
Service costs	124,005	0	124,005
Interest on total pension liability	526,388	0	526,388
Difference between expected and actual experience	(2,044)	0	(2,044)
Changes in assumptions	18,626	0	18,626
Employer contributions	0	163,428	(163,428)
Employee contributions	0	53,408	(53,408)
Net investment income	0	32,049	(32,049)
Benefit payments – net of refunds	(345,905)	(345,905)	0
Administrative expense	0	0	0
Other changes	0	123,6451	(123,641)
Net changes	321,070	26,621	294,449
Balances as of December 31, 2015	\$7,459,892	\$6,501,024	\$958,868

Sensitivity of the plan's proportionate share of the net pension liability to changes in the discount rate – The following presents the Plan's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the plan's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	1% Decrease (6.47%)	Current Rate (7.47%)	1% Increase (8.47%)
Plan's proportionate share of the net Pension liability	\$1,969,827	\$958,868	\$126,967

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

City of Morrison, Illinois

Notes to Financial Statements

Note 7 Pension Plan and Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions – For the year ended December 31, 2015, the Plan recognized pension expense of \$81,982. At April 30, 2016, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$0	\$1,631
Changes in assumptions	14,864	0
Net difference between projected and actual earnings	362,662	0
Employer contributions subsequent to the measurement date	46,283	0
Total	\$423,809	\$1,631

The City reported \$46,283 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Net Deferred Outflows of Resources
2016	\$94,015
2017	94,015
2018	94,015
2019	93,850
2020	0
Thereafter	0
Total	\$375,895

Payable to the Pension Plan

At April 30, 2016, the Plan reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2016.

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, 2016.

Note 9 **Construction and Other Significant Commitments**

Construction commitments. The City has active construction projects as of April 30, 2016.

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 \$15.166 million 20-year EPA loan in the current fiscal year to help fund the waste water treatment plant construction. As of April 30, 2016, the City has expended \$4.6 million relating to design engineering and construction of the waste water treatment plant. The estimated completion date is June 2017.

In April 2016, the City signed a contract for Wall Street general maintenance project in the amount of \$110,391. As of April 30, 2016, the remaining amount on the contract was \$110,391.

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, 2016.

During the year ended April 30, 2016, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

City of Morrison, Illinois

Notes to Financial Statements

Note 11 Long-Term Debt

The City issues general obligation debt certificates, loans payable, and lines of credit “debt” 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, 2016 are as follows:

Governmental Activities:

Debt Certificates	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/16
Series 2008 – debt certificates	6/15/08	\$2,000,000	4.00 – 4.25	12/15/22	\$1,140,000
Series 2010 – debt certificates	3/1/10	1,000,000	2.75 – 6.75	12/15/29	780,000
Total					\$1,920,000

Debt Certificates

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 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 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 a 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.

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 \$136,196 in treasury rebates. The amount of treasury rebates due to the City in the next fiscal year totals \$15,640.

Note Payable

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/16
Dodge Charger	2013	\$39,000	2.950	9/15/17	\$12,289

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 11 Long-Term Debt (continued)

Business-Type Activities:

Loans and Line of Credit	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/16
Public Water Supply Loan (2011)	2013	\$3,729,743	1.25	7/15/32	\$3,301,657
Public Water Supply Loan (2016)	2016	1,376,349	1.86		1,376,349
Line of credit	2015	867,908	3.00	9/12/15	0
					\$4,678,006

Line of Credit

The City had a \$995,000 line of credit from The National Bank with an interest rate of 3.00%. The City utilized the line of credit during the fiscal year for capital outlay expenditures relating to the waste water treatment plant project. The line of credit was paid off in February 2016.

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 1.25 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 District 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, 2016, the City has received \$1,376,349 from the IEPA. Payment schedule to begin after the project is completed and approved by IEPA. At April 30, 2016, 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		
	Principal	Interest	Principal	Interest	
2017	\$8,140	\$307	\$185,000	\$76,554	
2018	4,149	63	190,000	69,714	
2019	0	0	200,000	62,358	
2020	0	0	205,000	54,354	
2021	0	0	220,000	46,146	
2022 – 2026	0	0	640,000	113,098	
2027 – 2031	0	0	280,000	30,251	
		\$12,289	\$370	\$1,920,000	\$452,475

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
2017	\$181,363	\$40,705
2018	183,636	38,432
2019	185,939	36,129
2020	188,270	33,798
2021	190,632	31,436
2022 – 2026	989,613	120,726
2027 – 2031	1,053,224	57,106
2032 – 2036	328,980	4,120
	<u>\$3,301,657</u>	<u>\$362,452</u>

The Illinois Environmental Protection Agency November 2015 loan has no formal payment schedule. The entire \$1,376,349 is being shown as non-current on the Statement of Net Position.

Long term liability activity for the year ended April 30, 2016 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Debt certificates payable:					
Debt certificates	\$2,095,000	\$0	(\$175,000)	\$1,920,000	\$185,000
Plus: premium on certificates	6,868	0	(591)	6,277	590
Note payable	20,189	0	(7,900)	12,289	8,140
Accrued compensated absences	90,086	25,173	(25,144)	90,115	0
Governmental activity long-term liabilities	<u>\$2,212,143</u>	<u>\$25,173</u>	<u>(\$208,635)</u>	<u>\$2,028,681</u>	<u>\$193,730</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Public water supply loan (2011)	\$3,480,772	\$0	(\$179,115)	\$3,301,657	\$181,363
Public water supply loan (2015)	0	1,376,349	0	1,376,349	0
Line of credit	867,908	0	(867,908)	0	0
Accrued compensated absence	40,971	8,896	(15,290)	34,577	0
Business-type activity Long-term liabilities	<u>\$4,389,651</u>	<u>\$1,385,245</u>	<u>(\$1,062,313)</u>	<u>\$4,712,583</u>	<u>\$181,363</u>

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$50,904,177. As of April 30, 2016, the City had \$4,378,196 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, 2016 as follows:

Governmental Activities:

Net investment in capital assets:

Land and construction in progress	\$264,429
Other capital assets, net of accumulated depreciation	3,505,460
Less: related long-term debt outstanding	(1,932,289)

Total net investment in capital assets 1,837,600

Restricted:

State statutes and enabling legislation	884,218
Donor requirements	41,698
Debt service	42,006
Externally imposed by grantors	635,562

Total restricted 1,603,484

Unrestricted 147,668

Total governmental activities net position \$3,588,752

Business-type Activities:

Net investment in capital assets:

Land	\$4,957,452
Other capital assets, net of accumulated depreciation	5,761,778
Less: related long-term debt outstanding	(6,743,001)

Total net investment in capital assets 3,976,229

Unrestricted:

Board designated	370,163
Unrestricted	1,079,974

Total unrestricted 1,450,137

Total business-type activities net position \$5,426,366

City of Morrison, Illinois

Notes to Financial Statements

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.

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.

City of Morrison, Illinois

Notes to Financial Statements

Note 13 Fund Balance (continued)

Nonspendable Fund Balance

Major Funds -	
General Fund	\$50,132
Nonmajor Funds -	
Odell Public Library Fund	2,302
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Total nonspendable fund balance	\$52,434

Restricted Fund Balance

Major Funds:	
Donor requirements -	
General	\$17,371
State statutes and enabling legislation -	
Motor fuel tax	103,124
Bond agreement -	
Debt service	42,006
Nonmajor Funds:	
State statutes and enabling legislation:	
Audit	1,045
Local 1% sales tax	184,742
Social security	116,889
Drug traffic prevention	800
Police vehicle	205
Illinois municipal retirement	165,685
Odell public library	193,337
Grove Hill cemetery perpetual care	116,089
Externally imposed by grantors:	
Revolving loan	635,562
Donor requirement:	
Memorial park	5,613
Odell public library	18,714
<hr/>	
Total restricted fund balance	\$1,601,182

Committed Fund Balance

Major Funds -	
General Fund -	
Public works vehicle	\$1,276

Unassigned Fund Balance

Major Funds -	
General	\$577,169
Nonmajor Funds -	
Street lighting	(1,600)
<hr/>	
Total unassigned fund balance	575,569

City of Morrison, Illinois

Notes to Financial Statements

Note 14 Interfund Receivables and Payables

Below are the advances to/from as of April 30, 2016:

	Receivable Fund	Payable Fund
Governmental funds:		
General	\$4,331	\$7,370
Motor fuel tax	1,600	0
Debt service	0	1,875
Nonmajor governmental	0	1,600
Business-type funds:		
Water and sewer	4,914	0
	<u>\$10,845</u>	<u>\$10,845</u>

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

Note 15 Interfund Transfers

Below are the interfund transfers as of April 30, 2016:

Fund	Transfer In	Transfer Out
Major funds:		
General	\$70,000	\$13,448
Debt service	0	50,000
Water and Sewer Fund	0	8,000
Nonmajor governmental funds	9,448	8,000
	<u>\$79,448</u>	<u>\$79,448</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.

City of Morrison, Illinois

Notes to Financial Statements

Note 17 **New Reporting Standards**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* is effective for periods beginning after June 15, 2014. This statement establishes new requirements for governments to report a “net pension liability” for the unfunded portion of its IMRF pension plans. The City has implemented this statement in the year ended April 30, 2016.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* is effective for periods beginning after June 15, 2014. The statement amends the new requirements for governments reporting a net pension liability. The City has implemented this statement in the year ended April 30, 2016.

Note 18 **Impact of Pending Accounting Principles**

GASB issued Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement when a market price is not readily determinable, and establishes a 3-level hierarchy of fair value that will be disclosed in the notes to the financial statements, based on the presence or absence of observable market inputs. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68* addresses accounting and financial reporting for pensions that were not covered by GASB Statement No. 68, because the plan assets are not held in trust. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined the effect of this Statement.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Authoritative sources of GAAP now include (1) GASB pronouncements, (2) GASB implementation guides, and (3) AICPA literature specifically cleared by the GASB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City has not determined the effect of this Statement.

City of Morrison, Illinois

Notes to Financial Statements

Note 18 Impact of Pending Accounting Principles (continued)

GASB Statement No. 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The City has not determined the effect of this Statement.

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. 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.

Note 19 Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any matter for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Industrial Revenue Bonds outstanding principal was paid off during the fiscal year. As of April 30, 2016, the Industrial Revenue Bonds outstanding principal amount payable was \$0.

Note 20 Restatement of Beginning Net Position

As a result of the implementation of GASB Statement No. 68 and 71, the governmental and business-type activities beginning net position were restated as follows:

	Governmental Activities	Business-Type Activities
Balance at May 1, 2015	\$3,863,106	\$4,851,306
Less beginning net pension liability for IMRF	(438,517)	(225,902)
Balance at May 1, 2015, as restated	\$3,424,589	\$4,625,404

Required Supplementary Information

City of Morrison, Illinois

Budgetary Comparison Schedule

General Fund

For the year ended April 30, 2016

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
Revenues:			
Property taxes	\$188,047	\$188,232	\$185
Utilities taxes	0	0	0
Intergovernmental revenue	1,019,359	1,102,502	83,143
Licenses and permits	61,250	74,729	13,479
Fines and costs	20,200	29,144	8,944
Charges for services	322,869	297,354	(25,515)
Cemetery revenues	31,000	32,430	1,430
Interest	150	465	315
Miscellaneous revenues	22,500	31,133	8,633
Total revenues	1,665,375	1,755,989	90,614
Expenditures:			
General government	636,736	564,241	72,495
Public safety	460,424	406,231	54,193
Public works	284,009	219,931	64,078
Parks and recreation	200,250	200,380	(130)
Cemetery operations	124,100	91,149	32,951
Debt Service:			
Principal	0	0	0
Interest	0	0	0
Total expenditures	1,705,519	1,481,932	223,587
Excess (deficiency) of revenues over (under) expenditures	(40,144)	274,057	314,201
Other financing sources (uses):			
Proceeds from loan	0	0	0
Transfers in	58,000	33,000	(25,000)
Transfers out	(13,448)	(13,448)	0
Total other financing sources (uses)	44,552	19,552	(25,000)
Net change in fund balance	\$4,408	293,609	\$289,201
Fund balances, beginning of year		343,222	
Fund balances, end of year		\$636,831	
GAAP fund balance for General Funds			
General Fund		636,831	
Community Landscaping Fund		17,371	
Public Works Vehicle Fund		1,276	
Self Insured Deductible Fund		(9,530)	
GAAP fund balance, General Funds		\$645,948	

See Notes to Required Supplementary Information.

City of Morrison, Illinois

Budgetary Comparison Schedule

Motor Fuel Tax Fund

For the year ended April 30, 2016

	<u>Budgeted Amounts Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental revenue	\$99,674	\$107,125	\$7,451
Interest	400	226	(174)
<u> Total revenues</u>	<u>100,074</u>	<u>107,351</u>	<u>7,277</u>
Expenditures -			
Public works	281,000	271,443	9,557
Net change in fund balance	<u>(\$180,926)</u>	(164,092)	<u>\$16,834</u>
<u>Fund balances, beginning of year</u>		<u>267,216</u>	
<u>Fund balances, end of year</u>		<u>\$103,124</u>	

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$124,005									
Interest on the total pension liability	526,388									
Benefit changes	0									
Difference between expected and actual experience	(2,044)									
Assumption changes	18,626									
Benefit payments and refunds	(345,905)									
Net change in total pension liability	321,070									
Total pension liability - beginning	7,138,822									
Total pension liability - ending (a)	7,459,892									
Plan fiduciary net position:										
Employer contributions	163,428									
Employee contributions	53,408									
Pension plan net investment income	32,049									
Benefit payments and refunds	(345,905)									
Other	123,641									
Net change in plan fiduciary net position	26,621									
Plan fiduciary net position - beginning	6,474,403									
Plan fiduciary net position - ending (b)	\$6,501,024									
Net pension liability(asset) - Ending (a) - (b)	\$958,868									
Plan fiduciary net position as a percentage of total pension liability	87.15%									
Covered valuation payroll	\$1,186,840									
Net pension liability as a percentage of covered valuation payroll	80.79%									

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

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

Illinois Municipal Retirement Fund (IMRF)
Multiyear Schedule of Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$163,428*	\$163,428	\$0	\$1,186,840	13.77%

* Estimated based on contribution rate of 13.77% and covered valuation payroll of \$1,186,840.

The City implemented GASB Statement No. 68 in 4/30/16.

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 was one major fund that had expenditures that exceeded appropriations:

Fund	Amount
Debt Service	\$1,812

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 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): 28-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 23 years for most employers (two employers were financed over 32 years)>
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%

Supplementary Information

City of Morrison, Illinois
Combining Balance Sheet - General Fund
April 30, 2016

ASSETS	General Fund	Community Landscaping Fund	Public Works Vehicle Fund	Self Insured Deductible Fund	Total General
Cash, deposits, and investments	\$352,809	\$19,936	\$1,276	\$0	\$374,021
Deposits	0	0	0	0	0
Investments	0	0	0	0	0
Accounts receivable	33,039	0	0	0	33,039
Property taxes receivable	172,750	0	0	0	172,750
Due from other governments	257,087	0	0	0	257,087
Inventory	1,007	0	0	0	1,007
Prepaid expenditures	49,125	0	0	0	49,125
Advances to other funds	4,331	0	0	0	4,331
Total assets	\$870,148	\$19,936	\$1,276	\$0	\$891,360
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$31,495	\$2,565	\$0	\$2,160	\$36,220
Accrued payroll	29,072	0	0	0	29,072
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	7,370	7,370
Total liabilities	60,567	2,565	0	9,530	72,662
Deferred inflows of resources -					
Unavailable property taxes	172,750	0	0	0	172,750
Fund balances:					
Nonspendable	50,132	0	0	0	50,132
Restricted	0	17,371	0	0	17,371
Committed	0	0	1,276	0	1,276
Unassigned	586,699	0	0	(9,530)	577,169
Total fund balances	636,831	17,371	1,276	(9,530)	645,948
Total liabilities, deferred inflows of resources, and fund balances	\$870,148	\$19,936	\$1,276	\$0	\$891,360

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the year ended April 30, 2016

	General Fund	Community Landscaping Fund	Public Works Vehicle Fund	Self Insured Deductible Fund	Total General
Revenues:					
Property taxes	\$188,232	\$0	\$0	\$0	\$188,232
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	1,102,502	0	0	0	1,102,502
Licenses and permits	74,729	0	0	0	74,729
Fines and costs	29,144	0	0	0	29,144
Charges for services	297,354	0	0	0	297,354
Cemetery revenues	32,430	0	0	0	32,430
Interest	465	18	7	1	491
Miscellaneous revenues	31,133	0	1,256	0	32,389
Total revenues	1,755,989	18	1,263	1	1,757,271
Expenditures:					
General government	564,241	0	0	21,531	585,772
Public safety	406,231	0	0	0	406,231
Public works	219,931	0	10,000	0	229,931
Parks and recreation	200,380	7,647	0	0	208,027
Cemetery operations	91,149	0	0	0	91,149
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total expenditures	1,481,932	7,647	10,000	21,531	1,521,110
Excess (deficiency) of revenues over (under) expenditures	274,057	(7,629)	(8,737)	(21,530)	236,161
Other financing sources (uses):					
Proceeds from loan	0	0	0	0	0
Transfers in	33,000	25,000	0	12,000	70,000
Transfers out	(13,448)	0	0	0	(13,448)
Total other financing sources (uses)	19,552	25,000	0	12,000	56,552
Net change in fund balance	293,609	17,371	(8,737)	(9,530)	292,713
Fund balances, beginning of year	343,222	0	10,013	0	353,235
Fund balances (deficit), end of year	\$636,831	\$17,371	\$1,276	(\$9,530)	\$645,948

City of Morrison, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2016

Special Revenue Funds

ASSETS	Total	Audit Fund	Street Lighting Fund	Local 1% Sales Tax Fund
Cash, deposits, and investments	\$786,860	\$1,045	\$0	\$129,425
Deposits	263,127	0	0	0
Investments	0	0	0	0
Accounts receivable	1,761	0	0	0
Property taxes receivable	393,650	30,000	26,700	0
Due from other governments	55,317	0	0	55,317
Inventory	0	0	0	0
Prepaid expenditures	2,302	0	0	0
Advances to other funds	0	0	0	0
Notes receivable	43,208	0	0	0
Total current assets	1,546,225	31,045	26,700	184,742
Noncurrent assets -				
Notes receivables	308,879	0	0	0
Total assets	\$1,855,104	\$31,045	\$26,700	\$184,742
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$8,602	\$0	\$0	\$0
Accrued payroll	11,869	0	0	0
Accrued compensated absences	0	0	0	0
Advances from other funds	1,600	0	1,600	0
Total liabilities	22,071	0	1,600	0
Deferred inflows of resources -				
Unavailable property taxes	393,650	30,000	26,700	0
Fund balances:				
Nonspendable	2,302	0	0	0
Restricted	1,438,681	1,045	0	184,742
Committed	0	0	0	0
Unassigned	(1,600)	0	(1,600)	0
Total fund balances	1,439,383	1,045	(1,600)	184,742
Total liabilities, deferred inflows of resources, and fund balances	\$1,855,104	\$31,045	\$26,700	\$184,742

City of Morrison, Illinois
Combining Balance Sheet (continued)
Nonmajor Governmental Funds
April 30, 2016

	Special Revenue Funds				
	Insurance Levy Fund	Fire Protection Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund
ASSETS					
Cash, deposits, and investments	\$0	\$0	\$120,466	\$800	\$205
Deposits	0	0	0	0	0
Investments	0	0	0	0	0
Accounts receivable	0	0	0	0	0
Property taxes receivable	96,500	65,000	45,000	0	0
Due from other governments	0	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenditures	0	0	0	0	0
Advances to other funds	0	0	0	0	0
Notes receivable	0	0	0	0	0
Total current assets	96,500	65,000	165,466	800	205
Noncurrent assets -					
Notes receivables	0	0	0	0	0
Total assets	\$96,500	\$65,000	\$165,466	\$800	\$205
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$0
Accrued payroll	0	0	3,577	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	0	0
Total liabilities	0	0	3,577	0	0
Deferred inflows of resources -					
Unavailable property taxes	96,500	65,000	45,000	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	0	0	116,889	800	205
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	0	0	116,889	800	205
Total liabilities, deferred inflows of resources, and fund balances	\$96,500	\$65,000	\$165,466	\$800	\$205

City of Morrison, Illinois
Combining Balance Sheet (continued)
Nonmajor Governmental Funds
April 30, 2016

	Special Revenue Funds				
	Memorial Park Fund	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund
ASSETS					
Cash, deposits, and investments	\$5,613	\$283,475	\$171,231	\$66,876	\$7,724
Deposits	0	0	0	154,762	108,365
Investments	0	0	0	0	0
Accounts receivable	0	0	0	1,761	0
Property taxes receivable	0	0	40,000	90,450	0
Due from other governments	0	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenditures	0	0	0	2,302	0
Advances to other funds	0	0	0	0	0
Notes receivable	0	43,208	0	0	0
Total current assets	5,613	326,683	211,231	316,151	116,089
Noncurrent assets -					
Notes receivables	0	308,879	0	0	0
Total assets	\$5,613	\$635,562	\$211,231	\$316,151	\$116,089
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$0	\$0	\$0	\$8,602	\$0
Accrued payroll	0	0	5,546	2,746	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	0	0
Total liabilities	0	0	5,546	11,348	0
Deferred inflows of resources -					
Unavailable property taxes	0	0	40,000	90,450	0
Fund balances:					
Nonspendable	0	0	0	2,302	0
Restricted	5,613	635,562	165,685	212,051	116,089
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	5,613	635,562	165,685	214,353	116,089
Total liabilities, deferred inflows of resources, and fund balances	\$5,613	\$635,562	\$211,231	\$316,151	\$116,089

City of Morrison, Illinois

Combining Statement of Revenues, Expenditures and and Changes in Fund Balances Nonmajor Governmental Funds For the year ended April 30, 2016

	Special Revenue Funds			
	Total	Audit Fund	Street Lighting Fund	Local 1% Sales Tax Fund
Revenues:				
Property taxes	\$385,805	\$15,187	\$22,905	\$0
Utilities taxes	0	0	0	0
Intergovernmental revenue	200,446	0	0	187,367
Licenses and permits	0	0	0	0
Fines and costs	1,799	0	0	0
Charges for services	12,557	0	0	0
Cemetery lot sales	221	0	0	0
Interest	15,083	2	18	56
Miscellaneous revenues	43,785	0	0	0
Total revenues	659,696	15,189	22,923	187,423
Expenditures:				
General government	43,671	18,300	0	0
Public safety	177,952	0	0	0
Public works	58,063	0	24,523	2,681
Parks and recreation	159,969	0	0	0
Cemetery operations	17,464	0	0	0
Debt Service:				
Principal	7,900	0	0	0
Interest	547	0	0	0
Capital outlay	0	0	0	0
Total expenditures	465,566	18,300	24,523	2,681
Excess (deficiency) of revenues over (under) expenditures	194,130	(3,111)	(1,600)	184,742
Other financing sources (uses):				
Proceeds from loan	0	0	0	0
Transfers in	9,448	0	0	0
Transfers out	(8,000)	0	0	0
Total other financing sources (uses)	1,448	0	0	0
Net change in fund balance	195,578	(3,111)	(1,600)	184,742
Fund balances, beginning of year	1,243,805	4,156	0	0
Fund balances (deficit), end of year	\$1,439,383	\$1,045	(\$1,600)	\$184,742

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, 2016

	Special Revenue Funds				
	Insurance Levy Fund	Fire Protection Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund
Revenues:					
Property taxes	\$0	\$65,778	\$85,995	\$0	\$0
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	0	8,979	0	0	0
Licenses and permits	0	0	0	0	0
Fines and costs	0	0	0	113	460
Charges for services	0	0	0	0	0
Cemetery lot sales	0	0	0	0	0
Interest	0	0	178	1	9
Miscellaneous revenues	0	0	0	0	1,300
Total revenues	0	74,757	86,173	114	1,769
Expenditures:					
General government	0	0	9,916	0	0
Public safety	0	74,757	32,930	58	20,507
Public works	0	0	12,298	0	0
Parks and recreation	0	0	8,884	0	0
Cemetery operations	0	0	6,960	0	0
Debt Service:					
Principal	0	0	0	0	7,900
Interest	0	0	0	0	547
Capital outlay	0	0	0	0	0
Total expenditures	0	74,757	70,988	58	28,954
Excess (deficiency) of revenues over (under) expenditures	0	0	15,185	56	(27,185)
Other financing sources (uses):					
Proceeds from loan	0	0	0	0	0
Transfers in	0	0	0	0	8,448
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	8,448
Net change in fund balance	0	0	15,185	56	(18,737)
Fund balances, beginning of year	0	0	101,704	744	18,942
Fund balances (deficit), end of year	\$0	\$0	\$116,889	\$800	\$205

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, 2016

	Special Revenue Funds				
	Memorial Park Fund	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund
Revenues:					
Property taxes	\$0	\$0	\$111,290	\$84,650	\$0
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	0	0	0	4,100	0
Licenses and permits	0	0	0	0	0
Fines and costs	0	0	0	1,226	0
Charges for services	0	0	0	12,557	0
Cemetery lot sales	0	0	0	0	221
Interest	7	11,407	322	1,544	1,539
Miscellaneous revenues	1,600	0	0	40,885	0
Total revenues	1,607	11,407	111,612	144,962	1,760
Expenditures:					
General government	0	488	14,967	0	0
Public safety	0	0	49,700	0	0
Public works	0	0	18,561	0	0
Parks and recreation	0	0	13,408	137,677	0
Cemetery operations	0	0	10,504	0	0
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	0	488	107,140	137,677	0
Excess (deficiency) of revenues over (under) expenditures	1,607	10,919	4,472	7,285	1,760
Other financing sources (uses):					
Proceeds from loan	0	0	0	0	0
Transfers in	1,000	0	0	0	0
Transfers out	0	0	0	0	(8,000)
Total other financing sources (uses)	1,000	0	0	0	(8,000)
Net change in fund balance	2,607	10,919	4,472	7,285	(6,240)
Fund balances, beginning of year	3,006	624,643	161,213	207,068	122,329
Fund balances (deficit), end of year	\$5,613	\$635,562	\$165,685	\$214,353	\$116,089