

# **City of Morrison, Illinois**

## **Financial Report**

Year Ended April 30, 2018



# City of Morrison, Illinois

Year Ended April 30, 2018

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Morrison, Illinois, (the "City") as of and for the year ended April 30, 2018, 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. 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 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 opinions 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.

*Wipfli LLP*

Sterling, Illinois  
September 13, 2018

## **Management's Discussion and Analysis**

# City of Morrison, Illinois

## Management's Discussion and Analysis

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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, 2018. 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:

### 2018 Financial Highlights

- The City's Governmental Activities net position decreased from \$3,443 thousand (April 30, 2017) to \$3,422 thousand on April 30, 2018. The Business-Type Activities net position was \$10,889 thousand on April 30, 2017, rose to \$12,416 thousand on April 30, 2018.
- The City's combined Governmental Funds on April 30, 2018 was \$2,696 thousand, an increase of \$213 thousand from the prior year end balance of \$2,483 thousand.
- The April 30, 2018 General Fund balance alone stood at \$842 thousand and increase of \$113 thousand from the prior year end.
- General Fund revenues increased from \$1,472 thousand in fiscal year 2017 to \$1,514 thousand in fiscal year 2018, while General Fund expenditures decreased from \$1,720 thousand in fiscal year 2017 to \$1,556 thousand in fiscal year 2018.
- The Water and Sewer Fund revenues decreased from \$6,753 thousand in fiscal year 2017 to \$3,576 thousand in fiscal year 2018. The decrease is due to a \$1,203 thousand capital contribution made by the IEPA in loan principal forgiven in fiscal year 2018. The capital contribution made by the IEPA in loan principal forgiven in fiscal year 2017 was \$4,550 thousand. Water and Sewer Fund expenses increased from \$1,207 thousand in fiscal year 2017 to \$2,067 thousand in fiscal year 2018.

# City of Morrison, Illinois

## Management's Discussion and Analysis

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### **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

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### REPORTING THE CITY'S FINANCIAL ACTIVITIES (continued)

#### *Government-Wide Financial Statements (continued)*

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

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

#### *Fund Financial Statements*

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two kinds of funds:

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

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

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

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.

	<b>Condensed Statement of Net Position (in thousands) at April 30,</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current assets	\$3,456	\$2,802	\$3,163	\$4,018	\$6,619	\$6,820
Noncurrent assets	3,569	4,057	24,888	22,290	28,457	26,347
<b>Total assets</b>	<b>7,025</b>	<b>6,859</b>	<b>28,051</b>	<b>26,308</b>	<b>35,076</b>	<b>33,167</b>
Deferred outflow of resources	233	273	98	113	331	386
<b>Total assets and deferred outflow of resources</b>	<b>7,258</b>	<b>7,132</b>	<b>28,149</b>	<b>26,421</b>	<b>35,407</b>	<b>33,553</b>
Current liabilities	297	210	433	1,888	730	2,098
Noncurrent liabilities	2,380	2,844	15,035	13,619	17,415	16,463
<b>Total liabilities</b>	<b>2,677</b>	<b>3,054</b>	<b>15,468</b>	<b>15,507</b>	<b>18,145</b>	<b>18,561</b>
Deferred inflows of resources	1,159	635	265	25	1,424	660
<b>Total liabilities and deferred inflows of resources</b>	<b>3,836</b>	<b>3,689</b>	<b>15,733</b>	<b>15,532</b>	<b>19,569</b>	<b>19,221</b>
<b>Net position:</b>						
Net investment in capital assets	1,228	1,456	9,657	8,062	10,885	9,518
Restricted	1,838	1,731	0	0	1,838	1,731
Unrestricted	356	256	2,759	2,827	3,115	3,083
<b>Total net position</b>	<b>\$3,422</b>	<b>\$3,443</b>	<b>\$12,416</b>	<b>\$10,889</b>	<b>\$15,838</b>	<b>\$14,332</b>

Net position of governmental activities decreased from fiscal year 2017 by approximately \$21 thousand. Net position of business-type activities increased from fiscal year 2017 by approximately \$1,527 thousand. A portion of the City's net position is invested in capital assets less the related debt. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$3,115 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues -						
Charges for services	\$249	\$234	\$2,647	\$2,463	\$2,896	\$2,697
Operating grants and contributions	114	113	0	0	114	113
Capital grants and contributions	0	0	1,203	4,550	1,203	4,550
General revenues:						
Property taxes	598	575	0	0	598	575
Sales tax	698	669	0	0	698	669
State income tax	404	392	0	0	404	392
Other taxes	466	425	0	0	466	425
Unrestricted investment earnings	58	18	0	1	58	19
Miscellaneous	33	89	0	0	33	89
<b>Total revenues</b>	<b>2,620</b>	<b>2,515</b>	<b>3,850</b>	<b>7,014</b>	<b>6,470</b>	<b>9,529</b>
Expenses:						
General government	367	611	0	0	367	611
Public safety	711	605	0	0	711	605
Public works	810	655	0	0	810	655
Parks and recreation	609	601	0	0	609	601
Cemetery operations	97	148	0	0	97	148
Interest	72	143	0	0	72	143
Water	0	0	566	718	566	718
Sewer	0	0	1,501	489	1,501	489
Refuse Disposal	0	0	231	242	231	242
<b>Total expenses</b>	<b>2,666</b>	<b>2,763</b>	<b>2,298</b>	<b>1,449</b>	<b>4,964</b>	<b>4,212</b>
Change in net position before transfers	(46)	(248)	1,552	5,565	1,506	5,317
Transfers	25	102	(25)	(102)	0	0
Change in net position	(21)	(146)	1,527	5,463	1,506	5,317
Net position, beginning of year	3,443	3,589	10,889	5,426	14,332	9,015
<b>Net position, end of year</b>	<b>\$3,422</b>	<b>\$3,443</b>	<b>\$12,416</b>	<b>\$10,889</b>	<b>\$15,838</b>	<b>\$14,332</b>

# City of Morrison, Illinois

## Management's Discussion and Analysis

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### 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 \$2,696 thousand, which is \$213 thousand more than the \$2,483 thousand total fund balance at April 30, 2017.

#### Proprietary Fund Highlights

The proprietary funds ended fiscal year 2018 with a \$12,416 thousand net position balance compared to the prior year ending net position balance of \$10,889 thousand. The increase is primarily due to a \$1,203 thousand capital contribution made by the IEPA in loan principal forgiven.

### BUDGETARY HIGHLIGHTS

#### Budgetary Highlights

The City's budget is prepared according to Illinois law and is based on accounting for certain transactions on the modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and Local 1% Sales Tax Fund.

#### General Fund Budgetary Variances

##### Revenues

2018 interest was \$40 thousand compared with \$200 budgeted amount. This variance is because the City allocated all of interest to the General fund during the fiscal year. The City did not budget to reflect this allocation.

##### 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 cemetery operations expenditures for 2018 were \$94 thousand compared to a budgeted amount of \$140 thousand. The City over budgeted for salaries during the current year.

#### Local 1% Sales Tax Fund Budgetary Variances

##### Revenues

Intergovernmental revenues for 2018 were \$234 thousand compared with budgeted amount of \$216 thousand. The variance is due to the City receiving more Local 1% Sales Tax than expected.

##### Expenditures

The public works expenditures for 2018 were \$298 thousand compared to a budgeted amount of \$276 thousand. The City under budgeted for street engineering and street improvement construction during the current year.

# City of Morrison, Illinois

## Management's Discussion and Analysis

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The City's capital assets for governmental activities totaled \$3,569 thousand (net of accumulated depreciation) at April 30, 2018. Capital assets for business-type activities totaled \$24,889 thousand (net of accumulated depreciation) at April 30, 2018. See Note 5 to the financial statements for more information about the City's capital assets.

The major addition for fiscal year 2018:

- Waste Water Treatment Plant Improvements - \$2,729,707
- Peterbilt Dump Truck - \$151,145

#### **Net Book Value of Capital assets at April 30, 2018 (in thousands)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land	\$264	\$321
Construction in progress	0	19,183
Buildings	2,097	0
Equipment	219	28
Vehicles	190	55
Infrastructure – highways and streets	799	0
Infrastructure – water and sewer	0	5,302
<b>Total</b>	<b>\$3,569</b>	<b>\$24,889</b>

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

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

# City of Morrison, Illinois

## Management's Discussion and Analysis

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### CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

#### Debt Administration

At April 30, 2018, the City had \$2,422 thousand in governmental activities long term debt which consisted of general obligation bonds, notes payable, and accrued compensated absences. Amounts due next year on these obligations are \$144 thousand. See Note 11 for details of debt.

<b>Governmental Activities</b>	
<b>Outstanding Debt at April 30, 2018 (in thousands)</b>	
Debt certificates and bonds payable, net	\$1,960
Notes payable	381
Accrued compensated absences	81
	<b>\$2,422</b>

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

At April 30, 2018, the City had \$15,109 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 \$121 thousand. See Note 11 for details of debt.

<b>Business-Type Activities</b>	
<b>Outstanding Debt at April 30, 2018 (in thousands)</b>	
Notes payable	\$15,071
Accrued compensated absences	38
	<b>\$15,109</b>

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

# City of Morrison, Illinois

## Management's Discussion and Analysis

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### **ECONOMIC FACTORS THAT AFFECT THE CITY OF MORRISON**

Economic conditions affecting the City of Morrison are relatively stable and essentially unchanged since last year. The City's EAV remains steady from year to year. The City Council is aggressively reinvesting proceeds from the new 1% Sales Tax into its road infrastructure. The City is in the process of evaluating the scope of a major downtown reinvestment, including the replacement of water main and ADA improvements. Construction could take place in 2020. The new federal prison in Thompson, IL is open and eventually totaling 1,100 jobs in the region. The City of Morrison experiences upticks in home sales during hiring periods for the prison. This year the City completed comprehensive improvements to the wastewater collection system ensuring long-term viability for generations to come. Debt management strategies has resulted in significant credit rating improvements over the past five years. This year the Morrison Community Hospital is breaking ground on a \$15,000,000 expansion project to better meet the needs of the region.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

Barry Dykhuizen  
City Administrator  
City Hall  
200 West Main Street  
Morrison, IL 61270  
815-772-7657  
[bdykhuizen@morrisonil.org](mailto:bdykhuizen@morrisonil.org)

## **Basic Financial Statements**

# City of Morrison, Illinois

## Statement of Net Position

April 30, 2018

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Current assets:</b>			
Cash, deposits, and investments	\$2,095,415	\$2,726,696	\$4,822,111
Cash, deposits, and investments - restricted	0	0	0
Accounts receivable, net	43,773	305,381	349,154
Property taxes receivable	596,407	0	596,407
Due from other governments	295,403	81,196	376,599
Inventory	3,913	0	3,913
Prepaid items	61,565	49,862	111,427
Internal balances	0	0	0
Notes receivable	359,390	0	359,390
Total current assets	3,455,866	3,163,135	6,619,001
<b>Noncurrent assets:</b>			
Notes receivable	0	0	0
<b>Capital assets:</b>			
Land and construction in progress	264,429	19,503,473	19,767,902
Depreciable assets	7,452,088	10,599,160	18,051,248
Less: accumulated depreciation	(4,147,614)	(5,214,219)	(9,361,833)
Total capital assets	3,568,903	24,888,414	28,457,317
Total noncurrent assets	3,568,903	24,888,414	28,457,317
Total assets	7,024,769	28,051,549	35,076,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of pension resources	206,982	97,403	304,385
Unamortized loss on refunding	26,099	0	26,099
Total deferred outflows of resources	233,081	97,403	330,484
Total assets and deferred outflows of resources	7,257,850	28,148,952	35,406,802

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois  
Statement of Net Position (continued)  
April 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued payroll	128,696	276,092	404,788
Accrued interest payable	24,603	10,647	35,250
Customer deposits	0	24,256	24,256
Accrued compensated absences	2,127	8,508	10,635
Debt certificates	80,000	0	80,000
Notes payable	61,556	112,941	174,497
Total current liabilities	296,982	432,444	729,426
Noncurrent liabilities:			
Accrued compensated absences	78,587	29,144	107,731
Debt certificates and bonds	1,880,000	0	1,880,000
Notes payable	319,845	14,958,444	15,278,289
Net pension liability	101,661	47,840	149,501
Total noncurrent liabilities	2,380,093	15,035,428	17,415,521
Total liabilities	2,677,075	15,467,872	18,144,947
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	596,407	0	596,407
Deferred inflows of pension resources	562,678	264,790	827,468
Total deferred inflows of resources	1,159,085	264,790	1,423,875
Total liabilities and deferred inflows of resources	3,836,160	15,732,662	19,568,822
<b>NET POSITION</b>			
Net investment in capital assets	1,227,502	9,656,723	10,884,225
Restricted	1,838,343	0	1,838,343
Unrestricted	355,845	2,759,567	3,115,412
Total net position	\$3,421,690	\$12,416,290	\$15,837,980

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Statement of Activities

For the year ended April 30, 2018

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	\$367,044	\$77,362	\$0	\$0	(\$289,682)	\$0	(\$289,682)
Public safety	711,325	22,837	0	0	(688,488)	0	(688,488)
Public works	810,361	0	106,931	0	(703,430)	0	(703,430)
Parks and recreation	608,902	90,275	7,252	0	(511,375)	0	(511,375)
Cemetary operations	96,840	58,082	0	0	(38,758)	0	(38,758)
Interest	72,309	0	0	0	(72,309)	0	(72,309)
<b>Total governmental activities</b>	<b>2,666,781</b>	<b>248,556</b>	<b>114,183</b>	<b>0</b>	<b>(2,304,042)</b>	<b>0</b>	<b>(2,304,042)</b>
Business-type activities -							
Water	565,907	931,332	0	0	0	365,425	365,425
Sewer	1,500,989	1,440,990	0	1,203,261	0	1,143,262	1,143,262
Refuse Disposal	231,323	275,127	0	0	0	43,804	43,804
<b>Total business-type activities</b>	<b>2,298,219</b>	<b>2,647,449</b>	<b>0</b>	<b>1,203,261</b>	<b>0</b>	<b>1,552,491</b>	<b>1,552,491</b>
<b>Total government</b>	<b>\$4,965,000</b>	<b>\$2,896,005</b>	<b>\$114,183</b>	<b>\$1,203,261</b>	<b>(2,304,042)</b>	<b>1,552,491</b>	<b>(751,551)</b>
General revenues							
Taxes:							
Property taxes					598,253	0	598,253
Sales tax					697,467	0	697,467
State income tax					403,985	0	403,985
Utility tax					174,287	0	174,287
Telecommunication tax					89,422	0	89,422
Other					202,576	0	202,576
Unrestricted investment earnings					58,104	0	58,104
Miscellaneous revenues					33,640	0	33,640
Transfers					25,000	(25,000)	0
<b>Total general revenues and transfers</b>					<b>2,282,734</b>	<b>(25,000)</b>	<b>2,257,734</b>
Change in net position					(21,308)	1,527,491	1,506,183
Net position - beginning of year					3,442,998	10,888,799	14,331,797
Net position - ending					\$3,421,690	\$12,416,290	\$15,837,980

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Balance Sheet

### Governmental Funds

April 30, 2018

<b>ASSETS</b>	<b>General Fund</b>	<b>Local 1% Sales Tax Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>
Cash, deposits, and investments	\$775,807	\$50,459	\$1,259,409	\$2,085,675
Accounts receivable	26,607	0	17,166	43,773
Property taxes receivable	174,573	0	421,834	596,407
Due from other governments	205,192	55,022	35,189	295,403
Inventory	3,913	0	0	3,913
Prepaid expenditures	0	0	38,502	38,502
Advances to other funds	0	0	77,005	77,005
Notes receivable	0	0	359,390	359,390
Total current assets	1,186,092	105,481	2,208,495	3,500,068
Noncurrent assets -				
Notes receivables	0	0	0	0
Total assets	\$1,186,092	\$105,481	\$2,208,495	\$3,500,068
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$28,990	\$0	\$20,909	\$49,899
Accrued payroll	66,889	0	11,770	78,659
Accrued compensated absences	2,127	0	0	2,127
Advances from other funds	71,656	0	5,349	77,005
Total liabilities	169,662	0	38,028	207,690
Deferred inflows of resources -				
Unavailable property taxes	174,573	0	421,834	596,407
Fund balances (deficit):				
Nonspendable	3,913	0	38,502	42,415
Restricted	17,382	105,481	1,715,480	1,838,343
Committed	29,358	0	0	29,358
Unassigned	791,204	0	(5,349)	785,855
Total fund balances (deficit)	841,857	105,481	1,748,633	2,695,971
Total liabilities, deferred inflows of resources, and fund balances	\$1,186,092	\$105,481	\$2,208,495	\$3,500,068

See Accompanying Notes to Financial Statements.

**City of Morrison, Illinois**  
 Reconciliation of the Balance Sheet to the  
 Statement of Net Position  
 April 30, 2018

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Total governmental fund balances	\$2,695,971
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>An internal service fund is used to account for self insurance of health claims. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.</p>	
	32,665
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net book value of assets reported.</p>	
	3,568,903
<p>Loss on refunding revenue is amortized over the life of the bonds in the governmental activities.</p>	
	26,099
<p>Long-term liabilities, including debt certificates, notes payable obligations are not reported in the fund financial statements:</p>	
Debt certificates, notes payable, and discounts/premiums on debt certificate	(2,341,401)
Net pension liability and related deferred pension resources	(457,357)
<p>Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date</p>	
	(24,603)
<p>Compensated absences not due and payable from current resources are not reported in the governmental funds.</p>	
	<u>(78,587)</u>
Net position of governmental activities	<u><u>\$3,421,690</u></u>

# City of Morrison, Illinois

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Governmental Funds

For the year ended April 30, 2018

	General Fund	Local 1% Sales Tax Fund	Nonmajor Funds	Total
<b>Revenues:</b>				
Property taxes	\$196,497	\$0	\$401,756	\$598,253
Utilities taxes	0	0	174,287	174,287
Intergovernmental revenue	1,032,490	233,710	241,433	1,507,633
Licenses and permits	75,065	0	0	75,065
Fines and costs	22,531	0	1,641	24,172
Charges for services	80,503	0	10,734	91,237
Cemetery revenues	56,705	0	1,377	58,082
Interest	40,230	0	17,874	58,104
Miscellaneous revenues	10,308	0	23,332	33,640
<b>Total revenues</b>	<b>1,514,329</b>	<b>233,710</b>	<b>872,434</b>	<b>2,620,473</b>
<b>Expenditures:</b>				
Current:				
General government	229,598	0	108,771	338,369
Public safety	517,740	0	159,963	677,703
Public works	264,392	297,569	150,982	712,943
Parks and recreation	252,698	0	166,076	418,774
Cemetery operations	93,578	0	11,447	105,025
Debt service:				
Principal	39,831	0	49,651	89,482
Interest	7,409	0	70,361	77,770
Bond issuance costs	0	0	0	0
Capital outlay	151,145	0	38,797	189,942
<b>Total expenditures</b>	<b>1,556,391</b>	<b>297,569</b>	<b>756,048</b>	<b>2,610,008</b>
Excess (deficiency) of revenues over (under) expenditures	(42,062)	(63,859)	116,386	10,465
Other financing sources (uses):				
Proceeds from debt	151,145	0	38,787	189,932
Transfers in	100,000	0	118,599	218,599
Transfers out	(96,013)	0	(110,000)	(206,013)
<b>Total other financing sources (uses)</b>	<b>155,132</b>	<b>0</b>	<b>47,386</b>	<b>202,518</b>
Net change in fund balances	113,070	(63,859)	163,772	212,983
Fund balances, beginning of year	728,787	169,340	1,584,861	2,482,988
<b>Fund balances, end of year</b>	<b>\$841,857</b>	<b>\$105,481</b>	<b>\$1,748,633</b>	<b>\$2,695,971</b>

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, 2018

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Net change in fund balance - Governmental funds	\$212,983
Amounts reported for governmental activities in the statement of activities are different because:	
An internal service fund is used to account for self insurance of medical claims. The net revenue of the internal service fund is reported with governmental activities.	32,665
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets:	
Capital asset purchases	189,942
Depreciation expense	(318,428)
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.	89,482
The issuance of long-term debt and related costs are shown on the fund financial statements as other financing sources (uses) and current expenditures, but are recorded as long-term liabilities and deferred outflows of resources on the government-wide statements	
Issuance of debt	(189,932)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Amortization of bond premiums	472
Amortization of loss on refunding	(5,643)
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	(52,129)
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.	10,632
Compensated absences not due and payable from current resources are not reported in the governmental funds.	<u>8,648</u>
Change in net position of governmental activities	<u><u>(\$21,308)</u></u>

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Statement of Net Position

### Proprietary Funds

April 30, 2018

ASSETS	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise Funds		Self Insured Deductible Fund
Current assets:					
Cash, deposits, and investments	\$697,886	\$1,994,481	\$34,329	\$2,726,696	\$9,740
Deposits	0	0	0	\$0	0
Accounts receivable, net	126,618	173,445	5,318	\$305,381	0
Due from other governments	0	81,196	0	\$81,196	0
Inventory	0	0	0	\$0	0
Prepaid items	31,232	18,630	0	\$49,862	23,063
Advances to other funds	365,861	0	0	\$365,861	0
<b>Total current assets</b>	<b>1,221,597</b>	<b>2,267,752</b>	<b>39,647</b>	<b>3,528,996</b>	<b>32,803</b>
Noncurrent assets:					
Land and construction in progress	2,722,146	16,781,327	0	19,503,473	0
Depreciable assets	7,364,080	3,235,080	0	10,599,160	0
<b>Total - at cost</b>	<b>10,086,226</b>	<b>20,016,407</b>	<b>0</b>	<b>30,102,633</b>	<b>0</b>
Less: accumulated depreciation	(2,594,149)	(2,620,070)	0	(5,214,219)	0
<b>Total capital assets (net of accumulated depreciation)</b>	<b>7,492,077</b>	<b>17,396,337</b>	<b>0</b>	<b>24,888,414</b>	<b>0</b>
<b>Total assets</b>	<b>8,713,674</b>	<b>19,664,089</b>	<b>39,647</b>	<b>28,417,410</b>	<b>32,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of pension resources	42,614	54,789	0	97,403	0
<b>Total assets and deferred outflows of resources</b>	<b>8,756,288</b>	<b>19,718,878</b>	<b>39,647</b>	<b>28,514,813</b>	<b>32,803</b>

See Accompanying Notes to Financial Statements.

City of Morrison, Illinois  
Statement of Net Position (continued)  
Proprietary Funds  
April 30, 2018

LIABILITIES	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise Funds		Self Insured Deductible Fund
Current liabilities:					
Accounts payable	7,922	212,068	19,322	239,312	138
Accrued payroll	14,142	22,638	0	36,780	0
Customer deposits	24,256	0	0	24,256	0
Accrued interest payable	10,647	0	0	10,647	0
Accrued compensated absences	4,254	4,254	0	8,508	0
Note payable	103,137	9,804	0	112,941	0
Advances from other funds	0	365,861	0	365,861	0
Total current liabilities	164,358	614,625	19,322	798,305	138
Noncurrent liabilities:					
Accrued compensated absences	12,136	17,008	0	29,144	0
Note payable	2,833,524	12,124,920	0	14,958,444	0
Net pension liability	20,930	26,910	0	47,840	0
Total noncurrent liabilities	2,866,590	12,168,838	0	15,035,428	0
Total liabilities	3,030,948	12,783,463	19,322	15,833,733	138
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of pension resources	115,846	148,944	0	264,790	0
Total liabilities and deferred inflows of resources	3,146,794	12,932,407	19,322	16,098,523	138
<b>NET POSITION</b>					
Net investment in capital assets	4,555,416	5,101,307	0	9,656,723	0
Unrestricted	1,054,078	1,685,164	20,325	2,759,567	\$32,665
Total net position	\$5,609,494	\$6,786,471	\$20,325	\$12,416,290	\$32,665

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Statement of Revenues, Expenses and Changes in Net Position

### Proprietary Funds

For the year ended April 30, 2018

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise Funds		Self Insured Deductible Fund
Operating revenues:					
Charges for services	\$860,679	\$1,247,159	\$270,221	\$2,378,059	\$244,725
Penalties	70,653	193,831	4,906	269,390	0
Miscellaneous	0	0	0	0	0
<b>Total operating revenues</b>	<b>931,332</b>	<b>1,440,990</b>	<b>275,127</b>	<b>2,647,449</b>	<b>244,725</b>
Operating expenses:					
Personnel services	136,125	427,199	0	563,324	224,474
Contractual services	93,338	151,264	231,323	475,925	0
Commodities	58,360	28,752	0	87,112	0
Other expenses	34,152	642,924	0	677,076	0
Depreciation	206,166	83,205	0	289,371	0
<b>Total operating expenses</b>	<b>528,141</b>	<b>1,333,344</b>	<b>231,323</b>	<b>2,092,808</b>	<b>224,474</b>
Operating income	403,191	107,646	43,804	554,641	20,251
Nonoperating revenues (expenses) -					
Interest income	0	0	0	0	0
Interest expense	(37,766)	(167,645)	0	(205,411)	0
Income before capital contributions and transfers	365,425	(59,999)	43,804	349,230	20,251
Forgivable portion of EPA loan		1,203,261	0	1,203,261	0
Transfers in	0	14,590,800	0	14,590,800	12,414
Transfers out	(14,590,800)	0	(25,000)	(14,615,800)	0
Change in net position	(14,225,375)	15,734,062	18,804	1,527,491	32,665
Net position, beginning of year	19,834,869	(8,947,591)	1,521	10,888,799	0
<b>Net position, end of year</b>	<b>\$5,609,494</b>	<b>\$6,786,471</b>	<b>\$20,325</b>	<b>\$12,416,290</b>	<b>\$32,665</b>

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Statement of Cash Flows

### Proprietary Funds

For the year ended April 30, 2018

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise Funds		Self Insured Deductible Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$906,293	\$1,502,307	\$273,282	\$2,681,882	\$244,725
Cash paid to suppliers	(207,848)	(811,060)	(249,242)	(1,268,150)	(250,221)
Cash paid to employees	(225,261)	(292,620)	0	(517,881)	0
Cash received from others	0	0	0	0	0
Net cash flows from operating activities	473,184	398,627	24,040	895,851	(5,496)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES -</b>					
Transfers with other funds (net)	608	(608)	(25,000)	(25,000)	0
Advances with other funds (net)	4,914	0	0	4,914	(7,370)
Net cash flows from non-capital financing activities	5,522	(608)	(25,000)	(20,086)	(7,370)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Forgivable portion of EPA loan	0	1,595,744	0	1,595,744	0
Proceeds from note payable/line of credit	0	2,168,913	0	2,168,913	0
Principal payments on note payable/line of credit	(183,635)	(401,557)	0	(585,192)	0
Acquisition of capital assets	0	(4,269,588)	0	(4,269,588)	0
Proceeds from sale of capital assets	0	0	0	0	0
Interest paid	(38,432)	(167,645)	0	(206,077)	0
Net cash flows from capital and related financing activities	(222,067)	(1,074,133)	0	(1,296,200)	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Net proceeds from sale of (purchase of) investments	(697,231)	(1,994,416)	(34,329)	(2,725,976)	(9,740)
Interest income	0	0	0	0	0
Gain (loss) on disposal of capital assets	0	0	0	0	0
Net cash flows from capital and related financing activities	(697,231)	(1,994,416)	(34,329)	(2,725,976)	(9,740)
Net increase in cash and cash equivalents	(440,592)	(2,670,530)	(35,289)	(3,146,411)	(22,606)
Cash and cash equivalents, beginning	441,247	2,670,595	35,289	3,147,131	22,606
Cash and cash equivalents, ending	\$655	\$65	\$0	\$720	\$0
<b>Reconciliation of cash and cash equivalents:</b>					
Cash and cash equivalents	\$655	\$65	\$0	\$720	\$0
Investments	697,231	1,994,416	34,329	2,725,976	9,740
Net cash provided (used) by investing activities	\$697,886	\$1,994,481	\$34,329	\$2,726,696	\$9,740
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income	\$403,191	\$107,646	\$43,804	\$554,641	20,251
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	206,166	83,205	0	289,371	0
Effects of changes in operating assets and liabilities:				0	
Receivables	(19,604)	61,317	(1,845)	39,868	0
Prepaid expenses	15,912	(18,630)	0	(2,718)	(23,063)
Accounts payable	(37,910)	30,510	(17,919)	(25,319)	(2,684)
Accrued expenses	(89,136)	134,579	0	45,443	0
Customer deposits	(5,435)	-	0	(5,435)	0
Net cash flows from operating activities	\$473,184	\$398,627	\$24,040	\$895,851	(\$5,496)
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES -</b>					
Purchase of capital assets on account	\$0	(\$160,306)	\$0	\$0	\$0

See Accompanying Notes to Financial Statements.

# City of Morrison, Illinois

## Notes to Financial Statements

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### 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 and internal service 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

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### **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, and Public Works Vehicle 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.

**Local 1% Sales Tax Fund** – This fund is used to account for the revenue and expenses related to Local 1% Sales Tax.

The City reports the following major proprietary funds:

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

**Sewer Fund** – This fund is used to account for the operation and maintenance of the City's sewer systems. The Water and Sewer Vehicle Replacement Fund, Public Works Building Replacement Fund, and Wastewater Treatment Plant Construction Fund are reported with the Sewer Fund.

Water and Sewer Vehicle Replacement Fund – This fund was created to accumulate funds for future purchases of water and sewer vehicles.

Public Works Building Replacement Fund – This fund was created to accumulate funds for a new public works building.

Wastewater Treatment Plant Construction Fund – This fund was created to account for the revenue and expenses related to the construction of the new Wastewater Treatment Plant.

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### **Basis of Presentation – Fund Financial Statements**

The City administers an internal service fund (reported as a proprietary fund type) to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City administers the following internal service fund:

**Self Insured Deductible Fund** – This fund accounts for the partially self-funded high deductible in the employee health insurance plan.

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.

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.

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### **Budgetary Basis of Accounting**

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.

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

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

#### **Cash and Cash Equivalents**

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

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

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

#### **Investments**

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

#### **Inventories and Prepaid Items**

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

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

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### Restricted Assets

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

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
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 paid off the 2010 general obligation limited debt certificates in the current fiscal year. Therefore, the City has no cash restricted for the 2010 general obligation limited debt certificates as of April 30, 2018.

#### 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 acquisition value at the date of donation.

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### **Capital Assets (continued)**

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

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

#### **Deferred Outflows/Inflows of Resources**

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

#### **Net Position Flow Assumption**

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

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

#### **Fund Balance Flow Assumptions**

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

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### **Fund Balance Policies**

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

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

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

#### **Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **Property Taxes**

Property taxes attach as an enforceable lien on property on January 1 and are payable in two installments in June and September subsequent to the year of levy. The City receives significant distributions of tax receipts approximately one month after these due dates. The 2016 levy was approved on December 12, 2016. The 2017 levy was approved on December 11, 2017.

Since the 2017 property tax levy is levied to finance the operations of fiscal year 2019, the 2017 property tax is recorded as a receivable and the 2017 property tax revenue is shown as unavailable revenue. The 2016 property tax levy is recorded as revenue by the City in accordance with the applicable measurement focus and basis of accounting for fiscal year 2018.

# City of Morrison, Illinois

## Notes to Financial Statements

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

#### Compensated Absences

##### Vacation, Compensated Time, & Sick

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

#### Pensions

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

#### Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

### Note 2 Stewardship, Compliance and Accountability

#### *Excess of expenditures over appropriations*

<u>Fund</u>	<u>Amount</u>
General -	
Public Works Vehicle	\$188,136
Street Lighting	\$701
Local 1% Sales Tax	\$21,819
Fire Protection	\$508
Odell Public Library	\$1,367
Drug Traffic Prevention	\$364
Police Vehicle	\$30,114
Memorial Park	\$3,875
Refuse Disposal	\$9,225

#### *Deficit fund equity*

As of April 30, 2018, the Street Lighting Fund had deficit fund balances of \$5,349.

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 3 Cash Deposits with Financial Institutions

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. As of April 30, 2018, the City's bank balance was \$633,514 and the entire balance was collateralized.

### Note 4 Investments

As of April 30, 2018, the City had the following investments:

	<b>Fair Value Total</b>
Illinois Funds Money Market Fund	\$4,421,728

*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 a 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:

<b>Investment Type</b>	<b>Remaining Maturity (in Months)</b>			<b>Total</b>
	<b>12 Months or Less</b>	<b>13-24 Months</b>	<b>25-60 Months</b>	
Local government investment pool	\$4,421,728	\$0	\$0	\$4,421,728

*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:

<b>Investment Type</b>	<b>Total as of April 30, 2018</b>	<b>AAAm</b>	<b>Aa</b>	<b>Unrated</b>
Local government investment pool	\$4,421,728	\$4,421,728	\$0	\$0

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

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 4 Investments (continued)

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

As of April 30, 2018, 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, 2018 is as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Transfers &amp; Deletions</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$264,429	\$0	\$0	\$264,429
Construction in progress	0	0	0	0
<b>Total assets being not depreciated</b>	<b>264,429</b>	<b>0</b>	<b>0</b>	<b>264,429</b>
<b>Capital assets being depreciated:</b>				
Plant and related properties	4,854,585	0	0	4,854,585
Infrastructure	1,232,471	0	0	1,232,471
Machinery and equipment	726,477	0	0	726,477
Vehicles	448,613	189,942	0	638,555
<b>Total assets being depreciated</b>	<b>7,262,146</b>	<b>189,942</b>	<b>0</b>	<b>7,452,088</b>
<b>Less accumulated depreciation for:</b>				
Plant and related properties	2,555,326	202,076	0	2,757,402
Infrastructure	372,801	61,312	0	434,113
Machinery and equipment	470,895	36,776	0	507,671
Vehicles	430,164	18,264	0	448,428
<b>Total accumulated depreciation</b>	<b>3,829,186</b>	<b>318,428</b>	<b>0</b>	<b>4,147,614</b>
<b>Total capital assets being depreciated, net</b>	<b>3,432,960</b>	<b>(128,486)</b>	<b>0</b>	<b>3,304,474</b>
<b>Governmental activities capital assets, net</b>	<b>\$3,697,389</b>	<b>(\$128,486)</b>	<b>\$0</b>	<b>\$3,568,903</b>
Depreciation expense was charged to functions of the City as follows:				
General government				\$20,064
Public safety				17,066
Public works				92,764
Parks and recreation				188,534
<b>Total governmental activities depreciation expense</b>				<b>\$318,428</b>

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 5 Capital Assets (continued)

The business-type activities capital asset activity for the year ended April 30, 2018 is as follows:

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Transfers &amp; Deletions</b>	<b>Ending Balance</b>
Capital assets not being depreciated -				
Land	\$320,459	\$0	\$0	\$320,459
Construction in progress	16,453,307	2,729,707	0	19,183,014
<b>Total assets being not depreciated</b>	<b>16,773,766</b>	<b>2,729,707</b>	<b>0</b>	<b>19,503,473</b>
Water plant and related property	7,262,977	49,040	0	7,312,017
Sewer plant and related property	3,110,866	57,900	0	3,168,766
Machinery and equipment	49,616	0	0	49,616
Vehicles	17,274	51,487	0	68,761
<b>Total assets being depreciated</b>	<b>10,440,733</b>	<b>158,427</b>	<b>0</b>	<b>10,599,160</b>
Less accumulated depreciation for:				
Water plant and related property	2,375,133	195,245	0	2,570,378
Sewer plant and related property	2,532,258	76,247	0	2,608,505
Machinery and equipment	12,850	8,295	0	21,145
Vehicles	4,607	9,584	0	14,191
<b>Total accumulated depreciation</b>	<b>4,924,848</b>	<b>289,371</b>	<b>0</b>	<b>5,214,219</b>
<b>Total capital assets being depreciated, net</b>	<b>5,515,885</b>	<b>(130,944)</b>	<b>0</b>	<b>5,384,941</b>
<b>Business-type activities capital assets, net</b>	<b>\$22,289,651</b>	<b>\$2,598,763</b>	<b>\$0</b>	<b>\$24,888,414</b>

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

Water	\$206,166
Sewer	83,205
<b>Total business-type activities depreciation expense</b>	<b>\$289,371</b>

# City of Morrison, Illinois

## Notes to Financial Statements

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### 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 \$359,390 at April 30, 2018. During the current fiscal year DCEO notified the City that revolving loan funds will close as of December 31, 2018, and the outstanding loans receivable balance either paid back to DCEO or DCEO will begin administering the loans. As a result, the entire loans receivable balance is reported as a current asset. The following is a summary of changes in loans receivable for the year ended April 30, 2018:

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Loans Receivable:				
Morrison True Value Hardware, Inc.	\$25,811	\$0	\$4,496	\$21,315
Vision Source of Morrison	26,656	0	3,771	22,885
Resthave Home of Whiteside County	205,148	0	29,003	176,145
Coz-E-Corner, Inc	51,264	0	7,252	44,012
Happy Joe's/KK	98,776	0	3,743	95,033
Allowance for doubtful accounts	0	0	0	0
<hr/>				
Governmental activity loans receivable	\$407,655	\$0	\$48,265	\$359,390

### Note 7 Retirement Plans

#### **IMRF Plan Description**

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

#### **Benefits Provided**

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

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 7 Retirement Plans (continued)

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

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

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

*Regular Personnel:*

#### Employees Covered by the Benefit Terms –

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	24
<hr/>	
Total	61

#### Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.34%. For the fiscal year ended April 30, 2018, the City contributed \$131,998 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 7 Retirement Plans (continued)

**Actuarial assumptions** - The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from year 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 7 Retirement Plans (continued)

#### Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

#### Changes in Net Plan Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$7,659,708	\$6,787,483	\$872,225
Changes for the year:			
Service cost	125,839	0	125,839
Interest on total pension liability	562,702	0	562,702
Differences between expected and actual experience of the total pension liability	63,589	0	63,589
Changes in assumptions	(239,251)	0	(239,251)
Contributions - employer	0	141,210	(141,210)
Contributions - employees	0	52,407	(52,407)
Net investment income	0	1,219,840	(1,219,840)
Benefit payments, including refunds of employee refunds	(439,869)	(439,869)	0
Other (net transfers)	0	(177,854)	177,854
Net changes	73,010	795,734	(722,724)
Balances as of December 31, 2017	\$7,732,718	\$7,583,217	\$149,501

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Plan's net pension liability calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$1,138,511	\$149,501	(\$668,816)

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 7 Retirement Plans (continued)

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

For the year ended April 30, 2018, the Plan recognized pension expense of \$223,171. At April 30, 2018, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$50,187	\$40,944
Changes in assumptions	7,340	205,178
Net difference between projected and actual earnings on pension plan investments	205,113	581,346
<b>Total deferred amounts to be recognized in pension expense in future periods</b>	<b>262,640</b>	<b>827,468</b>
<i>Pension contributions made subsequent to the measurement date</i>	41,745	0
<b>Total deferred amounts related to pensions</b>	<b>\$304,385</b>	<b>\$827,468</b>

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

<b>Year Ending April 30:</b>	<b>Net Deferred Inflows of Resources</b>
2019	(\$100,311)
2020	(100,476)
2021	(191,136)
2022	(172,905)
2023	0
Thereafter	0
<b>Total</b>	<b>(\$564,828)</b>

#### **Payable to the Pension Plan**

At April 30, 2018, the Plan reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended April 30, 2018.

# City of Morrison, Illinois

## Notes to Financial Statements

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### **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, 2018.

### **Note 9    Construction and Other Significant Commitments**

*Construction commitments.* The City has active construction projects as of April 30, 2018.

#### Wastewater Treatment Plant Project

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

Currently, the City is in the construction phase of the new waste water treatment plant. The total waste water treatment plant project is estimated to cost \$19 million. The Illinois EPA awarded the City two 30-year EPA loans to help fund the waste water treatment plant construction. As of April 30, 2018, net funds borrowed under the three 30-year EPA loans totals \$16.2 million. As of April 30, 2018, the City has expended \$19.2 million relating to design engineering and construction of the waste water treatment plant. The estimated completion date is June 2018.

#### Sewer Lining Project

On July 2016 the City signed a contract with Fehr Graham for the engineering for the sanitary sewer lining project, and in February 2017 the City signed a contract with Hoerr Construction for construction of the sanitary sewer lining project. The engineering and construction costs of the project is \$387,968. As of April 30, 2018, the City has expended \$275,226 of engineering and construction costs. The estimated completion date is May 2018.

#### High Street Resurfacing Project

On April 3, 2018, the City signed a contract with Civil Constructors, Inc. for the construction of the high street project. The estimated total cost of the contract is \$222,077. As of April 30, 2018, the City has expended \$0 relating to the contract. The estimated completion date is June 2018.

# City of Morrison, Illinois

## Notes to Financial Statements

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### 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, 2018.

During the year ended April 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

### Note 11 Long-Term Debt

The City issues general obligation debt certificates and bonds and notes payable to provide funds for the acquisition and construction of major capital facilities. The debt has been issued for governmental and business-type type activities. The debt is generally paid by sources other than property taxes. Debt outstanding at April 30, 2018 are as follows:

#### Governmental Activities:

<u>Debt Certificates and Bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 4/30/18</u>
Series 2010 – debt certificates	3/1/10	\$1,000,000	2.75 – 6.75	12/15/17	\$0
Series 2016 – bonds	12/14/16	1,960,000	2.00 – 4.00	12/15/35	1,960,000
Total					\$1,960,000

#### Debt Certificates and Bonds

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

Of the \$1,000,000 bond issuance, \$35,000 is general obligation alternate revenue bonds (taxable) Series 2010 and \$965,000 is general obligation alternate revenue bonds (taxable Build America Bonds – direct pay) Series 2010. Direct Pay Build America Bonds (BABs) allow the City to receive a 35% treasury rebate on each interest payment date and the bond proceeds must be used for capital purchases. The City received \$123,387 in treasury rebates.

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

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 11 Long-Term Debt (continued)

#### Debt Certificates and Bonds (continued)

##### Prior Year Defeasance

In prior years, the City defeased the series 2008 and series 2010 debt certificates by placing the proceeds of the Series 2016 general obligation refunding bond issue in irrevocable trust funds. New debt was issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. The defeased portion of the 2008 debt certificates were called on January 13, 2017 and the defeased portion of the 2010 debt certificates were called on December 15, 2017.

##### Current Year Defeasance

As of April 30, 2018, the City has \$0 balance in the trust account as all defeased debt has matured or called. During the year ended April 30, 2018, \$700,000 of the defeased general obligation debt certificates were called. The decrease in cash flow requirements as a result of the economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid. The City had an economic loss of \$33,858 which will be amortized through 2023.

##### Notes Payable

Note Payable	Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 4/30/18
Dodge Charger	2013	\$39,000	2.95	9/15/17	\$0
John Deere Utility Tractor	2017	27,794	0.00	10/27/21	20,850
Street Sweeper	2017	210,000	2.96	4/26/24	182,629
2017 Dodge Charger	2017	38,787	2.59	7/28/22	33,285
Peterbilt Dump Truck	2017	151,145	2.96	12/28/24	144,637
Total					\$381,401

##### ***Dodge Charger Police Vehicle Note Payable***

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

##### ***John Deere Utility Tractor Note Payable***

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

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 11 Long-Term Debt (continued)

#### Notes Payable (continued)

##### ***Street Sweeper Note Payable***

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

##### ***2017 Dodge Charger Police Vehicle Note Payable***

The City obtained a \$38,787 loan from TBK Bank for the purchase of a police vehicle with an interest rate of 2.590% payable in monthly installments of \$691 through July 28, 2022.

##### ***Peterbilt Dump Truck Note Payable***

The City obtained a \$151,145 loan from TBK Bank for the purchase of a Peterbilt dump truck with an interest rate of 2.960% payable in monthly installments of \$1,998 through December 28, 2024.

#### **Business-Type Activities:**

<b>Loan/Note Payable</b>	<b>Date</b>	<b>Original Borrowing</b>	<b>Interest Rates to Maturity</b>	<b>Final Maturity</b>	<b>Outstanding 4/30/18</b>
Public Water Supply Loan (2011)	2013	\$3,729,743	1.25	7/15/42	\$2,936,661
Public Water Supply Loan (2015)	2017	9,807,832	1.00		9,438,880
Public Water Supply Loan (2016)	2017	2,679,409	1.00		2,650,889
John Deere Utility Tractor	2017	49,040	0.00	11/3/22	44,955
Total					\$15,071,385

#### ***Illinois Environmental Protection Agency Loans***

In September 2011, the City entered into a public water supply loan with the Illinois Environmental Protection Agency and borrowed \$3,729,743 on a reimbursement basis at a stated interest rate of 1.250 percent payable in semi-annual installments through July 15, 2042. A total of \$831,628 of the loan has been forgiven.

In November 2015, the City entered into a loan with the Illinois Environmental Protection Agency and borrowed \$15,166,000 on a reimbursement basis at a stated interest rate of 1.00%. As of April 30, 2018, the City has received \$9,807,832 from the IEPA. Payment schedule to begin after the project is completed and approved by IEPA. A total of \$4,549,800 of the loan has been forgiven. At April 30, 2018, all future debt service requirements are considered long-term.

In August 2016, the City entered into a loan with the Illinois Environmental Protection Agency and borrowed \$4,010,869 on a reimbursement basis at a stated interest rate of 1.00%. As of April 30, 2018, the City has received \$2,679,409 from the IEPA. Payment schedule to begin after the project is completed and approved by IEPA. At April 30, 2018, all future debt service requirements are considered long-term.

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 11 Long-Term Debt (continued)

#### Notes Payable (continued)

##### *John Deere Utility Tractor Note Payable*

The City obtained a \$49,040 loan from John Deere Financial for the purchase of a John Deere utility tractor with an interest rate of 0.0% payable in monthly installments of \$817 through November 3, 2022.

Debt service requirements to maturity are as follows:

#### Governmental activities

Year ending April 30:	Note Payables		Debt Certificates and Bonds	
	Principal	Interest	Principal	Interest
2019	\$61,556	\$9,952	\$80,000	\$65,582
2020	63,201	8,308	90,000	63,982
2021	64,934	6,575	90,000	62,182
2022	63,715	4,810	90,000	60,202
2023	56,294	3,047	90,000	57,682
2024 – 2028	71,701	1,569	505,000	246,290
2029 – 2033	0	0	595,000	152,590
2034 – 2038	0	0	420,000	34,798
	<u>\$381,401</u>	<u>\$34,261</u>	<u>\$1,960,000</u>	<u>\$743,308</u>

#### Business-type activities

Year ending April 30:	Loan/Note Payable	
	Principal	Interest
2019	\$112,941	\$36,387
2020	114,234	35,094
2021	115,546	33,784
2022	116,882	32,458
2023	114,133	31,116
2024 – 2028	562,775	134,845
2029 – 2033	598,955	98,665
2034 – 2038	637,461	60,159
2039 – 2043	608,689	19,170
	<u>\$2,981,616</u>	<u>\$481,678</u>

The Illinois Environmental Protection Agency November 2015 and August 2016 loans have no formal payment schedules. The entire \$9,438,880 and \$2,650,889 balances are being shown as non-current on the Statement of Net Position.

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 11 Long-Term Debt (continued)

Long term liability activity for the year ended April 30, 2018 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Debt certificates and bonds payable:					
Debt certificates	\$40,000	\$0	(\$40,000)	\$0	\$0
Bonds	1,960,000	0	0	1,960,000	80,000
Plus: premium on certificates	472	0	(472)	0	0
Notes payable	240,951	189,932	(49,482)	381,401	61,556
Accrued compensated absences	87,235	46,502	(53,023)	80,714	2,127
<b>Governmental activity long-term liabilities</b>	<b>\$2,328,658</b>	<b>\$236,434</b>	<b>(\$142,977)</b>	<b>\$2,422,115</b>	<b>\$143,683</b>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Public water supply loan (2011)	\$3,120,296	\$0	(\$183,635)	\$2,936,661	\$103,137
Public water supply loan (2015)	8,544,870	1,262,962	(368,952)	9,438,880	0
Public water supply loan (2016)	1,822,498	856,911	(28,520)	2,650,889	0
John Deere Utility Tractor	0	49,040	(4,085)	44,955	9,804
Accrued compensated absence	36,162	24,955	(23,465)	37,652	8,508
<b>Business-type activity Long-term liabilities</b>	<b>\$13,523,826</b>	<b>\$2,193,868</b>	<b>(\$608,657)</b>	<b>\$15,109,037</b>	<b>\$121,449</b>

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$53,635,529. As of April 30, 2018, the City had \$4,244,663 of remaining legal debt margin.

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 12 Net Position

Net position reported on the government wide statement of net position at April 30, 2018 as follows:

#### **Governmental Activities:**

Net investment in capital assets:

Land and construction in progress	\$264,429
Other capital assets, net of accumulated depreciation	3,304,474
Less: related long-term debt outstanding	(2,341,401)

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Total net investment in capital assets	1,227,502
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Restricted:

State statutes and enabling legislation	925,245
Donor requirements	40,621
Debt service	214,285
Externally imposed by grantors	658,192

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Total restricted	1,838,343
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Unrestricted	355,845
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Total governmental activities net position	\$3,421,690
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#### **Business-type Activities:**

Net investment in capital assets:

Land and construction in progress	\$19,503,473
Other capital assets, net of accumulated depreciation	5,384,941
Less: related long-term debt outstanding	(15,231,691)

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Total net investment in capital assets	9,656,723
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Unrestricted:

Board designated	280,508
Unrestricted	2,479,059

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Total unrestricted	2,759,567
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Total business-type activities net position	\$12,416,290
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### Note 13 Fund Balance

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

#### **Nonspendable Fund Balance**

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

# City of Morrison, Illinois

## Notes to Financial Statements

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### Note 13 Fund Balance (continued)

#### ***Restricted Fund Balance***

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

#### ***Committed Fund Balance***

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

#### ***Assigned Fund Balance***

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

#### ***Unassigned Fund Balance***

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

#### **Nonspendable Fund Balance**

Major Funds -	
General – prepaids	\$3,913
Nonmajor Funds -	
Insurance Levy - prepaids	38,502
<hr/>	
Total nonspendable fund balance	\$42,415

#### **Restricted Fund Balance**

Major Funds:	
Donor requirements -	
General	\$17,382
State statutes and enabling legislation –	
Local 1% sales tax	105,481
Nonmajor Funds:	
State statutes and enabling legislation -	
Audit	4,629

# City of Morrison, Illinois

## Notes to Financial Statements

### Note 13 Fund Balance (continued)

Nonmajor Funds (continued):	
Insurance Levy	32,456
Motor Fuel Tax	142,438
Social security	96,392
Drug traffic prevention	38
Police vehicle	11,678
Illinois municipal retirement	107,705
Odell public library	302,122
Grove Hill cemetery perpetual care	122,306
Externally imposed by grantors:	
Revolving loan	658,192
Donor requirement:	
Memorial park	3,927
Odell public library	19,312
Bond agreement -	
Debt service	214,285
<hr/>	
Total restricted fund balance	<u>\$1,838,343</u>
<b>Committed Balance</b>	
Major Funds -	
General	\$29,358
<hr/>	
Total committed fund balance	<u>\$29,358</u>
<b>Unassigned Fund Balance</b>	
Major Funds -	
General	\$791,204
Nonmajor Funds -	
Street lighting	(5,349)
<hr/>	
Total unassigned fund balance	<u>\$785,855</u>

### Note 14 Interfund Receivables and Payables

Below are the advances to/from as of April 30, 2018:

	Receivable Fund	Payable Fund
Governmental funds:		
General	\$0	\$71,656
Nonmajor governmental	77,005	5,349
Proprietary funds -		
Water	365,861	0
Sewer	0	365,861
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	\$442,866	\$442,866
<hr/>		

The outstanding balances result from cash shortfalls in the Street Lighting and Sewer funds. These loans are to be repaid as soon as funding is available. In August 2017 the City Council approved a \$83,599 transfer of outstanding state replacement tax owed to the Odell Public Library fund to be paid over a seven year period. As of April 30, 2018, the General fund owed the Odell Public Library fund \$71,656 related to this transfer.

# City of Morrison, Illinois

## Notes to Financial Statements

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### **Note 15** Interfund Transfers

Below are the interfund transfers as of April 30, 2018:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
Major funds:		
General	\$100,000	\$96,013
Water	0	14,590,800
Sewer	14,590,800	0
Nonmajor governmental	118,599	110,000
Nonmajor proprietary	12,414	25,000
	<u>\$14,821,813</u>	<u>\$14,821,813</u>

Transfers generally related to expense reimbursements and payroll liabilities within the City's funds in accordance with budgetary authorizations. Water and sewer fund transfers were to transfer funds in accordance with budgetary authorizations and to report water and sewer capital assets separately by fund.

### **Note 16** Contingencies

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

### **Note 17** Impact of Pending Accounting Principles

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

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

# City of Morrison, Illinois

## Notes to Financial Statements

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### **Note 17 Impact of Pending Accounting Principles**

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

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

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

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined the effect of this Statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City has not determined the effect of this Statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined the effect of this Statement.

### **Note 18 Subsequent Events**

#### Downtown Main Street Redevelopment Program

On May 14, 2018, the City signed a contract with Willett, Hofmann & Associates, Inc. for professional engineering services during the initial planning phase of the Downtown Main Street Redevelopment Program. The estimated total cost of the contract is \$79,400. As of April 30, 2018, the City has expended \$0 relating to the contract. The estimated completion date is November 2018.

## **Required Supplementary Information**

# City of Morrison, Illinois

## Budgetary Comparison Schedule

### General Fund

For the year ended April 30, 2018

	<b>Budgeted Amounts</b>		
	<b>Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$195,047	\$196,497	\$1,450
Utilities taxes	0	0	0
Intergovernmental revenue	1,055,316	1,032,490	(22,826)
Licenses and permits	65,505	75,065	9,560
Fines and costs	21,500	22,531	1,031
Charges for services	72,900	80,503	7,603
Cemetery revenues	45,500	56,705	11,205
Interest	200	40,230	40,030
Miscellaneous revenues	9,500	9,230	(270)
Total revenues	1,465,468	1,513,251	47,783
<b>Expenditures:</b>			
General government	257,325	229,598	27,727
Public safety	505,703	517,740	(12,037)
Public works	291,475	266,641	24,834
Parks and recreation	262,750	252,698	10,052
Cemetery operations	139,525	93,578	45,947
Debt Service:			
Principal	0	0	0
Interest	0	0	0
Bond issuance costs	0	0	0
Total expenditures	1,456,778	1,360,255	96,523
Excess (deficiency) of revenues over (under) expenditures	8,690	152,996	144,306
<b>Other financing sources (uses):</b>			
Proceeds from loan	0	0	0
Payment to refunded bond escrow agent	0	0	0
Debt issuance premium	0	0	0
Transfers in	25,000	25,000	0
Transfers out	(1,000)	(83,599)	(82,599)
Total other financing sources (uses)	24,000	(58,599)	(82,599)
Net change in fund balance	<u>\$32,690</u>	94,397	<u>\$61,707</u>
Fund balances, beginning of year		700,720	
Fund balances, end of year		<u>\$795,117</u>	
<b>GAAP fund balance for General Funds</b>			
General Fund		795,117	
Community Landscaping Fund		17,382	
Public Works Vehicle Fund		29,358	
Self Insured Deductible Fund		0	
GAAP fund balance, General Funds		<u>\$841,857</u>	

See Notes to Required Supplementary Information.

# City of Morrison, Illinois

## Budgetary Comparison Schedule

### Local 1% Sales Tax Fund

For the year ended April 30, 2018

	<b>Budgeted Amounts</b>		
	<b>Original and Final</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$0	\$0	\$0
Utilities taxes	0	0	0
Intergovernmental revenue	216,000	233,710	17,710
Licenses and permits	0	0	0
Fines and costs	0	0	0
Charges for services	0	0	0
Cemetery revenues	0	0	0
Interest	100	0	(100)
Miscellaneous revenues	0	0	0
Total revenues	216,100	233,710	17,610
<b>Expenditures:</b>			
Public works	275,750	297,569	(21,819)
Total expenditures	275,750	297,569	(21,819)
Excess (deficiency) of revenues over (under) expenditures	(59,650)	(63,859)	(4,209)
<b>Other financing sources (uses):</b>			
Proceeds from loan	0	0	0
Payment to refunded bond escrow agent	0	0	0
Debt issuance premium	0	0	0
Transfers in	0	0	0
Transfers out	0	0	0
Total other financing sources (uses)	0	0	0
Net change in fund balance	<u>(\$59,650)</u>	(63,859)	<u>(\$4,209)</u>
Fund balances, beginning of year		169,340	
Fund balances, end of year		<u>\$105,481</u>	

See Notes to Required Supplementary Information.

# City of Morrison, Illinois

## Schedules of Required Supplementary Information

### Multiyear Schedule of Changes in Net Pension Liability and Related Ratios

#### IMRF Regular Plan - Last 10 Calendar Years

(schedule to be built prospectively from 2015)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$125,839	\$135,161	\$124,005							
Interest on the total pension liability	562,702	547,851	526,388							
Changes of benefit terms	0	0	0							
Difference between expected and actual experience of the total pension liability	63,589	(68,411)	(2,044)							
Changes of assumptions	(239,251)	(27,868)	18,626							
Benefit payments, including refunds of employee contributions	(439,869)	(386,917)	(345,905)							
Net change in total pension liability	73,010	199,816	321,070							
Total pension liability - beginning	7,659,708	7,459,892	7,138,822							
Total pension liability - ending (a)	7,732,718	7,659,708	7,459,892							
Plan fiduciary net position:										
Contributions - employer	141,210	150,185	163,428							
Contributions - employee	52,407	52,067	53,408							
Net investment income	1,219,840	442,101	32,049							
Benefit payments, including refunds of employee contributions	(439,869)	(386,917)	(345,905)							
Other (net transfers)	(177,854)	29,023	123,641							
Net change in plan fiduciary net position	795,734	286,459	26,621							
Plan fiduciary net position - beginning	6,787,483	6,501,024	6,474,403							
Plan fiduciary net position - ending (b)	\$7,583,217	\$6,787,483	\$6,501,024							
Net pension liability - Ending (a) - (b)	\$149,501	\$872,225	\$958,868							
Plan fiduciary net position as a percentage of total pension liability	98.07%	88.61%	87.15%							
Covered valuation payroll	\$1,140,616	\$1,157,048	\$1,186,840							
Net pension liability as a percentage of covered valuation payroll	13.11%	75.38%	80.79%							

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

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

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<b>Fiscal Year Ending April 30,</b>	<b>Actuarially Determined Contribution*</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution As a % of Covered Valuation Payroll</b>
2018	\$131,998	\$131,998	\$0	\$1,160,464	11.37%
2017	142,996	142,996	0	1,145,226	12.49%
2016	156,017	156,017	0	1,153,478	13.53%

\*Estimate based on contribution rate of 11.45% 2018 calendar year contribution rate, 11.34% 2017 calendar year contribution rate, and covered valuation payroll of \$1,160,464.

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

# City of Morrison, Illinois

## Notes to Required Supplementary Information

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### **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**

The Local 1% Sales Tax Fund had excess of disbursements over appropriations of \$21,819.

### **Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 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 2017 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): 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%

# City of Morrison, Illinois

## Notes to Required Supplementary Information

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### **Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate for IMRF \***

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

#### **Other Information:**

Notes There were no benefit changes during the year.

*\* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation*

## **Supplementary Information**

City of Morrison, Illinois  
Combining Balance Sheet - General Fund  
April 30, 2018

<b>ASSETS</b>	<b>General Fund</b>	<b>Community Landscaping Fund</b>	<b>Public Works Vehicle Fund</b>	<b>Self Insured Deductible Fund</b>	<b>Total General</b>
Cash, deposits, and investments	\$729,067	\$17,382	\$29,358	\$0	\$775,807
Accounts receivable	26,607	0	0	0	26,607
Property taxes receivable	174,573	0	0	0	174,573
Due from other governments	205,192	0	0	0	205,192
Inventory	3,913	0	0	0	3,913
Prepaid expenditures	0	0	0	0	0
Advances to other funds	0	0	0	0	0
<b>Total assets</b>	<b>\$1,139,352</b>	<b>\$17,382</b>	<b>\$29,358</b>	<b>\$0</b>	<b>\$1,186,092</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$28,990	\$0	\$0	\$0	\$28,990
Accrued payroll	66,889	0	0	0	66,889
Accrued compensated absences	2,127	0	0	0	2,127
Advances from other funds	71,656	0	0	0	71,656
<b>Total liabilities</b>	<b>169,662</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169,662</b>
Deferred inflows of resources -					
Unavailable property taxes	174,573	0	0	0	174,573
Fund balances:					
Nonspendable	3,913	0	0	0	3,913
Restricted	0	17,382	0	0	17,382
Committed	0	0	29,358	0	29,358
Unassigned	791,204	0	0	0	791,204
<b>Total fund balances</b>	<b>795,117</b>	<b>17,382</b>	<b>29,358</b>	<b>0</b>	<b>841,857</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$1,139,352</b>	<b>\$17,382</b>	<b>\$29,358</b>	<b>\$0</b>	<b>\$1,186,092</b>

# City of Morrison, Illinois

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance

### General Fund

For the year ended April 30, 2018

	General Fund	Community Landscaping Fund	Public Work Vehicle Fund	Self Insured Deductible Fund	Total General
<b>Revenues:</b>					
Property taxes	\$196,497	\$0	\$0	\$0	\$196,497
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	1,032,490	0	0	0	1,032,490
Licenses and permits	75,065	0	0	0	75,065
Fines and costs	22,531	0	0	0	22,531
Charges for services	80,503	0	0	0	80,503
Cemetery revenues	56,705	0	0	0	56,705
Interest	40,230	0	0	0	40,230
Miscellaneous revenues	9,230	0	1,078	0	10,308
<b>Total revenues</b>	<b>1,513,251</b>	<b>0</b>	<b>1,078</b>	<b>0</b>	<b>1,514,329</b>
<b>Expenditures:</b>					
General government	229,598	0	0	0	229,598
Public safety	517,740	0	0	0	517,740
Public works	266,641	0	148,896	0	415,537
Parks and recreation	252,698	0	0	0	252,698
Cemetery operations	93,578	0	0	0	93,578
Debt Service:				0	
Principal	0	0	39,831	0	39,831
Interest	0	0	7,409	0	7,409
Bond issuance costs	0	0	0	0	0
<b>Total expenditures</b>	<b>1,360,255</b>	<b>0</b>	<b>196,136</b>	<b>0</b>	<b>1,556,391</b>
Excess (deficiency) of revenues over (under) expenditures	152,996	0	(195,058)	0	(42,062)
<b>Other financing sources (uses):</b>					
Proceeds from debt	0	0	151,145	0	151,145
Payment to refunded bond escrow agent	0	0	0	0	0
Debt issuance premium	0	0	0	0	0
Transfers in	25,000	0	75,000	0	100,000
Transfers out	(83,599)	0	0	(12,414)	(96,013)
<b>Total other financing sources (uses)</b>	<b>(58,599)</b>	<b>0</b>	<b>226,145</b>	<b>(12,414)</b>	<b>155,132</b>
Net change in fund balance	94,397	0	31,087	(12,414)	113,070
Fund balances (deficit), beginning of year	700,720	17,382	(1,729)	12,414	728,787
Fund balances (deficit), end of year	\$795,117	\$17,382	\$29,358	\$0	\$841,857

# City of Morrison, Illinois

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2018

ASSETS	Total	Special Revenue Funds			
		Audit Fund	Street Lighting Fund	Insurance Levy Fund	Fire Protection Fund
Cash, deposits, and investments	\$1,259,409	\$4,629	\$0	\$32,456	\$0
Accounts receivable	17,166	0	0	0	0
Property taxes receivable	421,834	17,780	26,697	52,860	65,000
Due from other governments	35,189	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenditures	38,502	0	0	38,502	0
Advances to other funds	77,005	0	0	0	0
Notes receivable	359,390	0	0	0	0
<b>Total current assets</b>	<b>2,208,495</b>	<b>22,409</b>	<b>26,697</b>	<b>123,818</b>	<b>65,000</b>
Noncurrent assets - Notes receivables	0	0	0	0	0
<b>Total assets</b>	<b>\$2,208,495</b>	<b>\$22,409</b>	<b>\$26,697</b>	<b>\$123,818</b>	<b>\$65,000</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$20,909	\$0	\$0	\$0	\$0
Accrued payroll	11,770	0	0	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	5,349	0	5,349	0	0
<b>Total liabilities</b>	<b>38,028</b>	<b>0</b>	<b>5,349</b>	<b>0</b>	<b>0</b>
Deferred inflows of resources - Unavailable property taxes	421,834	17,780	26,697	52,860	65,000
Fund balances:					
Nonspendable	38,502	0	0	38,502	0
Restricted	1,715,480	4,629	0	32,456	0
Committed	0	0	0	0	0
Unassigned	(5,349)	0	(5,349)	0	0
<b>Total fund balances</b>	<b>1,748,633</b>	<b>4,629</b>	<b>(5,349)</b>	<b>70,958</b>	<b>0</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$2,208,495</b>	<b>\$22,409</b>	<b>\$26,697</b>	<b>\$123,818</b>	<b>\$65,000</b>

City of Morrison, Illinois  
Combining Balance Sheet (continued)  
Nonmajor Governmental Funds  
April 30, 2018

	Special Revenue Funds				
	Motor Fuel Tax Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund	Memorial Park Fund
<b>ASSETS</b>					
Cash, deposits, and investments	\$134,670	\$99,581	\$19	\$23,231	\$3,927
Accounts receivable	0	0	19	0	0
Property taxes receivable	0	75,286	0	0	0
Due from other governments	9,587	0	0	0	0
Inventory	0	0	0	0	0
Prepaid expenditures	0	0	0	0	0
Advances to other funds	5,349	0	0	0	0
Notes receivable	0	0	0	0	0
Total current assets	149,606	174,867	38	23,231	3,927
Noncurrent assets -					
Notes receivables	0	0	0	0	0
Total assets	\$149,606	\$174,867	\$38	\$23,231	\$3,927
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$7,168	\$0	\$0	\$11,553	\$0
Accrued payroll	0	3,189	0	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	0	0
Total liabilities	7,168	3,189	0	11,553	0
Deferred inflows of resources -					
Unavailable property taxes	0	75,286	0	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	142,438	96,392	38	11,678	3,927
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	142,438	96,392	38	11,678	3,927
Total liabilities, deferred inflows of resources, and fund balances	\$149,606	\$174,867	\$38	\$23,231	\$3,927

City of Morrison, Illinois  
Combining Balance Sheet (continued)  
Nonmajor Governmental Funds  
April 30, 2018

	Special Revenue Funds				Debt Service Funds
	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund	Debt Service Fund
<b>ASSETS</b>					
Cash, deposits, and investments	\$298,802	\$109,878	\$251,077	\$122,306	\$178,833
Accounts receivable	0	0	2,150	0	14,997
Property taxes receivable	0	93,440	90,771	0	0
Due from other governments	0	3,187	1,960	0	20,455
Inventory	0	0	0	0	0
Prepaid expenditures	0	0	0	0	0
Advances to other funds	0	0	71,656	0	0
Notes receivable	359,390	0	0	0	0
<b>Total current assets</b>	<b>658,192</b>	<b>206,505</b>	<b>417,614</b>	<b>122,306</b>	<b>214,285</b>
Noncurrent assets -					
Notes receivables	0	0	0	0	0
<b>Total assets</b>	<b>\$658,192</b>	<b>\$206,505</b>	<b>\$417,614</b>	<b>\$122,306</b>	<b>\$214,285</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$0	\$0	\$2,188	\$0	\$0
Accrued payroll	0	5,360	3,221	0	0
Accrued compensated absences	0	0	0	0	0
Advances from other funds	0	0	0	0	0
<b>Total liabilities</b>	<b>0</b>	<b>5,360</b>	<b>5,409</b>	<b>0</b>	<b>0</b>
Deferred inflows of resources -					
Unavailable property taxes	0	93,440	90,771	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	658,192	107,705	321,434	122,306	214,285
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<b>Total fund balances</b>	<b>658,192</b>	<b>107,705</b>	<b>321,434</b>	<b>122,306</b>	<b>214,285</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$658,192</b>	<b>\$206,505</b>	<b>\$417,614</b>	<b>\$122,306</b>	<b>\$214,285</b>

# City of Morrison, Illinois

## Combining Statement of Revenues, Expenditures and and Changes in Fund Balances Nonmajor Governmental Funds For the year ended April 30, 2018

	Special Revenue Funds				
	Total	Audit Fund	Street Lighting Fund	Insurance Levy Fund	Fire Protection Fund
Revenues:					
Property taxes	\$401,756	\$18,864	\$25,701	\$64,561	\$62,145
Utilities taxes	174,287	0	0	0	0
Intergovernmental revenue	241,433	0	0	0	9,363
Licenses and permits	0	0	0	0	0
Fines and costs	1,641	0	0	0	0
Charges for services	10,734	0	0	0	0
Cemetery lot sales	1,377	0	0	0	0
Interest	17,874	0	0	0	0
Miscellaneous revenues	23,332	0	0	0	0
<b>Total revenues</b>	<b>872,434</b>	<b>18,864</b>	<b>25,701</b>	<b>64,561</b>	<b>71,508</b>
Expenditures:					
General government	108,771	22,750	0	62,886	0
Public safety	159,963	0	0	0	71,508
Public works	150,982	0	25,701	0	0
Parks and recreation	166,076	0	0	0	0
Cemetery operations	11,447	0	0	0	0
Debt Service:	0				
Principal	49,651	0	0	0	0
Interest	70,361	0	0	0	0
Bond issuance costs	0	0	0	0	0
Capital outlay	38,797	0	0	0	0
<b>Total expenditures</b>	<b>756,048</b>	<b>22,750</b>	<b>25,701</b>	<b>62,886</b>	<b>71,508</b>
Excess (deficiency) of revenues over (under) expenditures	116,386	(3,886)	0	1,675	0
Other financing sources (uses):					
Proceeds from debt	38,787	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0
Debt issuance premium	0	0	0	0	0
Transfers in	118,599	0	0	0	0
Transfers out	(110,000)	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>47,386</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balance	163,772	(3,886)	0	1,675	0
Fund balances (deficit), beginning of year	1,584,861	8,515	(5,349)	69,283	0
<b>Fund balances (deficit), end of year</b>	<b>\$1,748,633</b>	<b>\$4,629</b>	<b>(\$5,349)</b>	<b>\$70,958</b>	<b>\$0</b>

# 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, 2018

	Special Revenue Funds				
	Motor Fuel Tax Fund	Social Security Fund	Drug Traffic Prevention Fund	Police Vehicle Fund	Memorial Park Fund
Revenues:					
Property taxes	\$0	\$70,471	\$0	\$0	\$0
Utilities taxes	0	0	0	0	0
Intergovernmental revenue	106,931	0	0	0	0
Licenses and permits	0	0	0	0	0
Fines and costs	0	0	206	100	0
Charges for services	0	0	0	0	0
Cemetery lot sales	0	0	0	0	0
Interest	0	0	0	0	0
Miscellaneous revenues	0	0	0	0	7,515
<b>Total revenues</b>	<b>106,931</b>	<b>70,471</b>	<b>206</b>	<b>100</b>	<b>7,515</b>
Expenditures:					
General government	0	9,492	0	0	0
Public safety	0	30,510	614	12,102	0
Public works	98,558	10,528	0	0	0
Parks and recreation	0	13,756	0	0	9,875
Cemetery operations	0	4,853	0	0	0
Debt Service:					
Principal	0	0	0	9,651	0
Interest	0	0	0	788	0
Bond issuance costs	0	0	0	0	0
Capital outlay	0	0	0	38,797	0
<b>Total expenditures</b>	<b>98,558</b>	<b>69,139</b>	<b>614</b>	<b>61,338</b>	<b>9,875</b>
Excess (deficiency) of revenues over (under) expenditures	8,373	1,332	(408)	(61,238)	(2,360)
Other financing sources (uses):					
Proceeds from debt	0	0	0	38,787	0
Payment to refunded bond escrow agent	0	0	0	0	0
Debt issuance premium	0	0	0	0	0
Transfers in	0	0	0	35,000	0
Transfers out	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,787</b>	<b>0</b>
Net change in fund balance	8,373	1,332	(408)	12,549	(2,360)
Fund balances (deficit), beginning of year	134,065	95,060	446	(871)	6,287
<b>Fund balances (deficit), end of year</b>	<b>\$142,438</b>	<b>\$96,392</b>	<b>\$38</b>	<b>\$11,678</b>	<b>\$3,927</b>

# 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, 2018

	Special Revenue Funds				Debt Service Funds
	Revolving Loan Fund	Illinois Municipal Retirement Fund	Odell Public Library Fund	Grove Hill Cemetery Perpetual Care Fund	Debt Service Fund
Revenues:					
Property taxes	\$0	\$72,631	\$87,383	\$0	\$0
Utilities taxes	0	0	0	0	174,287
Intergovernmental revenue	0	17,623	18,094	0	89,422
Licenses and permits	0	0	0	0	0
Fines and costs	0	0	1,335	0	0
Charges for services	0	0	10,734	0	0
Cemetery lot sales	0	0	0	1,377	0
Interest	14,069	0	1,941	1,864	0
Miscellaneous revenues	0	0	15,817	0	0
<b>Total revenues</b>	<b>14,069</b>	<b>90,254</b>	<b>135,304</b>	<b>3,241</b>	<b>263,709</b>
Expenditures:					
General government	11	13,632	0	0	0
Public safety	0	45,229	0	0	0
Public works	0	16,195	0	0	0
Parks and recreation	0	12,848	129,047	0	550
Cemetery operations	0	6,594	0	0	0
Debt Service:					
Principal	0	0	0	0	40,000
Interest	0	0	0	0	69,573
Bond issuance costs	0	0	0	0	0
Capital outlay	0	0	0	0	0
<b>Total expenditures</b>	<b>11</b>	<b>94,498</b>	<b>129,047</b>	<b>0</b>	<b>110,123</b>
Excess (deficiency) of revenues over (under) expenditures	14,058	(4,244)	6,257	3,241	153,586
Other financing sources (uses):					
Proceeds from debt	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0
Debt issuance premium	0	0	0	0	0
Transfers in	0	0	83,599	0	0
Transfers out	0	0	0	0	(110,000)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>83,599</b>	<b>0</b>	<b>(110,000)</b>
Net change in fund balance	14,058	(4,244)	89,856	3,241	43,586
Fund balances (deficit), beginning of year	644,134	111,949	231,578	119,065	170,699
<b>Fund balances (deficit), end of year</b>	<b>\$658,192</b>	<b>\$107,705</b>	<b>\$321,434</b>	<b>\$122,306</b>	<b>\$214,285</b>